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Revised

April 26, 2021

**Statement by Mr. Zhang and Ms. Zhao on Colombia  
(Preliminary)  
Executive Board Meeting  
April 28, 2021**

We thank staff for their informative report and Mr. Romero Tarazona for his helpful Buff statement. We broadly agree with staff's proposal and would like to offer the following comments for emphasis.

The authorities' drawing of US\$ 5.4 billion under the FCL arraignment is understandable and could be justified given this unprecedented pandemic. We concur with staff that the country continues to meet the FCL qualification criteria and support staff's proposal to allow Colombia to make further purchases until the expiration of the FCL, so that the FCL can play its role well in meeting member's actual demands whenever necessary. We welcome staff's ESI analysis in Box 1 and agree that the FCL will continue to provide important insurance as important domestic and external risks still remain with the pandemic. This said, we take positive note on the discussion of the exit strategy between the staff and the authorities.

It is good to note that the authorities, with the help of the Fund, have communicated well with the market when drawing the FCL and the market reaction has been positive. The positive market reaction with the very first drawing of FCL highlights the role of the FCL as an effective tool to manage external shocks and anchor market confidence. *What successful experiences can be learned from Colombia's communication strategy?* We welcome the authorities' intention to still treat the rest of access as precautionary and their continued commitment to gradually phase out the country's use of the FCL once conditions allow. During this process, we encourage the authorities to continue to carefully communicate with the market to ensure financial stability.

We commend the authorities for their strong policy framework and comprehensive policy responses that helped to support the economy and lay the foundation for the recovery. On the fiscal front, we can understand the authorities' temporary suspension of fiscal rules and agree with staff that fiscal consolidation is needed to enhance fiscal credibility as soon as the crisis subsides. On the monetary front, we welcome the authorities' reserve accumulation plan, which over time would facilitate the authorities' gradual exit from the FCL. Meanwhile, the flexible change rate should continue to be the first line of defense against external shocks. We call on the authorities to be vigilant of and well prepared for any potential reversal of the private capital flow movement going forward. On the structural reform front, we welcome the launch of the *Compromiso por Colombia* strategy that will help to generate one million jobs and accelerate infrastructure projects.

With these remarks, we wish the authorities all the best in these challenging times.