A PLAN FOR COLOMBIA’S COVID-19 RECOVERY
and Why It Matters for the United States

A report by the Atlantic Council US-Colombia Task Force

CO-CHAIRS
Senator Ben Cardin (D-MD)
Senator Roy Blunt (R-MO)

SPECIAL MEMBERS
Chairman Gregory Meeks (D-NY)
Representative Dan Crenshaw (R-TX)
Representative Ruben Gallego (D-AZ)

WITH
Jason Marczak, Camila Hernández, and Michel Janna
ADRIENNE ARSHT
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EXECUTIVE SUMMARY

On June 19, 2022, the United States and Colombia will celebrate two hundred years of bilateral relations. Historically, Colombia has been an indispensable ally, serving as an anchor for US relations in Latin America and the Caribbean (LAC) and collaborating with the United States to address regional and global needs. It hosts the largest number of Venezuelan migrants and refugees, leads security and defense efforts in Central and South America, and plays a pivotal role in the global fight against drug trafficking, money laundering, and organized crime.

The continuity of Colombia’s prosperity and role as a key US partner depends, in part, on the country’s ability to swiftly recover from COVID-19. In 2020, lockdowns and mobility restrictions led to a major recession in Colombia, exacerbating unemployment, poverty, and preexisting inequalities. With US support for inclusive and sustainable COVID-19 recovery, Colombia will be better able to partner with the United States to advance common interests, particularly amid increasing regional and global challenges.

This report outlines a series of policy actions that the US-Colombia partnership could take to accelerate inclusive and sustainable COVID-19 recovery in Colombia, strengthening the US-Colombia alliance. It is a product of the Atlantic Council US-Colombia Task Force, a bilateral and multisectoral group of experts in the United States and Colombia, co-chaired by Senator Ben Cardin (D-MD) and Senator Roy Blunt (R-MO).

Task Force recommendations fall into four strategic pillars: accelerating vaccine rollout; promoting investment and job creation; strengthening Colombia’s social pact; and enhancing rule of law, peace-agreement implementation, good governance, and human-rights protections. Advancing US-Colombia relations along these pillars will safeguard key US security, economic, political, and humanitarian interests, and support Colombia’s path toward greater internal peace, a stronger democracy, and sustainable and inclusive economic growth. The group’s sixteen policy solutions are outlined below.

US-Colombia Task Force Recommendations

### Vaccine Rollout: Jump-Starting the Economy

**1. Build on previous US commitments to share COVID-19 vaccines globally by increasing bilateral donations to Colombia.** Direct donations would circumvent delivery and supply problems currently faced by the COVID-19 Vaccines Global Access (COVAX) Facility, ensuring timely and equitable vaccine access for Colombians, particularly in rural areas, as well as Venezuelan migrants and refugees in Colombia. The United States could also consider allocating vaccines to Venezuela that will then be distributed in Colombian localities with high Venezuelan presence.

### Job Creation: The Path to Inclusive Growth

**2. Strengthen the US Development Finance Corporation’s (DFC) ability to mobilize more US investment in Colombia by**

- **a.** studying the need to increase the agency’s budget for equity investment and technical assistance, to support growth-stage companies and project identification and preparation in Colombia;
- **b.** permitting partnership with multilaterals and/or organizations in which the United States is a shareholder, to share due-diligence responsibilities; and
- **c.** encouraging engagement with Colombian stakeholders at the city and municipality levels in addition to DFC’s work with Colombia’s national government.

**3. Provide additional US government credit guarantees to support lending for small and medium-sized enterprises (SMEs) in Colombia and promote inclusive economic growth.** Also, prioritize financing for large infrastructure projects and projects in sectors that benefit vulnerable and historically marginalized communities.

**4. Advance opportunities and spaces (e.g., strategy sessions, roundtables) for the US Department of the Treasury, US Department of State, US Trade and Development Agency (USTDA), US Department of Transportation (USDOT), US Department of Energy (DOE), and DFC to work with US and Colombian subject-matter experts to identify and structure highly bankable projects in Colombia.**

**5. Incentivize US private-sector participation in Colombia’s large infrastructure projects by instructing the US Department of the Treasury and USTDA to work with industry-leading US firms to**

- **a.** identify barriers faced by US companies to commit capital or financing to infrastructure projects; and
- **b.** put forward proposals to Colombia’s National Infrastructure Agency (ANI) on how to address investment concerns.
**Explore adoption of a modernized version of enterprise funds as a US foreign policy instrument toward Colombia.** A potential enterprise fund in Colombia should

a. adopt more flexible business plans;

b. establish partnerships with other institutions (e.g., DFC and the International Finance Corporation) to leverage additional investment and lessons learned from non-US funds; and

c. incorporate technical-assistance programs led by nongovernmental organizations.

**Work with the US Department of Agriculture to expedite sanitary and phytosanitary approvals for Colombian agricultural products with preferential access to the US market under the 2012 US-Colombia Trade Promotion Agreement (TPA).** Creating a market in the United States for agricultural products apt for production in conflict-afflicted territories would support US-Colombia crop-substitution and coca-eradication efforts.

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**A More Robust Social Pact: Promoting Greater Stability**


9. Explore increasing funding needs to support Colombia’s efforts to assist and promote the socioeconomic inclusion of the nearly two million Venezuelan migrants and refugees in its territory.

10. Encourage international donors to fully fund donation pledges and increase financial support in response to the Venezuela regional crisis.

11. The US embassy and USAID mission in Colombia, in partnership with multilateral agencies, should provide technical assistance to Colombia’s National Planning Directorate (DNP) to improve its beneficiary databases and payment-dispersion systems, thereby ensuring that COVID-driven and pre-COVID subsidies effectively reach those in need.

12. Support the modernization of Colombia’s tax and customs agency (DIAN) through an Internal Revenue Service (IRS) program of assistance and/or technology collaboration to improve trade traceability and increase the digitalization of customs processes.

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**Enhancing Rule of Law, Peace-Agreement Implementation, Good Governance, and Human-Rights Protections**

13. Convene a binational task force to inform the future allocation of US resources to stabilize conflict-affected territories, focusing specifically on

a. producing a comprehensive evaluation of the status and results of key ongoing and US-backed stabilization programs;

b. assessing the degree of interconnectedness between existing stabilization efforts at the local level, and proposing strategies for increased coordination and unity, where needed; and

c. defining and advancing the adoption of holistic success metrics for territorial stabilization that go beyond total coca crops and cocaine production.

