

\$250,000,000



# The Republic of Colombia

9.75% Amortizing Notes due 2011

Partially guaranteed by the



## International Bank for Reconstruction and Development

The notes will accrue interest from April 9, 2001. Colombia will pay interest and principal on the notes semi-annually on April 9 and October 9 of each year, commencing on October 9, 2001. Except for the regularly scheduled amortization of principal, the notes will not be redeemable prior to maturity and will not be entitled to the benefit of any sinking fund. The notes will be direct, general, unconditional, unsecured and unsubordinated external indebtedness of Colombia and will be backed by the full faith and credit of Colombia. The notes will rank equally with all other unsecured and unsubordinated external indebtedness of Colombia.

The World Bank will guarantee the first two semi-annual scheduled payments of interest and principal. Each time that Colombia makes a guaranteed semi-annual debt service payment as required under the notes, the World Bank guarantee will roll forward to the next scheduled semi-annual debt service payment that is not already guaranteed by the World Bank and has not been accelerated.

If, at any time during the life of the notes, Colombia fails to make a scheduled debt service payment then guaranteed by the World Bank, and the World Bank makes the payment, the guarantee will only roll forward to the next unguaranteed debt service payment that has not been accelerated if Colombia reimburses the World Bank within 60 days after the payment. If Colombia fails to reimburse the World Bank within 60 days after the date of payment by the World Bank, the guarantee will terminate with respect to one debt service payment. Thereafter, only a single semi-annual scheduled debt service payment will be guaranteed, subject to the same conditions as described above regarding rolling forward and termination. Neither the payments that are at any time guaranteed by the World Bank nor the World Bank guarantee may be accelerated and paid prior to the scheduled payment dates under any circumstances.

The notes will be a further issuance of, and will be consolidated to form a single series with, Colombia's existing 9.75% Amortizing Notes due 2011, issued on April 9, 2001. On May 3, 2001, \$750,000,000 aggregate principal amount of these notes were outstanding.

Application has been made to list the notes on the Luxembourg Stock Exchange.

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

	Per Note	Total
Initial public offering price.....	98.93%	\$247,325,000
Underwriting discount.....	0.65%	\$ 1,625,000
Proceeds, before expenses, to Colombia.....	98.28%	\$245,700,000

Purchasers must also pay accrued interest on the notes from April 9, 2001 to the date the notes are delivered to the purchasers.

The underwriters named below are offering the notes subject to various conditions. The underwriters expect to deliver the notes in book-entry form through the facilities of The Depository Trust Company on or about May 10, 2001.

**Goldman, Sachs & Co.**

**JPMorgan**

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, all of which should be read together. Colombia has not authorized anyone to provide you with information different from that contained in this prospectus supplement and the accompanying prospectus. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the dates of the prospectus supplement and the accompanying prospectus regardless of when Colombia delivers the prospectus supplement or the prospectus to you or when Colombia sells any notes to you pursuant to the prospectus supplement and the prospectus. Changes may have occurred in Colombia's affairs since the dates of the prospectus supplement and the accompanying prospectus.

Colombia is offering to sell the notes and seeking offers to buy the notes only in jurisdictions where offers and sales are permitted.

Colombia is furnishing this prospectus supplement and the prospectus solely for use by prospective investors in connection with their consideration of a purchase of the notes and for Luxembourg listing purposes. Colombia confirms that:

- the information contained in this prospectus supplement and the prospectus is true and correct in all material respects and is not misleading;
- Colombia has not omitted other facts the omission of which makes this prospectus supplement and the prospectus as a whole misleading; and
- Colombia accepts responsibility for the information provided in this prospectus supplement and the prospectus.

Colombia has made no investigation concerning the information relating to the World Bank contained in this prospectus supplement or referred to in this prospectus supplement as appearing in the World Bank's information statement filed with the Securities and Exchange Commission, or SEC. Colombia, therefore, makes no representations, warranties or assurances of any nature as to the accuracy, completeness or sufficiency of that information and assumes no responsibility with respect to that information.

The World Bank accepts responsibility for the information contained or referred to in this prospectus supplement relating to the World Bank and the World Bank guarantee. The World Bank has made no investigation concerning any other information contained in this prospectus supplement or the prospectus and makes no representations, warranties or assurances of any nature as to the accuracy, completeness or sufficiency of that information and assumes no responsibility with respect to that information.

