Boxes

Tables

I. The Fiscal Risk of Public Enterprises: Analysis of Isagen and Ecopetrol[1]

A. Introduction

1. **In recent years Colombia has found several innovative ways to improve the efficiency of its public enterprise sector.** Since the mid-1990s, over 150 public entities, spreading over 19 different sectors, have been restructured, merged or liquidated, and now 62 enterprises—which operate in a variety of sectors, including the energy, communications, and social sectors—are owned by the government. As a result, net profits for these enterprises as a whole swung from a deficit of 0.3 percent of GDP in 2003 to a surplus of 0.7 percent of GDP in 2005, and the average return on equity went from -3.2 percent in 2003 to 14.6 percent in 2005.

2. One option used by Colombia to reform public enterprises has been to enhance their commercial orientation and limit the fiscal risk. This approach has been adopted for some enterprises that have been difficult to privatize and involves reforms that increase the private sector orientation in the decisions of the enterprise and reduce the political influence. The Fund's Fiscal Affairs Department (FAD) developed a framework to assess the commercial orientation and fiscal risks of public enterprise operations using five broad areas of performance: (i) managerial independence; (ii) relations with the government; (iii) governance structure; (iv) financial conditions and sustainability; and (v) other risk factors (Box 1).[2] The criteria are designed to assess whether the operations of a PE could give rise to losses that would have to be covered by the government through raising tax revenues or compressing other spending.

3. **If a public enterprise is considered commercially run, it could be removed from the country's fiscal indicators and targets**. This would allow the enterprise to undertake investments without regard to the target for the overall public sector deficit. This decision is particularly important in many Latin America countries, which set targets of the deficit for a broad definition of the public sector to provide for effective control over public debt. Colombia is the first country to transform a public enterprise in this direction and then remove it from the definition of the public sector. Specifically, in 2004 ISA—an electricity transmission company (ISA) where the government has a majority stake—was found to be commercially run and was excluded from fiscal indicators and Fund program targets. Thus it was able to expand its investment based solely on business considerations.

[1] Prepared by Isabell Adenauer.

[2] For a full discussion of these issues, please see "Public Investment and Fiscal Policy—Lessons from the Pilot Country Studies," available via the Internet: http://www.imf.org/external/np/pp/eng/2005/040105a.htm

Box 1. Revised Criteria for Assessing Fiscal Risks of Public Enterprises

I. Managerial independence

Pricing policy. For producers of traded goods and services, were average prices over the last year within 10 percent of the relevant international benchmark? For producers of nontraded goods, are prices set to cover costs? In regulated sectors, is the tariff setting regime compatible with the long-term sustainability of the PE, and is it the same for private firms in the sector?
Employment policy. Is personnel policy independent of civil service laws? Does the government intervene in wage setting and hiring, and, if there is government intervention, is it clearly justified by the need to address specific risks (for example, is it a response to overstaffing pressures)?

II. Relations with the government

Subsidies and transfers. Over the last three years: (i) has the government provided direct or indirect subsidies and/or explicit or implicit loan guarantees which go beyond those given to private enterprises (either in the same industry or elsewhere, as applicable)?; and (ii) has the PE made any special transfers to the government?
Quasi-fiscal activities. During the last three years, has the PE performed uncompensated functions or absorbed costs which were not directly related to its business objective and/or substituted for government spending?
Regulatory and tax regime. Is the PE subject to the same regulations and taxes as private firms in the industry?

III. Governance structure

Periodic outside audits. Are these carried out by a reputable private accounting firm applying international standards, and published? Are large PEs audited by a major international firm?
Publication of comprehensive annual reports. Are annual reports published, and do they include the audited balance sheets, profit and loss statements, information on off-balance sheet liabilities, levels and changes in the PE's overall activity, employment and investment, and comparisons against other firms in the industry and against international benchmarks?
Shareholders' rights. Are minority shareholders' rights protected? What form does this protection take?

IV. Financial conditions and sustainability

Market access. Is the cost of debt over the last three years within one standard deviation of the industry-wide average over the same period? Can the PE presently borrow at rates similar to those faced by private firms without a government loan guarantee?
Less-than-full leveraging. Is the PE's debt-to-asset ratio comparable to the industry average?
Profitability. During the last three years, has the ratio of operating balance to assets been significantly below the industry average? Where no relevant comparator is available, this ratio should be positive and higher than the average cost of debt.
Record of past investments. Can the PE provide evaluations of past investments, demonstrating an average rate of return at least equivalent to that required by cost-benefit analysis to approve new projects?

V. Other risk factors

Vulnerability. Does the PE have sizeable contingent liabilities relative to its operating balance? Is there a currency mismatch between the enterprise's main sources of revenue and its debt?
Importance. Is the PE large in some significant dimension (for example, debt service, employment, customer base)? Does it provide essential services?

4. **The authorities asked Fund staff for its opinion of the steps that might be needed to enhance the commercial orientation of two other PEs—Isagen (electricity generation) and Ecopetrol (oil production, export and refining).** This paper presents the staff's evaluation of these two enterprises. Section II review's the experience of the enterprise, ISA, that was excluded from the fiscal accounts in 2004. Sections III and IV discuss the commercial orientation and fiscal risk of Isagen and Ecopetrol, respectively. The last section offers some policy recommendations and conclusions.

