

2025 Financial Plan Update

Ministry of Finance and Public Credit
February 2025



1. Macroeconomic scenario



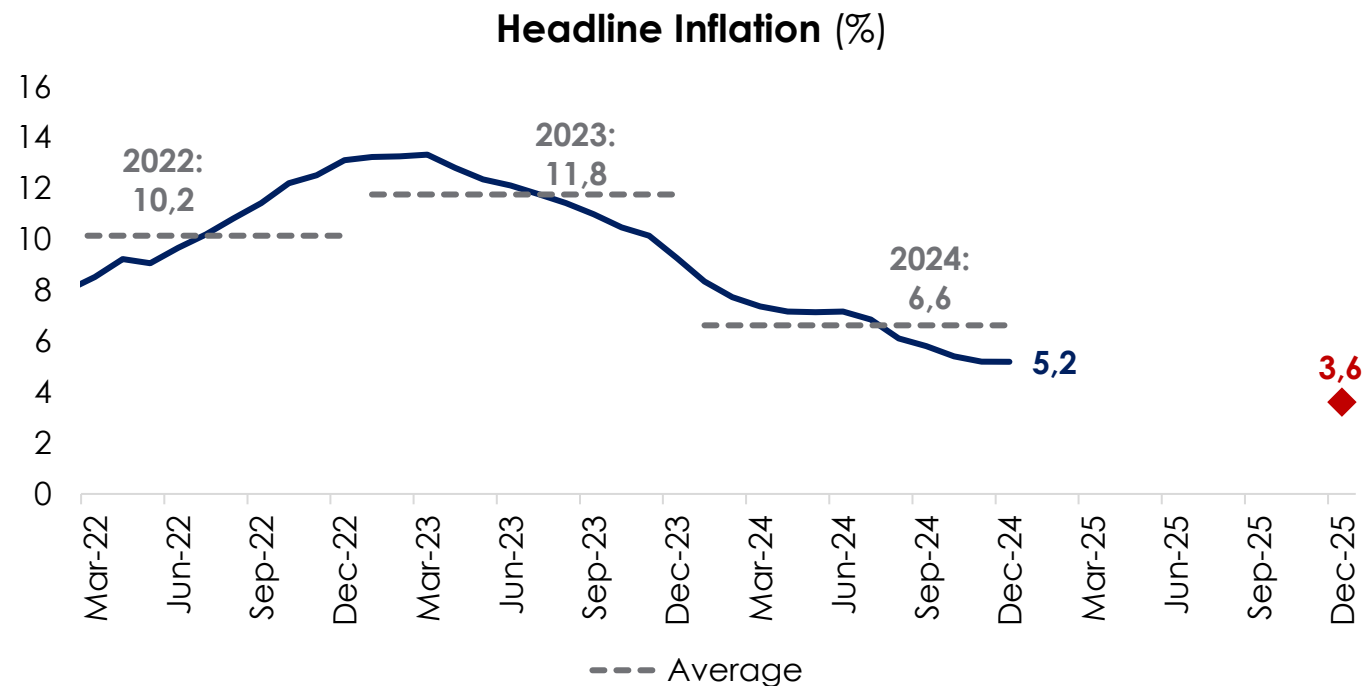
Summary of the Financial Plan's macroeconomic scenario 2024 – 2025

Variable	2023	2024		2025	
		MTFF2024	FP2025	MTFF2024	FP2025
Real GDP growth (YoY, %)	0,6	1,7	1,8	3,0	2,6
Nominal GDP growth (YoY, %)	7,0	7,1	7,2	5,7	5,8
Inflation (end of period, %)	9,3	5,3	5,2*	3,2	3,6
Exchange rate (average, USD/COP)	4.328	3.997	4.073*	4.179	4.360
Depreciation (average, %)	1,7	-7,6	-5,9*	4,5	7,0
Brent oil price (average, USD/Barrel)	82,4	83,0	80,6*	80,0	74,3
Oil production (KBPD)	777	745	775*	764	765
Current account balance (% of GDP)	-2,4	-2,6	-1,9	-2,5	-2,01

Source: DANE. GDMP-MoFPC calculations.