14. Continue to support the implementation of Colombia’s 2016 agreement by

a. building on US-backed studies and initiatives (e.g., the Kroc Institute’s Peace Accord’s Matrix) to determine the need for additional US funding, particularly to Colombia’s most vulnerable territories—i.e., the one hundred and seventy Development Programs with a Territorial Focus (PDET) municipalities; and

b. working with other international donors to increase coordination and complementarity between different sources of funding.

15. Support changes in policies, practices, and training to reduce use-of-force incidents during police-citizen encounters and improve community trust in the Colombian police. Specifically, USAID, the Department of State, and the US Department of Defense could partner with in-country stakeholders to train police forces on human rights, de-escalation, and gender-based violence; and implement early-warning systems and new policing technologies to increase police accountability, transparency, and legitimacy.

16. Continue to financially support the Colombian Attorney General’s Office (AGO), ensuring accountability of US support through conditionality and clear monitoring mechanisms. The US Department of Justice and the State Department’s Bureau of International Narcotics and Law Enforcement Affairs (INL) should also continue to provide technical workshops and trainings to the Colombian AGO to prevent and investigate human-rights violations.
INTRODUCTION

US foreign policy actions during the Joseph Biden-Kamala Harris administration could help to define US relations with Latin America and the Caribbean for years to come. With increasing challenges in the region—including democratic backsliding, growing social dissatisfaction, the Venezuelan migrant and refugee crisis, and the fallout from COVID-19—the United States should reinvigorate its relationships with partners and allies to promote hemispheric stability and prosperity. Strengthening US-Colombia relations should be a top priority, as the positive effects will reverberate far beyond Colombia.

As President Biden mentioned, Colombia is the “keystone” of US foreign policy toward LAC. For decades, the US-Colombia partnership has safeguarded US economic, political, security, and humanitarian interests in the wider region, and supported Colombia’s path toward greater peace, security, and well-being.

However, recent challenges caused or aggravated by COVID-19 threaten Colombia’s internal stability and democratic institutions, and may lead to unwanted spillovers across the region. Jointly addressing these challenges is critical for the continuity of Colombia’s democracy, security, and development gains.

Like many other countries in LAC, Colombia was hit hard by COVID-19, in terms of both infections and deaths. The country imposed strict lockdowns and mobility restrictions to curb transmissions, which hindered economic activity and led to one of the worst recessions on record. In 2020, Colombia’s economy contracted by nearly seven percentage points, while unemployment surpassed 21 percent. Poverty increased from 35.7 percent in 2019 to 42.5 percent in 2020, reversing progress in poverty reduction by almost ten years. In a matter of months, 3.5 million new Colombians entered poverty, of whom 2.8 million fell into extreme poverty.

These economic setbacks, coupled with preexisting social grievances—inefficient public services, perceived inadequacies in the implementation of the 2016 peace agreement, unfulfilled government promises to vulnerable and historically marginalized communities, corruption, violence, and organized crime—fueled a wave of mass protests in early 2021. Although largely peaceful, some demonstrations were intensified by police use of force, and permeated by criminal activities, vandalism, and blockades, causing more than eighty deaths and $1.5 billion in economic losses.

Support for sustainable and inclusive COVID-19 recovery in Colombia is critical to sustain the country’s success, and to demonstrate the United States’ commitment to social justice, democracy, and the US-Colombia alliance. Now is the time to build on more than two decades of successful US-Colombia partnership and devote new resources to ensure that previous investments can remain the foundation for the future.

The Atlantic Council US-Colombia Task Force calls for a new and ambitious multiyear, bipartisan, and binational plan; one designed to both tackle immediate issues facing Colombia and the region—COVID-19, the Venezuela crisis, rising human-rights concerns, and others—and to promote long-term prosperity, democracy, social inclusion, and equitable wealth creation in Colombia. This will help to address the conditions that spark social and political unrest, boosting Colombia’s contributions to regional stability and role as one of the United States’ strongest global partners. This report outlines some of the strategies that such a plan should include.

A HISTORICALLY SUCCESSFUL PARTNERSHIP

During his October 2021 trip to Colombia, US Secretary of State Antony Blinken said that the US-Colombia relationship “transcends any administration or any political party” and continually evolves to become progressively stronger. According to Secretary Blinken, democracies deliver “by working closely with partners and allies on the biggest challenges we face. And that’s exactly what the United States and Colombia are doing.”

Sustaining and expanding such an alliance will help to address many global needs, generating positive impacts on the lives of US, Colombian, and other regional citizens. With nearly two hundred years of bilateral relations and two decades of partnership under the Plan Colombia framework, the following examples demonstrate Colombia’s position as one of the most willing and capable US allies in the world and the Western Hemisphere.

- Under Plan Colombia and Peace Colombia, both countries forged an enduring security and counternarcotics partnership, which built toward the signing of Colombia’s 2016 peace accord. Between 2000 and 2015, Colombia spent more than $130 billion to reduce coca crops, fight drug trafficking, strengthen its institutions, and combat illegal armed groups. Since 2000, the United States has invested nearly $12 billion to support Colombia’s efforts to enhance security, create economic opportunities, and build effective and legitimate state institutions. Despite these efforts, in 2020 coca cultivation and cocaine production reached record expansion of 245,000 hectares and 1,010 metric tons, respectively. Without enhanced bilateral cooperation, these issues could hinder Colombia’s capacity to strengthen governance and transition to sustainable peace.

