

**Colombia - First Fiscal Sustainability and Competitiveness
Development Policy Financing**

Chair Summary*

March 16, 2017

Executive Directors approved the loan in the amount of EUR 568.3 million (US\$600 million equivalent) to the Republic of Colombia for the First Fiscal Sustainability and Competitiveness DPF on the terms and conditions set out in the President's memorandum.

Directors welcomed the objectives of the DPF to support fiscal consolidation measures and improved contingent liabilities management; and foster productivity in non-extractive sectors by strengthening the policy framework for trade facilitation, investment, competition, business regulation and innovation.

Directors supported the authorities on the historic achievement of reaching an agreement to end the armed conflict with the FARC rebel group, and for the progress towards poverty reduction. They emphasized the importance of continued compliance with the fiscal rule and prudence regarding acquiring debt, while also ensuring that the spending commitments under the peace agreement can be satisfied. They noted the potential for other countries to learn from Colombia's innovative experience and welcomed efforts for knowledge exchange. They recognized the value of the Bank's Development Policy Financing instrument in supporting major reforms and dealing with a post-conflict situation. Directors acknowledged that the uncertain external environment represents a macroeconomic risk but recognized the authorities' strong track record of macroeconomic management and ongoing cooperation with the IMF. Finally, Directors noted the need to continue efforts towards greater economic diversification to reduce further the country's vulnerability to commodity price fluctuations, to ensure that fiscal consolidation should not disproportionately affect the poor and that fiscal space is used to enhance social programs.

* This summary is not an approved record