INTERNATIONAL MONETARY FUND

COLOMBIA

ASSESSMENT OF THE IMPACT OF THE PROPOSED ARRANGEMENT UNDER THE FLEXIBLE CREDIT LINE ON THE FUND'S FINANCES AND LIQUIDITY POSITION

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INTRODUCTION

1. **This note assesses the impact of the proposed successor arrangement under the Flexible Credit Line (FCL) for Colombia on the Fund's finances and liquidity position, in accordance with the policy on FCL arrangements.**[1] The proposed two-year FCL arrangement, which the authorities intend to treat as precautionary, would be in the amount of SDR 7.1557 billion (350 percent of quota). It would succeed the existing FCL arrangement, approved in May 2020, with access augmented in September 2020 to a total of SDR 12.267 billion (600 percent of quota). Remaining access under the existing arrangement is SDR 8.517 billion (417 percent of quota), following a drawing SDR 3.75 billion (183 percent of quota) in December 2020. The existing arrangement would be cancelled upon approval of the proposed arrangement.

2. **Access under the proposed arrangement would be consistent with the authorities' strategy of gradual phasing out Colombia's use of the instrument , risks permitting**. The full amount of access would be available throughout the arrangement period, in one or multiple purchases.[2] Staff's baseline projection envisages no purchase, in line with the authorities' intention to treat the successor arrangement as precautionary. The proposed new FCL arrangement and cancellation of the current one would have a net positive impact on the Fund's liquidity position. This note analyzes the impact of Colombia's reduced FCL access on the Fund's finances and liquidity position against the backdrop of a heightened risks to world economy triggered by the ongoing war in Ukraine, including in a downside scenario where all FCL access would be drawn.

BACKGROUND

3. **Colombia has had eight FCL arrangements since 2009 (Annex I).** A one-year FCL arrangement in an amount equivalent to SDR 6.966 billion (900 percent of quota) was approved in the context of the global financial crisis on May 11, 2009, which the authorities treated as precautionary. This arrangement was succeeded by another one-year FCL arrangement in an amount equivalent to SDR 2.322 billion (300 percent of quota), followed by three two-year FCL arrangements in the amount of SDR 3.870 billion (500 percent of quota), which were also treated as precautionary. The third was cancelled before its expiration on June 13, 2016, and a successor two-year FCL arrangement in the amount of SDR 8.180 billion (400 percent of quota) was approved on the same day. This was followed by another two-year successor FCL arrangement in the amount of SDR 7.848 billion (384 percent of quota), which was approved on May 25, 2018, and subsequently another new FCL arrangement was approved on May 1, 2020, for another two years at unchanged access of SDR 7.850 billion (384 percent of quota). In the wake of the unprecedented shock triggered by the Covid-19 pandemic, the augmentation of access to 600 percent of quota (SDR 12.267 billion) under the existing arrangement was approved in September 2020. In December 2020, the authorities made partial FCL drawing of 183.4 percent of quota (SDR 3.75 billion) to help

[1] See GRA Lending Toolkit and Conditionality—Reform Proposals (3/13/09) and Flexible Credit Line (FCL) Arrangements, Decision No.14283-(09/29), adopted March 24, 2009, as amended.

[2] If the full amount is not drawn in the first year of the arrangement, subsequent purchases are subject to a review of Colombia's continued qualification for the FCL arrangement.

meet higher budget financing needs and avoid additional market pressures while maintaining strong external buffers in a context of heightened global uncertainty. This was the first-ever FCL drawing by Colombia, and, more generally, from a Fund member under a FCL arrangement. It was signaled and well communicated by the authorities to markets, without any market disruption.[3] Colombia has had eleven arrangements since 1999 but had not drawn on Fund resources since 1971 until the above-mentioned first-ever drawing under the current FCL arrangement.

4. Colombia's successive FCL arrangements have provided an important backstop of international liquidity and complemented the authorities' very strong policies and policy frameworks. Colombia's very strong policy frameworks and timely policy actions have allowed the authorities to successfully adjust to important external shocks (such as the 2008-09 global financial crisis, the 2014-16 terms of trade shock, and the Covid-19 pandemic). The successive FCL arrangements have provided an additional liquidity buffer to international reserve holdings against external shocks and helped limit their fiscal and balance-of-payments impact. In December 2020, the partial FCL drawing was instrumental to help meet higher budget financing needs and avoiding additional market pressures while maintaining strong external buffers in a context of heightened global uncertainty during the Covid-19 crisis.

5. Colombia's external debt-to-GDP ratio is expected to decline slightly this year and remain stable over the medium term under the baseline. After peaking at 65.6 percent of GDP in 2020, Colombia's external debt will decline from 60.3 percent of GDP in 2021 to 58.1 percent this year (Table 1). The external debt-to-GDP ratio is projected to hover around 58-59 percent from 2023 onwards under the baseline (Table 2). External public debt is moderate, and expected to decline gradually from 38.7 percent of GDP in 2021 to 34.2 percent in 2027 under the baseline.

