



**El emprendimiento
es de todos**

Minhacienda

Colombia: Economic Recovery, Fiscal Policy and Public Debt Management

César Arias
Director of Public Credit and National Treasury
Ministry of Finance and Public Credit

July 2021

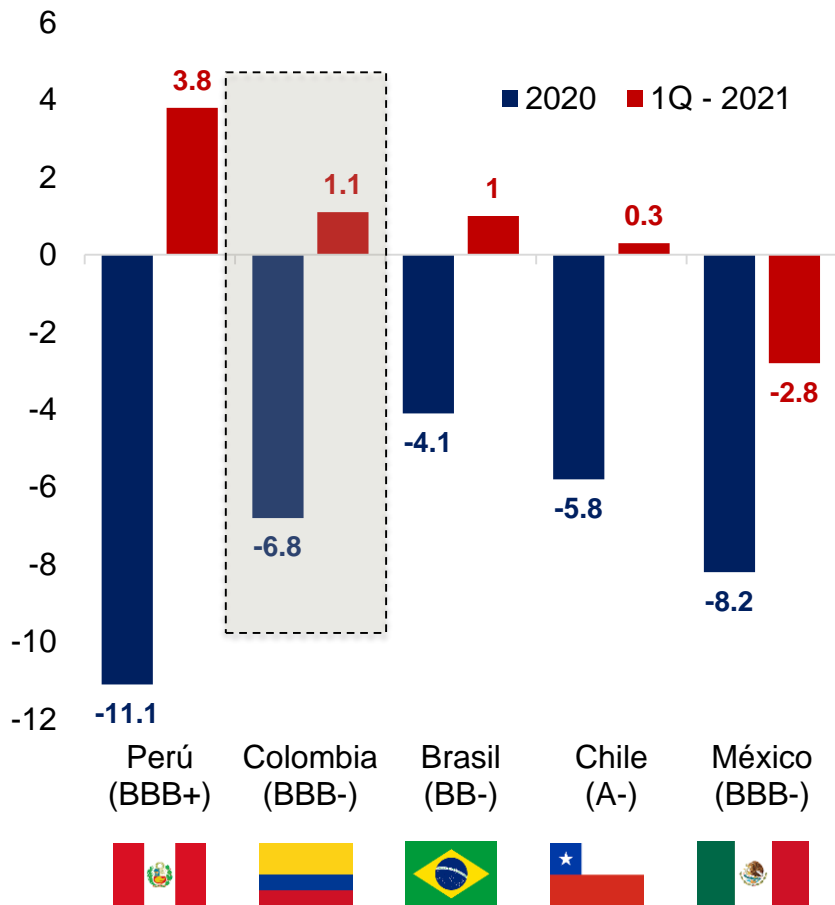


- 1. Economic recovery**
2. Fiscal and Financial Performance
3. Public Debt Management

