



**Hacienda**



# Colombia's Economic Perspectives

**Ministry of Finance and Public Credit**  
**February 2024**





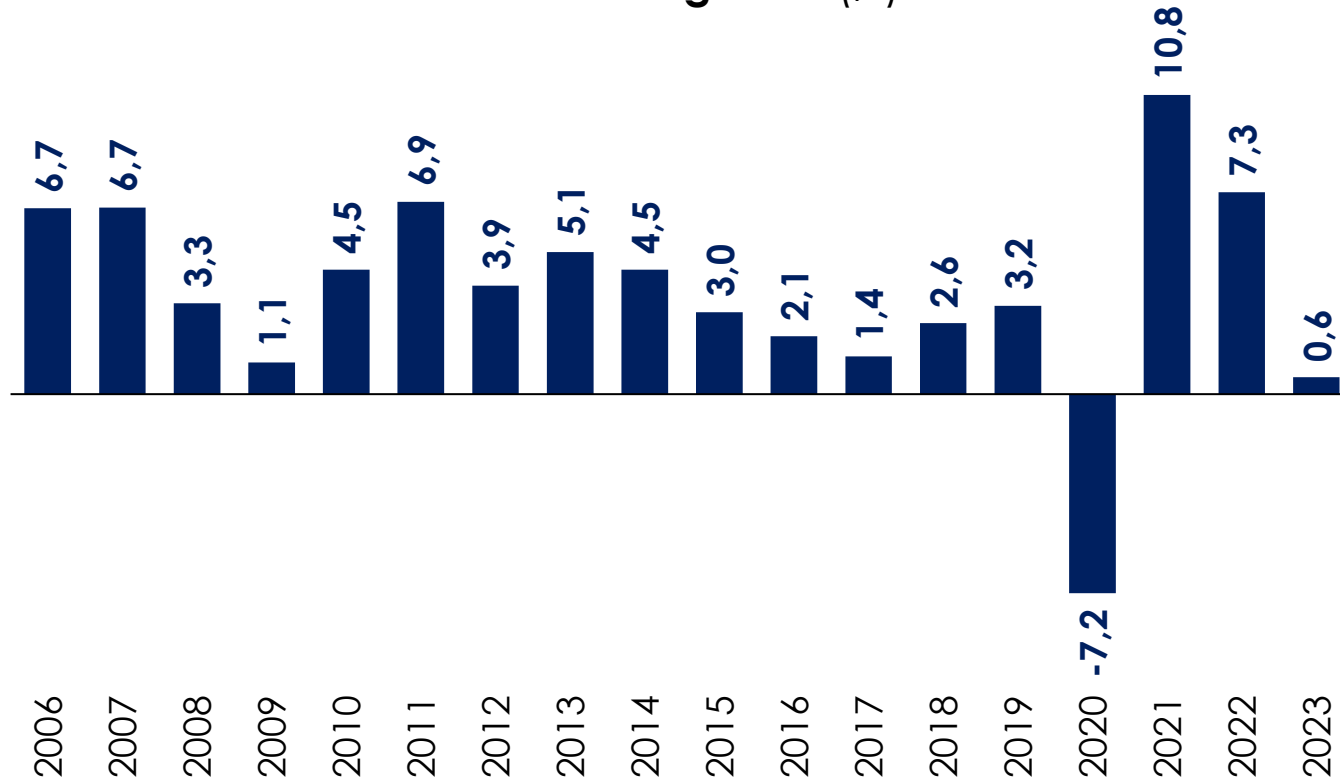
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# **Macroeconomic outlook**



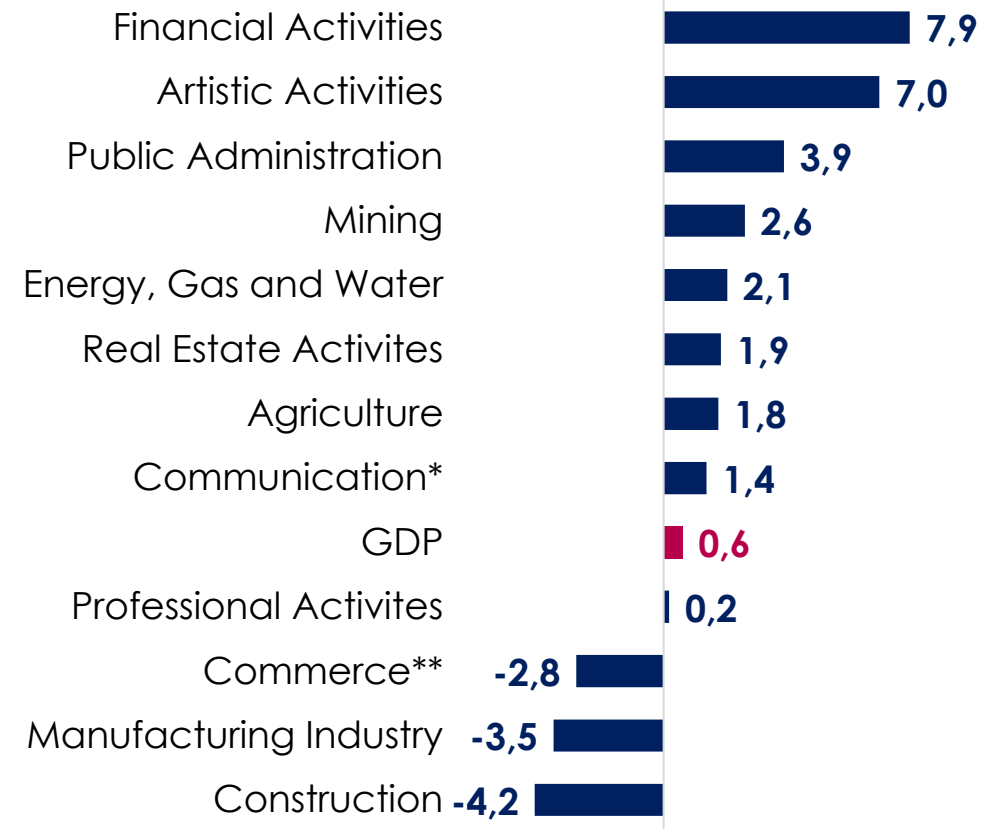
# In 2023, the Colombian economy registered a growth of 0.6%, explained by dynamism of the sectors of financial activities, artistic activities and public administration

Annual GDP growth (%)



In 2023, the Colombian economy registered economic growth of 0.6%, 6.7pp below the growth observed in 2022 (7.3%).

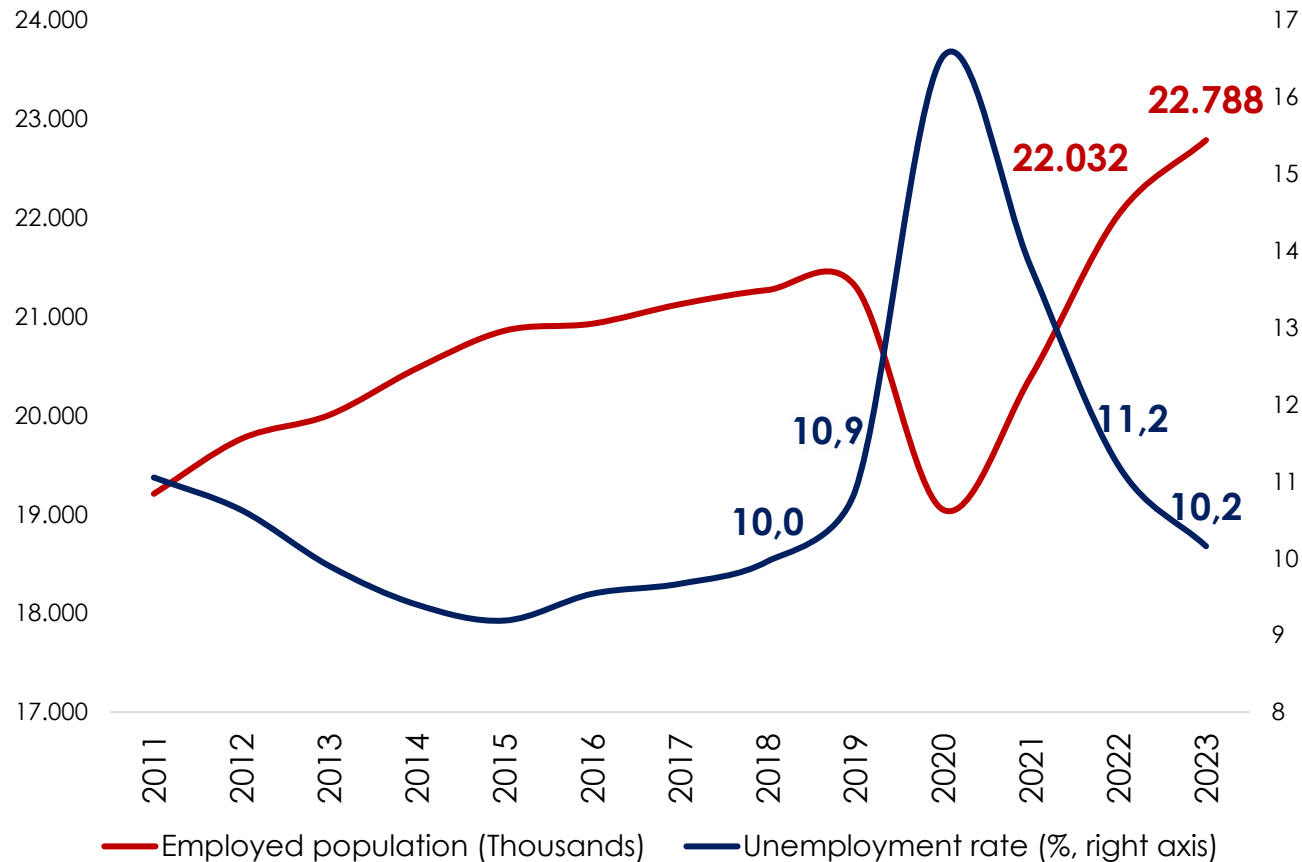
Growth by economic sector  
(Annual growth, %)





# In 2023, the labor market showed a favorable performance, reflected on a declining unemployment rate and employment growth above its historical average

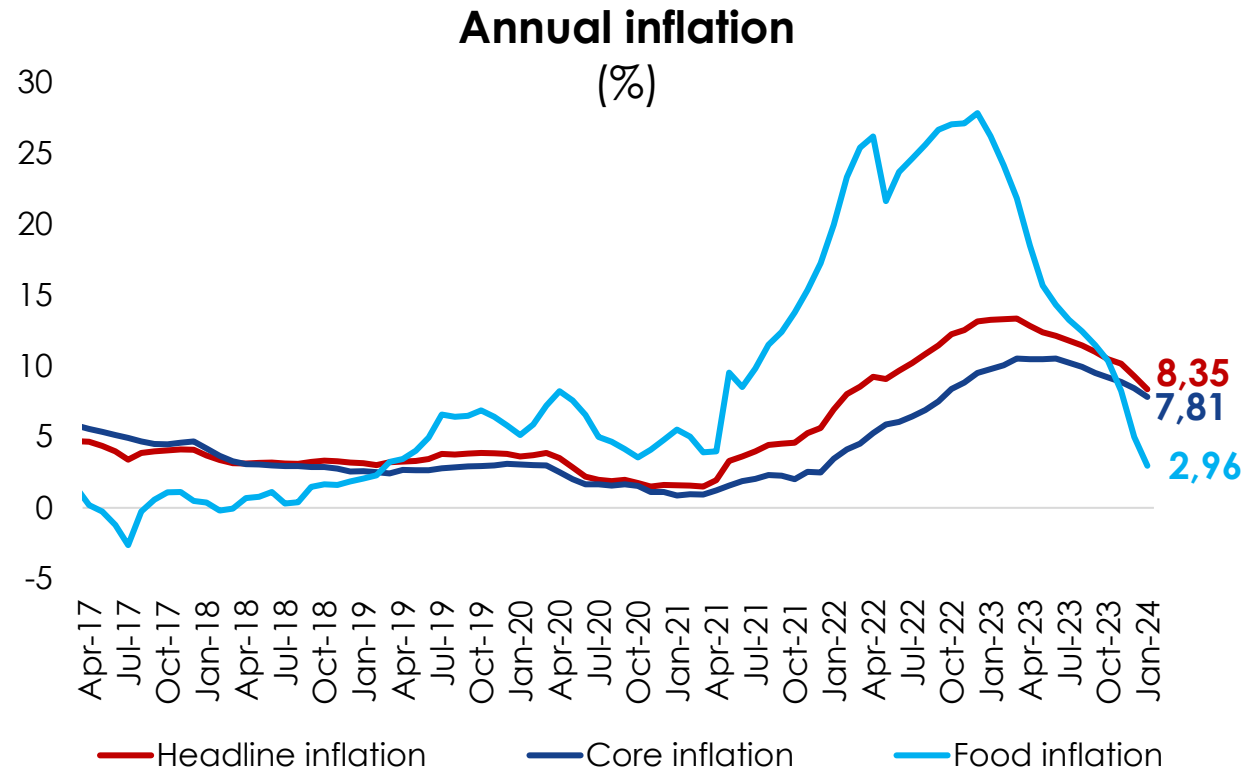
**Unemployment rate and employed population**  
(National total, non seasonally adjusted)



- In 2023, the **unemployment rate** stood at **10.2%**, 1pp below that observed in 2022 (11.2%). This is **the lowest rate observed since 2019**.
- In 2023, the **employed population** registered a growth of **3.4%**, 1.5pp higher than the registered between 2002-2019 (1.9%).
- **Job creation** was concentrated in the **hotel and food services, transportation and professional sectors**.

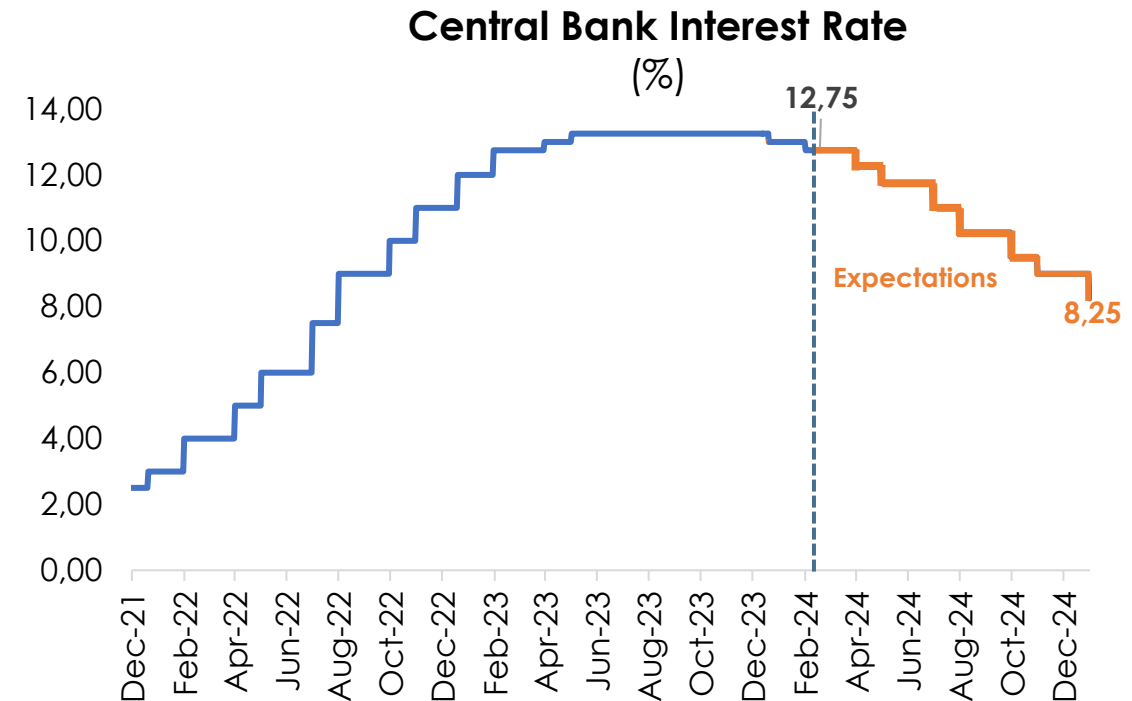


**In January, inflation continued to decline, a trend that is expected to continue in the coming months**



**Food inflation has registered a sustained reduction.** Between December 2022 and January 2024, it slowed down by 24.85pp (from 27.81% to 2.96%).

