QUARTERLY INVESTMENT OUTLOOK
2024 Q3

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High noon between Finmin and Congress

The most interesting pistol duel of this legislature, running from July 20th, 2024 until June 15th, 2025, is between the minister of finance and the opposition in Congress. The issue is a two-headed beast, composed by the 2025 budget and the so-called Financing Act (aka the second tax reform). The budget implicitly takes for granted the approval of the Financing Act (see Table 1), and hence it contemplates a corresponding increase in expenditures of COP 12 trillion.

The sources of funds would be: i) higher taxes on patrimony, carbon, gambling and individuals; and ii) a larger fiscal space provided by anticipating a provision of the Fiscal Rule. The Financing Act also aims to reduce the corporate income tax, which visibly reduces tax collection. The only net positive fiscal effect will accrue exclusively in 2025. Thereafter, the impact is negligible. The relevant question is whether this is a winnable and worthwhile duel between the minister and Congress.

If Congress decides not to issue the budget before October 20th, the government's version will take force, including the modifications approved in the first debate. Congress cannot increase revenues or expenses. As it actually happened, on September 25th the economic committees of the Senate and the House decided not to approve the submitted budget; i.e., Congress did not approve unfunded expenses, and implicitly sent the message that it would reject the fresh revenue considered in the financing Act of Table 1.

Table 1. Expected fiscal impact of the 2024 Financing Act

	2025	2026	2030
Corporate income tax The general income tax rate would be gradually reduced from a nominal 35% to a progressive tax structure distributed across three categories, based on taxable net income.	-0.34	-3.39	-7.84
Personal income tax 2 pp increase of marginal individuals' income tax rate	0.90	1.04	1.61
Wealth tax Increase the wealth tax base by reducing the tax threshold	0.88	0.93	1.18
Gambling VAT on online gambling	2.08	2.20	2.79
Alternative energy sources Increase VAT on hybrid cars from 5% to 19%	0.04	0.04	0.06
Carbon tax Increase the carbon tax from from COP 25.8k/ton to 75k	1.30	0.94	1.37
Anticipation of 2026 Fiscal Rule provision The government aims to advance the parametric mechanism of the fiscal rule from 2026 to 2025. This change would free up approximately COP 5 trillion (0.3% of GDP) to be used for economic reactivation.	5.34		
Enhanced tax collection efficiency	1.64	1.11	1.40
Total	**11.83**	**2.86**	**0.56**

Source: Ministry of Finance, EConcept. (pp: percentage points)

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However, since everything in politics is fluid, Congress will continue discussing the budget and the Financing Act. If the budget isn't approved, the government could issue it by decree, adopting the modifications approved in the first debate, while suspending expenses that lack financing.

The press has written about an apparent "fiscal dictatorship," which is not the case. Approving the budget by decree does not mean that President Gustavo Petro assumes economic and budgetary dictatorial power. On the contrary, it shows that the government was unable to persuade Congress to approve it -- period. Since a budget is needed, one must be officially approved, and that is the rationale for such a decree. Yet going that route would be a visible defeat of the administration, and a victory of sorts for Congress.

One thing must be clear: the government cannot approve new revenues by decree to finance more expenses. In the end, it could easily happen the duelers may end up as compadres, approving everything, as has already occurred with the pension reform, where the pension funds gave in, and in the healthcare reform, where EPSs gave in.

Deficit slipping away from 2024 target

The national central government (NCG) headline deficit target for this year stands at 5.6% of GDP. This number is far removed from the 4.5% of GDP initially set, back in the 2023 Medium-Term Fiscal Framework (MTFF), as the NCG deficit for this year. Although the new target is more than a full percentage point of GDP higher than the old one, everything remains within the bounds of the fiscal rule; more cyclical space has done the trick, something we have addressed in recent reports.

Despite the additional room for a higher deficit this year, meeting the NCG target remains a steep hurdle, as tax collection keeps disappointing. All the while, spending is higher than last year's as a percentage of GDP, even after the budget freeze declared a couple of months ago.

Let us first delve into the tax shortfall. According to a press statement released a few days ago, Dian's gross tax collection in August came in at COP 16 trillion; this is more than 30% below the number in August of 2023. This means that year-to-date gross tax collection is already 9.3% below 2023's as of August, and way lower than the expected drop for all of 2024 announced in the 2024 MTFF. According to our calculations, the YTD shortfall in gross revenues is already 0.36% of GDP lower than the MTFF targets.

Now let us shift to spending and the deficit. Bear in mind that the most recent numbers published by the Finance Ministry on this front are as of June, not August (more on this at the close of this section). Figure 1 shows that, as of June, YTD revenues as a percentage of GDP are below what we saw in 2023. Spending, on the other hand, is higher than last year; this is true for interest payments, current expenditure and investment.

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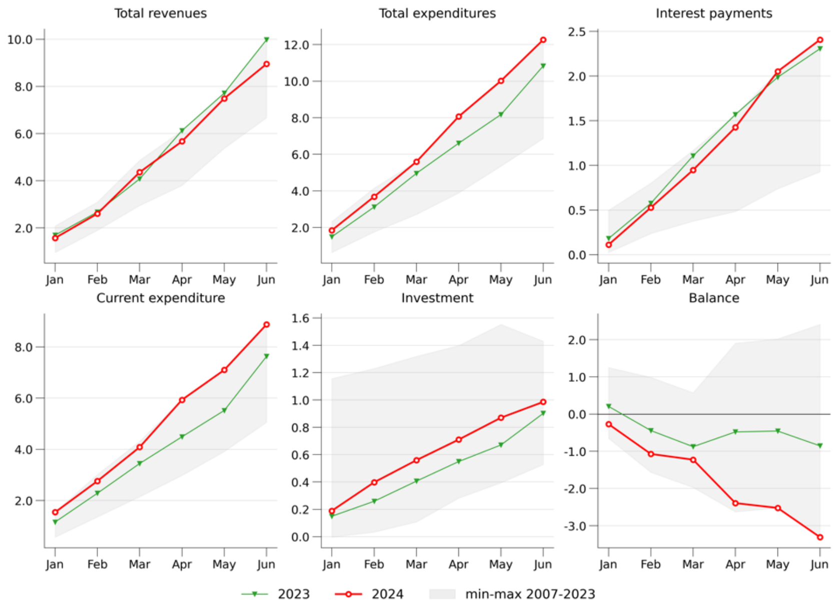
Figure 1. National Central Government YTD fiscal results (as of June, % of GDP)



Source: Finance Ministry, EConcept

Obviously, the YTD is larger than last year's. As a matter of fact, it's way higher, as can be seen in the lower right-hand side panel of Figure 1.

Where is this year's deficit headed, then? To make an educated guess of what can happen until the end of the year, we computed the monthly NCG deficits between July and December using data starting in 2004 and added the result to June's YTD observed deficit. To exclude the extraordinary fiscal stress caused by COVID, we excluded 2020 from the averages mentioned above. The result can be seen in Figure 2, and they are concerning: if history serves, we are headed for a 6.2% of GDP NCG deficit, 0.6 pp above the fiscal rule ceiling for this year.