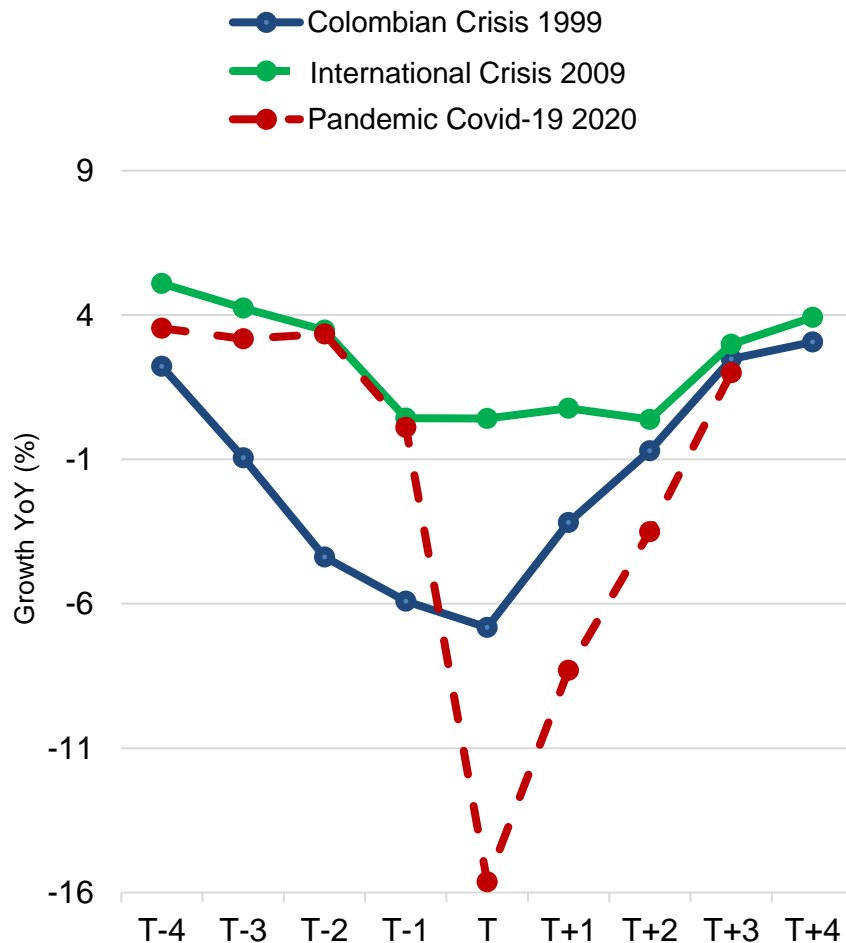


Colombian economy shows resilience and is moving towards an economic recovery

Real growth rates 2020 - 2021



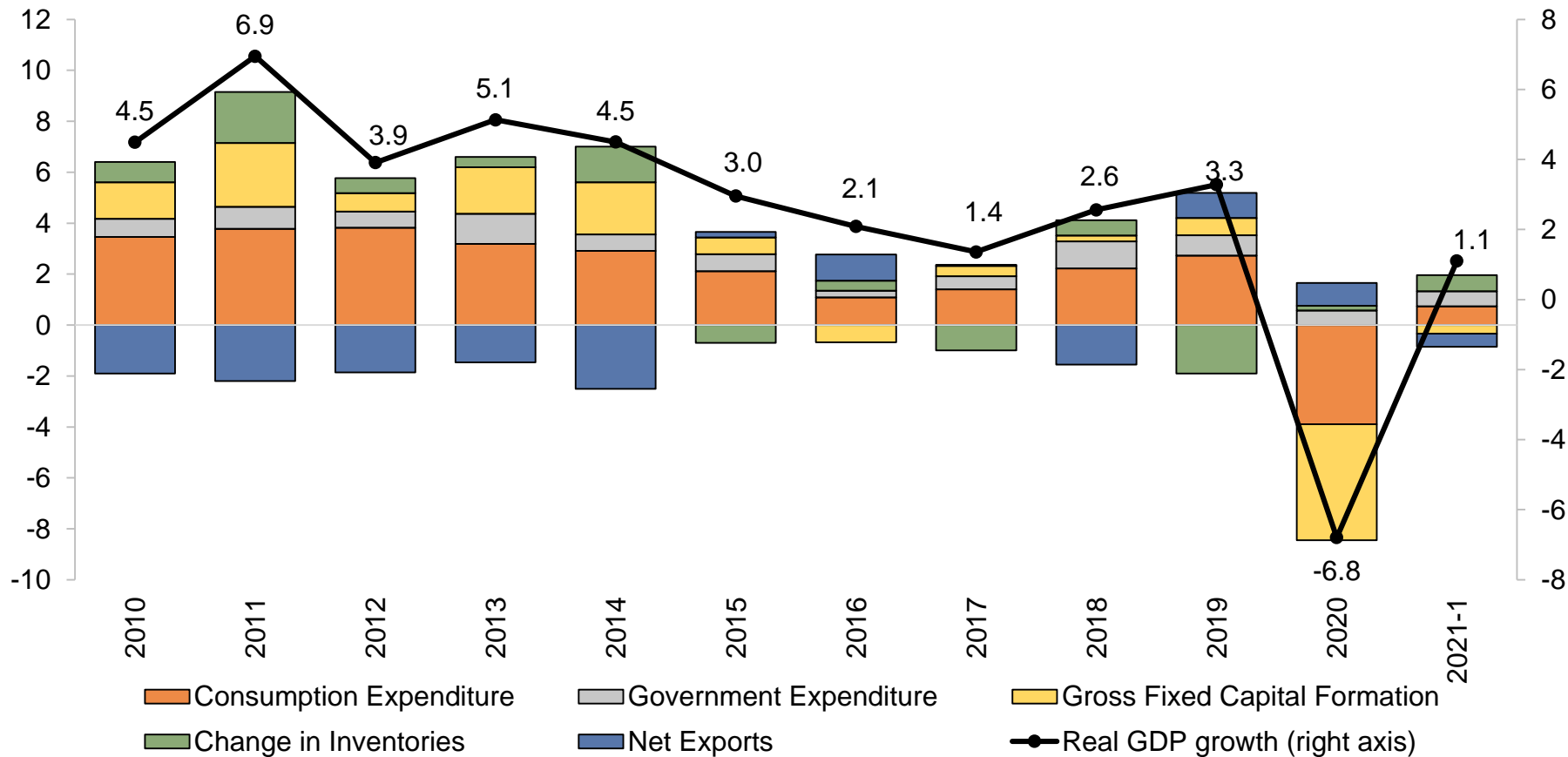
Quick rebound from economic shocks





Consumer spending and investment is leading the economic recovery

Real GDP Growth Breakdown (%)





9 of the 13 sectors of the economy show positive results in the first quarter of the year

Arts, entertainment & recreation, manufacturing, financial and insurance sectors are driving growth

	Weight Q1-2021	2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	Q1-2021
GDP Sector	100%	3.3	0.6	-15.7	-8.4	-3.6	1.1
Trade & Transportation	16.9%	3.7	1.0	-34.1	-21.2	-6.6	-0.8
Public Administration	14.0%	5.1	2.1	-2.3	0.2	2.6	3.5
Manufacturing	12.4%	1.2	-0.1	-25.0	-6.0	-0.2	7.0
Real Estate Services	9.9%	3.3	2.5	1.7	1.8	1.8	1.7
Taxes	9.3%	4.4	1.1	-14.6	-8.1	-2.6	1.6
Agriculture	6.8%	2.3	6.3	-0.2	1.9	2.4	3.3
Business and Professional Services	6.8%	3.4	2.2	-10.5	-6.1	-2.5	1.5
Construction	5.3%	-1.9	-14.6	-36.7	-26.4	-25.2	-6.0
Financial and insurance services	5.2%	6.3	2.5	1.0	2.0	3.1	4.9
Mining	4.2%	1.7	-3.4	-21.4	-19.3	-19.7	-15.0
Public utilities and services	3.1%	2.5	3.3	-8.5	-4.1	-0.9	-1.3
Arts, entertainment and recreation	3.1%	13.0	5.6	-33.7	-11.6	-6.8	7.6
Information and communications	2.9%	1.1	0.8	-5.3	-1.9	-3.6	2.6

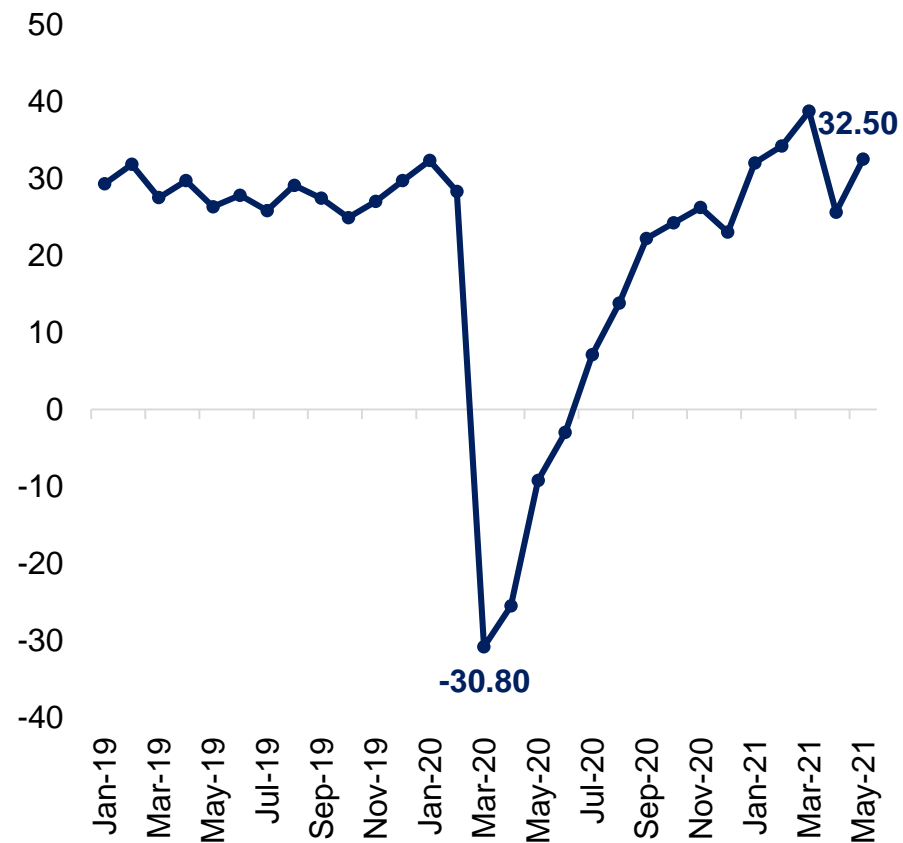


El emprendimiento
es de todos

Minhacienda

Business Confidence is slowly bouncing back despite social challenges

Retail Confidence (ICCO)



Industrial Confidence (ICCO)



Colombia has a diversified supply of vaccines and the immunization program is moving forward

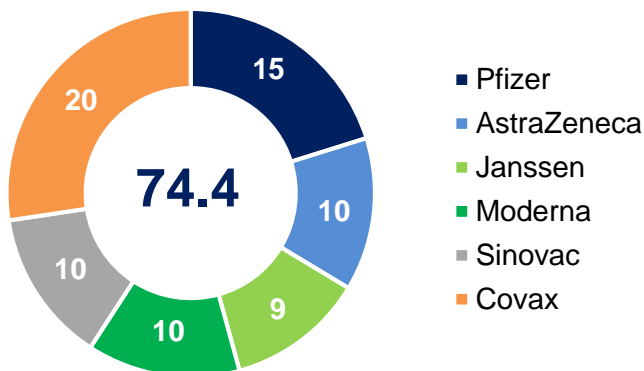


El emprendimiento
es de todos

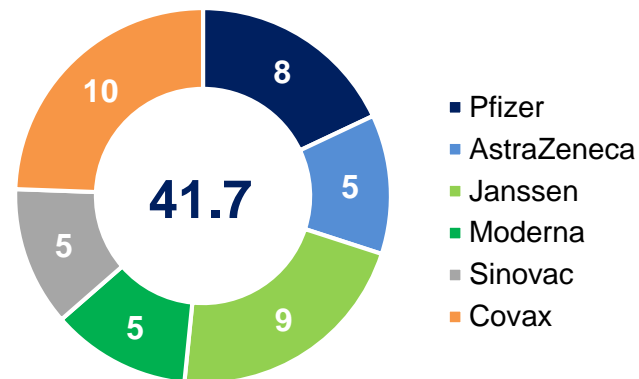
Minhacienda



Purchased Doses by Provider (in millions)

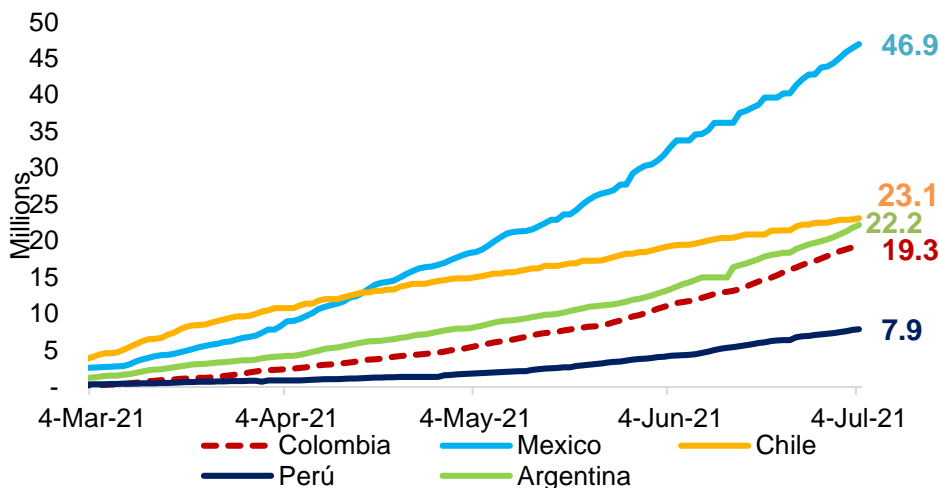


Covered People by Provider (in millions)