Table 1. Colombia: Total External Debt, 2016-22

	2016	2017	2018	2019	2020	2021	2022 Proj. 1/
				(In millions of US Dollars)			
Total External Debt	139,569	147,500	156,028	161,988	177,320	189,485	204,026
Private	49,319	52,926	59,223	64,848	64,819	67,767	71,212
Public	90,250	94,574	96,805	97,140	112,501	121,718	132,813
				(In percent of GDP)			
Total External Debt	49.4	47.3	46.7	50.1	65.6	60.3	58.1
Private	17.4	17.0	17.7	20.1	24.0	21.6	20.3
Public	31.9	30.3	29.0	30.1	41.6	38.7	37.8

Sources: Colombian authorities and IMF staff estimates.
1/ Baseline scenario.

3 See IMF Country Report No. 21/87.

6. External debt is expected to remain sustainable also under the Debt Sustainability Analysis's (DSA) stress scenarios. If a real exchange rate depreciation of 30 percent were to materialize in 2022, Colombia's external debt would peak at 85 percent of GDP in 2023, but remain on a sustainable medium-term path. Furthermore, Colombia has an excellent track-record of meeting its financial obligations, and its refinancing risks are mitigated by a diversified foreign investor base.

PROPOSED FLEXIBLE CREDIT LINE ARRANGEMENT—RISKS AND IMPACT ON FUND FINANCES

7. Risks and impact on Fund finances from the proposed FCL arrangement for Colombia are assessed in the context of an adverse scenario. Under staff's baseline, which incorporates revisions to the global outlook following the start of the war in Ukraine, Colombia is assumed not to make any purchase, in line with the authorities' intension to treat the new FCL arrangement as precautionary. However, global risks remain elevated. While some uncertainty remains about the course of the pandemic, other risks have also become prominent, including (i) uncertainty surrounding the ongoing war in Ukraine and its effects on global growth, financial markets, and commodity prices, and (ii) risks arising from elevated inflation in many countries and uncertainty about the degree of monetary tightening needed in these countries. Realization of these risks, such a faster -than-expected monetary tightening in major economies and/or new developments from the war in Ukraine, could depress global growth and lower commodity prices from their currently elevated levels assumed in the baseline.

8. The purchase of the full approved amount under the proposed FCL arrangement is expected to take place under an adverse scenario. This is based on the assumption that macroeconomic conditions notably worsen vis-à-vis the baseline projections, after the full realization of potential shocks (Table 2).

9. The adverse scenario considers shocks to the financial account broadly similar to those used at the time of the approval of the 2020 FCL arrangement and 2020 FCL augmentation. However, given the current distribution of risks to commodity prices associated with the war in Ukraine, the adverse scenario considers a somewhat smaller shock to the current account(that is, less decline in oil prices) .[4] The current adverse scenario also allows for somewhat larger reserve drawdown, given that the authorities have accumulated additional reserves since the 2020 FCL request and augmentation while keeping the Assessing Reserve Adequacy (ARA) coverage within the adequate range of 100–150 percent. The reduced FCL access is also in line with the authorities' intended gradual exit path. In addition to increasing the BOP financing gap, the shock reduces real GDP by 5.4 percentage points relative to the baseline in 2022 and results in a nominal exchange rate

[4] For a comprehensive description of the adverse scenario, see Request for An Arrangement under the FCL and Cancellation of the Current Arrangement (paragraphs 18-23).

depreciation of 25 percent, which also lowers nominal GDP measured in U.S. dollars.[5] After a temporary drop, real GDP growth rebounds to the rates projected under the baseline. However, the real output level remains below the baseline, and the nominal exchange rate remains weaker than in the baseline.

Table 2. Colombia: Comparison of Key Assumptions under Baseline and Adverse Scenarios
(in millions of US dollars, unless otherwise indicated)

	2021	2022	2023	2024	2025	2026	2027
Baseline scenario							
Real GDP growth (percent)	10.6	5.8	3.6	3.4	3.4	3.4	3.4
Nominal GDP	314,268	351,281	370,470	391,832	413,851	436,908	461,198
Gross international reserves	59,124	60,165	61,490	62,944	64,165	65,064	65,948
in months of next year's imports of goods and services	8.7	8.4	8.3	8.3	8.2	8.0	7.8
Exports of goods and services	50,376	72,196	74,256	73,149	73,666	75,989	78,091
Total external debt (in percent of GDP)	60.3	58.1	58.4	59.1	59.0	58.6	58.2
of which: public external debt (in percent of GDP)	38.7	37.8	37.4	36.8	36.0	35.1	34.2
Available financing 1/	55,789	48,365	52,005	59,700	61,510	63,353	66,167
Oil Price (WEO APSP, US$ per barrel)	69.1	106.8	92.6	84.2	78.5	74.7	72.5
Consumer prices (percent change, average)	3.5	7.7	4.2	3.5	3.0	3.0	3.0
Adverse scenario							
Real GDP growth (percent)	10.6	0.4	3.3	3.4	3.4	3.4	3.4
Nominal GDP	314,268	239,598	254,048	270,105	287,005	305,255	324,160
Gross international reserves	59,124	48,715	50,040	51,494	52,715	53,614	54,498
in months of next year's imports of goods and services	8.7	7.0	6.9	6.9	6.8	6.7	6.8
Exports of goods and services	50,376	64,821	74,256	73,149	73,666	75,989	78,091
Total external debt (in percent of GDP)	60.3	84.2	84.3	84.9	84.3	83.2	82.1
of which: public external debt (in percent of GDP)	38.7	57.4	56.4	55.1	53.5	51.8	50.1
Available financing 1/	55,789	31,119	34,865	59,700	61,510	63,353	66,167
Oil Price (WEO APSP, US$ per barrel)	69.1	81.2	70.4	84.2	78.5	74.7	72.5
Consumer prices (percent change, average)	3.5	8.8	5.4	4.4	3.4	3.0	3.0

Sources: Colombian authorities and IMF staff projections.
1/ sum of FDI, debt disbursements, and other capital flows, see Table 3 "Colombia: External Financing Requirements and Sources, 2021–23" in the main report.