B. Performance of ISA

5. **The ISA was found to qualify as a commercially run enterprise, according to the criteria developed by FAD.** ISA was the first company of the electricity sector to offer shares to the public in 2000, and by March 2004, private investors owned 28 percent of the company, the government 60 percent and local public enterprises the remaining 12 percent. A law gave strong rights to minority shareholders, including to veto strategic decisions. Moreover, ISA's operations were governed by a code of good governance, a code of ethics, transparent procurement guidelines, and a clear auditing system. Prices were set in line with cost considerations, and ISA's financial conditions were sound. As a result, ISA was removed from the overall public sector in mid-2004. Fiscal targets under the Stand-By Arrangement were left unchanged at the time, since ISA's overall balance and operating surplus were very low in relation to GDP.

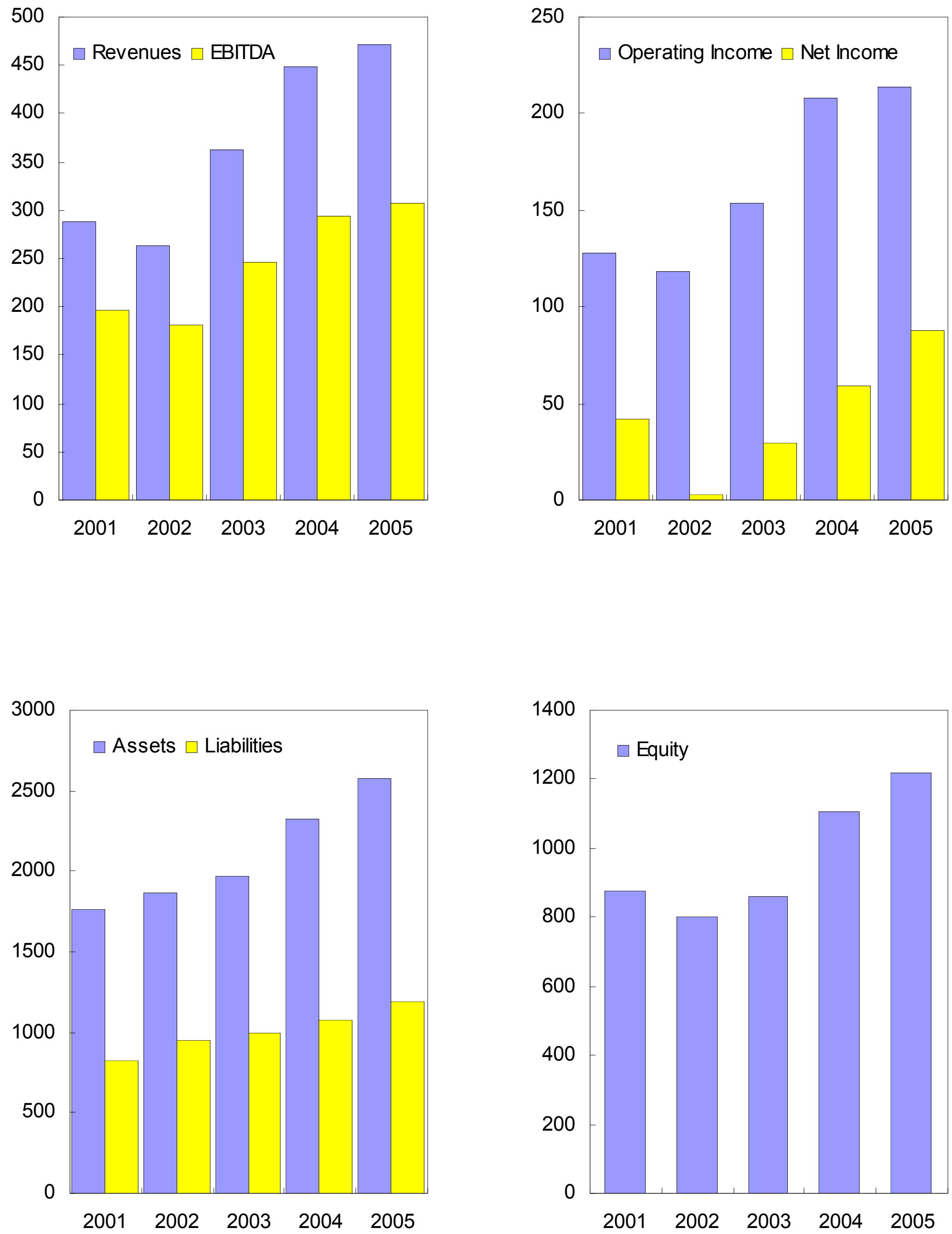
6. **Since 2004, ISA has performed well and has expanded its position in the Latin American electricity and telecommunications sectors.** In the last two years, it has increased its ownership of the electricity transmission network in Peru from 50 to 85 percent, and in Bolivia from 25 to 52 percent. In Colombia, it now owns 84 percent of the network, up from 80 percent in 2004. It also owns 10 percent of the grid in Brazil. Moreover, it provides telecommunications services, both domestically and internationally, and exports electricity to Ecuador. ISA has an ongoing project of expanding the electrical grid in Central America, spreading out from El Salvador to Panama. Over the last few years, it increased its transmission infrastructure from 10,196 km in 2003 to 35,703 km today. In 2006, the company plans to invest US$611 million (0.5 percent of GDP).

