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April 26, 2021

**Statement by Mr. Bhalla and Mr. Singh on Colombia
(Preliminary)
Executive Board Meeting
April 28, 2021**

1. We thank the staff for their informative reports and Mr. Romero Tarazona for his helpful staff statement. We appreciate authorities' effective response to the Covid-19 crisis by deploying resources to the health sector, accelerated direct cash transfers to households, and the programs to protect small firms and formal employment. We agree with the Staff's recommendation for the completion of the review under the FCL arrangement for Colombia.

2. There is a third wave of Covid-19 cases surging in Colombia, followed by the second wave in January 2021. As the lockdowns have been imposed in several cities, the economic activity is likely to be adversely hit again. What implications the current virus wave and lockdowns may have on the growth and employment outlook for 2021? Whether the severity caused by the latest wave in Colombia and elsewhere in the globe may have consequences for the additional need for FCL withdrawals by Colombia?

3. Granular analysis of the divergent recovery in formal versus informal sectors and its implications for the overall economic recovery and jobs could be important from a policy perspective. As the informal employment share in Colombia is more than 60%, it is important to ascertain as to how the successive waves of infections and lockdowns have affected the informal economy and the labour market? It is argued that the fall in employment is not fully reflected in increases in the unemployment rate due to outflows of workers leaving the workforce; if so, the unemployment rate needs to be complemented with other labor market indicators. Additional question: can data on the evolution of hours worked provide a more complete picture of the labour market scarring by the pandemic? Durable scarring effects on the informal sector may have long-term consequences for the labour market, productivity, and employment in countries with a predominant share of the informal sector.

4. We wish the authorities the very best and success in their future endeavors.