**Central bank began to cut the Interest rate in December 2023**



According to the Central Bank Monthly survey of expectations of economic analysts (EME), **economic analyst expects the interest rate to be 8,25 at the end of the year.**



# The nominal exchange rate has performed better during 2023, after reaching historical highs in November 2022

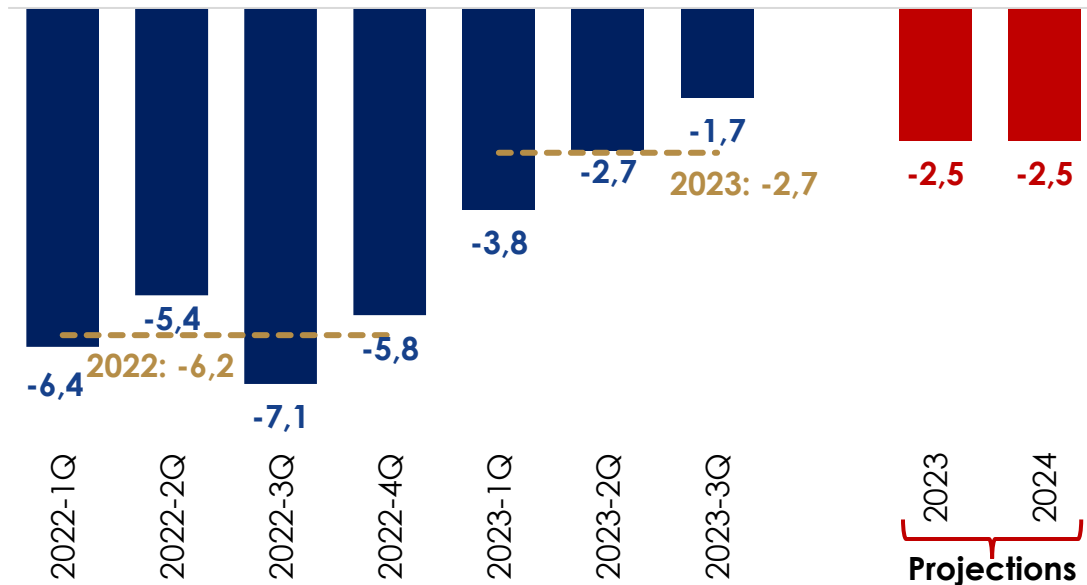


The good performance in exchange rate has helped with different macroeconomic metrics, as debt/GDP



# In 2023, the external imbalance was significantly corrected, and Foreign Direct Investment showed favorable dynamism

**Current account deficit**  
(% of GDP)

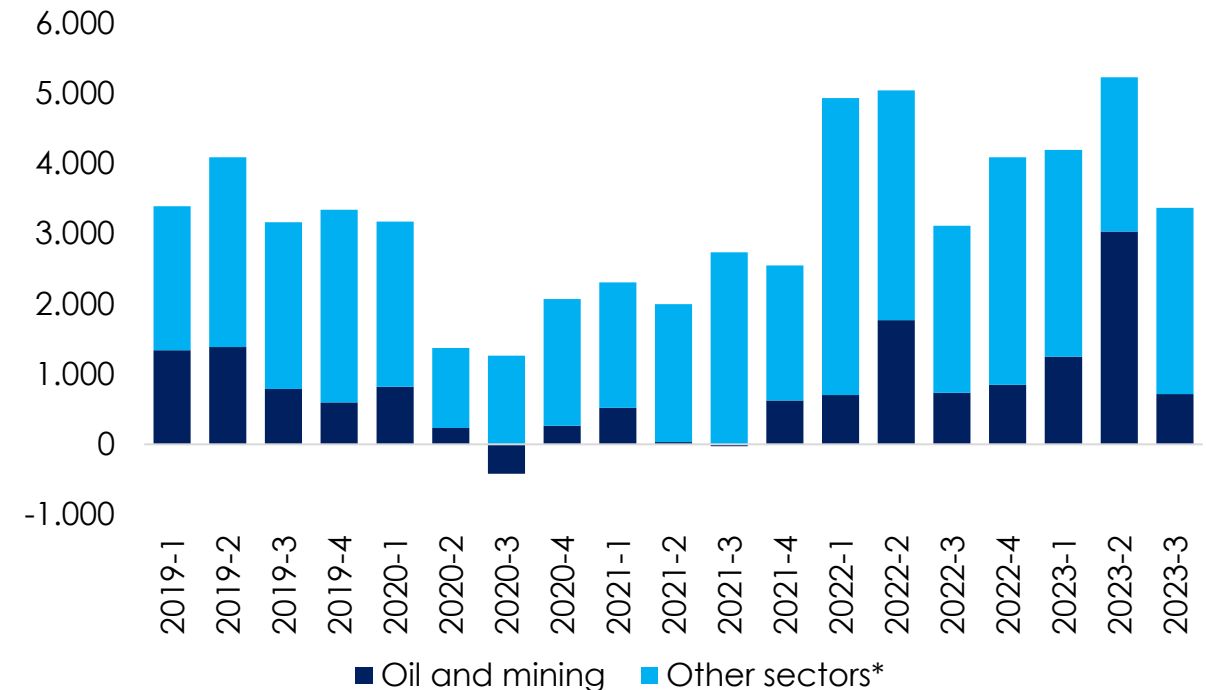


**In 2023, current account deficit showed a significant correction,** due to a moderated domestic demand growth, a good performance of non-traditional and service exports and a lower primary income deficit.

Due to these drivers, **current account deficit is expected to be 2.5% of GDP in 2023 and 2024.**

**In 2023-3Q, FDI inflows to the country increased by 8.2% compared to 2022-3Q.**

**Flows of Foreign Direct Investment**  
(Quarterly, Millions USD)

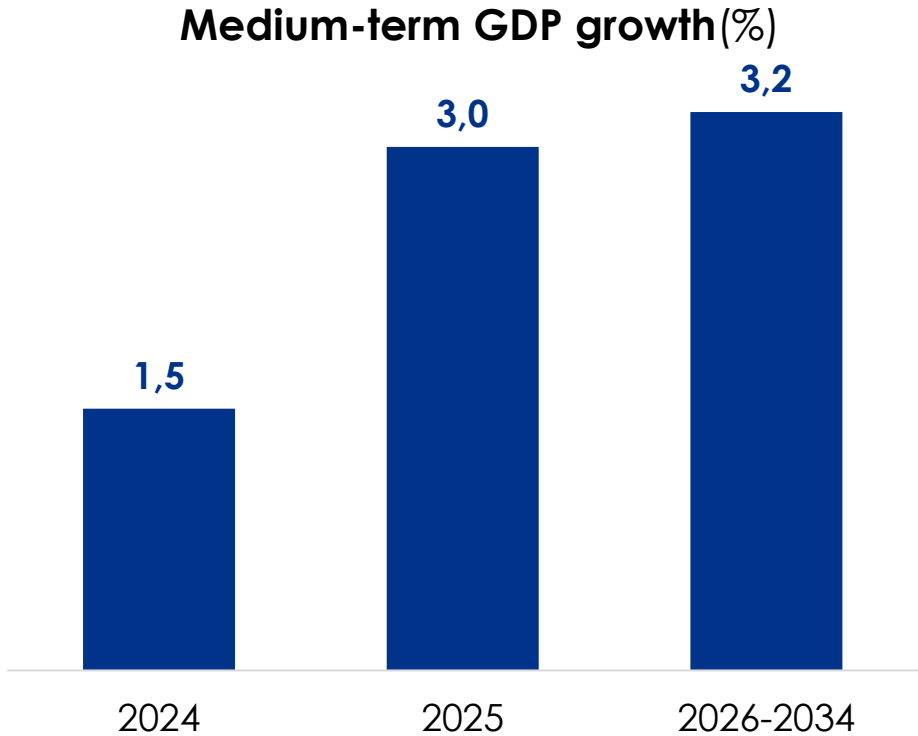


**Source:** Central Bank. DANE.

\*Agriculture, manufacturing industry, retail trade, utilities, construction, transportation, financial services and other services.



# The MoF's annual economic growth forecast for 2024 is 1.5%. Economic growth would be higher than 3% from 2025 onwards



The implementation of a **productive transformation policy**, which includes **reindustrialization and the energy transition**, would promote the strengthening of the non-mining energy sectors and would favor the diversification of the internal and exportable supply.



**Investment in infrastructure**, consistent with a higher execution of 5G programs and government projects (such as strengthening urban mass transit systems or intermodal infrastructure that would improve competitiveness).

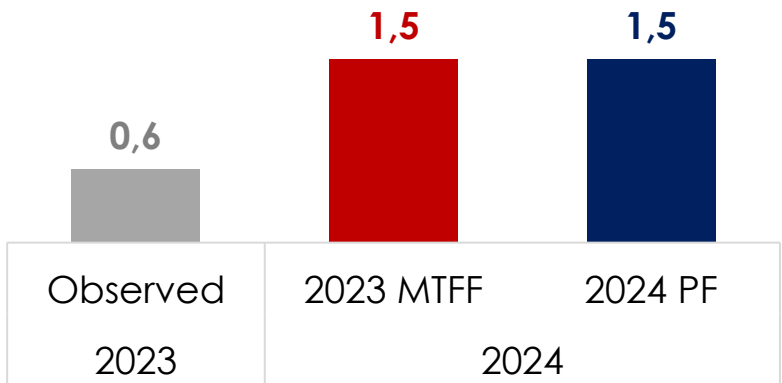
The National Government intends to **intervene 87 thousand kilometers of tertiary roadways** to promote regional convergence.

Source: Ministry of Finance and Public Credit projections.

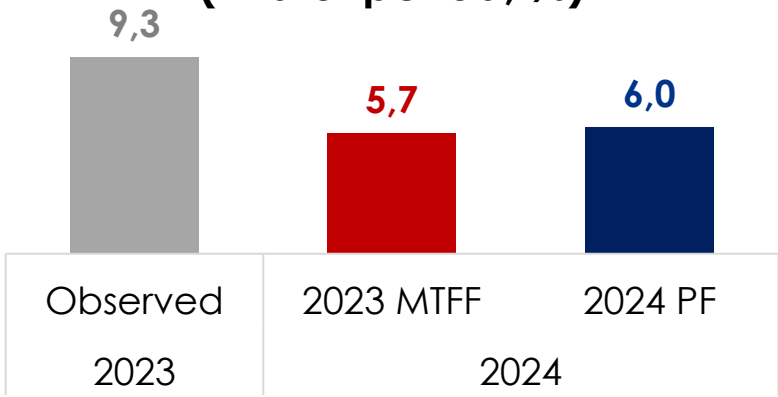


# Macroeconomic assumptions 2023 and 2024

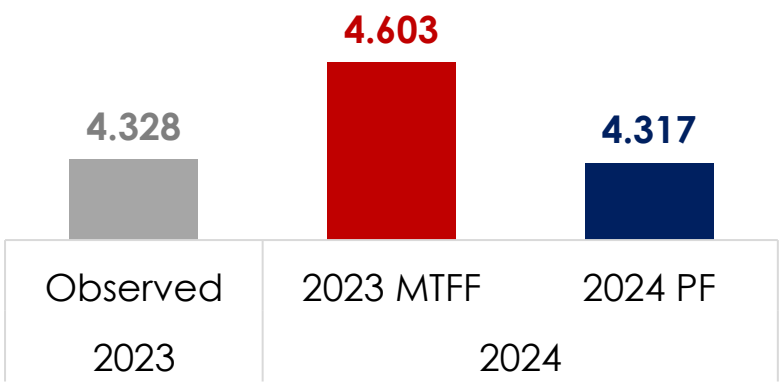
Real GDP  
(YoY, %)



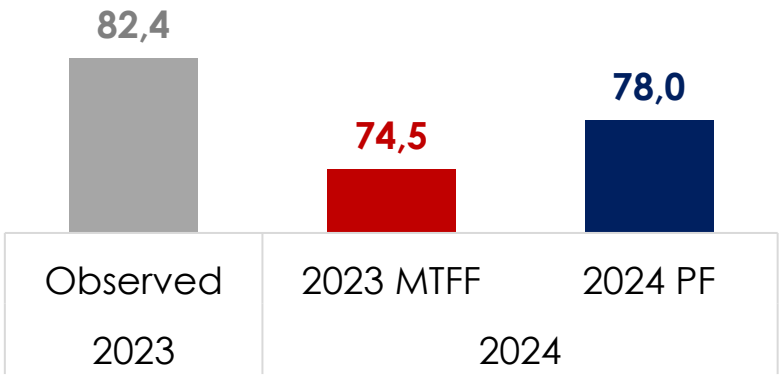
Inflation  
(End of period, %)



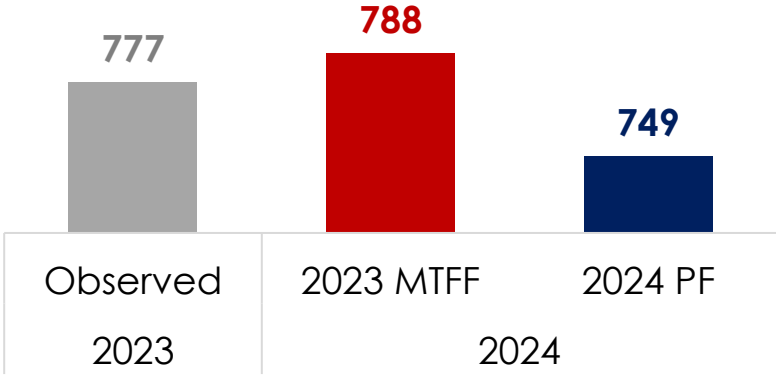
Exchange rate  
(Annual average, USD/COP)



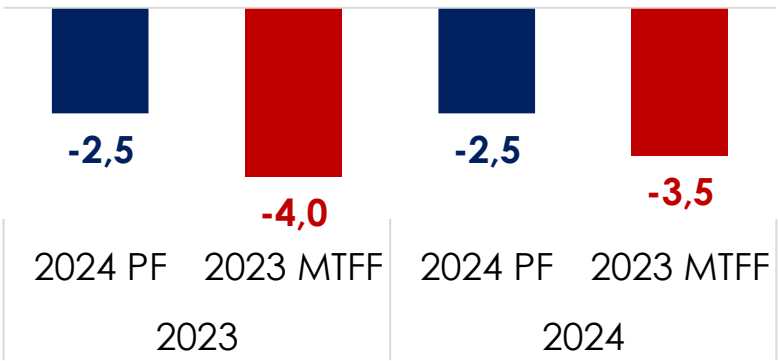
Crude oil Brent prices  
(Annual average, USD/Barrel)



Crude oil production  
(Annual average, KBPD)



Current account balance  
(% of GDP)



Source: Ministry of Finance and Public Credit projections.  
FP: Financial Plan  
MTFF: Medium-Term Fiscal Framework