- Colombia’s efforts to take in and assist nearly two million Venezuelan migrants and refugees points to its growing capacity for regional leadership. In February 2021, the government offered a decade of Temporary Protected Status (TPS) to conflict-affected Venezuelans, granting...
them access to formal employment and essential services including healthcare and COVID-19 vaccinations. Colombia also offered to host more than four thousand Afghan refugees following the US exit from Afghanistan, sent sixteen tons of critical humanitarian aid and thirty rescue workers to Haiti after the August 2021 earthquake, and donated $1 million to the Caribbean community (CARICOM) via the Pan American Health Organization (PHO) to support vaccination efforts.\footnote{As an important US ally at the United Nations (UN), Organization of American States (OAS), and Organisation for Economic Co-operation and Development (OECD), Colombia has become a vital contributor of security expertise and a promotor of democratic institutions, rule of law, and economic liberty across the world. In Central America specifically, Colombia has cooperated with the United States to train more than seventeen thousand police and prosecutors via the US-Colombia Action Plan since 2013. Colombia was the first Latin American country to become one of the North Atlantic Treaty Organization’s (NATO) nine global partners. By providing critical demining expertise and training to NATO allies and partners, Colombia has aided the global fight against terrorism, cybersecurity threats, corruption, and other global security challenges. The strong economic relationship between the United States and Colombia should continue to prioritize foreign direct investment (FDI) and the full implementation of the 2012 US-Colombia TPA. The United States is currently Colombia’s largest trading partner, and Colombia remains one of the few South American countries that trades more with the United States than with China. As China’s economic engagement in the region continues to increase, a more robust US-Colombia economic partnership could help to balance out China’s growing involvement and investments in LAC. Widespread dissatisfaction with democracy in LAC has placed democratic institutions under threat, particularly with extra-hemispheric powers like China increasingly promoting their form of government as more stable and productive than the liberal open-market democratic model. These circumstances make Colombia’s 2022 presidential and congressional elections high stakes for the future of US-LAC relations, and grant greater importance to US support of Colombia’s efforts to strengthen national democratic institutions. Similarly, Colombia’s prompt and sustainable COVID-19 recovery is critical for political and social stability at home and in the region. The United States should position itself as Colombia’s partner of choice in its post-pandemic recovery to address challenges and reinforce the “wins” of a strong relationship for years to come.}

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A PLAN FOR COLOMBIA’S COVID-19 RECOVERY AND WHY IT MATTERS FOR THE UNITED STATES

A FOUR-PILLAR PLAN FOR POST-COVID-19 RECOVERY IN COLOMBIA

The COVID-19 pandemic led to the most severe economic recession in Colombia in more than a century. As previously noted, the country’s economy contracted by 6.8 percent in 2020 and poverty and unemployment rates skyrocketed, reaching nearly 43 percent and 21 percent, respectively. Colombia’s structural social and economic challenges became even more evident as labor informality, the inefficient provision of public goods, infrastructure bottlenecks, and weak local governance hampered social and economic recovery.

As the administration of President Joe Biden supports COVID-19 recovery in LAC and works to reinvigorate and modernize US alliances in the region, the US-Colombia partnership should be top priority.

The United States should: help to restore economic activity by building on previous commitments to provide COVID-19 vaccines to Colombia; promote investment and job creation in Colombia in partnership with international financial institutions like the Inter-American Development Bank (IDB), DFC, and USAID to consolidate free markets and productivity as the engines for sustainable growth; provide increased and strategic technical and financial assistance to ensure Colombia’s social and political stability; and strengthen existing initiatives to boost security conditions, state capacity, and rule of law. The four strategic pillars are outlined below.

PILLAR 1: Vaccine Rollout: Jump-Starting the Economy

In 2020 and 2021, Colombia implemented strict quarantine and mobility restrictions to contain the spread of COVID-19 and prevent the collapse of the healthcare system. However, given Colombia’s high informal-employment rates (nearly 63 percent of the working population), staying at home was not viable for many low-income or vulnerable households. Thus, lockdown measures proved unsustainable and contributed to increased poverty, inequality, and social discontent.

Colombia’s COVID-19 vaccination campaign launched in February 2021, relatively late in comparison to its regional peers. As of November 15, the program has had strong results, with 48.09% of the population fully vaccinated according to the Health Ministry. Despite large strides to ensure equitable in-country vaccine distribution, vaccination rates still vary across regions. Data from July 2021 reveal that, on average, vaccine coverage is lower in rural municipalities (25 percent) and remote rural municipalities (23 percent) than in large cities (30 percent). Nevertheless, coverage varies considerably from department to department, with rural municipalities in certain regions (e.g., Valle del Cauca, Santander, and Atlántico) actually doing better than cities.

The pace of Colombia’s vaccination program has been influenced almost entirely by inventory issues, rather than infrastructure, distribution, or administration capacity. With a population of more than fifty million, Colombia has contracted seventy-six million vaccines through multilateral and bilateral channels, but only 68.6 million have been delivered. The continuous flow of vaccines is critical for the application of booster shots, immunization of Venezuelan migrants and refugees, and the achievement of widespread vaccination among vulnerable and historically marginalized communities, particularly in remote rural areas.

The United States is the only producing nation that has made direct bilateral donations to Colombia, providing a total of six million doses as of October 16, 2021 (2.5 million from Johnson & Johnson and 3.5 million from Moderna), enough to fully vaccinate approximately 10 percent of Colombia’s eligible population.

Despite these advances, supply shortages and delays in delivery schedules keep vaccine rollout slow. Nearly 22 percent of remaining deliveries (approximately 16.5 million doses) will be received via the COVAX Facility, a consortium backed by the World Health Organization (WHO). While the initiative works to ensure the equitable distribution of vaccines, deliveries have been slow, and uncertainty about future deliveries remains high.
Pillar 1 – Recommendations for an Effective US-Colombia Partnership

The US-Colombia Task Force welcomes the commitment of the United States to providing COVID-19 vaccines globally, including to Colombia and other LAC countries, bilaterally and through multilateral mechanisms. The United States can **send additional bilateral vaccine donations to Colombia**. Direct donations would circumvent delivery and supply problems currently faced by COVAX, ensuring timely and equitable vaccine access for Colombians, particularly to rural communities, and the nearly two million Venezuelan migrants and refugees on Colombian soil. The United States could allocate vaccines for Venezuela (which currently receives no US COVID-19 vaccines) and provide them to Colombia to distribute in localities with a large Venezuelan presence, reaching Colombians and a greater number of migrants and refugees.

