

Business

Colombia Is Said to Review Plans to Divest Its Stake in ISA

By [Oscar Medina](#) and [Ezra Fieser](#)
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- ▶ Government owns 51.4% of the electricity transmission company
- ▶ Administration looking for ways to narrow the fiscal deficit



Power transmission towers *Photographer: Brazil Photos/LightRocket*

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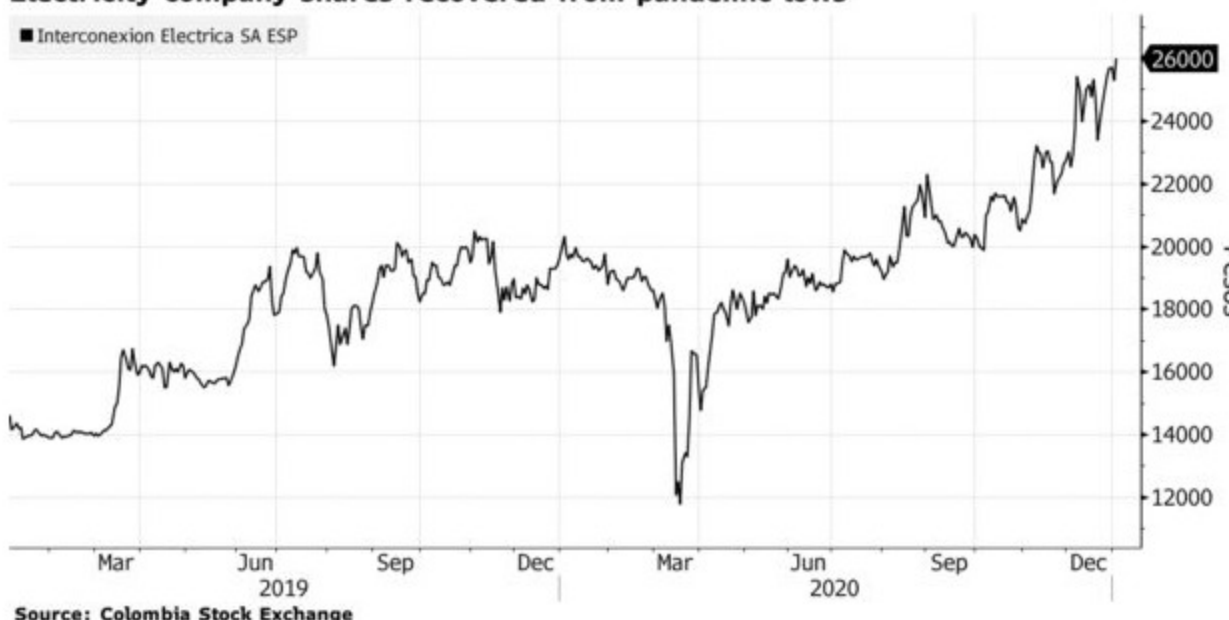
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Colombia's government is reviewing plans to sell a stake in [Interconexión Eléctrica SA](#) that is attracting interest from publicly owned companies, according to people with direct knowledge of the matter.

[Grupo Energía Bogotá](#) is among companies considering a bid for the stake in the transmission company, while [Ecopetrol SA](#) and [Empresas Públicas de Medellín](#) could also look at the asset, one of the people said, asking not to be named discussing private matters. The government owns a majority 51.4% stake in ISA, which at current market prices could fetch \$4.2 billion.

President Ivan Duque's administration has identified divestments as a potential source of income to narrow the fiscal deficit to 7.6% of gross domestic product this year and try to stave off the risk of having its credit rating cut to junk. The deficit widened to an estimated 8.9% in 2020 after the government was forced to boost spending to cope with the pandemic.

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At the same time, Finance Minister Alberto Carrasquilla has said the government won't privatize what he has called "strategic" assets. A sale between public companies may help meet both those criteria. The sale would send a message to ratings companies that the government is committed to meeting its fiscal targets, the person said.

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ISA, [Empresas Públicas de Medellín](#) and [Grupo Energía Bogotá](#) declined to comment. The Finance Ministry and [Ecopetrol](#) didn't reply to requests for comment.

While [Ecopetrol](#) is owned by the national government, [Grupo Energía](#) and [Empresas Públicas de Medellín](#) are controlled by regional authorities.

A bidding process could be launched in the coming months, the person said, though previous attempts to sell the asset in 2019 were called off. This time however, the government needs the revenue to finance its 2021 budget.

[Empresas Públicas de Medellín](#) currently owns 8.8% of ISA and [Grupo Energía Bogotá](#) sold a 1.7% stake in the firm in 2017. [Ecopetrol](#), the state-run energy producer, is advancing in renewable plans with solar energy projects.

ISA, which operates energy transmission lines and highways in Latin America, has a market value of 28 trillion pesos (\$8.1 billion), according to data compiled by Bloomberg. ISA shares have rallied 23% in the past year on Colombia's Colcap index, while the local stock market overall fell nearly 16% in that period.

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