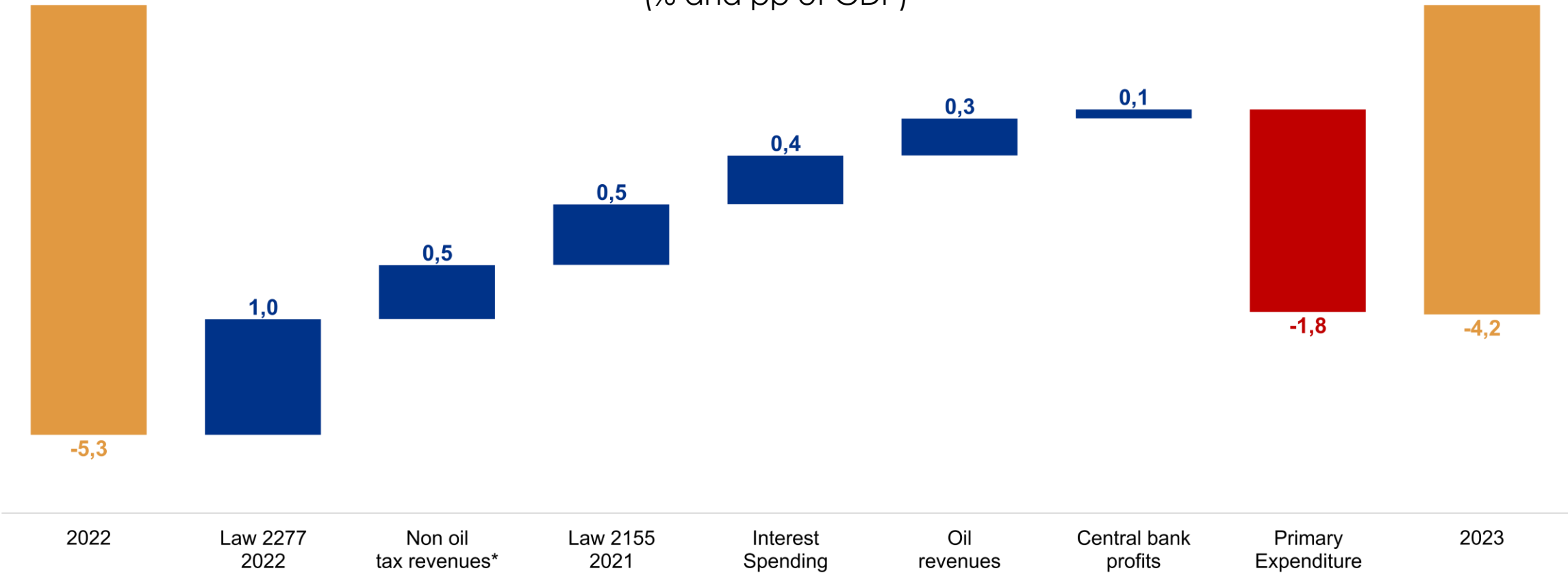
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## **Fiscal Strategy**



# Recent tax reforms and higher non-oil revenues allowed for a simultaneous reduction of the deficit and an increase in primary expenditure

Decomposition of 2022-2023 Central Government's fiscal adjustment  
(% and pp of GDP)



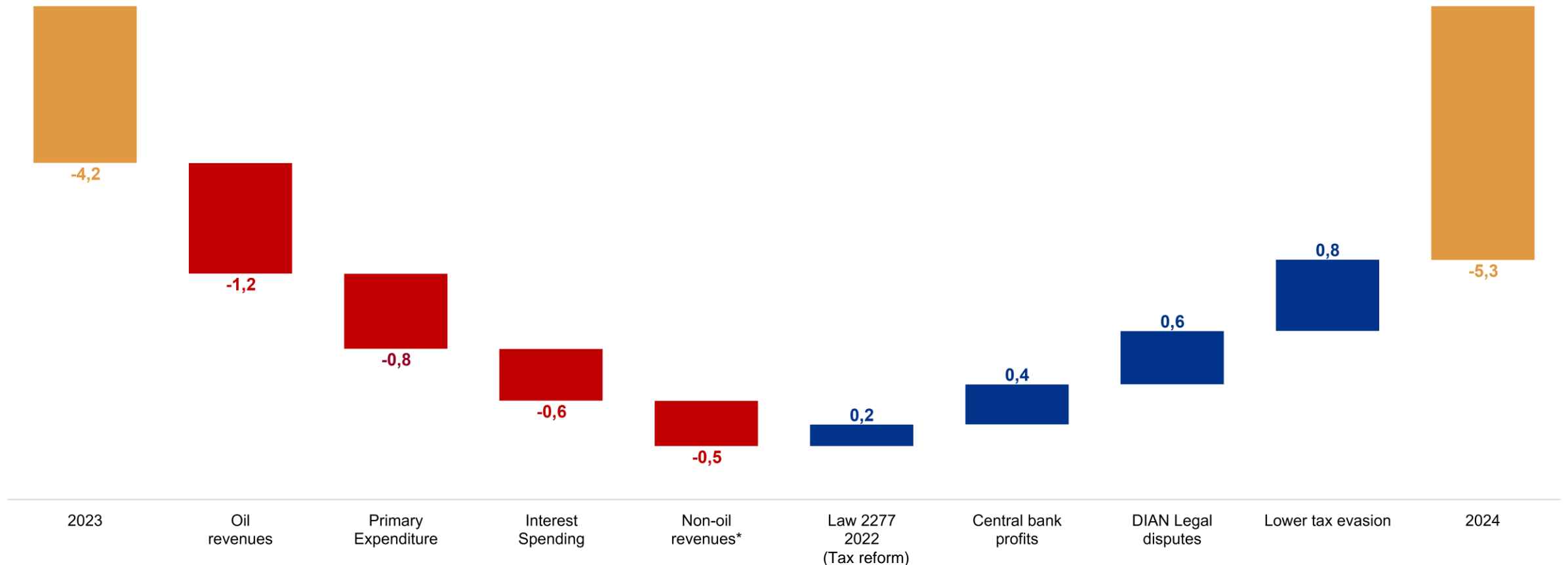
\* Explained by income tax (0.6pp of GDP), DIAN's modernization (0.3pp of GDP), the elimination of VAT tax benefits for tourism (0.2pp) and tax paid in TIDIS and cash refunds (0.1pp of GDP), which is counterbalance by a reduction of external taxes (-0.7pp of GDP).

Source: Ministry of Finance



# Tax revenues from DIAN's institutional measures to reduce evasion and Central Bank profits would allow for a sustainable increase in primary spending

## Decomposition of 2023-2024 Central Government's fiscal deficit (% and pp. of GDP)



\*Include non-oil tax revenues (-0,5pp) and interest incomes (-0,1pp).

Source: Ministry of Finance



# Fiscal Rule's Target Fiscal Balance for 2023-2024

## Decomposition of the Fiscal Balance consistent with the Fiscal Rule

Fiscal Rule Components	2023	2024 MTFF (June 2023)	2024 FP
Structural Primary Net Balance*	-1,4	-0,2	-0,2
Economic cycle	0,1	0,1	-0,1
Oil cycle	1,3	0,3	-0,2
One-off Transactions	-0,5	-0,1	-0,3
Interest Income	0,1	0,1	0,0
<b>Primary Balance</b>	<b>-0,5</b>	<b>0,2</b>	<b>-0,9</b>
Interest Payments	-3,9	-4,5	-4,5
<b>Fiscal Balance</b>	<b>-4,3</b>	<b>-4,4</b>	<b>-5,3</b>

✓ **Update of real GDP estimate**, resulting in an estimated negative output gap for 2024.

✓ **Reduction in oil revenues**, due to a decrease in the oil price between 2022 and 2024, together with a reduction in the expected income tax surcharge for the oil sector.

### 2023

✓ **Non-structural payment of FEPC** (-\$7.3 Trillion COP)

### 2024

✓ **Non-structural payment of FEPC** (-\$1.3 Trillion COP)

✓ **Ruling regarding the non-deductibility of royalties, for the mining sector** (-\$1.5 Trillion COP)

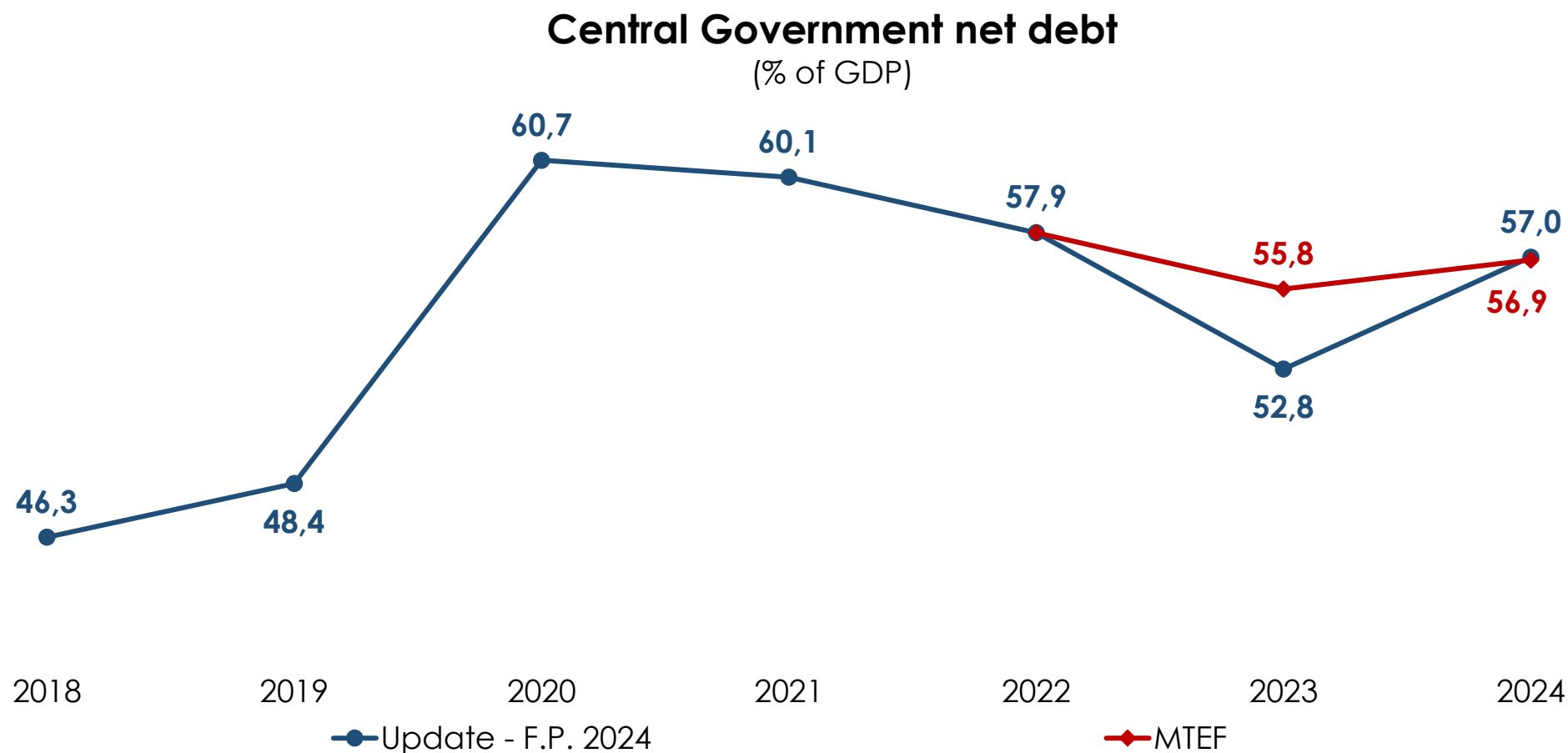
✓ **State Council's decision to eliminate time limit on cash refund requests** (-\$3 Trillion COP)

\*Values defined for 2023 within the framework of the transition period (2022-2025) defined by the Social Investment Law (Law 2155 of 2021).

Source: Ministry of Finance - GDMP.



# Central Government Net Debt

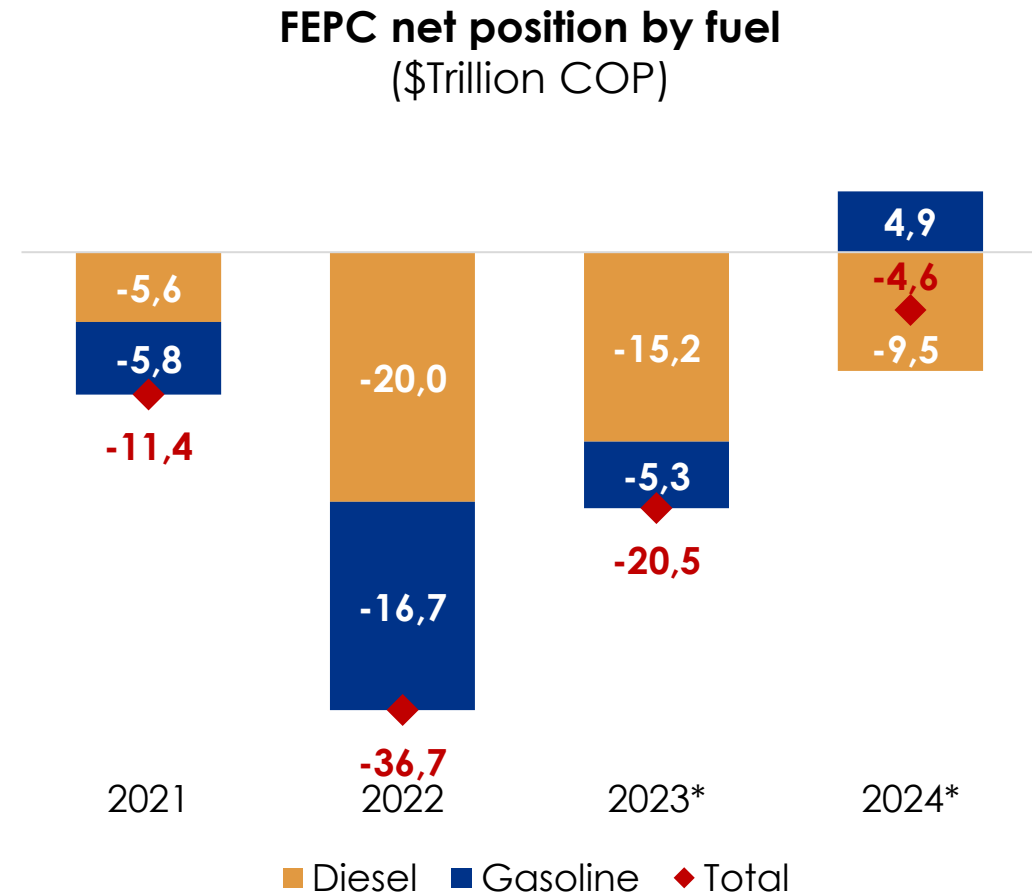


In 2023 Central Government Net Debt was **below the anchor** due to the exchange rate mainly.



# One of this government's main fiscal policy achievements has been the reduction in fuel subsidies

- » During 2023 Colombia was able to eliminate the implicit subsidy in gasoline prices and ended with a positive spread between local and international prices. The strategy for 2024 is to keep local prices stable, to continue accruing a surplus, which contributes to finance the deficit generated by diesel consumption.
- » Regarding diesel prices, the National Government is working jointly with transporters associations, to define a strategy to allow for the gradual reduction of this fuel's subsidy. Also, the elimination of this subsidy for this fuel's large-scale consumers will help mitigate their fiscal impact.
- » This will allow the National Government, aside from improving expenditure efficiency and promoting the energy transition, to have higher resources to finance social spending.



\*Forecasted figures

Source: Ministry of Finance with data from the Ministry of Energy and the FEPC Directive Committee.



3.

## **Financing Plans**



# Central Government Sources and Uses 2023

For 2023, **final disbursements were 70.204 trillion pesos.**

The total debt composition during 2023 was 61% internal, and 39% external.