## THE WORLD BANK

### Availability of Information

The World Bank publishes, generally in September of each year, an information statement which describes the World Bank and its capital, operations, administration and legal status. The information statement also includes the World Bank's audited annual financial statements. The World Bank also publishes an annual report and unaudited quarterly financial statements, together with a management's discussion and analysis.

The World Bank is subject to certain information requirements of Regulation BW promulgated by the SEC under Section 15(a) of the U.S. Bretton Woods Agreements Act of 1945, as amended, and, in accordance therewith, files its regular unaudited quarterly and audited annual financial statements, its annual report and other information with the SEC.

The World Bank has filed an information statement dated September 15, 2000 with the SEC which should be read in conjunction with this prospectus supplement. The 2000 information statement includes

the World Bank's audited financial statements as of June 30, 2000 and 1999. The 2000 information statement and the World Bank's unaudited quarterly and audited annual financial statements, annual reports and other information may be inspected and copies may be obtained at Room 1026, 450 Fifth Street, N.W., Washington, D.C. 20549, at the regional offices of the SEC located at 7 World Trade Center, 13th Floor, New York, New York 10048 and at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. This information may also be inspected at the library of the SEC located at the New York Stock Exchange.

Information relating to the World Bank is filed with the SEC electronically through the SEC's EDGAR system and may be found at the following Internet address: <http://www.sec.gov/edgarhp.htm>, which is inserted as an inactive textual reference for your informational reference only.

In addition, so long as the World Bank guarantee remains in effect, the World Bank will provide to a holder of a note, without charge, copies of the latest available World Bank information statement and any regular unaudited quarterly or audited annual financial statements published subsequent to the date of this prospectus supplement. Written or telephone requests should be directed to the World Bank at any of the following offices:

The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America  
Attention: Treasury Finance Dept.  
Tel: (1-202) 458-8800  
Fax: (1-202) 477-8355

The World Bank  
66 Avenue d'Iéna  
75116 Paris  
France  
Tel: (33-1) 40-69-30-10  
Fax: (33-1) 40-69-30-66

The World Bank  
Fukoku Seimei Building  
10th Floor  
2-2-2 Uchisaiwai-cho  
Chiyoda-ku  
Tokyo 100-011  
Japan  
Tel: (81-3) 3597-6662  
Fax: (81-3) 3597-6695/6/7

The World Bank  
New Zealand House  
15th Floor  
Haymarket  
London SW1Y 4TE  
England  
Tel: (44-207) 930-8511  
Fax: (44-207) 930-8515

You should rely only on the information about the World Bank contained or referred to in this prospectus supplement. The World Bank has not authorized anyone to provide you with any information different from that contained or referred to in this prospectus supplement. The information about the World Bank included in this prospectus supplement or the 2000 information statement is accurate only as of the dates of this prospectus supplement and the 2000 information statement, regardless of when Colombia delivers the prospectus supplement or the accompanying prospectus to you or when Colombia sells any notes to you pursuant to the prospectus supplement and the accompanying prospectus. Changes may have occurred in the affairs of the World Bank since the date of the prospectus supplement.

## **Privileges and Immunities**

The World Bank enjoys a number of privileges and immunities under Article VII of its Articles of Agreement and under applicable law. By acquiring any note, a holder will be deemed to have acknowledged that, in accordance with the World Bank's Articles of Agreement, actions may be brought against the World Bank only in a court of competent jurisdiction in the territories of a member in which the World Bank has an office, has appointed an agent for accepting service or notice of process or has issued or guaranteed securities. Each holder of a note will be deemed to have acknowledged further that:

- no actions shall be brought against the World Bank by members of the World Bank or persons acting for or deriving claims from such members;
- the governors and executive directors, and their alternates, and the officers and employees of the World Bank shall be immune from legal process for acts performed by them in their official capacity, except when the World Bank waives such immunity;
- the property and assets of the World Bank, wherever located and by whomsoever held, shall be immune from all forms of seizure, attachment or execution before the delivery of final judgment against the World Bank; and
- the archives of the World Bank shall be inviolable.