7. **The company's financial position has strengthened significantly over the last two years.** Revenues were up from US$363 million in 2003 to US$471 million in 2005, and net income increased from US$30 million to US$88 million over the same period. Its EBITDA[3] increased from US$246 in 2003 to US$307 in 2006. Its assets increased by 30 percent, while liabilities increased only by 19 percent between 2003 and 2005. Finally, its public offerings were oversubscribed, and the company's share prices were among the market's most profitable, increasing by 110 percent in 2004, and 170 percent in 2005.

---

[3] Earnings before interest, taxes, depreciation, and amortization.

Operations of ISA Group
(In millions of U.S. dollars)

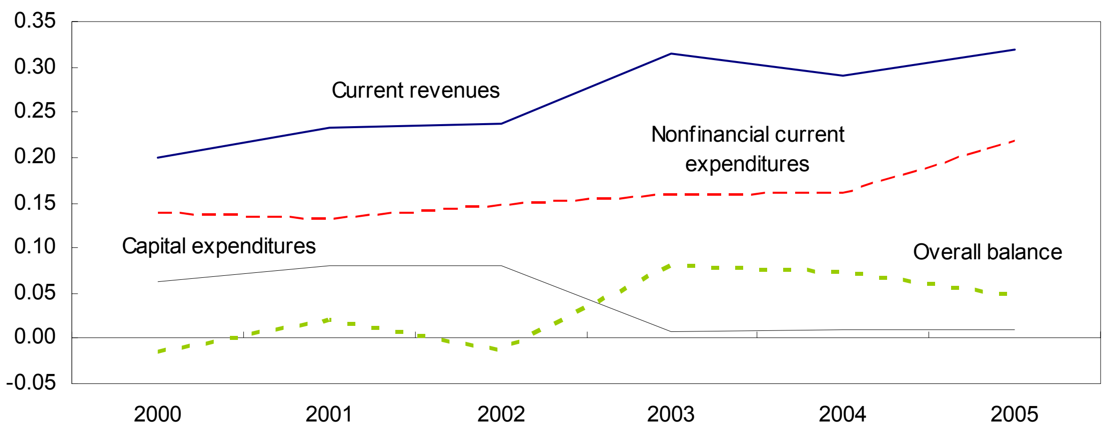


Source: ISA.

C. Assessment of fiscal risk of Isagen

8. **Isagen's main activities are the generation and sale of electricity.** With its five power plants, it produced 8,701 GWh in 2005—17 percent of electricity generated in Colombia—and was the country's the third largest electricity generation company in Colombia. It is a company of mixed public ownership, with the government holding 76.88 percent of the shares and other PEs holding the rest. Private shareholders own less than 1 percent.

Fiscal Operations of Isagen
(In percent of GDP)



Source: Isagen.

9. **The government plans to sell 20 percent of its Isagen shares in November 2006, as part of a "democratization of stock ownership" program, inspired by the example of ISA.** Isagen would then be listed on the Colombian stock exchange. The sale is well underway and is expected to enhance the commercial orientation of the company further.

10. **In the medium-term, Isagen plans to carry out significant investment to increase its market share.** By law, no electric generator in Colombia can hold more than 25 percent of the market. Accordingly, Isagen is currently evaluating several investment scenarios, which would allow them to increase their market share from 17 percent today to the maximum by 2019. The company estimates that it would need to upgrade its generation capacity by 25 percent during the next 13 years, requiring investment of about US$600 million, to retain its current market share. Alternatively, in order to reach 25 percent of the market 2019, they would have to increase capacity by 85 percent, investing US$1.8 billion. By comparison, total investment over the last five years amounted to US$128 million.

Managerial independence

11. **Isagen's employees are governed by private sector law.** Isagen is subject to collective bargaining agreements.

12. **The prices that Isagen charges its clients reflect market conditions.** Its clients are large enterprises, with which the company establishes bilateral contracts, and other agents in the energy sector, to whom Isagen sells electricity on the wholesale market through an auction mechanism.

13. **The board of directors is composed of five members, one of whom represents the Ministry of Mines, another one the Ministry of Finance, a third a territorial enterprise. There are two independent members.** The president of the board is one of the independent members. Members of the board are determined by voting of the shareholders, and have to adhere to a demanding set of criteria relating to their education, experience and performance. In turn, the board nominates the director of Isagen.

Relations with the government

14. **Isagen pays dividends to the government and is subject to standard taxation.** It receives no subsidies or other transfers from the government. However, the government guaranteed a loan of US$212 million in 2005, so that Isagen could restructure its debt service payments. Given the profitability and solvency of Isagen, the risk that this guarantee will give rise to costs for the government in the future is low. Finally, Isagen has not carried out any quasi-fiscal activity on behalf of the government.

