

# Just transitions from coal in Colombia

## Between policy and reality

**SEI brief**  
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### Key messages

- The current Colombian government has made commitments to establish a just energy transition roadmap and has begun to prioritize thermal coal regions in the Caribbean, where coal is a major export commodity but not a major fuel for domestic use, but more resources are required to meet the ambitions for a just transition.
- Visions for a future beyond coal vary between stakeholders: labour organizations, community groups, local and national NGOs, and academia differ from some policymakers, mining companies and other stakeholders that resist transitioning away from coal mining and use in Colombia.
- Thermal coal regions in Colombia face multiple challenges for an energy transition, given geopolitical tensions and severe global market fluctuations, as well as the costly environmental and social legacy of extractive activities and the repercussions of losing a significant industrial sector, affecting local and regional economies and communities.
- Local and regional governments have a crucial role to play in supporting just transitions from coal, and those in Colombia face barriers due to lacking subnational institutional capacities and competencies and the inadequacy of financing mechanisms.
- Inclusive stakeholder dialogues are crucial to a just transition, yet actions must also include concrete investments, programs and strategies at the local level, especially in regions already affected by the suspension of mining activities, such as in Cesar.

## 1. Introduction

This policy brief highlights challenges for a just transition from thermal coal in Colombia, in order to inform policy, development cooperation and private finance, research and on-the-ground projects and to offer insights for researchers and practitioners in other contexts. It is based on two reports from the project Just Transitions from Coal in Colombia, Indonesia and South Africa, which drew on workshops, interviews, quantitative analysis and literature reviews conducted between 2022 and 2024, with a focus on two departments that produce the majority of thermal coal for export: Cesar and La Guajira (Vega-Araújo et al., 2023; 2024).



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The transition from thermal coal in Colombia's Caribbean region presents a complex set of economic, environmental and sociocultural challenges, demanding a multifaceted approach to ensure a just energy transition and attracting attention from a wide variety of civil society and development cooperation organizations. Workshop insights and case studies from the thermal coal-producing departments of Cesar and La Guajira highlight the challenges of unplanned mine closures, including economic dependencies, environmental degradation, sociocultural and institutional factors. We describe these below, then address opportunities for a just transition that surmount these barriers, with recommendations to conclude.

## 2. Economic Barriers

Economic challenges are among the most significant obstacles to a just transition from coal in Colombia. At the national level, coal remains an important source of fiscal revenue and export income. Coal exports contribute 2.4% of Colombia's total fiscal income, with royalties from coal representing more than 80% of the mining sector's total royalties (López & Patzy, in press). Coal is the second-largest export after oil, and its impact on macroeconomic variables, including foreign investment, exchange rates and fiscal deficits, is significant (Peszko et al., 2020). This contributes to resistance to transitioning away from coal, especially given Colombia's fiscal deficits and pressures to finance social agendas.

At the regional level, coal's fiscal importance is even more pronounced. In coal-producing regions like Cesar and La Guajira, coal accounts for nearly 43% and 61% of departmental incomes, respectively, for 2019 and 2020 (DANE, 2022; López & Patzy, in press). Local municipalities heavily depend on coal royalties for public budgets, with some, like Becerril, deriving up to 79% of their budgets from coal royalties in 2021.

Although coal mining does not represent the largest employment sector nationally, it is a crucial employer in coal-centric municipalities. In 2020, three coal mining companies operating in Cesar and La Guajira directly employed 13 559 people (compared to 25 911 in 2018–19), constituting approximately 38% of all coal mining employment in the country, with these jobs often offering higher wages and benefits than other sectors (ADR et al., 2019; ANM, 2022).

Cesar and La Guajira also face structural limitations that hinder the development of alternative economic activities. These include high water scarcity risks, limited arable land, land tenure conflicts, high poverty rates, impacts of armed conflict, reduced civic space, infrastructure deficiencies, and remoteness from markets (Gobernación del Cesar, 2020; IDEAM, 2023). Although the potential exists for renewable energy generation, tourism and other extractive industries (e.g. gas and copper), concerns remain about how these industries will be developed and the extent to which local communities will benefit (Valero, 2021; Vega-Araújo et al., 2023).

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### 3. Institutional and finance barriers

Closely related to economic challenges are institutional limitations, corruption and the low impact of investments (Banco de la República, 2022). Despite the availability of royalties over decades, these investments have not effectively reduced poverty or enhanced productivity indicators (Patzy & Lopez, 2021). This lack of sustainable economic development perpetuated the region's dependence on coal, creating further obstacles to a just transition.

