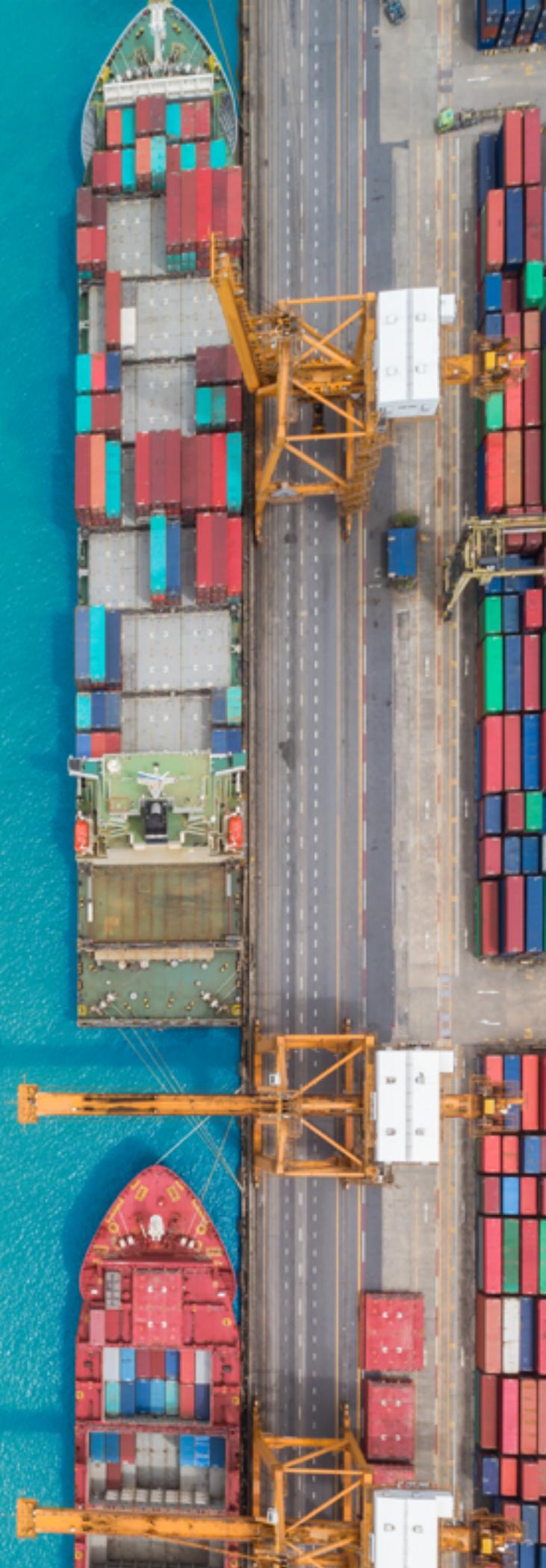




Overview Colombia & Infrastructure Opportunities

2020 - 2021

home.kpmg/co



Presentation

Colombia continues to implement and further develop its aggressive program to strengthen its infrastructure. After having successfully awarded – during only the past four years – an unprecedented road concession plan that included almost 3,000 Km and requires about USD 9.3 billion in CAPEX for public initiatives and approximately 2,200 Km and USD 7.8 billion in CAPEX for unsolicited proposals, the country is now focused on developing transport logistics solutions, clean energy capabilities, mass transit and more social infrastructure, such as hospitals, schools, government buildings and prisons, among others. Finally, the government has also created regulation and market conditions for facilitating unsolicited proposals. The figure at the side shows the investment needs in infrastructure up to 2035.

The sheer size of the works to be implemented and the required investment has demonstrated that international investors, debt providers, constructors and developers will be required to actively participate in order to make the program viable. Fortunately, the Colombian government has had a sustained policy of attracting private investment and has actively worked on improving the risk allocation for these projects and strengthening the institutional framework.

All of the above presents an unprecedented opportunity for private companies. The opportunities highlighted in this document reflect a great variety of products and services that can be provided from the private companies, such as equipment, technology, financing, insurance as well as construction and operational capabilities.

We're confident that Colombia represents a solid and interesting opportunity for private companies to diversify its export base and international footprint. We expect this opportunities document to become a tool for understanding the Colombian infrastructure market and for identifying profitable opportunities to leverage private companies' international growth.

The figures in this document are expressed with an exchange rate of 3,277, which corresponds to the average of the exchange rate for the year 2019.

Investment needs in infrastructure up to 2035



USD 136 billion



USD 61 billion
Road network intervention



USD 5.3 billion
31 Airport projects



USD 3.6 billion
Railway rehabilitation



USD 17 billion
Investment in healthcare



USD 32 billion
Investment in education, justice and housing



USD 20 billion
Investment in other sectors
(water, waste treatment, energy, fluvial)

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1. Introduction to Colombia



10 Reasons to invest in Colombia

1

Attractive Business Environment

Colombia is part of the countries with better economic stability of the region. In the last five years, have been presenting an increment of 4.8%.

2

Trustworthy Associate

Is a country with investment grade given by Standard & Poor's, Moody's and Fitch. In Agreement with Doing Business 2019, Colombia is the third best country in the region for doing business as the 67th in the world, for the same purpose.

3

Economy Linked to the World Market

Colombia have 10 Free Trade Agreements (FTA) and 3 Partial reach agreements, having access to approximately 45 countries and its consumers.

4

Interconnected to the World

Colombia possess a technological infrastructure supported by nine submarine cables that enable country's integration. Also, its geographical location gives it an advantage.

5

Qualified Workforce

Colombia, according to the IMD ranking in 2019, is one of the countries in the region with the best qualified workforce above Brazil, Peru, and Argentina, among others. Colombia won 6 positions in the global ranking, compared to 2018.

6

Ongoing Work for Innovation

Innovation is one of the priority components for the product and services transformation of the country.

7

Competitive Legal Framework

Government commitment for investment incentives and stability for investors. Since 2005, the country has implemented 29 reforms.

8

Government Commitment for Country's Development

Colombia has a National Development Plan (NDP) that involves primary necessities of the country and executes an action plan for increasing competitiveness and growth. Also, the Productive Transformation plan (PTP) centers in increasing effectiveness and competitiveness in 22 economical sectors, through a combination of public and private sector.

9

Among the Most Competitive Countries in PPP's

Colombia is the third most competitive country in the world in terms of regulation to finance infrastructure works through the Public-Private Partnerships (PPP) scheme, according to the World Bank.

10

OECD member

Colombia was linked to the intergovernmental Organization for Economic Co-operation and Development (OECD) that stimulate world trade and economic growth. Colombia has been subject to in-depth reviews by 23 OECD Committees and has introduced major reforms for the following: legislation, policies and practices with OECD standards, labor issues, justice system, corporate governance of state-owned enterprises, anti-bribery and waste management.

Source: Procolombia, Portafolio, IMD 2019, BID, El Pais, OECD

1.1. Colombia as an investment destination

Overview

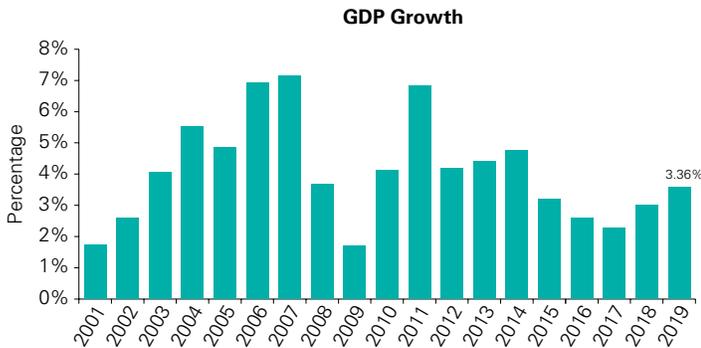
- Over the past few years, Colombia has significantly improved its macroeconomic performance, internal security and stability, and as a result social indicators have also improved.
- Colombia has achieved a solid structural growth given an increase in the investment rate, which, in turn, generates higher productivity levels.
- The Colombian economy maintains a moderate inflation and has never driven hyperinflation as other countries in the region.
- In 2011, Colombia was awarded investment grade rating from all the main rating agencies in the world.
- Colombia is aggressively negotiating free trade and investment agreements in order to expand its markets.
- The government is fully committed to reassuring favorable conditions so as to improve domestic and foreign investment. This is reflected in the establishment of free trade zones and legal stability contracts.
- Colombia has easy access to global markets like Europe, Asia and America.



Business Environment

Over the last twenty years, Colombia has had a balanced trend in GDP growth.

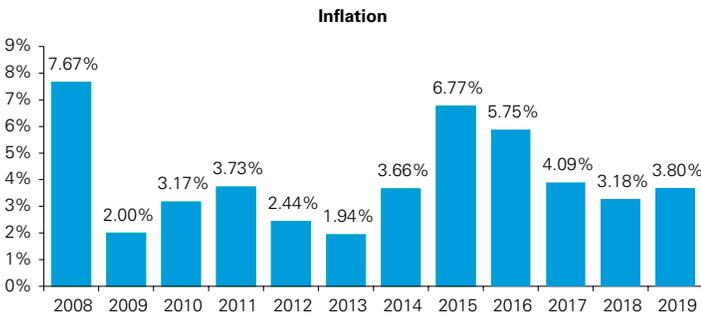
In 2008, the year of the international economic crunch, Colombia had relatively strong economic growth in spite of external conditions. The latter was evident in the figures released by the International Monetary Fund (IMF) for the year 2009, revealing an economic growth of 1.5% for the year. Mostly, the GDP has presented a decrease in 2016 and 2017 due to the falling in mining and construction sectors. However, the GDP growth increased again for the next two years, arriving to 3.36% in 2019.



Source: Central Bank of Colombia

Colombia's Central Bank, fulfilling its constitutional role, has enforced strict monetary policies in order to reduce inflation and control price variations.

Inflation has been under strict control for over a decade, reflecting a one digit, sustainable rate:

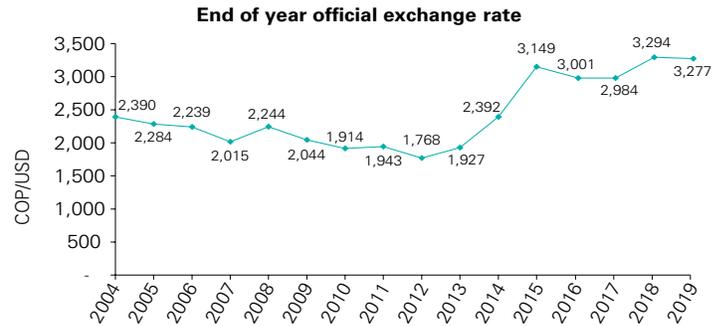


Source: Central Bank of Colombia

Source: Central Bank of Colombia

Following a strong devaluation in the 90s, the Colombian Peso appreciated against the USD, mainly due to the country's economic recovery.

The average exchange rate (representative market rate) for the year 2019 was of 3,281 COP/USD.



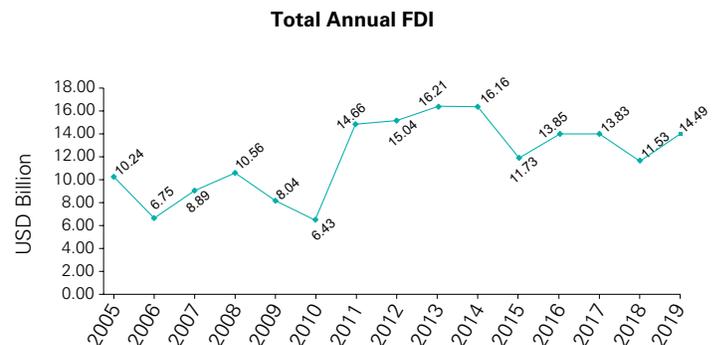
Source: Central Bank of Colombia

Increased confidence in Colombia is reflected on the growing FDI inflows. FDI is currently almost 2 times higher than it was at the beginning of the 2010 decade.

Most foreign investment is concentrated in transportation services and in the oil sector. Investment in financial services, as well as in the manufacturing and mining sectors, has a great potential for growth in coming years.

FDI inflows to Colombia were around USD 14.65 million in 2011, higher than the 2010 figure of USD 6.43 billion. However, 2013 had the highest FDI of the period analyzed, reaching USD 16.21 billion. However, investment Entries decreased in 2015, reaching USD 11.73 million.

After this, the entries have presented an increase in the year 2016, reaching USD 13,850 million. Finally, FDI has shown a decrease for 2017 and 2018, a level of USD 11.53 million and recovered for the last year amounting to USD 14.49 million in 2019.



Source: Central Bank of Colombia

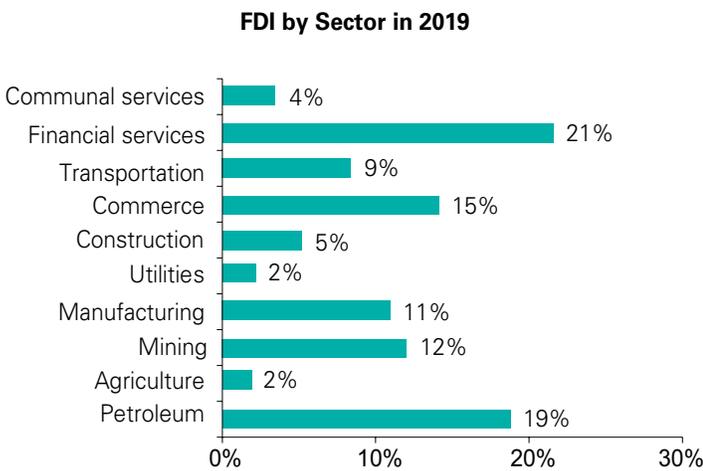
Ever since 1994 until 2019, FDI in Colombia has been aimed mostly at the petroleum and transportation sectors followed by manufacturing. However, in 2019 the financial services occupy the first place along with petroleum, followed by commerce.

The graph FDI by Sector in 2019 indicates the investment participation of the main sectors for the year 2019.

According to FDI by Country in 2019 the main foreign direct investors in Colombia are Spain, Peru and England. The graph below lists the main FDI sources for the year 2019.

The 2019 Doing Business Report ranks Colombia as the 67th best country for doing business, out of 190 countries listed in the report.

Additionally, the same report ranks Colombia as the third Latin American country for the same purpose.

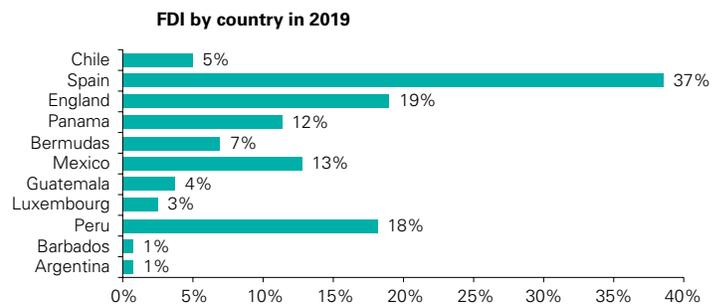


Source: Doing Business 2019

Latin America - Best countries to do business

Economy	Global rank 2019
Mexico	60
Puerto Rico	65
Colombia	67
Jamaica	71
Costa Rica	74
Peru	76
Panama	86
El Salvador	91
St. Lucia	93
Guatemala	96
Uruguay	101
Trinidad and Tobago	105
Dominica	111
Antigua and Barbuda	113
Dominican Republic	115
Bahamas, The	119
Brazil	124

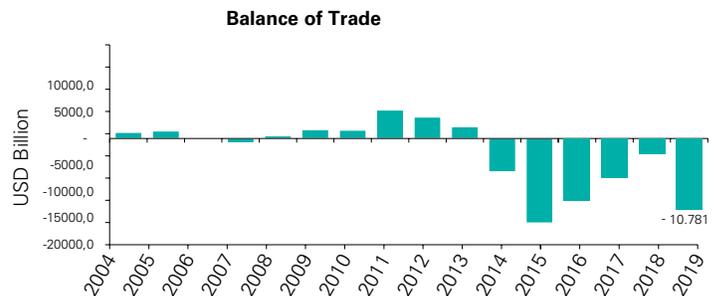
Source: World Bank Group



Source: Central Bank of Colombia

Exports have increased approximately 112% since 2004, rising from about USD 17 billion to USD 36 billion in 2019.

In 2009, Colombia's trade was affected by political conflicts with some of its commercial partners, resulting in nearly no trade with Venezuela. In spite of these problems, the balance of trade's behavior was positive. However, in the last years, the trade balance has been increasing importantly, after having the biggest decrease by USD 15,907 million in 2015. As of the end of year 2019, the balance of trade was negative by USD 10,781 million, decreasing mostly due to oil and coal exports.



Source: DANE

TAX

Law 2010 of December 2019 introduced new changes in tax rates for corporations. The following table shows the current applicable rates for the calculation of taxes.

Income Tax Surcharge					
%	2020	2021	2022	2023	2023 onwards
Tax rate for corporations (non-financial)	32%	31%	30%	30%	30%
Tax rate for corporations (financial)	36%	34%	33%	30%	30%
Tax rate for new hotels or remodeled hotels	9%	9%	9%	9%	9%

Source: Law 2010 December 2019

Furthermore, this law introduced additional modifications to the taxable base and the percentage of calculation for presumptive income. The table below shows the rates in force for the calculation as of 2020.

Percentage of calculation of presumptive income - Law 2010		
%	2020	2021 onwards
Percentage of calculation of presumptive income	0.50%	0%

Source: Law 2010 December 2019

In 2011, Colombia was awarded investment grade rating from all the main rating agencies in the world.

Colombian Sovereign Rating (Foreign Currency, Long-Term)

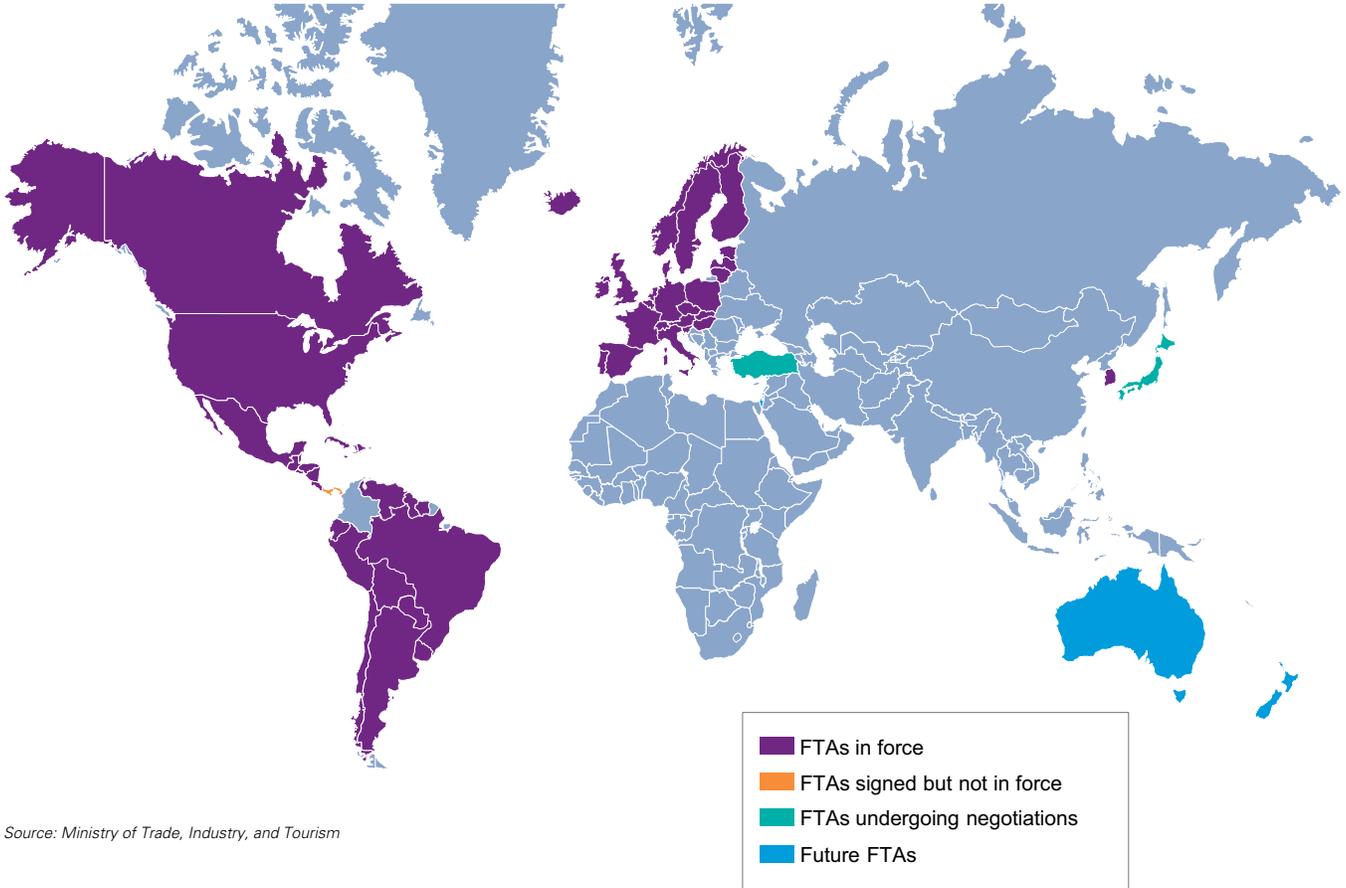
MOODY'S	
Rating	Date
Ba2 (Negative)	27-mar-02
Ba2 (Stable)	9-mar-06
Ba2 (Positive)	25-jun-07
Ba1 (Stable)	19-jun-08
Ba1 (Positive)	9-sep-10
Baa3 (Stable)	31-may-11
Baa3 (Positive)	8-jul-13
Baa2 (Stable)	28-jul-14
Baa2 (Negative)	22-feb-18
Baa2 (Stable)	23-may-19

FITCH	
Rating	Date
BB (Stable)	3-may-04
BB (Positive)	5-jun-06
BB+ (Stable)	21-jun-07
BB+ (Positive)	14-oct-10
BB+ (Positive)	22-jun-11
BBB (Positive)	6-mar-13
BBB (Stable)	10-dec-13
BBB (Negative)	22-jul-16
BBB (Stable)	20-oct-17
BBB	20-nov-19

S & P	
Rating	Date
BB (Stable)	14-jul-03
BB (Positive)	22-feb-06
BB+ (Stable)	5-mar-07
BB+ (Positive)	7-jul-10
BBB (Stable)	16-mar-11
BBB (Positive)	15-aug-12
BBB (Stable)	24-apr-13
BBB (Negative)	16-feb-16
BBB- (Stable)	11-dic-17

Source: Ministry of Finance and Public Credit of Colombia

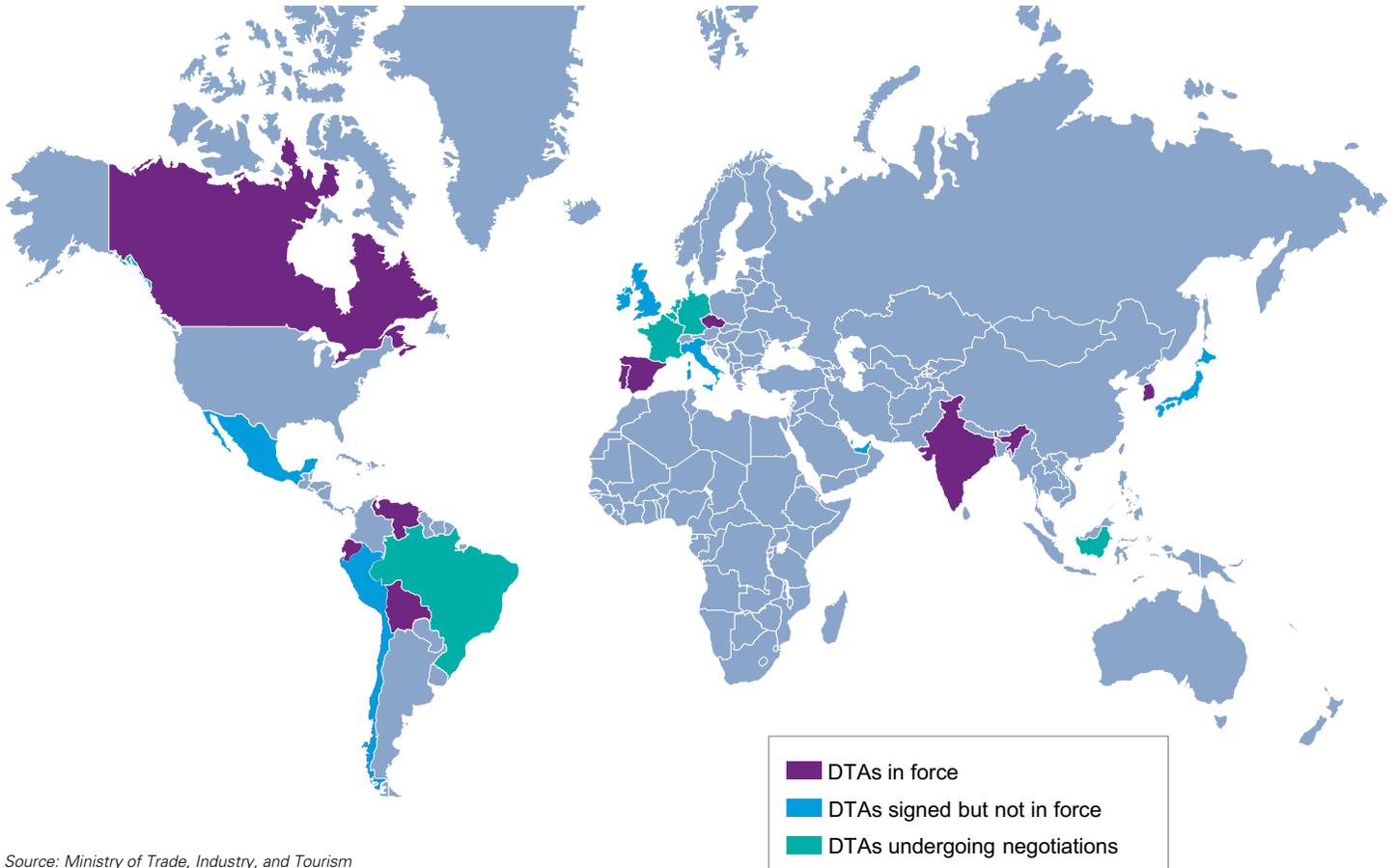
Free Trade Agreements (FTA)