Source: Ministry of Health– May 31st, 2021

Total Doses Administered



Vaccines rollout in Colombia (7 day avg. doses administered)

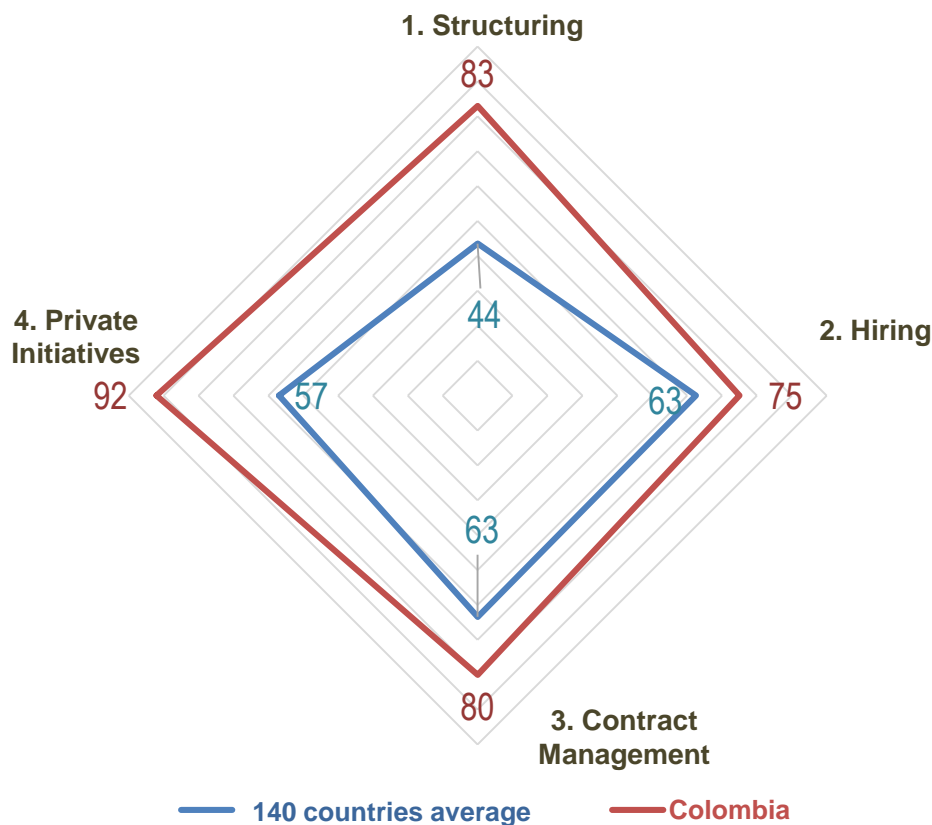


Source: Bloomberg. July 4th 2021 / Ministry of Health



Infrastructure boost improves medium-term growth outlook

Colombia is an international leader in Public-Private Partnerships



Multimodal 5G infrastructure investment - about 2% of GDP

Roads

Investment in USD
(Capex)

Alo Sur	189 mill.
Accesos Norte II	364 mill.
Accesos Cali - Palmira	331 mill.
Buga – Buenaventura	539 mill.
Pto Salgar - Barrancabermeja	553 mill.
Barrancabermeja – San Roque	460 mill.

Airports

Suroccidente	384 mill.
Cartagena	118 mill.
San Andrés	81 mill.
Cartagena II- Bayunca	765 mill.

Fluvial

Rio Magdalena	122 mill.
Canal del Dique	585 mill.

Railway

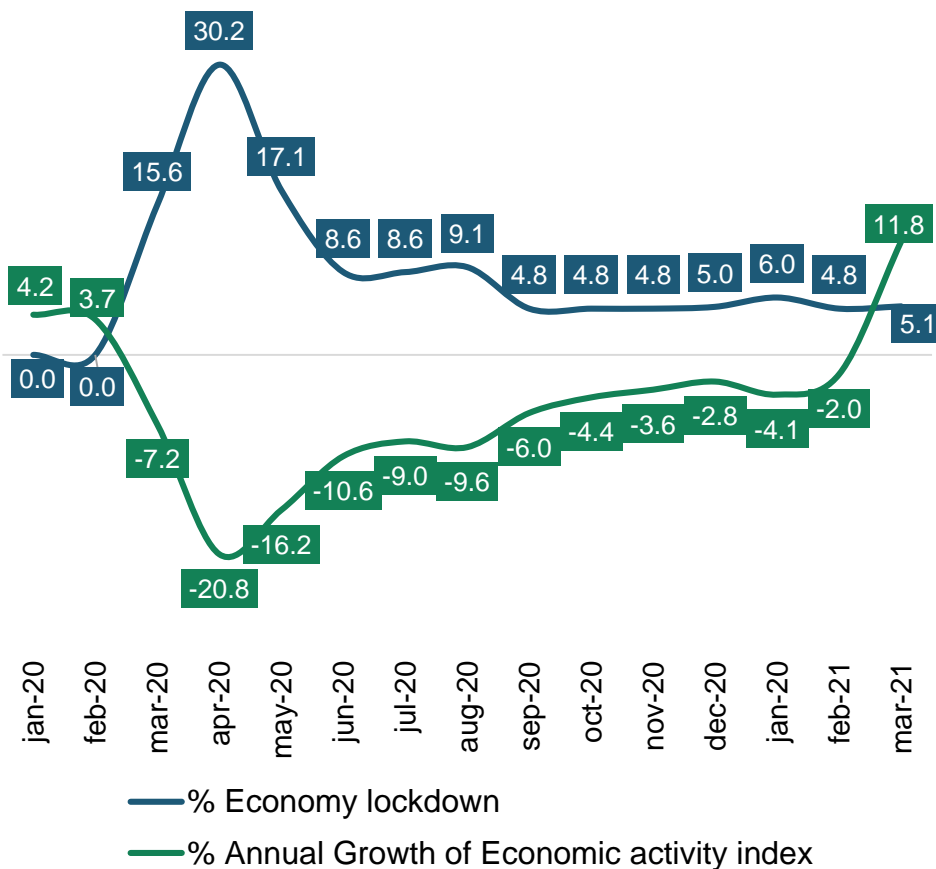
Tren carga – Dorada Chiriguana	433 mill.
--------------------------------	-----------