10. If the full amount available under the proposed FCL arrangement were purchased under the realization of a downside scenario, Colombia's capacity to repay would remain adequate:

- Colombia's total external debt would increase by 26 percentage points of GDP compared with the baseline in 2022, but with Fund credit representing still a relatively modest fraction (Table 2 and 3). Total external debt and public external debt would peak at 84.9 percent of GDP in 2024, and 57.4 percent in 2022, respectively.[6] The Fund credit-to-GDP ratio would peak at 6.4 percent of GDP in 2022. Total external debt-to-GDP ratio and public external debt-to-GDP ratio at time of approval would be above the median of exceptional access cases and FCL arrangements

[5] Staff's adverse drawing scenario, used also for the Capacity to Repay indicators, differs from the DSA stress tests in terms of size of the shocks to key macroeconomic assumptions, and hence in the size of the peak in the external debt-to-GDP ratio.

[6] The main driver of higher external debt is lower U.S. dollar nominal GDP following a 25 percent depreciation.

approved since 2008 (Figure 1). However, peak Fund exposure relative to GDP, gross international reserves and total external debt would be below the median of recent exceptional access and FCL arrangements (Figure 2). At its peak, Colombia's outstanding use of GRA resources would account for 6.4 percent of GDP, 31.6 percent of gross international reserves, and 7.6 percent of total external debt. Projected outstanding Fund credit in percent of quota around the peak would be well below that of recent exceptional access cases and FCL arrangements in the event of full drawdown (Figure 3).

- External debt service including obligations to the Fund would increase over the medium term to relatively high levels (Table 3). Colombia's projected debt service to the Fund would peak in 2025 at SDR 3.9 billion, around 2 percent of GDP and about 7.6 percent of exports of goods and services, before quickly falling to more moderate levels by 2027.[7] However, if the amount available under the FCL arrangement were to be fully drawn in 2022, Colombia's total external debt service as a share of exports of goods and services would be higher than the median of recent exceptional access cases, reflecting Colombia's relatively small share of exports in GDP (Figures 2).

11. The approval of the proposed FCL arrangement and cancellation of the existing one would have a positive net impact on the Fund's liquidity as measured by the forward commitment capacity (FCC). As noted above (¶1), access under the proposed new FCL arrangement would be lower than under the existing arrangement. Commitments for the new arrangement would continue to be covered in full from quota resources, with the cancellation of the existing arrangement freeing up SDR 8.517 billion, compared with SDR 7.1557 billion committed upon approval of the proposed arrangement. Thus, other things equal, access under the FCL arrangement would increase the FCC slightly from currently SDR 146.4 billion to SDR 147.8 billion as of March 28, 2022.

12. Fund exposure to Colombia would increase but remain moderate even in the event of full drawing. If the entire amount available under the proposed FCL arrangement were drawn, credit to Colombia would be about 7 percent of total GRA credit outstanding as of March 28, 2022. This would make Colombia the third largest GRA borrower among current arrangements. The concentration of Fund credit toward the top five users of Fund resources would increase modestly, from 69.1 percent to about 70.1 percent of total GRA credit outstanding. Potential GRA exposure to Colombia would be about 35 percent of the Fund's current precautionary balances.

13. The proposed FCL arrangement would slightly reduce the concentration of the Fund's lending portfolio in terms of regions and among Fund facilities:

- **Regional concentration to Latin America would decline slightly.** Currently, the Western Hemisphere accounts for about 73 percent of GRA credit and undrawn balances, including for

[7] The figures on debt service used in this report are calculated assuming that purchase of 350 percent of quota would be made in April 2022 upon approval and that all repurchases are made as scheduled. Colombia's repurchases would reach 179.2 percent and 175 percent of quota in 2025 and 2026, respectively, before falling to 87.5 percent in 2027 and 0 in 2028. Its payments of GRA charges would be 13.6 percent of quota, 12.7 percent of quota and 10.3 percent of quota in 2023, 2024 and 2025, respectively.

arrangements treated as precautionary (Figure 4). With the proposed FCL arrangement for Colombia and cancellation of the current FCL arrangement, that share would remain mostly unchanged. The Fund experienced comparable regional concentration in the past, including in the aftermath of the global financial crisis, when lending to Europe accounted for the bulk of the Fund's lending exposure.

- **Among the Fund's different facilities, the share of FCL commitments would fall moderately.** Commitments under FCL arrangements, which represent the bulk of precautionary arrangements, stood at around SDR 73.4 billion on March 29, 2022, or 60 percent of total GRA commitments (Figure 4). With the proposed FCL for Colombia and the cancellation of the current FCL, the share of commitments from FCL arrangements in total would decrease to 58 percent.