Source: Ministry of Trade, Industry, and Tourism

In Force					Signed but Not in Force	Undergoing Negotiations
						
CAN - Ecuador, Peru, and Bolivia	CARICOM (Caribbean Community)	MERCOSUR (since 2005) Argentina, Paraguay, Uruguay, and Brazil	EFTA (Iceland, Liechtenstein, Norway, and Switzerland)	Guatemala, Honduras, and El Salvador	Israel	Turkey
						
United States	Canada	Chile	G-2 - Mexico	Cuba	Panama	Japan
						
European Union	Partial reach agreement with Venezuela	Korea	Costa Rica	Pacific Alliance		TiSA-Trade in Services Agreement
						
						Pacific Alliance/Associated States candidates agreement

Double Taxation Agreements (DTA)



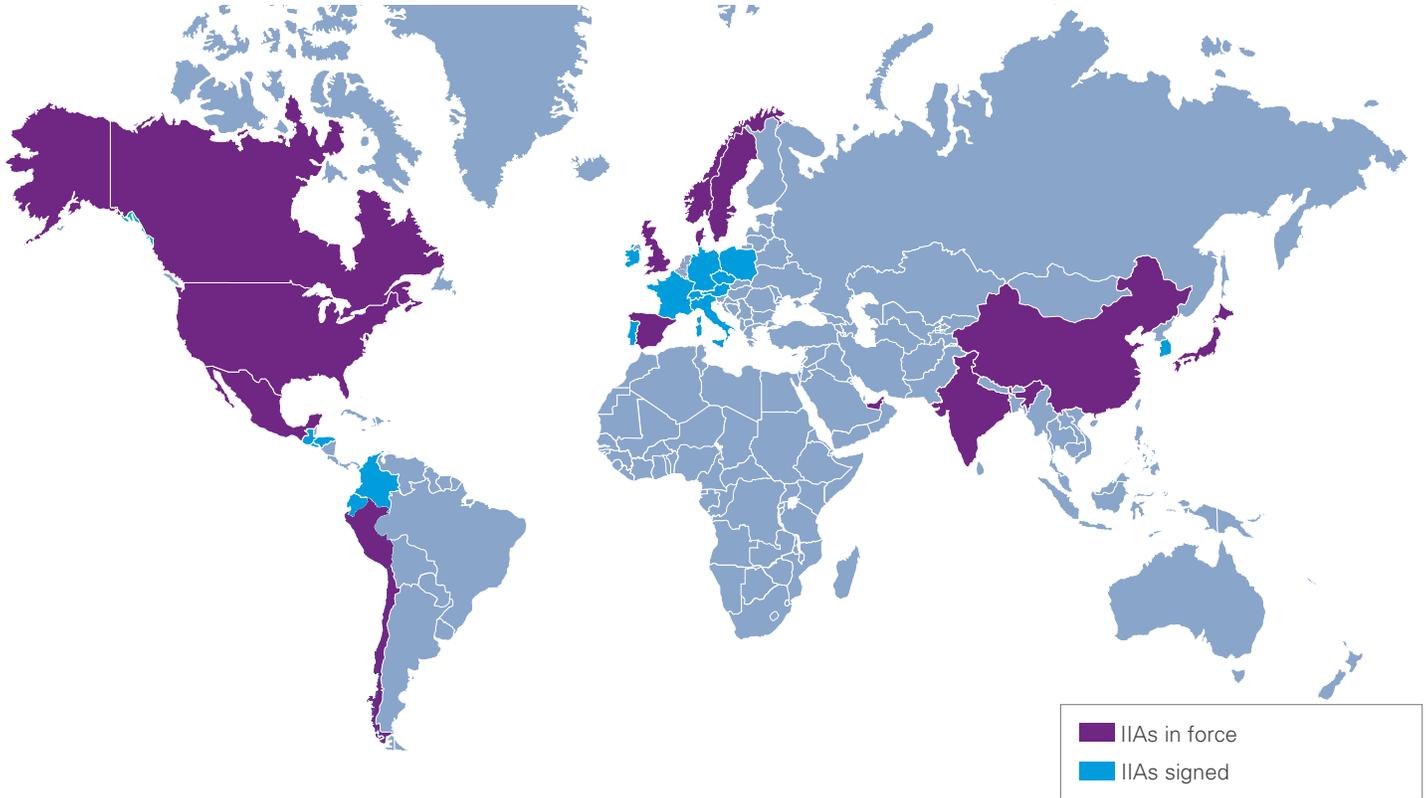
Source: Ministry of Trade, Industry, and Tourism

DTAs

DTAs are designed to protect investors from double taxation when the same income is taxable in two countries. There are currently:

11 In Force												
	Venezuela	Ecuador	Bolivia	Canada	North Triangle	Korea	India					
8 Signed												
	Switzerland	Czech Republic	Portugal	Spain	Mexico	Perú	Chile	United Kingdom	France	Italy	Japan	United Arab Emirates

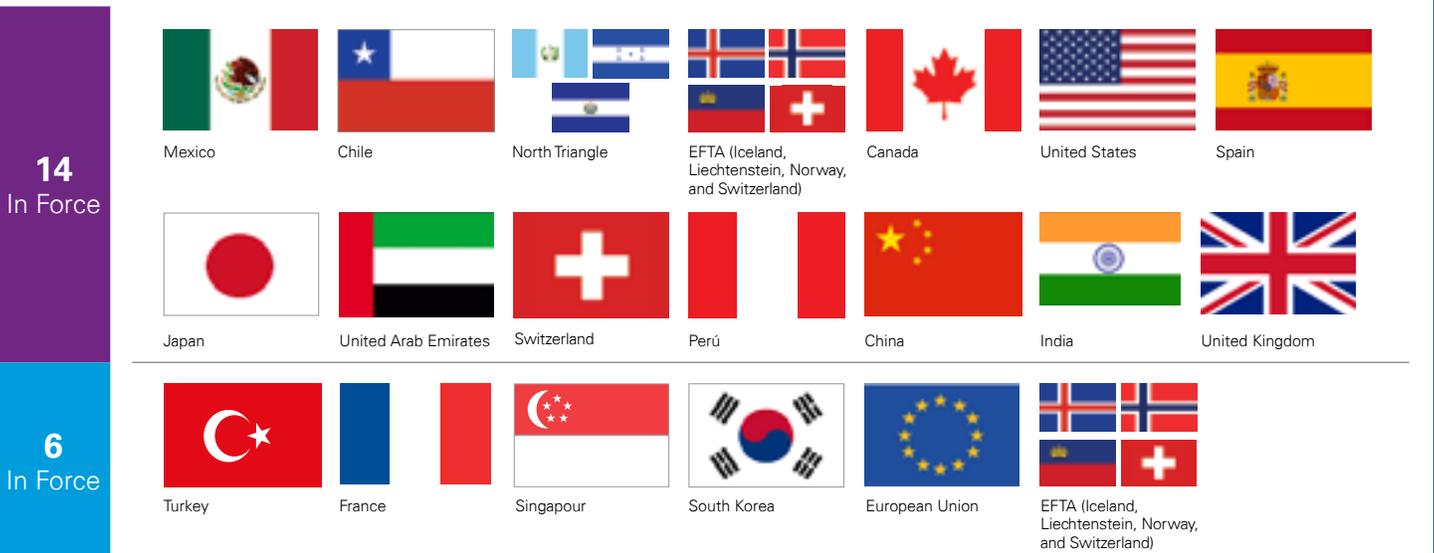
International Investment Agreements – IIA

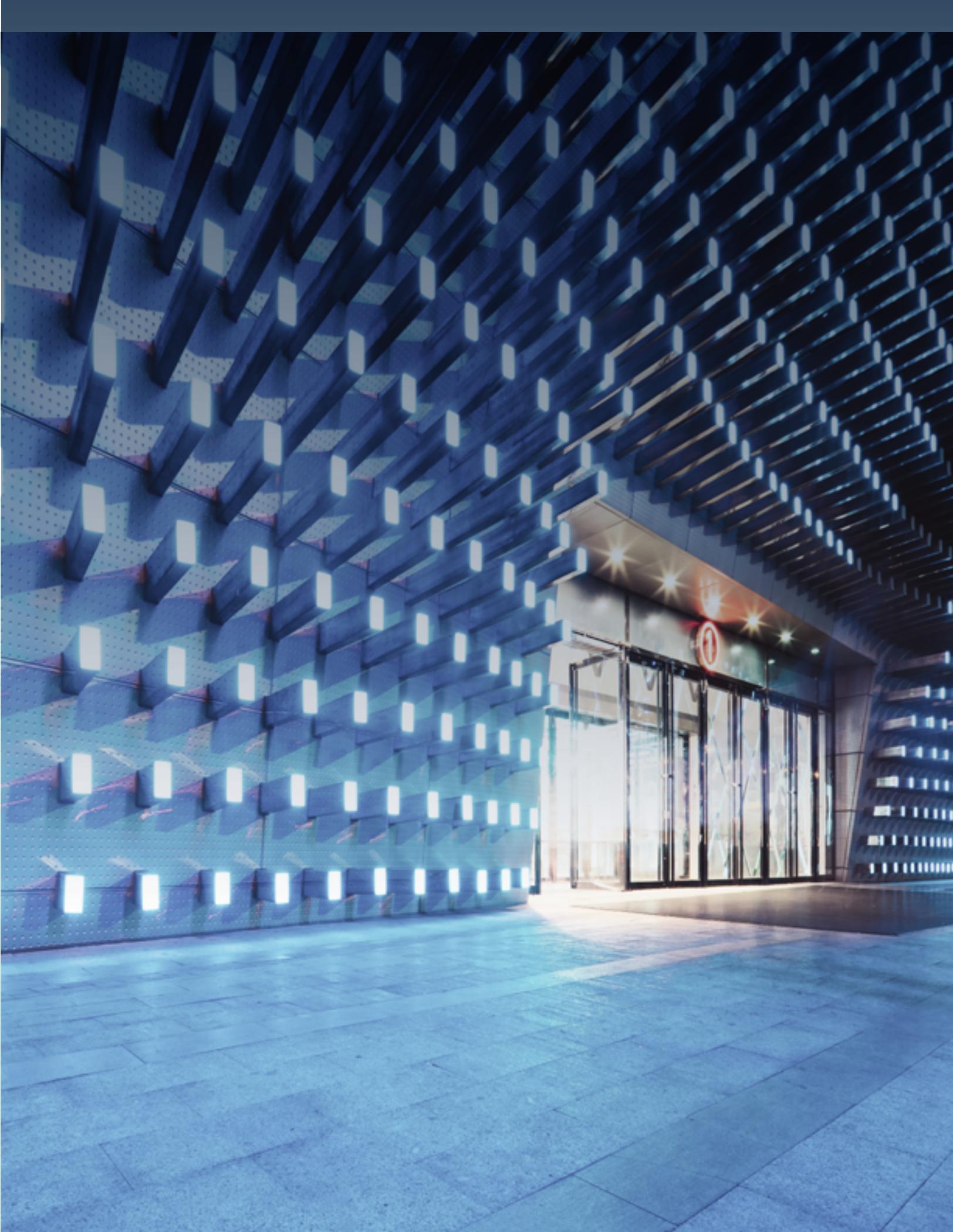


Source: Ministry of Trade, Industry, and Tourism

IIAs

IIAs protect investors from expropriation and discrimination from other national or foreign investors. Additionally, these treaties establish responsive procedures for dispute settlement between investors and the host country. There are currently:





2.

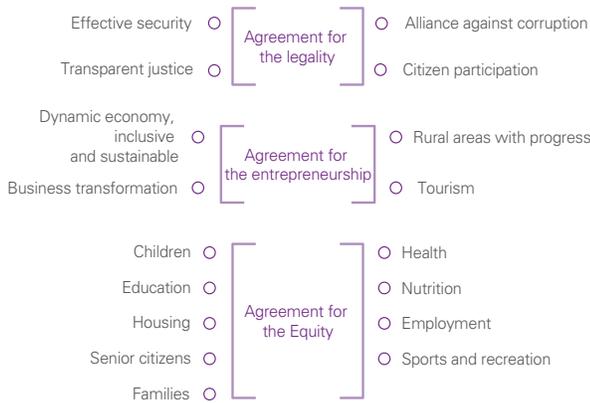
Background



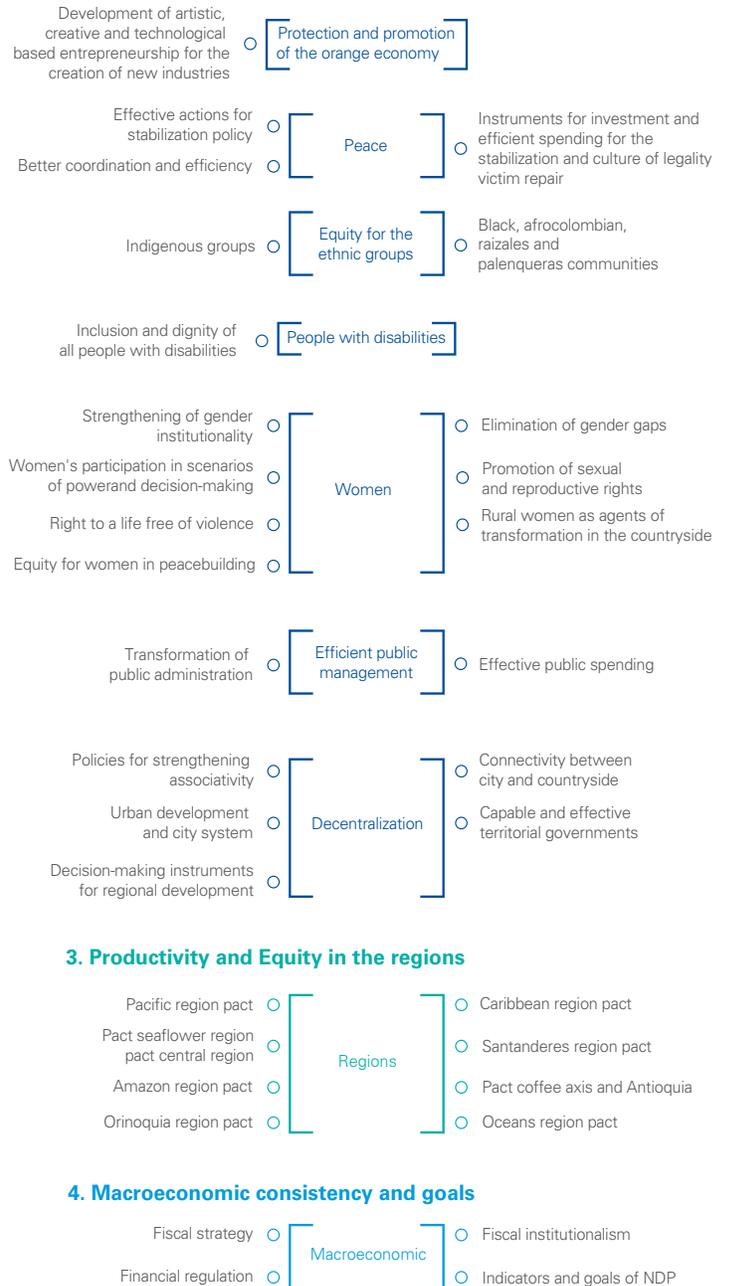
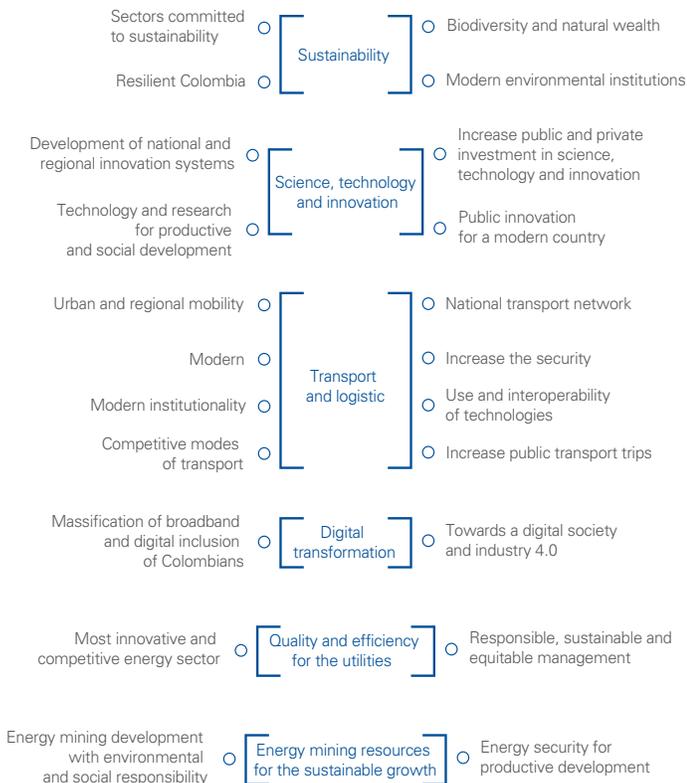
2018-2022 Government Plan for Colombia

The current national development plan is based in structural agreements, transversal agreements, agreements for productivity and equity of the regions and macroeconomic consistency and goals.

1. Structural Agreements



2. Transversal Agreements



Source: Bases of the national development plan 2018-2022

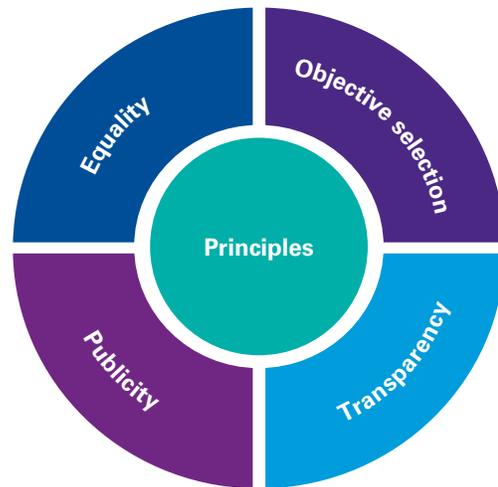
To consult the bases of the national development plan, go to the following link <https://colaboracion.dnp.gov.co/CDT/Prensa/BasesPND2018-2022n.pdf>

Government Procurement Legal Framework in Colombia

In order to achieve the State's objectives, goods and services must be acquired by public agencies through contracts.

The regulation of pre-contractual and contractual activities in Colombia is contained in the Public Procurement Statute (Law No. 80 of 1993 and Regulatory Decrees).

Statute of principles



Contractor Selection Modalities



Public Tender

A public tender is a selection process used by government agencies to select contractors through a public invitation addressed to all who are potentially interested in performing the contract. The interested parties, on equal conditions and objective criteria, guaranteed by the Bid Terms, may present their bids and the most favorable bid will be chosen. Public Tenders are the general rule. Only if a specific procurement falls within the ambit of other types of selection modalities will such modalities apply.



Contests of Merit

This modality applies for the selection of consultancy projects in which systems of open competition or preliminary qualification can be used. If preliminary qualification is used, the list of the qualifying candidates will be formed by a public invitation so that a limited list of offers can be drawn up, using criteria of experience, intellectual capacity, and organization of the proponent, among others.



Abbreviated Selection Process

This is a form of objective selection for cases in which the characteristics of the object to be contracted, the circumstances of contracting, or the amount or purpose of the asset, work, or service allow simplified processes to be applied, such as reverse auctions, product exchanges, or mail order purchases in order to guarantee the effectiveness of contractual activities.



Direct Contracting

Pursuant to the Procurement Statute this modality applies in the following events: i) manifest urgency; ii) governmental credit/loans; iii) existence of single offeror in the market; iv) for the rental or acquisition of property; v) inter-administrative contracts; vi) for contracting goods and services in the defense sector and for the security and police; vii) for the scientific and technological activities development contracts; viii) escrow agreements made by regional government agencies (Law No. 1150/2007); or ix) for the execution of artistic work or professional support services provision.

Transparency Mechanisms in the Procurement Framework

Among the strategies used by Colombian Law to incentivize transparency in Government Procurement are:

Anti-corruption statute – Law No. 1474 of 2011

The statute has 3 cross-cutting aspects:

1. Equality in the responsibility of individuals and public servants
2. Increase of disabilities triggers
3. Enhanced controls



Pact for Transparency

In addition, a Pact for Transparency in the Infrastructure Sector was signed by various governmental entities responsible for promoting and implementing major projects in the country, in order to ensure the proper management of public resources.

The Pact for Transparency has seven main points that must be met by signatories to safeguard the commitment made in the infrastructure sector:

1. Compliance with applicable law in contractual matters.
2. Application of the principles governing the administrative function.
3. Publication of the contractual process on the entities' website.
4. Room presentation and transparent urn.
5. Implementation of standard bidding documents for public works processes.
6. Transparency Pact.
7. Attorney Accompaniment.

Anti-bribery convention

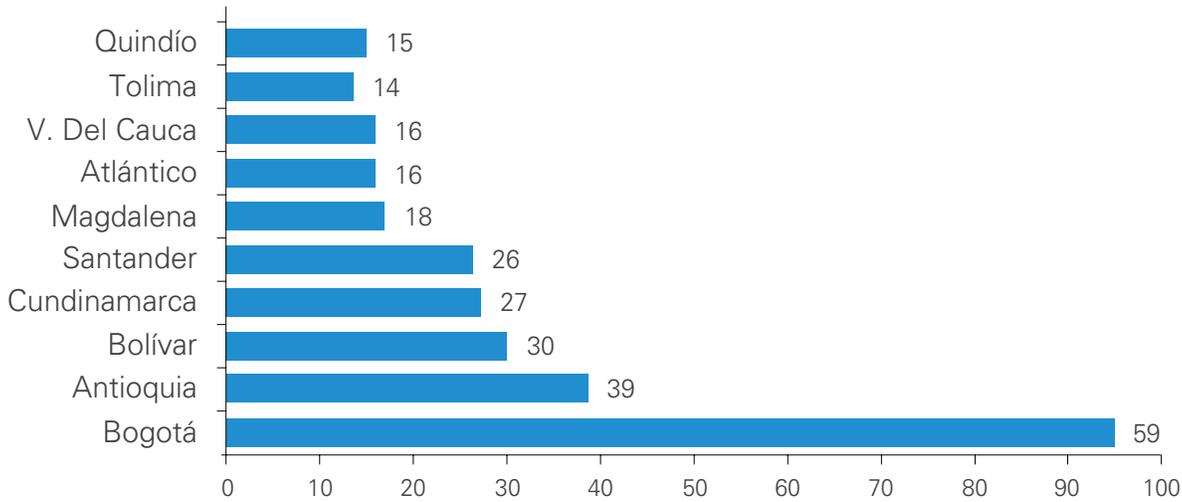
In addition, Colombia has joined the Organization for Economic Cooperation and Development (OECD) anti-bribery convention.



Source: Ministry of Foreign Affairs

Public Private Partnerships in Colombia (PPPs)

Main Development Locations of PPP Initiatives



Source: PPP Unit DNP, 2020.

PPP's in Colombia

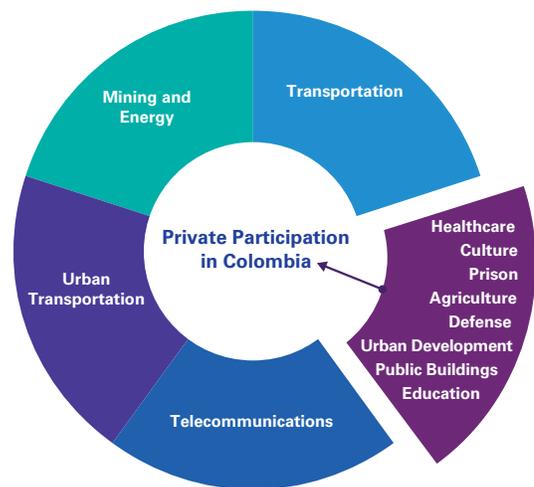
Private Participation in Infrastructure

The process of attracting private participation has had positive impacts in the following sectors:

- **Transportation:** construction, operation, and maintenance of part of the public transportation infrastructure.
- **Telecommunications:** developing the mobile communications service, opening the long-distance market, and improving the television offer through open and closed TV concessions.
- **Mining and energy:** service improvement and supply assurance in the long-term through the sale of assets in the sector and the entrance of private operators.
- **Urban transportation:** development of efficient transportation systems.
- **Utilities:** Potable water, sewage waste collection, management and disposal.

The goal is to attract private investment into new sectors (healthcare, education, prisons, defense, agriculture, urban development, culture, and public buildings).