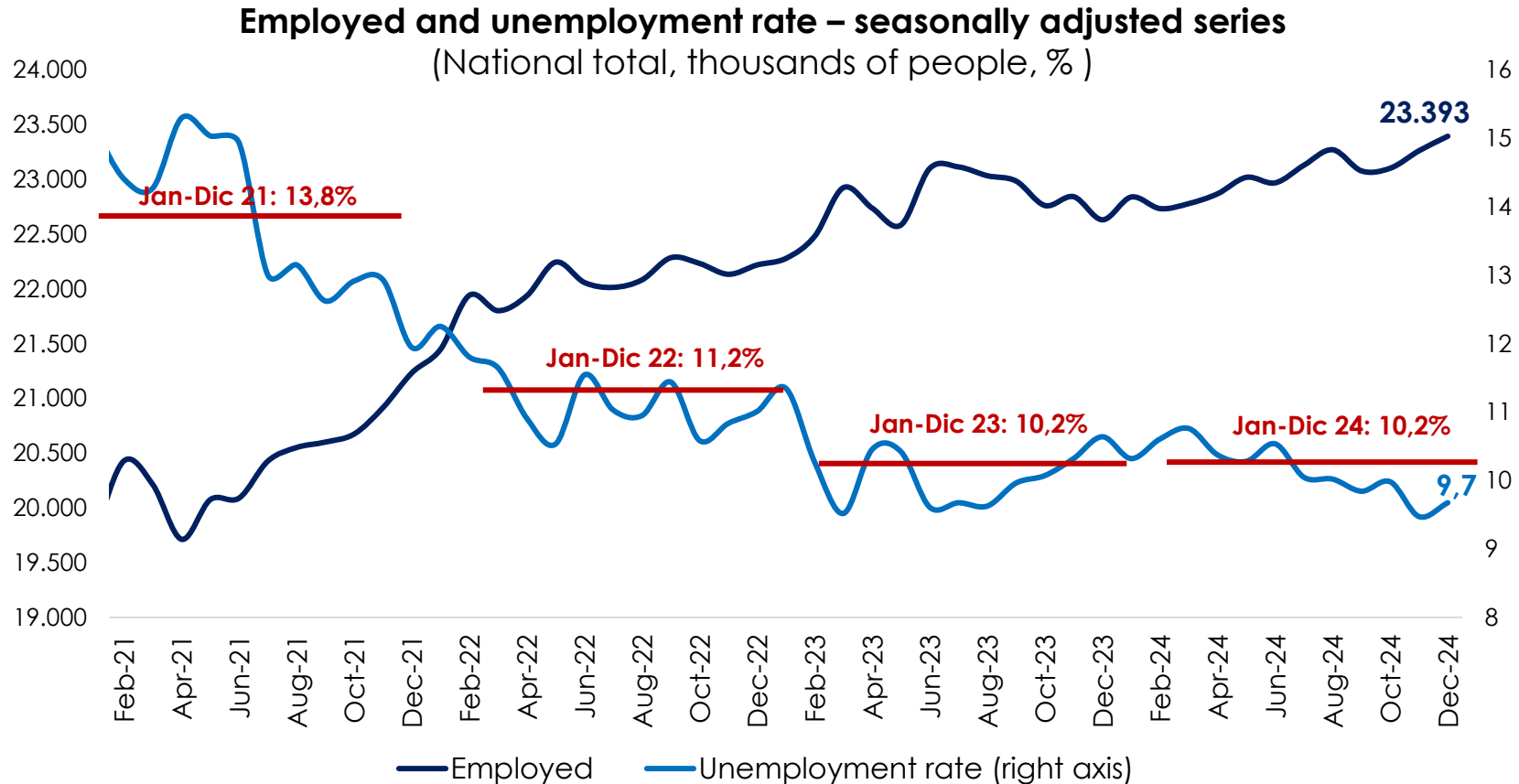
*Observed values

Inflation would converge to its target range in 2025



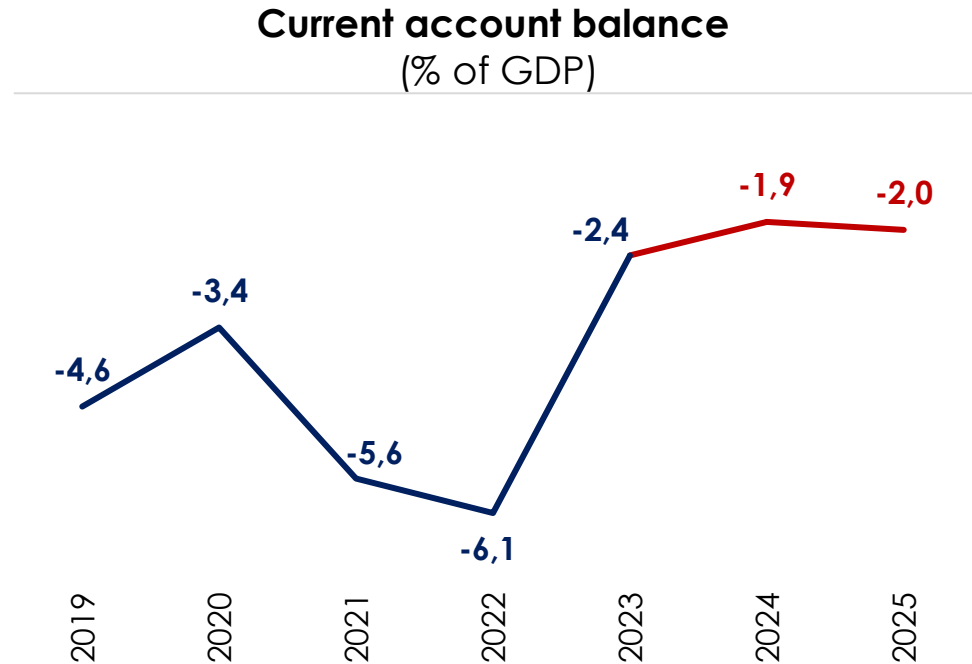
- By the end of **2025 annual inflation would stand at 3.6%**, correction would be explained by the lagged effects of tight monetary policy conducted by Banco de la República in recent years.
- In addition, **the dissipation of weather-related supply shocks would allow for a correction in food prices.**

The unemployment rate has been decreasing in recent years, finding stability close to 10%



- **In 2024, the unemployment rate stood at 10,2%, remaining constant compared to the rate observed in 2023.** This stability was due to a greater increase in the employed population (248 thousand people) compared to the unemployed population (28 thousand people).
- **The informality rate in 2024 stood at 55,9%, 0,5pp lower than that observed in 2023 (56,4%).**

The current account deficit is expected to narrow in 2024 and widen in 2025, due to the economic reactivation expected this year






- ❑ In 2024, the current account deficit is expected to reduce to 1.9% of GDP, explained by a lower dynamism of imports and a higher inflow of remittances compared to the previous year.
- ❑ In 2025, the current account deficit would widen to 2.0%, given the context of economic reactivation that, through an increase in domestic demand, would boost imports.
- ❑ Foreign direct investment inflows would fully finance the external imbalance in 2024 and 2025.

