Box 3: Completion of the Foreign Reserves Accumulation Program Announced in 2023 - Report of the Board of Directors to the Congress of Colombia, February 2025

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Pursuant to Article 5 of Law 31 of 1992, the Board of Directors of Banco de la República (the Central Bank of Colombia) submits a report to the Honorable Congress of Colombia, informing about the performance of the economy and its outlook. This report is submitted twice a year, in March and July, within ten business days following the start date of the sessions of the Congress.

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At the 19 December 2023 meeting, the Board of Directors of *Banco de la República* (BDBR) announced the decision to gradually accumulate up to USD 1,500 million (m) in foreign reserves (FRs). The purpose of this measure was to strengthen Colombia's external liquidity, consolidate the positive perception of the country's macroeconomic stability, and facilitate access to external financing in an environment characterized by both local and international macroeconomic and financial uncertainty. The decision also responded to the commitment to gradually reduce the amount of access to the Flexible Credit Line (FCL) with the International Monetary Fund (IMF), which decreased in 2024, with a new reduction anticipated in 2026.

In October 2024, the completion of the FRs accumulation process was announced after *Banco de la República (Banrep)* acquired reserves for USD 1,479.4 m, which represented 98.6% of the total amount of the announced program (USD 1,500 m) and 75% of the total amount auctioned (USD 1,962.7 m). As a result of this accumulation and the yields obtained, the FRs increased by USD 2,873 m, reaching USD 62,481 m by December 2024.

The results indicate that the program fully achieved its objective. The accumulation of FRs and their returns allowed the metrics used to evaluate the adequate level of FRs to align with or even exceed the levels observed in December 2023. The indicators confirm that the achieved level of FRs is adequate, without exceeding what is necessary to meet the country's external needs. Additionally, this accumulation offset the reduction in access to the IMF's FCL. In the current global environment, characterized by high uncertainty, the need to maintain an adequate level of FRs to meet the country's external needs and provide solid support in the face of potential external shocks is highlighted.

Fuente: https://www.banrep.gov.co/en/publications-research/report-board-directors-congress/box3-february-2025