## SUMMARY OF THE OFFERING

*This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all the information that you should consider before investing in the notes. You should read the entire prospectus supplement and accompanying prospectus carefully.*

<b>Issuer</b> .....	The Republic of Colombia.
<b>Guarantor</b> .....	International Bank for Reconstruction and Development (the World Bank).
<b>Aggregate Principal Amount</b> .....	U.S. \$250,000,000.
<b>Issue Price</b> .....	98.93% of the principal amount of the notes, plus accrued interest from April 9, 2001.
<b>Issue Date</b> .....	May 10, 2001.
<b>Maturity Date</b> .....	April 9, 2011.
<b>Form of Securities</b> .....	Colombia will issue the notes in the form of one or more registered global securities without coupons. Colombia will not issue any notes in bearer form.
<b>Denominations</b> .....	Colombia will issue the notes in denominations of \$1,000 and integral multiples of \$1,000.
<b>Interest</b> .....	The notes will bear interest from April 9, 2001 at the rate of 9.75% per year. Colombia will pay you interest semi-annually in arrears on April 9 and October 9 of each year, commencing on October 9, 2001.
<b>Amortization of Principal</b> .....	Colombia will pay the principal of the notes in semi-annual installments on April 9 and October 9 of each year, commencing on October 9, 2001. The amount of each semi-annual installment of interest and principal, which we refer to as a debt service payment, is set forth in the schedule of aggregate semi-annual payments of principal and interest on page S-22.
<b>Redemption</b> .....	Colombia may not redeem the notes before maturity, except for the regularly scheduled amortization of principal.
<b>World Bank Guarantee</b> .....	Subject to the terms and conditions described in this prospectus supplement, the World Bank will guarantee the first two scheduled semi-annual debt service payments on the notes, each in the amount set forth in the schedule of aggregate semi-annual payments of principal and interest on page S-22. Each time that Colombia makes a guaranteed debt service payment as required under the notes, the guarantee will roll forward to the next scheduled debt service payment that is not already guaranteed by the World Bank and has not been accelerated.

If, at any time during the life of the notes, Colombia fails to make a scheduled debt service payment then guaranteed by the World Bank, and the World Bank makes the payment, the guarantee will only roll forward to the next unguaranteed debt service payment if Colombia reimburses the World Bank within 60 days after the date of payment and the next unguaranteed debt service payment has not been accelerated. If Colombia fails to reimburse the World Bank within 60 days after the date of payment by the World Bank, the World Bank guarantee will terminate with respect to one debt service payment. Thereafter, only a single semi-annual scheduled debt service payment will be guaranteed, and the guarantee will be terminated if the World Bank makes another payment on the guarantee and Colombia fails to reimburse the World Bank as described above.

Neither the payments that are at any time guaranteed by the World Bank nor the World Bank guarantee may be accelerated and become payable prior to the scheduled debt service payment dates under any circumstances. Further, any payment made by the World Bank under the World Bank guarantee will be deemed to have been made by Colombia for purposes of the provisions of the notes relating to events of default.

The World Bank guarantee does not cover the additional amounts described under "Description of Securities—Debt Securities—Additional Amounts" in the prospectus.

The obligations of the World Bank under the World Bank guarantee are not obligations of any government.

Colombia will pay the World Bank a fee for providing the World Bank guarantee.

The World Bank guarantee is not required to be, and has not been, registered under the Securities Act.

- Status** ..... The notes will constitute direct, general, unconditional, unsecured and unsubordinated external indebtedness of Colombia and will be backed by the full faith and credit of Colombia. The notes will rank equal in right of payment with all of Colombia's present and future unsecured and unsubordinated external indebtedness.
- Status of the World Bank Guarantee** ..... The obligations of the World Bank under the World Bank guarantee will constitute direct and unsecured obligations of the World Bank and will rank equal in right of payment with all of its other obligations that are unsecured and unsubordinated.
- Events of Default** ..... Certain events will permit acceleration of the principal amount of the notes, other than any

principal then guaranteed. If payment of the non-guaranteed principal of some, but less than all, of the notes is accelerated, the World Bank guarantee may roll forward only as to those notes that have not been accelerated if Colombia has met its payment or reimbursement obligations described under "Description of the Notes—World Bank Guarantee."

**Amendments and Waivers .....** Any amendment or waiver of the provisions of the World Bank guarantee, the terms and conditions of the notes or the fiscal agency agreement (as supplemented), insofar as it relates to the World Bank guarantee or the notes, requires the prior written consent of the World Bank. If any such amendment or waiver is made without the World Bank's prior written consent, the World Bank guarantee will immediately terminate.