Total	USD \$4.924 Mill
--------------	-------------------------

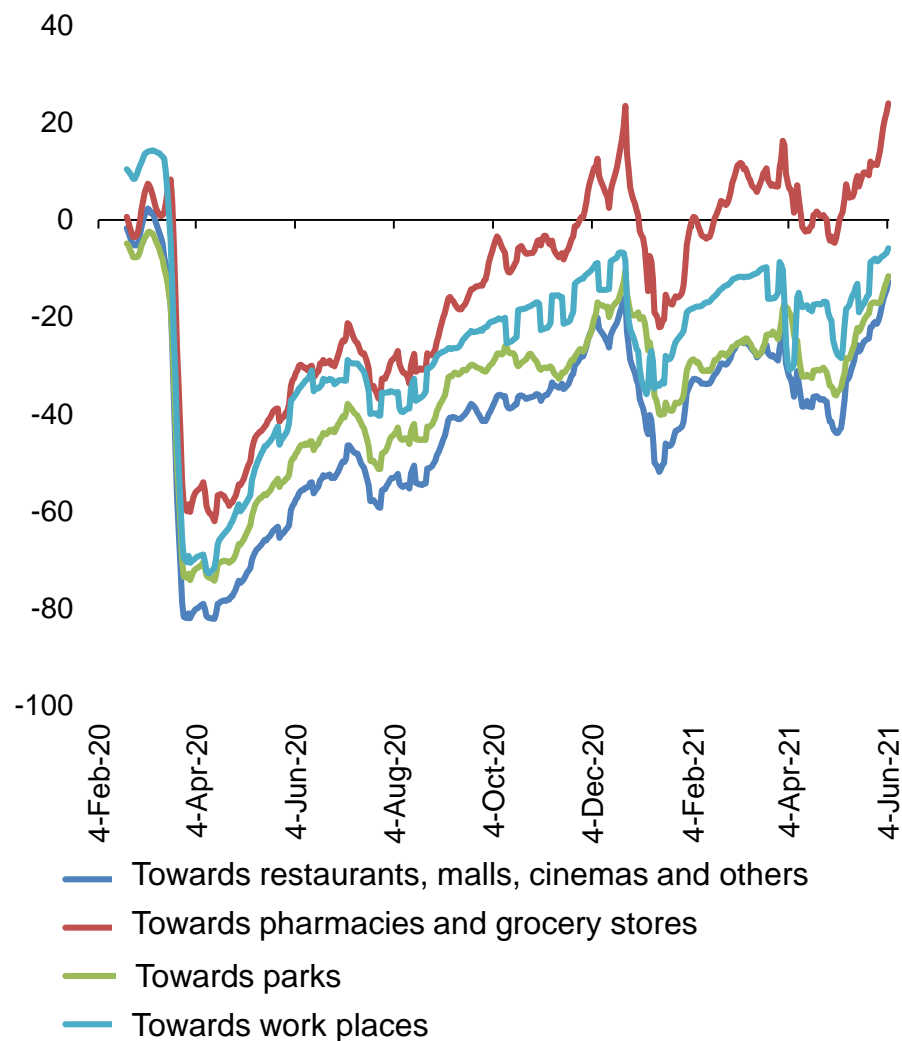


Increasing economic dynamism despite COVID-19 pandemic challenges

% Annual growth of economic activity index
vs.
% Economy lockdown



Google Mobility Index





1. Economic recovery
- 2. Fiscal and Financial Performance**
3. Public Debt Management

In 2020 fiscal deficit was lower than expected, 2021 includes more investment to reactivate the economy



El emprendimiento
es de todos

Minhacienda

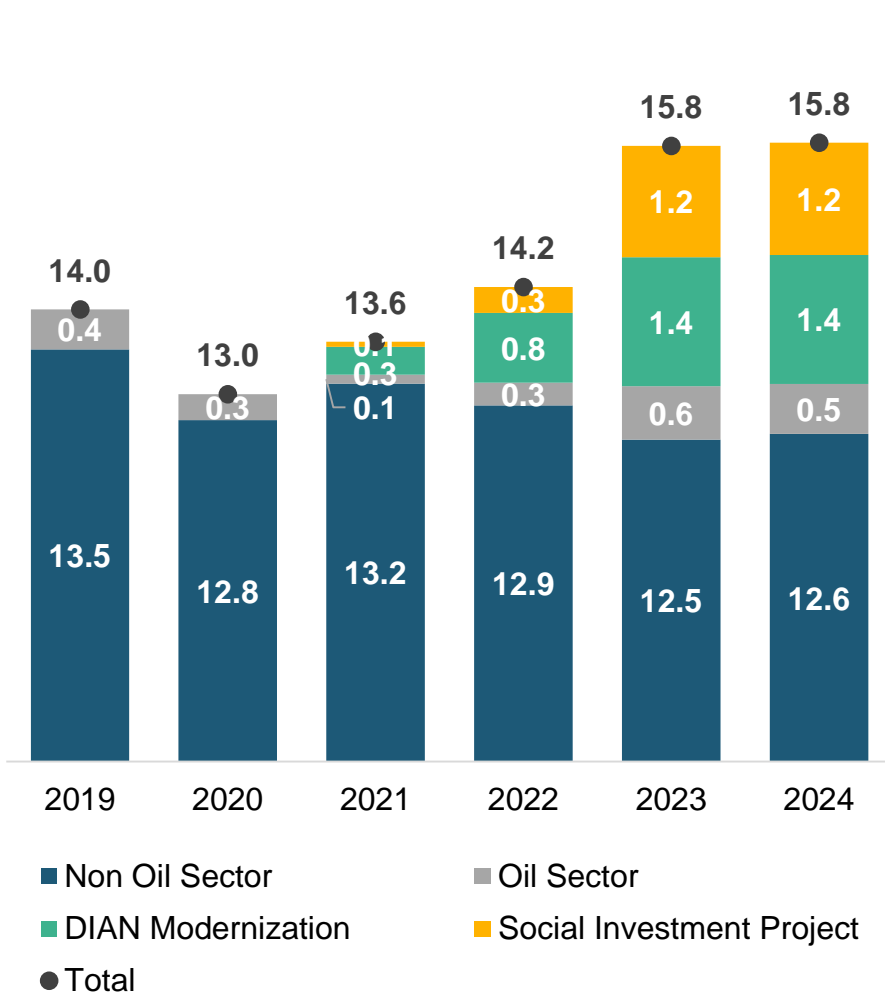
Fiscal Balance 2019 – 2022 (%GDP)

CONCEPT	2019	2020	2021	2022
Total Revenues	16.2	15.2	16.2	16.2
Tax Revenue	14.0	13.0	13.6	14.2
Others	2.2	2.2	2.5	2.0
Total Expenditures	18.7	23.0	24.8	23.2
Interests	2.9	2.8	3.3	3.5
Current expenditure + Inv	15.7	20.2	21.5	19.7
Current expenditures**	14.0	18.1	17.8	17.1
Investment**	1.7	2.0	2.7	2.1
Social Investment	0.0	0.0	1.0	0.5
Primary Balance	0.4	-4.9	-5.3	-3.5
Total Balance	-2.5	-7.8	-8.6	-7.0

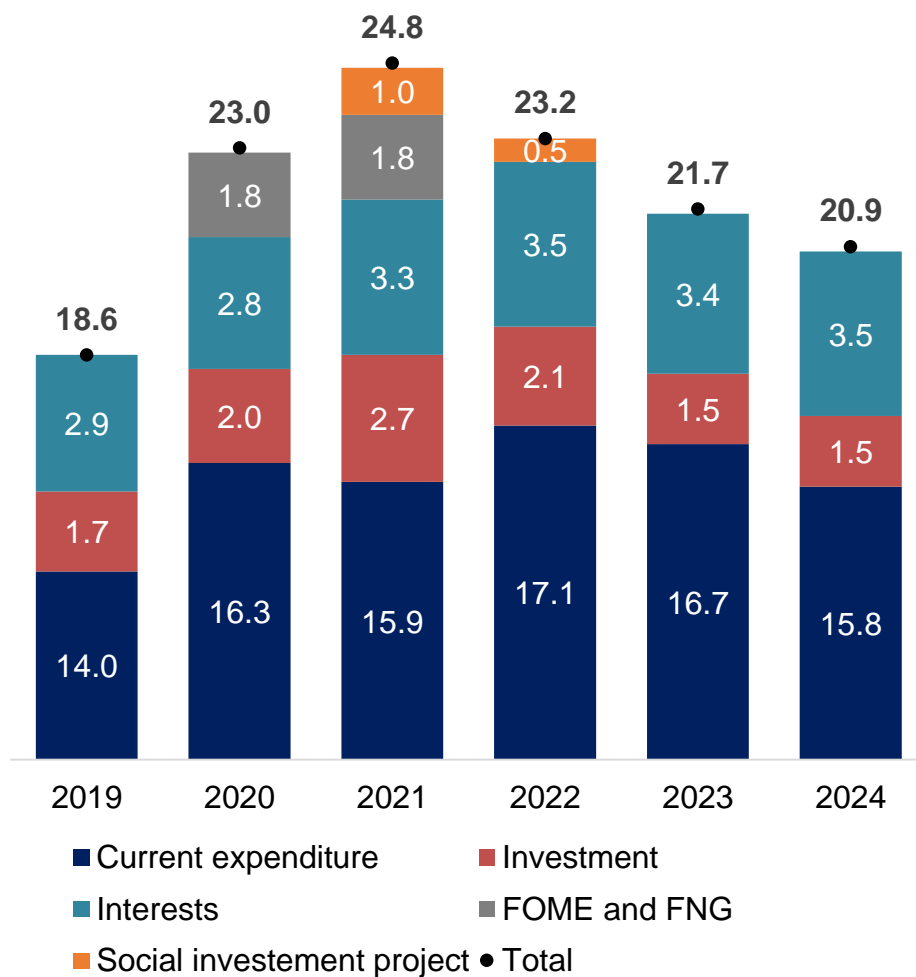


Medium term projections include an increase in tax revenue and efficiency in expenditures