Private Participation

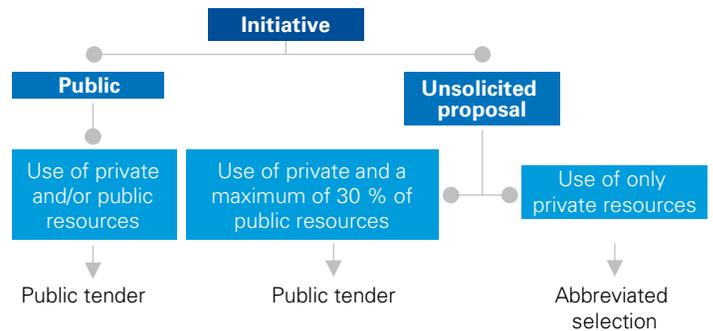


Prior to the PPP Law, all infrastructure projects in Colombia were entirely structured and governed by the Government Procurement Statute:

- The PPP Law does not apply to maritime or river port/terminal concessions. Law No. 1, 1991 applies in that sector.
- The PPP Law does not apply to oil, gas and mining.

There are two kinds of PPPs:

- **Public initiative:** for the selection of PPP projects from public initiatives, the prequalification system may be used, a list of pre-qualified bidders will be made via a public invitation.
- **Unsolicited proposal:** the PPPs from a unsolicited proposal are divided in two kinds: projects which require public funding and those which do not.
 - **Unsolicited proposals** which do not require expenditure of public funds: individuals can structure public infrastructure projects or provide associated services, at their own risk, assuming all structuring costs. There are pre-feasibility and feasibility stages.
 - **Unsolicited proposals** which do require expenditure of public funds: this kind has the same pre-feasibility and feasibility stages, and additionally a public bid where, if an agreement is achieved between the corresponding public agency and the originator of the initiatives, the public entity will hold a public bid to select the contractor.



Characteristics

Proper structuring	The law reinforces the proper structuring of projects aiming at sufficiency of technical studies and risk analyses, and it includes the concept of value for money.
Budgetary Treatment	The law contains changes in the budgetary treatment regarding future budgetary allocations for national and territorial/sub-national PPP projects.
All sectors	The law applies to all sectors in which the services for provision of infrastructure are needed.
Capacity and Commitment	The goal is to attract long term investors who will operate and maintain the infrastructure and not only complete the construction.
Payment	Introduces the concept of payment for availability and service levels (functional units).

Source: DNP

PPP Legal and Regulatory

PPP Key features	General provisions
<ul style="list-style-type: none"> • Project funds are managed through a SPV. • Creation of a new database of PPP projects (Single Record of Public Private Partnerships or RUAPP, (for its Spanish acronym). • Proper budget management to guarantee future payments. • A sub-commission to monitor the rules of the PPP Law is created. 	<ul style="list-style-type: none"> • The law applies to all sectors – minimum project investment: USD 1.4 million (equivalent to 6,000 minimum monthly wages in Colombia). • Maximum term including extensions is 30 years (the term can be extended only if there is a previous favorable concept from CONPES – National Council of Economic and Social Politics). • Limit to additions and extensions of contracts with public budget is 30%. • Nation's payments subject to service availability.

PPP's Conditions

General implications of a public initiative process:

<p>Selection procedure: public tender, referred to in Article No. 30 of Law No. 80 of 1993 and Law No. 1508 of 2012 and applicable regulatory decrees.</p>	<p>Mixed Economy Companies, their subsidiaries, utility companies and Industrial and Commercial Companies of the State or their assimilated companies may be contractors of PPP schemes. Nevertheless, excluded entities can submit offers to participate in the selection processes under public private association schemes (Law No.1882 of 2018).</p>
<p>Contract value: the value of the contracts of public initiative PPP projects includes the estimated investment budget which corresponds to the construction, repair, improvement, equipment, operation, and maintenance of the project as appropriate. The value of the properties in which the projects are located, on which real rights may be recognized, may not exceed 30% of the estimated budget of the investment of the project.</p>	<p>Selection factors: the corresponding government entity will verify that the requirements and conditions have been met to determine if the bidders may continue in the selection process. The best offer for the entity is that which, according to the nature of the contract, represents the best offer based on the application of the criteria set out in paragraph 12.2 of Article No. 12 of Law No. 1508 of 2012 or in the best cost-benefit for the entity. The analysis to establish the best cost-benefit outcome for the Company will take into account minimum and additional technical and economic aspects that the bidder must meet.</p>

General implications of a public initiative process:

Source: DNP

<p>Studies to open a selection process for project implementation: the corresponding government entity must have the required studies. However, if due to the nature and scope of the project some of the studies are not required, the government entity will determine which studies are needed to open the corresponding selection process.</p>	<p>Prequalification systems: for projects whose estimated cost is more than 70,000 minimum monthly wages (USD 19 million)*, the corresponding government entity might use prequalification systems prior to opening the selection process in order to use private sector expertise to improve the definition of conditions for project implementation.</p>
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*TRM COP 2,951.32 (Average 2017 TRM). Minimum monthly wage= COP 781,242

Source: DNP

Public Private Partnerships in Colombia (PPPs) – Law No. 1508 of 2012

The law is enforceable in all contracts where the private investor undertakes any of the following activities:

1. Design and construction of infrastructure and its utilities.
2. Infrastructure construction, repair, improvement, or equipment (these activities must involve the operation and maintenance of the infrastructure).
3. Infrastructure for public services.

– Law No. 1882 of 2018

The law is applicable to modifications and additions to Public Private Partnerships in Colombia (PPPs) – Law No. 1508 of 2012 for the reinforcement of the public procurement process in Colombia.

1. The auditors of PPP contracts, studies, and private project evaluations should be hired through the minimum amount abbreviated selection procedure. The auditors must be external to contracting and contractor entities.
2. With PPP projects, real estate rights should be recognized by the competent state entity. This real estate will be attributed as the retribution component if it is not required for the project operation.

3. Mixed economy companies, its subsidiaries, utilities companies and state industrial and commercial companies (or similar) cannot be PPP granting entities.
4. Future budgetary allocations for PPPs of districts, or special category municipalities, or their decentralized entities, can be approved during the administration's last year and for a maximum term equal to that of the project's duration.
5. Early termination clauses describing payments must be included in PPP contracts.

– Law No. 1955 of 2019

National development plan law address the PPP scheme in other to improve implementation for entities a the subnational level.

1. The participation of companies of mixed nature is enabled to present PPPs
2. Entities that have their own resources to develop PPP projects can allocate resources for the development of PPP projects without these being accounted for within the sector quota of future terms.

– Decree 1974 of 2019

Regulation for the implementation of PPP in the field of information and communication technologies.

Source: DNP

Prequalification: the invitation to participate in the prequalification includes the following information, at least:

1. Project description and feasibility studies.
2. Deadline and physical location or address to submit the expression of interest.
3. Enabling requirements that are required for prequalification.

Creation of the prequalified list: comprises at least 4 potential bidders and will be published in the SECOP. If there are 2 to 3 potential bidders who meet the enabling requirements, the creation of the prequalified list will be optional.

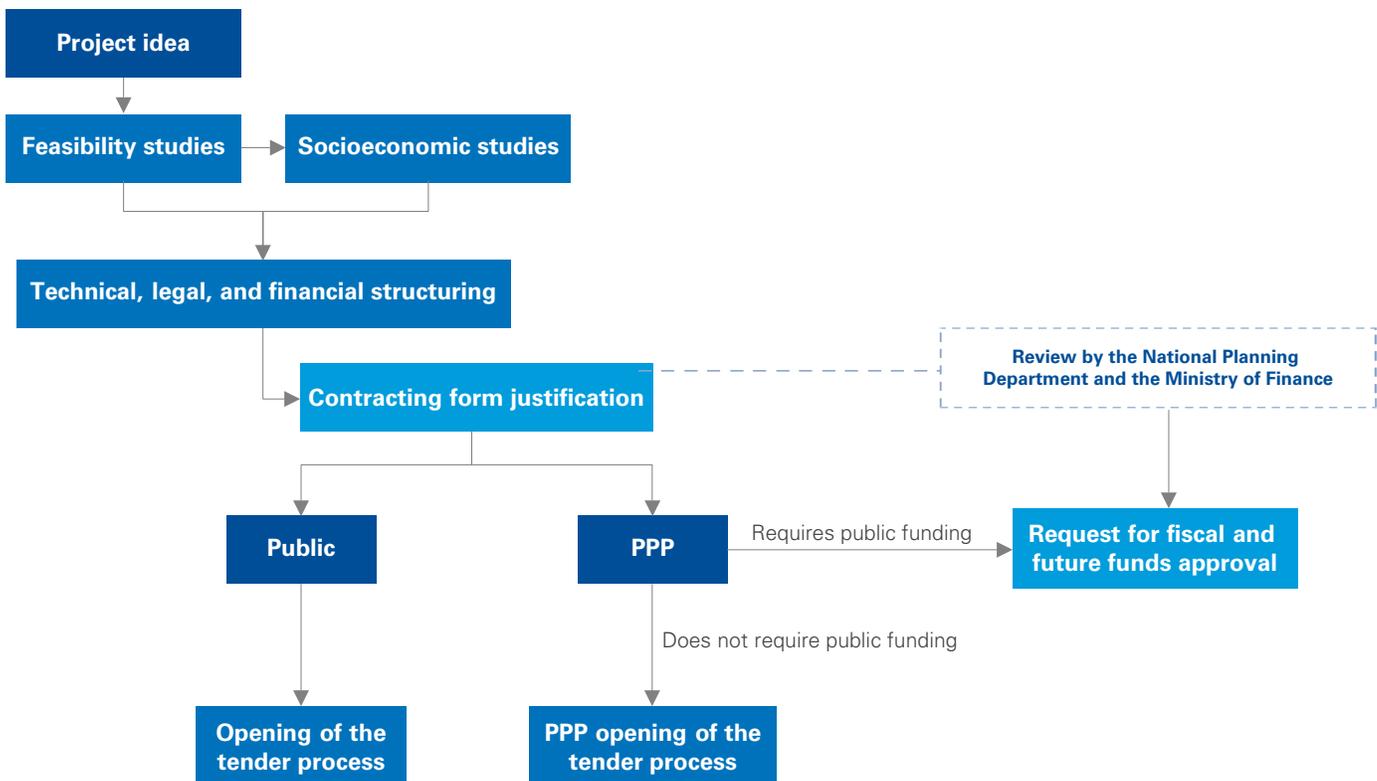
Prefeasibility stage requirements:

- Project name and description
- Project scope
- Project design
- Project specification
- Estimated cost
- Sources of financing

Feasibility stage requirements:

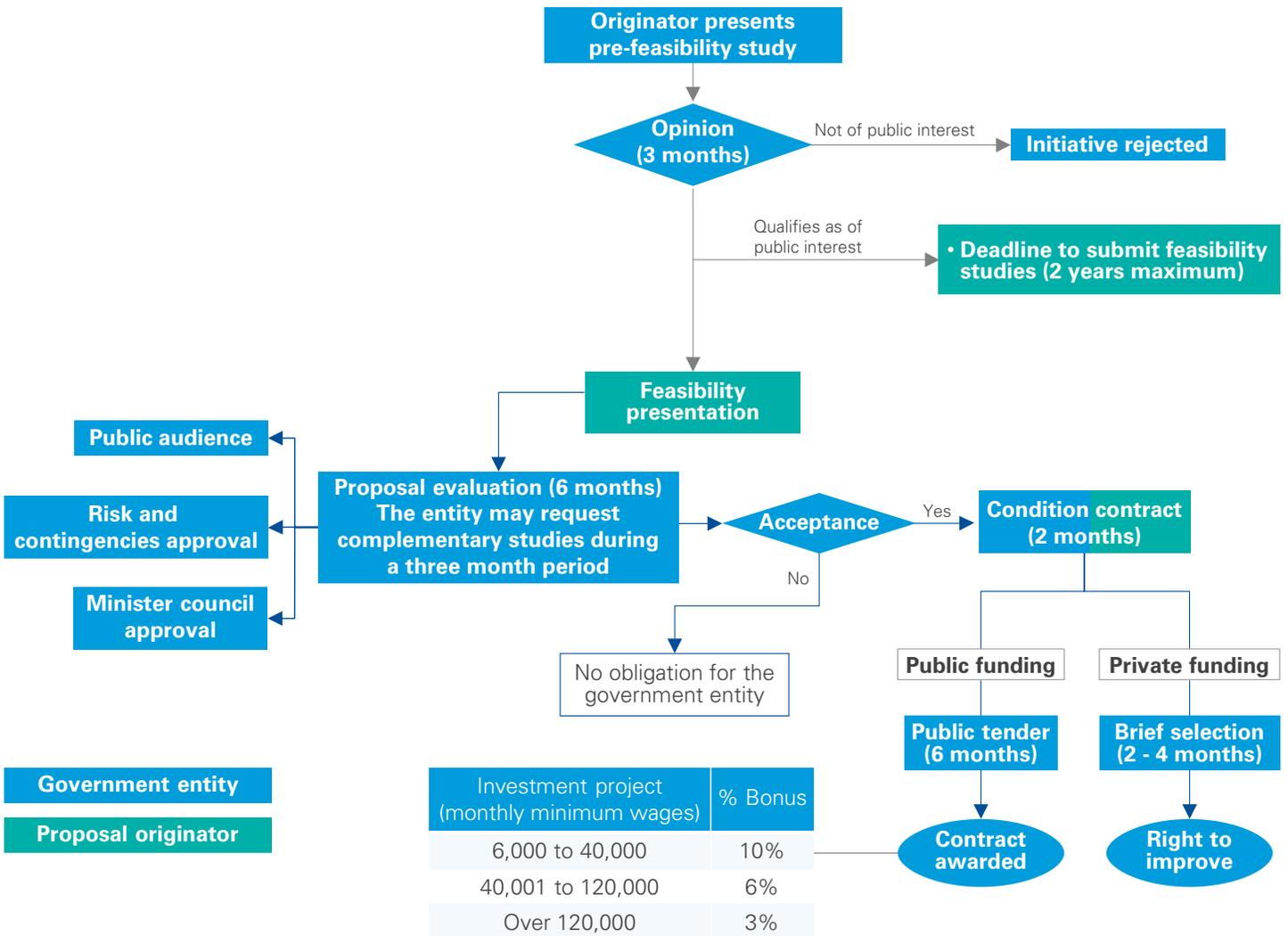
- Project originator
- Project
- Project risk
- Financial analysis
- Updated studies
- Draft contract

Public Initiative



Source: DNP

Unsolicited Proposal



Source: DNP

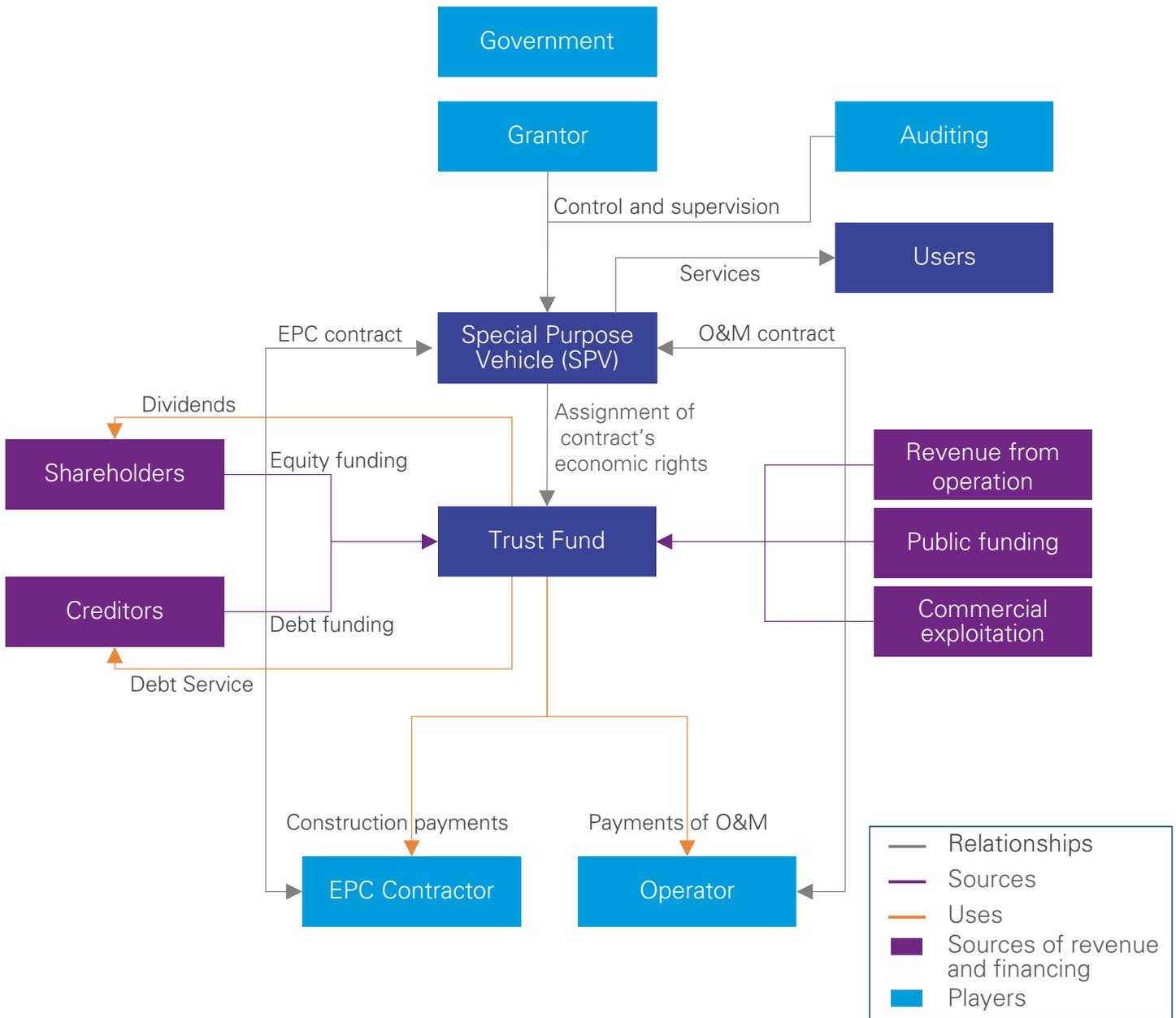
General implications of a unsolicited proposal process

It is not possible to present unsolicited proposals:

- Where there is a modification of a current concession contract.
- If there is a request for state guarantees or public funds superior to the limit established by the Law 1508.

- For projects in which the public entity has perform the structuring process and, therefore, the public entity:
 - Has the prefeasibility and feasibility studies.
 - Has presented the final Request for Proposals, in case the project investment is superior to 500,000 monthly minimum wages*.
 - Has hired the technical, legal and financial structuring of the project or if the private entity is currently in the process of hiring it.

*Colombia 2018 minimum wage: USD 262 (COP 781,242).



Source: DNP

A standard transaction structure is shown in the figure above. A transaction will involve a set of players (both public and private)

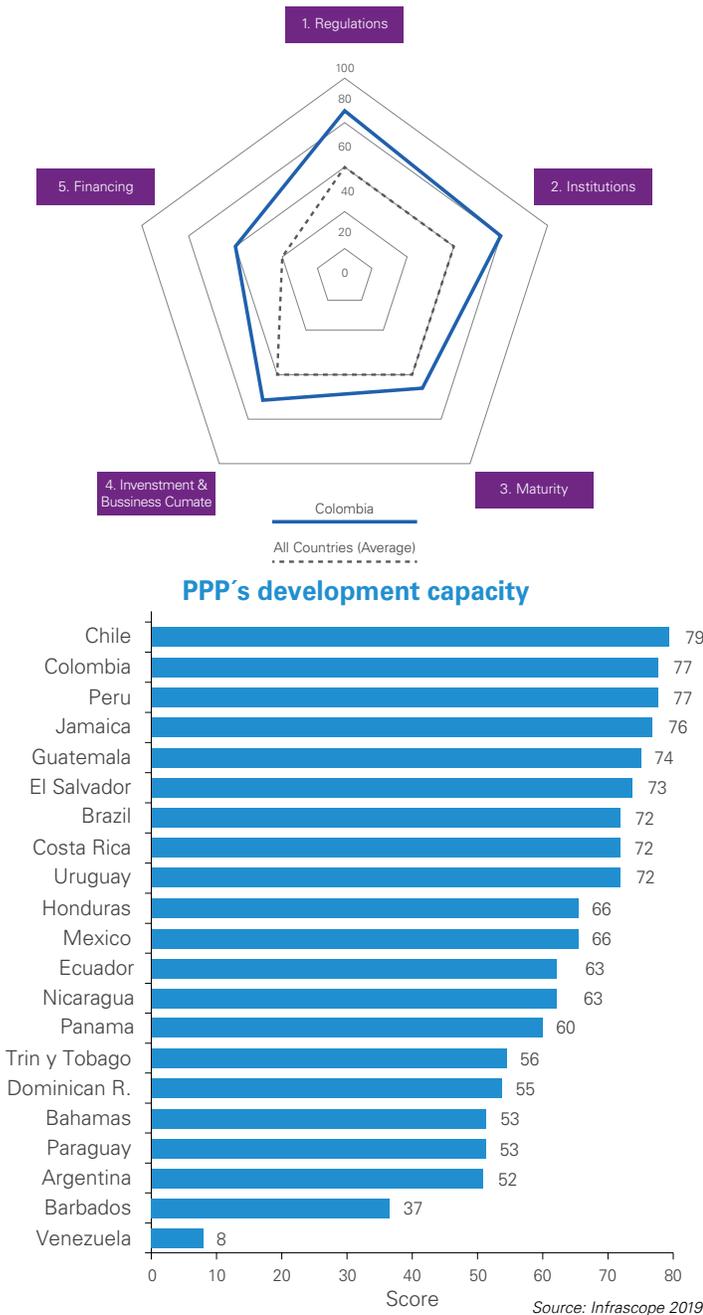
who will have different relationships between each other. The transaction will also involve the sources and uses of the project.

INFRASCOPE 2019

Infrascope is the PPPs environment evaluation in Latin America. It is developed every year by The Economist Intelligence Unit and financed by IDB.

It evaluates using 23 indicators, including social sustainability, environmental sustainability, process transparency, among others.

Colombia holds the first place according to its capacity for developing PPPs since the PPP law was issued:



Colombia obtained the 6th place over countries that were able to introduce their relevant PPPs project into the National Development Plan.

Results Global Competitiveness Index 4.0

The World Economic Forum published the latest 2019 Global Competitiveness Report, which analyzes the countries' capacity to generate opportunities for growth and development. One of the 12 pillars of the Index measures Infrastructure.

Infrastructure	Score	Ranking
1. Road connectivity 0–100	65.4	97
2. Quality of roads 1–7	3.4	104
3. Railway density km / 1,000 km	1.9	89
4. Efficiency in the train service 1–7	1.7	99
5. Airport connectivity score	144.423	31
6. Efficiency in air transport service 1–7	4.5	78
7. Online shipping connectivity 0–100	50.1	33
8. Efficiency of port services 1–7	4.1	72
9. Access to electricity% population	97	91
10. Quality of electricity supply% production	9.1	51
11. Exposure to unsafe drinking water% population	19.5	79
12. Reliability of water supply 1–7	4.9	66
Overall Rating	81	81

Source: PPP Unit DNP, 2020.

Risk in Infrastructure projects in Colombia

According to CONPES Document No. 3107 and No. 3133 of 2001, in a contractual scheme involving the participation of the private sector, several risks can be identified and grouped into 8 main categories: i) technological, economic, social or political, operational, financial, regulatory, environmental, and nature-related risks.

The document provides that these risks must be assigned to the party which i) is in a better position to assess, control, and manage them; and ii) has the best access to mitigation mechanisms upon occurrence of the risks.

* CONPES documents are National Economic and Policy Instruments.



Source: CONPES No. 3107 and No. 3133 of 2001

Public Private Comparator and Risk Analysis Methodology

The process of risk identification, valuation, assignment, and mitigation becomes mandatory for all new projects that are developed in Colombia under a PPP scheme. For this purpose, the Ministry of Finance has developed a methodology to assess the risks of infrastructure projects (Methodologies for Assessing Contingent Liabilities) in Colombia. The steps to perform the methodology are the following

Additionally, Colombia has a Contingency Fund for State Entities that functions as a coverage mechanism in the event of a contingency. This fund manages the resources transferred by government entities that have contingent liabilities. Those contingent liabilities arise from the contracts for infrastructure under the concession scheme or subscription of public credit operations guaranteed by the Nation. These contributions are given in the amounts and periods calculated with the Methodologies for Assessing Contingent Liabilities. The fund is administrated by La Previsora S.A.

- 1 **Identification – pre-assignment**
The factors that represent a potential significant threat must be identified.
- 2 **Evaluation - qualification**
The identified risks must be qualified.
- 3 **Assessment**
i) The probability and ii) the level of monetary impact of the identified risks must be estimated.
- 4 **Mitigation**
Mechanisms must be used to mitigate the risks and to assign them to the player who is better prepared to retain them.



Additionally, Colombia has a Contingency Fund for State Entities that functions as a coverage mechanism in the event of a contingency. This fund manages the resources transferred by government entities which have contingent liabilities. Those contingent liabilities arise from infrastructure concessions or from subscription of public credit operations guaranteed by the Nation. These contributions are given in the amounts and periods calculated with the Methodologies for Assessing Contingent Liabilities. The fund is administrated by La Previsora S.A.



The Public Private Comparator (PPC) plays a key role in Colombia in the development of infrastructure projects, given that according to Resolution No. 3656 of 2012 it is one of the methodologies defined by DNP to justify the use of PPPs.



According to Resolution No. 3656 of 2012, the PPC is defined as "a methodology to compare the costs for the public sector, adjusted for risk levels, to implement a project in the form of a public project against the costs for the public sector, adjusted for risk levels, if the project is developed under the PPP modality."