**Repackaging Arrangements .....** The underwriters will severally undertake for the benefit of the World Bank that, provided that the World Bank guarantee remains in effect, they will not enter into or permit any of their affiliates to enter into any arrangement pursuant to which any security or other similar obligation is created or issued, the economic effect of which is the separation of rights of payment from the World Bank under the World Bank guarantee from rights of payments from Colombia under the notes, which we refer to as "repackaging arrangements."

The underwriters will severally undertake to:

- inform prospective purchasers of this undertaking by delivery of this prospectus supplement; and
- not sell any notes to any purchaser with respect to which the applicable underwriter has actual knowledge that the purchaser intends to enter into a repackaging arrangement, provided that the underwriters are not obliged to make any inquiries of any prospective purchaser or other person to ascertain a purchaser's intention with respect to the notes.

**Withholding Tax and Additional Amounts.....** Colombia will make all principal and interest payments on the notes without withholding or deducting any taxes imposed by Colombia, subject to certain specified exceptions. For more information, see "Description of the Securities—Debt Securities—Additional Amounts" on page 4 of the accompanying prospectus.

<b>Fungibility .....</b>	The notes will be a further issuance of, and will be consolidated to form a single series with, Colombia's existing 9.75% Amortizing Notes due 2011, which also benefit from the World Bank guarantee. On May 3, 2001, \$750,000,000 aggregate principal amount of these notes were outstanding.
<b>Further Issues.....</b>	Colombia may, without your consent, increase the size of the issue of the notes, or issue additional notes that may form a single series with the outstanding notes, subject to the approval of the World Bank and subject to a confirmation from each of the rating agencies listed under "Ratings" below that the ratings of the additional notes will be at least investment grade. The World Bank has no obligation to grant its approval.
<b>Listing .....</b>	Application has been made to list the notes on the Luxembourg Stock Exchange.
<b>Ratings.....</b>	The following rating agencies have given indicative ratings of the notes as set forth below: <sup>1</sup> Fitch, Inc.: BBB+ Moody's Investors Service: Baa1 Standard & Poor's Rating Group: BBB
<b>Governing Law of the Notes and the World Bank Guarantee .....</b>	New York.
<b>Fiscal Agent.....</b>	The Chase Manhattan Bank.

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<sup>1</sup> The above ratings are subject to revision or withdrawal at any time by the rating agencies.



## USE OF PROCEEDS

The net proceeds from the sale of the notes will be approximately \$244,010,100 (excluding accrued interest) after deduction of underwriting discounts and certain expenses (including the fee payable to the World Bank for its guarantee) payable by Colombia estimated at \$3,314,900. Colombia will use the proceeds for general budgetary purposes of the Government of Colombia, including the adjustment of Colombia's financial sector.

## RECENT DEVELOPMENTS

*This section provides information that supplements the information about Colombia included under the headings corresponding to the headings below in the Annual Report of Colombia on Form 18-K for the Fiscal Year ended December 31, 1999 (the "Annual Report"). Defined terms used in this section have the meanings given to them in the Annual Report. If the information in this section differs from the information in the Annual Report, you should rely on the information in this section.*

### Republic of Colombia

#### *Internal Security*

The negotiation zone established to facilitate negotiations between the Government and the *Fuerzas Armadas Revolucionarias de Colombia* (Colombian Revolutionary Armed Forces, or "FARC") was extended until October 9, 2001, from its most recent expiration date of February 9, 2001. The parties met on February 8 and 9, 2001, to discuss the peace negotiation process.

In January 2001, the Government agreed with representatives of the *Ejército de Liberación Nacional* (National Liberation Army, or "ELN"), to discuss the creation of a second demilitarized zone in the Department of Bolivar in northern Colombia. The proposed demilitarized area would have an initial duration of nine months, subject to further extensions. It would begin upon the withdrawal of military and police forces from the area, and would be subject to a verification committee composed of national and international authorities. To date, the demilitarized area has not yet been established. Although the Government is working on a negotiated solution to the conflict, it cannot predict when the process will conclude or what outcome may result from the negotiations.

### Economy

#### *Gross Domestic Product*

Colombia's GDP increased by 2.81% in real terms in 2000, as compared to a decrease of 4.29% in real terms in 1999 and an increase of 0.56% in real terms in 1998.

In the first quarter of 2000, Colombia's gross domestic product ("GDP") increased by 2.23% in real terms as compared to the first quarter of 1999, and increased by 0.99% in real terms as compared to the fourth quarter of 1999.