2. Fiscal Scenario



Fiscal Scenario 2024

Main Messages

- 1** In 2024, the national government faced **budgetary, cash flow, and fiscal challenges**. Because an unprecedented drop in tax collection.
- 2** The government's response focused on these three areas:
 -  → **Budgetary:** A budget cut of COP 28.4 trillion.
 -  → **Cash Flow:** Responsible and efficient management of the Annual Monthly Cash Program (PAC for its acronym in Spanish), especially in the second half of the year.
 -  → **Fiscal:** Identification of one-off transactions that do not deteriorate the structural net primary balance but increase the fiscal deficit.
- 3** **The actions implemented by the national government ensured compliance with the Fiscal Rule for 2024.**

Fiscal Balance 2024

Fiscal Balance - 2024 (% of GDP)

Concept	2023 (1)	2024*	
		MTFF (2)	Act. FP 2025 (3)
Total revenues	18.8	17.1	16.6
Tax revenues	16.7	15.4	14.5
DIAN	16.7	15.3	14.4
Non-DIAN	0.1	0.1	0.1
Non-tax revenues	0.1	0.1	0.1
Special Funds	0.3	0.2	0.3
Capital Receipts	1.8	1.5	1.7
Financial Returns	0,1	0.0	0.0
Financial Surpluses	1,6	1.5	1.5
Refunds and other resources	0,1	0.0	0.2
Total Expenditures	23.1	22.8	23.4
Interest	3.9	4.7	4.4
Primary Expenditures	19.2	18.0	19.0
Net loan	0.0	0.0	0.0
Primary Balance	-0.3	-0.9	-2.4
Total Balance	-4.3	-5.6	-6.8
Primary Balance in compliance of the Fiscal Rule	-0,5	-0.9	-2.4
Surplus(+)/Adjustment(-)	0,2	0.0	0.0

- » Compared to 2023, the **overall balance of the central national government deteriorated by 2.6pp of GDP, reaching 6.8% of GDP.**
- » This decline is primarily due to a **2.3pp reduction in revenues**, combined with **increased spending pressures of 0.3 percentage points of GDP.**
- » The **primary deficit increases by 2.1pp of GDP** compared to 2023.

The 2024 year-end result remains consistent with **compliance with the Fiscal Rule.**

Source: Ministry of Finance.

*Preliminary figures

Fiscal Balance 2024

Fiscal Balance - 2024 (Billions COP)

Concept	2023 (1)	2024*	
		MTFF (2)	Act. FP 2025 (3)
Total revenues	296,365	288,737	279,228
Tax revenues	263,190	258,602	244,692
<i>DIAN</i>	262,215	257,593	243,578
<i>Non-DIAN</i>	975	1,009	1,114
Non-tax revenues	1,197	1,205	1,885
Special Funds	4,405	4,123	4,801
Capital Receipts	27,574	24,807	27,850
Financial Returns	817	0	0
Financial Surpluses	25,393	24,807	25,035
Refunds and other resources	1,363	0	2,815
Total Expenditures	363,282	383,664	394,651
Interest	61,468	79,770	74,445
Primary Expenditures	301,879	303,895	320,353
Net loan	-65	0	-147
Primary Balance	-5,449	-15,158	-40,977
Total Balance	-66,917	-94,927	-115,422
Primary Balance in compliance of the Fiscal Rule	-8,251	-15,158	-40,978
Surplus(+)/Adjustment(-)	2,802	0	1

Tax collection would be approximately COP 18.5 trillion below what was recorded in 2023 and COP 13.9 trillion below the estimate in the Medium-Term Fiscal Framework.

Primary expenditure is aligned with **total compliance** of the Fiscal Rule.

Decomposition of the fiscal Rule 2024

Concept	2024 (% of GDP)	
	GBN 2024	Preliminary FP update
Structural Net Primary Balance	-0.2	-0.2
Economic cycle	-0.2	-0.1
Oil cycle	-0.2	-0.1
One-off transactions	-0.3	-1.9
Financial returns	0.0	0.0
Primary balance	-0.9	-2.4
Interests	-4.7	-4.4
Total Allowable Balance	-5.6	-6.8
Surplus (+) / Adjustment (-)	0.0	0.0

One-off transactions approved by CONFIS, with a prior non-binding opinion from CARF.

Concept	COP billions
FEPC 2023 Non-Structural Component	1,301
Judgment of the Council of State	611
Deductibility of Coal Royalties	2,319
Unexpected drop in tax revenue	13,052
Winter emergency	1,943
Total	31,962

Fiscal Strategy 2025

Main challenges of the fiscal policy

Colombia faces **short-** and **medium-**term fiscal challenges:



» In the short term, the Government must focus its efforts on **achieving its revenue collection** that finances GBN.



» **Contingency mechanisms, such as cash control,** will be essential to convey confidence in meeting fiscal targets.



» Spending efficiencies, such as the **elimination of FEPC expenditures** and the **reduction of borrowing costs,** will strengthen the country's fiscal position.



» In the medium term, measures are needed to **reduce spending inflexibilities and increase efficiency in resource allocation,** with SGP presenting a key opportunity.



» **Technical discussions on the proper functioning of the fiscal rule** can strengthen its stabilization role while providing a greater boost to economic activity.