Source: DNP and the Ministry of Finance and Public Credit



Frankfurt
Airport Center



The Squaire
New Work City



Hilton
Hilton Garden Inn



Marriott
Sheraton

Financial Market in Colombia

How is Infrastructure Financed in Colombia?

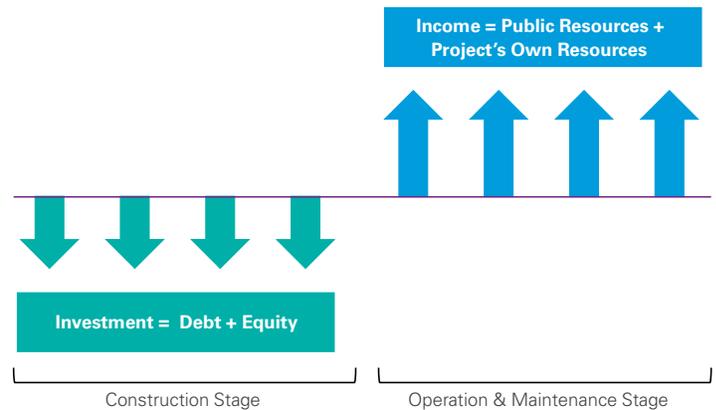
There are various financing sources available in Colombia, which include:



Some of the sources of financing, such as international banks, multilateral entities, and international corporations/funds can provide financing in dollars. Traditionally, in Colombia, the main mechanism for private participation in infrastructure projects has been through concession contracts.

In Colombia, the range of application of PPP schemes involves various sectors, ranging from productive infrastructure (transport, electricity, and water supply) to social infrastructure (education and health), excluding telecommunications, mining, and port terminals. In addition to the various sectors, PPPs can be developed through numerous variations and different contractual arrangements that include contracts for operation and maintenance, concessions, and more complex schemes which incorporate various degrees of responsibility for those who provide the operation and maintenance of the goods and/or services.

For these kinds of projects, in general terms, the concessionaire finances the construction stage with debt and equity, while the operation stage is financed through the project's own resources plus government payments (agreed upon budgetary allocations), if necessary. This can be seen in the following graph:



Source: Ministry of Credit and Public Finance



Multilateral Development Banks

The government is seeking the interest of several MDBs due to their expertise in the projects that will be developed. Among other possible target MDBs are:

IDB– Inter-American Development Bank

WB- World Bank

CAF – Latin American Development Bank

IFC – International Financial Corporation

BNDES – Banco Nacional de Desenvolvimento Economico e Social (Brazil)

IDFC – Infrastructure Finance Company (India)

China Development Bank (China)

Fondo Nacional de Infraestructura (Mexico)

The most common credit mechanisms offered by MDBs is presented below.



Local Banks

In terms of infrastructure finance, local banks offer the following advantages, among others:

Banks are more accustomed to the risks involved in an infrastructure project (i.e. Construction risks).

Banks are accustomed to provide lending based on the sponsors’ real ability to comply with their equity contributions to the SPVs’ capital. To that effect, although sponsors do not guarantee the project’s SPV’S indebtedness, they do review the sponsors’ balance sheets to assure that they can in fact contribute the committed project equity.

Banks have, among their financial models, various mechanisms for identifying associated risks in early stages of the projects.

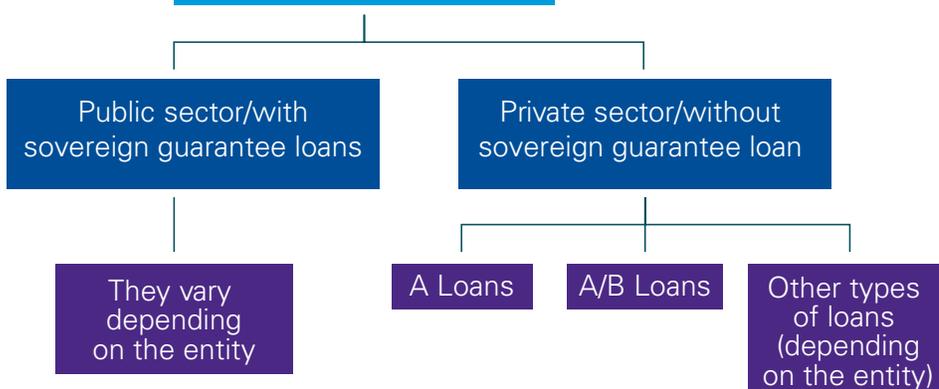
In the event a project requires changes to its financing structure, banks present simpler and more efficient mechanisms for the renegotiation of loans when compared to other sources of financing.

Local banks have a wider knowledge of the players involved in infrastructure projects, since several of the consortium members are already clients of the local bank system.

The level of debt currently required for financing new infrastructure projects is relatively large when compared to the Colombian financial market, which is why the government is seeking the participation of international players such as Multilateral Development Banks (MDBs), private equity funds, and international banks.

The primary financial groups in Colombia are Bancolombia Group, Aval Group, Davivienda Group, Itau, Banco Agrario and Scotiabank Colpatría.

MDBs credit mechanisms



Source: Ministry of Credit and Public Finance



International Banks

In recent years, there has been a growing interest from international banks in infrastructure projects in Colombia. Currently, the main banks involved in this process are Caixa bank, Brazilian Itau Bank, Sumitomo Mitsui, Cabeil, IDB, BCP, Spanish ICO, and Korean KDB, among others. Usually, these types of entities:

Have limited experience in local project finance.

Require NY law and documentation.

Offer financing options in various currencies.

Due to their strength in assets and equity, have greater financing capabilities than Colombian lenders.

Recent devaluation of the Colombian peso in comparison with the US dollar will probably make USD denominated debt unattractive for project generators.

4G Experience

For current 4G projects which have achieved financial closing, local banks have offered annual interest rates ranging from Colombian CPI + 6% up to Colombian CPI + 7.5%.

The National Development Bank (FDN) and local banks stand out as the entities which have the most credit contracts for 4G.

According to the estimates of the National Infrastructure Agency (ANI), it is expected that in the next financial closings they will have a 33% participation of local banks, 25% international banks, and 16% of the National Development Bank 16%.

Since May 24 of 2017, International banks can access to FDN direct credits, taking on credit risk by themselves.

The annual interest rates for current 4G projects with financial close are located between LIBOR + 2.5% and LIBOR + 3.25%.

Source: Ministry of Credit and Public Finance



Capital Markets Financing

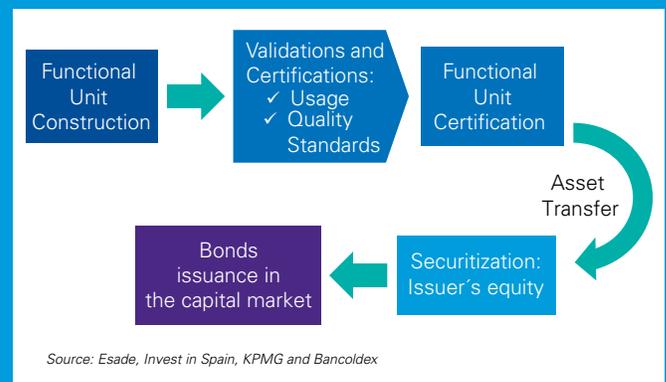
Some of the ways to finance infrastructure projects within the capital market are:

- Ordinary bonds indexed to inflation
- Bonds indexed to USD or UVR (Real Value Units)
- Treasury bonds
- Bonds with sovereign guarantee
- BOCEAS issuance
- Stocks issuance
- Corporate bonds

As of October 2017, the first corporate bonds were issued by Odinsa, one of the largest companies from in the infrastructure sector. The issuance amounts approx. USD 136 million with different yields, and are a sample of flexible and creative funding sources.

4G Experience

For the current 4G projects which have achieved financial close, there have been bond issuances for approximately USD 810 million. This shows the appearance of this kind of financing as an alternative to traditional sources such as banking. Currently issued bonds offer annual rates between 6.8% and 8%.



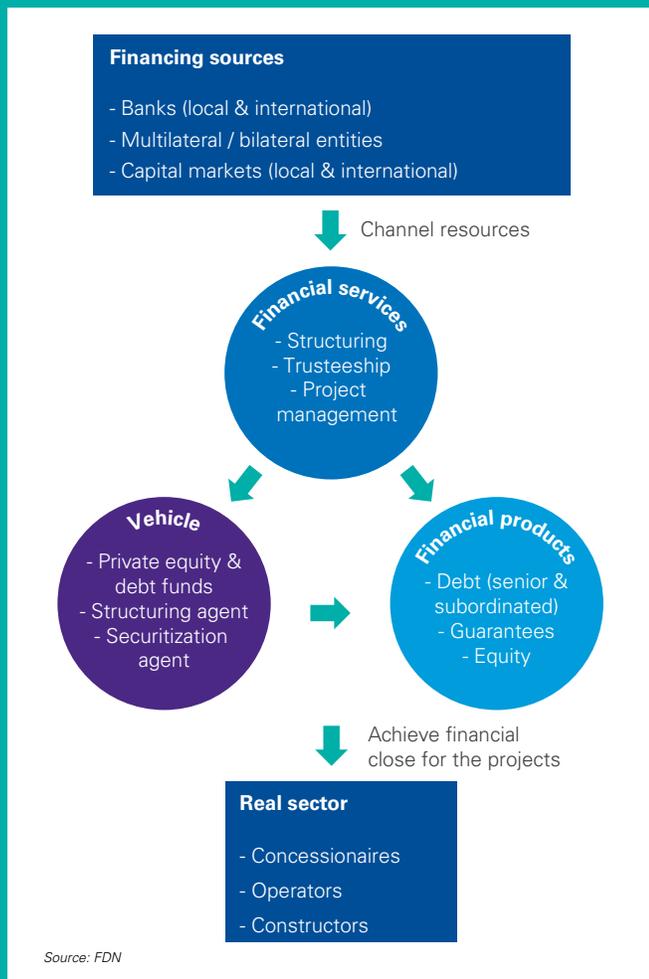
Source: Esade, Invest in Spain, KPMG and Bancoldex

Source: Esade, Invest in Spain, KPMG and Bancoldex, Dinero



Financiera de Desarrollo Nacional - FDN

The FDN (National Development Financier) is a mixed economy institution, linked to the Ministry of Finance and Public Credit, and surveilled by the Superintendencia Financiera de Colombia. Its objective is to manage and stimulate the financing and structuring of infrastructure projects in Colombia. It has MDBs as partners with a 30% stakeholding, while the remaining 70% belongs to the Colombian Government. The government allows the FDN to grant financing and guarantees over the limits that other credit establishments have, as long as they are not financed with public resources. The following graph shows the ways in which the FDN intervenes:



4G Experience

- Provide and mobilize resources to address the needs of infrastructure projects that have a unique set of risks.
- Advise, structure, and contract management to help public sector clients build a pipeline of new infrastructure projects.
- Give financial direct credits to International banks, with the objective of providing an acceleration to projects financial closing.

FDN also plays a dynamic role in promoting financial regulatory changes in order to develop the funding and capital markets as well as enhancing the capacity in the industry and government and standardizing project finance practices.

The FonDes is established with the money raised from the sale of ISAGEN (one of Colombia's greatest electricity generation and distribution companies) and divide into two parts: One, administrated by National Institute of Cooperation (FonDes Inacoop); and other administrated by National Development Agency (FonDes ANDE). This fund helps reducing the funding cost of projects as well of ease the way for a more efficient use of public resources through prioritization of investment projects.

Source: Ministry of Credit and Public Finance



Mutual Funds

In order to stimulate the investment in infrastructure projects under a PPP scheme by severance and pension funds, the investment framework in local private equity funds applicable to some of the portfolios (moderate, major risk, and long term) was added, through Decree No. 816 from April 18, 2014. The objective was to allocate a part of their investors' contributions to these kinds of projects.

Additionally, investments in local private equity funds may be included in life insurance companies' technical reserves, as long as such investments are destined to financing PPP projects. Law No. 1385 from 2015 also stimulates the participation of insurance and pension funds in 4G project financing.

The main types of private equity funds that invest in infrastructure include:

- Private equity funds that serve as intermediaries for institutional investors.
- Pension funds.
- Insurance companies.
- University endowments.
- Family offices.

These types of funds commonly seek not only to finance infrastructure projects but also to be included as part of the project's equity through mezzanine credits.

The Private Equity Funds National Association (ColCapital) announced an incremental rate in the amount of private equity funds, growing from 2 in 2005 to reaching 105 in 2017 with an incremental rate of 24.4%. Until June of 2017, the largest investments in Colombia were from infrastructure private equity funds, approximately USD 4,950 million.

On the other hand, there are sovereign funds which can invest in infrastructure and infrastructure funds which are private equity funds specifically focused on infrastructure investment.

In addition, SK Group along with Corficolombiana joined efforts to create the CFC-SK El Dorado Latam LP private fund. Currently, the capital commitment is USD 100 million. The Colombia Senior Debt Fund has as a priority to invest in 4G infrastructure projects, while the CFC-SK El Dorado Latam, LP invest in transport, infrastructure, and energy.

Also, since 2017 the Spanish bank Renta 4 Banco is involved with a trust company in Colombia. Renta 4 has expressed its interest in investing in infrastructure projects in Colombia, particularly the 4G road projects.

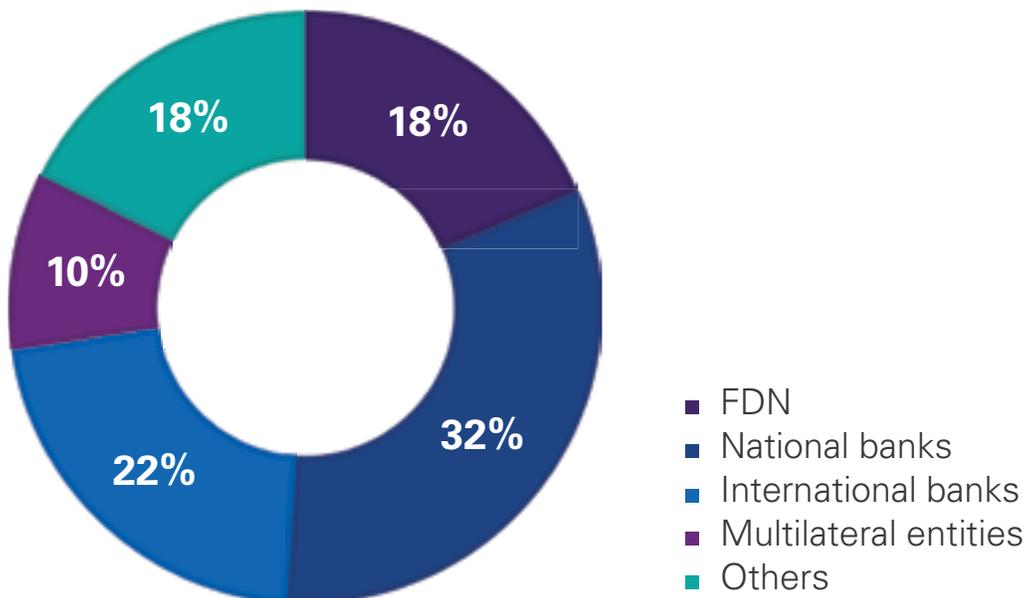
4G Projects with Financial Close

Project	Financial Close Date	Financing Sources CD	Financing Conditions
Ruta del Cacao (Bucaramanga - Yondo)	26/10/2018	[A] FDN- USD 129.32 million [B] IDB- USD 87.43 million [C] Banks (Bancolombia, BBVA) and Fonds (BlackRock, Union para la Infraestructura)- USD 346 million	Conditions not disclosed
Transversal del Sisga	21/05/2018	[A] FDN- USD 77 million [B] ICO- USD 31.250 million [C] Ashmore-Caf y de Blackrock- USD - 91.4 million	Conditions not disclosed
Girardot- Ibaguè- Cajamarca	10/04/2018	[A] Local Banks (Davivienda, Aval Group)- USD 10 million [B] APP Gica- USD 426 million approx.	Conditions not disclosed
Chirajara - Villavicencio	2/02/2018	[A] FDN- USD 136 million [B] National Banks - USD 271 million [C] FCP 4G (Credicorp Capital, Sura Asset Management) - USD 136 million	[A] 10 years Mini Perm credit [B] 10 years credit [C] 20 years credit

Project	Financial Close Date	Financing Sources CD	Financing Conditions
Villavicencio-Yopal	19/12/2017	[A] Aval Group - USD 550 million	[A] 10 years credit
Antioquia- Bolivar	14/12/2017	[A] FDN- USD 136 milion [B] UVR indexed bonds- USD 176 million [C] Local Banks- USD 95 milion [D] Ashmore CAF- USD 93 million	[A] 26 years in 6.75% coupon for UVR bonds
Vias del Nus	7/03/2017	[A] FDN- USD 106 millions [B] Banks (Bancolombia)- USD 134 millions	Conditions not disclosed
Autopista al mar 1	26/10/2016	[A] Sumitomo Mitsui Corporation- USD 484 million	Conditions not disclosed
Neiva- Espinal- Girardot	22/09/2016	[A] Bancolombia & FCP 4G Credicorp Capital - Sura Asset Management- USD 279 milion	Conditions not disclosed
Alto Magdalena	12/09/2016	[A] COP Ican (Bogota, Occidente, Av Villas, Popular) USD 245 milion [B] USD Ican (Banco Centroamericano de Integracion Economica -BCIE) - USD 146 milion	Conditions not disclosed
Conexion Pacifico 2	7/09/2016	[A] National banks (Banco de Bogota & Davivienda) USD 183 milion [B] International banks (Itau, Banco de Credito del Peru) - USD 269 milion	Conditions not disclosed
Conexion Norte	1/08/2016	[A] National banks (Bancolombia & Davivienda) USD 94 milion [B] IFDN - USD 94 milion [C] International banks (Sumitomo Mitau) USD 269 milion	Conditions not disclosed
Barranquilla- Cartagena Circunvalar de la prosperidad	8/07/2016	[A] USD indexed bonds -USD 154 milion [B] UVR indexed bonds- USD 112 milion [C] FDN - USD 74 milion	[A] 7% annual rate for USD bonds [B] 6.8% annual rate for UVR bonds
Perimetral de Oriente	25/05/2016	[A] National banks (Bancolombia & Corpbanca) USD 307 milion [B] FDN - USD 54 milion [C] IDB - USD 157 milion	Average interest rate: Colombian CPI + 7.5% - detailed conditions not disclosed yet
Conexion Pacifico 3	19/02/2016	[A] USD indexed bonds- USD 266 milion [B] UVR indexed bonds- USD 102 milion [C] Banks - USD 300 milion (Bancolombia, Itau, Credicorp pf und)	[A] 8.0% annual rate for USD bonds [B] 7.5% annual rate for UVR bonds [C] 12- year bank loans with 5 year of grace, with an annual interest rate of Colombian CPI + 7.4% during construction and CPI + 7.09% during O&M

Project	Financial Close Date	Financing Sources CD	Financing Conditions
Rumichaca-Pasto	17/07/2019	[C] [A] International financial entities (Overseas Private Investment Corporation (OPIC); JP Morgan & Metlife of the United States; Instituto de Crédito Oficial (ICO) & Banco Santander of Spain; Sumitomo Mitsui Banking Corporation (SMBC) & Mitsubishi UFJ Financial Group (MUFG) of Japan; Crédit Agricole of France and Bank of China of China.) -USD 575 milion	[C] Conditions not disclosed
Autopista al mar 2	31/07/2019	A) FDN - USD 150 milion [B] International banks (China Development Bank & Sumitomo Mitsui Banking Corporation) - USD 502	Conditions not disclosed
Accesos Norte a Bogotá	7/02/2018	[A] National banks (Bancolombia) - USD 107 milion	Conditions not disclosed
Palmar de Varela - Cruz del viso	14/11/2019	[A] International banks (Banco Santander of Spain and Banco BTG Pactual S.A. of Chile) - USD 185 milion	Conditions not disclosed

Current 4G Project Financing



Source: Local News

3.

Infrastructure Sectors



3.1. Transport Infrastructure

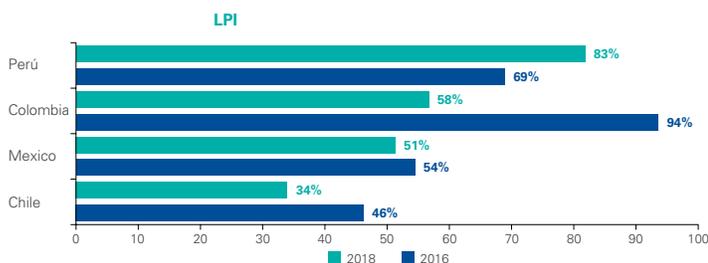
Transport Generalities

Colombia developed the 20 years Intermodal Transportation Master Plan (PMTI) in order to achieve the mid-term and long term objectives.

The hypothesis of the PMTI are the following:

1. In 2022 Colombia will have a complete primary road network.
2. The fluvial and rail forms of transportation will supplement the road network.
3. Find a solution to critical points in urban access, ports, airports and international border crossing points.
4. Strengthen institutions in order to solve the lack of paved streets and regional accessibility.

Colombia has achieved important advances in infrastructure and logistics in the last years, going from rank 94 in 2016 to 58 in 2018 in the World Bank Logistics Performance Index.



Source: LPI 2018, World Bank

The government expects the private sector to be actively involved in the plan in various aspects. The PMTI involves the following investments:

USD Million 56, to 2035
is required for the Intermodal Transportation Master Plan – **PMTI**

Sector	Investment (USD Million)
Road network	49
Airports	4.3
Railway network	2.7
Total investment	56

Source: DNP
Exchange rate: 3.277 COP/USD
USD Real – 2019 avg.

Fifth Generation (5G) PPP Projects

In the first half of 2020, the Colombian government launched a new PPP program in order to continue the improvement of current transport infrastructure. The program consists of projects for roads, airports, and river. It will be a multimodal investment program and the Magdalena River will be the main axis of connectivity.

In the first wave of 5G generation, ANI chose 12 initiatives whose investments reached 5,297 million dollars.

The fifth generation of concessions have been updated on the following four levels:



Institutional



Environmental

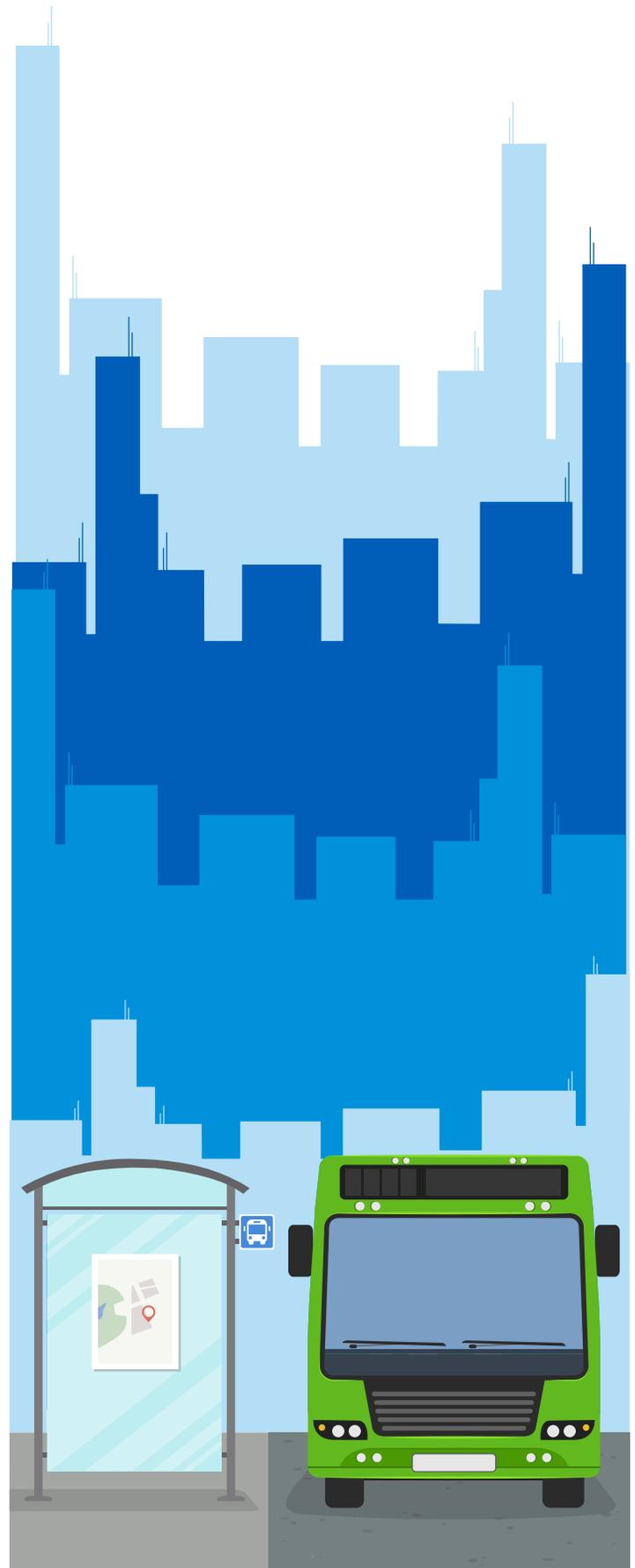


Economic



Social

Source: ANI.