Central Government Tax Revenue 2019 – 2024 (%GDP)



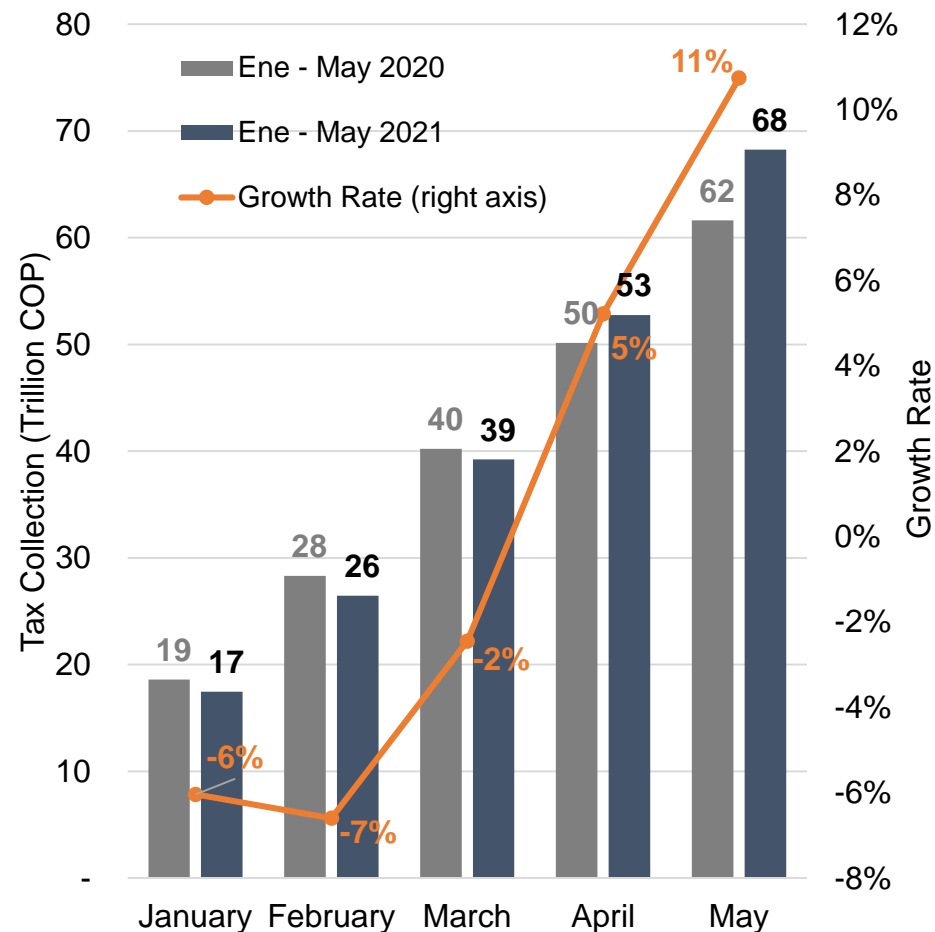
Central Government Expenditure 2019 – 2024 (%GDP)



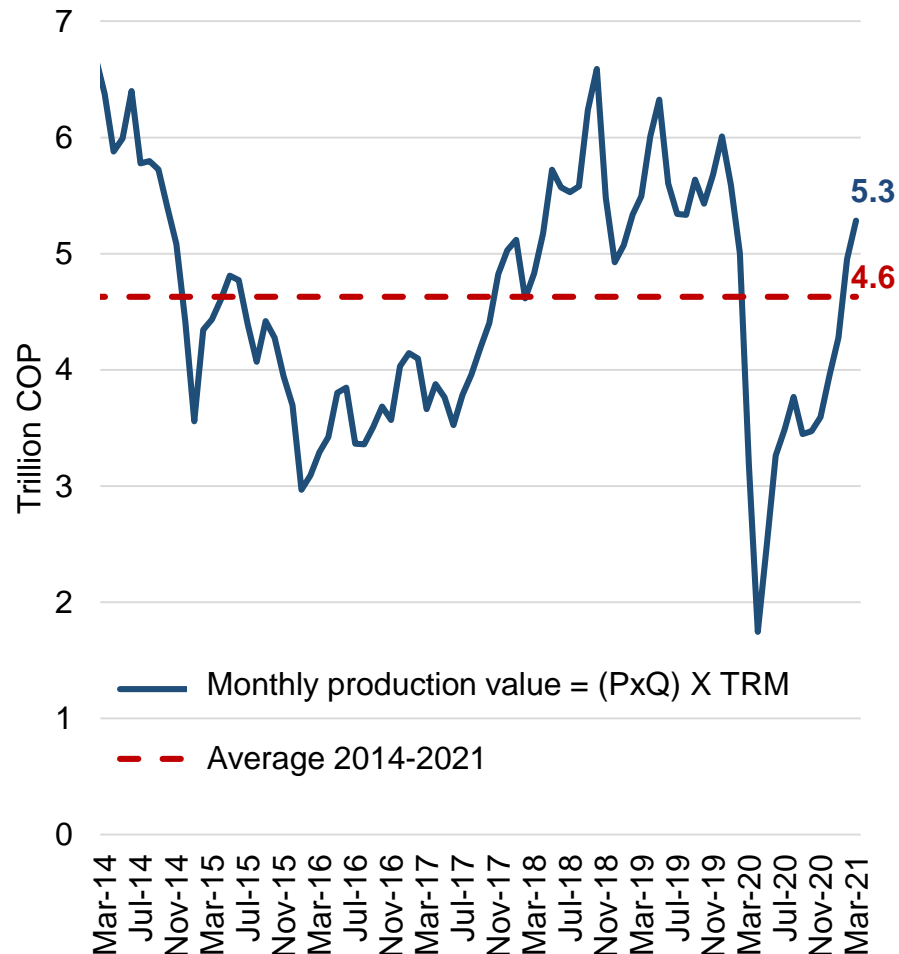


Tax collection increases in line with better economic dynamics and better performance of oil prices

Cummulative Net Tax Collection 2020 - 2021



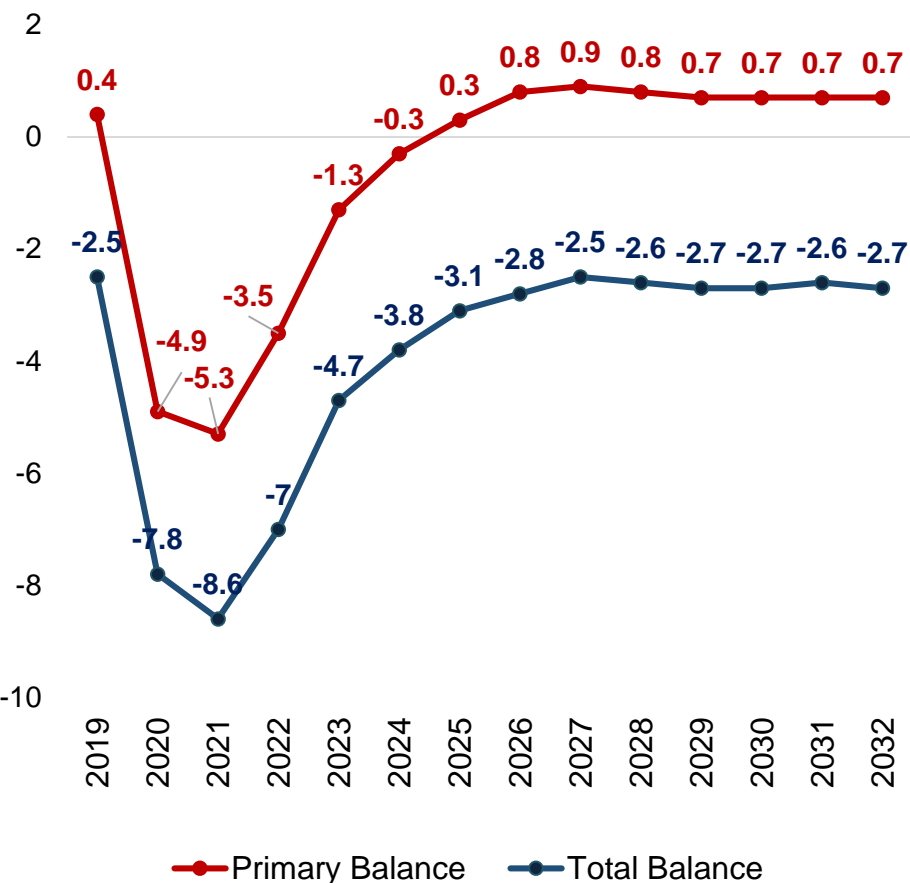
Monthly Oil Production Value in Colombia