Due to this and other factors, institutional capacities at local and regional levels are often insufficient to meet the challenges presented by a coal transition. Local and regional authorities in many extractive-dependent contexts often struggle to collect revenues and manage budgets, oversee and implement infrastructure and productive projects, provide social services, invest and support diversification and resilience of the local economy, and promote civic space and transparency (Arellano-Yanguas, 2011). The mandate for decentralization can generate significant tensions between local and national governments around the distribution of roles and responsibilities. In the case of sudden mine closures, such as in La Jagua de Ibirico, Cesar, local revenues from coal are reduced massively, reshaping the public budget and handicapping a municipality just as they face a social, economic and environmental crisis, making it more difficult to plan for a just transition (Vega-Araújo et al., 2024). Also, the limited timeframe for post-mine-closure monitoring required by current law and the fragmented institutional responsibility for enforcement remain key barriers to ensuring accountability.

Limited investments in a just transition from coal by the national government thus far can be attributed in part to the timeline of the setting of public budgets, which is only now catching up with the needs and priorities set out two years ago in the National Development Plan. But the significant constraints to national and regional budgets highlighted in the previous section also point to a need for international investment in the transition and development support; of the three countries in this study, Colombia is the only one without a Just Energy Transition Partnership (JETP) agreement for bilateral cooperation.

### 4. Environmental barriers

Large-scale coal mining in Colombia, as in other countries, has led to air and water contamination, destruction of habitat, diversion of water sources, and noise pollution for nearby communities (Ángel et al., 2023). These impacts are exacerbated by the country's weak regulatory frameworks and low institutional capacity for enforcement (AIDA, 2020; Morales & Hantke, 2020).

Centralized at the national level, environmental licensing and monitoring of large-scale project mining activities excludes local authorities and communities from decision-making processes (Martínez et al., 2017). Local communities bear the brunt of environmental costs but have limited opportunities to voice concerns or seek redress.

The current regulatory framework for mine closure in Colombia also remains insufficient. While regulations require companies to submit environmental plans and

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secure insurance for post-closure activities, these measures typically cover only a three-year period, leaving a gap in addressing long-term environmental liabilities (AIDA, 2020; Morales & Hantke, 2020). The recent closure of the Prodeco mine in Cesar illustrates the challenges of managing environmental liabilities post-closure (Vega-Araújo et al., 2024).

In 2023, the Colombian Congress passed a law defining environmental liabilities and establishing mechanisms for their management, which is considered a first step toward addressing the long-term environmental impacts of mining activities (WWF Colombia, 2023). However, the law's effectiveness in practice, particularly in enforcing accountability for past and ongoing environmental degradation, remains to be seen.

## 5. Sociocultural barriers

Coal-producing regions such as Cesar and La Guajira have experienced high levels of violence and human rights violations, which have hindered the consolidation of a healthy social fabric and leadership (Peña et al., 2023). As a result, political participation and community cohesion are weak, further complicating efforts to transition away from coal.

The suspension of operations by Prodeco in Cesar has led to increased conflicts and security problems, particularly for workers, union members and social leaders (Monsalve, 2023). The fragility of the civic space, characterized by distrust of companies and government entities, has further fragmented social structures (Peña et al., 2023).

Limited citizen participation mechanisms create additional barriers to a just transition. Communities often struggle to access and understand public information related to mining projects, concessions, and environmental impact studies (Atteridge & Strambo, 2020; Yanguas Parra et al., 2021). Transparency and access to information are critical for empowering local actors and ensuring inclusive and equitable planning processes.

Loss of coal jobs – typically better paid than other sectors – is a major concern for local communities, even as coal operations have fostered enclave economies focused on extraction for export, with little integration into the broader local economy (López & Patzy, 2021). Training programs and employment guarantees in emerging sectors are essential, but integrated planning between educational institutions, industry and local governments remains underdeveloped (Gobernación de La Guajira, 2020).

Marginalized communities are often not adequately included in planning for post-coal development. The needs and desires of Indigenous and Afro-Colombian groups, whose ancestral worldviews regarding territory and development differ significantly from mainstream economic models, are not reflected in current planning documents (Vega-Araújo et al., 2023), and they are not included despite their right to prior consultation under International Labour Organization (ILO) Convention 169. Also notable is a lack of information about differentiated impacts and needs from a gender perspective, including both impacts and specific conditions facing women, men, youth and LGBTQI populations.

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## 6. Opportunities for a just transition

The growing emphasis on sustainability, climate change mitigation and renewable energy provides a framework for economic diversification and advancing a just energy transition in Colombia's coal regions. Cesar and La Guajira have significant potential for renewable energy generation, particularly in solar and wind power, and for tourism, though growth of these sectors is unlikely to offset all the economic impacts of coal decline (Gobernación del Cesar, 2020; Gobernación de La Guajira, 2020).