Fiscal Balance 2025

Fiscal Balance - 2025 (% of GDP)

Concept	2024 (1)	2025*	
		MTFF (2)	Act. FP 2025 (3)
Total revenues	16.6	19.3	18.4
Tax revenues	14.5	17.8	16.8
DIAN	14.4	17.7	16.8
Financing Law	0.0	0.7	0.0
Non-DIAN	0.1	0.1	0.1
Non-tax revenues	0.1	0.1	0.1
Special Funds	0.3	0.2	0.3
Capital Receipts	1.7	1.2	1.3
Financial Returns	0.0	0.0	0.0
Financial Surpluses	1.5	1.1	1.2
Refunds and other resources	0.2	0.1	0.0
Total Expenditures	23.4	24.0	23.5
Interest	4.4	4.7	4.8
Primary Expenditures	19.0	19.3	18.6
Net loan	0.0	0.0	0.0
Primary Balance	-2.4	-0.1	-0.2
Total Balance	-6.8	-4.7	-5.1
Primary Balance in compliance of the Fiscal Rule	-2.4	-0.1	-0.2
Surplus(+)/Adjustment(-)	0.0	0.0	0.0

- » Compared to 2024, the **CG deficit** recovers 1.8pp of GDP, standing at **5.1% of GDP**.
- » The **primary balance** would show a correction of 2.2pp of GDP, going from -2.4% of GDP in 2024 to **-0.2% of GDP in 2025**.
- » This scenario is consistent with compliance with the Fiscal Rule.

Fiscal Balance 2025

Fiscal Balance - 2025
(Billions COP)

Concept	2024 (1)	2025*	
		MTFF (2)	Act. FP 2025 (3)
Total revenues	279,228	343,161	327,948
Tax revenues	244,692	316,505	299,888
DIAN	243,578	315,439	298,796
Financing Law	0	12,000	0
Non-DIAN	1,114	1,066	1,092
Non-tax revenues	1,885	1,273	1,232
Special Funds	4,801	4,357	4,475
Capital Receipts	27,850	21,026	22,353
Financial Returns	0	0	0
Financial Surpluses	25,035	19,526	21,598
Refunds and other resources	2,815	1,500	754
Total Expenditures	394,651	427,389	418,749
Interest	74,445	83,013	86,373
Primary Expenditures	320,353	344,376	332,376
Net loan	-147	0	0
Primary Balance	-40,977	-1,215	-4,428
Total Balance	-115,422	-84,227	-90,801
Primary Balance in compliance of the Fiscal Rule	-40,978	-1,215	-4,428
Surplus(+)/Adjustment(-)	1	0	0

The tax revenue projection is consistent with **policy decisions and investments in the DIAN**, which are expected to help **reduce losses due to tax evasion**.

The level of primary spending is **adjusted through the deferral of COP \$12 trillion**, given the archive in Congress of the Financing Bill

Fiscal Rule 2025

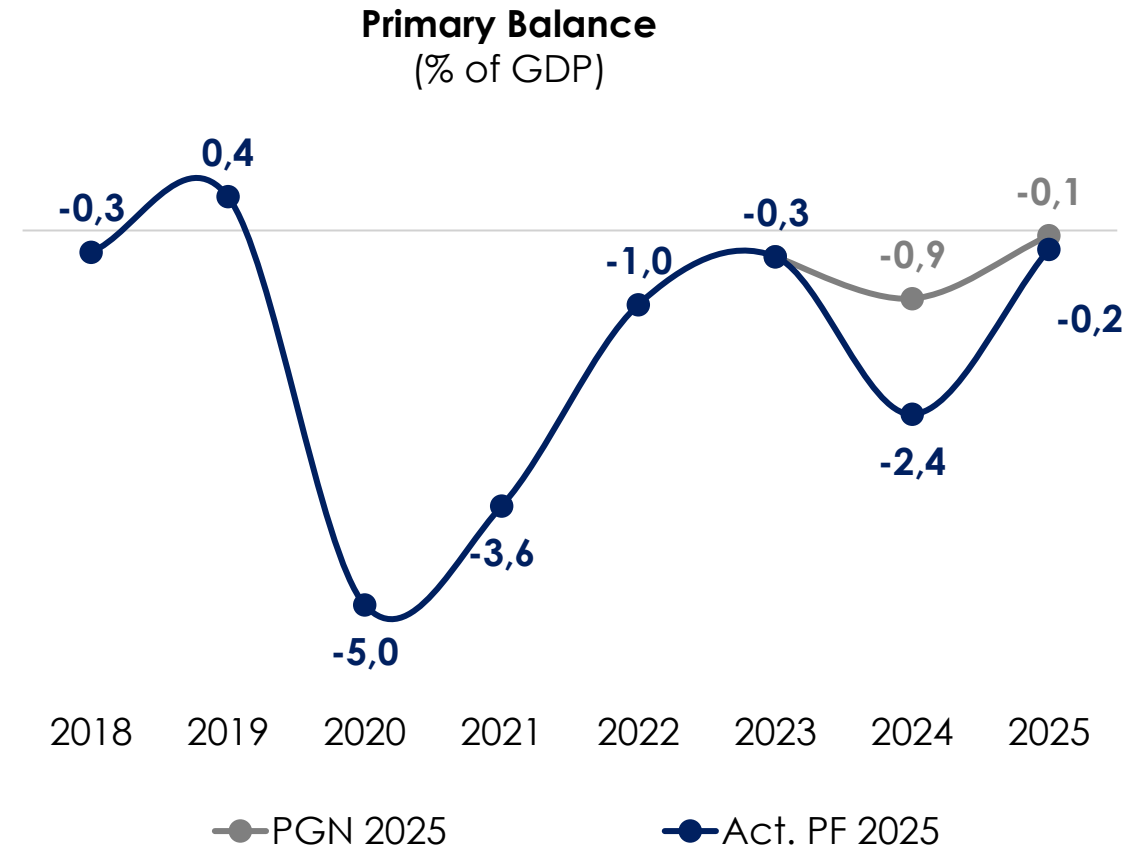
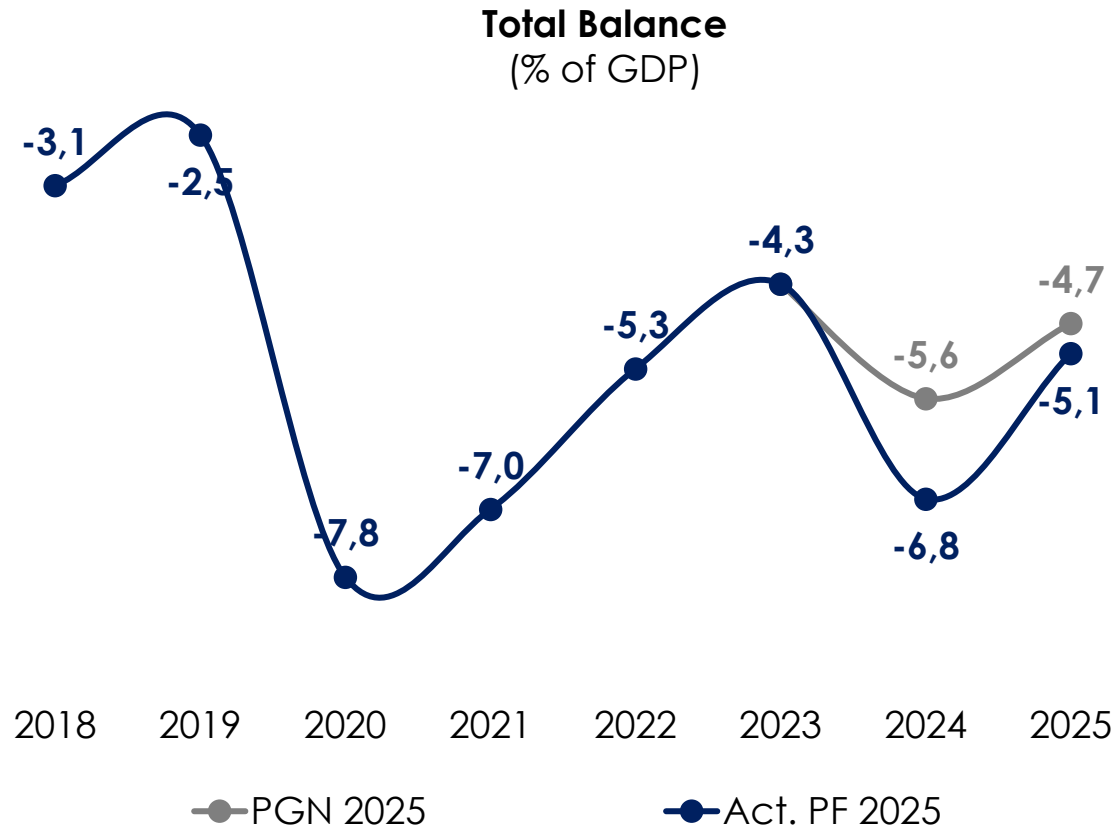
- » **SNPB of 0.5% of GDP** consistent with the transition regime of Law 1473 of 2011, amended by Law 2277 of 2022.
- » The **economic cycle** allows for additional spending space due to the persistence of a **negative output gap** in 2025.
- » The **oil cycle** provides space because the estimated oil revenue remains **below the structural component**.

