

**EXECUTIVE
BOARD
MEETING**

EBS/21/36
Correction 1

April 23, 2021

To: Members of the Executive Board

From: The Secretary

Subject: **Colombia—Review Under the Flexible Credit Line Arrangement**

Board Action:

The attached correction to EBS/21/36 (4/14/21) has been provided by the staff:

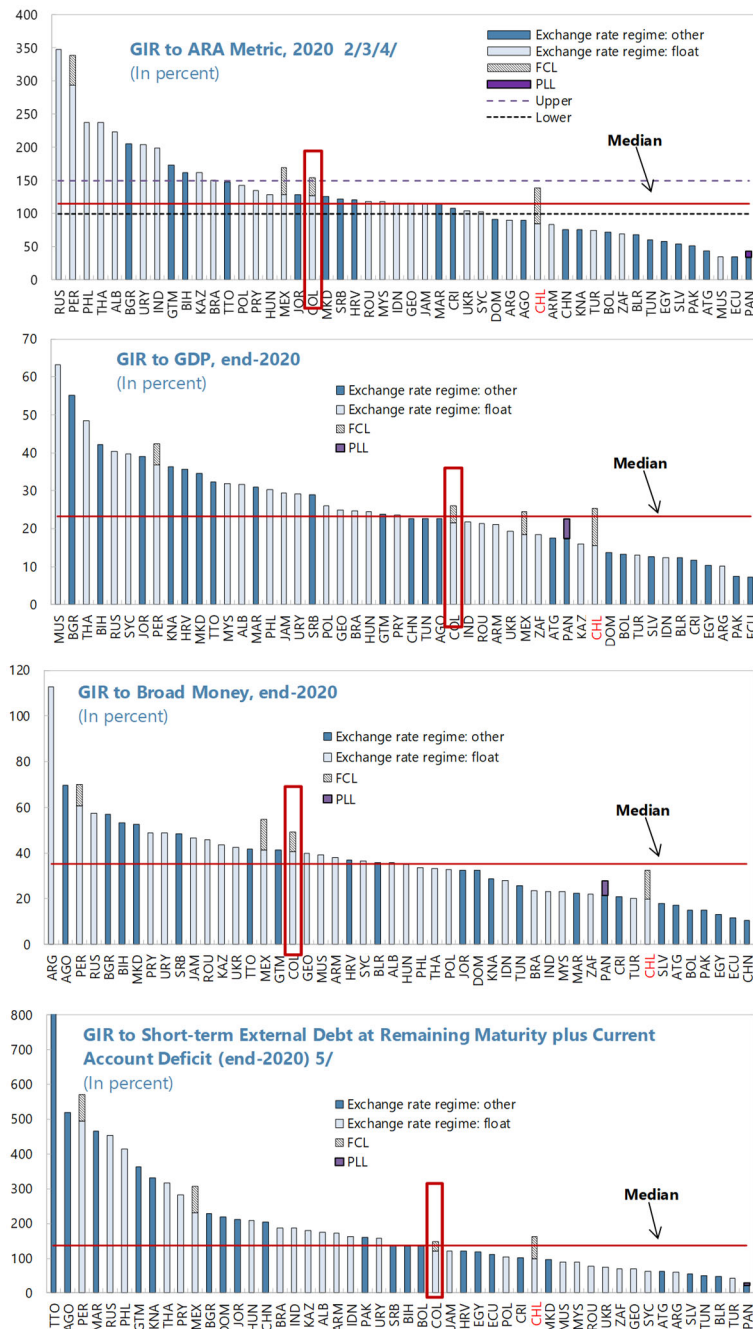
**Factual Errors Not
Affecting the
Presentation of Staff's
Analysis or Views**

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Questions:

Mr. Faruquee, WHD (ext. 37332)

Figure 5. Colombia: Reserve Coverage in an International Perspective^{1/}



Sources: World Economic Outlook; IFS; and IMF staff estimates.

1/ The sample of countries included in these charts includes all EMEs for which data is available. For Colombia, FCL amount refers to remaining precautionary access.

2/ The ARA metric provides a tool to help inform reserve adequacy assessments, but individual circumstances (for example, access to swap lines, market maturity, etc.) require additional judgment and, for this reason, mechanistic comparisons of the ARA metric do not provide a complete view.

3/ The ARA Metric is a weighted sum of potential drains on the BoP, depending on the country's exchange rate regime. For fixed exchange rates, ARA Metric = 10% × Exports + 10% × Broad Money + 30% × Short-term Debt + 20% × Other Liabilities. For floating exchange rates, ARA Metric = 5% × Exports + 5% × Broad Money + 30% × Short-term Debt + 15% × Other Liabilities. See "Guidance Note on the Assessment of Reserve Adequacy and Related Considerations", IMF, 2016. For Colombia, includes a commodity buffer. Without the buffer, reserves coverage excluding the FCL is 145 percent.

4/ The upper and lower lines denote the 100-150 percent range of ARA metric, which are considered broadly adequate for precautionary purposes.

5/ The current account balance is set to zero if it is in surplus.