

## The Vanishing Act of Royalties

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The royalties received by departments and municipalities for the exploitation of their natural resources such as hydrocarbons and coal should be an important source of financing for their development. The administration of these royalties should adhere to the principles of transparency, impact, fairness, and sustainability. However, recent studies by public bodies such as the DNP [*National Planning Department*] and others carried out by independent researchers reveal that some of the departments and municipalities that receive significant resources show dramatic indicators concerning service coverage and the persistence of truly serious problems as regards infant mortality, malnutrition, and illiteracy.

Amongst the conclusions that can be reached from an opportune and pertinent forum organized by the Cerrejón Foundation for Institutional Strengthening in Riohacha on October 21 and 22 are the following: 1) The population of La Guajira sees no construction nor social support from royalty investment; 2) royalty investment does not result in positive changes in social indicators; 3) royalties have not yet made a perceptible difference in the well-being of the inhabitants of municipalities receiving direct royalties compared to those that do not.

The figures speak for themselves. According to the DNP, the infant mortality rate of the Department of La Guajira is the second highest (38.9 deaths per thousand) amongst the main ones receiving royalty benefits. It is only surpassed by Arauca, with 53 deaths per thousand. The goal of the National Development Plan (2006–2010) is to lower that to 16.5 per thousand. No municipality in La Guajira has reached this aim for infant mortality. Of all the major recipients of royalty resources, the Department of La Guajira has the lowest coverage in basic education (71%). With the 2008 royalties, the municipalities of Barrancas, Albania, Hatonuevo, Manaure, and Uribia would have been able to cover the total costs for basic education.

Far from showing embarrassment over this incontrovertible truth, part of the political leaders of La Guajira are indignant. In the welcoming speech to the event, the president of Cerrejón Coal, León Teicher, stated, "...it is useless for responsible companies to dutifully pay their obligations if that money is lost on the way or badly invested. We know that both things happen. And let's not use euphemisms. Let's call things what they are. We know that a

significant part of the royalties are stolen. We don't know who, or we don't say who. But we all know, and we talk about the fact that they are stolen."

This is true and we all know it. With the smoking gun still in their hands, those who have ineffectively and perversely wasted our royalties and impoverished our future rush to shout their innocence, invoking a false, well-worn sentiment of local support. The citizens of La Guajira should not be accomplices to their unparalleled cynicism.

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