Decomposition of the balance consistent with the compliance of the Fiscal Rule target. (% of GDP)

Concepto	2025 (% del PIB)	
	Esc. PGN	Act. PF 2025
Structural Net Primary Balance	0,5	0,5
Economic cycle	-0,1	-0,2
Oil cycle	-0,5	-0,6
One-off transactions	0,0	0,0
Financial returns	0,0	0,0
Primary balance	-0,1	-0,2
Interests	-4,7	-4,8
Total Allowable Balance	-4,7	-5,1

Total and Primary Balance

It is essential that the policy actions aimed at increasing revenue collection and the contingency mechanisms for spending are effective in achieving fiscal **adjustment by 2025**



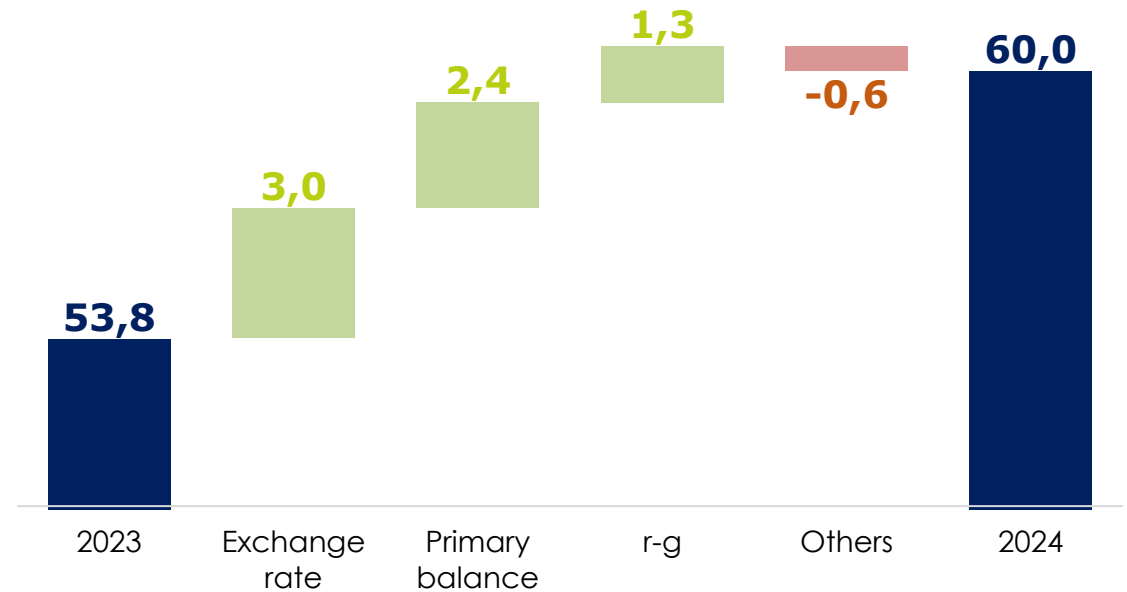
Public Debt 2024 -2025

- » In 2024, net debt showed a deterioration of 6.2 percentage points of GDP, reaching 60% of GDP. This increase is mainly due to the impact of exchange rate depreciation, along with the deterioration of the primary balance and the deaccumulation of assets by the government.
- » It is estimated that the net debt of the Central Government (GNC) will increase by 0.6 percentage points of GDP in 2025.