Table 3. Colombia: Capacity to Repay Indicators Under Adverse Scenario [1/]
(in SDR millions, unless otherwise indicated)

	2019	2020	2021	2022	2023	2024	2025	2026	2027
Exposure and Repayments (In SDR millions)									
GRA credit to Colombia	--	3,750.0	3,750.0	10,905.7	10,905.7	9,030.7	5,366.8	1,788.9	--
(In percent of quota)	--	183.4	183.4	533.4	533.4	441.7	262.5	87.5	--
Charges due on GRA credit 2/	--	18.8	37.2	188.4	278.1	259.1	210.4	67.9	8.6
Debt service due on GRA credit 2/	--	18.8	37.2	188.4	278.1	2,134.1	3,874.3	3,645.8	1,797.5
Debt and Debt Service Ratios 3/									
In percent of GDP									
Total external debt	50.1	65.6	60.3	84.2	84.3	84.9	84.3	83.2	82.1
Public external debt	30.1	41.6	38.7	57.4	56.4	55.1	53.5	51.8	50.1
GRA credit to Colombia	--	1.9	1.7	6.4	6.1	4.8	2.7	0.9	--
Total external debt service 4/	12.4	15.9	13.9	16.0	18.4	21.0	20.5	18.5	17.8
Public external debt service 4/	3.0	2.7	2.8	2.7	3.5	6.1	5.6	3.8	3.0
Debt service due on GRA credit	--	0.0	0.0	0.1	0.2	1.1	2.0	1.7	0.8
In percent of Gross International Reserves									
Total external debt	222.7	217.6	225.0	293.4	299.6	309.4	316.4	324.1	332.6
Public external debt	133.5	138.1	144.5	200.0	200.5	200.9	200.8	201.9	203.1
GRA credit to Colombia	--	8.9	9.0	31.6	31.1	25.2	14.8	4.9	--
In percent of Exports of Goods and Services									
Total external debt service 4/	77.8	113.0	87.0	59.0	62.9	77.4	80.0	74.5	73.7
Public external debt service 4/	19.0	19.4	17.5	10.1	12.0	22.5	21.7	15.3	12.5
Debt service due on GRA credit	--	0.1	0.1	0.4	0.5	4.2	7.6	7.0	3.4
In percent of Total External Debt									
GRA credit to Colombia	--	2.9	2.8	7.6	7.3	5.7	3.2	1.0	--
In percent of Public External Debt									
GRA credit to Colombia	--	4.6	4.4	11.2	10.9	8.7	5.1	1.7	--
Memo Items:									
U. S. dollars per SDR (period average)	1.38	1.39	1.42	1.41	1.43	1.44	1.45	1.46	1.47
Oil Price (WEO APSP, US$ per barrel)	61.4	41.3	69.1	106.8	92.6	84.2	78.5	74.7	72.5

Sources: Colombian authorities, Finance department, World Economic Outlook, and IMF staff estimates.

[1/] Assumes drawing of 350 percent of quota upon aproval of the new FCL arrangement and materialization of an adverse scenario.

Table 3. Colombia: Capacity to Repay Indicators Under Adverse Scenario (Concluded)

2/ Based on the rate of charge as of March 24th, 2022. Includes surcharges under the system currently in force and service charges.

3/ Staff projections for external debt, GDP, gross international reserves, and exports of goods and services reflect the adverse, and not the baseline, scenario under which the full FCL drawing is assumed.

4/ Excluding local currency government securities TES (which have foreign participation).

Table 4. Colombia: FCL Arrangement—Impact on GRA Finances

(in SDR millions, unless otherwise indicated)

	As of 3/28/22
Liquidity measures	
Current Forward Commitment Capacity (FCC) 1/	146,430
FCC on approval 2/	147,791
Change in percent	0.9
Prudential measures, assuming full FCL drawing	
Fund credit to Colombia	
In percent of total GRA credit outstanding 3/	7.0
In percent of current precautionary balances	35.0
Fund credit outstanding to five largest debtors	
In percent of total GRA credit outstanding, before approval	69.1
In percent of total GRA credit outstanding including Colombia's assumed full drawing 3/	70.1
Memorandum items	
Current precautionary balances (January 31st, 2022)	20,443
Total FCL commitments, including proposed FCL arrangement	68,257
Quota of FTP members with actual and proposed FCLs, in percent of total quota of FTP members	3.0

Source: Finance department.

1/ The FCC is defined as the Fund's sotck of usable resources less undrawn balances under existing arrangements, plus projected repurchases during the coming 12 months, less repayments of borrowing due one year forward, less a prudential balance. The FCC does not include resources from currently unactivated lines of credit, including the New Arrangements to Borrw of bilateral commitments from members to boost IMF resources.

2/ Current FCC minus access under the proposed FCL plus the remaining access under the current FCL.

3/ Based on current Fund credit outstanding plus full drawings under the proposed FCL augmentation.

