Colombia: Sustainable financing

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Ministry of Finance of Colombia

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Agenda

1. Public Debt Management and Financing Plan
   a) Medium term debt strategy
   b) Financing Plan 2019 – Sources

2. Implementation and fulfillment of the Goals
   a) Sustainable Developments
   b) Green Growth and Climate Change
   c) National Development Plan
Central Government debt metrics and risk management

LOCAL AND FOREIGN CURRENCY

- COP 46%
- USD 28%
- EUR 4%
- JPY 0.3%
- UVR (COP) 21%

FIXED RATE VS FLOATING RATE

- Floating Rate 12%
- Fixed Rate 88%

AVERAGE LIFE 2012 VS 2019

- 6.6 years
- 8.3 years

RESULTS 2022

- 71% domestic vs 29% foreign
- Caps amortizations below 8% in any given year

Source: Ministry of Finance of Colombia, February 28, 2019 and Medium Term Debt Strategy 2018
* Promissory notes and TCOs are not included.
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**Financing plan 2019**

### Disbursements

<table>
<thead>
<tr>
<th>Source</th>
<th>US$</th>
<th>COP$ Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External</strong></td>
<td>(US$ 4,050 mill.)</td>
<td>12,686</td>
</tr>
<tr>
<td>Bonds</td>
<td>(US$ 2,000 mill.)</td>
<td>6,264</td>
</tr>
<tr>
<td>Multilaterals and others</td>
<td>(US$ 2,050 mill.)</td>
<td>6,421</td>
</tr>
<tr>
<td><strong>Internal</strong></td>
<td></td>
<td>40,470</td>
</tr>
<tr>
<td>TES and Others</td>
<td></td>
<td>13,470</td>
</tr>
<tr>
<td>TES Auctions</td>
<td></td>
<td>27,000</td>
</tr>
</tbody>
</table>

### Ongoing Initiatives – External Market

- **Pacific Alliance**
- **Catastrophic Bonds**
- **Sustainable Bonds**
  - Social Bonds
  - Green Bonds
- **ETF**
  - Diversification
  - New financing vehicle
  - Reduces entry barriers

### Ongoing Initiatives – Domestic Market

**Sustainable Bonds**

- Social Bonds
- Green Bonds

**TES COP ($Trillion)**

- Year: 2018 to 2034
- Values: $9, $19, $29, $27, $14, $29, $23, $17, $18, $3

**Source:** Ministry of Finance of Colombia
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Colombia is one of the pioneer’s countries in the SDG’s implementation agenda

**FULFILLING THE TRACED GOALS FOR COLOMBIA**

Colombia has been a leader in the construction of the SDGs worldwide since 2012.

Colombia in 2018 presented the second voluntary report to the UN.

The government has incorporated 92 of the 169 goals included in the Global Agenda in the National Development Plan, Territorial Plans, Laws, Decrees and CONPES.

The DNP has been a leader in the construction and tracing the indicators and objectives.

The indicators and goals are public in the following link: [www.ods.gov.co](http://www.ods.gov.co)

**CONPES 3918 – MARCH 15, 2018.**

Strategy for the implementation of the Sustainable Development Goals in Colombia

Monitoring the goals.

Reduce lags in information to guide the decision making of public policies.

Territorial strategies to close of gaps between regions. (Territorial Plans).

Promote alliances with the private sector.
Fulfilling the traced goals for Colombia

By 2030, Colombia will reduce Multidimensional Poverty Index to 8.4%

Multidimensional Poverty Index (MPI) (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2018</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>20.2%</td>
<td>17.8%</td>
<td>8.4%</td>
</tr>
</tbody>
</table>

By 2030, child deaths linked to malnutrition will be reduced to 5 per 100,000 children under 5 years of age

Mortality rate due to malnutrition in children of 5 years (per 100,000)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2018</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>6.8</td>
<td>6.5</td>
<td>5.0</td>
</tr>
</tbody>
</table>

By 2030, maternal mortality will be reduced to 32 per 100,000 children born alive

Maternal mortality rate (per 100,000 live births)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2018</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>53.7</td>
<td>51.0</td>
<td>32.0</td>
</tr>
</tbody>
</table>

By 2030, 80% of the population will have access to higher education

Coverage in higher education (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2018</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>49.4%</td>
<td>57.0%</td>
<td>80.0%</td>
</tr>
</tbody>
</table>

Source: [https://www.ods.gov.co](https://www.ods.gov.co) – DNP monitoring and compliance with the objectives
Fulfilling the traced goals for Colombia

By 2030, women will occupy 50% of decision-making positions in the Colombian Government

By 2030, 100% of Colombians will have access to potable water

By 2030, 100% of Colombians will have access to electricity

By 2030, the Employment Formality Rate will increase to 60%

Source: https://www.ods.gov.co –DNP monitoring and compliance with the objectives
Fulfilling the traced goals for Colombia