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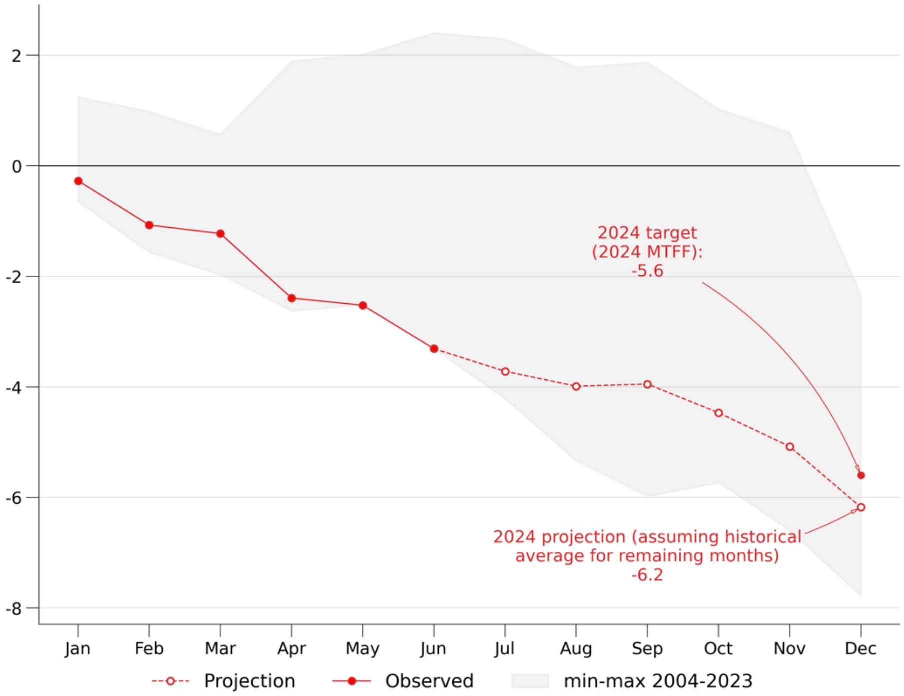
Figure 2. National Central Government balance projection (% of GDP)



Note: historical averages do not include data for 2020
Source: Finance Ministry, EConcept

This projection, mind you, is not a foregone conclusion, for at least three reasons. First, when Finance Minister Ricardo Bonilla announced the budget freeze a couple of months ago, he also said a new revision was programmed for October, to see if further cuts were required. Even though this second round of cuts would come a little late in the game, they would be most reassuring. Second, budget execution remains low, despite all the efforts and announcements made by the government; fortunately, the learning curve to execute the budget continues to be steep for this administration. Third, apparently payments to Ecopetrol to cover diesel subsidies are already taking place, instead of making them at the end of the year; this might change the deficit's seasonality and produce smaller-than-average deficits in the months to come.

However, let us not forget that figures 1 and 2 have data as of June and the bad news on revenues we mentioned above are with data as of August. In other words, even though we don't know the NCG deficit for July and August, revenues are not moving in the right direction. Also, and this is quite important, keep in mind that the revenue numbers as of August reflect the behavior of gross tax collection, and what matters in the end is net tax collection.

Recall that, last year, the Finance Ministry, together with Dian, decided to increase income tax withholdings on 2023 taxable revenues. This has two implications for this year. On the one hand, given an amount of taxes due this year on revenues earned last year, the higher the withholding made in 2023, the lower the remaining payment to be made when income taxes are filed this year. This effect is surely part of the explanation of why gross revenues are down this year.

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However, the second implication remains to be fully revealed by the end of the year. Increased withholdings last year can result in tax filings this year in which, not only no remaining amounts are due, but Dian can end up owing money to income taxpayers. When this is the case, corporations and individuals ask for the money back and Dian has to "pay,"[1] thereby hurting net tax collection. These "payments" made by Dian should be higher this year, increasing the NCG deficit.

So, even though everyone seems to be paying a lot of attention to next year's budget and the financing law, risks are not limited to 2025 and beyond. NCG public finances are heavily stressed vis-à-vis fiscal rule ceilings, probably more than at any other point in time in recent history.

The infamous health reform, again?

The Gustavo Petro government once again announced its intention to present to Congress, as soon as the new legislature started (that is, back in July the 20th), a new version of the health reform, after it was sunk in the last vote of the Senate's 7th Committee. Remember that after that negative voting in May 1) the government intervened (i.e., took control) of the largest EPS (the insurers within the system, Sánitas, Nueva EPS); 2) the other systemic EPS (Sura) decided to go out of business; and 3) other smaller EPS were also intervened by the government through the health Superintendency.

In this context, the very few EPS' still standing decided to negotiate with the government, and agreed to be turned into "Gestoras de Salud y Vida," an institution created by the government to ensure that the EPS did not go completely out of business. The problem, as stated then and now, is that it is not clear at all what this Gestoras would do within the new architecture of the health system. What we could understand from the reform bill, back then, was that the Gestoras were going to perform some sort of clerical duties within the system, ensuring that people attend their doctor appointments, execute their procedures and take their medications on time, besides keeping track of administrative matters. For this, they are supposed to get a hefty 5% of the total resources devoted to insurance today, which amount to close to COP 4.5 trillion (0.3% of GDP)

When you take into account that in the current system, created in 1993, the EPS are the key player, managing the resources, handling health risks of the population, contracting services with the providers, creating networks of attention for patients and controlling costs (this last point is crucial as they are the only agent in the system that has real incentives to bring costs down), it is very difficult to imagine that now they will be the clerical institution in the system. But, in any case, after being drowned by the government, which did not make payments on time, did not increase the per-capita amount per affiliate by the right amount and engulfed the EPS with all kinds of excessive regulations and requirements (besides taking control of the largest ones), the remaining EPS agreed to back up the reform and supported the government in its goal of presenting it again on this legislature. And they did so through

[1] Payments made by Dian to taxpayers are made in the form of TIDIS, receipts issued by Dian which can be used to pay taxes later on. There is quite a liquid market of TIDIS, which means taxpayers who are owed can easily convert them to cash. The buyers of the TIDIS are taxpayers that owe taxes, who can use them to partially cover their tax obligations. When tax payments are made with TIDIS, Dian receives less cash.

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a written communiqué, put forward with the government. So, the government announced this with a lot of noise, and made it sound as if the new reform was going to be the result of some kind of wide consensus within the sector, and would be significantly different from the one that sunk in May.

But, unfortunately, the truth seems to be very far away from all these announcements, as it has been the case many times with this government. In effect, first, August is almost over, that is, 40 days have passed since July the 20th, and no reform bill has been presented to Congress or, worse, no draft text has been made public to open the discussion, and been able to reach the consensus that the government had proudly announced. The issue seems to be that the Ministry of Finance (MOF) has not been willing to give fiscal consent to the reform bill in its current form.

More importantly, however, is the fact that, according to some versions of the text going around (leaked by government officials), the only real change in the new bill seems to be its length, as it shrank from 148 articles to some number between 50 and 60 articles. The key negative points, that most Colombians do not want, and Congress was able to not approve back in May, are still there, some even more prominently. Let's review the most important three issues among the many problems that this bill entails.

- Of course, the first one is the creation of the famous Gestoras de Vida y Salud. This issue was already explained in some detail above, and the only thing left to say is that, besides being a huge mistake from many points of view (fiscal, organizational, investment, etc.) is that the government needs this to be approved by Congress, which is the reason they are taking the risk of returning there. That is, what the government really wants is that there are no private agents (beyond some service providers) that administer public monies, which is exactly the definition of what EPS do. Without this element, there is no point for the government to carry out the reform. Indeed, what they want is a public, centrally managed health system. The problem is, however, that the EPS are created and heavily regulated by many laws (100/93, 2207/2008, 1437/2011) and, therefore, this change, the key one for them, has to be carried out only by law as well: tough luck for the government.

- Another issues is the complete centralization of money management in one public institution called ADRES, which already exists. The government wants to turn ADRES into some kind of mega-institution to do all kinds of things: (i) collect all the resources, from different sources, that fund health in one place; (ii) pay for every service rendered (in Colombia around a billion services are delivered yearly); (iii) control costs of services; (iv) supervise that services are indeed delivered, and a long so on. Many of these duties are performed today by the EPS, which is one of the main reasons the system performs relatively well. We are completely sure that it is impossible for ADRES to carry out all these duties adequately. In fact, the government is also sure of that, and because of that they said that ADRES is going to carry out supervision only on 10%-15% of all services rendered, and the rest will be randomly scrutinized after their provision (if they have the time to do it). Can you imagine what will happen to costs in the system if this policy is indeed adopted? There won't be enough resources to adequately fund the operation of the system. It is also important to say that, in the new text, even more duties are assigned to ADRES.