ASSESSMENT

14. **The proposed new arrangement will have a positive net impact on the Fund's overall liquidity position.** The cancellation of the current FCL arrangement in the amount of SDR 12.267 billion (with undrawn balance at SDR 8.5256 billion), followed by approval of a new FCL arrangement in the amount of SDR 7.1557 billion, is expected to marginally increase the Fund's overall liquidity. If Colombia were to draw the full amount, the effect on the Fund's liquidity would also be relatively small. While the Fund's overall liquidity position is expected to remain adequate after the approval

of the proposed FCL arrangement a close monitoring is warranted, in view of highly elevated risks to global growth and financial stability amid spillovers from the war in Ukraine, that could result in higher demand for Fund resources.[8]

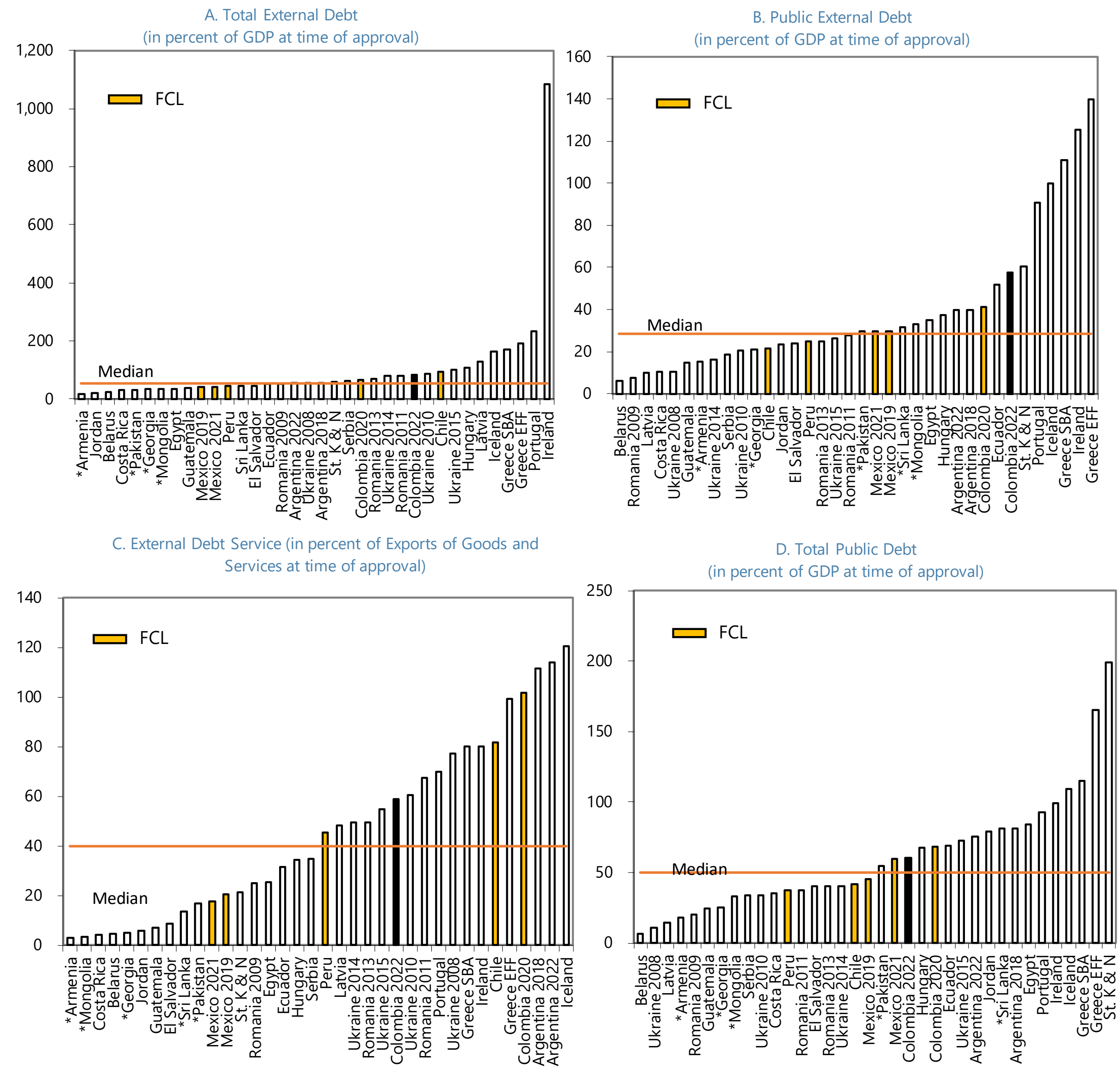
15. Staff considers that the proposed FCL arrangement carries moderate credit related risks to the Fund. If fully drawn, the arrangement would account for about 7 percent of total GRA credit outstanding). This would make Colombia the third largest GRA borrower among current arrangements and this credit exposure would account for about 35 percent of the existing level of precautionary balances. These financial risks are mitigated by several factors. Colombia intends to treat the FCL arrangement as precautionary. Moreover, Colombia has a sustained track record of implementing very strong policies, including during the global financial crisis, the subsequent sharp drop in oil prices, and the pandemic, as well as a commitment to maintain such policies in the future. Although a new administration will take office on August 7, 2022, political assurances on continuity of key policies and maintaining very strong policy frameworks from the leading presidential candidates provide appropriate safeguards for the proposed arrangement. Against this background of strong policies, Colombia's capacity to repay is projected to remain adequate, both under the baseline and the adverse scenario requiring full drawing. The external debt trajectory is assessed as sustainable over the medium term including in an adverse scenario. Furthermore, Colombia has an excellent track-record of meeting its financial obligations.