PILLAR 2:
Job Creation: The Path to Inclusive Growth

The massive and sudden job loss in Colombia remains one of the most dramatic effects of the pandemic-driven economic downturn. In May 2021, unemployment peaked at 20.9 percent and, despite declining to 12.1 percent in September 2021, remains above its pre-pandemic levels (10.5 percent in 2019). In the first three months of the COVID-19 crisis, five million jobs were lost—and six hundred and eighty thousand have yet to be restored as of September 2021.
To date, employment recovery has mainly occurred in the informal sector. Millions of Colombians continue to lack access to social-security services or social-welfare programs amid a global health and economic crisis. Also, as shown above in Figure 1, Colombia’s job loss has disproportionately affected women, given their high participation rate in the sectors hit hardest by COVID-19 (tourism, restaurants, and services in general).

To address the impact of COVID-19 on people’s livelihoods, the Colombian government implemented cash-transfer programs for low-income families and credit guarantees for companies. These initiatives involved a $6.5-billion fiscal effort between March 2020 and June 2021. Cash transfers to individuals and corporate payroll subsidies will run until the end of 2022 and 2021, respectively.

Recent estimates suggest that these programs have prevented a 2.2-percentage-point surge in poverty. However, their longevity relies on the DNP’s ability to improve beneficiary databases and payment systems, to ensure the swift delivery of government funds and the careful assessment of future fiscal burdens.

In the medium and long terms, a sustainable improvement in people’s livelihoods and well-being will result from the promotion of inclusive economic growth through new employment opportunities, rather than government transfers. The creation of millions of new jobs will require efforts in the following three areas.

**Large-scale infrastructure projects:** Colombia must prioritize projects that have a material impact on gross capital formation and positive spillovers into other sectors. Given current fiscal constraints, Colombia has encouraged private-sector participation in said projects via public-private partnerships (PPP) like the fifth-generation (5G) plan to develop roads, airports, trains, and waterways infrastructure, which contemplates an investment of $4.8 billion over the next decade. Focusing efforts on infrastructure projects that benefit PDET (i.e., municipalities classified as specially affected by violence) can provide significant benefits in the short and long terms. Similarly, the Build Back Better World (B3W) Initiative, designed to meet the infrastructure needs of developing countries, serves as an opportunity to advance collaboration with the DFC to create additional infrastructure/construction related jobs.

**Housing-construction programs:** Colombia has a housing deficit of approximately 5.1 million units, making housing a promising sector to attract public and private investment. Historically, Colombia has used housing development as a countercyclical policy, due to its quick positive impact on employment and aggregate demand.

**Tourism and services:** The COVID-19 pandemic generated a sharp downturn in tourism activities, leading to the loss of more than 76 percent of jobs in Colombia’s retail, entertainment, restaurant and food service, and hotel industries. As international travel restrictions start to ease, promoting the tourism industry will allow Colombia to recover millions of jobs, generate additional employment opportunities, and return to pre-pandemic positive growth trends. Stimulating the service and tourism sectors can contribute to rapid job recovery and income gains among low- and middle-class workers, particularly women and young workers, given that said sectors do not require specialized skillsets or trainings.

**Nearshoring:** Opportunities for nearshoring in LAC continue to grow as businesses increasingly consider relocating operations closer to their main markets. In addition to strengthening supply-chain resiliency, nearshoring could help to advance socially equitable production standards. The McKinsey Global Institute identified $4.6 trillion in global nearshoring opportunities over the next five years. Given its proximity to the United States and other LAC markets, Colombia is uniquely positioned to receive nearshoring investments from US companies looking to divest from Asia to reduce risks of future trade wars or other disruptive events like COVID-19. Colombia’s Commerce Ministry, with the support of the Colombian American Chamber of Commerce (AmCham), identified nearly six hundred companies across several sectors in which nearshoring to Colombia would provide competitive advantages, including processed foods, petrochemicals, pharmaceuticals, information technologies, and fashion, among others. Moving forward, ProColombia, the government agency responsible for promoting exports and FDI, should continue to work with US companies to identify and reduce existing legal, tax, and regulatory burdens to FDI in these sectors. Also, the Ministry of Education could scale up bilingual-education programs to make Colombia a more attractive relocation destination for US companies.

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**FIGURE 1 - Unemployment Rate in Colombia**

COVID-driven job loss in Colombia has especially affected women given their high participation rate in the sectors hit hardest by COVID-19 (e.g., tourism, restaurants, services, etc.)

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**Large-scale infrastructure projects:** Colombia must prioritize projects that have a material impact on gross capital formation and positive spillovers into other sectors. Given current fiscal constraints, Colombia has encouraged private-sector participation in said projects via public-private partnerships (PPP) like the fifth-generation (5G) plan to develop roads, airports, trains, and waterways infrastructure, which contemplates an investment of $4.8 billion over the next decade. Focusing efforts on infrastructure projects that benefit PDET (i.e., municipalities classified as specially affected by violence) can provide significant benefits in the short and long terms. Similarly, the Build Back Better World (B3W) Initiative, designed to meet the infrastructure needs of developing countries, serves as an opportunity to advance collaboration with the DFC to create additional infrastructure/construction related jobs.

**Housing-construction programs:** Colombia has a housing deficit of approximately 5.1 million units, making housing a promising sector to attract public and private investment. Historically, Colombia has used housing development as a countercyclical policy, due to its quick positive impact on employment and aggregate demand.

**Tourism and services:** The COVID-19 pandemic generated a sharp downturn in tourism activities, leading to the loss of more than 76 percent of jobs in Colombia’s retail, entertainment, restaurant and food service, and hotel industries. As international travel restrictions start to ease, promoting the tourism industry will allow Colombia to recover millions of jobs, generate additional employment opportunities, and return to pre-pandemic positive growth trends. Stimulating the service and tourism sectors can contribute to rapid job recovery and income gains among low- and middle-class workers, particularly women and young workers, given that said sectors do not require specialized skillsets or trainings.

