



Colombia P3 Market Snapshot

The Business Case for Colombia

Colombia has the third largest population in Latin America with around 48 million inhabitants. It is one of the most solid economies in the region, whose GDP has almost tripled since 2003. Colombia has recovered its investment grade from the three major risk rating agencies and the rating has not changed despite the global economic downturn. This is an acknowledgement of the improvement in Colombia's foreign solvency and fiscal indicators. The country ranks fourth in Latin America in ease for doing business, is the leader in terms of investor protection in the region and ranked 14th worldwide.

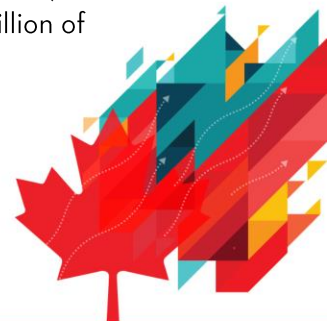
The Free Trade Agreement between Canada and Colombia entered into force on August 15, 2011. It eliminated trade tariffs for various products and included tools to enhance and support Canadian investment in Colombia. The economic relationship between the two continues to mature, with greater interest by Canadian businesses in recent years. Due to its strategic geographic location Colombia offers to Canada good market access to the region and the possibility to establish an operation hub for Latin America and the Caribbean.

Infrastructure Sector Highlights

As part of its plan to modernize the country's infrastructure, Colombian authorities have adjusted the regulatory, financial and institutional frameworks. The changes started in 2011 with the creation of the National Infrastructure Agency - ANI, an entity responsible for structuring transportation projects to be given in concession. The following year, the P3 Law (1508) was approved, providing the regulatory framework under which those projects would be awarded and opened the door to present unsolicited proposals.

Between 2013 and 2015 additional amendments were put in place, giving solid financial and contractual conditions for transportation projects and a general framework to develop infrastructure projects in other sectors such as water and social infrastructure.

Thanks to the new legal and financial conditions, the ambitious road program called the Fourth Generation (4G) highway concession has been successfully implemented. Divided in three phases or "waves", the program considers 29 projects out of which 19 have been awarded, totaling USD \$9.3 billion of investment. Companies from Spain, China, Austria, Costa Rica, Israel, and Brazil have partnered with local firms to develop those projects. In addition, 9 unsolicited proposals (private initiatives) representing more than USD \$6.2 billion of investment have been awarded.



Projects in other transportation modes are being developed, such as airports (more than USD \$80 million of investment), railways and ports.

Main Opportunities

The Transportation Master Plan 2018-2035 identifies investment needs of around USD \$45 billion:

- Toll roads: USD \$36 billion
- River network: USD \$1.4 billion
- Airports: USD \$3.7 billion
- Railways: USD \$2.7 billion
- Ports: USD \$0.6 billion

The government is looking for alternative financial solutions as well as to private initiatives to develop those projects.

In addition to transportation, the Government is looking to expand infrastructure investments to other sectors such as education, health, culture, recreation, justice and urban renovation.

The National Planning Department is the entity responsible for determining the projects in which private P3 initiatives will be accepted, the ones that will be launched as public initiatives and the corresponding budget allocation for them. The required investment for those projects, including water treatment and basic sanitation is estimated to be USD \$35 billion.

Municipal governments are also eager to develop infrastructure projects and are willing to receive proposals from the private sector in alignment with the sectors identified by the National Planning Department.

Canadian companies can participate by providing:

- Structuring services
- Engineering & design services
- State-of-the-art construction solutions (i.e. precast concrete for civil works)
- Niche products and technologies
- Project supervision services

Doing Business in Colombia

Colombia is an open market with a long sales cycle; therefore doing business in Colombia requires long-term commitment to the market.

Businesses are made based on relationships and networking, thus building strong connections with potential clients and partners is fundamental. This requires a frequent presence in the market and the support of local staff or a representative who is able to communicate in Spanish.

The paperwork required for participating in government tenders is one of the main challenges Canadian companies must face. Local representatives can help to navigate through that.

Colombia is committed to improving its infrastructure in various areas and is willing to see more Canadian companies developing those projects. The decision is yours!

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