Sources	US\$ FP 2024	FP 2024 115.964	Uses	US\$ Act	FP 2024 115.964
<b>Disbursements</b>		<b>70.204</b>	<b>Deficit</b>		<b>66.990</b>
External	(US\$ 6.538 mill.)	27.443	Of which:		
Internal		42.760	Internal Interest		47.708
			External Interest	(US\$ 3.238 mill.)	13.761
<b>Treasury Operations</b>		<b>7.150</b>			
			<b>Amortizations</b>		<b>27.268</b>
<b>Accrual Adjustments</b>		<b>17.327</b>	External	(US\$ 3.138 mill.)	13.581
			Internal		13.687
			<b>Other Payments (Ruling, Health, and Others)</b>		<b>160</b>
<b>Inicial Availability (COP – USD)</b>		<b>21.284</b>	<b>Final Availability (COP – USD)</b>		<b>21.546</b>



# Central Government Sources and Uses 2024

For 2024, **financing needs are estimated at \$131.1 trillion of pesos** (7.8% of GDP), with a prevailing strategy of maintain a **majority share of local currency sources** over foreign currency.

**Financing disbursements would be \$75.828 trillion pesos equivalent to 4,5% of GDP.**

During 2023, through the liability management operations, **the amortizations for 2024 were reduced in 15 trillion pesos.**

Sources	US\$ MTF 2023	US\$ FP	MTFF 2023 132.326	FP 2024 131.062	Dif - 1.264	Uses	US\$ MTF 2023	US\$ FP 2024	MTFF 2023 132.326	FP 2024 131.062	Dif - 1.264
<b>Disbursements</b>			<b>73.431</b>	<b>75.828</b>	<b>2.397</b>	<b>Deficit to be financed</b>			<b>76.709</b>	<b>89.345</b>	<b>12.636</b>
External	(US\$ 5.959 mill.)	(US\$ 5.500 mill.)	27.431	22.391	- 5.041	Of which					
Internal			46.000	53.437	7.437	Internal Interest			56.528	56.975	447
						External Interest	(US\$ 4.124 mill.)	(US\$ 4.160 mill.)	20.334	18.034	- 2.300
<b>Treasury Operations</b>			<b>7.108</b>	<b>7.772</b>	<b>664</b>						
						<b>Amortizations</b>			<b>45.732</b>	<b>30.344</b>	<b>- 15.388</b>
<b>Accrual Adjustments and other resources</b>			<b>24.482</b>	<b>25.913</b>	<b>1.431</b>	External	(US\$ 5.364 mill.)	(US\$ 4.380 mill.)	26.452	18.991	- 7.461
						Internal			19.280	11.353	- 7.927
						<b>Obligations payments (health)</b>			<b>1.390</b>	<b>3.550</b>	<b>2.160</b>
<b>Initial Availability</b>			<b>27.305</b>	<b>21.546</b>	<b>- 5.759</b>	<b>Final Availability</b>			<b>8.495</b>	<b>7.823</b>	<b>- 672</b>



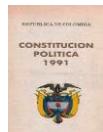
# In Green and Social Bonds Colombia follows the principles of the International Capital Markets Association (ICMA), which incorporate the best practices for the definition, structuring and issuance of thematic bonds.



- Budget for general purposes.
- General objective is to support the investment expenses.
- The association exercise is allowed one year back budget, current budget and one year looking forward.



**Social eligible expenses based on Target population and Social priorities of the country.**



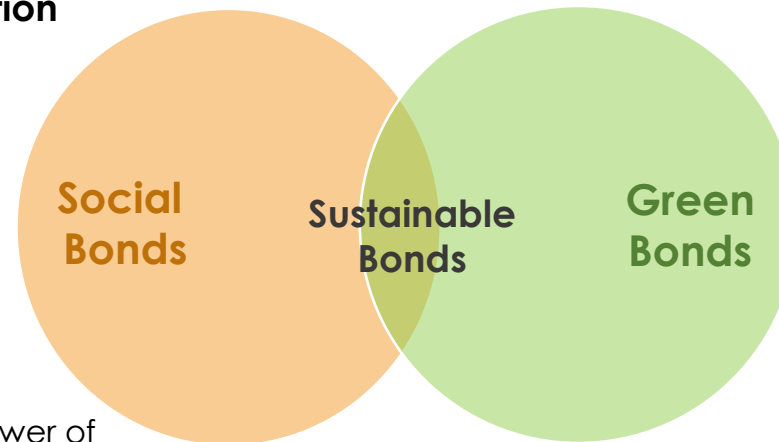
Political Constitution of Colombia of 1991



SDG Agenda – 2030

National Development Plan "Colombia World Power of Life"

International conventions aimed at the protection and promotion of fundamental rights and freedoms.



**Green eligible expenses based on:**



**Paris agreement** – Adopted by law 1844 of 2017



National Development Plan "Colombia World Power of Life"







National taxonomy and climate change law.

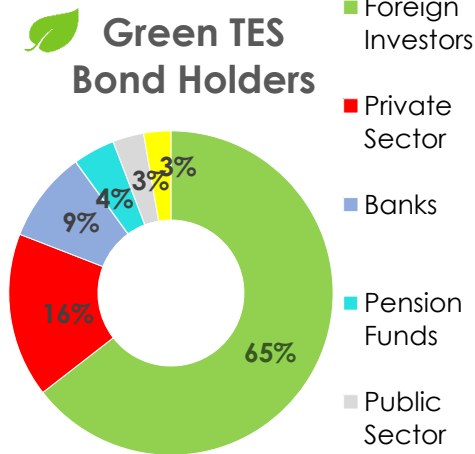


In December 2023, Colombia issued green TES in the local market for USD 244 million

Issue characteristics	
	Green TES 2031
Nominal Value	USD 244,000,000
Maturity	March 26, 2031
Cupon	7,000%
Yield	10,059%
Bid to Cover	3,7x

The 2023 portfolio of this issuance has green eligible expenditures for **USD 397 million** classified in **4 categories** and distributed in **21 projects**:

-  Ecosystem services and biodiversity (**\$42 US M**)
-  Clean and sustainable transport (**\$131 US M**)
-  Sustainable water management, use and sanitation (**\$191 US M**)
-  Management of natural disaster risks associated with climate change (**\$33 US M**)



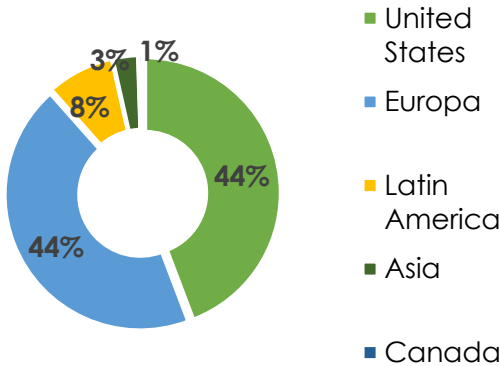
In November 2023, Colombia issued its first social bond in the international market for USD 2,500 million

Issue characteristics		
	Bonds 2035	Bonds 2053
Nominal Value	USD 1,250,000,000	USD 1,250,000,000
Maturity	November 14, 2035	November 14, 2053
Cupon	8,000%	8,750%
Yield	8,300%	8,950%
Bid to Cover	5,1x	

The 2022 portfolio of this issuance has social eligible expenses of **42 projects** that add up **USD 3.9 billion** classified in **7 categories**:

-  Socioeconomic advancement and reduction of inequalities (**\$2.533 US M**)
-  Education (**\$462 US M**)
-  Housing (**\$353 US M**)
-  Food and nutritional Security (**\$316 US M**)
-  Peace Construction (**\$168 US M**)
-  Healthcare service (**\$109 US M**)
-  Generation of employment and promotion to productivity (including MiPYMEs) (**\$28 US M**)

**Diversified investor base by region**

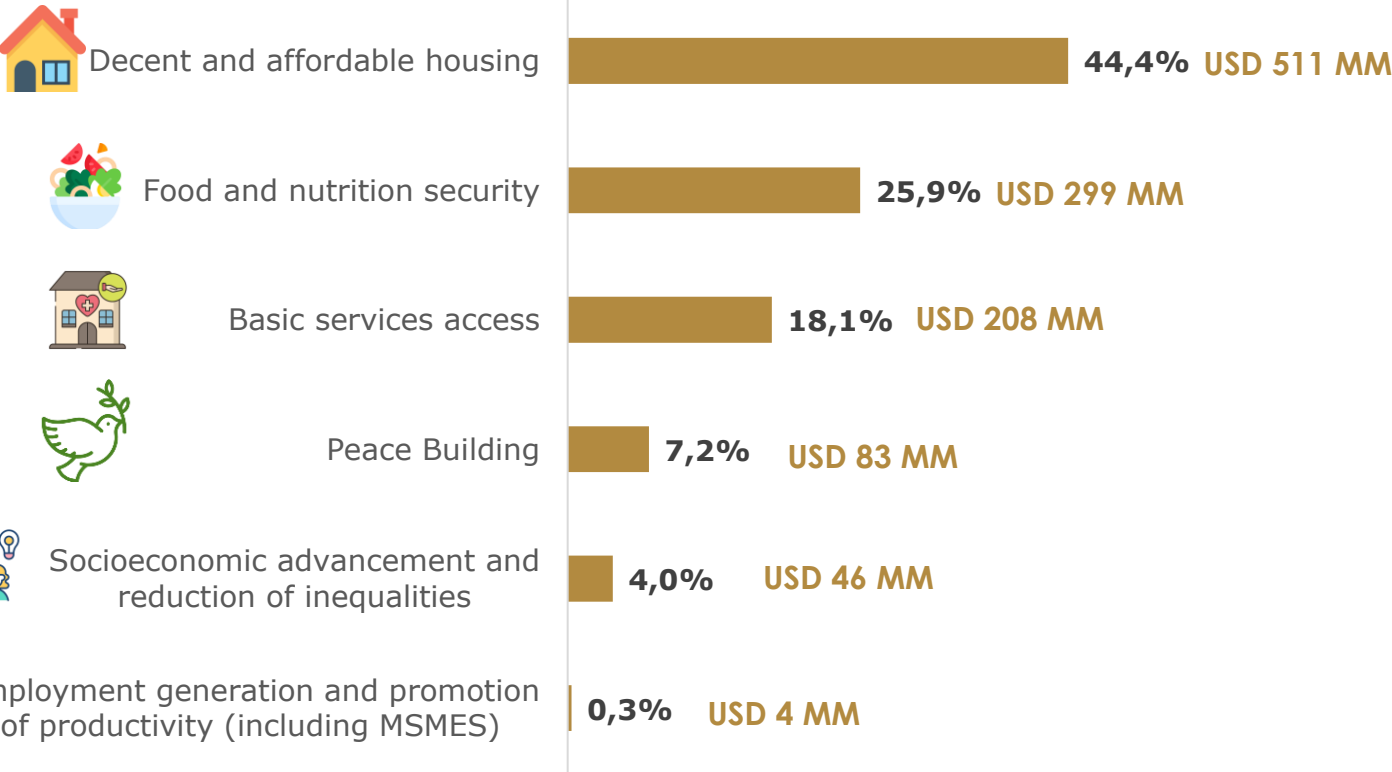




# Overview of Social Eligible Expenses Based on 2023 Budget

- The current eligible social spending portfolio for the 2023 Budget amounted to **USD 1,152 MM**
- There were **23 eligible projects for the 2023 period**, according to our framework classified into 6 **categories**

**Social Portfolio 2023**  
eligible expenses by category



On January 31, 2024, the 2023 portfolio received an SPO very good rating (4/5)

\*The projects included are in source 11 and/or 13 for 2023



# ETF – Local TES is an instrument to democratize the public debt

## Colombian ID ETF

ETF	Global X TES Colombia Local GBI-EM ID ETF
Underlying Asset Issuer	Republic of Colombia
Ticker symbol	GXTESCOL

## TES Basket Criteria



## Who is Who?



## Local TES ETF Placement

- **Fixed** price/yield to be announced to the market
- Maximum placement size → **On demand**
- ETF units → COP Settlement **T+0**
- Minimum order size **100k ETF units** ~US\$ 1.28 million\*
- ETF issuance Price → to be announced ~ **USD\$ 12,8\*** per share
- Orders can be placed at **inception date** via local Authorised Participants (APs)
  - Broker Dealers
  - Banks
- Local Exchange (BVC) – Deceval **will issue and allocate** ETF units accordingly (T+0)





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4.

## **Structural and social reform agenda**



# The Government has presented to Congress a set of social reforms that seeks to improve vulnerable population's quality of life and wellbeing



1

**The Pension Reform** aims to increase coverage and improve on progressivity and fiscal sustainability of the current system



2

**The Labor Reform** seeks to improve working conditions in terms of quality and formality, addressing historical discriminations in the labor market



3

**The Health Reform's** objective is to strengthen the system's universal and equitable access, as well as higher efficiency in resource management



4

**The Productive Transformation Strategy**, which contains the reindustrialization and energy transition processes to strengthen non-traditional sectors



**The reforms are consistent with the Medium-Term Fiscal Framework and the strict compliance of the Fiscal Rule**



# Also, the Colombian Government seeks to implement a sustainable energy transition process

The energy transition promoted by the **Ministry of Mines and Energy**, the **Ministry of Commerce, Industry and Tourism**, and the **Ministry of Finance** includes this core elements:



The national government is currently **preparing the roadmap for the energy transition process**, seeking to **ensure that this transition does not affect the country's fiscal sustainability and macroeconomic stability**.



Its development will depend on the results obtained in terms of **diversification of the export basket** (through the reindustrialization process), progressive **substitution of the demand for fossil fuels and greater investment in generating clean energy**.



Currently, **the government has announced that:**

1. The **exploration and exploitation of liquid fuels and gas will continue under current contracts in force**, supporting the self-sufficiency of the energy matrix.
2. The **transition will take place over a period of 15 to 25 years**.