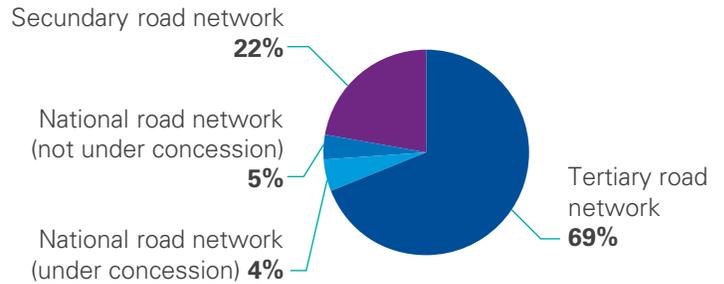


A. Roads

Overview

Road and highway concessions are grouped into four categories: (1) national road network not under concession (10,730 Km); (2) national road network under concession (8,476 Km); (3) secondary road network (45,137 Km); and (4) tertiary road network (142,284 Km).

According to the World Economic Forum in the 2019 Global Competitiveness Report, Colombia ranks 104 out of 141 countries in road infrastructure quality.

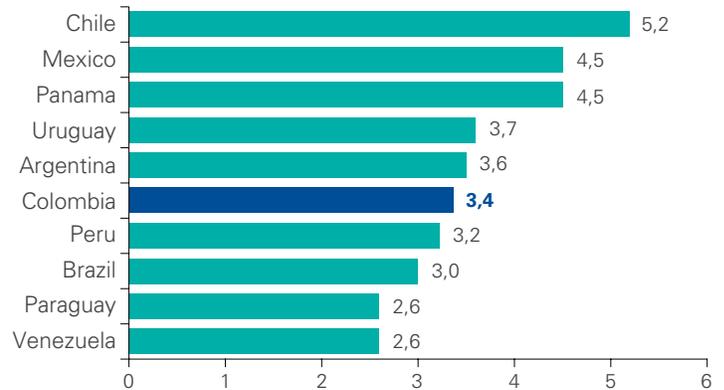


Source: Mintransporte 2019

Overview of Highway Concessions in Colombia

- Concession procurement emerged as an alternative mechanism for financing the creation, maintenance, improvement, and operation of road infrastructure.
- Before the modification of the Colombian constitution in 1991, investment in infrastructure came only from the government. After 1992, private investment was included as an alternative for this kind of projects.
- In Colombia, due to concentration of its economic activity and its irregular geography, infrastructure has a profound impact on business costs and competitiveness.
- According to specialists and government institutions, there is a lack in regulatory framework investment for basic infrastructure.

Road Infrastructure Quality



Source: World Economic Forum – 2019 Global Competitiveness Report
1 = extremely underdeveloped; 7 = extensive and efficient by international standards



Overview of Highway Concessions in Colombia

- In 1992, the government began a national order concession program that has evolved in multiple generations of concessions.
- Concession contracts are generally divided into four generations. All generations have already been concessioned and they are either Construction or Operation & Maintenance phases.
- From 1994 to 2012 the highways under concession were 26. From 2012 to 2015 the government structured the 4th generation of concessions, in order to improve and expand Colombia's road network. Actually, there are 48 highways under concession, including un-solicited proposals.
- The concessions with the greatest progress within the 4th generation are Girardot- Honda- Puerto Salgar and the PPP Cartagena-Barranquilla- Circunvalar de la prosperidad, with a progress of 95.6% and 95.1% respectively.

Road Investment

- The government has focused on three areas:
 - i) Facilitate and promote private investment in infrastructure (strengthen project's technical, legal, and financial structure)
 - ii) PPPs as a mechanism for public infrastructure development (encourage the use of new schemes of project management in the context of the PPPs)
 - iii) Maintain and strengthen private participation in infrastructure (concessions).
- Additionally, the government has worked, in recent years, on the program called "Vías para la Equidad", where 60 road projects have been awarded. The estimated value of investment is COP 4 billion (approximately USD 1.4 billion).
- Awarded unsolicited proposals account for 23 projects that represent USD 4.1 billion in CAPEX.

Updated to 2019 values with 2019 exchange rate: 3277

Road Concessions Generations

	First Generation	Second Generation	Third Generation	Fourth Generation
Compensation	Minimum revenue guaranteed	Expected revenue (sum of the expected toll revenue in real term)	Expected revenue (value of the the toll revenue collection and government payments in constant prices). For "Ruta del Sol", Expected revenue (present value of the the toll revenue collection and government payments - VPIT) plus any potential commercial revenue	A minimum guaranteed toll collection revenue (known as VPIP*) plus government payments and any potential commercial revenue. The compensation is under an availability payment scheme
Term	Fixed term (between 20 to 30 years)	Variable term	Variable term with a maximum of 25 years	Fixed term (minimum of 25 years to a maximum of 29 years)
Environmental licenses	Not applicable	The licenses are a requeriment to sign the contract	The licenses are a requeriment to initiate the construction and the risk is assumed by the private sector	Under responsibility of the private investor, up to a limit. According to the percent of cost overruns, the risk is shared between the public and private sector
Land acquisition	The government, through the INVIAS, was responsible for the land adquisition	The land acquisition was assumed by the private sector but the purchasing management was responsibility of the public sector (INVIAS)	Under responsibility of the private investor, up to a limit. According to the percent of cost overruns, the risk is shared between the public and private sector	Under responsibility of the private investor, up to a limit. According to the percent of cost overruns, the risk is shared between the public and private sector
Guarantees	Minimum revenue guaranteed (MRG), over cost guarantees	Liquidity and foreign exchange support	Liquidity and other risk allocation by the Government through the use of the Contingency Fund. For "Ruta de Sol", the government guarantees VPIT at the end of the concession.	The government guarantees a minimum of toll collection revenue, with 3 periodical revisions. There is also foreign exchange support (a percentage of government payment in dollars)
Control mechanisms	Fiduciary and third-party auditing			

*Calculated as the present value of the toll revenue discounted with a contractual discount rate

Current Road Concessions

Highways – First Generation of Concessions

Updated to 2019 values with 2019 exchange rate: 3277

Project	Current sponsors	Length (Km)	Current phase	Est. Investment (USD million) 2019
Santa Marta-Rioacha-Paraguachon	Valorcon S.A. (45%), Grupo Odinsa (41%), Conccay (4%), Others (10%)	285	O&M	274
Bogota-Caqueza-Villavicencio	EPIANDES S.A. (59%), ABERTIS Infraestructuras (40%) Corporación Financiera Colombiana (0.25%), CONCECOL Ltda. (0.25%), RENDIFIN S.A. (0.18%)	85	Construction	1,086
Bogotá-Siberia-La Punta-El Vino-Villeta	ICEIN - Ingenieros Constructores e Interventores S.A. (25%), Pavimentos Colombia S.A. (25%), Mario Alberto Huertas Cotes (25%), Conccay S.A. (25%)	81	Construction	255
Fontibón-Facatativa-Los Alpes	Proyectos de Infraestructura (51%), Banca de Inversión Bancolombia S.A. Corporación Financiera (26%), Conconcreto (24%), Others (0.01%)	38	O&M	134
Desarrollo vial del oriente de Medellín y Rio Negro	Mario Huertas Cotes (24%), Fiducolombia (24%), Pavimentar S.A. (12%), Procopal S.A. (12%), Equipos Universal (12. %), Castro Tcherassi (12%), Others (3.79%)	305	O&M	213
Armenia-Pereira-Manizales	Grupo Odinsa S.A. (62%), Megaproyectos (22%), Infercal (3.2%), Jose Pablo Uricoechea & Cia. (3.2%), Conccay S.A. (3.5%), Constructora Tao (3%), Others (3.2%)	188	O&M	129
Buga- La Paila – La Victoria	Corporación Financiera Colombiana S.A. (88.25%), Sociedad Operadora S.A. OPESA (11.7448%), Others (0.0052%)	80	O&M	64
Total			1,062	2,156

Source: National Infrastructure Agency - ANI
Exchange rate: 3277 COP/USD
USD Real-2019 avg.

- In 1992 the Government launched a program for road concessions in order to face the challenges of globalization, economic openness, and a financial crisis.
- In this stage, 9 road projects were awarded under concession, for a total length of 796 kilometers.
- These projects underwent several modifications due to by the government's lack of experience with this kind of projects.

A distinctive feature of the projects of this first stage was the high number of modifications, due to the government's lack of experience.

The weaknesses during this stage were:

- Delayed disbursement
- Delayed approval of environmental licenses
- Changes in the initial designs
- Relocation and removal of toll booths

Highways – Third Generation of Concessions

Project	Current Sponsors	Length (Km)	Current phase	Est. Investment (USD million) 2019
Briceño - Tunja - Sogamoso	Macquarie Capital, Solarte Family Group*	206	O&M	565
Cordoba - Sucre	Constructora Emma Ltda. (18%), KMA Construcciones S.A. (51%), Obras Especiales Obresca S.A. (31%), Others (0.2%)	177	Construction	401
Area metropolitana de Cucuta y Norte de Santander	Pavimentos Colombia S.A. (20%), Constructora Colpatría (15%), Latinco S.A. (10%), Mincivil S.A. (10%), Oddico (10%) Topco (10%), Termotécnica Coindustrial (10%), Others (1.5%)	104	Construction	167
Girardot - Ibague - Cajamarca	Constructora Colpatría S.A. (15%), Mincivil S.A. (15%), Termotécnica Coindustrial S.A. (15%), Constructora San Isidro S.A. (14%), Topco S.A. (14%) Latinco S.A. (13%), Others (14%)	144	Construction	308
Ruta Caribe	Constructora Emma Ltda. (20%), KMA Construcciones S.A. (58%), Obras Especiales Obresca (22%), Others (0.2%)	288	O&M	432
Ruta del Sol - Sector I	Carlos Alberto Solarte (25%), Concreto (25%), CSS Constructores S.A. (25%), IECSA S.A. (25%)	61	Construction	465
Ruta del Sol - Sector III	Salini Impregilo SpA (40%), Infracon (29%), Capital privado RDS (17%), Impregilo International Infraestructures N.V. (8.3%), Conalvias (6%)	368	Construction	680
Transversal de las Americas-1	Valorcon (33%), Construcciones el Condor (66%)	714	Construction	579
Buga- Loboguerrero	CSS Constructores (100%)		O&M	
Total			2,062	3,599

Source: National Infrastructure Agency - ANI
Exchange rate: 3,277 COP/USD
USD Real – 2019 avg.

*Participation recently acquired by Macquarie, exact value to be confirmed

- During 2002-2010 the government continued promoting the privatization of road infrastructure projects. The third generation began in 2002 and the Government designed a program which included 14 road projects under concession, three of them already ended.
- Currently, there are 2,062 kilometers from this generation under concession, with an estimated investment at that time was about USD 3,6 billion.

Highways – Fourth Generation Concessions

- First wave The Colombian government has the objective of investing approximately USD 4 billion to improve, rehabilitate and maintain the existing roads and build new ones.
- In the present generation 9,168 kilometers of public initiative concessions have been awarded and currently the estimated investment is about USD 10,21 billion approx..
- Fourth generation concessions were awarded in three different waves. The first wave involved 9 projects, which were awarded between May and October 2014.

Fourth Generation of Concessions – First Wave

Project	Current Sponsors	Length (Km)	Current phase	Est. Investment (USD million) 2019
Honda – Puerto Salgar – Girardot	Mario Huertas (30%), Pavimentos de Colombia (30%), Constructora Meco (30%), Ingeniería de Vías (10%)	190	Construction	349
Mulalo – Loboguerrero – Cali	EPISOL (60%), Prodevimar S.A.S (40%)	32	Pre-construction	489
Perimetral de Oriente	Infrared Infrastructure RAM S.LU (50%) Shikun & Binui VT AG (48,13%) Colombiana Inversiones de Infraestructura S.A.S (1,88%)	152	Construction	439
Cartagena – Barranquilla – Malambo	Grupo ISA (100%)	152	Construction	507
Conexión Norte Highway: Remedios – Zaragoza – Cuacasia	KMA Construcciones S.A. (17,66%), Ortiz Construcciones Y Proyectos S.A. Sucursal Colombia (25%), Unidad de Infraestructura y Concesiones Asociadas (21,84%), Solarte Nacional de Constructores (13,25%), SP Ingenieros (13,50%), Valores y Contratos (8,25%), COFIDES S.A.S. S.M.E. (0,51%)	145	Construction	451
Conexión Pacífico 1 Highway: Bolombolo - Camilo C – Ancon Sur	Episol (49,90%), Prodepacifico S.A.S. (40%) CFC-SK Fund (10,10%)	50	Construction	780
Conexión Pacífico 2 Highway: Bolombolo – La Pintada - Primavera	Grupo Odinsa (79%), Construcciones El Cóndor (21%)	97	Construction	452
Conexión Pacífico 3 Highway	Mario Huertas (26%), Construcciones el Cóndor S.A. (48%) and Meco (26%)	146	Construction	624
Autopista al Río Magdalena 2: Ruta del Sol - Alto de Dolores – Remedios	Aleatica S.A.S. (60%), Aleatica S.A.(40%)	144	Construction	534
		Total	1,107	4,627

Source: National Infrastructure Agency – ANI
Exchange rate: 3277 COP/USD
USD Real-2019 avg.

Fourth Generation of Concessions – Second Wave

Project	Current Sponsors	Length (Km)	Current phase	Est. Investment (USD million) 2019
Sisga – El Secreto	KMA Construcciones S.A. (50%), Ortiz Construcciones y Proyectos (25,01%), Cofides S.A. S.M.E. (24,99%)	137	Construction	200
Puerta de Hierro – Cruz del Vizo – Palmar de Varela	SACYR (100%)	203	Construction	225
Villavicencio – Yopal	EPISOL (60%), CONCECOL (40%)	266	Construction	748
Santana – Mocoa – Neiva	Cass Constructores y Cia. (30,78%), Carlos Alberto Solarte Solarte (62,22%), Estyma (10%), Latinoamericana de Construcciones (7%)	456	Construction	505
Popayán - Santander de Quilichao	Hidalgo e Hidalgo (30%), Cass Constructores & Cia. S.C.A. (35%), Carlos Alberto Solarte Solarte (35%)	77	Pre-construction	474
Autopista al Mar 1 - Medellín - Santafé de Antioquia - Bolombolo	Strabag S.A.S. (37,5%), SACYR Colombia S.A.S. (37,5%), Conca S.A. (25%)	176	Construction	560
Bucaramanga - Barrancabermeja - Yondó	Cintra Infraestructura Colombia S.A.S. (30%), John Laing Group plc (30%), RM Holding S.A.S. (20%), MC Victorias Tempranas S.A.S. (20%)	148	Construction	653
Pasto - Rumichaca	SACYR Concesiones Colombia S.A.S. (60%) and Herdoiza Crespo Construcciones Colombia S.A.S. (40%)	83	Construction	726
Autopista Mar 2 - Cañas Gordas - El Tigre	China Harbour Concessions Company (40%), China Harbour Engineering Company Limited Colombia (25%), SP Ingenieros SAS (15%), Unidad de Infraestructura y Construcciones Asociadas SAS (15%), Termotécnica Coindustrial (5%)	254	Construction	541
		Total	1,800	4,668

Source: National Infrastructure Agency – ANI
Exchange rate: 3277 COP/USD
USD Real-2019 avg.

Fourth Generation of Concessions – Second Wave

Project	Current Sponsors	Length (Km)	Current phase	Est. Investment (USD million) 2019
Bucaramanga-Pamplona	CSS Constructores (100%)	134	Construction	357
Pamplona- Cucuta	SACYR Concesiones Colombia S.A.S. (100%)	62	Construction	564
		Total	196	921

Source: National Infrastructure Agency – ANI
Exchange rate: 3277 COP/USD
USD Real-2019 avg.

Unsolicited Proposals

Project	Current Sponsors	Length (Km)	Current phase	Est. Investment (USD million) 2019
Ibagué - Cajamarca	Mincivil (29%),Latinco (13%),Grupo Colpatría (29%),Termotécnica Coindustrial (15%),HB Estructuras Metálicas (14%)	215	Construction	445
Malla Vial del Meta	Odinsa (51%), Murcia y Murcia (30%), Construcciones el Cóndor (11%), Sarugo (8%)	354	Pre-construction	505
Chirajara - Villavicencio	Episol (25%), Concecol (75%)	85	Construction	912
Cambao - Manizales	ICEIN (31,68%),Mota Engil (31,68%) ,ALCA Ingeniería (20,90%), Gavinco Ingenieros Constructores (10,35%) Fortress (3,98%), Construcción y Desarrollo Ingeniería (1,41%)	256	Pre-construction	210
Antioquia - Bolívar	Construcciones el Cóndor (50%), Infrared Infrastructure RAM (50%)	492	Construction	442
Tercer carril Bogotá - Girardot	Constructora Conconcreto S.A. (25%), Industrial Conconcreto S.A.S. (25%), Vinci Higways (50%)	144	Construction	671
Neiva - Girardot	Accion sociedad fiduciaria S.A. (51%), CSS Constructores (49%)	198	Construction	278
Vías del Nus	Mincivil (51,85%), SP Ingenieros (22,22%), Construcciones el Cóndor (21,11%), Enrique Davila Lozano (3,72%), Latinoamericana de Construcciones (1,11%)	157	Construction	383
North Access to Bogotá	Mincivil S.A. (57,43%), Equipo Universal S.A. (16,60%), Castro Tcherassi S.A. (13,81%), Concesiones Colombianas S.A.S. (11,89%), Ofinsa Inversiones S.A.S. (0,27%),	66	Construction	145
		Total	2,317	4,142

Source: National Infrastructure Agency – ANI
Exchange rate: 3277 COP/USD
USD Real-2019 avg.

Opportunities

The first wave of 5G projects for roads will have the objective of finishing key corridors of foreign trade.

Public Initiatives

Project	Estimated Capex (USD million)	Status
Buga-Loboguerrero-Buenaventura	732	Bidding process to start during second semester of 2020
Puerto Salgar- Barrancabermeja	598	Bidding process to start during second semester of 2020
Barrancabermeja- San Roque	497	Bidding process to start during second semester of 2020
Cali- Palmira Access	305	Bidding process
Total	2,132	

Source: ANI (ani.gov.co); SECOP I (contratos.gov.co)
Exchange rate: 3,277 COP/USD
USD Real – 2019 avg.

Unsolicited Proposal

Project	Estimated Capex (USD million)	Status
ALO SUR	201	In approval process
Accesos Norte II	366	Bidding process to start during first semester of 2020
IP Autopistas del Caribe	503	Feasibility approved
Villeta – Guaduas – Korán – Puerto Bogotá	442	Prefeasibility aproved
IP Pereira - La Victoria, Cerritos - La Virginia	83	Feasibility studies
Santuario – Caño Alegre	981	Feasibility studies
Total	2,575	

Source: ANI (ani.gov.co); SECOP I (contratos.gov.co)
Exchange rate: 3,277 COP/USD
USD Real – 2019 avg.

To consult more projects go to the following link: <https://ruapp.dnp.gov.co/>.



B. Airports

Overview



Source: Mintransporte

In Colombia, the Special Administrative Unit of Civil Aeronautics (Aerocivil) is in charge of the development and growth of aeronautics as well as of controlling air traffic within Colombia's air space.

Concessions related to airport construction are currently managed by the Aerocivil, but in the near future, the National Infrastructure Agency will take over this task.

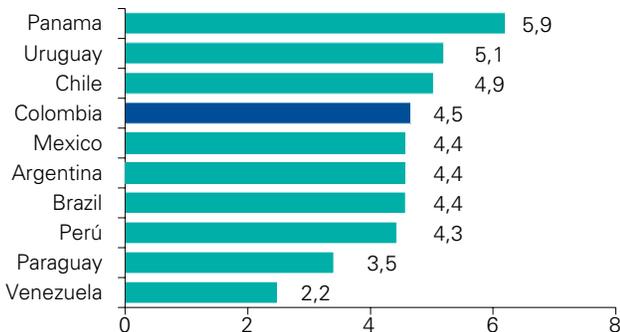
According to the World Economic Forum's Global Competitiveness Report for 2019, Colombia is ranked 78 out of 141 countries in efficiency of air transport services.

Airports under concession



From the aforementioned list, **17 airports** are currently under concession.

Efficiency of air transport services



Source: World Economic Forum – 2019 Global Competitiveness Report
1 = extremely underdeveloped; 7 = extensive and efficient by international standards

Source: Aerocivil – Special Administrative Unit of Civil Aeronautics



Current Airport Concessions

Concessionaires	Concessions	Owners (operating partner)	Country of Origin	Date Awarded	Investment* (USD million)
OPAIN S.A.	El Dorado Airport (Bogota)	<ul style="list-style-type: none"> • Grupo Argos (65%) • Grupo Odinsa (35%) 	Colombia	12/09/2006	479
Sociedad Operadora de Aeropuertos Centro Norte S.A.	<ul style="list-style-type: none"> • Rio Negro Airport • Medellin Airport • Monteria Airport • Quibdo Airport • Carepa Airport • Corozal Airport 	<ul style="list-style-type: none"> • CAH Colombia S.A. (20%) • Aerocap S.A.S (10%) • Aeropuerto CANCUN S.A.(70%) 	Colombia - China	3/03/2008	274
Sociedad Aeropuertos de Oriente S.A.S	<ul style="list-style-type: none"> • Santa Marta Airport • Cucuta Airport • Barrancabermeja Airport • Bucaramanga Airport • Riohacha Airport • Valledupar Airport 	<ul style="list-style-type: none"> • Colombian Infrastructure Equity Fund (CIEF) (50%) • EXI Cerpi Holding (48,5%) • MIP Cerpi Holding (1,5%) 	Colombia	1/08/2010	57
Aerocali S.A.	Cali Airport	<ul style="list-style-type: none"> • AENA Desarrollo Internacional S.A. (51,01%) • Corporacion Financiera Colombiana S.A. (48,99%) 	Spain - Colombia	2/09/2000	62

Concessionaires	Concessions	Owners (operating partner)	Country of Origin	Date Awarded	Investment* (USD million)
Sociedad Aeroportuaria de la Costa S.A. – SACSA S.A.	Cartagena Airport	<ul style="list-style-type: none"> AENA Desarrollo Internacional S.A. (37.89%) Concecol LTDA (11.55%) Terpel del Norte S.A. (10.06%) Inversiones SILLAR SEGOVIA (5.81%) Inversiones Leonor Arocha (5.12%) Inversiones Gecu S.A.S (7.59%) Rafael Enrique Perez (0.50%) Promociones R Cavelier (0.50%) – CICON S.A (0.49%) – OTHERS (20.9%) 	Spain - Colombia	26/09/1996	55
Grupo Aeropuertos Caribe S.A.S	Barranquilla Airport	<ul style="list-style-type: none"> Valores y Contratos S.A (Valorcon) (41.5%) Equipo Universal (41.5%) Inversiones Millenium Azpo (17%) 	Colombia	31/12/2014	112
OPAM	Metacaña Airport (Pereira)	<ul style="list-style-type: none"> CSS Constructores S.A (100%) 	Colombia	30/11/2016	32
Total					1,072

Opportunities

In accordance with the policy that the government will implement with 5G projects, these include a variety of airport projects. There are also other projects, different from 5G, in the current pipeline.

Project	Estimated Capex (USD million)	Status
Aeropuertos del Suroccidente (5G)	360	Feasibility in evaluation
Aeropuerto de Cartagena (5G)	144	Feasibility in evaluation
Pista de vuelo El Dorado (5G)	169	Pre-feasibility approved
Nuevo aeropuerto de Cartagena (5G)	891	Feasibility in evaluation
Aeropuertos de San Andres y Providencia	91	Feasibility in evaluation
Sistema aeroportuario de Bogotá	284	Pre-feasibility approved
Total	1,939	

Source: ANI (ani.gov.co); SECOP I (contratos.gov.co)
Exchange rate: 3,277 COP/USD
USD Real – 2019 avg

To consult more projects go to the following link: <https://ruapp.dnp.gov.co/>

Secondary Market

Matecaña Airport (Pereira)

The project's objective is the construction, modernization, and set up of the landside near the International Matecaña Airport that serves the city of Pereira. This project also seeks to improve its administration, operation, maintenance, and commercial use. CSS Constructores S.A was the concessionaire that gained the bidding process of new airport building.

OPAM (Operadora Portuaria del Aeropuerto Matecaña) is waiting for changes in the shares participation of CSS concessionaire. CSS Constructores S.A. is part of Solarte y Solarte group, that had presenter their interest on selling their stock participation.