- A further issue is the creation of around 2,500 centers for primary attention (CAPS), which will be the point of entry for every Colombian to get medical care under the new system. Besides being a very bad idea from the health-

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organization point of view (an additional step for the patient plus a geographical constraint), take into account that most of these CAPS do not exist today, other than in the mind of the authorities. So, many questions arise: the obvious, how much is it going to cost to build the CAPS? But also, do the doctors, nurses and other staff exist to give proper attention to patients? What about the required equipment? More fundamentally, do the networks around these CAPS exist or, at least, are being planned?

It seems clear from all this discussion that the fiscal impacts of this so-called reform may be huge, and, in any case, what we know is that they are uncertain, which we imagine is precisely why the MOF has not given the fiscal consent yet. Combined with the pension reform, the medium-term fiscal impact of the health reform may be simply impossible to pay under any plausible scenario of taxes in the next 10 to 20 years.

But even more importantly, the nightmare seems to be never ending and, for sure, will continue for the rest of the Petro administration. However, this time the nightmare is related directly to human suffering and human lives. There are already reports that complaints received by the very Health Superintendency (promoter of the reform), related to failures in service provision, are growing 40% this year, and we are only starting a difficult and long road. It seems that the only solution from now on is to pray not to get sick.

Two ways of looking at it

Q2 economic activity data has been published by Dane. The much-awaited number, of 2.1% real growth over Q2 2023, suggests that the economy might be changing gears and accelerate; don't forget that growth in Q1 was a meager 0.8%. Figure 3 suggests things are indeed making a turn for the better. Some key sectors that have been clear laggards, such as construction and commerce, are finally moving from contracting in recent quarters to into positive territory; manufacturing is not there yet, but contraction seems about to end. Public administration, education and health, all bundled into a single big sector, continues to grow by around 5%. Finally, the growth rate for the agricultural sector jumped to a surprising 10.2%; all the main crops, including coffee, posted strong results.

Only oil and mining continued to disappoint, as it continued to dive into negative territory. After contracting by 1.6% in Q1 2024, it then fell by 3.3% in Q2. The main driver here was coal production, which contracted by 12.4%; oil and gas did not contract, but slowed to 0.5%

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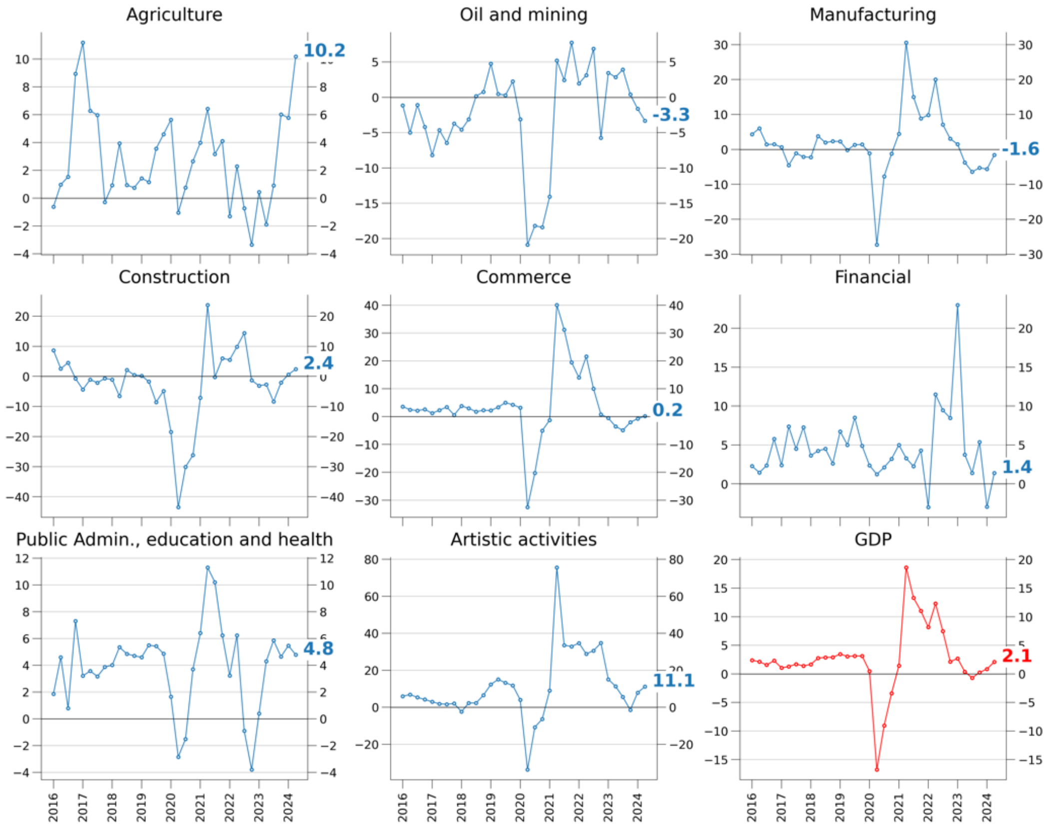
Figure 3. Quarterly GDP annual growth - selected sectors (%)

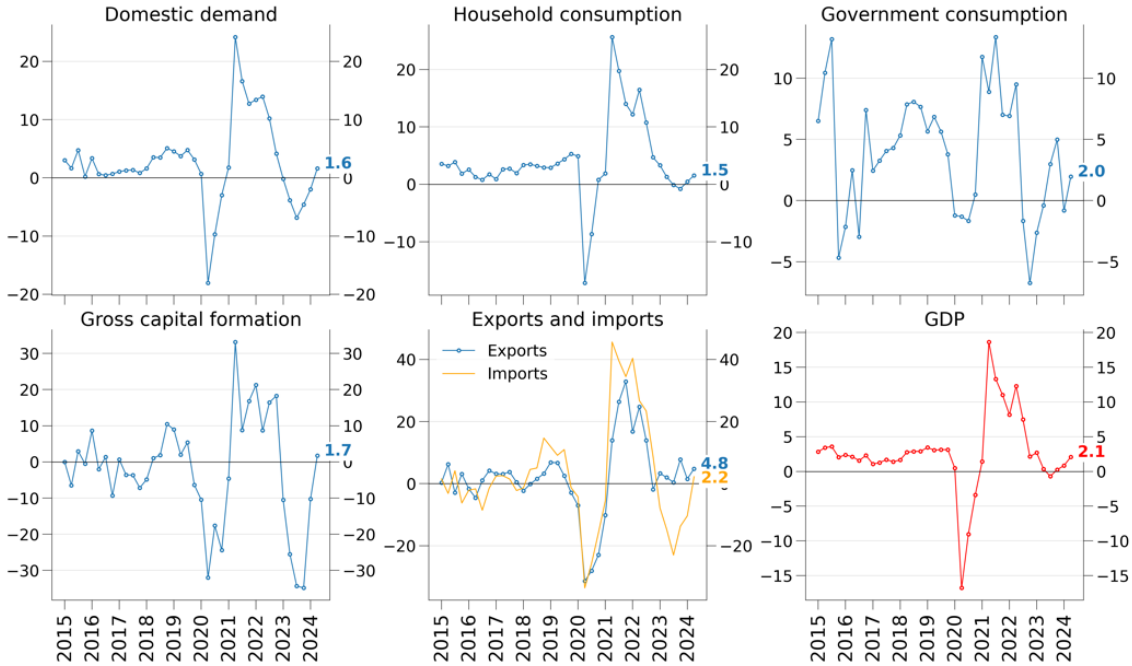


Source: Dane, EConcept

On the demand side, Q2 growth also suggest the economy is finally starting to gain momentum. For one thing, as Figure 4 shows, domestic demand grew 1.6%, putting an end to five quarters of continuous contraction. This result is mainly explained by household consumption growing 1.5%, a clear improvement over Q1 (0.5%) and, probably even better news, investment grew in real terms (1.7%), leaving behind five quarters of double-digit contractions. On the net exports front, exports grew 4.8% while imports grew less than half that (2.2%).

In sum, apart from oil and mining, GDP data for Q2 2024 gave the government ample reason to boast. Not out of the woods just yet, but things are clearly moving to greener pastures.