# The reindustrialization policy will enhance economic growth in the medium term, and is centered on these five pillars:



**1 Energy transition:** develop the manufacture of components, machinery and tools related to the energy transition process



**2 Agro-industrialization and food sovereignty:** develop the manufacture of fertilizers, irrigation equipment and agricultural machinery to improve the productivity of farmers



**3 Reindustrialization in the health sector:** develop the manufacture of medicines and vaccines, while taking advantage of the existing capacities in pharmacology and genetic engineering



**4 Reindustrialization in the defense sector:** take advantage of the capabilities of the military industry for the development of aeronautics infrastructure, and technology for this sector



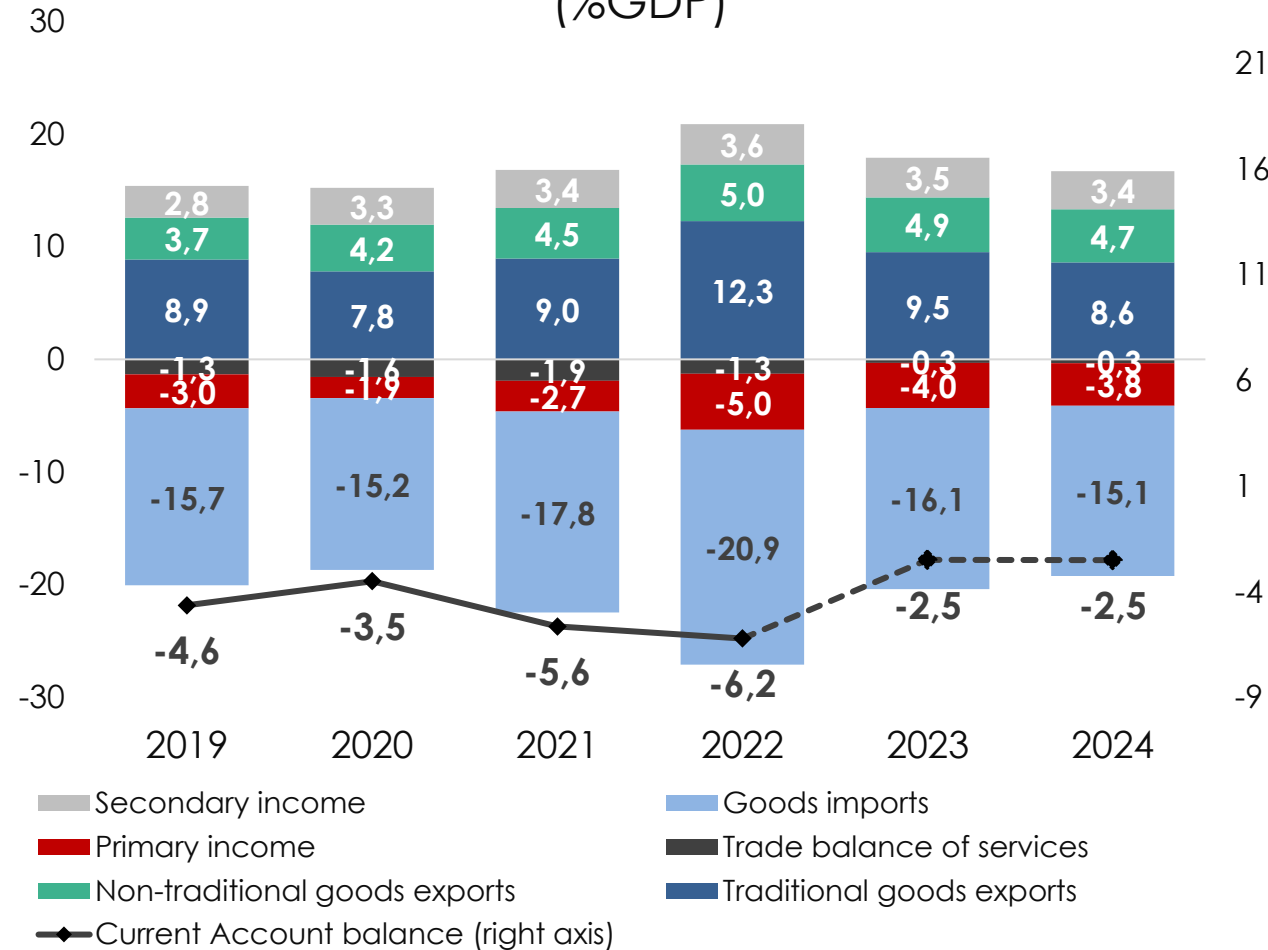
**5 Reindustrialization with territorial approach:** recognize the territories and their needs, supporting the creation of businesses and value propositions

Ministry of Finance estimates suggest that the development of the **reindustrialization policy would boost productivity growth** in the medium term, which would result in **higher economic growth and a lower current account deficit**



# The current account deficit as a percentage of GDP is expected to remain relatively stable in 2024, after the correction observed in 2023

Current account projections  
(%GDP)



After the correction in goods imports in 2023, these would show moderate increase in 2024 in line with growth in domestic demand.

The dynamism of tourism exports and the resilience shown by non-traditional goods exports will continue to favor the external balance.

The external deficit would be **financed mainly with FDI flows**.

The observed correction of the deficit would allow the **stabilization of net external liabilities**.

Source: Colombia's Central Bank. Ministry of Finance and Public Credit projections.

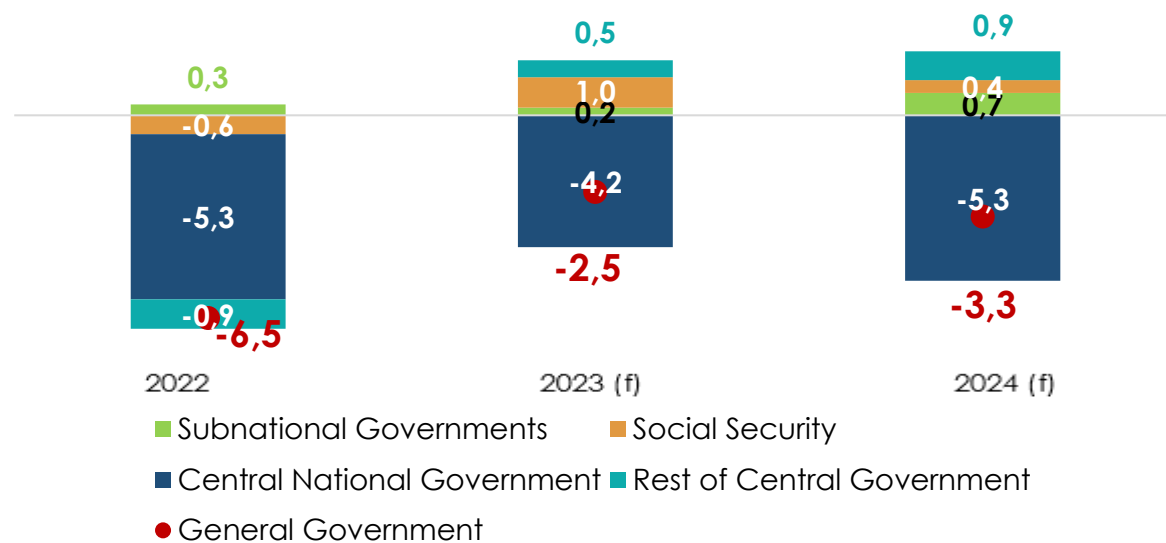


## Between 2023 and 2024 General Government's fiscal deficit will have an increase of 0.8pp of GDP, from 2.5% in 2023 to 3.3% in 2024.

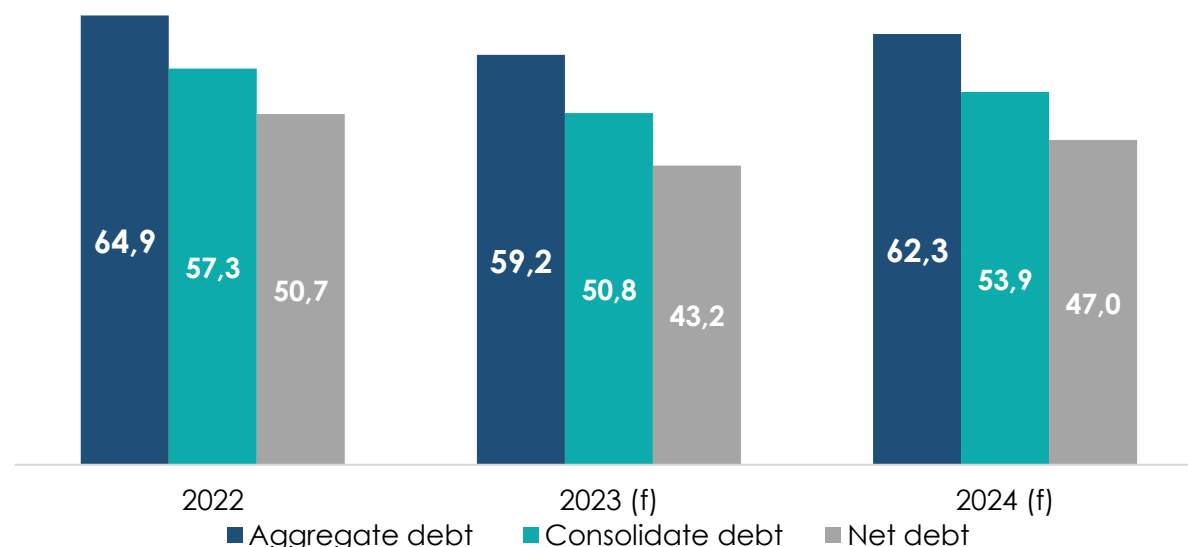
This result is mainly explained by the decrease in the fiscal balances of Social Security and the National Central Government. However, this will be partially offset by a higher surplus in the Rest of the Central Government, and by the recovery in Subnational Governments' surplus, related with the political cycle of this government level as 2024 will be the first year of new local and regional authorities.

The General Government's net debt will rise by 3.7pp of GDP, reaching 47% by 2024.

### Fiscal balance of General Government (% of GDP)

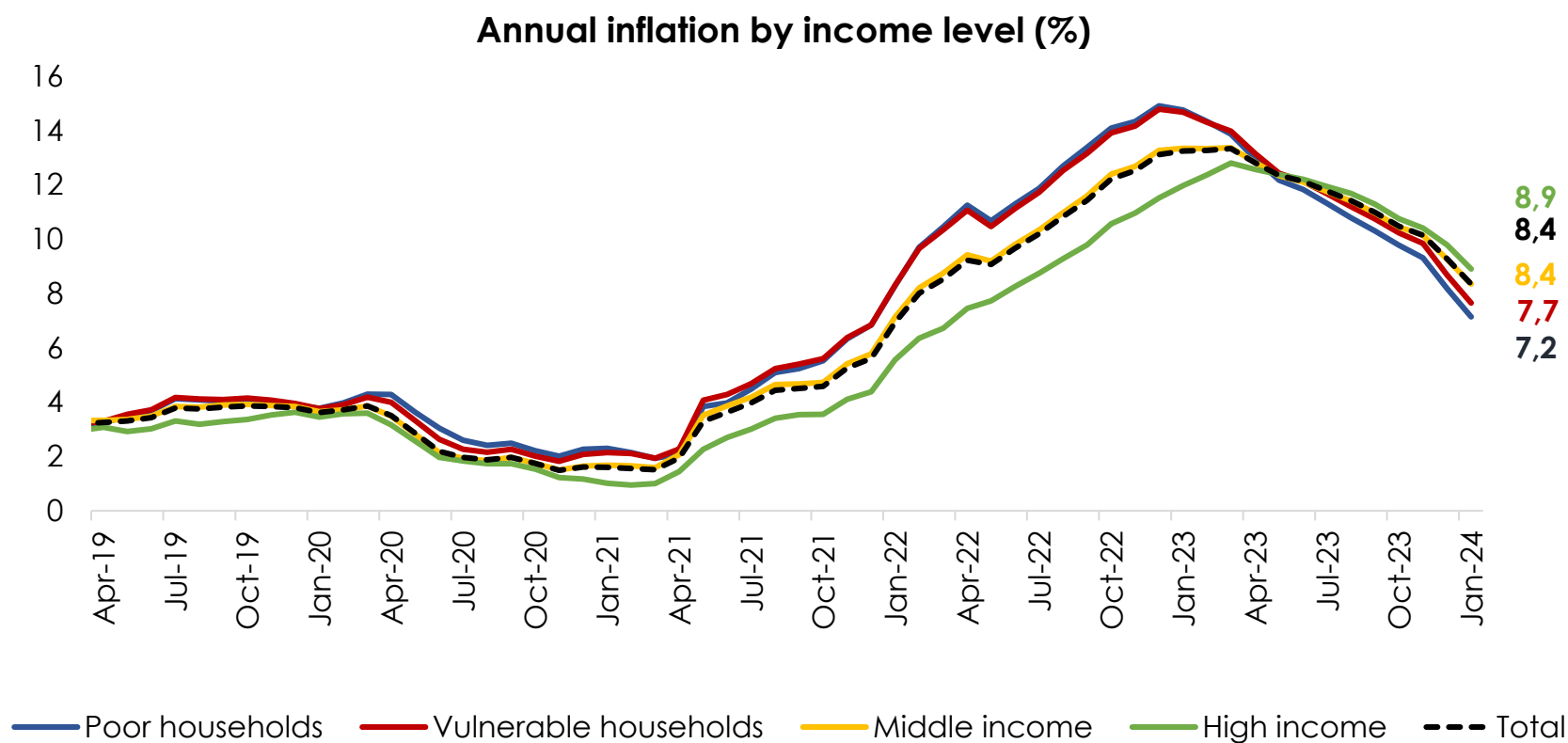


### General Government debt (% of GDP)





# In January, inflation continued to decline, a trend that is expected to continue in the coming months



**Food inflation has registered a sustained reduction.** Between December 2022 and January 2024, it slowed down by 24.85pp (from 27.81% to 2.96%).



# Fiscal Policy Institutional Framework

**Law 819 of 2003  
Medium-Term Fiscal  
Framework**



**The Government will publish yearly a 10-year macroeconomic and fiscal roadmap**, to guide policy decisions, while ensuring fiscal sustainability

**Law 1473 of 2011 and Law 2155 of 2021  
Fiscal Rule and Autonomous Fiscal Rule Committee**

**From 2022, the new Fiscal Rule sets targets for the fiscal balance and the debt of the National Government.** This framework strengthens the link to fiscal sustainability, particularly by setting a debt limit and anchor

Law 2155 created the **Autonomous Committee of the Fiscal Rule**, as a technical, permanent and independent body, **whose purpose will be to monitor the fiscal rule and provide analysis on public finance sustainability**

**The fiscal rule is materialized through the Medium-Term Fiscal Framework.** The Government's financial planning instruments **must be consistent with the fiscal rule contained in the Medium-Term Fiscal Framework.**

**The social reforms presented by the Government and that are being debated in Congress must be consistent with this institutional framework**



# Fiscal Rule's Target Fiscal Balance for 2024

## Decomposition of the Fiscal Balance consistent with the Fiscal Rule

Fiscal Rule Components	Budget	2024 (FP)
Structural Primary Net Balance*	-0,2	-0,2
Economic cycle	0,1	-0,1
Oil cycle	0,3	-0,2
One-off Transactions	-0,1	-0,3
Interest Income	0,1	0,0
<b>Primary Balance</b>	<b>0,2</b>	<b>-0,9</b>
Interest Payments	-4,5	-4,5
<b>Fiscal Balance</b>	<b>-4,4</b>	<b>-5,3</b>

✓ **Update of real GDP estimate**, resulting in an estimated negative output gap for 2024.

✓ **Reduction in oil revenues**, due to a decrease in the oil price between 2022 and 2024, together with a reduction in the expected income tax surcharge for the oil sector.

One-offs in 2024 include:

- ✓ **Non-structural payment of FEPC** (-\$1.3 Trillion COP)
- ✓ **Ruling regarding the non-deductibility of royalties, for the mining sector** (-\$1.5 Trillion COP)
- ✓ **State Council's decision to eliminate time limit on cash refund requests** (-\$3 Trillion COP)

\*Values defined for 2023 within the framework of the transition period (2022-2025) defined by the Social Investment Law (Law 2155 of 2021).

Source: Ministry of Finance - GDMP.



# 2023 Central Government Fiscal Balance

The **primary balance** displays a deterioration of \$5.6 trillion, while the **fiscal balance** improves by \$2.6 trillion. This result is consistent with an **overcompliance of the Fiscal Rule**.