Transparency

15. **Isagen regularly publishes a comprehensive annual report and is subject to oversight by the controller general.** Annual reports, together with reports on governance, are posted on the Internet. Moreover, it is audited both internally, and by an international firm (KPMG in 2005).

16. **The company has drawn up and implemented a good governance code, according to international standards.** To prepare for the sale of 20 percent of the government's shares to the public, Isagen is also in the process of adapting its code to ensure that minority shareholders' rights are protected appropriately.

Financial health

17. **Isagen is in a sound financial position.** Over the last five years, revenues from sales increased on average by 19 percent, reflecting high energy demand, increased domestic price levels, and higher electricity generation (Table 1). The company's return on equity stood at 4.4 percent in 2005, well above that of selected electricity firms on other Latin American

counties (see Tables 2 and 3). Its long-term liabilities over assets have come down from 37 percent in 2000 to 22 percent in 2005 (Table 4). Reflecting the debt restructuring operation, Isagen's total debt over EBITDA decreased from 5.5 in 2001 to 2.1 in 2005, and EBIT over interest rates expenditure increased from 1.5 percent in 2000 to 3.2 in 2005. A domestic credit agency ranked Isagen's debt as AAA in mid-2006.

18. **Isagen has a robust system to analyze investment projects.** All projects are subject to a rigorous cost-benefit-analysis, and must fit in the company's overall strategic framework. Isagen also systematically evaluates all investment projects ex post.

Other risk factors

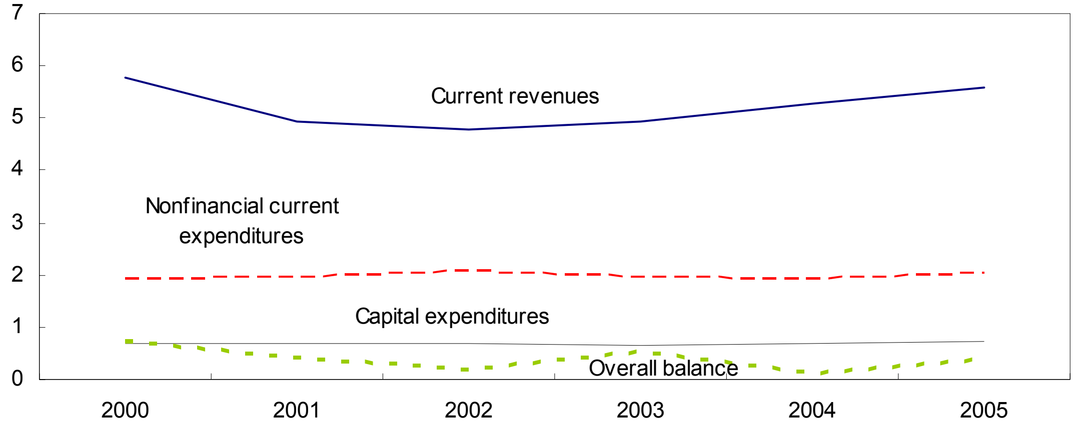
19. **There are no other risk factors.** The actuarial deficit of the company's pension system amounted to US$20 million at end-2005, but is fully financed through adequate saving by Isagen.

D. Assessment of fiscal risk of Ecopetrol

20. **Ecopetrol is the biggest public enterprise in Colombia and makes a substantial contribution to the fiscal accounts.** Helped by favorable international oil prices, the company generated net profits of US$1.4 billion in 2005. The company's operating surplus, which is consolidated with the fiscal accounts, amounted to 3.6 percent of GDP in 2005 (Table 1). Since 2003, the National Hydrocarbons Agency (ANH) has been responsible for managing exploration contracts and policy making for Colombia's oil resources, while Ecopetrol has concentrated on exploration, production, refining and transport of oil.[4] As a result, the commercial orientation of Ecopetrol has strengthened, as it must compete with other agents in the market for exploration contracts, and its business decisions are driven by profitability criteria. Today, Ecopetrol maintains the rights to 22 exploration blocks, and produces 311 thousand barrels of oil per day. It also produces natural gas.

[4] Previously, Ecopetrol was responsible for developing and promoting Colombia's oil industry, both through direct exploration and production-sharing agreements with private energy companies.

Fiscal Operations of Ecopetrol
(In percent of GDP)



Source: Ecopetrol.

21. **However, the company could disappear over the medium term unless it increases its capital expenditures significantly in the near future.** Based on current trends, Ecopetrol will continue to deplete its proven reserves and needs to develop new wells and fields to maintain production. Since Ecopetrol's investment has been constrained through the limit on the overall public sector deficit, it has suffered from years of underinvestment. Ecopetrol estimates that it needs to increase its investment from US$1.4 billion in 2006 to about an average of US$2.5 billion annually for the next five years to keep the company profitable over the medium term.

22. **Against this background, the government has proposed a plan to enhance the commercial orientation of Ecopetrol.** Inspired by ISA's example, Ecopetrol plans to issue up to 20 percent of its current value in additional shares on the Bogota and perhaps the New York stock exchanges, reducing the government's ownership stake to 80 percent. It would give its board greater independence from the government, phase out all subsidies, and take other steps to become a strictly commercially-run enterprise. Ecopetrol has already entered into a joint venture to upgrade one of its principal refineries in Cartagena to raise production to 140 thousand barrels per day. It sold 51 percent of the shares in the refinery for US$630 million to a Swiss firm, privatizing this refinery.