Figure 4. Quarterly GDP annual growth by demand components (%)



Source: Dane, EConcept

Or are they? Recall that, together with quarterly GDP numbers, Dane releases monthly data for the Economic Tracking Indicator (ISE). ISE data is a key complement to GDP numbers, as it gives insights into how economic activity behaved throughout the quarter. Even though it only focuses on sectors, not demand components, it definitely helps to have a more robust story on growth performance.

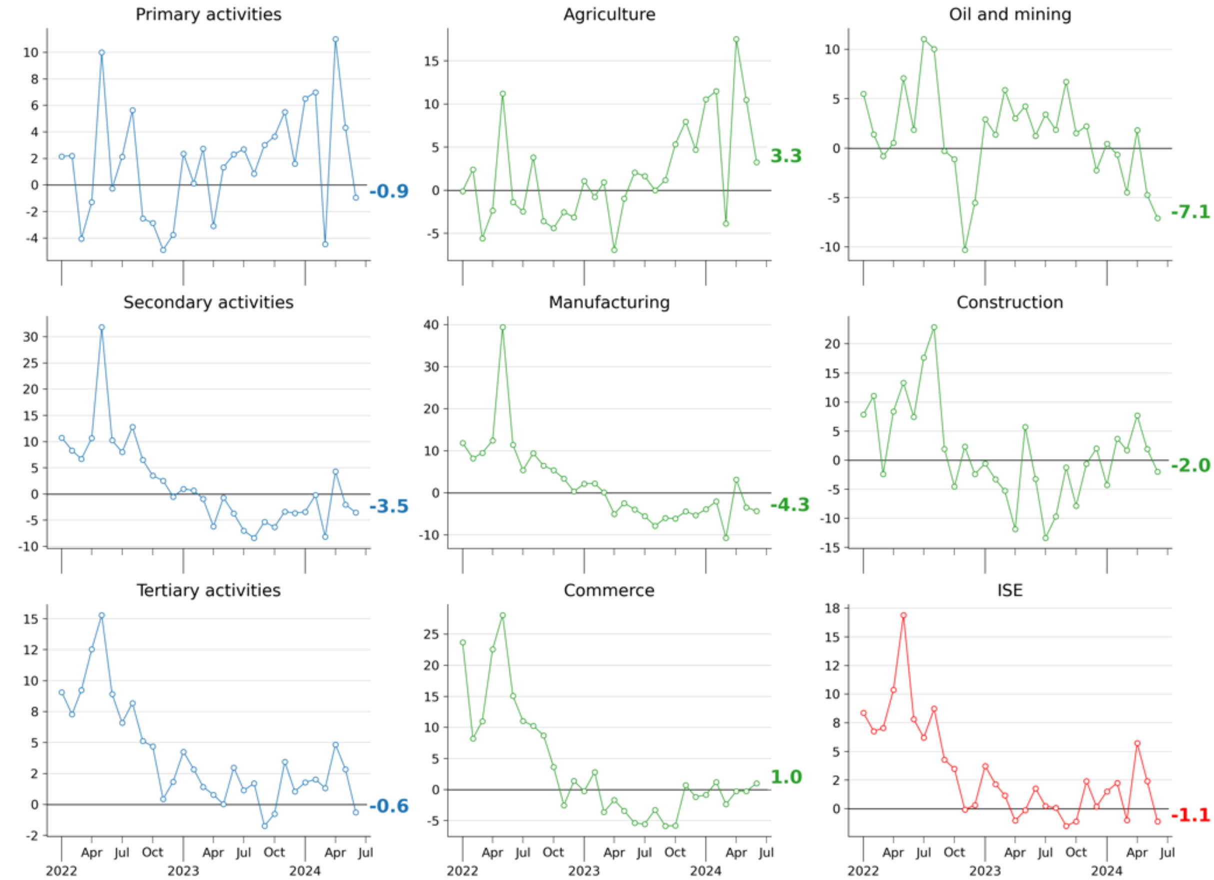
ISE growth across sectors, shown in Figure 5, clearly shows, for the most part, that Q2 started well, but ended on a sour note.

Let us begin with agriculture. After posting an impressive 17.5% annual growth in April, growth moved on to 10.5% in May, and just 3.3% in June; construction grew 7.7% in April but contracted by 2% in June; manufacturing moved along the same lines (3.2% and -4.3%). Oil and mining managed to grow 1.8% in April, but by June the gauge had moved to -7.1%.

As a result of all of the above, the economy as a whole grew 5.7% in April, slowed down to 2.4% in May and shrunk by 1.1% in June. Taking into account the fact that Easter week moved from April last year to March this time around, April might have been a positive blip in the series2. Surprisingly enough, the seasonally- and calendar-adjusted ISE numbers published by Dane also show growth losing momentum as Q2 elapsed.

[2] In turn, March might have been a negative blip this year.

Figure 5. Monthly ISE annual growth - selected sectors (%)



Source: Dane, EConcept

Electricity demand, especially its non-regulated chapter, suggests economic activity remains subdued in Q3. Even though it grew slightly y/y in July, in August it is about to close with the worst contraction since early 2021, as Figure 6 shows. This is not good news at all, and puts into question the government's narrative about economic recovery beginning in Q2.

It will be interesting to see, once less-than-bright Q3 GDP growth results are published by Dane on November 15th, whether the government's discourse will turn sour again, blaming the Central Bank for its reluctance to cut rates faster, and turning on the financial sector for not disbursing credit fast enough to the sectors covered by the "credit compact" recently announced (see the "From forced investments to forced loans" section in this report).

When November 15th comes along, the 2025 budget will already be approved, so there won't be a chance to vote on more public spending for next year. However, by then the Financing Law discussions will still be taking place. It will be fascinating to see whether talk of additional tax breaks emerges, further compromising fiscal adjustment.

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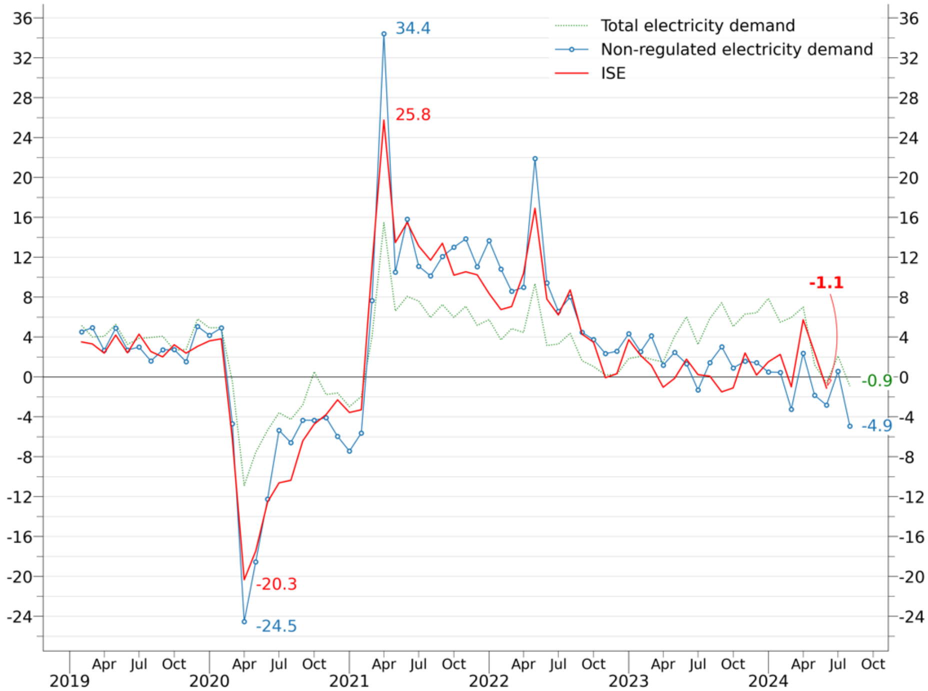
Figure 6. Electricity demand (total and non-regulated) & ISE – annual growth
ISE as of June 2024, total electricity demand as of August 26th, non-regulated as of August 23rd



Source: Dane, EConcept

On a brighter note, moderate optimism over GDP growth further down the road prevails, especially in 2025, as shown in the most recent analysts' poll conducted by the Central Bank in July (Figure 7). Compared with the last poll inquiring about growth going forward, the July results show higher growth expectations for both 2024 and 2025. However, analysts do not expect growth to go above our potential GDP growth estimate of 2.8% any time soon.