Concept (Billion COP)	2022	MTFF (1)	Financial Plan 2024 (2)	(2-1)
<b>Total Revenues</b>	<b>238.263</b>	<b>309.120</b>	<b>296.296</b>	<b>-12.823</b>
<b>Tax Revenues</b>	<b>211.999</b>	<b>274.168</b>	<b>263.190</b>	<b>-10.978</b>
<b>DIAN*</b>	<b>211.210</b>	<b>273.285</b>	<b>262.215</b>	<b>-11.070</b>
<i>Of which, Equity and Social Justice Law</i>	0	17.525	16.294	-1.231
<b>Non-DIAN</b>	<b>789</b>	<b>883</b>	<b>975</b>	<b>92</b>
<b>Non-tax revenues</b>	<b>1.304</b>	<b>1.466</b>	<b>1.212</b>	<b>-254</b>
<b>Special Funds</b>	<b>3.630</b>	<b>3.606</b>	<b>4.405</b>	<b>798</b>
<b>Capital Receipts</b>	<b>21.330</b>	<b>29.879</b>	<b>27.490</b>	<b>-2.389</b>
<b>Financial Returns</b>	<b>1.540</b>	<b>1.500</b>	<b>809</b>	<b>-691</b>
<b>Financial Surplus</b>	<b>18.337</b>	<b>28.350</b>	<b>25.393</b>	<b>-2.957</b>
<i>Of which, ECOPETROL</i>	16.300	24.337	21.576	-2.760
<i>Of which, Banrep</i>	258	1.555	1.555	0
<i>Other</i>	1.778	2.459	2.262	-197
<b>Refunds and other resources</b>	<b>1.454</b>	<b>29</b>	<b>1.287</b>	<b>1.258</b>
<b>Total Expenditures</b>	<b>315.842</b>	<b>378.663</b>	<b>363.286</b>	<b>-15.377</b>
<b>Interest</b>	<b>63.165</b>	<b>69.608</b>	<b>61.468</b>	<b>-8.140</b>
<b>Primary Expenditures</b>	<b>252.678</b>	<b>309.055</b>	<b>301.818</b>	<b>-7.237</b>
<b>Primary Balance</b>	<b>-14.415</b>	<b>65</b>	<b>-5.522</b>	<b>-5.586</b>
<b>Total Balance</b>	<b>-77.579</b>	<b>-69.543</b>	<b>-66.990</b>	<b>2.553</b>
<b>Primary Balance in compliance with Fiscal Rule</b>	<b>-58.684</b>	<b>-145</b>	<b>-7.214</b>	<b>-7.070</b>
<b>Surplus(+)/Adjustment (-)</b>	<b>44.269</b>	<b>209</b>	<b>1.693</b>	<b>1.483</b>

✓ Lower tax revenues due to slightly **lower GDP growth**, lower than projected **exchange rate** and higher tax payments in **TIDIS**.

✓ **Non-distribution of extraordinary dividend**, to strengthen the company's investment plans.

✓ Lower execution of **Foncontin** payments to infrastructure projects

✓ **Reduction in the exchange rate and market interest rates**, compared to expected levels

✓ A decrease in **primary expenditures** resulted from the under-execution of the entities' budgets.



# 2023 Central Government Fiscal Balance

Concept (% of GDP)	2022	MTFF (1)	Financial Plan 2024 (2)	(2-1)
<b>Total Revenues</b>	<b>16,3</b>	<b>19,3</b>	<b>18,7</b>	<b>-0,5</b>
<b>Tax Revenues</b>	<b>14,5</b>	<b>17,1</b>	<b>16,6</b>	<b>-0,4</b>
<b>DIAN*</b>	<b>14,4</b>	<b>17,0</b>	<b>16,6</b>	<b>-0,4</b>
<i>Of which, Equity and Social Justice Law</i>	<i>0,0</i>	<i>1,1</i>	<i>1,0</i>	<i>-0,1</i>
<b>Non-DIAN</b>	<b>0,1</b>	<b>0,1</b>	<b>0,1</b>	<b>0,0</b>
<b>Non-tax revenues</b>	<b>0,1</b>	<b>0,1</b>	<b>0,1</b>	<b>0,0</b>
<b>Special Funds</b>	<b>0,2</b>	<b>0,2</b>	<b>0,3</b>	<b>0,1</b>
<b>Capital Receipts</b>	<b>1,5</b>	<b>1,9</b>	<b>1,7</b>	<b>-0,1</b>
<b>Financial Returns</b>	<b>0,1</b>	<b>0,1</b>	<b>0,1</b>	<b>0,0</b>
<b>Financial Surplus</b>	<b>1,3</b>	<b>1,8</b>	<b>1,6</b>	<b>-0,2</b>
<i>Of which, ECOPETROL</i>	<i>1,1</i>	<i>1,5</i>	<i>1,4</i>	<i>-0,2</i>
<i>Of which, Banrep</i>	<i>0,0</i>	<i>0,1</i>	<i>0,1</i>	<i>0,0</i>
<i>Other</i>	<i>0,1</i>	<i>0,2</i>	<i>0,1</i>	<i>0,0</i>
<b>Refunds and other resources</b>	<b>0,1</b>	<b>0,0</b>	<b>0,1</b>	<b>0,1</b>
<b>Total Expenditures</b>	<b>21,6</b>	<b>23,6</b>	<b>23,0</b>	<b>-0,6</b>
<b>Interest</b>	<b>4,3</b>	<b>4,3</b>	<b>3,9</b>	<b>-0,5</b>
<b>Primary Expenditures</b>	<b>17,3</b>	<b>19,2</b>	<b>19,1</b>	<b>-0,2</b>
<b>Primary Balance</b>	<b>-1,0</b>	<b>0,0</b>	<b>-0,3</b>	<b>-0,4</b>
<b>Total Balance</b>	<b>-5,3</b>	<b>-4,3</b>	<b>-4,2</b>	<b>0,1</b>
<b>Primary Balance in compliance with Fiscal Rule</b>	<b>-4,0</b>	<b>0,0</b>	<b>-0,5</b>	<b>-0,4</b>
<b>Surplus(+)/Adjustment (-)</b>	<b>3,0</b>	<b>0,0</b>	<b>0,1</b>	<b>0,1</b>

There is a deterioration of 0.3pp in the primary balance, **leading to a primary deficit of 0.3% of GDP in 2023.**

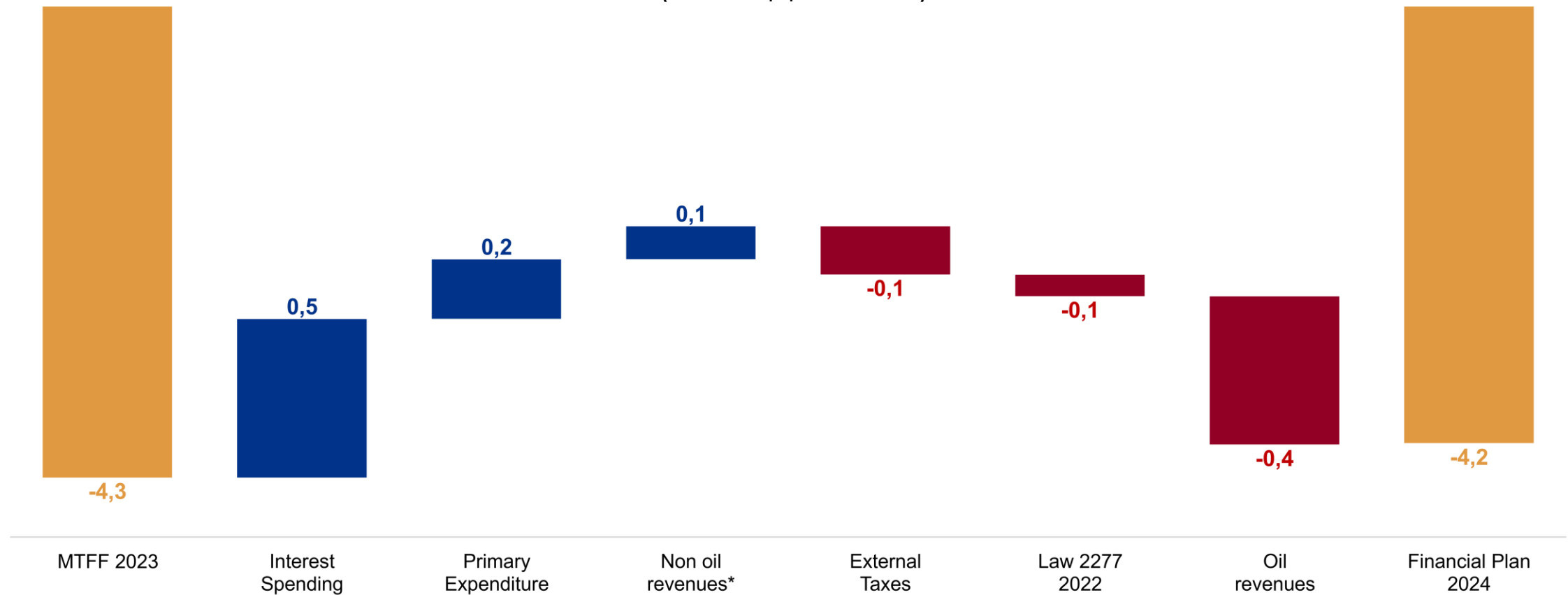
The **fiscal deficit improves** by +0.1pp to **4.2% of GDP.**

This scenario presents **an overcompliance with the Fiscal Rule target** as a percentage of GDP.



# The reduction in the 2023 deficit from that projected in the MTFF is associated with lower expenditures, that offsets lower oil revenues

**Decomposition of the Central Government's fiscal balance for 2023. MTFF 2023 vs Financial Plan 2024**  
(% and pp of GDP)



\* Explained by income tax, DIAN's modernization, elimination of VAT tax reliefs related to tourism sector, tax paid in TIDIS and cash refunds

Source: Ministry of Finance



# Fiscal Rule's Target Fiscal Balance for 2023

## Decomposition of the Fiscal Balance consistent with the Fiscal Rule

Fiscal Rule Components	MTFF	2023 (FP)	
Structural Primary Net Balance*	-1,4	-1,4	
Economic cycle	0,3	0,1	✓ <b>Lesser real GDP growth</b> , resulting in a reduction in the output gap
Oil cycle	1,6	1,3	✓ <b>Lower oil revenue</b> due to a lower exchange rate, Ecopetrol's compensation of VAT recoverable balances, and the <b>non-distribution</b> of extraordinary dividends from Ecopetrol
One-off Transactions	-0,6	-0,5	One-offs in 2024 include: ✓ <b>Non-structural payment of FEPC</b> (-\$7.3 Trillion COP)
Interest Income	0,1	0,1	
<b>Primary Balance</b>	<b>0,0</b>	<b>-0,4</b>	
Interest Payments	-4,3	-3,9	
<b>Fiscal Balance</b>	<b>-4,3</b>	<b>-4,3</b>	

\*Values defined for 2023 within the framework of the transition period (2022-2025) defined by the Social Investment Law (Law 2155 of 2021).

Source: Ministry of Finance - GDMP.



# The 2022 tax reform will generate fewer resources in 2024 than expected in the MTFF

The **loss of revenue** resulting from the Constitutional Court's ruling regarding the **deductibility of royalties**, is **partially offset** by an upward revision in expected revenues from the **personal income tax**.

Law 2277 2022 (Billion COP)

Concept	2023	MTFF (1)	FP 2024 (2)	(2-1)
<b>Personal Tax</b>	<b>1.840</b>	<b>7.121</b>	<b>8.538</b>	<b>1.417</b>
Personal Income Tax	629	5.298	7.239	1.941
Wealth Tax	1.211	1.822	1.299	-523
<b>Corporate income tax</b>	<b>13.088</b>	<b>10.971</b>	<b>8.817</b>	<b>-2.154</b>
<b>Non deductibility of Royalties</b>	<b>3.403</b>	<b>2.940</b>	<b>0</b>	<b>-2.940</b>
Oil and gas	1.921	1.366	0	-1.366
Minerals	1.482	1.574	0	-1.574
<b>Windfall tax from mining sectors</b>	<b>5.155</b>	<b>1.968</b>	<b>2.189</b>	<b>221</b>
Oil	4.414	767	1.540	773
Coal	741	1.201	648	-552
<b>Other corporate tax measures</b>	<b>4.530</b>	<b>6.063</b>	<b>6.628</b>	<b>565</b>
<b>Healthy taxes</b>	<b>0</b>	<b>2.868</b>	<b>2.815</b>	<b>-53</b>
<b>Environmental taxes</b>	<b>178</b>	<b>458</b>	<b>451</b>	<b>-8</b>
<b>Elimination free-VAT day</b>	<b>649</b>	<b>709</b>	<b>696</b>	<b>-13</b>
<b>Stamp</b>	<b>39</b>	<b>423</b>	<b>41</b>	<b>-381</b>
<b>Interest amnesty on tax-debts</b>	<b>500</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Equity and Social Justice Law</b>	<b>16.294</b>	<b>22.550</b>	<b>21.358</b>	<b>-1.192</b>

Law 2277 2022 (% GDP)

Concept	2023	MTFF (1)	FP 2024 (2)	(2-1)
<b>Personal Tax</b>	<b>0,1</b>	<b>0,4</b>	<b>0,5</b>	<b>0,1</b>
Personal Income Tax	0,0	0,3	0,4	0,1
Wealth Tax	0,1	0,1	0,1	0,0
<b>Corporate income tax</b>	<b>0,8</b>	<b>0,6</b>	<b>0,5</b>	<b>-0,1</b>
<b>Non deductibility of Royalties</b>	<b>0,2</b>	<b>0,2</b>	<b>0,0</b>	<b>-0,2</b>
Oil and gas	0,1	0,1	0,0	-0,1
Minerals	0,1	0,1	0,0	-0,1
<b>Windfall tax from mining sectors</b>	<b>0,3</b>	<b>0,1</b>	<b>0,1</b>	<b>0,0</b>
Oil	0,3	0,0	0,1	0,0
Coal	0,0	0,1	0,0	0,0
<b>Other corporate tax measures</b>	<b>0,3</b>	<b>0,4</b>	<b>0,4</b>	<b>0,0</b>
<b>Healthy taxes</b>	<b>0,0</b>	<b>0,2</b>	<b>0,2</b>	<b>0,0</b>
<b>Environmental taxes</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Elimination free-VAT day</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Stamp</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Interest amnesty on tax-debts</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Total Equity and Social Justice Law</b>	<b>1,0</b>	<b>1,3</b>	<b>1,3</b>	<b>-0,1</b>

<sup>1</sup> Corresponds primarily to stamp and wealth taxes.



# 2024 Central Government Fiscal Balance

The **primary and total balance** show a **deterioration** of \$17.1 trillion and \$15.3 trillion, respectively. Nevertheless, this scenario is consistent with compliance with the Fiscal Rule.

Concept	2023	MTEF (1)	Preliminary Scenario (2)	(2-1)
<b>Total Revenues</b>	<b>296.296</b>	<b>352.358</b>	<b>320.342</b>	<b>-32.017</b>
<b>Tax Revenues</b>	<b>263.190</b>	<b>315.861</b>	<b>290.262</b>	<b>-25.598</b>
<b>DIAN*</b>	<b>262.215</b>	<b>314.926</b>	<b>289.227</b>	<b>-25.699</b>
Of which, oil	10.299	7.622	1.727	-5.895
Of which, Non-Oil	235.621	256.189	242.703	-13.486
Equity and Social Justice Law	16.294	22.550	21.358	-1.192
Lower Tax evasion 2022 Tax Reform	0	13.565	13.439	-125
DIAN Legal disputes	0	15.000	10.000	-5.000
<b>Non-DIAN</b>	<b>975</b>	<b>935</b>	<b>1.035</b>	<b>100</b>
<b>Non-tax revenues</b>	<b>1.212</b>	<b>1.539</b>	<b>1.287</b>	<b>-253</b>
<b>Special Funds</b>	<b>4.405</b>	<b>3.969</b>	<b>3.933</b>	<b>-35</b>
<b>Capital Receipts</b>	<b>27.490</b>	<b>30.989</b>	<b>24.859</b>	<b>-6.130</b>
<b>Financial Returns</b>	<b>809</b>	<b>1.500</b>	<b>0</b>	<b>-1.500</b>
<b>Financial Surplus</b>	<b>25.393</b>	<b>29.489</b>	<b>24.859</b>	<b>-4.630</b>
Of which, ECOPETROL	21.576	15.387	11.338	-4.049
Of which, Banrep	1.555	9.667	9.210	-457
Other	2.262	4.435	4.311	-124
<b>Refunds and other resources</b>	<b>1.287</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Expenditures</b>	<b>363.286</b>	<b>426.413</b>	<b>409.686</b>	<b>-16.726</b>
<b>Interest</b>	<b>61.468</b>	<b>76.861</b>	<b>75.009</b>	<b>-1.852</b>
<b>Primary Expenditures</b>	<b>301.818</b>	<b>349.552</b>	<b>334.677</b>	<b>-14.874</b>
<b>Primary Balance</b>	<b>-5.522</b>	<b>2.807</b>	<b>-14.336</b>	<b>-17.142</b>
<b>Total Balance</b>	<b>-66.990</b>	<b>-74.054</b>	<b>-89.345</b>	<b>-15.291</b>
<b>Primary Balance in compliance with Fiscal Rule</b>	<b>-7.214</b>	<b>2.807</b>	<b>-14.336</b>	<b>-17.142</b>
<b>Surplus(+)/Adjustment(-)</b>	<b>1.693</b>	<b>0</b>	<b>0</b>	<b>0</b>

- ✓ **Lower tax base for 2023**
- ✓ Lower revenues from the **arbitration of DIAN legal disputes**
- ✓ **State Council's ruling** that increases cash refunds
- ✓ Ruling over the **non-deductibility of royalties.**

- ✓ Decrease in dividends in line with the company's needs for **financing its investment plan.**

- ✓ **Conditional measures for prudent liquidity management** that will not affect the execution of the key projects that are part of the government program.