16. The authorities remain committed to a gradual exit from the FCL, risks permitting. Once the exceptional set of external shocks and risks clearly recede, Colombia should consider further reducing access to the FCL given its very strong policy framework and adequate reserve position. When market conditions improve, resuming reserve accumulation would help meet the authorities' objective to sufficiently cover financing needs in their adverse scenarios and facilitate a steady exit from the FCL from a stronger international liquidity position.

[8] IMF Staff Statement on the Economic Impact of War in Ukraine, March 5, 2022.

Figure 1. Debt Ratios of Recent Exceptional Access Cases [1/] [2/]

(EA and FCL cases since September 2008)



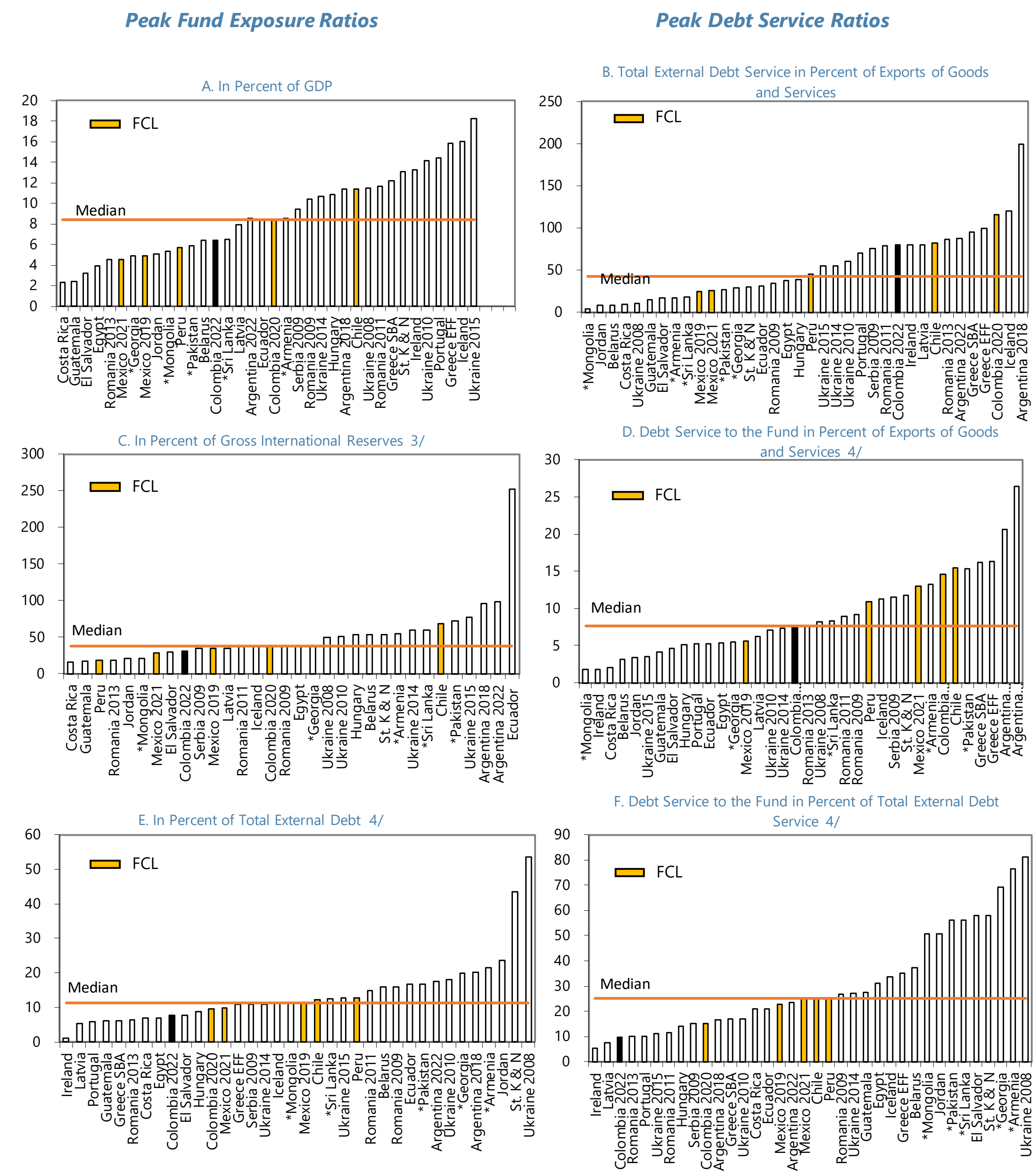
Sources: Finance Department and IMF staff estimates.

[1/] Estimates as reported in relevant staff reports on the request of SBAs or arrangements under the EFF approved since September 2008. Also includes ratios reported in relevant staff reports of FCL arrangements for Mexico (2019 and 2021), Peru (2020), Chile (2020) and Colombia (2020, 2022).

[2/] Asterisks indicate PRGT-eligible countries at the time of the program.

Figure 2. Peak Fund Exposure and Debt Service Ratios for Recent Exceptional Access Cases [1/] [2/]

(EA and FCL cases since September 2008)



Sources: Finance Department and IMF staff estimates.

[1/] Estimates as reported in relevant staff reports on the request of SBAs or arrangements under the EFF approved since September 2008. Also includes ratios reported in relevant staff reports of FCL arrangements for Mexico (2019, 2021), Peru (2020), Chile (2020), and Colombia (2020, 2022)

[2/] Asterisks indicate PRGT-eligible countries at the time of the program. In Panel F, Georgia's debt service to the Fund includes one from PRGF loan.