A new installment of the Monetary Policy Report was released by the Central Bank at the beginning of August. The CB's technical staff sees a rosier growth picture, especially at the end of next year.

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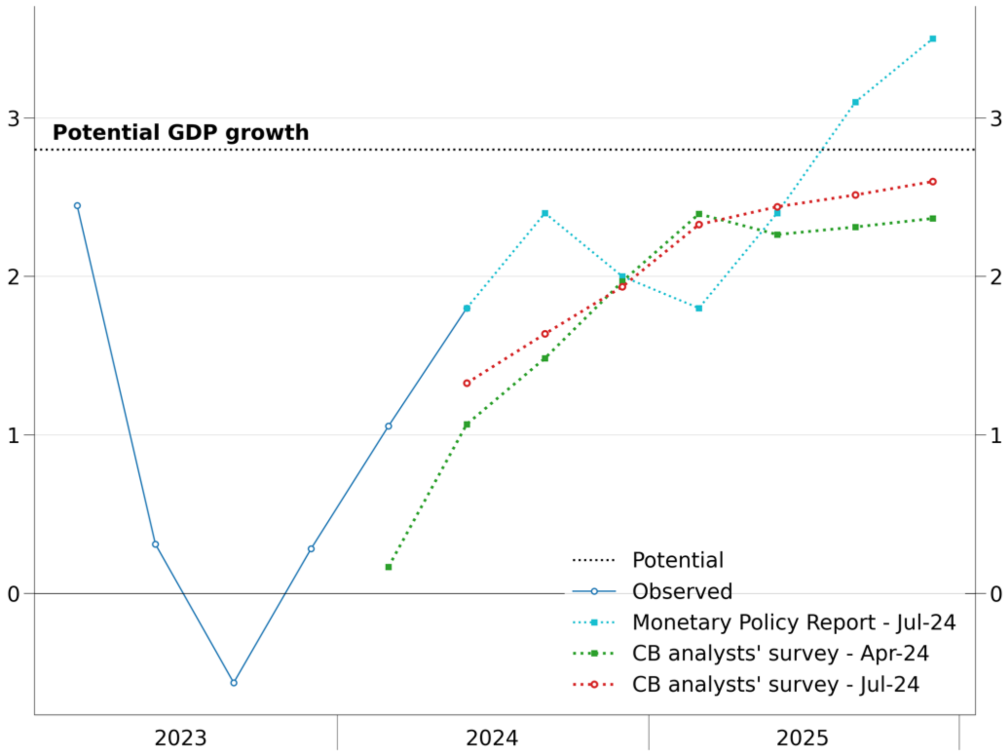
Figure 7. Quarterly GDP annual growth (%) – observed, expected in Central Bank Survey and Central Bank's technical staff's forecast



Source: Dane, EConcept

Is 2025 really going to be a much better year for the Colombian economy? For sure numbers will be better, but a strong economy is nowhere near. In the meantime, we see few reasons to celebrate Q2 GDP results.

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Investment Opportunities in Colombia

Transportation Sector

1. Roads

Fourth Generation (4G) Road Concessions Projects – First Wave Projects

Road	Length (km)	Contract Value (COP trillion, 2023)	Capex (COP trillion, 2023)	Opex (COP trillion, 2023)	Status
Honda - Puerto Salgar – Girardot (2012)	191	2.59	1.82	1.74	Operation
Perimetral de Oriente de Cundinamarca (2012)	152	2.91	1.95	1.54	43.2% advance. Suspended
Cartagena – Barranquilla y Circunvalar de la Prosperidad (2012)	154	3.02	2.21	2.17	Operation
Autopista al Río Magdalena 2 (2012)	144	3.07	2.32	1.49	89.2% advance
Autopista Conexión Norte (2012)	145	2.29	1.96	1.99	99.9% advance
Autopista Conexión Pacífico 1 (2012)	50	3.68	3.40	1.37	96.5% advance
Autopista Conexión Pacífico 2 (2012)	97	2.29	1.97	1.91	Operation
Autopista Conexión Pacífico 3 (2012)	146	3.30	2.71	2.56	Operation
APP Mulaló – Loboguerrero (2012)	32	2.80	2.56	0.92	Suspended
Total	**1,110**	**25.95**	**20.90**	**15.69**	

Source: National Planning Department, National Infrastructure Agency

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Fourth Generation (4G) Road Concessions Projects – Second Wave Projects

Road	Opex (COP trillion, 2022)	Contract Value (COP trillion, 2023)	Capex (COP trillion, 2023)	Opex (COP trillion, 2023)	Status
Autopista al Mar 1 (2012)	2.43	3.96	2.43	2.65	Operation
Autopista al Mar 2 (2012)	1.90	4.54	2.53	2.07	98.5% advance
Santana-Mocoa-Neiva (2013)	3.43	5.14	2.20	3.75	48.3% advance
Rumichaca-Pasto (2013)	1.27	4.01	3.16	1.39	Operation
Popayán-S/der de Quilichao (2013)	1.00	2.95	2.06	1.10	31.0% advance
Transversal del Sisga (2013)	1.13	1.67	0.87	1.23	Operation
Villavicencio-Yopal (2013)	2.37	5.09	3.41	2.59	92.6% advance
P/ta de Hierro -Palmar (2013)	0.89	2.15	0.98	0.97	Operation
Bucaramanga - Barrancabermeja - Yondó (2013)	1.53	4.66	2.84	1.68	98.0% advance
IP Autopistas del Caribe, corredor de carga Cartagena - Barranquilla (2015)	4.04	6.75	2.33	4.42	Suspended
Total	**20.00**	**40.92**	**22.80**	**21.85**	

Source: National Planning Department, National Infrastructure Agency

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Fourth Generation (4G) Road Concessions Projects – Third Wave Projects

Road	Length (km)	Contract Value (COP trillion, 2023)	Capex (COP trillion, 2023)	Opex (COP trillion, 2023)	Status
Pamplona - Cúcuta (2015)	63	3.24	2.45	1.28	Operation
Bucaramanga – Pamplona (2013)	134	2.45	1.55	1.87	11.2% advance. Suspended
Total	**197**	**5.69**	**4.00**	**3.15**	

Source: National Planning Department, National Infrastructure Agency

Fifth Generation (5G) Road Concessions Projects
First Wave Projects

Road	Length (km)	Contract Value (COP trillion 2023)	Capex (COP trillion, 2023)	Opex (COP trillion, 2023)	Status
APP Nueva Malla Vial del Valle del Cauca, accessos Cali y Palmira (2018)	310	4.13	2.28	2.51	13.3% advance
IP ALO Sur - Avenida longitudinal de Occidente (2019)	25	1.48	1.13	0.74	Pre-construction
APP Troncal del Magdalena C1, Puerto Salgar - Barrancabermeja (2020)	260	4.91	2.71	2.21	Pre-construction
APP Troncal del Magdalena C2, Sabana de Torres - Curumaní (2022)	272	4.75	2.81	3.11	Construction
APP Accesos Norte Fase II (2019)	18	2.38	1.74	0.64	Suspended
APP Nueva Malla Vial del Valle del Cauca, Buga - Buenaventura (2020)	128	4.06	2.89	2.41	Construction
Total	**1,012**	**21.72**	**13.57**	**11.61**	

Source: National Planning Department, National Infrastructure Agency.