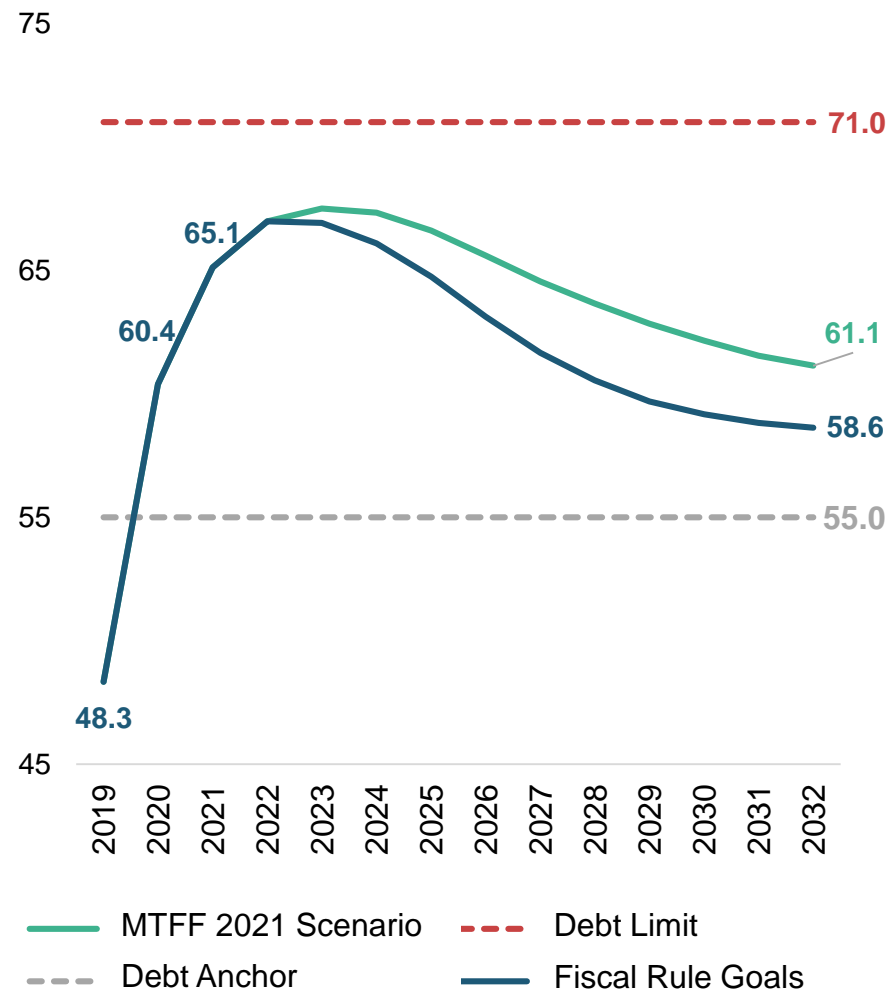


Fiscal policy combines stimulus in the short term and a debt stabilization strategy in the medium term

Total and Primary Balance 2019-2032 (%GDP)



Central Government Net Debt 2019-2032 (%GDP)



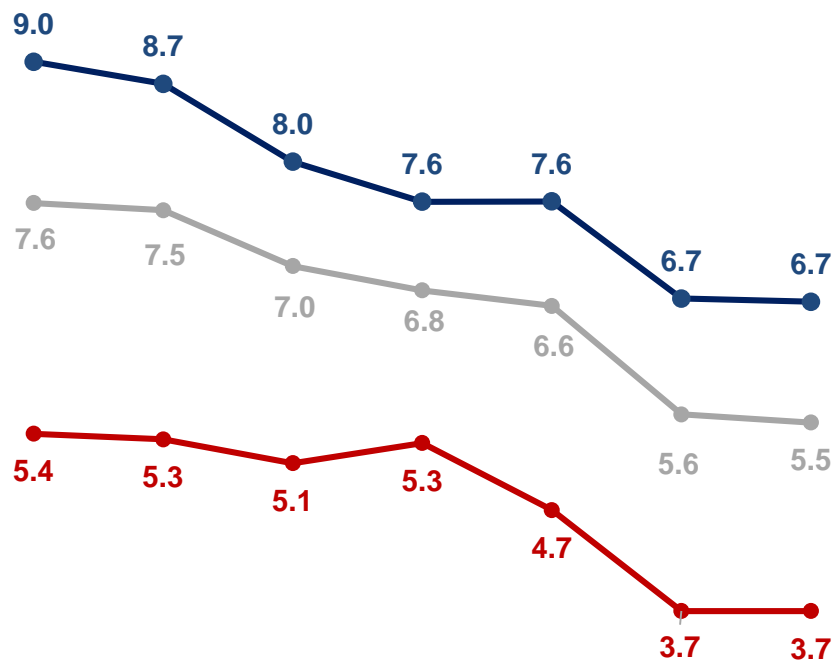


1. Economic recovery
2. Fiscal and Financial Performance
- 3. Public Debt Management**



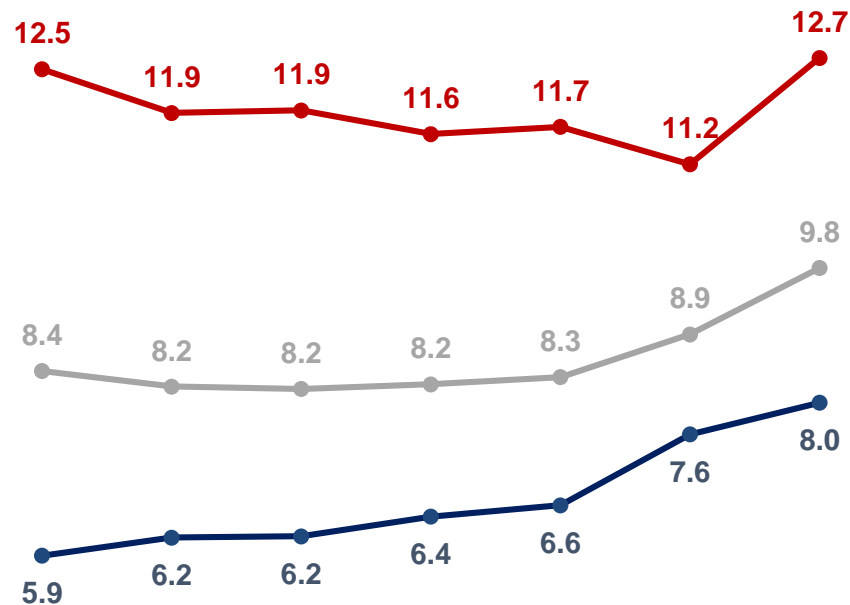
Improvement in public debt ratios of the Central Government

Average Coupon (%)



● Internal Debt (COP) ● External Debt (USD)
● Total Debt

Average Life (years)