Net debt
(% of GDP)



Decomposition of the Change in Net Debt
(2024 vs. 2023, % of GDP)



*It corresponds to the difference between the interest rate and the economic growth rate (r - g).

3. Funding Plans and Debt Strategy



Central Government Sources and Uses closing for 2024

In 2024 the total disbursements were 93 billion pesos.

- In the **external front**, the total disbursements were **6,527 million dollars**.
 - External Bonds** equal to **USD\$ 4,373 millions** (including the prefunding for 2025)
 - Multilateral and Bilateral Loans equal to USD \$ 2,154 million
- On the **internal side**, the total **disbursements** were lower than expected, **\$66 trillion pesos**
 - Auctions** reached 40 trillion pesos
 - Public entities** were **8 trillion pesos**, lower than the initial forecast.

Sources	US\$ Sep	Sep 152.415	US\$ Act	Act 155.696	Uses	US\$ Sep	Sep 152.415	US\$ Act	Act 155.696
Disbursements		96.489		92.988	Deficit to be financed		94.928		115.422
External	(US\$ 5.500 mill.)	22.781	(US\$ 6.527 mill.)	27.065	Of Wich:				
Internal		73.708		65.923	Internal interest		62.434		59.276
					External interest	(US\$ 4.336 mill.)	17.335	(US\$ 3.754 mill.)	15.168
Treasury Operations		8.285		25.856					
					Amortizations		24.538		23.958
Accrual Adjustments and Others		26.095		15.306	External	(US\$ 4.339 mill.)	17.349	(US\$ 4.222 mill.)	17.061
					Internal		7.188		6.897
					Payments with debt service		1.898		235
Initial availability		21.546		21.546	Final availability		31.052		16.082

Figures are in COP trillions, except where explicitly mentioned in USD millions

Source: Ministry of Finance

Central Government Sources and Uses for 2025

In 2025 the financing needs are estimated at \$137.2 trillion pesos, of which \$90.8 trillion pesos will finance the deficit, lower amount compared with MTFF of 2024.

The strategy is to diversify the sources, 66% internal – 34% external

Local market: Auctions 45 trillion COP + 1,5 trillion in green TES

External market: USD\$ **3.6** billion by **bonds** & USD\$ **4.5** billion in **multilateral and bilateral loans**

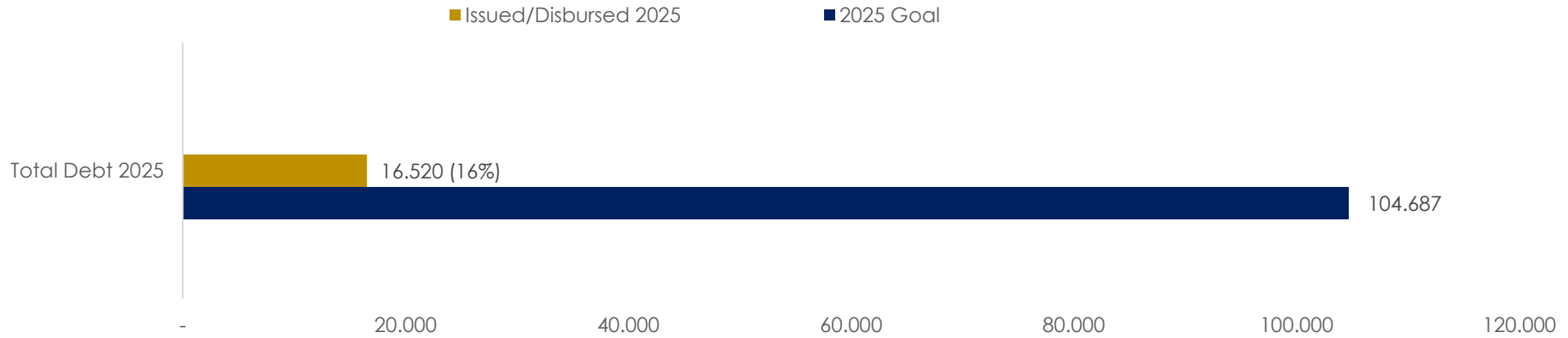
Sources	US\$ MTFF	MTFF 147.308	US\$ Actual	Actual 137.269	Uses	US\$ MTFF	MTFF 147.308	US\$ Actual	Actual 137.269
Disbursements		98.212		104.687	Deficit to be financed		91.487		90.801
External	(US\$ 9.000 mill.)	37.962	(US\$ 8.186 mill.)	35.887	Of Wich:				
Internal		60.250		68.800	Internal interest		63.179		65.119
					External interest	(US\$ 4.746 mill.)	19.834	(US\$ 4.875 mill.)	21.254
Treasury Operations		4.434		- 2.056	Amortizations		48.647		34.875
					External	(US\$ 5.210 mill.)	21.773	(US\$ 4.757 mill.)	20.737
Accrual Adjustments and Others		22.781		18.556	Internal		26.874		14.137
					Payments with debt service		1.250		2.400
Initial availability		21.880		16.082	Final Availability		5.925		9.194