Fifth Generation (5G) Road Concessions Projects
Second Wave Projects

Road	Length (km)	CAPEX + OPEX (COP trillion) - Estimated value	Status
IP Ruta del agua, Santuario - Caño Alegre	136	7.64	**Feasibility studies**
IP Conexión Centro, Manizales - La Paila	164	3.76	**Feasibility under evaluation**
IP Autovía Córdoba - Sucre	460	5.02	**Feasibility studies**
APP Villeta - Guaduas	82	6.30	**Feasibility under evaluation**
APP Pasto - Popayán	270	13.34	**Feasibility under evaluation**
APP Sogamoso - Aguazul - Maní	240	2.68	**Feasibility under evaluation**
Total	**1,352**	**38.74**	

Source: National Planning Department, National Infrastructure Agency.
Order: 1) Project Terms of Reference, 2) Feasibility under evaluation, 3) Feasibility studies, 4) Awarded

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Map of 4G and 5G Road Concessions Projects

Source: ANI.

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Other Road Projects: Other infrastructure road projects, involving the building, rehabilitation and maintenance of roads. Primarily private initiative.

Project	Length (km)	Contract Value (COP trillion, 2023)	Capex (COP trillion, 2023)	Opex (COP trillion, 2023)	Status
IP Cambao – Manizales (2015)	256	1.99	0.68	1.31	**97.9% advance**
IP Tercer Carril Bogotá Girardot (2014)	145	7.01	2.92	2.80	**61.9% advance**
IP Accesos norte a Bogotá D.C. (2014)	66	2.05	0.80	1.84	**85.9% advance**
IP Chirajará – Fundadores / Bogotá Villavicencio (2013)	86	8.81	3.97	5.70	**Operation**
IP Malla Vial del Meta (2013)	268	2.55	0.85	1.88	**18.8% advance**
IP GICA Girardot - Ibagué - Cajamarca (2012)	144	3.19	1.94	1.26	**52% advance**
IP Vías del NUS (2014)	157	4.31	1.67	3.10	**Operation**
IP Neiva – Girardot (2014)	198	3.37	1.21	2.15	**99.8% advance**
IP Antioquia – Bolívar (2014)	498	4.74	2.00	5.79	**94.1% advance**
Total	**1,819**	**38.02**	**16.02**	**25.83**	

Source: National Planning Department, National Infrastructure Agency.

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1. Airports

- **Aeropuerto de Cartagena**
  Design and construction of: New international terminal, apron expansion, remodeling of current terminal, infrastructure maintenance Rafael Núñez Airport.
  - **Capex:** COP 0.49 Trillion.
  - **Opex:** COP 0.44 Trillion.
  - **Status:** Contract signed.

- **APP Aeropuertos de Suroccidente**
  Administration, adaptation, modernization, construction, expansion, operation, economic exploitation, maintenance and reversion of the airport infrastructure of the Alfonso Bonilla Aragón airport in Palmira, Valle del Cauca.
  - **Capex:** COP 1.4 Trillion.
  - **Opex:** COP 2.8 Trillion.
  - **Status:** Feasibility study process.

- **IP Ciudad aeroportuaria Cartagena de Indias (Bayunca)**
  Construction of a new airport for Cartagena.
  - **Capex:** COP 3.08 Trillion.
  - **Opex:** COP 4.20 Trillion.
  - **Status:** Viability study process.

- **IP Aeropuerto de San Andrés**
  Design, construction, modernization, operation and maintenance of the airport infrastructure on both the air and land sides of the Gustavo Rojas Pinilla Airport in San Andres.
  - **Capex:** COP 0.35 Trillion.
  - **Opex:** COP 0.67 Trillion.
  - **Status:** Contract committee.

- **IP "Campo de Vuelo"**
  Construction of infrastructure improvements at El Dorado Airport, mainly in its outdoor spaces.
  - **Capex:** COP 0.8 Trillion
  - **Opex:** COP 0.9 Trillion
  - **Status:** Feasibility study process.

- **APP "El Dorado Máximo Desarrollo – EDMAX"**
  The design, financing, construction, operation and maintenance of the works to achieve the maximum development of El Dorado Airport.
  - **Capex:** COP 6.9 Trillion
  - **Opex:** COP 5.2 Trillion
  - **Status:** Development of feasibility studies and designs.

Source: National Planning Department, National Infrastructure Agency.

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Map of Airport Infrastructure Projects

Source: Ministry of Transport

2. Massive urban transit systems and Strategic Transport

- **Dorada – Chiriguaná**
  Track rehabilitation activities, upgrade to Cooper E40 type track, change of rails to 90 lb/Yd. Construction of long welded bars, train traffic control system, bridge intervention, upgrade and overhaul of rolling equipment.
  - **Capex:** COP 2.3 Trillion.
  - **Opex:** COP 0.3 Trillion.
  - **Status:** Under review of financial, legal and technical aspects for entity approval.

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- **Canal del Dique**
  Maintain control of sediment transit between the channel and the bays of Cartagena and Barbacoas.
  - **Capex:** COP 2.78 Trillion.
  - **Status:** Awarded

II. Energy and Mining Sectors

Ministry of Mines and Energy – National Development Plan:

Projects recommended for the National Transmission System

Project	Operation Start Date
Córdoba Sucre – Second Circuit Cerromatoso – Sahagún – Chinú 500 kW	Jun-26
Central outage in diameter one (1) of the Chinú 220 kW substation.	Nov-24
Compensation bay, central cutout for the new diameter, transformer bay in diameter two (2), differential protection for the busbar at the San Marcos 500 kW substation.	Dec-24
Third Transformer at Bolivar substation 500/220 kW	Jun-26
Installation of a second transformer at the La Virginia 500/230 kW substation by relocating the existing transformer.	Dec-24
HVDC Transmission Line at 600 kW, VSC type, two-pole with metallic return, from La Guajira.	December 2028 – December 2032
Reconfiguration of Banadía 230 kW substation from Single Bus to Main Blus plus Transfer Bus.	Nov-25

Source: CREG, Resolución 40477 de 2023

Projects considered in building phase

Project	Capacity (MW)	Type	Operation Start Date
Solar La Loma	150	Solar	Nov-24
Parque Solar Urrá	19.9	Solar	Aug-24
Parque Solar Caracolí	50	Solar	Nov-24
Tepuy	83	Solar	May-24
El Paso Solar	70	Solar	Dec-23
La Mata	80	Solar	Jul-24
Escobal 6	99	Solar	Aug-26
Parque Solar la Unión	100	Solar	Jul-24
Nabusimake	100	Solar	Jan-24
Guayepo	400	Solar	Apr-24
Planta Solar SUN-NORTE	35	Solar	Jan-24
Windpeshi	200	Wind	Nov-24
Parque Eólico Beta	280	Wind	Nov-25
Parque Eólico Alpha	212	Wind	Nov-25
Generación Eólica Camelias	250	Wind	Nov-24
Parque eólico Casa Eléctrica	180	Wind	Jan-27
Parque eólico Apoto-lorru	75	Wind	Jan-27
Central Térmica Termo-caribe 3	42	Thermal	Jun-24

Source: UPME, Plan Indicativo de Expansión de la Generación 2023-2037

Oil Exploration Projects for Colombia in 2024 (Q2)

Exploration Projects	Status	Participants
Toritos Norte-1	Under evaluation	Hocol 50% (Operator) Geopark 50%
Rocot-1HZ	Dry	Parex 80% (Operator) ECP 20%

Source: Ecopetrol

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Ecopetrol's Investment plan for 2024 (COP trillion)

Projects	Investment 2024
Upstream	14.2 – 16.7
Midstream	1.2 – 1.4
Downstream	1.6 – 1.9
Energy Transition	9.2 – 10.8
Social Investment	0.6
Total	23 – 27

Source: Ecopetrol

III. Other

- **Education:** Design, construction or rehabilitation, provision, maintenance of 8 educational venues (234 classrooms), school meals, security, cleaning, connectivity, and infrastructure maintenance in Soacha.
    - ***Capex:*** COP 123 Billion (2018).
    - ***Status:*** Structured.

  Construction, provision, operation, maintenance, and delivery of non-pedagogical services for a group of schools in the city of Ibagué
    - ***Capex***: COP 144 Billion (2016).
    - ***Status:*** Phase I completed.