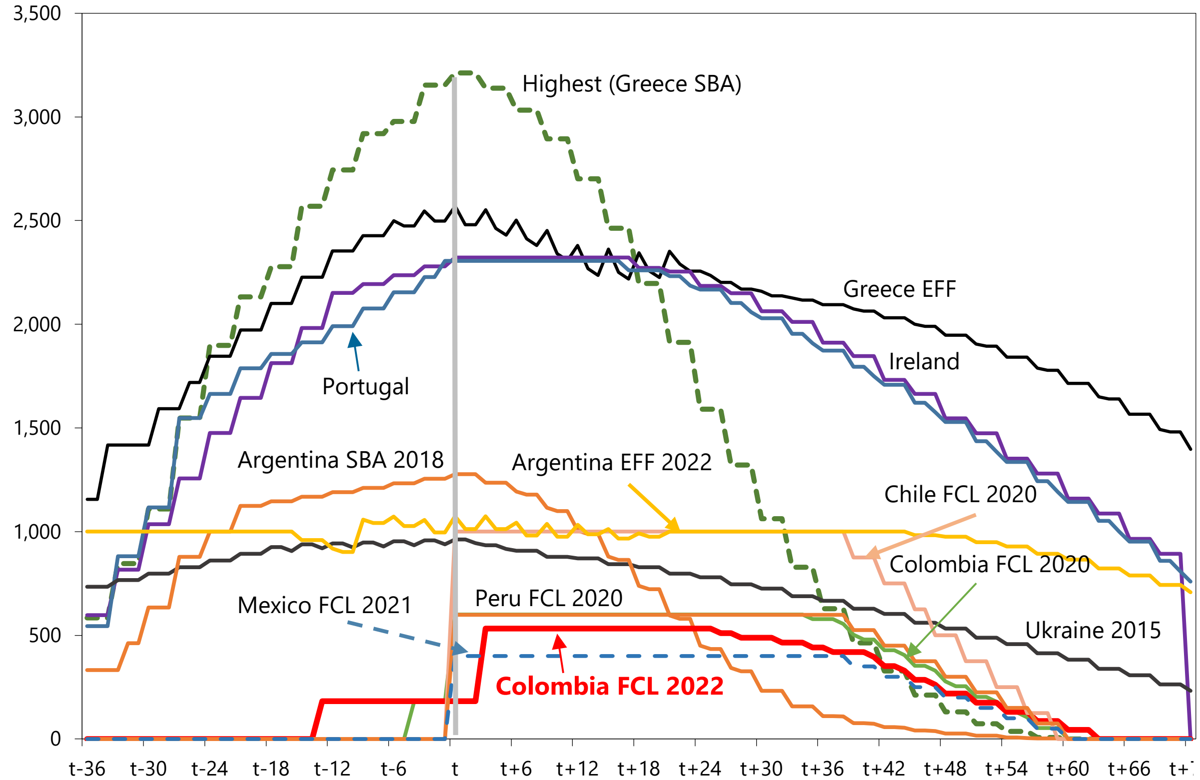
Figure 2. Peak Fund Exposure and Debt Service Ratios for Recent Exceptional Access Cases (Concluded)

3/ Excluding arrangements with members belonging to the euro area at the time of the approval of the arrangement: Greece, Ireland, and Portugal.

4/ For arrangements of which total external debt (or debt service) ratio is not available, public external debt ratio is shown instead.

Figure 3. Projected Fund Credit Outstanding in the GRA around Peak Borrowing 1/ 2/

(in percent of quota)