● Internal Debt ● External Debt ● Total Debt



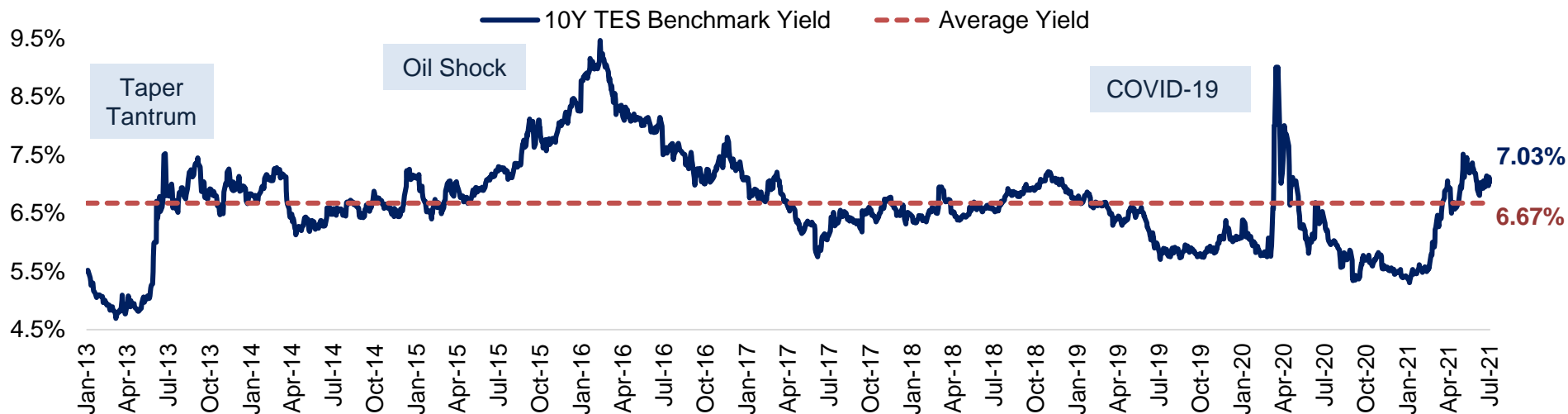
El emprendimiento
es de todos

Minhacienda

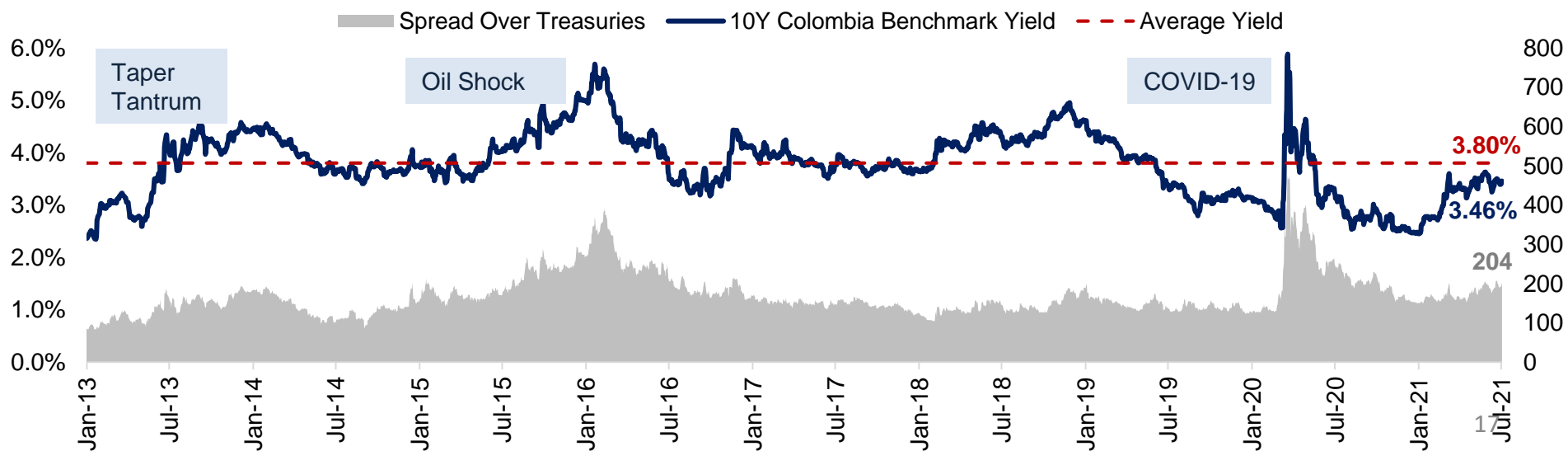
Resilience of local and external markets