- **Sports**: structuring of a project that contemplates the design, modernization, adaptation, construction, provision, operation, maintenance and economic exploitation of the infrastructure that is required within the Center of High-Performance Sports (CAR).
    - ***Capex*****:** COP 80 Billion (2022).
    - ***Status*****:** Structured.

- **Water and sewage:**
  Design, construction, operation, and maintenance of Wastewater Treatment System (STAR), located within the jurisdiction of the Municipality of Neiva, Huila.
    - ***Capex:*** COP 215 Billion (2019).
    - ***Status:*** Phase II.

  Design, construction, operation and maintenance of Wastewater Treatment System (STAR) located in the jurisdiction of the Municipality of Duitama, Boyacá.
    - ***Capex:*** COP 70 Billion (2019).
    - ***Status:*** Phase II.

  Decontamination of the Bogotá River through the provision of the design for Phase II and the construction, operation, and maintenance of Phases I and II of the Wastewater Treatment Plant - PTAR Canoas.

- *Capex:* COP 4.5 Trillion (201).
- ***Status:*** Structured.

- **Electricity:** Rehabilitation, operation and maintenance of the infrastructure of an electric energy generation system, in Military Air Units – MAU of Colombian Force – CAF.
  - ***Capex:*** COP 36 Billion (2018).
  - ***Status:*** Structured.

- **Health:** To conceive the Great Hospital Park of Engativá, which is a hospital infrastructure of international reference with the highest specialized technology for patient care, laboratories, as well as study and innovation that allow it to be researched.
  - ***Capex*****:** COP 100 Billion (2019)
  - ***Status*****:** Beginning of phase II.

  Design, financing, construction, equipment, endowment, operation, maintenance and reversal of a new high complexity hospital in Fusagasugá.
  - ***Capex*****:** COP 308 Billion (2022)
  - ***Status*****:** Structuration

- **Urban Renewal and Public Buildings:** Design, construction, operation and maintenance of National Attorney General office in Cali.
  - ***Capex:*** COP 175 Billion (2018).
  - ***Status:*** Awarded.

IV. Public – Private Partnerships Projects without public funds

The purpose of these projects is to facilitate private sector participation in infrastructure, to the extent that private entities are now entitled to propose projects of this nature to either National or Regional Governments (PPPs), as well as to invest in economic sectors in which private involvement has traditionally been scarce. This is the case of education, health, justice, defense and public building construction, among others. There are 283 PPP projects in the RUAPP, 192 without public resources.

Number of Public-Private Partnerships by Sector

Sector	Hired	Feasibility Studies	Pre-Feasibility Studies	Total
Agriculture			7	7
Water and Sewage		3	31	34
Environment and tourism			3	3
Commerce, Industry and tourism			4	4
Culture and sports		1	7	8
Public Buildings and Urban Renewal	3	1	35	39
Education			10	10
Justice		1	3	4
Mining and Energy		1	7	8
Health Care	1		8	9
Information and Communication Technologies			3	3
Transport	36	6	108	152
Housing			2	2
Total	**42**	**13**	**228**	**283**

Source: National Planning Department- RUAPP (October 2024)

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Forecasts

Figure 8. Real GDP annual growth by year

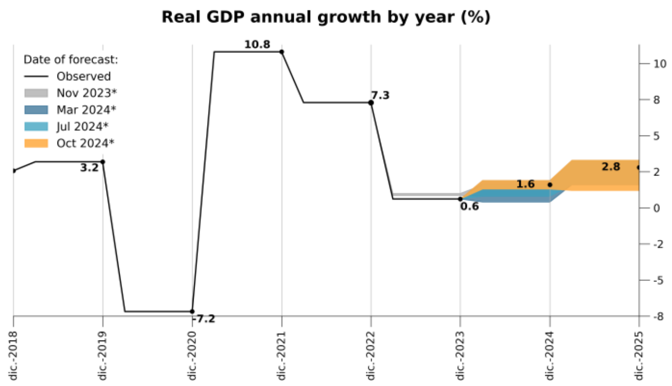

Figure 9. Real GDP annual growth by quarters

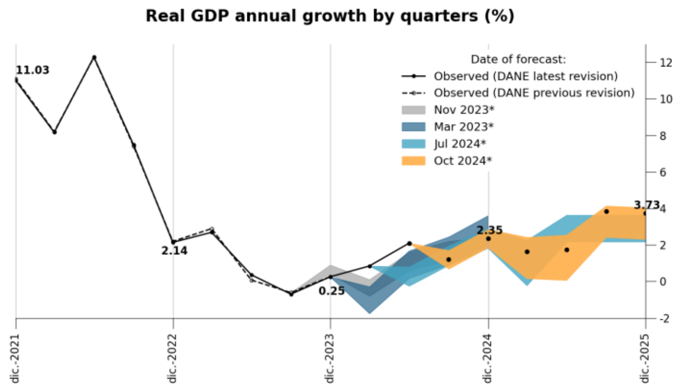

Figure 10. Households consumption annual growth by quarters (%)

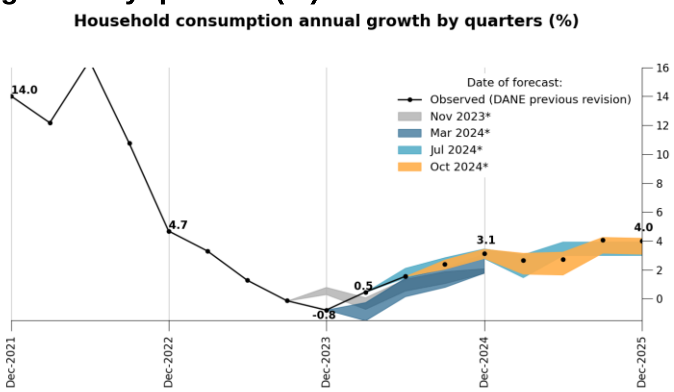

Figure 11. Central Bank intervention rate (%)

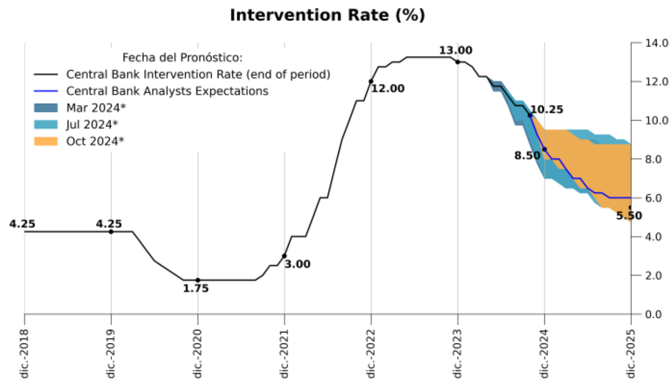

Figure 12. Annual inflation CPI (%)

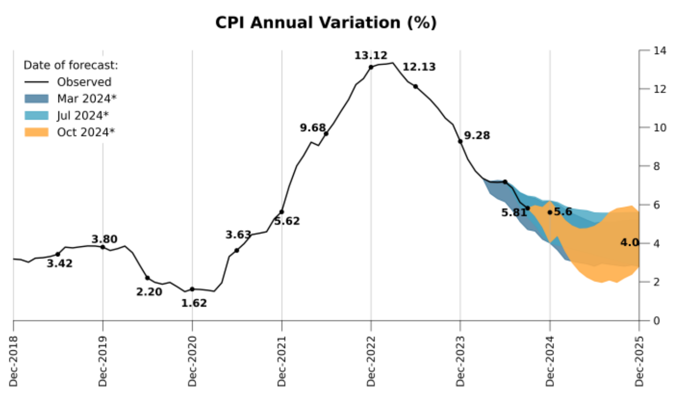

Figure 13. Annual inflation – Domestic Supply PPI (%)