A key component of a just transition is strengthening institutional capacities, competencies and coordination at all levels of government. Transparent and inclusive planning processes that involve diverse stakeholders, particularly marginalized communities, are essential for ensuring that new economic activities do not replicate the extractive dynamics of the coal industry. Enhanced regulation and enforcement mechanisms are also needed to ensure environmental accountability, especially regarding mine closures and long-term environmental impacts (Morales & Hantke, 2020).

Addressing sociocultural barriers is equally critical. This involves fostering greater community participation, protecting the rights of Indigenous and Afro-Colombian communities, and providing targeted training programs that prepares new generations of workers for jobs in emerging sectors, as well as reskilling for coal workers. Developing alternative livelihoods, strengthening state presence, guaranteeing civic space, and fostering trust between communities and institutions will be key to overcoming the sociocultural challenges of the transition (Atteridge & Strambo, 2020).

Civil society organizations at the national level, as well as some at the local and regional levels, advocate for a more transformative approach, proposing a socio-ecological transition that addresses broader systemic crises, including governance reforms and community participation. This vision of a just transition calls for a shift away from the corporate-driven model of transition toward one that is inclusive and equitable, reflecting a broader societal transformation. It calls for localized governance structures that respect territorial sovereignty and cultural diversity, and emphasizes the importance of labour protections, ecological sustainability and reconciliation in post-coal economies.

Communities, Indigenous and Afro-descendent groups, and some local governments have participated in diagnostic exercises and dialogues; while influencing important local and national debates on just transition, they have struggled to gain ground for their alternative proposals for economic development. Likewise, the national government has also been present with different announcements of initiatives and strategies for a just transition, which most have not yet materialized.

## 7. Recommendations

The transition from coal in Colombia's Caribbean regions faces significant economic, environmental and sociocultural barriers. Addressing these challenges requires a just transition that benefits local communities and contributes to Colombia's broader

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climate goals. Critical to achieving this goal are three complementary areas of action: strengthening institutional capacities, ensuring adequate financing mechanisms, and fostering inclusive and transparent planning processes.

First, the national government, led by the National Planning Department (DNP) and in collaboration with ministries, should prioritize strengthening the institutional capacity and resources of local authorities. This includes training in understanding local coal transition challenges, utilizing tools to address these challenges effectively and sustainably, and coordinating incoming transition support.

Second, local authorities need to promote genuine participatory planning beyond mere consultations. This involves creating and protecting civic spaces for meaningful participation, conducting local dialogues to build long-term territorial visions that extend beyond the current administration's policies, and envisioning a future beyond coal with a regional perspective.

Third, international technical and financial cooperation organizations should understand the specific contexts of the regions they support, coordinating their aid with various levels of government and strengthening civil society's role in monitoring the transition, while respecting local leadership.

We recommend:

- 1. Funding for a just transition:** Establish a permanent fund to finance transition needs, such as productive and labour reconversion. This subregional fund should cover mining corridor municipalities, funded by fiscal resources and cooperation, and be tailored to the needs of a just transition. It could include measurable objectives related to employment in sustainable sectors, social equity and environmental impact mitigation. A mixed advisory committee, including local government, academia and civil society, should oversee fund allocation and project approval.
- 2. Enhancing local authority competencies and capacities:** Local authorities should be more involved and coordinated with regional and national levels. They need greater functions and resources to effectively address socio-economic and environmental issues and plan strategically for a post-coal economy. This includes building long-term development visions and utilizing existing planning tools.
- 3. Focus on regional planning:** A regional approach to planning or territorial associative schemes such as the Administrative and Planning Regions (*Regiones Administrativas y de Planificación-RAP*), which are supra-departmental and link neighbouring departments, can help with strategic planning, coordination and coherence between land use planning, environmental management, and related policies and programs at the local and departmental levels. Given that building more diverse and resilient local economies will require investments in infrastructure, educational opportunities and local industry, in combination with local and regional comparative advantages, a regional approach to strategic planning can support complementarities and build on potential between municipalities.
- 4. Increase citizen participation and protect civic space:** Promote substantive participation by ensuring adequate funding for information access, overcoming barriers to participation, and maintaining transparency and accountability. This includes establishing permanent dialogue spaces, promoting civic engagement,

and protecting the rights to expression and participation, with particular attention to participation by women, youth, and Indigenous and Afro-descendent communities, as well as other populations that have been historically marginalized or affected by armed conflict.

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