**Nearshoring:** Opportunities for nearshoring in LAC continue to grow as businesses increasingly consider relocating operations closer to their main markets. In addition to strengthening supply-chain resiliency, nearshoring could help to advance socially equitable production standards. The McKinsey Global Institute identified $4.6 trillion in global nearshoring opportunities over the next five years. Given its proximity to the United States and other LAC markets, Colombia is uniquely positioned to receive nearshoring investments from US companies looking to divest from Asia to reduce risks of future trade wars or other disruptive events like COVID-19. Colombia’s Commerce Ministry, with the support of the Colombian American Chamber of Commerce (AmCham), identified nearly six hundred companies across several sectors in which nearshoring to Colombia would provide competitive advantages, including processed foods, petrochemicals, pharmaceuticals, information technologies, and fashion, among others. Moving forward, ProColombia, the government agency responsible for promoting exports and FDI, should continue to work with US companies to identify and reduce existing legal, tax, and regulatory burdens to FDI in these sectors. Also, the Ministry of Education could scale up bilingual-education programs to make Colombia a more attractive relocation destination for US companies.
Pillar 2 – Recommendations for an Effective US-Colombia Partnership

The US government can support Colombia’s long-term growth by creating a more robust private-sector engagement plan that allows US investors and companies to tap the full potential of investment opportunities in Colombia.

The DFC should play a critical role in such a plan. Despite being well positioned to mobilize US private-sector investment in Colombia, the DFC has not met initial expectations due to the slow start of its US-Colombia Growth Initiative, an ambitious plan launched in August 2020 to attract $5 billion in investments in Colombia.26 To fully implement the initiative, the DFC should work with the US Congress to determine the need and explore ways to increase the budget for equity investments, as well as technical assistance and feasibility studies. Additional budget for equity investments would allow the agency to support more growth-stage companies in Colombia, which would otherwise not be able to take on debt, promoting inclusive development and advancing US foreign policy goals. Similarly, increasing the budget for feasibility studies, technical assistance, or trainings would accelerate project identification and preparation, increasing their developmental impact or commercial sustainability, and attracting additional private investment.

Moreover, for projects in which its capabilities are limited, DFC should consider partnering with multilaterals—such as the IDB, IFC, and/or other organizations in which the United States is a shareholder—to share due-diligence responsibilities, while leveraging their extensive knowledge, track records, and networks in Colombia.

In parallel, the United States and/or Colombia could assess the feasibility of adopting additional credit-guarantee schemes (CGSs) to unlock lending for SMEs and promote inclusive economic growth. Under a CGS, the government fully or partially guarantees the value of a loan to an SME, which mitigates the risk to the lender, incentivizing financial institutions to increase access to credit to a broader client base. Specifically, the United States could replicate and/or expand USAID/Colombia’s Development Credit Authority (DCA) portfolio to support lending to SMEs in more municipalities across Colombia. As of July 2021, the DCA has leveraged $55 million in private-sector financing for every dollar in USAID funds obligated, for a total of $337 million since 2008.27 Additional CSGs could prioritize access to financing for local infrastructure projects and projects in the tourism and service sectors, given their potential to rapidly generate jobs that directly benefit women, Afro-Colombians, Indigenous peoples, and youths.

In addition to working with Colombia’s national government, the DFC could engage key stakeholders (public sector, private sector, and civil society) in large cities (e.g., Barranquilla, Bogotá, Cali, and Medellín) and in localities with high unemployment rates (e.g., Cúcuta, Neiva, Quibdó, Riohacha, and Valledupar) to identify and structure commercially sustainable projects that attract additional private investments in development and promote job creation. The US Treasury, State Department, USTDA, USDOT, and DOE could support these efforts by working with the DFC to structure projects alongside relevant subject-matter experts. Engagement at the city and/or municipality levels will also show the United States’ commitment to work nationwide and allow agencies to navigate federal government changes following Colombia’s 2022 presidential election.

The US and Colombian governments should also incentivize US private-sector participation in Colombia’s large infrastructure projects, which is currently very low. For example, no US company has made a bid for any of Colombia’s thirty large road PPP projects awarded in the past six years; instead, the projects were awarded to companies from other countries, including China. To address this and incentivize future investment, the US Department of Treasury and USTDA should work with industry-leading firms in the United States to identify barriers that inhibit US players from committing their capital or financing to these projects, and make proposals to Colombia’s ANI on how to address them. Existing barriers might be related to structuring issues, the balance of risks faced by private players, broader contract clauses, or security and rule-of-law concerns. Once identified, Colombian authorities should tackle these constraints to make large infrastructure projects more attractive to a greater array of US and other strategic investors.

Additionally, the United States should consider adopting a modernized version of enterprise funds as a foreign policy instrument toward Colombia and the wider region. These funds deliver US government monies to private-equity investments in emerging markets, promoting entrepreneurship abroad and generating high financial returns. With these funds’ foundation in the early 1990s, the US government invested $1.2 billion in nineteen countries. According to USAID, original funds realized approximately $1.7 billion of net proceeds from successful investments and raised $6.9 billion of private capital from outside the US government, reaching a total of $9.8 billion from all sources.28

Overall, the relative financial and policy success of enterprise funds could be scaled and replicated in Colombia and other LAC countries, albeit with modifications to meet regional demands and realities. In Colombia specifically, the United States could revisit and adjust enterprise funds based on lessons learned from USAID’s experience with the $100-million Tunisian American Enterprise Fund (TAEF). Between 2013 and 2020, the TAEF invested approximately $36.7 million to SMEs in every Tunisian governate, and it will continue to actively invest through 2028.29 A potential enterprise fund in Colombia should: adopt more flexible business plans; establish partnerships with other institutions (e.g., DFC and IFC) to attract additional resources and leverage lessons learned from non-US enterprise funds; and incorporate nongovernmental organizations to provide supplementary technical-assistance programs.

Finally, the US government should work with Colombia to prioritize and expedite the approval of Colombian products with preferential access to the US market under the 2012 US-Colombia Trade Promotion Agreement. Specifically, The US Department of Agriculture’s Animal and Plant Health Inspection Service (APHIS) could speed up and harmonize sanitary and phytosanitary requirements to facilitate and accelerate the entry of agricultural products into the United States—particularly those apt for production in areas afflicted by criminal economies, such as coca cultivation and illegal mining. Establishing a market in the United States for agricultural products that are part of coca-crop substitution programs would significantly advance licit economic opportunities in rural Colombia and US-Colombia coca-eradication efforts.30
PILLAR 3: A More Robust Social Pact: Promoting Greater Stability

In 2019, mass protests led by trade unions and student groups erupted across Colombia and many other LAC countries (e.g., Chile, Peru, and Ecuador), calling for improvements in health, education, pensions, and judicial systems. However, protests lost some of their saliency in 2020 due to COVID-19 and the implementation of mobility restrictions. Nevertheless, mass demonstrations broke out again in April 2021, triggered by a tax-reform plan that raised prices on basic consumer products. Lasting several months and turning violent at times, the protests led to eighty-four civilian and police deaths, $1.5 billion in economic losses, and a surge in COVID-19 cases, which exacerbated Colombia’s third COVID-19 peak and added new pressures to the healthcare system.