# 2024 Central Government Fiscal Balance

Concept	2023	MTEF (1)	Preliminary Scenario (2)	(2-1)
<b>Total Revenues</b>	<b>18,7</b>	<b>20,8</b>	<b>19,1</b>	<b>-1,7</b>
<b>Tax Revenues</b>	<b>16,6</b>	<b>18,6</b>	<b>17,3</b>	<b>-1,4</b>
<b>DIAN*</b>	<b>16,6</b>	<b>18,6</b>	<b>17,2</b>	<b>-1,4</b>
<i>Of which, oil</i>	<i>0,7</i>	<i>0,4</i>	<i>0,1</i>	<i>-0,3</i>
<i>Of which, Non-Oil</i>	<i>14,9</i>	<i>15,1</i>	<i>14,4</i>	<i>-0,7</i>
<i>Equity and Social Justice Law</i>	<i>1,0</i>	<i>1,3</i>	<i>1,3</i>	<i>-0,1</i>
<i>Lower Tax evasion 2022 Tax Reform</i>	<i>0,0</i>	<i>0,8</i>	<i>0,8</i>	<i>0,0</i>
<i>DIAN Legal disputes</i>	<i>0,0</i>	<i>0,9</i>	<i>0,6</i>	<i>-0,3</i>
<b>Non-DIAN</b>	<b>0,1</b>	<b>0,1</b>	<b>0,1</b>	<b>0,0</b>
<b>Non-tax revenues</b>	<b>0,1</b>	<b>0,1</b>	<b>0,1</b>	<b>0,0</b>
<b>Special Funds</b>	<b>0,3</b>	<b>0,2</b>	<b>0,2</b>	<b>0,0</b>
<b>Capital Receipts</b>	<b>1,7</b>	<b>1,8</b>	<b>1,5</b>	<b>-0,3</b>
<b>Financial Returns</b>	<b>0,1</b>	<b>0,1</b>	<b>0,0</b>	<b>-0,1</b>
<b>Financial Surplus</b>	<b>1,6</b>	<b>1,7</b>	<b>1,5</b>	<b>-0,3</b>
<i>Of which, ECOPETROL</i>	<i>1,4</i>	<i>0,9</i>	<i>0,7</i>	<i>-0,2</i>
<i>Of which, Banrep</i>	<i>0,1</i>	<i>0,6</i>	<i>0,5</i>	<i>0,0</i>
<i>Other</i>	<i>0,1</i>	<i>0,3</i>	<i>0,3</i>	<i>0,0</i>
<b>Refunds and other resources</b>	<b>0,1</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Total Expenditures</b>	<b>23,0</b>	<b>25,1</b>	<b>24,4</b>	<b>-0,8</b>
<b>Interest</b>	<b>3,9</b>	<b>4,5</b>	<b>4,5</b>	<b>-0,1</b>
<b>Primary Expenditures</b>	<b>19,1</b>	<b>20,6</b>	<b>19,9</b>	<b>-0,7</b>
<b>Primary Balance</b>	<b>-0,3</b>	<b>0,2</b>	<b>-0,9</b>	<b>-1,0</b>
<b>Total Balance</b>	<b>-4,2</b>	<b>-4,4</b>	<b>-5,3</b>	<b>-1,0</b>
<b>Total Balance in compliance with the Fiscal Rule</b>	<b>-0,5</b>	<b>0,2</b>	<b>-0,9</b>	<b>-1,0</b>
<b>Surplus(+)/Adjustment(-)</b>	<b>0,1</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>

There is a deterioration of 1.0 percentage point in the primary and fiscal balances, leading to a primary deficit of 0.9% of GDP and 5.3% of GDP in 2024.

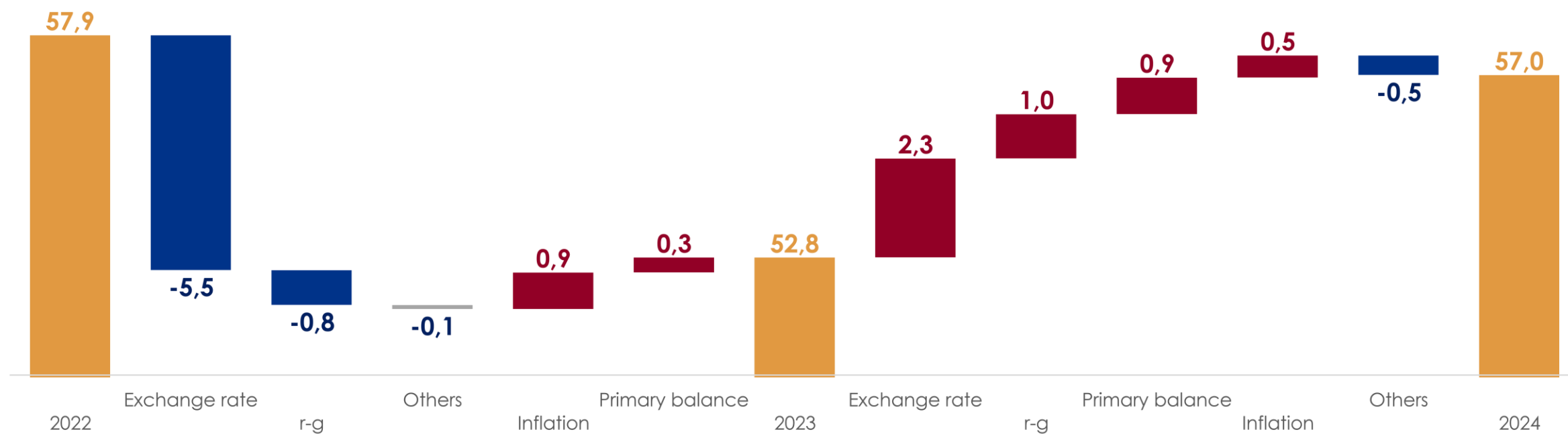
This scenario is consistent with a **compliance with the Fiscal Rule's target.**



# Central Government Net Debt

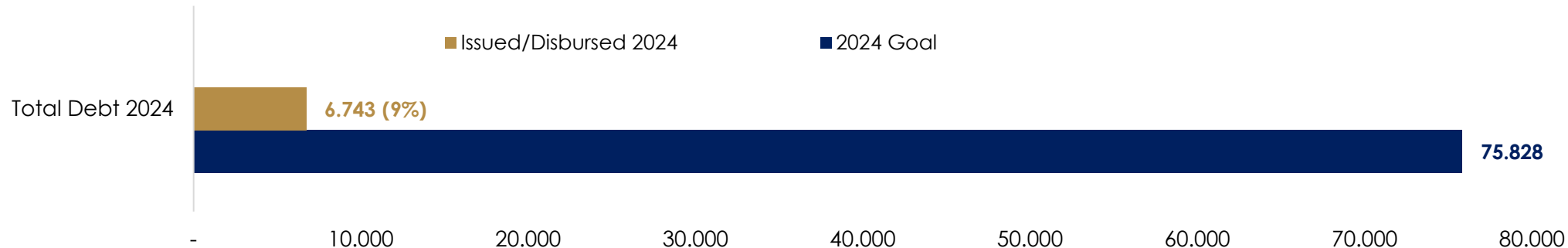
The **exchange rate** stands out as the most significant explanatory factor in the reduction of debt in 2023. Likewise, the expected depreciation for 2024 contributes 2.3 percentage points of GDP to the increase in net debt.