By 2030, 100% of households will have access to internet

<table>
<thead>
<tr>
<th>Year</th>
<th>% Internet Access</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>41.8%</td>
</tr>
<tr>
<td>2018</td>
<td>49.9%</td>
</tr>
<tr>
<td>2030</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

By 2030, Colombia will reduce inequality, reaching a GINI of 0.480 points

<table>
<thead>
<tr>
<th>Year</th>
<th>GINI Coefficient (Points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>0.522</td>
</tr>
<tr>
<td>2018</td>
<td>0.520</td>
</tr>
<tr>
<td>2030</td>
<td>0.480</td>
</tr>
</tbody>
</table>

By 2030, the quantitative housing deficit will be reduced to 2.7%

<table>
<thead>
<tr>
<th>Year</th>
<th>Housing Deficit (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>6.7%</td>
</tr>
<tr>
<td>2018</td>
<td>5.5%</td>
</tr>
<tr>
<td>2030</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

By 2030, the country will have a homicide rate of 16.4 per 100,000 inhabitants

<table>
<thead>
<tr>
<th>Year</th>
<th>Homicide Rate (per 100,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>26.5</td>
</tr>
<tr>
<td>2018</td>
<td>23.0</td>
</tr>
<tr>
<td>2030</td>
<td>16.4</td>
</tr>
</tbody>
</table>

Source: [https://www.ods.gov.co](https://www.ods.gov.co) – DNP monitoring and compliance with the objectives
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Paris Agreement
(Objectives)

**Global Mitigation Goal:** Keep the global temperature rise below 2 °C and make the best effort not to exceed 1.5 °C.

Colombia carry adaptation and mitigation actions through National Development Plan.

**Follow-up:** Colombia presented in 2018 its contribution and the balance of compliance with the objectives.

**Global Adaptation Goal:** Increase adaptation capacity, strengthen resilience and reduce vulnerability to climate change through national policies.

**Damages and Losses:** The Warsaw International Mechanism (MIV) helps countries cope with the losses and damages caused by the impacts of climate change. For Colombia it is approximately 0.5% of GDP.

**Measurement, Reporting and Verification:** The DNP in Colombia publishes the progress of each established objective.

**Forests:** Comply with the global goal of mitigation. Colombia has established a greenhouse gas mitigation mechanism and is advancing policies against deforestation.

**Market mechanisms:** Colombia through the tax reform established a Carbon tax.

**Compliance:** There is an expert facilitation committee that works transparently, non-adversarial and non-punitive.

**Financing:** Developed countries must contribute at least 100 billion USD per year until 2025 where a new goal will be established.

**Scope:** It is a universal and binding agreement.
- Law 1844 of 2017
Achievements in green growth and climate change

INSTITUTIONAL AGREEMENTS AND POLICIES

Climate Change Adaptation Fund (Fondo de Adaptación)

National System of Climate Change

National Disaster Risk Management System (Sistema Nacional de Gestión de Riesgo de Desastres).


Green Growth Policy (Included in the National Development Plan – CONPES 3934)

Law 1715 of Renewable Energies

ECONOMIC INSTRUMENTS

Carbon tax (2016 tax reform): COP $15,000 (5 USD) per tonnes of CO₂


Tax and Tariff incentives for Renewable Energies - 0% Tariff for Electric Vehicles

USE OF PROCEEDS ( $1,962,542.00) BY THE FINANCIAL SECTOR AND COMPANIES

- Energy efficiency 8.9%
- Sustainable transport 0.1%
- Sustainable communication 6.3%
- Pollution control and the efficiency of the use of resources 42.2%
- Renewable energy 42.5%
By 2030, Colombia will be achieved a solid waste recycling rate of 17.9%

By 2030, Colombia will reduce greenhouse gas emissions by 20%

By 2030, Colombia will increase marine protected hectares by 5.6 million

By 2030, Colombia will increase 12.9 million protected continental hectares

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In line with the CONPES 3934 of 2018, the NDP establishes the objectives for the next 4 years committed to sustainability and mitigation of climate change:

**SUSTAINABILITY OF PRODUCTIVE ACTIVITY AND MITIGATION OF CLIMATE CHANGE**

- Agricultural Innovation System
- Land adequacy policy (CONPES 3926 of 2018)
- Urban Public Transportation
- Innovation and technological reconversion in industries.
- Sustainable Buildings Policy. (CONPES 3919 of 2018)

**DEVELOP FINANCIAL, ECONOMIC AND MARKET INSTRUMENTS**

- Promote activities committed to sustainability and mitigation of climate change.

**QUALITY OF AIR, WATER AND AIR**

- Policy for the improvement of the air (CONPES 3943 of 2018)
- Risk Management Policy associated with the use of chemical substances and the prohibition of the use of mercury (Law 1658 of 2013).

**CIRCULAR ECONOMY**

- Production Policy and Sustainable Consumption
- Solid Waste Management (CONPES 3874 of 2016)
- Green Growth (CONPES 3934 of 2018)
- Taxes on plastic bags.

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1 In the process to obtain Congress Approval
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