The protests are partially explained by the government’s inability to meet citizens’ expectations amid a difficult fiscal situation. As a result of these tensions, populist movements gained popularity in the political arena, threatening the potential implementation of sustainable policies that are critical for the country’s long-term growth.

Improving the existing social pact to effectively reduce poverty and inequality is essential for social and political stability. Moving forward, Colombia must ensure that subsidy spending effectively reaches those in need, particularly given that approximately 60 percent of pre-COVID-19 subsidies went to the non-poor. Additionally, the country needs to strengthen protections for the elderly, as retirement-pension coverage only benefits 25 percent of the adult population. Labor informality also remains a challenge, as nearly two thirds of the working population operates in the informal sector and lacks access to social-security services. The Colombian government should, among other things, continue to reduce non-wage payroll costs, such as payroll contributions to family welfare funds (cajas de compensación familiar), that hamper job creation in the formal sector. Moving from flat-rate social-security contributions to progressive rates would lower the cost of hiring minimum-wage workers for employers, and thereby incentivize formalization.

A stronger social pact is particularly urgent given the ongoing health, economic, and social challenges brought on by COVID-19. Recent economic dislocations have disproportionately affected vulnerable populations, particularly women, Afro-Colombians, Indigenous peoples, low-skilled workers, and youths. Any state response to the pandemic and its aftermath should differentiate and prioritize these groups of individuals. A more robust social pact is also paramount given the mass influx of vulnerable Venezuelans to Colombia, and the burden that ongoing migration places on Colombia’s public-goods provision and fiscal balance.

Improving the state’s social safety net amid a global health emergency inevitably implies additional costs. To finance them, Colombia approved a new tax reform in September 2021, which seeks to collect 1.4 percent of gross domestic product (GDP) in new revenues. In addition to changes to Colombia’s tax code, DIAN needs better capabilities to counter tax evasion and smuggling. This will not only strengthen public finances, but also improve rule of law and state capacity.
Pillar 3 – Recommendations for an Effective US-Colombia Partnership

The US government should continue to prioritize, finance, and expand USAID-led programs to support women, youth, Afro-Colombians, and Indigenous peoples in Colombia. New initiatives should be informed by lessons learned from ongoing USAID programs in Colombia, including the recently launched FEMPOW (Mujeres Poderosas), Youth Resilience Activity, Inter-Ethnic Alliance for Peace Activity, Territories of Life Activity, and Afro-Colombian Leadership and Scholarship Program. The first program seeks to improve the lives of Colombian women by increasing their economic participation, promoting gender equality, and advancing the implementation of gender-related policies and services. The second is USAID/Colombia’s first activity focused entirely on youth, and looks to provide employment and entrepreneurship opportunities in thirty urban and rural municipalities by partnering with the private and public sectors, training centers, and chambers of commerce. The Inter-Ethnic Alliance for Peace Activity works with Indigenous and Afro-descendant community organizations to strengthen self-government structures, with a focus on food security and women and youth leadership. The Territories of Life Activity supports Indigenous organizations in the Amazon Basin to legally establish and manage Indigenous Community Conservation Areas, and the Afro-Colombian Leadership and Scholarship Program aims to increase the number of emerging ethnic minority leaders pursuing graduate studies in the United States.

Meeting the social, political, and economic costs of Venezuela’s mass migration to Colombia represents a significant challenge for President Iván Duque’s government and future administrations. The United States has provided approximately $1.9 billion in financial assistance to the Venezuelan regional crisis since 2017, more than any other country. However, the crisis remains largely underfunded. The United States should explore ways to increase humanitarian and development assistance to Colombia as it responds to the needs of the nearly two million Venezuelan migrants and refugees in Colombian territory. Additional humanitarian aid is particularly needed to provide emergency food assistance, healthcare, education, protection services, and water, sanitation, and hygiene (WASH) support to Venezuelan migrants, refugees, and host communities. Additional development assistance is critical to support the implementation of the TPS program, sustain USAID’s integration centers (Centros de Integración para migrantes, refugiados, y retornados), and expand efforts to promote the long-term socioeconomic inclusion of migrants, refugees, and Colombian returnees from Venezuela.

Host countries like Colombia have received $256 per capita in international assistance for each Venezuelan migrant or refugee—less than one tenth of the $3,150 received by host countries for each Syrian refugee. The gap in funding is especially striking given that each crisis displaced about 5.5 million people in its first five years. If the Venezuelan Refugee and Migrant Response Plan (RMRP) for 2021 is fully met, the total amount of funding for the Venezuelan crisis would be roughly $259 per person. Yet, as of October 22, 2021, only 34.5 percent of the appeal has been funded ($89 per person).

The United States should actively encourage other donors to follow through on donation pledges, increase their financial support, and maintain focus on the Venezuela regional crisis. In June 2021, Canada mobilized the international community to pledge nearly $2.4 billion in additional funding to assist crisis-affected people ($957 million in donations and $1.4 billion in credits). Direct budget support to Colombia (and other recipient countries) will help to reduce fiscal pressures, alleviate social discontent, and address the growing needs of Venezuelan migrants, refugees, and host communities.

The US embassy and USAID mission in Colombia can help to improve the effectiveness of structural and COVID-related programs in Colombia by strengthening the core capabilities of Colombia’s DNP, which runs government information systems for the allocation of social transfers (e.g., Sisben 4.0). Such engagement could come under the umbrella of an international effort, in which multilateral agencies like the World Bank and/or the IDB provide technical assistance to improve beneficiary databases and payment-disbursement systems, and the United States provides technological capabilities to ensure that public resources in Colombia effectively reach those in need. Such an alliance should also seek to improve Colombia’s unequal pension system and its protections for the elderly.

