



Bogotá's Legal Guide to Foreign Direct Investment

2026

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CONFLICT RESOLUTION MECHANISMS

**PRECIADO
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— DESDE 1951 —

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Alternative dispute resolution mechanism in Colombia

Alternative Dispute Resolution (ADR) mechanisms in Colombia have become essential tools for resolving disputes efficiently, swiftly, and peacefully, thereby complementing the State's adjudicative function. Methods such as conciliation, mediation, and arbitration foster dialogue, party autonomy, and court decongestion, while also building institutional trust and promoting a culture of collaborative dispute resolution.

Mediation

In mediation, the parties work alongside a neutral and impartial third party (the mediator) to forge mutually agreed solutions to their differences. The mediator's primary role is to bridge the gap between parties and restore communication, empowering them to devise their own solution. Crucially, and unlike conciliation, the mediator does not propose the final settlement. Mediation can also be employed before a dispute fully escalates, serving as a powerful tool for prevention and risk management.

When is Mediation Appropriate?

- To resolve early-stage commercial disputes, such as disagreements over contract performance, tensions among partners, differences regarding investment projects, or conflicts involving supply contracts or commercial leases.
- To preserve commercial relationships and keep future business opportunities open.

The advantages of mediation relevant for investors are:

- **Procedural flexibility:** The parties can tailor the proceedings to suit the complexity of the transaction and the urgency of the dispute.
- **Confidentiality:** Information shared during mediation cannot be used subsequently in judicial or arbitral proceedings.
- **Control over the outcome:** The parties maintain control of the resolution, thereby mitigating the risk of adverse rulings.
- **Time and cost efficiency:** Much like conciliation, mediation allows for the rapid resolution of disputes, often within days or weeks.

It is highly recommended to include multi-tiered dispute resolution clauses in contracts executed in Colombia, providing for mediation as a first step before resorting to other mechanisms or the ordinary courts. .

Amiable Composition

Governed by Law 1563 of 2012¹, amiable composition is a voluntary, extrajudicial, and flexible procedure whereby the parties submit a dispute to an impartial third party for a decision. Known as the amiable *compositeur*, this third party may act individually or as a panel. This mechanism may be used by private parties, public entities, or in mixed disputes between private investors and the State.

From the perspective of investors and business owners, amiable composition is particularly attractive when the dispute involves a significant technical or economic component. In amiable composition, the parties may appoint an expert in the subject matter of the dispute, enabling solutions that are more closely aligned with the commercial realities of the transaction.

What Disputes may be Submitted to Amiable Composition?

Civil, commercial, or administrative disputes that are capable of settlement, as well as those expressly authorized by law. In other words, any dispute that may be settled by the parties is eligible for resolution through this mechanism. In practice, amiable composition is frequently used in infrastructure, energy, construction, supply, and concession contracts, as well as in long-term contractual relationships.

¹ Ley 1563 de 2012: Por medio de la cual se expide el Estatuto de Arbitraje Nacional e Internacional y se dictan otras disposiciones [Law 1563 of 2012: Enacting the National and International Arbitration Statute and other provisions].

How Does Amiable Composition Work?

The parties execute an amiable composition agreement—either as a standalone contract or a contractual clause—which appoints the amiable *compositeur* and sets forth the procedural rules. The amiable *compositeur* hears the parties, evaluates the submitted information and evidence, and presents a proposed solution. The parties retain full discretion to accept or reject the proposal. If accepted, the resulting decision carries the same legal weight as a settlement agreement.



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Conciliation

For businesses in Colombia, out-of-court conciliation is not just a legal formality but a key tool for operational efficiency. It is a voluntary, private mechanism in which the parties resolve their disputes with the assistance of a neutral third party (the conciliator), thereby bypassing the delays and expenses of ordinary courts.

What are the Competitive Advantages of Conciliation?

Conciliation offers immediate strategic benefits for the operations of any company.