Seller	Phase	Investment USD	Type of Initiative	Timing
CSS Constructores S.A	Feasibility	USD 32 million	Public	[Unknown]

To consult more projects go to the following link: <https://ruapp.dnp.gov.co/>



C. Railways

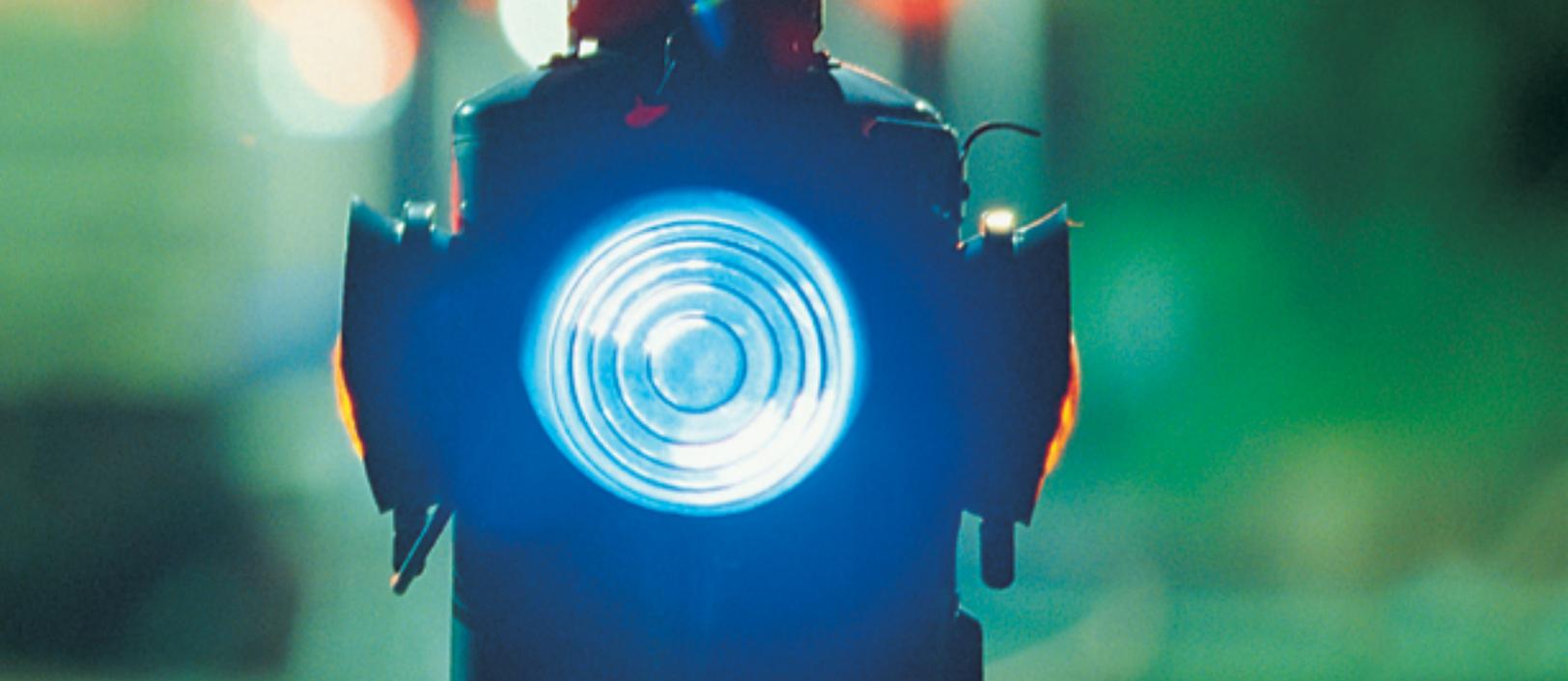
Overview

The railway network covers over 3,500 Km, of which approximately 800 Km are in operation under concession contracts. No concession infrastructure has been in the process of rehabilitation for several years, yet there are still about 1,700 Km of inactive lines. Rail freight movement is significant in the case of coal but low in the case of general cargo (in 2018, more

than 47 million tons of coal compared to only 23 thousand from the rest of cargo). Several studies have identified the important role of the intermodal rail operation and the mobilization of general cargo.

Railway Public Concessions

Route	Concessionaire	Owners	Start	End	Length (Km)
Chiringuana (PK74) – Ciénaga (PK934) – Santa Marta (PK969)	Fenoco S.A (Ferrocarriles del Norte)	Drummond Ltd, Glencore and Prodeco	2000	2030	245
Buenaventura (PK0) –Cali (PK170) –La Felisa (PK 459) – Zarzal (PK304) –La Tebaida (PK343)	Ferrocarriles del Pacífico	Trafigura, Mariverdo, OPP Graneles	2000	Expired	498



Railway Public Concessions

The railway network covers 3,300 Km, of which approximately 799 are in operation under concession contracts. No concession infrastructure has been in the process of rehabilitation for several years, yet there are still about 1,510 Km of inactive lines. Rail freight movement is significant in the case of coal but low in the case of general cargo (in 2016, nearly 55 million tons of coal compared to only 643 thousand from the rest of cargo). Several studies have identified the important role of the intermodal rail operation and the mobilization of general cargo.



In regards to efficiency of train services, Colombia ranks 99th out of 103 countries.

The poor score given to Colombia is due to the lack of investment through its history. Also, according to World Bank's Doing Business 2018 Report, Colombia ranks 94 out of 160 countries in logistics performance. Exporting a container from Colombia has a cost of USD 2,160, which is relatively high when compared to Mexico (USD 1,677) and almost three times the cost in Chile (USD 685) or Peru (USD 788).

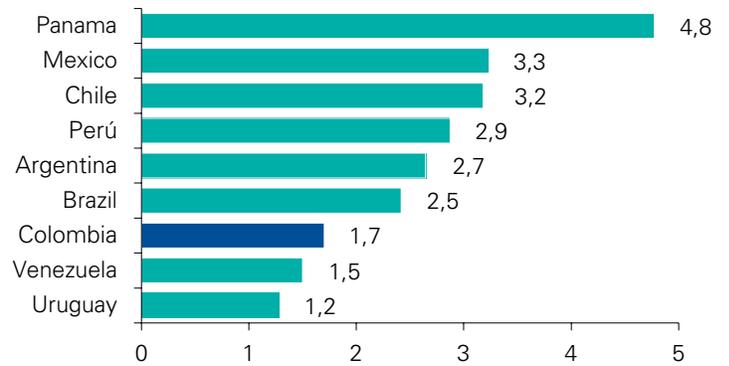
Restrictions to Railway Transportation

Railway operation requires constant, predictable and large volumes, in order to achieve profitable conditions. Developed countries have emphasized the importance of intermodal transportation, appealing to railway system advantages and as a way of creating more demand for railway transportation. With the exception of container transportation, intermodal transportation is a tool of minor utilization in the railway system.

According to a study by ANIF (National Association of Financial institutions), only 1.5% of load transportation in Colombia is made using intermodal transportation, while in Europe it reaches 60%. This shows the great challenge to be faced in terms of investment. ANIF also states that the incidence of the transportation cost related to infrastructure problems is between 10% and 35% of export goods final price. International average stands around 6%. However, the price of goods is not only affected by infrastructure problems. Logistics issues also represent around 19% of final sell value, which is high when compared to the OECD average of 6%. Additionally, Colombia presents the following considerations regarding intermodal transportation:

- There is an excessive concentration of load and passenger transportation in roads, and a lack of connection with other transportation means. This is mainly due to the structural flaws in alternative means.

Efficiency of train services



Source: World Economic Forum – 2019 Global Competitiveness Report
1= extremely underdeveloped; 7 = extensive and efficient by international standards

- Transportation costs have an approximate weight of 10%-20% over operative expenses for the main goods produced in Colombia. It is believed that intermodal transportation would represent a significant cost reduction.
- Fluvial and railway transportation offer lower costs in terms of ton/Km than road transportation. However, their average speeds are significantly lower than in the case of roads:

Transportation mean	Cost USD (ton/Km)	Speed (Km/h)
Road	92	50
Railway	78	25
River	64	14

Restrictions to Railway Transportation

By 2012, the National Government launched a strategy to recover the rail corridors and reactivate the freight operation that consisted in the implementation of three phases:

1

in the short term, restore the corridors administrated by the ANI

2

in the medium term, grant these corridors in concession in response to the Unsolicited Proposals received

3

in the long term, deliver the development of new corridor through Unsolicited Proposals

Source: (2017). DNP. CONPES

National Government's Strategy

The first phase focused on the recovery of the rail corridors La Dorada - Chiriguana (522 Km) and Bogota - Belencito (260 Km).

UTFC (Rubau, Sonacol, RaHS Ingenieria, and Ferroviaria Central), winner of the tender, executed the project and transferred it into an unsolicited proposal.

Implementation of phases 2 and 3 has been in process, especially because despite having received more than 40 unsolicited proposals for railway projects in the mentioned corridors, most of them have not received government approval since higher tariffs and public subsidies are required in order to make the project bankable.

In 2019, ANI awarded the operation for La Dorada – Chiriguana and Bogota – Belencito railway corridors to the "IBINES FERREO" consortium. The contract's value was USD 51 million and will have a 14 months term. Both are traditional procurements.

However, the corridor requires further investments, which is why ANI and FDN have already hired consultants to conduct the technical, legal and financial structuring for a public initiative PPP for La Dorada – Chiriguana corridor, with the intention of delivering the corridor in concession once the construction process is finished. There is also an unsolicited proposal under study, which was submitted to ANI by June, 2018.

This project has been included in the 5G initiative by the government.



Source: ANI

Opportunities

Project Name	Description	Current Phase
Chiriguana-Dibulla	The project consists of the construction of a new railway to connect the Brisas port with the city of Chiriguana.	Feasibility Studies
Antioquia Railway	The project consists in the rehabilitation and modernization of Antioquia railway as a multiproposal train (passengers and commodities transport).	Feasibility Studies
Pacific Railroad	The project consists of the rehabilitation, conservation, operation and exploitation of the Pacific rail network (Buenaventura-Cartago- La Felisa)	Feasibility Studies
Caribe Train	The project consists in the development of an integrated transport regional system, connecting Barranquilla, Cartagena and Santa Marta.	Pre Feasibility Studies

Source: Bases national development plan

To consult more projects go to the following link: <https://ruapp.dnp.gov.co/>





D. Public Transportation

Overview

Law No. 310 of 1996 established the possibility of the Nation to finance, with public resources, 40%-70% of the investment made in public transportation infrastructure.

As of today, Colombia has both Integrated Mass Transit Systems (SITP, in Spanish) in cities with more than 600,000 inhabitants and Strategic Public Transportation Systems (SETP, in Spanish) in cities with 250,000-600,000 inhabitants. There are currently 7 SITP in full operation, 8 public transportation systems pending implementation and 5 are being structured.

Primary Market - Public Transportation Systems

In order to improve coverage, quality, safety, operational efficiency, connectivity and accessibility of the systems, the National Government, together with local authorities, has been implementing, with relative success, the "Policy to Improve Public Service Transportation for Urban Passengers" which includes the reorganization of the systems associated with integrated transport, comprehensive urban development measures and public space. In large cities, they are working on developing Integrated Mass Transit Systems (SITM), while the implementation of strategic public transportation systems (SETP) has begun in 12 cities (of 300,000 to 600,000 inhabitants). In smaller cities, the strategy of "Friendly Cities" was designed and in 9 border cities a program of "Bi-Friendly Systems" (SAB) was proposed." It is expected that the SITM's operation will have a major impact on reducing travel times (from 20% to 35% on average) and on reducing operating costs (approximately 30%).

In the case of Bogota, even with the experience of the Transmilenio mass transit system, implemented since late 2000 and which currently mobilizes almost a third of the trips taken in public transportation, the rest of the mass transit system continues its operation in low-efficiency conditions and a poor service level. Mobility district police established the framework of the Integrated Mass Transit Systems (SITP) solution that seeks to integrate the various components of public transportation (the collective Transmilenio system, Bus Rapid Transit - BRT), the network of bike paths and a future metro line and suburban train.





Strategic Public Transport Systems

This project's targets are middle cities with a population of 300,000-600,000 people. The cities included in this group are: Armenia, Buenaventura, Ibagué, Manizales, Montería, Neiva, Pasto, Popayán, Santa Marta, Sincelejo, Valledupar and Villavicencio.

Cities where the project is being implemented

City	Est. investment (USD million)
Pasto	91
Santa Marta	165
Valledupar	137
Popayán	127
Montería	119
Sincelejo	78
Armenia	91
Neiva	139

Source: "Transporte en Cifras", Ministry of Transport, 2018

The National Development Plan and Public Transportation

The 2018-2022 National Development Plan has established a series of strategies and objectives in order to i) promote an integrated mobility in cities and urban agglomerations; ii) implement competitive and high quality passenger transport systems; iii) ensure financing for efficient mobility; and iv) strengthen mobility between urban and regional areas. These strategies aim for the following goals:

Indicator	Indicators of result	
	Initial number	Goal for 2022
Average No. of trips on a work day in public transport systems co-financed by the Nation	5,400,000	6,000,000

Indicator	Indicators of product	
	Initial number	Goal for 2022
Construction of bicycle networks in transport systems co-financed by the Nation	154 Km	255 Km
Intervention of road infrastructure for public urban transport systems co-financed by the Nation	1,019 Km	1,197 Km

Source: Bases of the 2018-2022 National Development Plan

Integrated Mass Transit Systems in Colombia

The Integrated Mass Transit Systems were promoted in three CONPES documents:

- CONPES No. 3167 of May 23, 2002: establishes a policy to improve urban public passenger transportation. This document is aimed at "improving urban public passenger transportation by applying innovative financial tools and techniques in order to strengthen the process of decentralization and increase productivity and cities organization and consolidation, within a fiscal discipline."
- CONPES No. 3260 of December 15, 2003: presents a national policy of urban and massive transportation to "promote the implementation of Integrated Mass Transit Systems in major cities across the country and strengthen the institutional capacity to plan and manage traffic and transportation in other cities, in order to increase their quality of life and productivity and promote comprehensive urban development processes within a framework of fiscal efficiency that promotes new opportunities for private sector participation in the urban passenger transportation development and operation."
- CONPES No. 3833 of June 23, 2015: this document establishes a policy for the reprogramming of public resources destined to SITPs, except for Bogota, Barranquilla and Cartagena. It also puts in consideration the restructuring of some of the expense components for each system, in order to optimize the approved resources for project development and to comply with the objectives of 2014-2018 NDP.
- CONPES No. 3882 of January 10, 2017: this document shows the support of the National Government to the Mobility Policy of the Bogota-Cundinamarca Capital Region and establishes the strategic importance the Integrated Mass Transportations System in Soacha project in Phases II and III. The CONPES specifies the mechanisms and requirements necessary to materialize the support of the national Government in mobility improvement's projects.
- CONPES No. 3900 of September 25, 2017: presents the National Government support for public transport system of Bogota and declares the strategic importance of the First Metro Line- Section 1 project.
- CONPES No. 3902 of October 27, 2017: presents the strategic importance of RegioTram de Occidente project that seeks for the improvement of the passengers public regional transport system. Also the document establishes the National Government support to the Region mobility projects.
- CONPES No. 3923 of May 8, 2018: this document is the favorable concept for the nation to give warranty to the Metro de Bogota company to contract internal or external public credit operations up to by the sum of 7.8 billion constant pesos of December 2017, or it's equivalent in other currencies, intended for financing the first metro de Bogota Line 1 project.
- CONPES No. 3991 of April 14, 2020: presents the new policy for urban and regional mobility for Colombia.

The Nation and local authorities for SITM have invested more than USD 5 billion. With great concern it has been noted that the cities where these systems are operational have a widespread problem with regards to passenger demand, which is below the initial expectations, among other difficulties that have surfaced.

City	Operation Since	Estimated Demand (Passengers/Day)	Real Demand as of September 2019
Pereira	August 2008	140,000	108,442
Cali	November 2008	960,000	382,436
Bogota	December 2010	5,295,500	3,997,975
Barranquilla	July 2010	305,000	119,028
Bucaramanga	December 2009	387,500	89,753

Source: "Encuesta de transporte urbano de pasajeros" – DANE

Integrated Mass Transit Systems in Colombia

Current Mass Transport Systems in Colombia

There are currently BRT and Metro systems in Colombia which are part of the SITMs and STEMs in the previously mentioned cities. The main systems are the following:

Project	Description	Entity in Charge
Metro de Medellin	The only metro project currently functioning in Colombia. It has 27 stations, and it is part of an integrated massive transport system, which includes a bus system (Metroplus) and cable lines	Empresa Metro de Medellin (SOE)
Metro de Bogota	With an estimated investment of USD 4.6 billion, the first line of the Bogota Metro was awarded in October 2019 to Metro Línea 1 S.A.S., an SPV integrated by China Harbour Engineering Company Limited and Xi'an Rail Transportation Group Company Limited. It will have a total of 16 stations, 10 of which will be directly connected to Transmilenio BRT system stations	Empresa Metro de Bogotá
Transmilenio	Bogota's BRT system and the first one to be developed in Colombia. Started operation in 2000. In 2018, the contract for the renewal and operation of fleet was awarded and is currently ongoing	Transmilenio S.A.
Megabus	BRT system developed in order to connect Pereira, Dosquebradas and La Virginia. Operational since 2006	Megabus S.A.
Masivo Integrado de Occidente (MIO)	BRT system in Cali. Started trials in 2008, becoming fully operational in 2009	MetroCali
Metrolinea	BRT system for Bucaramanga, Floridablanca, Giron and Piedecuesta. Started operating in 2010	Metrolinea S.A.
Transmetro	BRT system in Barranquilla, started operations in 2010	Transmetro S.A.S.
Transcaribe	BRT system in Cartagena, started operations in 2015	Transcaribe S.A.

Source: local news, systems and entities in charge's websites

New trunk for the Transmilenio system

In January 2020, the Institute for Urban Development of Bogota (IDU) awarded the construction of a new Transmilenio line in Avenida 68, one of Bogota's main avenues. This megaproject will be 17 kilometers long and will run from the South Highway to the

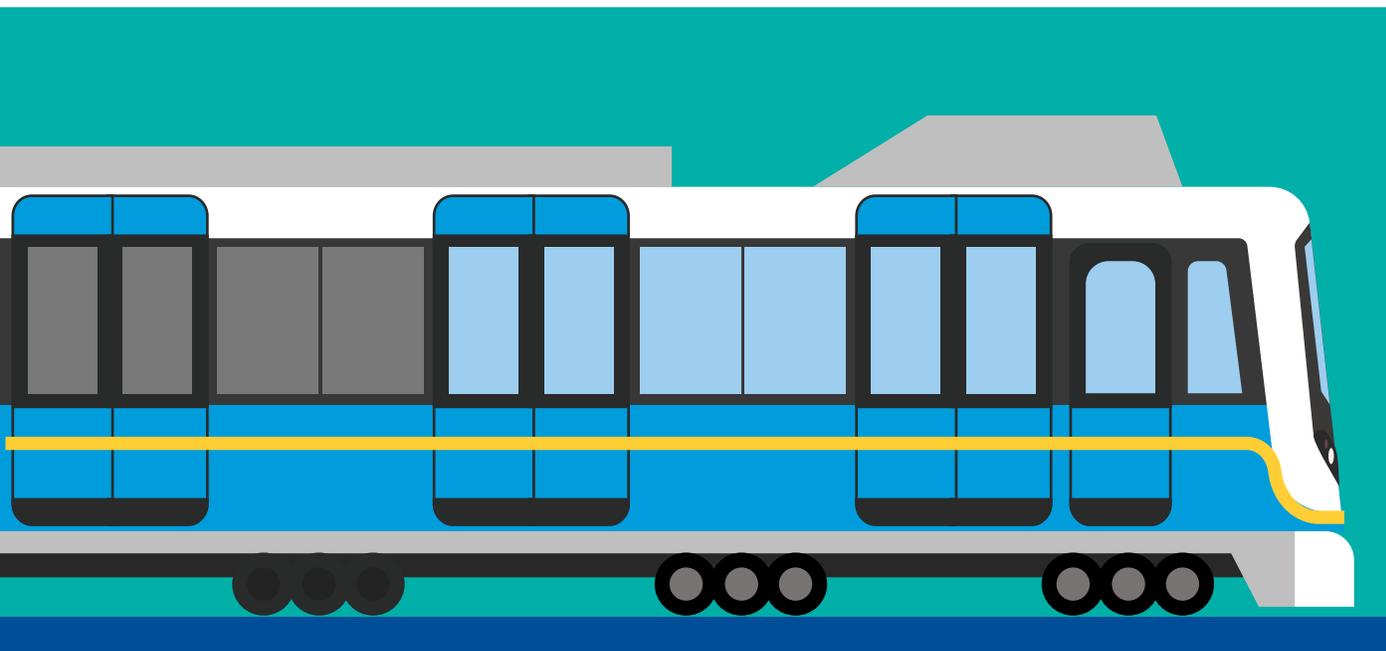
Carrera Septima highway, up to its intersection with the 100th Street. The line will connect to the TransMilenio NQS, Suba, Calle 80, Autopista Norte, Américas and Calle 26 lines. It will have an estimated value of USD 900 million including land acquisition.

Other Public Transport Systems in Colombia

There are other systems which are not mass transit urban systems but which are aimed to complement the mobility in the major capitals and their surrounding municipalities. Some of the main systems are listed below:

Project	Description	Entity in Charge
Turistren	Interurban train. Its main purpose is to transport tourists and students from Bogota to universities located in towns close to the city. One of the main interests for the tourist for this train are the old locomotives, seen in just a few places around the world.	Turistren (private)
Garcia Cadena (Santander) – Puerto Berrio (Antioquia)	Railway passenger transport service, between the towns Garcia Cadena (Santander) and Puerto Berrio (Antioquia) passing through the city of Barrancabermeja; by operating light trains in the daily 12 frequency routes.	Cooperscol Ltda. (private)
Regiotram de Occidente	This light rail passenger system will connect Facatativa, Funza and Mosquera with Bogota. It will have a total of 17 stations, with a connection in Bogota with the Transmilenio and Metro systems. This project was awarded at the end of 2019 to China Civil & Engineering Construction Company Limited. The estimated investment is of USD 487 million.	Empresa Ferrea Regional S.A.S.

Source: local news, systems and entities in charge's websites



Opportunities

Barranquilla Tram

The project consists in the financing, design, construction, operation and maintenance of the Barranquilla Tram Railway Project that will be implemented through Carrera 51B from Calle 3B (Puerto Colombia) to Calle 93 (Barranquilla). The tram will work with electric light, strengthened with solar energy, will be special for people with disabilities and will have 12 stations along Calle 30. The estimated investment for this project is of approximately USD 487 million. Currently the project is under study by the government.

Regiotram del Norte

This will be the next light rail passenger project to be developed between Bogota and its municipalities, after Regiotram de Occidente. This line will connect Bogota with Cajica, Chia and Zipaquirá, all of them located to the north of the city. It is expected to have a total extension of 48 km and to move more than 250 thousand passengers per day. The project is currently being structured.

Regiotram del Sur

Along with Regiotram de Occidente and Regiotram del Norte, Bogota is also planning this southern light rail transit line to better connect the city with the Soacha adjacent municipality. This project is in early stages, prior to launching its structuring.

Manizales SETP

Along with Regiotram de Occidente and Regiotram del Norte, The project aims to develop a strategic transport system for Manizales and its influence area (Villamaria, Neira, Chinchina). The local government plans to invest more than USD 100 million for the initial stage of this project, which is currently under structuring.

Tren del Valle

This passenger rail system will connect the city of Cali with Jamundi, Yumbo and Palmira, with an additional future branch connecting with the Alfonso Bonilla Aragón Airport. Currently, the government is working in the development of the first section of the system, which will connect Cali and Jamundi. It will have an approximate 24 km of extension, with 18 stations. This project is currently in structuring phase.

Metro Av. 80 Medellin

Medellin is currently working on the development of this passenger rail project, which will be built along Avenida 80, one of the main avenues in the city. It will have a total of 13.25 km with 17 stations, with an estimated investment of USD 900 million. The project is currently being structured.

Rionegro Monorail

This project, with an estimated investment of more than USD 2 billion, consists in a monorail of approximately 17.5 km, in the Rionegro municipality (close to Medellin). Its main purpose will be to connect the Rionegro Airport with Medellin. The bidding process for the project was declared deserted, but it remains pending for relaunch.

Sincelejo SETP

Strategic transport system for Sincelejo, with an estimated investment of USD 60 million. Bidding process declared deserted in first instance, awaiting relaunch.

San Andres SETP

Strategic transport system for the San Andres island, with an estimated investment of USD 50 million. Currently awaiting approval for the start of structuring.

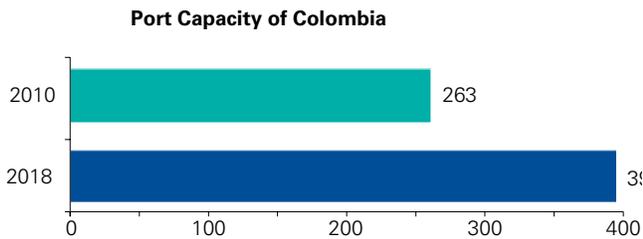
Source: DNP, local news

*To consult more projects go to the following link:
<https://ruapp.dnp.gov.co/>*

E. Ports

Colombian Ports Structure

The port capacity of Colombia is located in 2018 at 398 million tons compared to the 263 million tons in which it was located in 2010. An increase in capacity of 51%. Santa Marta, Cartagena and the Gulf of Morrosquillo represent 68% of the capacity of the port system and the Pacific corresponds to less than 15%. The main increases have been in containers and coal, while bulk, liquid and general cargo continue with low capacities and a decreasing trend. The installed capacity is mainly from specialized private terminals dedicated to coal to the shipping of coal and oil & gas.



Source: DNP – Exchange rate: 3,277 COP/USD
USD Real – 2019 avg.

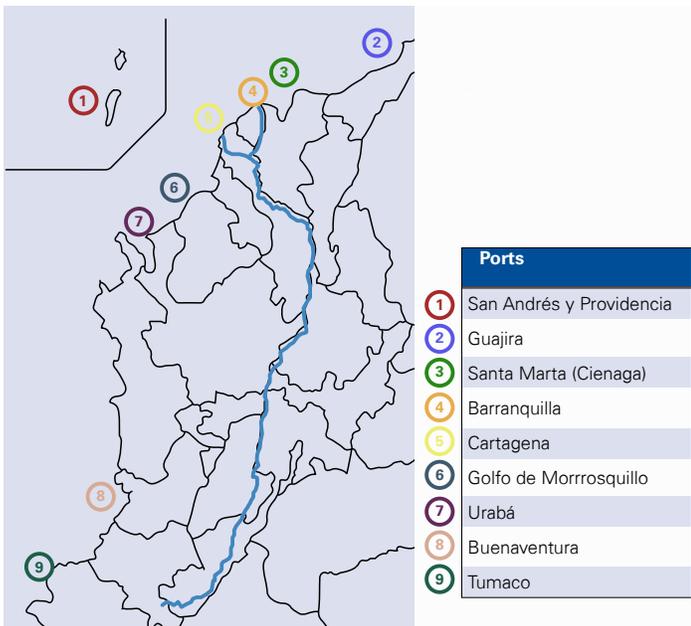
Port	Millions of tons	
Barranquilla	28	7.0%
Buenaventura	48	12.0%
Cartagena	88	22.1%
Golfo Morrosquillo	66	16.5%
Santa Marta	116	29.1%
Tumaco	2	0.5%
La Guajira	48	12.0%
Turbo	2	0.5%
San Andres y Providencia	1	0.3%
Total	399	

Source: DNP

As such, the CONPES document states that the expansion of installed capacity is a priority as a means to enhance the country's competitiveness, since the growing port traffic that results from foreign trade places pressure on the current port capacity.