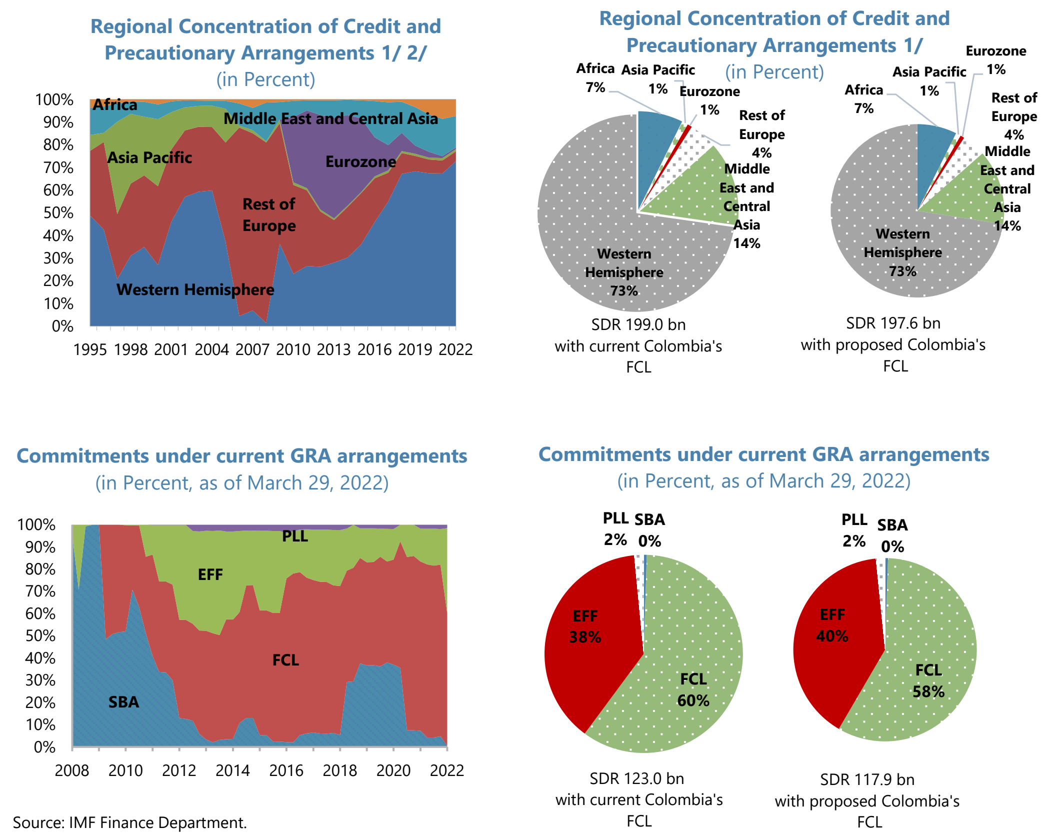


Sources: Finance Department and IMF staff estimates.

1/ t represents the time when outstanding credit to the Fund is at its peak. Time is expressed in months.

2/ GRA credit outstanding of Peru 2020 FCL overlaps with that of Colombia 2020 FCL, after the latter's augmentation, at 600 percent of quota for the majority of the period.

Figure 4. IMF Lending Concentration-By Region and by Lending Instrument



Source: Finance Department.

1/ GRA credit outstanding plus undrawn balances, by region, as a share of total GRA balances and total GRA undrawn balances. The latter include undrawn balances under existing arrangements as well as commitments under precautionary arrangements.

2/ Colombia FCL is included in the credit and precautionary arrangements within the region of Western Hemisphere in the charts on the left-hand side.

Annex I. History of IMF Arrangements

1. Colombia had eleven Fund arrangements since 1999 and has drawn on Fund resources in 2020 (Table I.1). A one-year FCL arrangement equivalent to SDR 6.966 billion was approved on May 11, 2009, to support Colombia's economic policies and bolster confidence during the crisis. A successor one-year FCL arrangement equivalent to SDR 2.322 billion was approved on May 7, 2010. This arrangement was cancelled and a new two-year FCL arrangement was approved on May 6, 2011, increasing the access to SDR 3.870 billion. This was followed by two successor FCL arrangements with the same access, which were approved on June 24, 2013, and June 15, 2015, respectively. The arrangement in 2015 was cancelled before its expiration upon approval of a successor two-year FCL arrangement with the increased access of SDR 8.18 billion on June 13, 2016. A two-year FCL arrangement, in the amount of SDR 7.85 billion (384 percent of quota), was approved on May 25, 2018. On May 1, 2020, this FCL arrangement was renewed for another two years at unchanged access (384 percent of quota), with the access being augmented in September to 12.267 billion (600 percent of quota) and Colombia made a purchase of SDR 3.75 billion in December 2020. The proposed FCL in 2022 is the twelfth Fund arrangement for Colombia.

2. Prior to the FCL arrangement approved in 2009, Colombia had a series of Stand-by Arrangements (SBAs) from the late 1950s to the mid-1970s. It last made purchases in 1971 and settled its remaining outstanding obligations to the Fund in 1972. Following a quarter century without Fund arrangements, Colombia´s economic performance deteriorated markedly in 1998-99 as a result of external shocks and intensified domestic tensions. To address the economic difficulties, a three-year Extended Arrangement under the Extended Fund Facility (EFF) was approved in 1999 to support the authorities' economic reform program. No drawings were made under this arrangement, which was followed by two precautionary SBAs, the last of which expired in November 2006. In the period covered by these three Fund arrangements, Colombia successfully adopted wide ranging macroeconomic and structural reforms.

Annex Table 1. IMF Financial Arrangements, 1999-2020
(in millions of SDR)

Year	Type of Arrangement	Date of Arrangement	Date of Expiration or Cancellation	Amount of New Arrangement SDR millions	in % of quota	Amount Drawn	Purchases	Repurchases	Amount Outstanding
1999	EFF	20-Dec-99	19-Dec-02	1,957	253	0	0	0	0
2003	SBA	15-Jan-03	2-May-05	1,548	200	0	0	0	0
2005	SBA	2-May-05	2-Nov-06	405	52	0	0	0	0
2009	FCL	11-May-09	6-May-10	6,966	900	0	0	0	0
2010	FCL	7-May-10	5-May-11	2,322	300	0	0	0	0
2011	FCL	6-May-11	5-May-13	3,870	500	0	0	0	0
2013	FCL	24-Jun-13	16-Jun-15	3,870	500	0	0	0	0
2015	FCL	17-Jun-15	12-Jun-16	3,870	500	0	0	0	0
2016	FCL	13-Jun-16	24-May-18	8,180	400	0	0	0	0
2018	FCL	25-May-18	24-May-20	7,848	384	0	0	0	0
2020	FCL	1-May-20	30-Apr-22	12,267 1/	600	3.75	1	0	3.75

Source: Finance Department.
1/ The initial access approved starting May 1st, 2020 was SDR 7.85 billion, which was later augmented to SDR 12.267 billion in September 2020.