10 year benchmarks

10 Year Benchmark - TES



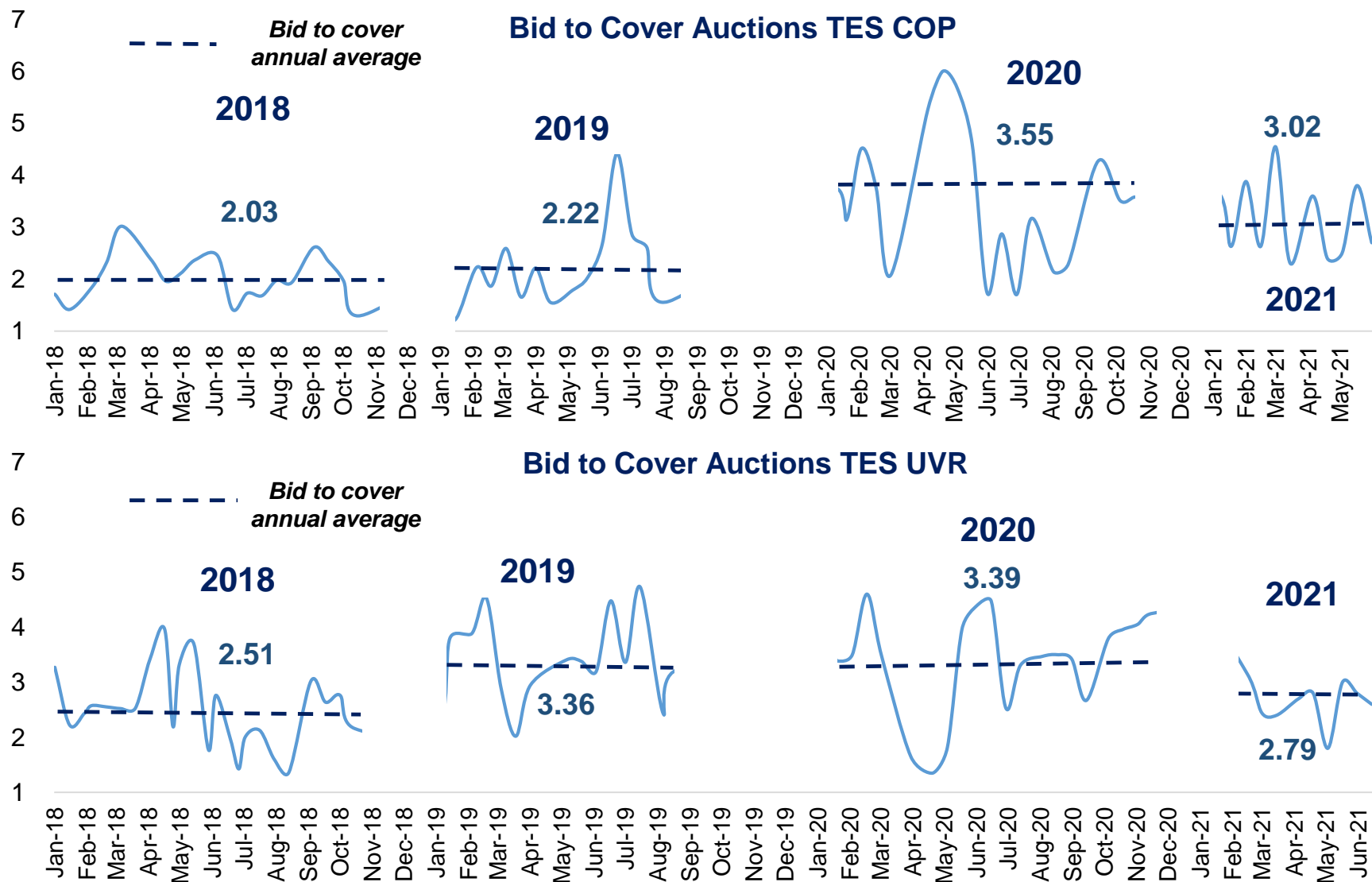
10 Year Benchmark – Global Bonds



Source: Bloomberg July 2nd, 2021



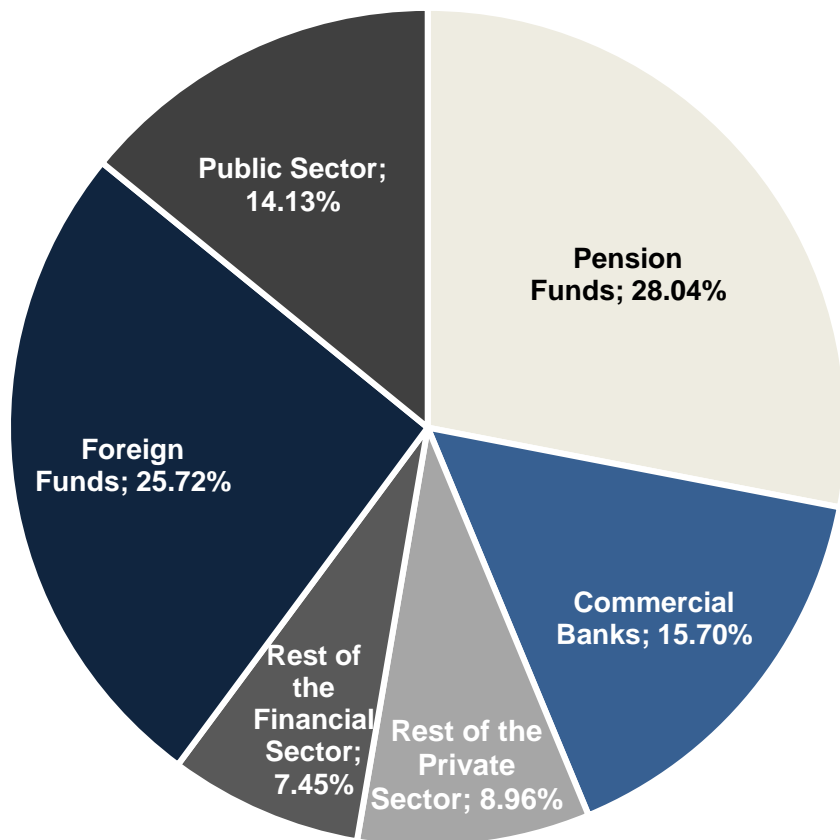
Favorable performance of bid to cover ratio in the local market





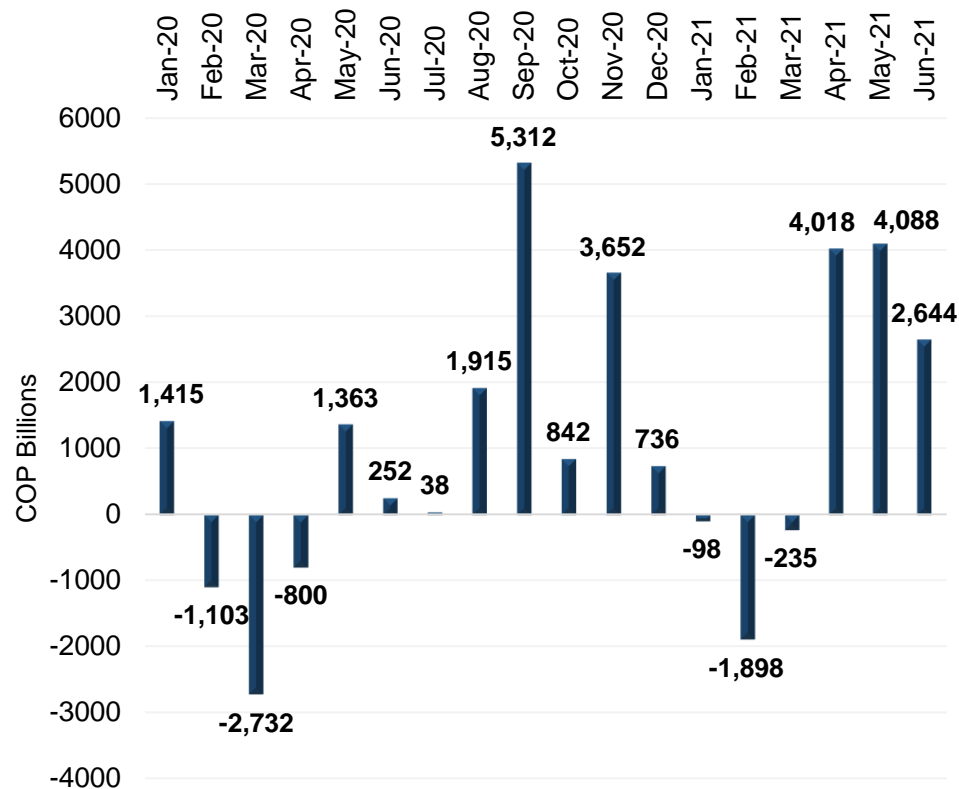
Diversified investor base supports stability of COLTES market

**A competitive market,
with no dominant holders**



Source: Ministry of Finance as of June 30th, 2021.

**Net Portfolio Flows from Foreigners into COLTES
(COP Billion)**



Source: Ministry of Finance as of June 30th, 2021.



TERMS AND CONDITIONS FOR THE USE OF THE INFORMATION CONTAINED IN THIS DOCUMENT

This document is solely for informational purposes is not an offer, recommendation, or solicitation to buy or sell, nor is it an official confirmation of terms. It provides no obligation or guarantee from the Republic of Colombia and/or the Ministry of Finance and Public Credit, which assume no responsibility for the consequences derived from actions or omissions by third parties based on the information provided. Changes to assumptions may have a material impact on the interpretation of the information. This information does not imply changes in contracts, addendums to contracts, or other contractual documents unless expressly stated in the contractual documents themselves. Any references, transcripts, or other types of information in any section of these reports should be held to these terms and conditions. This communication may contain confidential and/or privileged information. If you are not the intended recipient (or have received this communication in error) please notify the sender immediately and discard this communication. Any unauthorized copying, disclosure, or distribution of the material in this communication is strictly forbidden by law. Although this transmission and any attachments are believed to be free of any virus or other defect that might affect any computer system into which it is received and opened, it is the responsibility of the recipient to ensure that it is virus free and no responsibility is accepted by the Ministry of Finance and Public Credit, as applicable, for any loss or damage arising in any way from its use. If you received this transmission in error, please immediately contact the sender and discard the material in its entirety, whether in electronic or hard copy format.

Financing Plan 2021 and 2022



El emprendimiento
es de todos

Minhacienda

2021		Act.	% GDP			Act.	% GDP
SOURCES	US\$	134,068	12.1%	USES	US\$	134,068	12.1%
Disbursements		91,634	8.3%	Déficit to Finance		95,749	8.6%
External (US\$ 10,110 mill.)		36,302	3.3%	of which:			
Internal		55,332	5.0%	Internal Interests		27,058	2.4%
				External Interest (US\$ 2,577 mill.)		9,712	0.9%
				Amortizations		18,928	1.7%
				External (US\$ 2,981 mill.)		10,937	1.0%
Other resources		9,773	0.9%	Internal		7,991	0.7%
				Contingent Liabilities (Rulings, Health, Others)		8,590	0.8%
Initial Availability		32,661	2.9%	Final Availability		10,800	1.0%

2022		MTFF	% GDP			MFMP	% GDP
SOURCES	US\$ MFMP	127,757	10.7%	USES	US\$ MTFF	127,757	10.7%
Disbursements		102,195	8.5%	Déficit to Finance		83,574	7.0%
Externals (US\$ 10,500 mill.)		39,312	3.3%	of which:			
Internals		62,883	5.3%	Internal Interests		29,645	2.5%
				External Interests (US\$ 2,996 mill.)		11,685	1.0%
				Amortizations		27,773	2.3%
Other Resources		14,763	1.2%	External (US\$ 1,009 mill.)		3,936	0.3%
				Internal		23,837	2.0%
				Contingent Liabilities (Rulings, Health, Others)		6,382	0.5%
Initial Availability		10,800	0.9%	Final Availability		10,028	0.8%