Finally, the United States can support the modernization of the DIAN’s tax and customs information systems. A stronger DIAN will not only reduce tax evasion and improve tax collection, but will also help to fight money laundering and smuggling schemes associated with criminal groups. Specifically, the United States can provide assistance and expertise through an IRS program of secondments or job rotation, as well as technology collaboration to increase trade traceability and the digitalization of customs processes at ports and airports.
PILLAR 4: Enhancing Rule of Law, Peace-Agreement Implementation, Good Governance, and Human-Rights Protections

To achieve a sustainable post-COVID recovery, Colombia must address historical deficiencies in terms of security, state presence, good governance, and human rights. These issues have governed US-Colombia relations for decades, and—despite considerable progress—much work remains to be done. Given that Colombia’s stability is key to regional security and prosperity, the United States should strengthen its support for Colombian government efforts to fully implement the 2016 peace agreement, and enhance rule of law, good governance, and human-rights protections.

Rule of law and peace-agreement implementation: Historically, weak institutional presence and lack of economic opportunities have allowed illegal activities and armed groups to thrive in rural Colombia. The 2016 peace agreement between the Colombian government and the Revolutionary Armed Forces of Colombia (FARC) aimed to improve security, justice, land property rights, public goods, and economic opportunities in rural, conflict-torn areas of Colombia.38

Despite steady progress, the international community has expressed concerns about the pace of implementation of the agreement. According to the Kroc Institute for International Peace Studies at the University of Notre Dame, implementation in 2020 advanced slower than in previous years, due to a shift in focus from short-term commitments necessary to lay the foundations for implementation to medium- and long-term goals that require broader institutional adjustments and coordination. The Kroc Institute’s fifth status report, published in May 2021, reveals that 28 percent of the stipulations in the agreement have been fully implemented, 18 percent are on track to be implemented within the established timeline, and 54 percent have made little or no implementation progress (see Figure 2, page 16).39

To date, point six in the six-point agreement, implementation, verification, and public endorsement, has the highest number of completed stipulations (55 percent), followed by point three, end of the conflict (49 percent).40 In contrast, point one, comprehensive rural reform, and point two, political participation, have the lowest number of fully implemented stipulations (4 and 12 percent, respectively).41 The figure below outlines the implementation status of each point in the agreement.
In 2020, three main challenges marked and protracted the implementation timeline of the agreement. The first was COVID-19 and government-imposed mobility restrictions to curb the spread of the virus. These not only exacerbated existing inequalities and vulnerabilities in the territories, but also hampered the advancement of community-level consultation processes. The second major challenge emerged from the insufficient allocation of financial resources toward implementation. The third challenge was the upsurge in confrontations among illegal armed groups, as well as clashes between these groups and security forces, resulting in instances of violence against human-rights defenders, social and environmental leaders, and former combatants. In some conflict-affected territories, these confrontations, coupled with the increasingly common fragmentation of illegal armed groups, also contributed to an upsurge in violence (e.g., homicides, massacres, and forced displacement) against civilians in early 2021.

Progress on the implementation of the peace agreement, along with enhanced institutional presence and rule of law, will help to unlock the full potential of Colombia's agricultural sector, and boost efforts to protect the environment and mitigate climate change — both key for post-COVID recovery. Despite favorable soil, climate, and geographical conditions, agricultural productivity stands at suboptimal levels, explained partially by land-tenure informality. Approximately 52 percent of Colombia's rural properties lack formal titles, which hampers access to credit and investment in technology and long-term infrastructure. Additionally, illegal activities in Colombia's Amazon (e.g., illicit mining, cattle raising, coca cultivation, and drug trafficking) not only exacerbate deforestation and hamper regional food production, water availability, and global efforts to reduce carbon emissions, but also fuel violence against environmental activists and fund non-state armed groups. USAID should continue to partner with Colombia on environmental protection and land-ownership formalization efforts, an important stipulation in the peace agreement. Colombia also needs to increase investments in irrigation and drainage systems through public and private financing and find new opportunities to integrate agricultural production into global value chains.

Strengthening security, justice, and rule of law in large cities across Colombia is also critical to ensure a stable democracy and sustainable and inclusive post-COVID-19 recovery. Despite a decrease in overall levels of violence over the past two decades and a 70-percent drop in homicide rates between 1991 and 2019, recent upticks in violence and perceived insecurity are concerning. Between January and September 2021, homicide rates increased by 10 percent in comparison to 2019, with 40 percent of total homicides occurring in large cities. Cali experienced the highest number of cases, followed by Bogotá, Medellín, Barranquilla, and Cartagena. Security, justice, and rule of law are preconditions for private-sector investment in Colombia.

Good governance and human rights: As previously mentioned, a wave of violence against human-rights defenders and social and environmental leaders has continued to spread across several regions. Estimates of the total number of homicides vary, but a compilation of government and civil-society sources provides a range of between 831 and 1,352 victims from 2016 to 2021. According to Fundación Ideas para la Paz (FIP), killings of social leaders dropped 49 percent in the first quarter of 2021, reaching the lowest levels since the implementation of the peace agreement began in 2017. Death threats and threats of violence, however, are on the rise—suggesting that violence continues, but has evolved in form and intensity. The FIP also reports that homicides of former combatants in reincorporation processes have not declined. In the first four months of 2021, twenty-four people in reincorporation processes were killed; one more in comparison to the same period in 2020, and seven more than in 2019.

Between April and June 2021, largely peaceful protests across Colombia’s largest cities converged with vandalism, arson, and property destruction, leading to violent clashes between protesters and security forces, and dozens of instances of human-rights violations, according to reporting from the international community and human-rights organizations. Instances of human-rights violations are unacceptable, and a direct threat to democracy, civil society, and peace. Addressing such situations should be a top priority for Colombia and the US-Colombia bilateral agenda.
Pillar 4 – Recommendations for an Effective US-Colombia Partnership

The United States should continue to partner with Colombia to improve security and build effective and legitimate state institutions in rural and urban areas, implement the 2016 peace agreement, combat illegal armed groups and illicit drugs, and protect vulnerable populations, including human-rights defenders and social leaders.