Managerial independence

23. **Ecopetrol aims to increase the independence of its board of directors.** Currently, the board is composed of seven members—three selected by the President of Colombia and the remaining four by vote of the shareholder assembly. To increase the independence of board members, the company intends to elect all board members by vote of the shareholder assembly. It will also allow Ecopetrol's president to be chosen by the company's board, rather than as currently, Colombia's president.

24. **Ecopetrol also wants to ensure that all of its employees will be governed by private sector law.** Currently, the president of Ecopetrol and the internal controller are civil servants. The government also defines a ceiling for yearly wage growth for the enterprise and sets the wage for the president. Ecopetrol asserts that these ceiling have limited the company's ability to attract the best-qualified staff, and the government agreed to giving the enterprise more wage setting flexibility to prepare it for the share offering.

25. **Ecopetrol has drawn up a good governance code with protections for minority shareholder rights.** While this code has been binding since 2004, it is has recently been strengthened to provide better protection of minority shareholder rights, which will be especially important after Ecopetrol's capitalization.

Relations with the government

26. **The government intends to phase out domestic fuel price subsidies by mid-2008.** In 2007, the subsidies will be maintained but will be recorded as an explicit expenditure item in the government's budget. As a result, it will receive higher dividend and tax payments from Ecopetrol. Currently, the price for gasoline and diesel products that Ecopetrol sells on the domestic market are regulated and set below international levels. Ecopetrol estimates that its revenues would have been 1.3 percent of GDP higher in 2004, and 1.8 percent of GDP in 2005, if prices were set freely.

27. **The company also manages Colombia's oil stabilization fund (FAEP) and royalties.** Private oil producers in Colombia pay their royalties in kind to Ecopetrol, Ecopetrol monetizes the commodity, and transfers the funds to ANH, which distributes the royalties to the oil producing regions. Resources are paid into the stabilization fund on the basis of a formula that reflects both oil production and prices. The fund currently holds assets equivalent to US$1.5 billion. By law, local governments can also draw on FAEP to pay down their debt.

28. **Ecopetrol is subject to the same taxes as private firms in the oil sector and made a substantial contribution to government finances over the past years.** In 2005, its dividend and income tax payments equaled almost one percent of GDP, and royalties to local governments amounted to over 1 percent of GDP. As mentioned above, its operational surplus, which is consolidated with the fiscal accounts, amounted to 3.6 percent of GDP in 2005, and is projected at 4 percent of GDP in 2006.

Transparency

29. **Comprehensive annual reports are regularly published for Ecopetrol.** They include balance sheets, profit and loss statements, levels of and changes in Ecopetrol's overall activities, information on employment, investment and outlook for the near future. This information is audited by an internally recognized firm and is also posted on the

Internet. Ecopetrol is the only Colombian company that is rated internationally, and received a rating of BB in June 2006 by Fitch Ratings.

Financial health

30. **Ecopetrol's current financial situation is very favorable, mainly reflecting current international oil prices.** Despite stagnant crude oil production levels, Ecopetrol's revenues in 2005 were US$6.55 billion, up from US$4.96 billion in 2004. EBITDA for 2005 amounted to US$2.55 billion, and net earnings increased to US$1.4 billion, a 75 percent increase over 2004. Moreover, sales in the domestic markets grew by almost 40 percent, and the policy of reducing the implicit fuel price subsidy also benefited Ecopetrol's financial position. Total assets increased by 20 percent in 2005, reaching US$14.5 billion, and its financial debt decreased to only around US$100 million (Tables 5 and 6), as investment and other spending is constrained by the overall ceiling for the combined public sector.

31. **Ecopetrol's system for analyzing investment projects appears solid.** All projects are assessed on the basis of a rigorous cost-benefit analysis, and must yield a well-defined expected rate of return. Moreover, they are subject to risk analysis, and must fit into Ecopetrol's strategic framework.

Other risk factors

32. **Ecopetrol has sizable pension liabilities that are almost completely funded**. The actuarial deficit of the company's pension system amounted to US$3.8 billion in mid-2006, with funding for 92 percent of these obligations.

33. **Threats from the security situation on Ecopetrol's capital stock have also diminished,** as the security situation has improved significantly through the past few years.

34. **However, Ecopetrol is Colombia's largest public enterprise, with a significant impact on the operations of the public sector.** Excluding Ecopetrol from fiscal indicators and targets could widen the headline deficit for the combined public sector, even after accounting for the income taxes, dividends and royalties that still be paid by Ecopetrol, and this could affect the credibility of fiscal policy. Also Ecopetrol might be considered "too big to fail."

35. **Ecopetrol's operations are also closely linked to the international oil price developments.** A negative oil price shock could compromise its financial outlook, in particular if production is not being increased to counteract the current declining trend.