Figures are in COP trillions, except where explicitly mentioned in USD millions

Source: Ministry of Finance

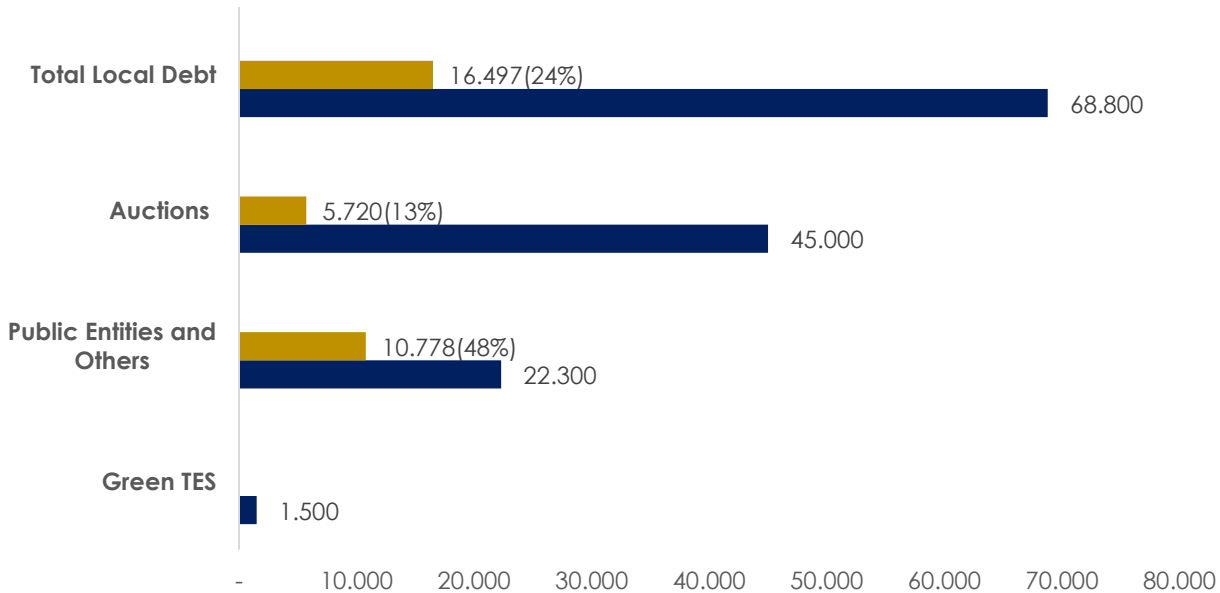


The international market has contributed to the success in the debt progress for 2025



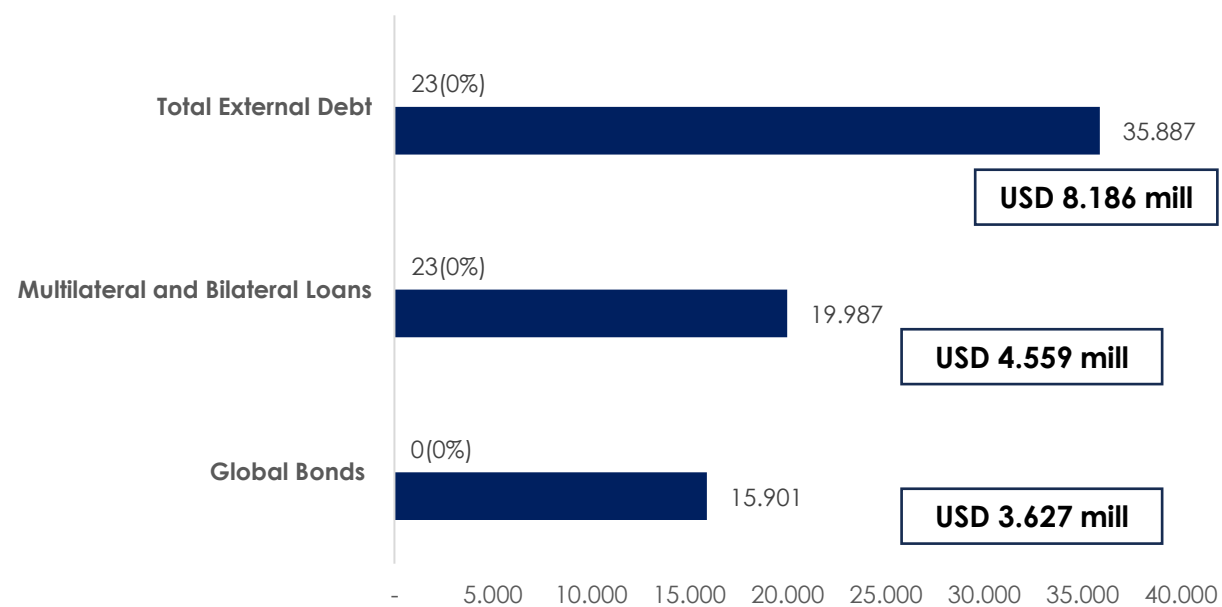
Local Debt 2025

Legend: Issued 2025 (Gold), Goal 2025 (Dark Blue)



External Debt 2025

Legend: Issued / Disbursed 2025 (Gold), Goal 2025 (Dark Blue)