The sectors of the economy that experienced positive growth in real terms in the first quarter of 2000, as compared to the same period in 1999, were agriculture, forestry and hunting, which grew by 1.47%; mining, which grew by 1.44%; electricity, gas and water, which grew by 4.06%; manufacturing, which grew by 8.88%; retail, restaurants and hotels, which grew by 2.85%; transportation, storage and communications, which grew by 2.85%; and social, community and personal services, which grew by 1.35%. The two sectors that experienced negative growth in real terms in the first quarter of 2000 as compared to the same period in 1999 were construction, which contracted by 6.14%, and financial services, which contracted by 1.04%.

In the second quarter of 2000, GDP increased by 3.53% in real terms as compared to the second quarter of 1999, and increased by 0.16% in real terms as compared to the first quarter of 2000.

The sectors of the economy that experienced positive growth in real terms in the second quarter of 2000, as compared to the same period in 1999, were agriculture, forestry and hunting, which grew by 6.62%; electricity gas and water, which grew by 2.53%; manufacturing, which grew by 11.71%; construction, which grew by 1.29%; retail, restaurants and hotels, which grew by 6.20%; transportation, storage and communications, which grew by 3.88%; and financial services, which grew by 0.25%. The two sectors that experienced negative growth in real terms in the second quarter of 2000 as compared to the same period in 1999 were mining, which contracted by 6.41%; and social, community and personal services, which contracted by 1.21%.

In the third quarter of 2000, GDP increased by 3.12% in real terms as compared to the third quarter of 1999, and increased by 1.25% in real terms as compared to the second quarter of 2000.

The sectors of the economy that experienced positive growth in real terms in the third quarter of 2000, as compared to the same period in 1999, were agriculture, forestry and hunting, which grew by 3.58%; electricity, gas and water, which grew by 1.24%; manufacturing, which grew by 13.15%; construction, which grew by 2.76%; retail, restaurants and hotels, which grew by 6.44%; transportation, storage and communications, which grew by 4.10%; and financial services, which grew by 1.35%. The two sectors that experienced negative growth in real terms in the third quarter of 2000 as compared to the same period in 1999 were mining, which contracted by 12.70%; and social, community and personal services, which contracted by 1.79%.

In the fourth quarter of 2000, GDP increased by 2.06% in real terms as compared to the fourth quarter of 1999 and decreased by 0.38% in real terms as compared to the third quarter of 2000.

The sectors of the economy that experienced positive growth in real terms in the fourth quarter of 2000, as compared to the same period in 1999, were agriculture, forestry and hunting, which grew by 7.19%; electricity, gas and water, which grew by 3.11%; manufacturing, which grew by 6.13%; construction, which grew by 6.83%; retail, restaurants and hotels, which grew by 3.42%; and transportation, storage and communications, which grew 3.17%. The three sectors that experienced negative growth in real terms in the fourth quarter of 2000 as compared to the same period of 1999 were mining, which contracted by 6.42%; financial services, which contracted by 0.27%; and social, community and personal services, which contracted by 2.43%.

### ***Employment and Labor***

The following table presents monthly average rates of unemployment in urban areas, according to the most recent methodology adopted by the National Administrative Department of Statistics ("DANE").

## Monthly Unemployment Rates for the 13 Largest Urban Areas

<b>2000</b>	
January.....	18.5%
February .....	17.3
March .....	15.9
April .....	17.5
May .....	17.1
June .....	17.3
July.....	17.5
August .....	17.2
September.....	15.9
October.....	15.8
November.....	17.4
December.....	16.2

<b>2001</b>	
January.....	20.5
February .....	19.6
March .....	18.8

### ***Role of the State in the Economy; Privatization***

*Carbocol.* The Republic of Colombia sold its ownership interest in the *Cerrejon Zona Norte* coal mine to an international consortium on October 3, 2000. The total amount paid by the consortium was \$453.7 million, \$70 million of which corresponded to working capital adjustments.

*Isagen.* The sale of the Government's 79.29% stake in this power generation company has been postponed until the *Consejo de Estado* (Council of State) issues a final decision on the eligibility of one of the proposed participants in the sale.

*ISA.* The Government is continuing its efforts towards the privatization of this power transmission company. No deadline has been set for this process.