- It provides a level of agility that the traditional judicial system cannot match, resolving disputes in a matter of hours that would otherwise take years. This translates into significant capital savings by reducing legal fees and procedural costs.
- Conducted under strict confidentiality to protect corporate reputation and trade secrets, the process affords businesses complete control over the results. Because the final agreement relies on party autonomy rather than a third-party ruling, the outcome remains in their hands.
- The final document, known as the Conciliation Record (Acta de conciliación), enjoys the highest legal protection in Colombia. It carries the effects of Res Judicata (meaning the dispute is definitively resolved) and provides executive merit (mérito ejecutivo). Consequently you to demand immediate enforcement before the authorities with the same legal force as a final court judgment should the counterparty fail to comply.

The conciliation process involves the following steps:

- It commences with a formal request filed before an authorized Conciliation Center. If a consensus is reached, the parties sign a final record (acta) that immediately resolves the dispute.
- If no agreement is reached, a certificate of non-settlement is issued, enabling the parties to seek judicial recourse. This ensures that an attempt at an amicable resolution was made before the conflict was escalated to court.

The inclusion of a 'Conciliation Clause' in all local contracts is highly advisable.

Domestic Arbitration

For an investor in Colombia, arbitration is an efficient mechanism for resolving commercial disputes without recourse to the ordinary courts. Rather than undergoing a judicial process, the parties submit their dispute for resolution by one or more arbitrators—always totaling an odd number—who render a final decision known as an arbitral award. Such awards bear the same legal standing and weight as a final court judgment. This mechanism, governed by the National and International Arbitration Statute (Law 1563 of 2012), is defined by its speed, technical depth, and strict confidentiality, all of which are paramount in the business world.

What Matters may be Submitted to Arbitration?

Only disputes capable of settlement—namely those involving rights of which the parties may freely dispose—may be submitted to arbitration. For this reason, arbitration is not available for matters such as pension rights, certain non-waivable labor rights, or issues relating to an individual's civil status. In practice, however, arbitration is frequently employed across commercial, corporate, infrastructure, energy, construction, and supply contracts, as well as in investment projects.

The Arbitration Agreement: Foundation of the Mechanism



Arbitration is only possible where parties mutually consent via an arbitration agreement, which may take one of two forms:

- **Arbitration Clause:** included in the contract from the outset, it provides for the resolution of future disputes.
- **Submission Agreement (Compromiso):** an agreement entered into after a dispute has arisen to submit the matter to arbitration

To ensure seamless enforcement, the arbitration agreement must be clear and comprehensive. It typically defines the type of arbitration (institutional or ad hoc), the number of arbitrators (one or three), the arbitration center or applicable rules, the language, the seat, and the estimated duration of the proceedings. Defective drafting can preclude recourse to arbitration or lead to the agreement being declared void, especially if it leaves the decision to a single party or fails to adequately identify the dispute resolution mechanism.

The Mechanics of the Arbitral Process



Proceedings commence with the submission of a request for arbitration and conclude with the rendering of an arbitral award. This award is binding upon the parties, final in nature (Res Judicata), and possesses the same judicial enforceability as a court judgment. Depending on the sum in dispute and the case's complexity, the matter may be adjudicated by a sole arbitrator in lower-value controversies or by a three-member tribunal for more significant disputes. Furthermore, expedited proceedings are often employed to ensure a swifter and more economical resolution.

Strategic Advantages of Arbitration for Investors



Arbitration offers significant competitive advantages in the business environment:

- Greater speed relative to the ordinary judicial system.
- Technical expertise of the arbitrators in the specific subject matter of the dispute.
- Confidentiality of the proceedings and sensitive commercial information.
- Procedural flexibility, adaptable to the individual contract and industry sector.
- Recognition and enforceability of awards with full legal force.

Practical Recommendation



In the context of Colombian investment projects, the inclusion of robustly drafted arbitration clauses within commercial agreements is strongly advisable.

This allows parties to:

Reduce exposure to protracted litigation.	Obtain technical and definitive decisions.	Preserve the confidentiality and stability of the business.
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Together, mediation, conciliation, amiable composition, and arbitration form a multi-tiered dispute resolution strategy that safeguards investment and improves legal risk management in the country.



References

Congreso de la República de Colombia. (2012). Ley 1563 de 2012: Por medio de la cual se expide el Estatuto de Arbitraje Nacional e Internacional y se dictan otras disposiciones [Law 1563 of 2012: Enacting the National and International Arbitration Statute and other provisions].



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