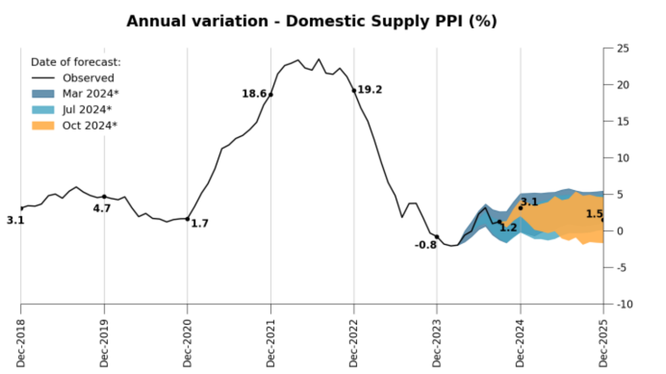

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Figure 14. Exchange Rate Yearly Average (COP/USD)

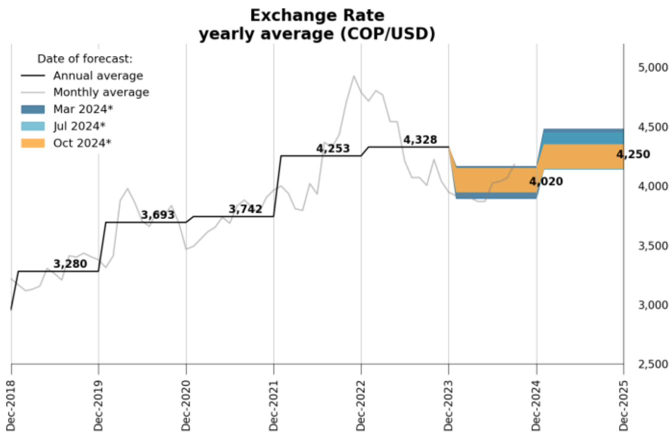


Figure 15. Current Account (GDP %)

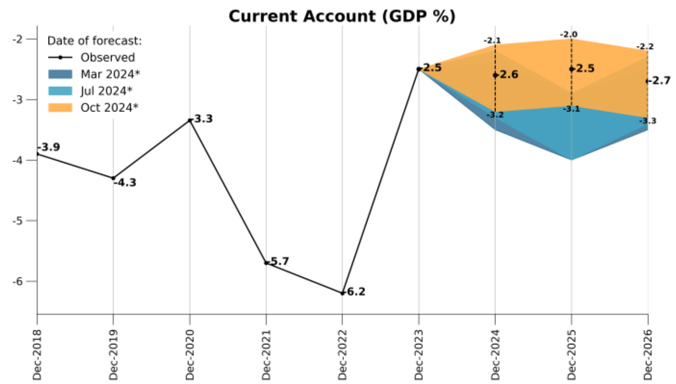


Figure 16. Unemployment (%)

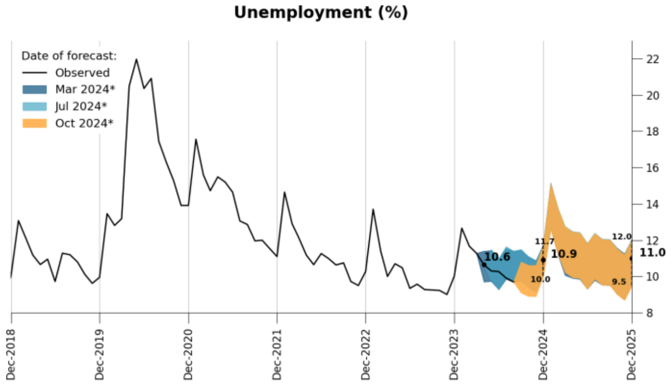
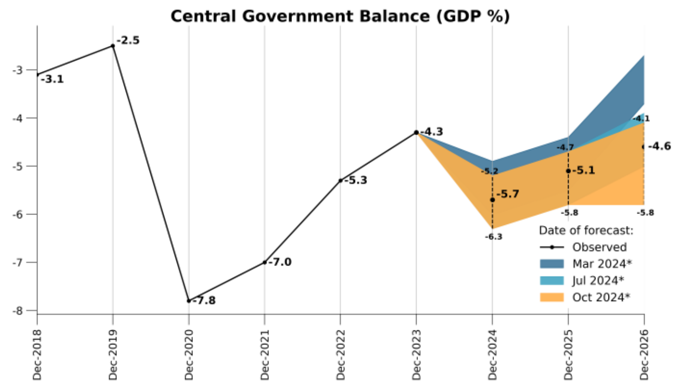


Figure 17. Central Government Balance (GDP%)



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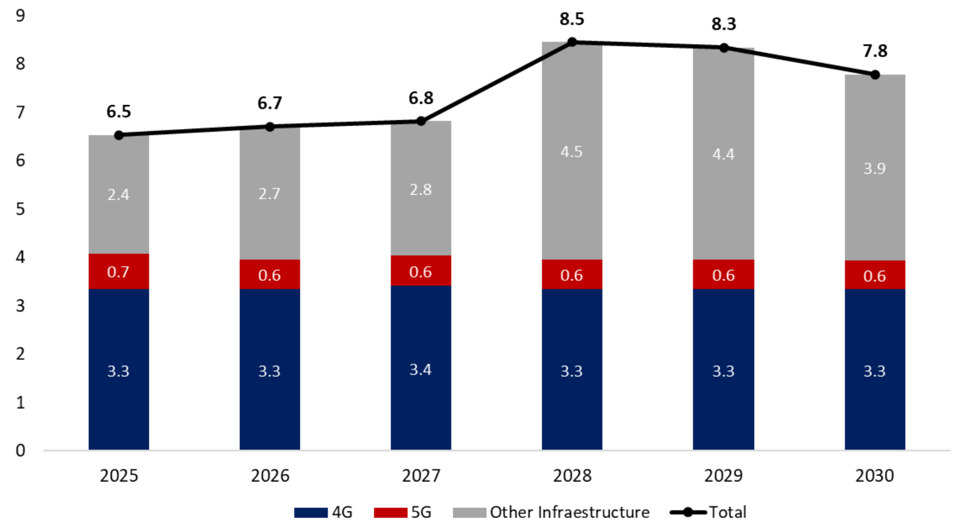
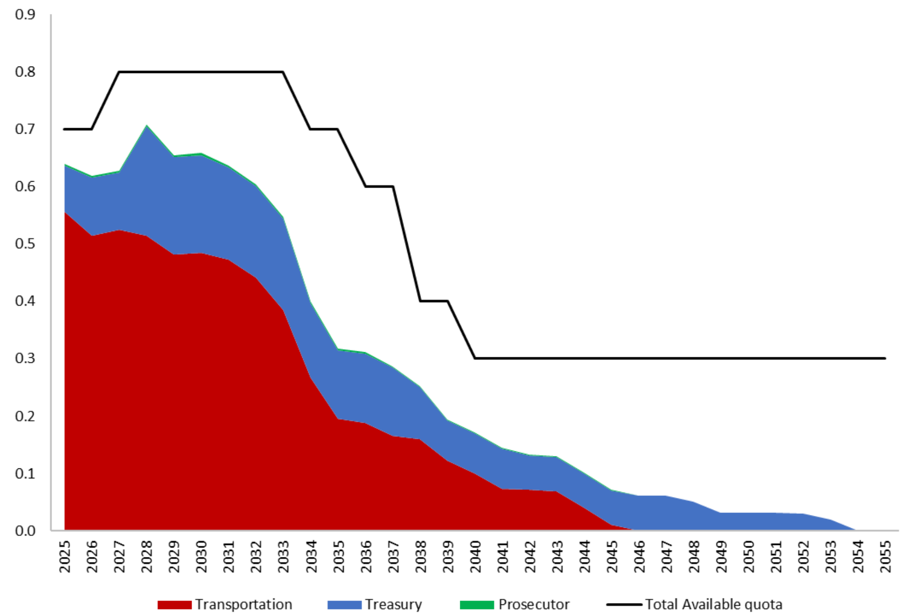
Future Appropriations

Figure 18. Future Appropriations in Infrastructure (COP Trillion, 2025-2030)



Source: MFMP 2024

Figure 19. Future Appropriations Quota for Public-Private Association (GDP %)



Source: MFMP 2024

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