### **Foreign Trade and Balance of Payments**

#### ***Balance of Payments***

According to preliminary figures from *Banco de la República*, Colombia's current account deficit for 2000 amounted to \$133 million, as compared to a \$20 million deficit for 1999. The capital account balance for 2000 registered a surplus of \$919 million, as compared to a \$32 million surplus in 1999.

The following table presents preliminary balance of payments figures for 1999 and 2000.

## Balance of Payments (1)

	1999 <sup>(2)</sup>	2000 <sup>(2)</sup>
	(millions of U.S. dollars)	
<b>Current Account</b>		
Exports (FOB)		
Oil and its Derivatives .....	\$3,757	\$4,569
Coffee .....	1,323	1,069
Coal.....	849	861
Nickel .....	154	212
Gold and emeralds <sup>(3)</sup> .....	195	186
Nontraditional .....	<u>5,278</u>	<u>6,200</u>
	11,556	13,097
Imports (FOB)		
Consumer Goods.....	1,857	1,992
Intermediate Goods.....	4,565	5,425
Capital Goods.....	<u>3,477</u>	<u>3,239</u>
	9,899	10,656
Special Trade Operations (Net) <sup>(4)</sup> .....	119	99
Trade Balance.....	1,776	2,540
Services (Net) <sup>(5)</sup>		
Inflow.....	1,841	1,989
Outflow .....	<u>3,098</u>	<u>3,225</u>
	(1,257)	(1,236)
Income (Net) <sup>(6)</sup>		
Inflow.....	795	849
Outflow .....	<u>2,212</u>	<u>3,277</u>
	(1,417)	(2,428)
Transfers (Net).....	<u>878</u>	<u>991</u>
<b>Total Current Account</b> .....	<u>(20)</u>	<u>(133)</u>
<b>Capital Account</b>		
Foreign Direct Investment (Net) <sup>(7)</sup> .....	1,209	2,248
Portfolio Investment (Net) <sup>(8)</sup> .....	(669)	263
Loans (Net) <sup>(9)</sup> .....	(869)	(1,196)
Commercial Credits (Net) .....	(2)	(231)
Leasing (Net) <sup>(9)</sup> .....	85	(183)
Other (Net) <sup>(9)</sup> .....	278	18
Special Capital Flows (Net) <sup>(10)</sup> .....	<u>0</u>	<u>0</u>
<b>Total Capital Account</b> .....	<u>32</u>	<u>919</u>
Errors and Omissions .....	<u>(334)</u>	<u>85</u>
Change in Gross International Reserves.....	<u>\$ (319)</u>	<u>\$ 870</u>

Totals may differ due to rounding.

1. Figures for all periods have been calculated according to the recommendations contained in the fifth edition of the IMF's Balance of Payments Manual.
2. Preliminary.
3. Includes gold exports made by private agents (including an estimate of contraband gold transactions).
4. Principally goods acquired by ships in ports and foreign trade in free trade zones.
5. Includes non-financial services, such as transportation, travel, telecommunications, postal, construction, insurance, information, personal and government services as well as commissions paid by the public and private sector on financial services relating to managing external debt.
6. Includes financial services and inflows and outflows related to payments for and costs of labor and capital. Financial service outflows include interest payments on private and public external debt and securities, dividend remittances abroad, salaries received by Colombian citizens abroad and interest earnings on assets held by Colombian residents abroad.
7. Foreign direct investment in Colombia less Colombian direct investment abroad (outflows). Includes long-term and short-term foreign direct investment.
8. Includes long-term and short-term portfolio investment flows.
9. Includes long-term and short-term flows.
10. As calculated with the new balance of payments methodology, these amounts are not substantial enough to be material. Excludes portfolio investment flows.

Source: *Banco de la República* — Economic Studies.