E. Policy recommendations

36. **Isagen appears to present a low fiscal risk and could be removed from fiscal indicators and targets in the near term, preferably after it has sold 20 percent of its**

government shares to the public. This measure is likely to increase its commercial orientation even further. It is important to ensure that minority rights will be protected. Isagen will benefit from the exclusion from the fiscal accounts to carry out the investment it needs to stay competitive. However, the government should continue to monitor Isagen's financial situation closely, in particular since the government guaranteed a loan with an international bank for the enterprise. Removing the enterprise from the current coverage of the public sector would have a minimal effect, widening the overall fiscal deficit by 0.1 percent of GDP.

37. **It might be possible to exclude Ecopetrol from fiscal indicators and targets in the medium term, provided certain reforms are adopted.** These steps include: (i) appointing all board members through a vote of the shareholder assembly; (ii) phasing out the current subsidy for domestic fuel prices; (iii) establishing strong protections to minority shareholders; and (iv) giving the company the flexibility to set wages and other personnel costs at it see fit. However, it will be crucial to assess carefully the effect of removing Ecopetrol from the fiscal accounts on the overall public sector deficit.

38. **Continued strong monitoring of both enterprises is crucial.** The authorities' current system of monitoring enterprises is effective. They collect detailed data on the financial results of all public companies, their debt, their liquidity position, and their investment. The authorities should continue to seek to minimize any potential fiscal risks by ensuring that the companies' operations are on a sustainable footing. Both companies should continue to develop, finance, and execute investment projects in a robust system to help mitigate risk and ensure long-term profitability. In any event, the accounts of both enterprises should continue to be reported in the annual budget, possibly in an annex, and an additional measure of the fiscal balance presented.

Table 1. Fiscal operations of Ecopetrol and Isagen, 2000–2005
(In millions of pesos)

	Ecopetrol					Isagen				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Current revenues	9,330,015	9,696,352	11,296,176	13,431,671	15,890,698	437,518	481,596	720,031	737,265	903,313
Nonfinancial current expenditure	3,691,380	4,220,626	4,464,786	4,841,284	5,738,702	247,544	299,393	360,194	409,592	614,605
salaries	348,800	369,843	313,035	285,956	334,752	18,617	20,408	23,371	24,684	28,395
goods and services	292,454	297,439	227,358	252,436	282,887	61,226	72,398	78,868	64,941	93,895
taxes	749,256	711,599	426,626	930,475	887,532					
other						137,777	164,829	205,023	251,304	314,510
Capital expenditure	1,288,717	1,379,292	1,487,146	1,747,224	2,047,651	150,399	164,005	15,103	24,274	25,251
Primary balance	716,530	356,507	1,207,466	274,873	1,121,215	10,529	-71,892	49,993	65,749	16,044
Interest payments	62,092	51,014	38,925	20,744	13,149	27,669	46,296	136,166	123,002	116,602
Overall balance	**778,622**	**407,521**	**1,246,391**	**295,617**	**1,134,365**	**38,198**	**-25,596**	**186,159**	**188,751**	**132,646**

Source: MEF.

Table 2. Selected Financial Indicators for Ecopetrol and Isagen

Sector	Company	Year	Return on Equity (Net)	EBIT / Sales	Sales / Total Assets	Total Liabilities / Equity	Long-Term Liabilities / Assets	Current Assets / Current Liabilities	EBIT / Interest Expenditures
Oil	Ecopetrol	2000							
Oil	Ecopetrol	2001	0.22	0.34	0.41	2.21	0.54	0.75	48.37
Oil	Ecopetrol	2002	0.21	0.40	0.46	2.35	0.54	0.80	76.87
Oil	Ecopetrol	2003	0.17	0.38	0.43	1.84	0.51	1.16	111.33
Oil	Ecopetrol	2004	0.19	0.41	0.42	1.80	0.52	1.09	257.09
Oil	Ecopetrol	2005	0.24	0.41	0.47	1.46	0.49	1.53	478.89
		Average	**0.21**	**0.39**	**0.44**	**1.93**	**0.52**	**1.07**	**194.51**
Electricity	Isagen	2000	0.00	0.24	0.13	0.74	0.37	1.29	1.46
Electricity	Isagen	2001	0.05	0.35	0.14	0.67	0.37	2.39	3.22
Electricity	Isagen	2002	0.02	0.34	0.14	0.72	0.33	0.88	3.58
Electricity	Isagen	2003	0.05	0.36	0.19	0.63	0.31	1.31	1.83
Electricity	Isagen	2004	0.07	0.32	0.21	0.52	0.26	1.62	2.03
Electricity	Isagen	2005	0.05	0.32	0.24	0.47	0.22	1.50	3.21
		Average	**0.04**	**0.32**	**0.18**	**0.62**	**0.31**	**1.50**	**2.56**

Sources: Isagen and Ecopetrol.