New projects have been proposed in order to stimulate trade by sea, but problems persist in deep access channels and the interface between ports and inland modes continues to be a limitation to access to terminals, together with inadequate logistics practices for loading and unloading, delays due to inspections, and other security activities.





Source: DNP

Opportunities

It is planned to expand the current access channel in Buenaventura, Tumaco and Cartagena.

Cartagena Port Expansion

The National Environmental Licensing Agency (ANLA) allowed the Associated Ports Company (Compas) to expand its existing maritime terminal in Cartagena. The project consists in the modernization of the port, for new technologies of the port traffic and modification of the capacity.

Compas Ports Expansion

The government of the Colombian department of Antioquia signed a memorandum for construction. It will cost USD 600 million and the construction had began in April 2018. It will be in Puerto Antioquia, which will be a terminal in Uraba.

Multiproposal Port

Compas company, in charge of the port operations is realizing a project with the objective of tripling Tolu and Cartagena capacity in 2020. This project answer the increasing demand presented in both ports. Tolu Port is waiting for a license from Corporacion Autonoma Regional de Sucre (CarSucre). Cartagena Port is under prior consultation.

Buenaventura Channel

The project aims to strengthen the infrastructure of the port of Buenaventura, not only because it is the main gate in Colombia, but also to take advantage of the competitive advantages of its geographical position on the Pacific and its proximity to the Panama Canal. The new deepening dredging will allow the arrival of ships of greater draft to the current ones.

Summary of planned dredging investments:

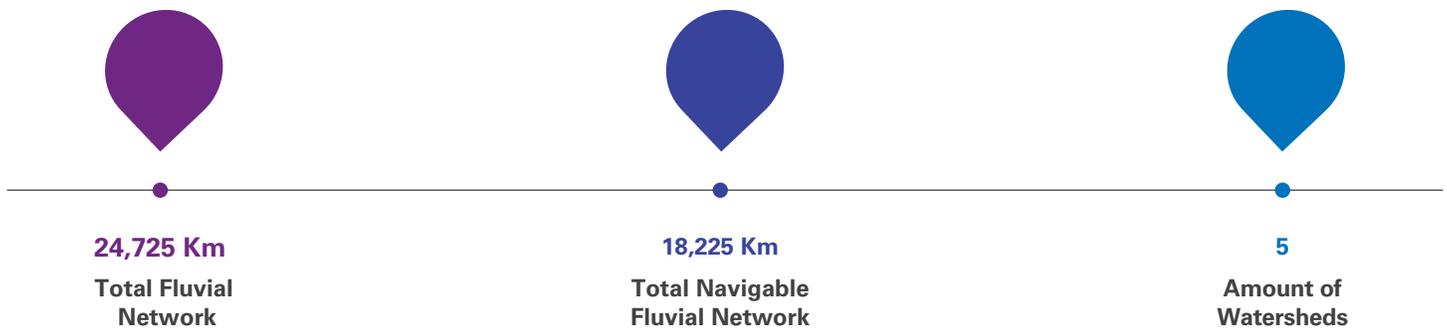
Port	Year
Cartagena	2028
Buenaventura	2023
Tumaco	2023

Source: Dredging Master Plan

* Annual maintenance investments of more than USD 50 Million

3.2. Fluvial Infrastructure

Overview



Opportunities

The Magdalena River

The Magdalena River is Colombia's longest most important river due to its length and the proximity to several important commercial nodes within the country. This fluvial system has been largely underused but plays an important role in supporting the isolated communities of the Magdalena Valley, the Amazon, the Orinoco and the Pacific coast, where fluvial transportation, rather than air, is the common means of access.

In relation to the transportation of goods, out of a potential total network of 18,000 Km, nearly 7,000 Km of waterways have permanent navigation. The Magdalena River (1,188 Km) mobilizes most of the cargo by water. The Atrato River basin (1,075 Km) facilitates the link between the Pacific and the Caribbean. In general terms, Colombia lacks infrastructure and the absence of multimodality limits its use and leads the underuse of waterways

such as Putumayo and Meta. The Orinoco and Amazon basins (4,800 Km of major navigation), located on the east and south, are the only forms of communication for many isolated communities; these rivers allow for international communication with Venezuela, Brazil, Peru, and Ecuador.

Additional to the navigability project on the Magdalena river, the government is evaluating the possibility of navigating the Orinoco and Amazonas rivers for commercial purposes, as well

as the Pacific estuaries. The government plans to open the bidding process for the Magdalena river project during the second semester of 2020.

The new project consists of 4 functional units:

Project Name	Summary of the project	Estimated CAPEX (USD million)
Magdalena River navigability	Recuperation of the navigability of the river - dredging, channeling, civil works	179

Design, construction, financing, operation, conservation and maintenance to ensure the navigability of the Magdalena River between Barrancabermeja and Bocas de Ceniza.

The project points to the construction of the channeling structures for an area of approximately 100 km in the section between Barrancabermeja and Sitio Nuevo as well as the maintenance of the western and eastern tajamares and maintenance dredges in the sections required in the area of the scope of the project as well as the maintenance stands in the anchorage and turning areas of Prado, Paraíso and Barrio Bajo.

Dique's Canal

The Canal del Dique is an artificial bifurcation of the Magdalena River, in the Caribbean Region of Colombia. It was built by the Spanish in the 16th century to facilitate navigation between this river and the city of Cartagena de Indias. It has a length of 115 kilometers, it is detached from the Magdalena river at the height of Calamar and empties mainly into the bay of Cartagena, although it has three other smaller mouths: Caño Correa (offshore), Caño Matunilla and Caño Lequerica (towards the bay Barbacoas).

The Canal del Dique Macro project consists of the definition and execution of a Hydrosedimentological Management Plan for the restoration of the degraded ecosystems of the Canal del Dique.

The objectives of the project are: the active regulation of the inflow of flows into the canal system of the dam, the control of sediment transit between the canal and the bays of Cartagena and Barbacoas, the control of floods and the control of water levels in the canal. , the control of saline intrusion, scenarios for adaptation to climate change, the improvement of the swamp - swamp and swamp - canal connections, the restoration of the PNNCR and San Bernardo ecosystems, the restoration of rounds of swamps, pipes and canal of the dike, the assurance of the canal's water resources for drinking water, irrigation, livestock, fishing and other services, and river navigation.

The Canal del Dique Macro project consists of the definition and execution of a Hydrosedimentological Management Plan for the restoration of the degraded ecosystems of the Canal del Dique, which consists of four stages:

Stage	
1	Structuring and Management.
2	Studies and Designs.
3	Works to reduce the risk of flooding (10 populated centers) - Medium Term
4	Locks and Gates Works - Long Term

Project Name	Summary of the project	Length (Km)	Estimated CAPEX (USD million)
Dique's Canal	Definition and execution of a Hydrosedimentological Management Plan for the restoration of the degraded ecosystems of the Canal del Dique.	117	594

The interventions, to be carried out over an extension of 117 kilometers, include the implementation of locks, canal amplifications and 29 individual connection works to optimize the swamp system, among others.

What is sought is to put a system of gates in Calamar and Puerto Badel, that when the flow starts to be regulated, the whole system begins to balance naturally.

This government plans to award this project by the end of 2020.



3.3. Water Infrastructure

Overview



Current Aqueduct Coverage- 91%
Rural 73% Urban 97%

2030 Aqueduct Coverage- 100%
Rural 100% Urban 100%

Daily Consumption
Rural Population 42% Urban population 94%

2030 Daily Consumption
Drinking water treatment plants' construction

Average Coverage (L.A)
95% (13th position in L.A)

2030 Average coverage (L.A)
Increase position

National average of Water Loss
43% (Llano and Caribe Regions mostly)

National average of water loss (2030)
Investments focused on loss reduction 30%

Currently Sewerage Coverage
Rural 70% Urban 91%

2030 Sewerage Coverage- 100%
Rural 100% Urban 100%

Average urban wastewaters treated
36% (6th position in L.A)

Average urban wastewaters treated (2030)
100% Wastewaters treatment plants' construction

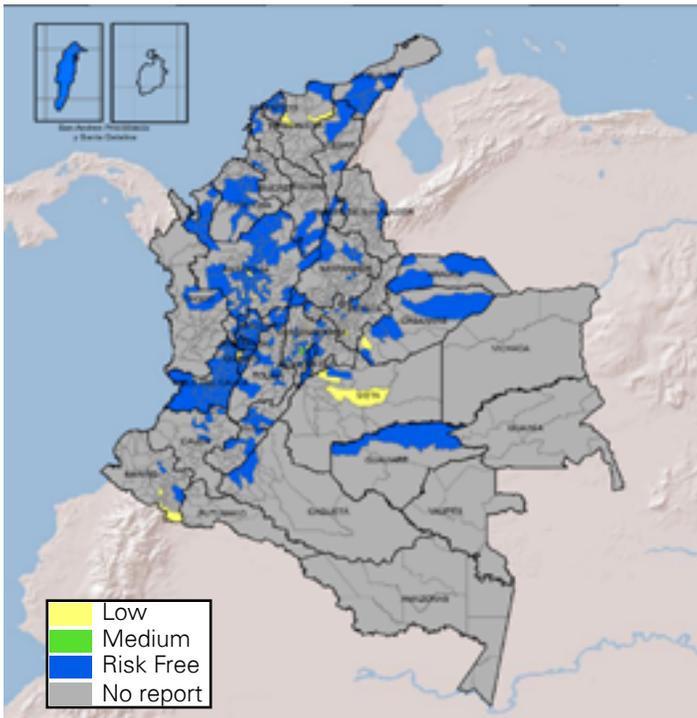
Total Investment by 2030
USD 14.6 Billions

Source: DNP

According to DNP for the water and basic sanitation sector, progress was needed in the following:

- Construction of plants drinking water treatment
- Investments focused on reducing losses (30%)
- Decrease urban-rural gap

Water Quality Risk Index



Source: DNP

Opportunities

Water and Sewerage Services in Colombia

The city of Santa Marta faces serious deficiencies in the provision of water and sewerage services, mainly due to the following factors: i) the existing sources of drinking water do not meet the city's demands and since 2012 the service's continuity has been affected by the drought, affecting its sourcing; ii) the city faces losses due to inefficient operation and maintenance of the aqueduct; iii) 10% of the population is not covered; iv) during 2013 the water supplied was unfit for human consumption; v) during 2014 there have been problems with service continuity; vi) nominal metering coverage reaches only 73.1%; vii) the sewerage service coverage is 76% and is insufficient to service the city's needs. Additionally, the city lacks a system to collect rainwater.

In order to create a PPP project for the aqueduct of the city of Santa Marta, the DNP is under the process of structuring the financial, legal, and technical aspects of the project. On June 20, 2018 the Mayor of Santa Marta filed the response to the observations made by the Ministry of Housing, City and Territory.

The project will include the design, construction, operation, and maintenance of the water and sewage systems for the city of Santa Marta. It seeks to improve the coverage and quality of wastewater management and clean water supply.

Canoas Wastewater Treatment Plant

Construction, operation and maintenance of phases 1 and 2 and designs for phase 2.

The project consist in the decontamination, adequacy and conservation of Bogotá river basin through the construction of phase I and II of Canoas wastewater treatment plant. Also the project includes de phase II design.

Santa Marta Aqueduct and Sewage System

Design, construction, operation and maintenance of the city's aqueduct and sewer supply systems.

3.4. Social

Law 1508 of 2012 was issued in Colombia as the legal framework for PPPs. One of the main objectives of this law was to achieve the implementation of PPPs in different sectors, including social infrastructure as well as productive infrastructure. However, since the issuing of this law, the government has awarded more than 30 road concessions, and only one social infrastructure project.

Thus, it is important to understand the importance of the implementation of PPPs in the social infrastructure sector, given the existence of a significant deficit of social infrastructure in Colombia:

Colombia has a 20-year lag in infrastructure and the social environment is also lacking progress. Given the current situation, the Colombian government has been developing various social infrastructure projects since 2012 under Law No. 1508. Investment in social infrastructure in Colombia has become a priority in the public agenda given the need to close the existing gaps in infrastructure projects and public services.



Healthcare

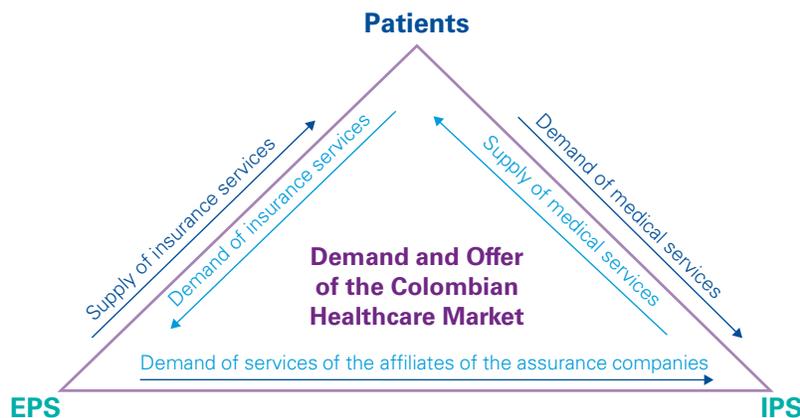
Overview

The Colombian healthcare model has been defined for Social Security with public-private integration, and two insurance regimes: subsidized, for those with no capacity to pay, and contributory, for those in the formal economy and the self-employed sector, who have capacity to pay.

The Colombian system is one of the most decentralized anywhere. It is decentralized in structure, both vertically (from the state to the insurer and the provider), and horizontally, between

the various agents that form it. With this structure, the greatest vulnerability comes from fragmentation and the interaction between agents, so that's where the State has a key role.

There are three main agents in the Colombian healthcare system market for supply and demand, namely: patients (consumers), insurers (EPS – Empresa promotora de salud), and healthcare service providers (IPS – Institución prestadora de salud). The relationship between these three agents is shown below.



As observed above, there are two principal actors in the Colombian system, who represent the demand for services: i) patients that go to the providers to request health services; and ii) the insurers (EPS), who are the principal purchasers of services. In Colombia there is universal insurance, which refers to the fact that all residents of Colombia must be affiliated to the social security system. Nonetheless, the system faces a challenge because of the lack of connection between the functions of public health service providers (IPS) and those of insurance providers (EPS). Investment in healthcare infrastructure is also expected to pick up given the new demands on the SGSSS. In 2017, Colombia had 2 doctors and 1.5 hospital

beds per 1,000 inhabitants, according to the ACHC (Colombian Association of Hospitals and Clinics) report, occupying the position 48 of the ranking with an index of 80.6 out of 100, evaluated on 99 countries of the world.

A serious shortage of beds, the quest for more effective management with quality as a benchmark, poor planning and erratic political decisions all need to be considered when analyzing public hospital services and infrastructure in Colombia. The urgent need for resources to finance better services and public health infrastructure, without incurring in a significant burden on the country's fiscal budget, has led Colombia to

Source: DNP



seek private sector participation in in two areas of hospital management: financing and operations.

However, Colombia boasts a modern private healthcare system, located on the major cities. Expats can buy health insurance from a variety of local or international providers. The private healthcare

Opportunities

The infrastructure in the health sector includes construction, expansion, adaptation, maintenance of facilities and the acquisition of medical equipment and other instruments for the provision of health services, within the framework of the General System of Social Security in Health, as well as production chains associated with this sector.

In order to improve social infrastructure and provide better services in Bogota, Colombia a modernization program for the hospital infrastructure was presented in the 2018 PPP health forum. According to the latest update, the Usme, Santa Clara and Bosa hospitals in Bogota were tendered and awarded between the last months of 2019 and first months of 2020. These projects will present the following characteristics:

Hospital					
Hospital's Name	Number of Beds	Approximate Area	Benefited Population	Contracting Method	CAPEX (estimated)
Usme Hospital	221	36,200 m2	367,201 people	Traditional procurement (turnkey contact)	USD 78 million
Santa Clara new Hospital and CAPS*	312	28,000 m2	360,000 people	BOMT**	USD 136 million

*CAPS: Primary attention health center

** BOMT: Build, operate, maintain and transfer

Source: Secretaria Distrital de Salud; Exchange rate used for currency conversion 2.984 COP/USD

Projects under feasibility studies

- **Replacement of Simón Bolívar Hospital by PPP**
Design, Construction, Provision and Operation of the Simón Bolívar Hospital by PPP.
- **Replacement of Maternal and Child Hospital by PPP**
Design, Construction, Provision and Operation of the Maternal and Child Hospital by PPP.

- **Replacement of Hospital Santa Clara by PPP**
Design, Construction, Endowment and Operation of the Santa Clara Hospital by PPP.
- **New Usme Hospital by APP**
Design, Construction, Provision and Operation of the Hospital de Usme by PPP.

Education

Opportunities

The Ministry of Education of Colombia is currently working on implementing the National Infrastructure Plan for Education (NEIP). This plan seeks to support the implementation of a single shift for daily school hours. The main barrier for this implementation is the deficit of classrooms, which amounts to about 51,000. Currently, in 2018 the Ministry of Education of Colombia made the design and executed the construction of about 51,134 new and improved classrooms. So far, currently there are approximately 22,802 delivered or under construction.

In order to make PPP projects feasible in the education sector, the DNP conducted a study with the purpose of: "Analyzing the application of Public Private Partnerships (PPPs) for the execution of projects that involve design, construction, rehabilitation, improvement, and equipment, as well as the operation and maintenance of the educational infrastructure (primary, secondary, and higher education)." The education sector has the same limitation on authorized future funds for PPP project payments as the justice sector (0.004% of Colombia's GDP).

Additionally, the IFC, the Financiera Nacional de Desarrollo (FDN), and the World Bank will advise the Ministry of Education in structuring two Public Private Partnership (PPP) projects of packages or groups of schools in seven different locations in Colombia: Barranquilla (city), Cartagena (city), Medellin (city) and Soacha (municipality), Ibagué (city), Antioquia (department) and Bogotá (city).

One of the objectives in terms of infrastructure is to finish the construction of 541 schools. During the period 2018-2022 it is expected that by 2020 3,489 classrooms will be finished; in 2021, 4208 and in 2022, 1737.

PPP projects will reduce classroom deficit, achieve extensions in coverage and go ahead with the school-day plan through an APP project that carries out the construction, provision, operation, maintenance and lending of non-pedagogical services.





Education			
Project Name	Description project	Est investment (USD million)	Current Phase
Soacha school	Desing, construction, rehabilitation, provision of equipment, operation, maintenance	81	On aprobation
Ibague schools	Desing, construction, rehabilitation, provision of equipment, operation, maintenance	117	Feasibility studies
Medellin school	Desing, construction, rehabilitation, provision of equipment, operation, maintenance	75	Approval procedures
Barranquilla school	Desing, construction, rehabilitation, provision of equipment, operation, maintenance	48	Approval procedures



Public Buildings

Opportunities

Among the main objectives established in the 2018-2022 National Development Plan, the government is planning a significant investment in the development of infrastructure for public buildings. This section presents the current most important opportunities in this sector.

Ciudadela Judicial

The project of Ciudadela Judicial for the capital of the country seeks to gather, in a single complex, several corporations and dependencies of the sector that faces great limitations of area and location, by means of the construction of new facilities in an area of 130,000 squares in Paloquemao sector. The Superior Council of the Judiciary (CSJ) is preparing the project.

Est. Investment (USD million)	Phase	Type of Initiative
314	Structured	Public

Source: DNP

Prisons

In recent years, prison policy in Colombia has been aimed almost exclusively to increase quotas. Since the year 2000, approximately COP 3.5 trillion (USD 1.4 billion approx.) have been invested in construction, improvements, operation, and maintenance of the National Order Reclusion Establishments (NORE). Even though this investment has allowed for the duplication of the State's capacity to attend to the liberty-deprived population, the rate of overcrowding rates in Colombia still remains above 50%.

The new approach of the Colombian prison policy seeks the creation of a link between a coherent and effective crime policy.

Additionally, the construction of new NORE's under a PPP scheme is expected to be completed before 2019, generating approximately 7,200 new quotas, according to CONPES No. 3828 of 2015.

The potential new projects in this sector are the following:

Project	Phase	Est. Capacity	Est. Investment (USD million)
Barrancabermeja	Feasibility	2,500	170
Uramita	Feasibility	2,000	220

Source: DNP

These projects are public initiatives for the restoring the rights of inmates and provide necessary spaces for resocialization activities in the face of prison overcrowding of more than 60% in the country.

Accommodation for students of institutions of higher education and / or school hotel development

The project consists of the design, financing, construction, operation, maintenance and reversal of accommodation for students of higher education institutions and / or hotel school development. The investment would be approximately USD 80 million.



Public Buildings			
Project Name	Description project	Est investment (USD million)	Current status
Justice citadel of Bogotá	Design, construction, provision and installation of equipment and furniture, financing, operation and maintenance of the justice citadel of Bogotá	314	Structured
IES	Design, financing, construction, operation, maintenance and conversion of accommodation for students of the ies and / or development of the school hotel	80	Finished phase 2
		Total	394

Source: DNP

Tourism

Opportunities



Museums

The government wants to promote the strengthening of museums and the development of cultural programs with 8 museums owned by the Ministry of Culture in the cities of Cartagena, Santa Fe from Antioquia, Villa de Leyva, Honda, Villa del Rosario, Popayán (2) and Ocaña.

The private investor will be in charge of the design, restoration, maintenance, operation, conservation and administration of the collections, as well as the promotion and cultural management of the museums owned by the Ministry of Culture, located outside Bogotá D.C.

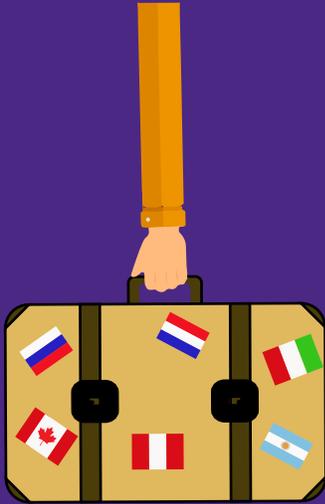
Museums	USD Million	Phase
8	41	In review

Source: DNP
Exchange Rate: 3716



National natural parks

The government wants to preserve the environment and ensure the protection of diverse ecosystems for the development of ecotourism in the SPNN National Natural Parks of Tayrona and Via al Parque Salamanca through the operation and exploitation of ecotourism services, including the provision, construction, adaptation, maintenance and improvement of these protected areas.





Public Buildings			
Project Name	Description project	Est investment (USD million)	Current status
Museums	Design, restoration, operation, maintenance	41	In Review
National natural parks	Construction, adequation, provision of equipment, maintenance	71	Feasibility
		Total	112

Source: DNP



3.5. Energy

Overview

Colombia's energy sector has evolved significantly over the past 20 years and today it is an efficient sector with world class practices. This trend will continue in coming decades due to the growth of foreign direct investment in Colombia as well as the growth of Colombian multinationals abroad.

Colombia's energy sector currently has a public-private agenda aimed at ensuring the country's supply of electricity in the medium and long-term and at positioning Colombia as a major player in regional energy integration.

The new Government regulation encourages the creation and usage of long term PPA* contracts (10-20 years) and allowing for more innovative ways of project financing in the long term (Project finance).

The electricity sector in Colombia consist in different entities that are dedicated to each of the activities necessary for the provision of electric service.

For the National Development Plan, these are the main objectives related to the energy sector:

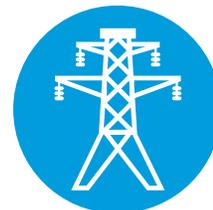
- Electricity sector
- Increase electricity access and quality.
- Encourage electricity generation based on unconventional renewables energies such as solar, wind biomass, small hydropower and geothermal energy.
- Foster energy efficiency.
- Boost new international power interconnections, specially the interconnection Colombia –Panama.
- Expand energy trade with Ecuador and Venezuela.
- Use Colombia's energy experience to gain leadership in international organizations and as a tool to improve bilateral cooperation, seeking to advance the Andean Interconnection System.