## **Foreign Trade**

According to preliminary balance of payments figures, Colombia recorded a trade surplus of \$2,540 million in 2000, as compared to a \$1,776 million surplus in 1999. Total merchandise exports are estimated to have increased by 13.3%, from \$11,556 million in the 1999 to \$13,097 million in 2000. Exports of oil and oil derivatives increased by 21.6%, from \$3,757 million in 1999 to \$4,569 million (34.9% of total merchandise exports) in 2000, due to increased oil prices. Coffee exports declined by 19.2%, from \$1,323 million in 1999 to \$1,069 million (8.2% of total merchandise exports) in 2000. Non-traditional exports increased by 17.5%, from \$5,278 million in 1999 to \$6,200 million (47.3% of total merchandise exports) in 2000. According to preliminary figures, total imports of goods increased by 7.6% in 2000, from \$9,899 million in 1999 to \$10,656 million in 2000, primarily due to the economic recovery in Colombia, which led to stronger demand for goods. Imports of consumer goods increased by 7.3%, from \$1,857 million in 1999 to \$1,992 million (18.7% of total merchandise imports) in 2000. Imports of intermediate goods increased by 18.8%, from \$4,565 million in 1999 to \$5,425 million (50.9% of total merchandise imports) in 2000. Imports of capital goods decreased by 6.8%, from \$3,477 million in 1999 to \$3,239 million (30.4% of total merchandise imports) in 2000.

## **Foreign Investment**

According to preliminary balance of payments figures, net foreign investment (consisting of direct and portfolio investment), increased by 365%, from \$540 million in 1999 to \$2,511 million in 2000. The 2000 figure includes the inflows resulting from the sale of the Government's interest in *Carbocol* to an international consortium, which was completed in October 2000. Net foreign direct investment increased by 85.9% in 2000, from \$1,209 million in 1999 to \$2,248 million in 2000, while net portfolio investment flows reversed from a \$669 million outflow in 1999 to a \$263 million inflow in 2000.

## **Monetary System**

### **Financial Sector**

Colombia's financial sector had a total loan portfolio of Ps. 47.5 trillion on February 28, 2001, as compared to Ps. 47.9 trillion at December 31, 2000 and Ps. 51.9 trillion at December 31, 1999. Past due loans decreased in absolute terms from Ps. 7.0 trillion at December 31, 1999 to Ps. 5.3 trillion at December 31, 2000, and then increased to Ps. 5.5 trillion at February 28, 2001. As a percentage of total loans, past-due loans fell from 13.5% at December 31, 1999 to 11.1% at December 31, 2000, and then increased to 11.5% at February 28, 2001. The extent to which provisions covered past due loans increased from 34.0% at December 31, 1999 to 50.7% at December 31, 2000, and then declined to 49.5% at February 28, 2001.

According to preliminary figures, the consolidated financial sector recorded a Ps. 1.2 trillion accumulated loss in 2000, as compared to a Ps. 2.8 trillion loss in 1999. State-owned financial institutions accounted for Ps. 0.5 trillion of the total losses, while the private sector accounted for Ps. 0.7 trillion of the total losses in 2000.

The following table shows the results of the financial sector as of, and for the period ended, December 31, 2000.

**Selected Financial Sector Indicators**  
(in millions of pesos, as of, and for the year ended, December 31, 2000)

	<u>Assets</u>	<u>Liabilities</u>	<u>Net Worth</u>	<u>Earnings/(Losses)</u>
Private sector institutions...	Ps. 63,658,714	Ps. 55,582,245	Ps. 8,076,470	Ps. (719,791)
Cooperatives .....	58,008	53,637	4,371	(4,151)
State-owned institutions.....	<u>34,748,778</u>	<u>28,140,548</u>	<u>6,608,230</u>	<u>(467,581)</u>
Total.....	<u>Ps. 98,465,500</u>	<u>Ps. 83,776,430</u>	<u>Ps. 14,689,071</u>	<u>Ps. (1,191,523)</u>

Source: Superintendency of Banking.

The following table shows the results of the financial sector as of, and for the two-month-period ended February 28, 2001:

**Selected Financial Sector Indicators**  
(in millions of pesos, as of, and for the two months ended, February 28, 2001)

	<u>Assets</u>	<u>Liabilities</u>	<u>Net Worth</u>	<u>Earnings/(Losses)</u>
Private sector institutions...	Ps. 62,575,242	Ps. 54,619,626	Ps. 7,955,616	Ps. 5,972
Cooperatives .....	58,017	53,704	4,313	(153)
State-owned institutions.....	<u>34,443,833</u>	<u>27,703,185</u>	<u>6,740,648</u>	<u>49,144</u>
Total.....	<u>Ps. 97,077,092</u>	<u>Ps. 82,376,515</u>	<u>Ps. 14,700,577</u>	<u>Ps. 54,964</u>

Source: Superintendency of Banking.