Table 3. Selected Financial Indicators for Public Electricity Enterprises in Other Countries

Country	Company	Year	ROE (Net)	EBIT / Operating Assets	EBIT / Sales	Sales / Total Assets	Total Liabilities / Equity	Long-Term Liabilities / Assets	Current Assets / Current Liabilities
Argentina	Capex	2003	0.04	...	...	0.16	2.91	0.06	0.09
Argentina	Capex	2004	-0.01	0.07	0.33	0.19	2.33	0.07	0.08
Argentina	Capex	2005	-0.17	0.04	0.19	0.22	2.93	0.06	0.07
Argentina	Central Costanera	2003	0.04	0.09	0.32	0.22	0.43	0.03	0.62
Argentina	Central Costanera	2004	0.07	0.12	0.29	0.36	0.26	0.06	0.74
Argentina	Central Puerto	2003	-0.03	0.01	0.07	0.17	2.36	0.14	0.19
Argentina	Central Puerto	2004	-0.07	0.02	0.05	0.24	2.80	0.12	0.37
Argentina	Transener	2003	0.12	0.08	0.64	0.12	3.30	0.19	0.19
Argentina	Transener	2004	-0.34	-0.01	-0.06	0.13	4.74	0.00	0.17
Argentina	Transener	2005	0.57	0.34	1.82	0.18	0.73	0.35	1.15
Brazil	AES Tiete	2003	0.44	0.26	0.53	0.36	3.43	0.65	2.03
Brazil	AES Tiete	2004	0.64	0.36	0.59	0.42	3.46	0.62	2.14
Brazil	AES Tiete	2005	1.18	0.66	0.79	0.49	3.10	0.53	1.53
Brazil	Caiua Electricidade	2003	-0.51	0.12	0.25	0.42	5.47	0.29	0.66
Brazil	Caiua Electricidade	2004	0.27	0.16	0.25	0.49	9.76	0.21	0.73
Brazil	Celesc-Sta Catarina	2003	0.22	0.15	0.13	0.81	0.06	0.01	1.30
Brazil	Celesc-Sta Catarina	2004	0.22	0.19	0.12	0.96	0.21	0.05	1.50
Brazil	Centrais Elet Matogr (CEMAT)	2003	-0.11	0.14	0.27	0.44	1.33	0.25	0.73
Brazil	Centrais Elet Matogr (CEMAT)	2004	0.05	0.18	0.28	0.52	0.88	0.12	0.66
Brazil	Centrais Eletricas (Electrobras)	2003	0.00	0.05	0.26	0.16	0.49	0.26	1.30
Brazil	Centrais Eletricas (Electrobras)	2004	0.02	0.04	0.22	0.17	0.46	0.25	1.18
Brazil	CESP	2003	0.09	0.10	1.10	0.09	1.52	0.44	0.18
Brazil	CESP	2004	0.01	0.05	0.46	0.10	1.53	0.42	0.31
Brazil	Cia de Minas Gerais (CEMIG)	2003	0.31	0.17	0.37	0.38	0.97	0.15	0.73
Brazil	Cia de Minas Gerais (CEMIG)	2004	0.30	0.19	0.33	0.44	0.92	0.17	0.86
Chile	Chilectra	2003	0.12	0.09	0.18	0.40	0.03	0.00	0.95
Chile	Chilectra	2004	0.17	0.10	0.21	0.45	0.00	0.00	1.36
Chile	Chilectra	2005	0.17	0.14	0.21	0.58	0.00	0.00	1.18
Chile	Empresa Nacional de Electricidad (Endesa)	2003	0.05	0.09	0.40	0.19	1.46	0.38	1.27
Chile	Empresa Nacional de Electricidad (Endesa)	2004	0.07	0.09	0.39	0.23	1.19	0.33	0.54
Chile	Enersis	2003	0.02	0.07	0.24	0.26	1.43	0.31	1.49
Chile	Enersis	2004	0.03	0.09	0.24	0.31	1.31	0.26	0.88
Chile	General de Electric (CGE)	2003	0.11	0.09	0.21	0.40	2.22	0.33	0.42
Chile	General de Electric (CGE)	2004	0.13	0.10	0.21	0.43	2.14	0.44	0.87
Peru	Edegel	2003	0.06	0.09	0.50	0.17	0.33	0.18	0.48
Peru	Edegel	2004	0.07	0.09	0.48	0.19	0.37	0.15	0.42
Peru	Edegel	2005	0.09	0.10	0.49	0.19	0.47	0.17	0.46
Peru	Electrica de Lima (Edelnor)	2003	0.08	0.09	0.18	0.48	0.38	0.13	0.57
Peru	Electrica de Lima (Edelnor)	2004	0.06	0.10	0.18	0.51	0.41	0.18	0.92
Peru	Electrica de Lima (Edelnor)	2005	0.09	0.08	0.13	0.56	0.69	0.13	0.44
Peru	Luz del Sur Servicio	2003	0.28	0.21	0.25	0.72	0.80	0.27	1.07
Peru	Luz del Sur Servicio	2004	0.20	0.15	0.22	0.59	0.70	0.26	1.05
		average	**0.01**	**0.09**	**0.23**	**0.32**	**1.49**	**0.22**	**0.85**

Sources: Companies' annual reports.

