

# COLOMBIA AT A FISCAL CROSSROADS: WHAT IS THE COST OF DELAYING ADJUSTMENT?

PROYEKTA DATA SOLUTIONS

FINANCIAL INTELLIGENCE

The IMF's warning about the sustainability of public finances goes beyond a budget debate. It may affect the cost of capital, investment, taxation, and the ability of companies and healthcare entities to pay their obligations.

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Colombia's fiscal situation raises a fundamental question about the sustainability of its public finances. Persistent fiscal deficits, rising public debt, and substantial financing needs can constrain the government's ability to manage its obligations and respond to economic pressures.

Public borrowing can help governments finance investment and address extraordinary circumstances. But when deficits persist and financing needs remain high, the central issue is whether the country's fiscal trajectory can be sustained over time.

## ***How long can this situation be sustained without addressing its underlying causes?***

That is the question raised by Colombia's fiscal situation following the warning from the International Monetary Fund (IMF), according to information published by Blu Radio on October 16, 2026. The concern is not limited to the size of the debt: the combination of a persistent deficit, financing needs, and moderate economic growth reduces fiscal flexibility and can transmit pressure across the broader economy.

## **A warning that deserves attention**

According to the figures cited in the news report, Colombia's primary deficit amounts to 3.5% of gross domestic product (GDP), while public debt has reached 60% of GDP and continues to rise. The IMF also projects economic growth of 2.25% for 2026 and 2.3% for 2027.

These figures should be read together. The primary deficit means that public revenues are insufficient to cover spending before interest payments. When that imbalance is combined with the cost of debt, financing needs become more demanding.

A growing economy can increase tax revenues over time. But when growth is moderate and the deficit persists, correcting public accounts becomes more difficult.

This does not mean Colombia is in default or that a crisis is inevitable. It means the fiscal trajectory requires credible measures to prevent the cost of financing the State from continuing to rise.

### **The problem cannot be solved simply by taking out another loan**

The IMF is assessing support options and, according to the news report, is considering sending a mission to Bogotá to study alternatives. International support could help improve financing conditions or provide time to put public accounts in order.

But there is a fundamental difference between obtaining financing and resolving a structural imbalance.

A loan can cover immediate needs. On its own, it does not guarantee that future revenues and expenditures will be compatible with sustainable debt. That requires decisions about the fiscal trajectory, spending efficiency, public revenues, and the conditions needed for more dynamic economic growth.

*Financing can buy time. It cannot replace a sustainable fiscal strategy.*

### **Three possible paths**

#### **An orderly adjustment**

The government adopts credible measures to reduce the deficit, improve spending efficiency, and strengthen revenues sustainably. If these measures build confidence, they could help moderate investors' perception of risk and gradually improve financing conditions.

#### **Financial support accompanied by commitments**

Colombia obtains international assistance or financing while moving ahead with fiscal correction. The outcome will depend on the instrument, its conditions, and the ability to implement the agreed measures. There could also be pressure on spending or tax policy.

#### **A deterioration in confidence**

If the imbalance persists, creditors may demand greater compensation for taking sovereign risk. Higher borrowing costs would put pressure on the budget and could tighten financing conditions for companies and households.

These scenarios are not certain predictions. They are frameworks for analyzing risk. The outcome will depend on economic policy decisions, international conditions, and market responses.

## **How does fiscal risk reach companies?**

Deteriorating public accounts can affect the private sector through several channels. Not every company will be exposed in the same way, but five variables deserve close monitoring.

### **The cost of capital**

If perceived risk increases or financing rates rise, investment projects, acquisitions, and expansion may become more expensive. A project that is profitable at one discount rate may no longer be viable when capital becomes more costly.

### **The exchange rate**

Fiscal uncertainty can put pressure on the Colombian peso, although the dollar also depends on international factors, capital flows, commodity prices, and monetary policy. For importers and companies with foreign-currency debt, exchange-rate volatility can affect margins and cash flow.

### **Public spending and demand**

Budget restraint or delays in state investment can affect companies that depend on public contracts or related activities. The impact will depend on the decisions ultimately adopted.