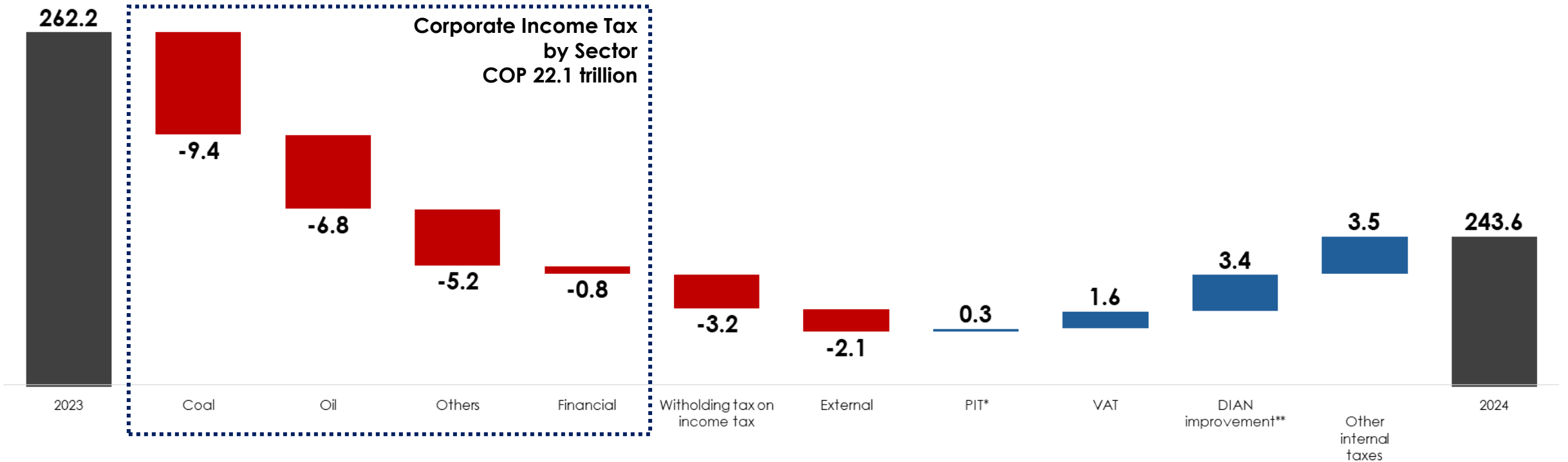
Annex



Annual comparative tax collection

The annual decline in tax revenue in 2024 amounted to COP 18.6 trillion. The drop in revenue is mainly explained by the Corporate Income Tax, with withholdings tax and customs duties. The remaining taxes showed modest growth

Decomposition of tax collection change managed by DIAN
(COP trillion)



*PIT = Personal Income Tax; **Preliminary estimate since this variable is not observable in the collection statistics.

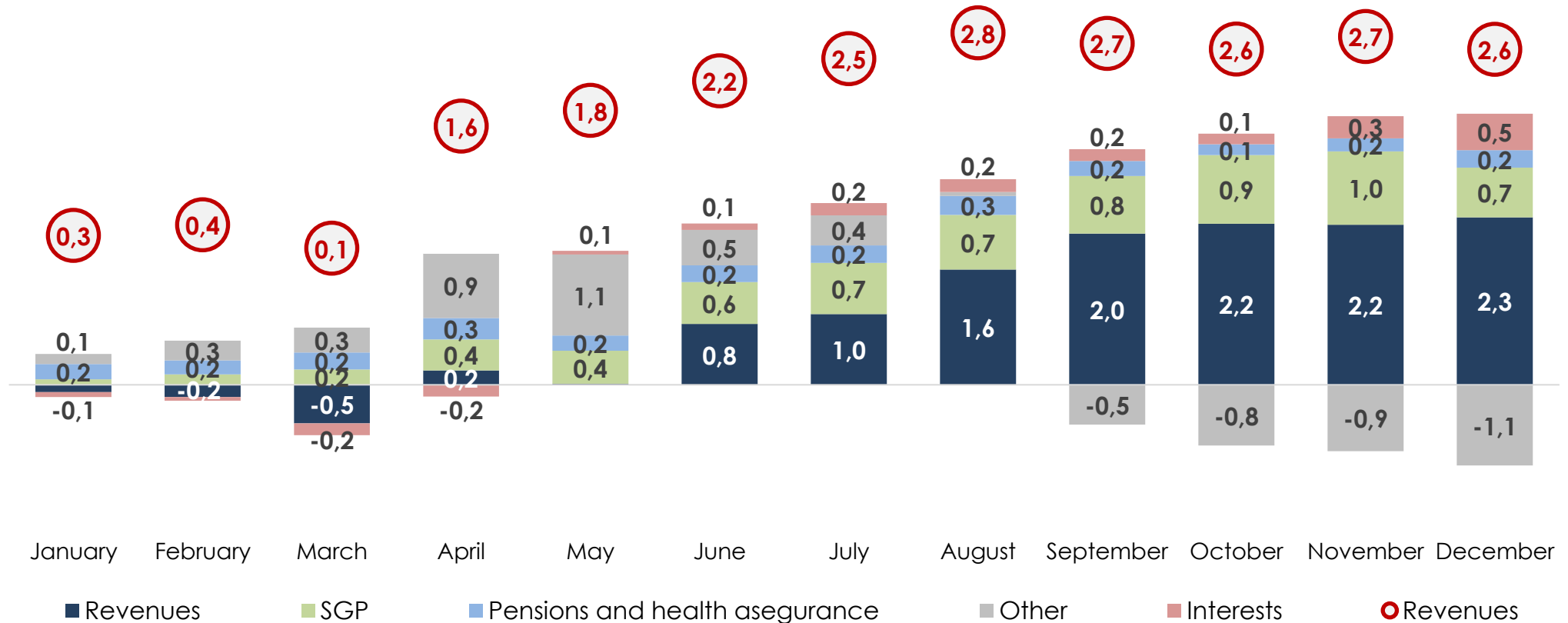
Source: Ministry of Finance with data of DIAN.

Breakdown of changes in the balance



Compared to 2023, the National Government contained the widening fiscal deficit through **the adjustment of expenditures other than the country's non-discretionary commitments.**

Breakdown of the deterioration of the total balance 2024
(compared vs 2023, pp of GDP)





Hacienda