## Decomposition of net debt (% and pp of GDP)



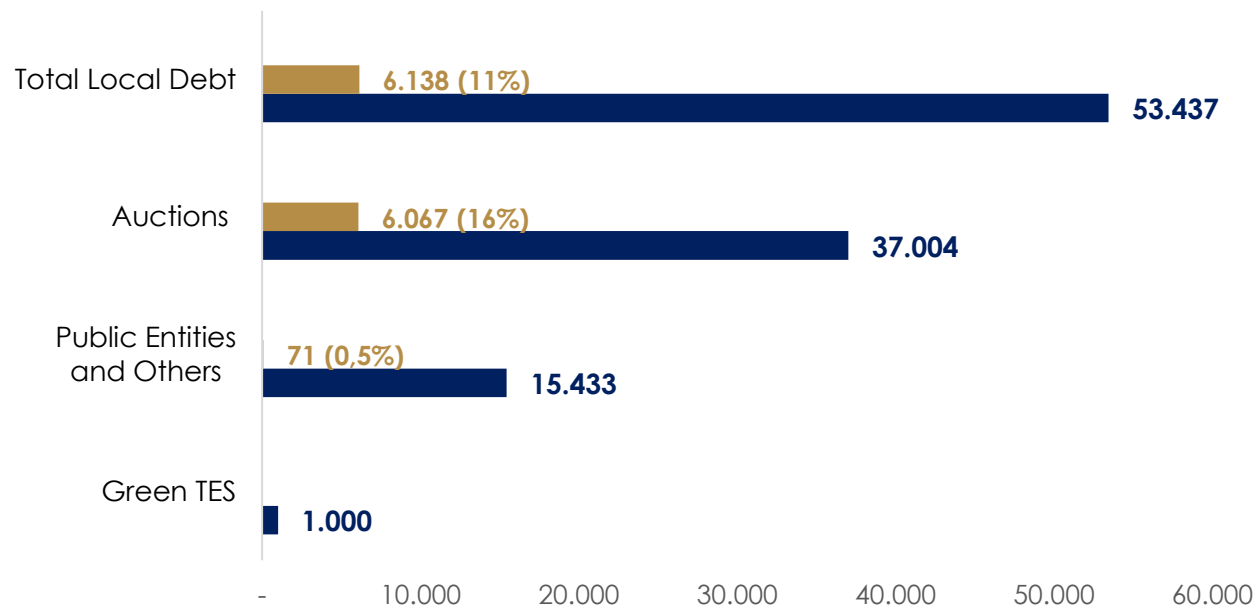


# Debt progress during 2024



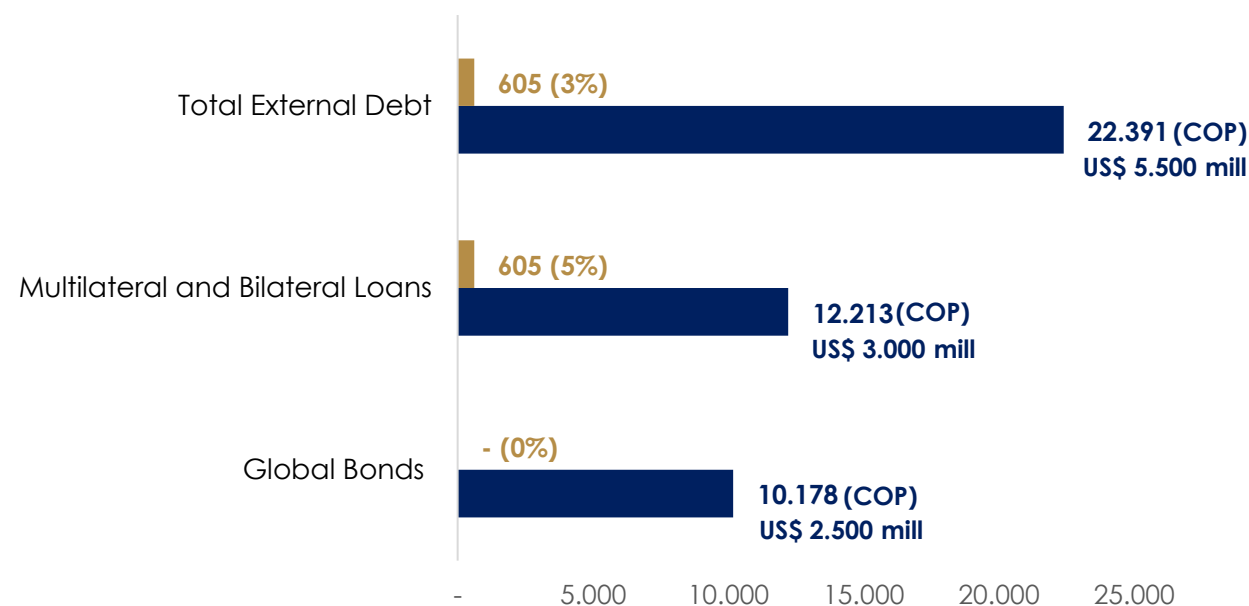
## Local Debt 2024

Issued 2024 Goal 2024



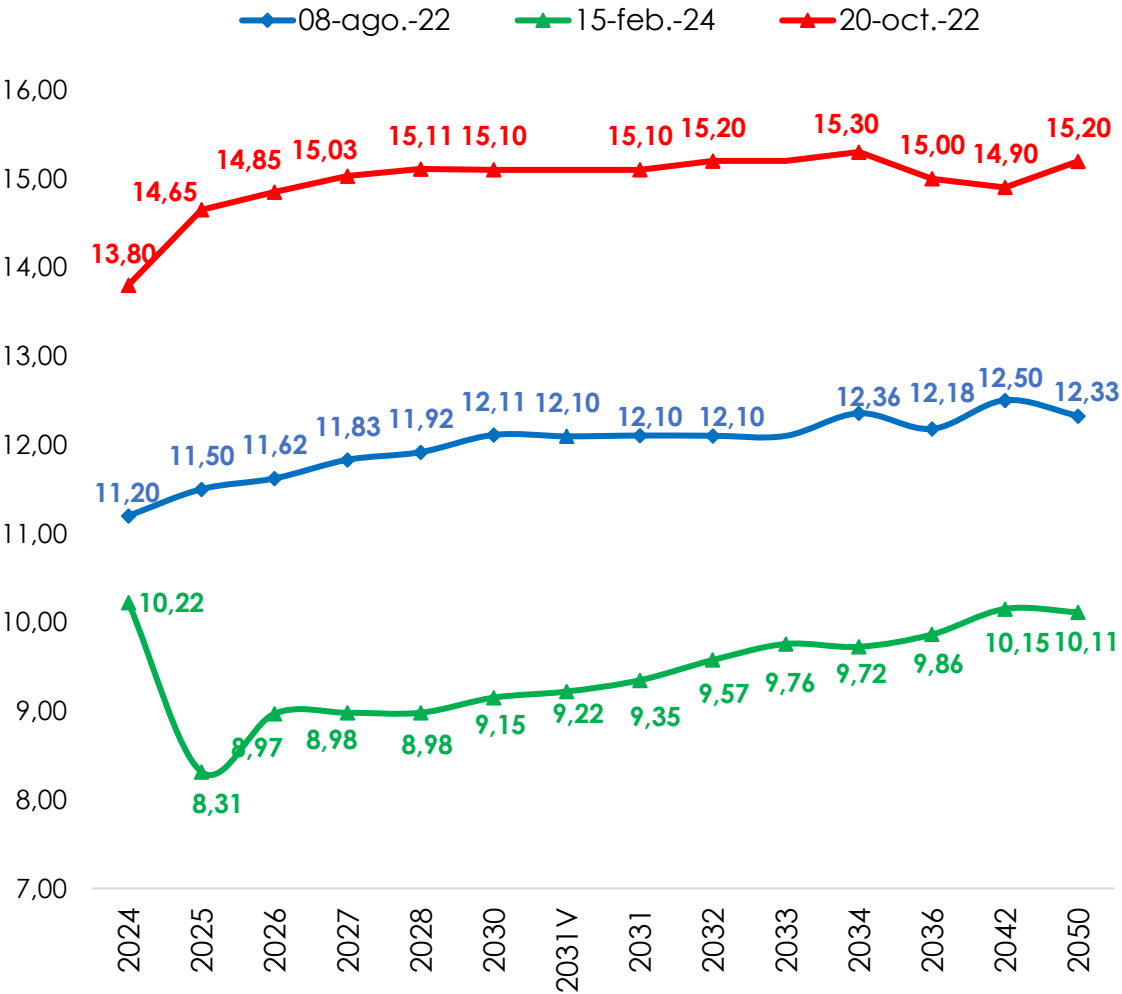
## External Debt 2024

Issued / Disbursed 2024 Goal 2024



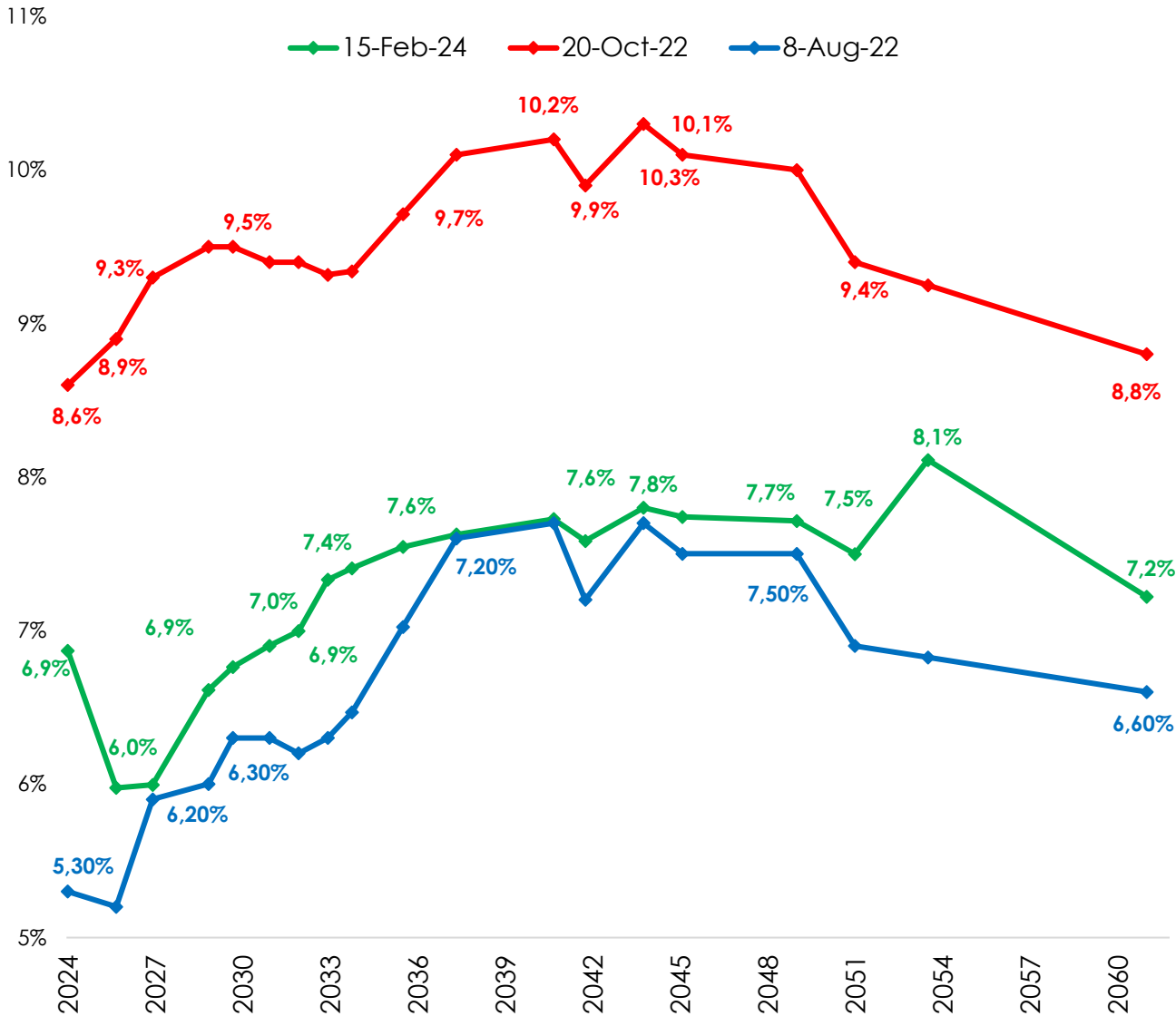


TES interest rates remain below the maximum levels of October 20. The COP TES have normalized in most of the references at levels below August



Source: DGCPTN, Bloomberg. As of February 15th, 2024.

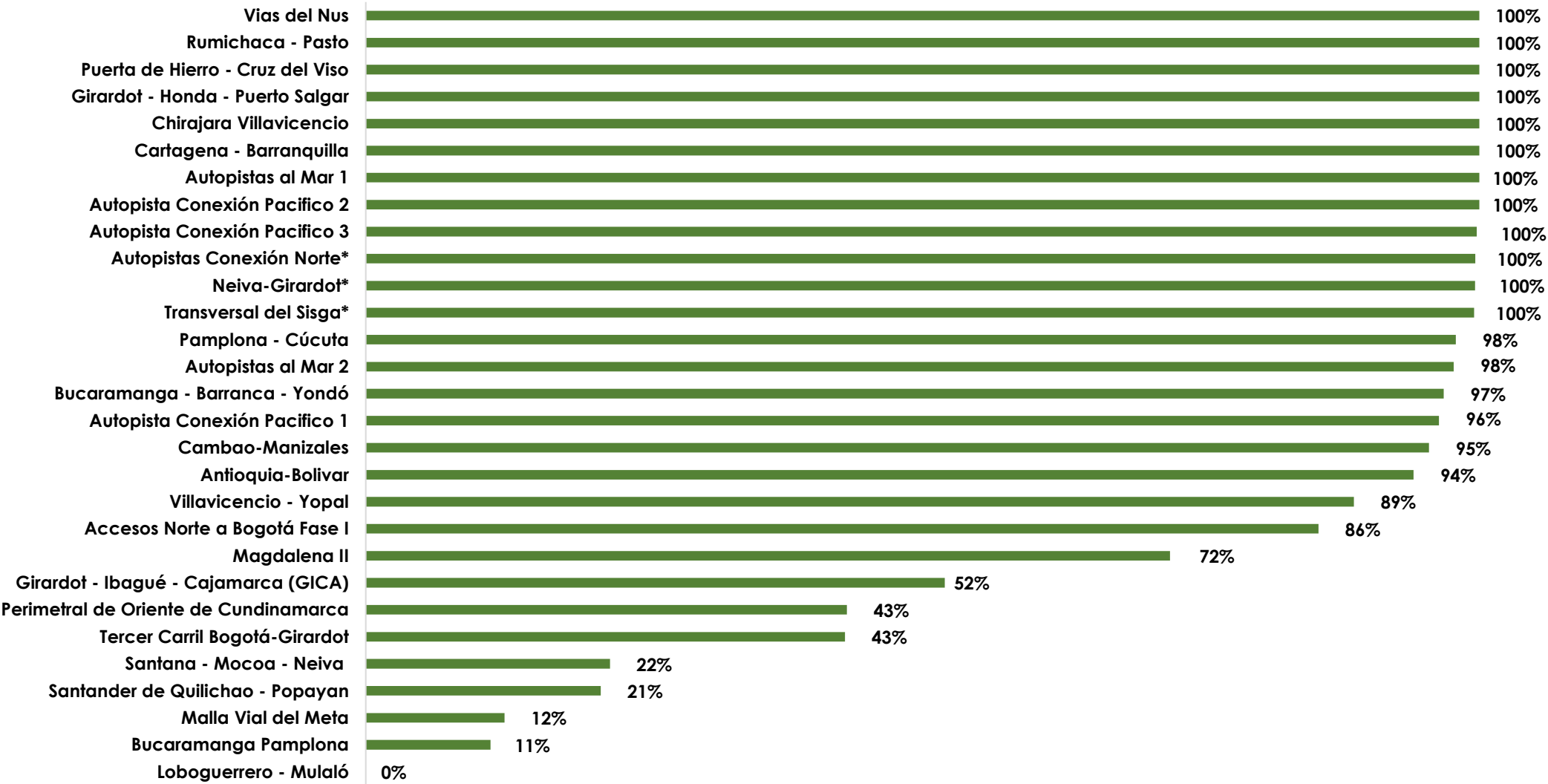
## Global Bonds Curves (USD)



Source: DGCPTN, Bloomberg. As of February 15th, 2024.



# Construction progress under the Fourth Generation (4G) PPP program had a record development, allowing the economic growth.



The average progress under the 4G PPP program is 77%



# In 2024, it is estimated that Colombia will award projects for an approximate investment of US\$3,995MM

## Projects in Structuring Phase

Capex  
(US\$MM)

Distance



Dorada - Chiriguaná Train

\$648

521 km



Villeta - Guaduas Road

\$1,385

82 km



Estanquillo – Popayán Road

\$1,594

101 km



IP- San Andrés Airport

\$72

NA



IP – Suroccidente Airport

\$296

NA



Alpes - Facatativá

NA

38 km

## Future Projects



### Railway projects

- Bogotá – Belencito
- Corredor Ferreo del Pacífico



### Airport projects

- Cartagena's new airport
- El Dorado airport expansion.



## Highway Projects

- IP Conexión Centro
- IP Ruta del Agua
- Boquerón – El Tablón
- Sogamoso Aguazul – Maní El Yucao

Source: ANI

IP: Private Initiative without public contributions.

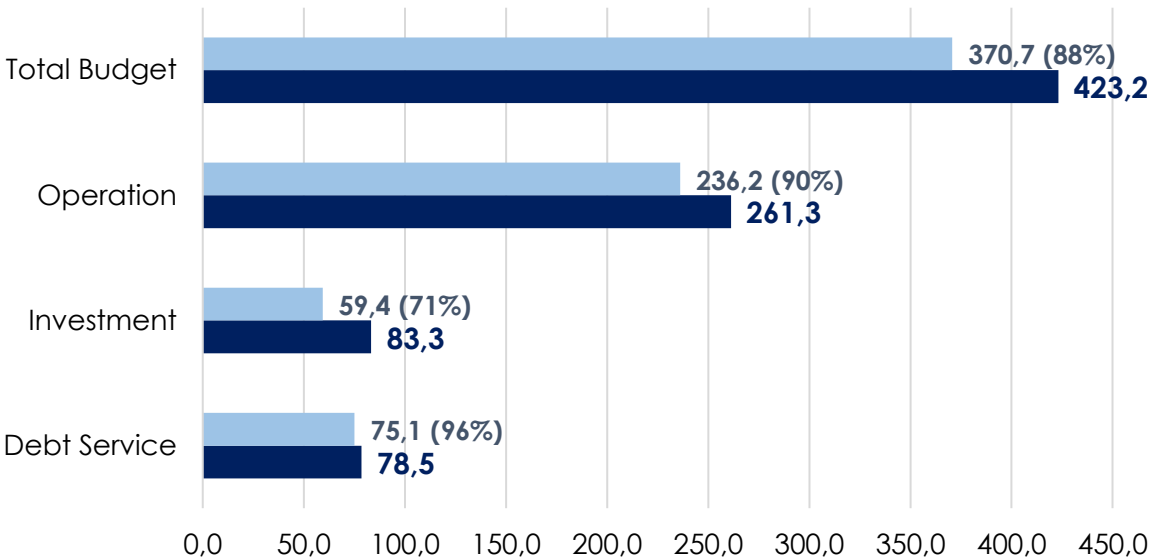
The investment of the Projects in structuring is an estimated figure and may vary during the process



# Budget 2023 and 2024

Budget Execution 2023

Obligated Goal



\*Trillion pesos as of December 2023

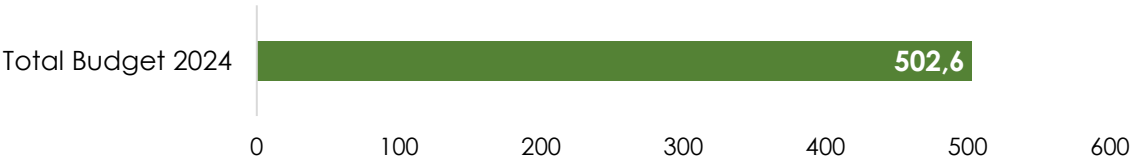


Budget  
execution  
without debt



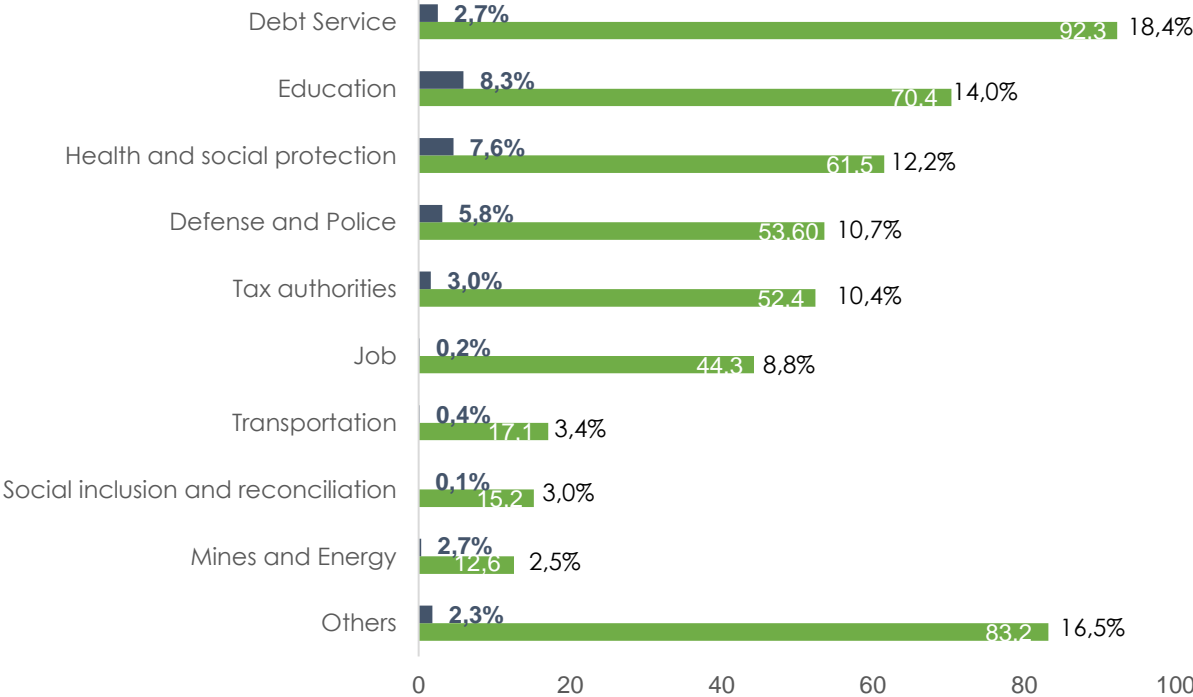
85,8%

Budget 2024



PGN 2024 by sectors

Obligated Goal



\*Trillion pesos as of January 2024