In the short term, the United States and Colombia should convene an independent binational task force with three specific mandates to inform the allocation of future US stabilization resources. First, the group should **produce a comprehensive evaluation of the status and results of key ongoing and US-backed programs to promote stability in conflict-affected areas**, including the Zonas Futuro, Paz con Legalidad, the PDET regions, and the National Comprehensive Program for the Substitution of Crops Used for Illicit Purposes (PNIS), among others. Such an assessment will help ensure an efficient intersection between security and development in accordance with the Framework for US Stabilization developed by the US Department of State, US Department of Defense, and USAID in 2018.48 Existing and new interventions should not only promote civil security, but also deliver basic services (education, healthcare, WASH, etc.) and increase economic opportunities, supporting vulnerable and historically marginalized communities and enhancing state legitimacy.

Second, the task force should **assess the degree of unity and coordination between existing stabilization programs**, particularly at the subnational level, and propose improvements where needed. Ensuring effective coordination and unity between efforts and actors is critical to reduce levels of violence and consolidate stability in conflict-affected areas, which will ultimately produce more tangible and long-lasting outcomes for US taxpayers. Lastly, the group’s third mandate should be to **establish and advance the adoption of more holistic metrics for bilateral success in terms of territorial stabilization**. These metrics should go beyond narrow indicators of success, including total cocaine production and coca cultivated, which have historically defined US-Colombia relations.

International assistance and cooperation remain critical for the successful implementation of the 2016 peace agreement. Moving forward, the United States should **continue to support Colombia’s peace-agreement implementation efforts**, informing and optimizing the allocation of future US assistance based on the findings of US-backed studies and initiatives such as the Peace Accord’s Matrix at the University of Notre Dame’s Kroc Institute for International Peace Studies.

Once specific funding needs are established, the United States and Colombia could convene a conference of international donors to support peace-agreement implementation, with the participation of other donor countries (e.g., Canada, United Kingdom, and European Union countries), international financial institutions like the World Bank, IDB, and International Monetary Fund (IMF), and intergovernmental organizations like the United Nations. The conference is also an opportunity to adopt strategies to promote coordination and complementarity between different sources of funding. Additional resources and efforts resulting from this initiative should be directed to Colombia’s most vulnerable territories—i.e., the sixteen PDET regions outlined in the agreement, which comprise one hundred and seventy municipalities.

The United States should work with Colombia to implement changes in policy, practices, and trainings to reduce use-of-force incidents and improve community trust in the police. Section 660 of the Foreign Assistance Act permits US agencies to provide training in internationally recognized standards of human rights, rule of law, anti-corruption, and the promotion of civilian police roles that support democracy. In Colombia, USAID, the Department of State, and Department of Defense are well positioned to partner with in-country stakeholders (the private sector, academia, and civil society) to train the Colombian National Police on human rights, de-escalation techniques, and gender-based violence.50 These programs should build on prior US police/military trainings in Colombia and leverage lessons learned from US police trainings on human rights in Central America (2018) and gender-based-violence prevention in the Dominican Republic (2021).51 USAID, the State Department, and the Defense Department could also support the efforts of the Office of Human Rights within the Colombian National Police, created in July 2021 and led by a former US State Department consultant, to inform police policies on the prevention, reduction, and respect for human rights. Additionally, US agencies could support the implementation of early-intervention systems to detect and address officer misconduct and strengthen accountability and human-rights protections—as well as the adoption of innovative technologies in policing to increase accountability and transparency and rebuild perceptions of police legitimacy and trust in Colombia.

The United States should **continue to financially support the Colombian Attorney General’s Office (AGO) with conditionality and clear monitoring mechanisms** to ensure that US resources are effectively used in resolving and preventing human-rights violations. Also, the US Department of Justice—via its International Criminal Investigative Training Assistance Program (ICITAP), and in coordination with the State Department’s Bureau of International Narcotics and Law Enforcement Affairs (INL)—should continue to **provide technical workshops and trainings to the Colombian AGO** to investigate human-rights violations, as well as including it as a key stakeholder in transnational criminal investigations.
CONCLUSION

With more than two decades of successful cooperation, Colombia stands as one of the United States’ closest and most capable allies in the region. Strengthening this strategic relationship and supporting Colombia’s COVID-19 recovery will significantly advance regional stability amid increasing global challenges.

To foster inclusive and sustainable COVID-19 recovery in Colombia, the US-Colombia partnership should accelerate vaccine rollout, promote investment and job creation, address social and political tensions, and enhance security, state capacity, rule of law, and human-rights protections.

A steady stream of vaccines to Colombia supported by the United States will contribute to COVID-19 recovery and the immunization of Venezuelan migrants and refugees, as well as vulnerable and historically marginalized communities, particularly in remote rural areas. It will also allow Colombia to address other pressing issues including social discontent, public debt, and fiscal deficits. Promoting US investment and job-creation will accelerate Colombia’s economic recovery, decrease the strain on social-security services and programs, and stimulate entrepreneurship and small-to-medium business growth. By supporting the expansion of programs to support women, Afro-Colombians, Indigenous peoples, migrants, refugees, and youth, the US-Colombia partnership will address preexisting grievances and promote long-term stability. Finally, aiding in Colombia’s efforts to stabilize conflict-affected territories and fully implement the 2016 peace agreement, will reinforce state legitimacy, rule of law, good governance, and human-rights protections.
A PLAN FOR COLOMBIA’S COVID-19 RECOVERY AND WHY IT MATTERS FOR THE UNITED STATES

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About the Atlantic Council US-Colombia Task Force

This is the third report of the Atlantic Council US-Colombia Task Force, a high-level group of policymakers, business leaders, and civil-society representatives in the United States and Colombia co-chaired by Senator Ben Cardin (D-MD) and Senator Roy Blunt (R-MO). In addition to bipartisan leadership, the group includes a bipartisan membership from the US House of Representatives: Foreign Affairs Committee Chairman Gregory Meeks (D-NY), Representative Dan Crenshaw (R-TX), and Representative Ruben Gallego (D-AZ).

Since its foundation in 2017, the US-Colombia Task Force has worked to strengthen economic and diplomatic ties between the United States and Colombia. Its first report, published in 2017, developed a roadmap for US engagement with Colombia following the 2016 peace agreement. The second, launched in 2019, provided a comprehensive assessment of US-Colombia relations, creating a modernized plan for the bilateral relationship.

Task Force members who have decided to have their names associated with this report are listed on pages 19 and 20.

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5. ibid.
19. COP 26.4 trillion at 3750 COP per USD.
20. Abondano, “Marco Fiscal de Mediano Plazo”

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