*Power Purchase Agreement

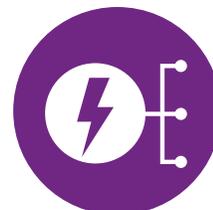
Generation



Transmission



Distribution



Commercialization

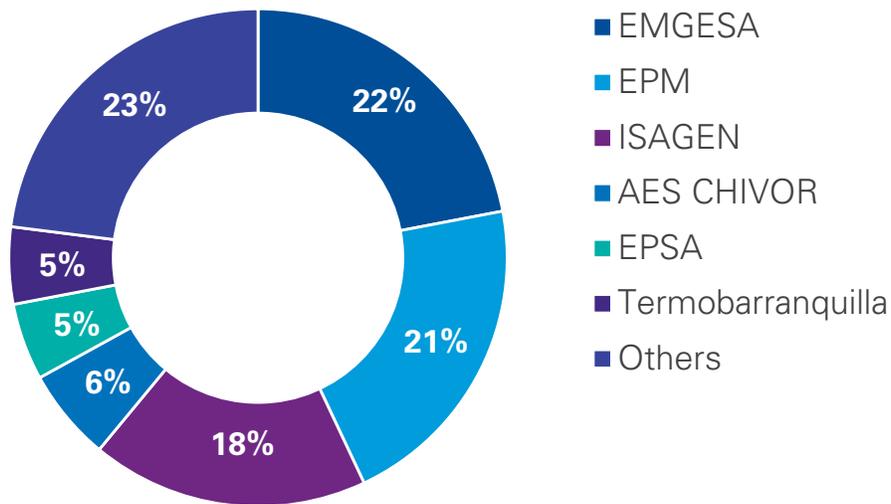


Colombia's energy sector became a free market in 1994 in all of its subsectors (generation, transmission, distribution, and retail). Also, Colombia established the energy exchange to increase competitiveness among players for the benefit of the end user. In Colombia, the difference between transmission and distribution is defined by the level of power being handled. As such, transmission refers to power equal or above 220 kV (bulk) and distribution relates to power below 220 kV.

The Colombian government implemented a free market policy (Law No. 142 and No. 143 of 1994) with the following objectives:

- Increase competitiveness among generators using two mechanisms: establish long-term contracts between producers, large consumers and retailers, with the energy stock exchange, in which producers (supply) and retailers (demand) participate.
- Allow all transmission and distribution companies to interconnect in order to create a larger network.
- Entice private companies and investors to invest, in order to increase the level of technology and innovation in the energy industry.
- Release the public sector from assuming investments in the energy sector.
- Capture potential of profits from energy exports by increasing the capacity and reduce the risk of reliability from hydroelectric resources which comprise 75% of the capacity of the generators.
- Reduce the energy loss through constant renovation of the distribution network.
- Increase energy coverage in rural and urban areas.

Market Share of Energy generators in Colombia, 2019



Main figures of the energy market

- Electricity consumption, 2019 **71,925 GWh**
- Electricity Generating Capacity, 2019 **70,115 GWh**
- Electricity consumption per capita, 2018 **1,159 KWh**

Source: Informes anuales

Energy Projects

Current Energy Projects	Stage	Investment USD
Hidroituango Hidroelectric (EPM)	Construction	11.4 billion
Serena del Mar	Construction	36 million
Solar Farm Santa Rosa de Lima	Operation	8 million
Plan5Caribe (Celsia)		
<ul style="list-style-type: none"> • Cuestecitas Substation/ Extension Rihoacha, Maicao substations • Manzanillo Substation/ Extension Bayunca - Bolivar substation • Nueva Monteria -Cordoba substation • Extension Valledupar- Cesar substation • 110 kV North substation/ Extension Nueva Barranquilla. Atlantico substation • Caracoli substation/ Extension Malambo, 20 de Julio substations 	Operation	172 million

Renewable Energies

With the growing demand for energy, a strong commitment to reduce carbon emissions, new advances in technology, greater incentives for investment and continued policy support, renewable energy will play an increasingly important role in the global energy matrix for the XXI century.

Historically, the projects in the energy sector in Colombia have been largely dominated by a few local players with either hydroelectric or thermoelectric plants. Other energy sources in the country, such as solar or wind, are relatively new and are still under study. Given that 70% of the electric resources of Colombia are represented by hydroelectric energy, it is of high importance that the country develops new sources of energy like solar, wind biomass, small-hydropower, and geothermal energy for strengthening the energy market and reducing the

level of dependence on water, avoiding the negative effect of “El Niño” phenomena.

The government has been focused on promoting the development and use of unconventional sources of energy, mainly those of a renewable nature. The government has taken the first steps to seek investment in alternative sources through Law 1715 of 2014 and Decree 2143 of 2015, establishing tax incentives for research, development and investment in projects of this nature in the country. This law raises the foundations of a tacit strategy under a competitive market approach, which is to create instruments, some of which require particular developments (regulatory instruments) while others are defined in the same standard (tax incentive instruments).

Opportunities

Studies carried out on the country by the Mining and Energy Planning Unit (UPME) forecast for the year 2030 a consumption of 30% of non-conventional clean or renewable energies and 70% of conventional sources (hydroelectric and thermal).

As of 2019, there were a total of 1608 initiatives registered in UPME's Electricity Generation Project Registry. Among these, there were 847 solar, 560 hydraulic, 123 thermal, 43 wind, and 33 biomass initiatives.

On the other hand, UPME also publishes the bidding processes for energy transmission. The main current announcements are shown below.

Energy Transmission Announcements

Project	Phase
New substation Toluviejo and associated works 110 kV	Prepublication
New substation Rio 110 kV	Prepublication
New substation San Juan and works associated 110 kV	Prepublication
New substation in the department of the Pacifico 230 kV	Prepublication
New substation Alcaravan 230 kV - La Paz 230 kV	Prepublication
La Loma transmission line - Sogamoso 500 kV	In tender process
Sahagún substation 500 kV	In tender process
Rio Córdoba transmission line - Bonda (Termocol) 220 kV	In tender process

Source: UPME



Renewable Energy Projects

Project	Company	Observations	Capacity MW	Estimated investment USD
Solar Power				
Atlantico Solar I Baranoa	Technoelite	Estimated date of entry into operation: Dec 2021	19,3 MW	19 million
Atlantico Solar II Polo Nuevo	Technoelite	Estimated date of entry into operation: Dec 2021	9,9 MW	10 million
Bosques Solares de Colombia (Montelíbano)	Solar Green	Pending registration of phase 3 generation UPME, connection contract in process, pending obtaining environmental license. Pending teaser in English.	139,3 MW	140 million
Latamsolar Fundación	Latamsolar	Looking for an investor to carry out environmental studies and licenses	99,9 MW	100 million
Zambrano II	Colombia Solar	In phase 3 starting construction works and finishing in 6 months. Energy sold for 20 years.	15,5 MW	15,5 million
Zambrano III	Colombia Solar	UPME phase 3 in the approval process. Connection study to substation pending completion. Own land. Pending environmental and municipal licenses and archaeological studies. Pending teaser in English.	19,9 MW	20 million
Zapatoca	Colombia Solar	Phase 2, pending environmental impact studies, connection point granted and PPA negotiation process. Pending teaser in English.	15,5 MW	15,5 million
La Isabela	Colombia Solar	UPME phase 2. Own land, pending environmental licenses. Pending teaser in English.	35,5 MW	35 million
Granja Solar Palmaseca	Energías Renovables del Valle	Land: The Valley Government, through the Liquor Industry of the Valley, transfers the right to use the land. Stage 3 UPME.	28,8 MW	29 million
Pétalo del Córdoba II	BlackOrchid	Estimated RTB date: 3Q 2020. Interconnection approved by network operator and UPME. Lease signed. Permits in process (25% advance)	9,9 MW	9,9 million
Pétalo del Sucre	BlackOrchid	Estimated RTB date: 3Q 2020. Interconnection approved by network operator and UPME, connection contract under negotiation. Lease signed, pending permits and licenses.	9,9 MW	9,9 million
Pétalo del Cesar I	BlackOrchid	Estimated RTB date: 2Q 2021. Interconnection approved by network operator and UPME, signed connection contract. Land acquired. Permits in process (25% advance). To enter into operation, Ecaribe is required to complete the project La Loma.	9,9 MW	9,9 million

Renewable Energy Projects

Project	Company	Observations	Capacity MW	Estimated investment USD
Solar Power				
Pétalo del Cesar II	BlackOrchid	Estimated RTB date: 3Q 2023. Interconnection approved by network operator and UPME, connection contract under negotiation. Pending land lease contract. Pending permits and licenses (requires environmental license)	9,9 MW	9,9 million
El Colibrí	Univergy	The company indicates being registered in stage II before the UPME in January 2020. Still not registered.	19.9 MW	20 million
La Orquídea	Univergy	It had just been presented UPME. Not yet in stage I.	200 MW	200 million
El Girasol	Univergy	The phase II registration has not been passed due to a delay in the environmental study of the project. (approx 3 months) The 3rd version of the network connection request will be filed. There is availability of access to the Electricaribe network but no approval concept (approx. 1-2 months)	19,9 MW	20 million
Los Morrosquillos III	Univergy	Technically in June this year the company will get a response from electricaribe. Date on which the project in phase II will be registered with the UPME. The company wishes to sell the project 100%.	19,9 MW	20 million
El Tucan	Univergy	To validate if phase II was finally presented to UPME in February 2020. To validate network connection request (both with Electricaribe - technically received approval in Dec. 2019 and UPME). The company wishes to sell the project 100%.	9MW	10 million
Hydroelectricity				
Hidroeléctrica Miel II	Promotora Miel II	Approved environmental license (with certain requirements but firm), phase 3 studies and designs. The banks are working on updating the financial model and evaluating the resources that have been invested by public resources to calculate how much the cost of the project's participation in a partnership could be. Pending teasers.	120 MW	USD 250 million
PCH Rio Suarez	Enerpro	It is licensed and close to being Ready to Build (Connection, EPC, land, and Energy Contract). The developers seek to sell the development (Ready to Build would be delivered) or ideally, a strategic partner that allows them to close financially for the construction and eventual operation. "	51,14 MW	USD 110 million

Source: Procolombia



3.6. Oil & Gas

Overview

Colombia oil its oil production at 2.4% and gas production at 9.5% in 2019

According to the annual report of the Ministry of Mines and Energy, oil production increased 2.4%, from 865,127 barrels per day average in 2018, to 885,851 barrels per day at the end of 2019, the highest since 2016.

In December 2019 the average production was 882,222 barrels per day, a figure that represents an increase of 0.23% compared to November, which was 880,211 barrels.

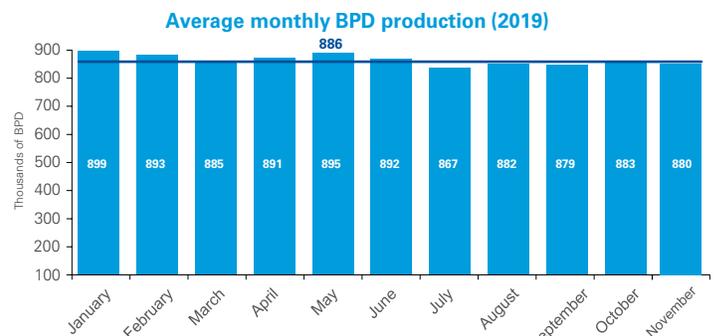
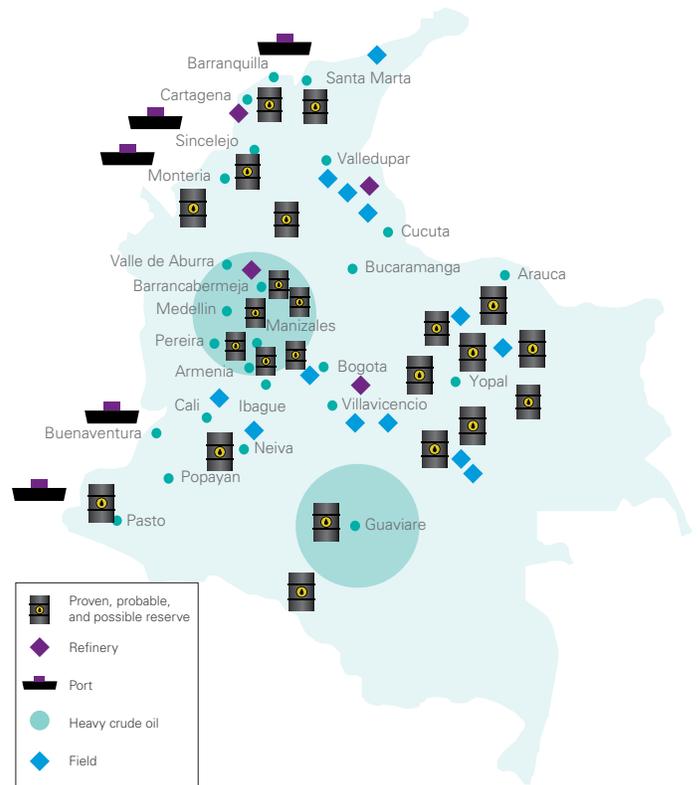
Seismic activities increased by 79% in 2019 because it went from doing 1,107 kilometers of seismic in 2018 to developing 5,354 kilometers in 2019.

The increase in hydrocarbon production at the end of 2019 was made possible by the reactivation of the sector, which is reflected in the increase in exploratory wells.

According to the Ministry, during 2019, the increase in exploratory wells was 9.5%, from 66 in 2018 to 73 in the last year.

The number of development wells increased by 6.2%, from 725 in 2018 to 773 in 2019.

*Barrels per day



Source: Agencia Nacional de Hidrocarburos

Oil Pipelines in Colombia

Ecopetrol, a state owned company, is responsible of the oil transportation and refining in Colombia. In some cases, Ecopetrol is the owner and in other cases, Ecopetrol has the majority of the participation. Ecopetrol created CENIT in 2013, a new company focused on oil transportation.

The government implemented a partial privatization of the state oil company to revive its upstream oil industry. However, after a half-decade of moderately safe operations, attacks on oil and natural gas pipelines have augmented. Extended oil production will require reserves discoveries and enhancements on infrastructure safety.

Current oil pipelines

- **Caño Limon – Coveñas:** used for oil transportation from Caño Limon, Arauca to Coveñas, Cordoba. Length: 770 Km.
- **Alto Magdalena:** oil transportation from the superior valley of the Magdalena valley (Dina, Huila) to Vasconia, Antioquia. Ecopetrol owns 49%, of the pipeline.
- **OCENSA:** transports oil from Cusiana, Casanare to Coveñas, Cordoba. Length: 790 Km.
- **Colombia:** connects the Vasconia station with Coveñas. Length: 481 Km.
- **TransAndino:** has a capacity of 190,000 BDP and transports oil from Colombia's Orito field in the Putumayo basin to Colombia's Pacific port of Tumaco.
- **Bicentenario:** in its current stage, it transports oil from Araguaney station in Casanare to Banadia station in Arauca. Length: 230 km

Source: Ecopetrol- Mapa Infraestructura Petrolera.

Infrastructure Details

Currently the oil infrastructure system consists in Crude Petroleum Pipeline, Multi- Product Pipeline and Propane pipelines. The table below shows the amount of pipelines per category until 2018:

Description	Owned by Ecopetrol	Others	Total
Crude Petroleum Pipeline	2,847	2,620.0	5,467
Multi- Product Pipeline	3,078	28.0	3,106.0
Propane Pipeline	381	-	381
Total	6,306	2648	8,954

Oil price coverage:

- Coverages will consist of the acquisition of financial instruments in order to mitigate risk fiscal that exists due to price volatility.
- For this purpose, the Stabilization Fund of Tax Revenue (FEIF).
- The Ministry is currently working on the FEIF regulation and in establishing the best strategy to perform financial operations
- The 2020 budget included a provision that allows you to use resources for this purpose.

Reform to the General Royalty System

Main purposes:

- Create an environment that improves the production of mining-energy resources and promotes exploration in the producing regions.
- Promote efficiency in the allocation and execution of the resources of the General Royalty System.

Main changes:

- Direct assignments to municipalities and departments: These will increase by 12% (estimated average 2019-2028) at 25% of current income.
- Current Expense: This will decrease from 5% to 3% of current income.
- Transfers to FONPET (Pension Fund of Territorial Entities) and FAE (Savings Fund and Stabilization): will be reduced from 20% (estimated average 2019-2028) to 5%.

3.7. Mining

Overview

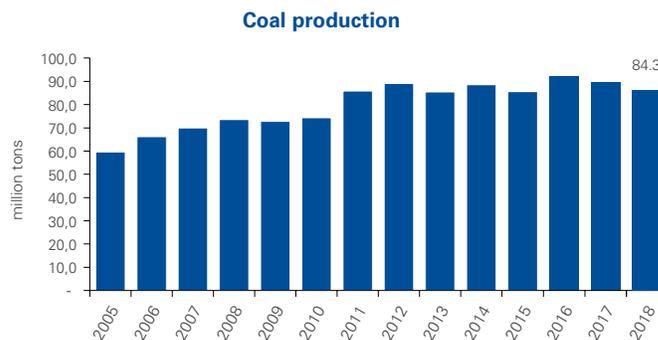
Colombia has the largest coal reserves in Latin America and is the fifth largest coal producer in the world. Colombia has large reserves of iron ore, nickel, gold, and copper. It is also a small yet significant producer of Platinum Group Elements. Silver and emeralds are also excavated. In Latin America, Colombia is ranked first for coal, second for nickel, and sixth for gold and copper production. Colombia is also the second largest exporter of emeralds in the world.

The mining sector in Colombia is classified as a primary and secondary market. The first one is granted by the National Mining Agency (ANM). The agency's role is to grant mining licenses to explore and produce, in exchange for royalties and other benefits to the communities the mines interact with. In the past year, the granting of licenses has been withheld until the agency assumes on the role of regulator. The secondary market is for those mining operators that have been granted a mining license but are interested to divest, sell part of their ownership or farm out completely.

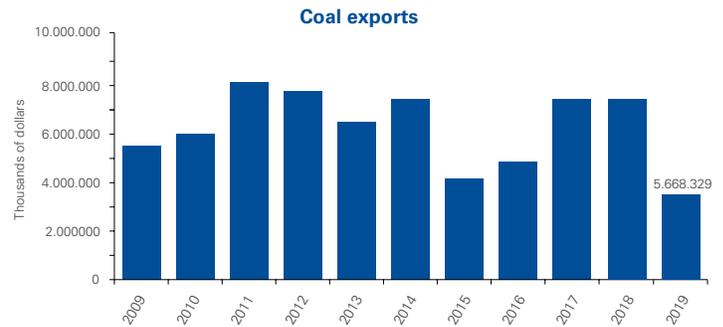
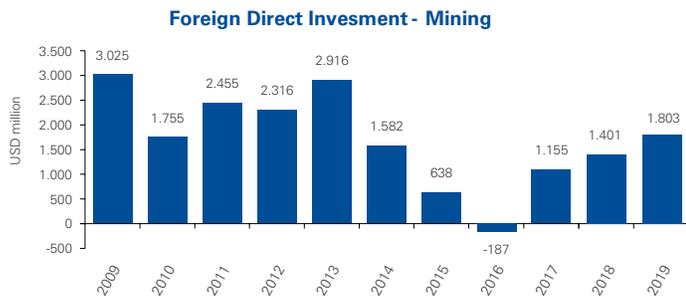
Colombia's most important challenges in exploration and production are those related with environmental and community licenses.

In 2018, Colombia's coal represents 5.3% of world trade exportations, placing the country as the largest coal producer in Latin America, and the 5th in the world. The largest producers are Australia, Indonesia, Russia and U.S. Cesar region delivers 60% of coal production, while La Guajira delivers 36% of the amount. In 2018, the country's coal production reached 84,3 millions of tons.

After coal, which accounts for 80.2% of the country's mining production, nickel and gold are the most representative Colombian mining products in international markets. Colombia is the 11th largest nickel producer in the world (produced 23.5 million pounds in 2018) and is the 15th largest gold producer in the world, and the 4th larger producer in Latin America. In 2018, Colombia produced 55.260 tons of gold.



However, total mining exports have increased in recent years. On average, from 2009 to 2019, mining exports have increased 3,6% and Foreign Direct Investment in mining has had a growth of -87.9% from 2009 to 2019, with USD 608 million in 2015 and USD 1,803 million in 2019.



Some Mining Companies with Presence in the Country

Company	Subsidiary in Colombia	Mineral	Country of Origin
BHP Billiton	Cerrejon - Cerromatoso	Coal and Ferronickel	Australia
Anglo American	Cerrejon	Coal	South Africa
Xstrata	Cerrejon	Coal	Switzerland
Barrick	Sorotama	Gold	Canada
Anglo Gold Ashanti	N/A	Gold	South Africa
Drummond	N/A	Coal	United States
Glencore	Prodeco	Coal	Switzerland
Votorantium Group	Paz del Rio	Iron and Coal	Brazil
Bz Gold	Gramalote	Gold	Canada
Gran Colombia Gold	N/A	Gold	Canada
Continental Gold	N/A	Gold	Colombia
Holcim	N/A	Building materials	Switzerland
Mineros S.A.	N/A	Gold and precious metals	Colombia
CEMEX	N/A	Building materials	Mexico

Source: ANIM Banco de la Republica and DANE, Atlas Media, El economista

Opportunities

In Colombia, mining is carried out by the private sector and its development has had a profound impact on the participation of important foreign investors such as Drummond (USA), Anglo American Coal (UK), and CEMEX (Mexico), among others who have executed large scale projects. By 2017, there were 8,880 mining titles in 29 of the 32 departments of Colombia.

Colombia has a privileged location from a metallurgical, geological perspective. It has two major geotectonic provinces: the "Cinturon Andino" and the "Escudo Amazonico," both ideal for the mineral exploration and projects that have a great economic importance.

Buriticá Project

The Buriticá Project is Continental Gold's high-grade gold standard project, 100% owned, located in the middle belt of the Río Cauca in the north-western region of Colombia. Once in production, Buriticá wants to double gold production in Colombia.

Quebradona Project

The Quebradona copper mining project will intervene 471 hectares of the 7,593 of the mining title, which correspond to four properties in the Cauca and Quebradona neighborhoods (approximately 2.4 percent of the total Jericho area), is located 12 kilometers away of the urban area of the municipality and is currently in the process of preparing the Environmental and Social Impact Study (EIA) to file the application for an Environmental License with the ANLA National Agency for Environmental Licenses.

Soto norte project

The Soto Norte project is in the environmental licensing phase, through the preparation of the Environmental Impact Study (EIA) that includes technical, social and environmental aspects - and will be filed with the National Authority for Environmental Licenses, ANLA.

Gramalote project

The project consists of the construction of a gold extraction mine. The drilling phase is currently being developed and it is necessary to advance in the resettlement process, and to generate more formalization processes for small miners to bring the project to the feasibility stage.



4.

KPMG

KPMG Worldwide Infrastructure

KPMG is one of the world's leading companies in financial advisory concerning financing and capital structure for infrastructure projects. KPMG has established a global infrastructure team specialized in transactions that include both the public and the private sectors. Within a general framework, our business is divided approximately 50/50 between advisory services to public entities and private companies. Our offices are located in the most active financial markets including the United States, Canada, the United Kingdom, Portugal, France, Spain, the Netherlands and Australia; we also have a great presence in Latin America, mainly Mexico, Brazil, Chile, Colombia and Peru.

Our Global Infrastructure team has over 500 professionals located strategically around the world with experience in the financial, banking, and public sectors. This figure amounts to 3,000 when including other areas of KPMG that also participate in the infrastructure projects. In this way, we provide appropriate solutions in various contexts, from a global perspective, and structure and finance projects using our global knowledge for each particular situation. The basis of KPMG's professional excellence is our professionals and the experience acquired in infrastructure project financing. Such experience spans over 25 years of services among various sectors, geographies, and contexts.

Our involvement includes highway projects, bridges, railway, airports, ports, water supply and sanitation, education, health, information technology, defense, power, and natural resources. Currently, our KPMG teams in Latin America are providing advisory in pre-feasibility analysis, market analysis, procurement and financing, financial structuring and unsolicited proposals, due diligence and mergers and acquisition services as well as capital raising for funds in various projects. After a year of global successes, innovation, network-wide collaboration, hard work and growth, KPMG has received multiple awards in past years from recognized entities in the market.

These awards reflect our excellence and achievements in infrastructure advisory throughout the world, across our member firms and inclusive of all our related service offerings. They truly acknowledge the global nature of our business and celebrate the holistic value we bring to our clients through our diverse industry expertise and deep sector knowledge.



KPMG Advisory roles

We also consider the particularities of the various cash flows involved in the project, taking into account the different currencies and the facilities for handling each in domestic and foreign markets.

KPMG has the support of professional personnel in tax and accounting related issues, to adjust the structure to the local

legislation and to the available possibilities in the market.

Our objective is to support the client in the investment to be made, accompany the investor throughout the different required stages, and efficiently structure the financing that would lead to a financial close within an optimal time-frame.

Integrated Advice across the Asset Lifecycle				
Strategy & Development	Procurement & Financing	Delivery & Construction	Investment	Operations & Performance
<p>Planning, feasibility, and business case development</p> <ul style="list-style-type: none"> • Clarity of needs, objectives, and constraints. • Strategy, policy and regulatory formulation, and planning. • Infrastructure plans. • Feasibility assessment. • Risk analysis. • Funding options analysis. • Business Case/ Investment Case development. • Procurement strategy advice and options analysis. 	<p>Bid structuring and creating value for money</p> <ul style="list-style-type: none"> • Advice on tender process. • Commercial structuring. • Request for tender and tender response documents. • Funding strategies and procurement of financing. • Development of contractual documentation. • Financial modelling. • Negotiation of commercial terms. • Contractual and financial close. • Development of tax efficient structures. • Stakeholder engagement. • Privatisation. 	<p>Achieving efficiency in construction</p> <ul style="list-style-type: none"> • Monitoring and control of risks, costs, and benefits. • Governance and contract management. • Operational readiness assessment and assistance. • Project oversight. • Project management. • Tax capital allowances maximisation. 	<p>Maximising value in the secondary market</p> <ul style="list-style-type: none"> • Investment/divestment of infrastructure assets. • Tax planning and structuring. • Financial, tax, pensions, and operational due diligence. • Assessments. • M&A Advisory. • Pensions. • Investment strategy. • Refinancing. • Restructuring. • Audit of funds and project companies. 	<p>Achieving positive performance</p> <ul style="list-style-type: none"> • Asset management. • Cost takeout. • Contract monitoring. • Tax compliance. • Change of ownership due diligence.



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