### **Taxes**

Revenue needs can increase pressure to change taxes or reduce tax benefits. A specific reform should not be assumed, but each business should assess how sensitive it is to changes in its tax burden.

### **Receivables and counterparty risk**

A more demanding financing environment can weaken some customers and extend their payment periods. In that situation, selling more does not always mean generating more cash. Revenue concentration, days sales outstanding, and collection capacity become more important.

### **Healthcare: the real test is cash flow**

Healthcare deserves particular attention because it combines public resources, regulated insurance, and financial relationships among EPS health insurers, hospitals, clinics, distributors, and manufacturers.

The IMF's warning does not, by itself, prove that specific healthcare cuts will occur or confirm an immediate deterioration in payments. However, the State's fiscal capacity is relevant to a system that must continuously finance care, treatments, medicines, and infrastructure.

For EPS insurers, the assessment should consider liquidity, outstanding obligations, balance-sheet position, and the ability to convert received funds into actual payments to healthcare providers.

For healthcare providers (IPS), the challenge is to turn billed services into available cash. Accounting revenue does not guarantee liquidity if collections are delayed while operating obligations come due.

For pharmaceutical and medical-technology companies, risk is transmitted through customer solvency, collection times, and working-capital needs. A company can increase sales and still face significant pressure on its cash position.

***In a market under financial pressure, sales volume alone is not enough to determine customer quality.  
Ability to pay must also be part of the commercial strategy.***

## **Business valuation can change too**

A company's value depends, among other factors, on its ability to generate future cash flows and the risk associated with those flows. If the cost of capital rises, the present value of projected cash flows may fall, even if expected sales remain unchanged.

Uncertainty can also affect assumptions about margins, receivables, working capital, and growth. A sound valuation should not apply an arbitrary discount for the macroeconomic environment. It should explicitly reflect consistent financial scenarios.

This matters in acquisitions and divestitures, investor negotiations, expansion, refinancing, and project evaluation. Companies with low debt, strong cash positions, diversified customers, and the ability to protect margins may be better prepared for a challenging environment.

## **What companies should do**

In this environment, the most useful response is not to try to predict every movement in the dollar or interest rates. It is to prepare the company to withstand different scenarios.

### **1. Review liquidity**

Update cash-flow forecasts, the schedule of obligations, interest coverage, and working-capital needs.

### **2. Measure customer exposure**

Identify sales concentration, overdue accounts, and customers whose financial condition could affect collections.

### **3. Build stress scenarios**

Assess what would happen if financing became more expensive, the peso depreciated, payments were delayed, or sales growth slowed.

## 4. Prioritize capital

Review planned investments, their risk-adjusted returns, and their dependence on external financing or vulnerable customers.

## 5. Integrate financial and sector intelligence

Combine macroeconomic indicators with verifiable information about competitors, customers, suppliers, and market performance. The overall economic picture matters, but each company's specific exposure is what enables sound decisions.

### The question Colombia must ask itself

Colombia needs to restore a sustainable fiscal trajectory without unnecessarily undermining growth, investment, or the delivery of essential services. IMF support could help ease financing constraints, but its impact will depend on the credibility and implementation of economic measures.

The fundamental question is not whether the country can obtain more financing. It is whether it can create the conditions for its future obligations to be sustainable and for the economy to generate enough resources to meet them.

For businesses, the lesson is equally clear. In times of uncertainty, liquidity, financial discipline, and knowledge of counterparty risk are not secondary administrative tasks. They can determine operational continuity and the preservation of value.

***The competitive advantage will not come from reacting faster to every headline, but from understanding what it means for each business's cash flow, risk, and value.***

### PROYEKTA DATA SOLUTIONS

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Primary source: Blu Radio, "IMF warns that Colombia's fiscal situation is 'unsustainable' and evaluates support options," October 16, 2026.  
<https://www.bluradio.com/economia/fmi-advierte-que-la-situacion-fiscal-de-colombia-no-es-sostenible-y-evalua-opciones-de-apoyo-so35>

Methodological note: The macroeconomic figures are presented as reported in the cited source. The business implications and scenarios are strategic analysis and inferences; they are not certain forecasts or individualized investment recommendations.

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