Table 4. Balance Sheet of Isagen, 2001–2005
(millions of pesos)

	2001	2002	2003	2004	2005
TOTAL CURRENT ASSETS	**237,031**	**278,124**	**365,371**	**464,081**	**558,211**
LONG TERM ASSETS					
Long- term investment	-	-	-	-	-
Deposits	-	-	-	-	-
Loan receivable	9,520	26,667	31,366	8,171	9,126
Unquoted investment	18,070	182	177	160	326
Deferred taxation	-	-	9,503	10,624	11,260
Fixed & Other Assets at cost	3,162,315	3,475,278	3,485,215	3,490,398	3,496,633
Accumulated depreciation & Amortization	-752,315	-815,493	-912,259	-1,003,771	-1,100,742
TOTAL LONG TERM ASSETS	**2,437,590**	**2,686,634**	**2,614,002**	**2,505,582**	**2,416,603**
TOTAL ASSETS	**2,674,621**	**2,964,758**	**2,979,373**	**2,969,663**	**2,974,814**
CURRENT LIABILITIES					
Domestic	98,105	317,157	278,664	286,495	373,055
Foreign					
TOTAL CURRENT LIABILITIES	**98,105**	**317,157**	**278,664**	**286,495**	**373,055**
LONG TERM LIABILITIES					
Domestic	1,198,587	1,234,961	1,162,064	975,914	239,412
Foreign					571,055
TOTAL LONG TERM LIABILITIES	**1,198,587**	**1,234,961**	**1,162,064**	**975,914**	**810,467**
TOTAL LIABILITIES	**1,296,692**	**1,552,118**	**1,440,728**	**1,262,409**	**1,183,522**
TOTAL EQUITY AND RESERVES	**1,377,929**	**1,412,640**	**1,538,645**	**1,707,254**	**1,791,292**
TOTAL LIABILITIES AND EQUITY	**2,674,621**	**2,964,758**	**2,979,373**	**2,969,663**	**2,974,814**

Source: Isagen.

Table 5. Balance Sheet of Ecopetrol, 2001–2005
(millions of dollars)

	2001	2002	2003	2004	2005
CURRENT ASSETS					
Cash and cash equivalents	39.71	66.64	73.04	75.81	316.04
Investments	81.84	202.90	596.75	521.24	799.12
Accounts and documents receivable	310.22	300.82	274.04	272.74	420.07
Inventories	342.47	267.84	230.67	238.73	332.57
Advances and Deposits	236.57	236.27	325.53	487.59	483.09
TOTAL CURRENT ASSETS	**1,010.81**	**1,074.47**	**1,500.04**	**1,596.11**	**2,350.89**
LONG TERM ASSETS					
Investments	505.20	520.69	418.99	712.32	707.74
Accounts and documents receivable	49.37	47.11	50.24	56.65	75.97
Property, plant and equipment, net	2,785.73	2,287.82	2,303.09	2,407.94	2,558.87
Natural and environmental resources, net	1,157.63	979.68	1,061.51	1,458.01	1,381.47
Resources given for administration	1,408.48	1,315.80	1,652.45	2,645.51	3,773.15
Fondo de Ahorro y Estabilización Petrolera -FAEP	1,081.89	1,059.59	1,028.67	1,147.70	1,395.61
Advances and Deposits	-	-	-	77.57	116.19
Deferred charges and other assets	647.31	776.87	593.22	897.25	1,119.38
Valuations	517.14	446.11	817.47	702.75	820.93
TOTAL LONG TERM ASSETS	**8,152.74**	**7,433.69**	**7,925.65**	**10,105.70**	**11,949.32**
TOTAL ASSETS	**9,163.55**	**8,508.15**	**9,425.68**	**11,701.81**	**14,300.21**
CURRENT LIABILITIES					
Accounts payable and related parties	325.82	375.15	387.25	547.68	296.25
Financial obligations	98.66	215.33	44.24	43.20	43.98
Labor obligations	143.23	122.43	147.03	188.73	214.35
Taxes payable	592.17	472.43	527.43	556.47	759.61
Estimated liabilities and provisions	193.41	155.42	184.95	122.88	218.04
TOTAL CURRENT LIABILITIES	**1,353.28**	**1,340.76**	**1,290.90**	**1,458.97**	**1,532.23**
LONG TERM LIABILITIES					
Accounts payable, long-term	13.50	28.47	7.50	2.88	32.68
Financial obligations, long term	243.89	131.25	93.75	56.25	27.33
Labor obligations, long term	2,972.02	2,655.31	2,981.25	3,633.40	4,005.20
Deferred income - Fondo de Ahorro y Estabilización Petrolera - FAEP	1,081.89	1,059.59	1,028.67	1,147.70	1,395.61
Estimated liabilities and provisions	-	-	342.24	764.35	1,022.54
Other liabilities, long term	643.07	755.54	359.50	453.35	468.52
TOTAL LONG TERM LIABILITIES	**4,954.37**	**4,630.17**	**4,812.91**	**6,057.93**	**6,951.88**
TOTAL LIABILITIES	**6,307.65**	**5,970.93**	**6,103.81**	**7,516.90**	**8,484.11**
TOTAL EQUITY	**2,855.91**	**2,537.23**	**3,321.87**	**4,184.90**	**5,816.10**
TOTAL LIABILITIES AND EQUITY	**9,163.55**	**8,508.15**	**9,425.68**	**11,701.81**	**14,300.21**

Source: Ecopetrol.