**Interest Rates and Inflation**

Interest rates remained relatively stable during 2000. The average short-term composite reference rate (*depósitos a término fijo*, or "DTF") was 12.9% in March 2001, as compared to 13.3% in December 2000 and 16.2% in December 1999.

Consumer inflation (as measured by the change in the consumer price index, or "CPI") in 2000 was lower than the 10.0% target set by the Central Bank. Consumer inflation for the twelve months ending December 31, 2000 was 8.8%, as compared to 9.2% for the twelve months ending December 31, 1999. Consumer inflation for the twelve months ended April 30, 2001 was 8.0%.

Producer price inflation for the twelve months ending December 31, 2000 was 11.0%, as compared to 12.2% for the twelve months ending December 31, 1999. Producer price inflation for the twelve months ended April 30, 2001 was 10.7%.

The following table sets forth changes in the consumer price index (CPI), the producer price index (PPI) and average 90-day deposit rates (DTF) for July through December 2000 and January and April 2001.

### Inflation and Interest Rates

<b>2000</b>	<b><u>CPI</u><sup>(1)</sup></b>	<b><u>PPI</u><sup>(1)</sup></b>	<b><u>DTF</u><sup>(2)</sup></b>
July .....	9.3%	14.9%	12.2%
August.....	9.1	13.7	12.5
September .....	9.2	12.9	12.9
October .....	9.0	11.9	12.7
November .....	8.8	11.0	13.1
December .....	8.8	11.0	13.3
 <b>2001</b>			
January .....	8.5	11.5	13.5
February.....	8.1	11.4	13.3
March.....	7.8	10.9	12.9
April.....	8.0	10.7	n.a.

1. Percentage change over the previous twelve months at the end of each month indicated.
  2. Average for each month of the short-term composite reference rate (*depósitos a término fijo* or "DTF"), as calculated by the Superintendency of Banks.
- Sources: DANE and *Banco de la República*.

### **Foreign Exchange Rates and International Reserves**

**Exchange Rates.** On May 3, 2001, the Representative Market Rate published by the Superintendency of Banks for the payment of obligations denominated in U.S. dollars was Ps. 2,345.96 = \$1.00, as compared to Ps. 2,229.18 = \$1.00 at December 31, 2000 and Ps. 1,873.77 = \$1.00 at December 31, 1999.

**International Reserves.** Net international reserves have steadily increased since December 31, 1999 from \$8.1 billion to \$9.0 billion at December 31, 2000. Net international reserves totaled \$9.5 billion at April 27, 2001.

### **Public Sector Finances**

#### **General**

According to preliminary figures released by the National Fiscal Policy Council (CONFIS), the consolidated public sector recorded a deficit of 3.4% of GDP for 2000. This result reflects a nonfinancial public sector deficit of 3.5% of GDP, due to a Central Government deficit of 5.8% of GDP, and a surplus of the remaining public sector entities equal to 2.3% of GDP.

#### **2001 Budget**

The budget for the year 2001, which was passed by the Congress and became Law 628 after presidential signature on December 27, 2000, is designed to achieve a consolidated public sector deficit of 2.8% of GDP. The consolidated nonfinancial public sector deficit is expected to total approximately 2.6% of GDP and the Central Government deficit is expected to total 4.1% of GDP in 2001. Total public sector expenditures are budgeted to reach Ps. 57.0 trillion, out of which Ps. 53.0 trillion correspond to expenditures by the Central Government and Ps. 4.0 trillion correspond to expenditures by public entities at the national level.

The Central Government's budget includes a complementary investment budget of Ps. 2.0 trillion, consisting of Ps. 1.5 trillion of investment expenditures directly by the Central Government and Ps. 0.5 trillion of transfers to fund investment expenditures at the local level. The complementary budget will be

funded through additional revenues expected from the tax reforms contained in Law 633 of December 29, 2000.

The following table shows the principal results and projections for public finances for 1999, 2000 and 2001.

**Principal Public Finances Statistics<sup>(1)</sup>**  
(% of GDP)

	<u>1999<sup>(1)</sup></u>	<u>2000<sup>(1)</sup></u>	<u>2001<sup>(2)</sup></u>
Nonfinancial Public Sector Balance.....	(6.4)%	(3.5)%	(2.6)%
Central Government .....	(7.5)	(5.8)	(4.1)
Other Public Sector Entities .....	1.4	2.3	1.6
Statistical discrepancies.....	(0.2)	(0.0)	-
Central Bank Balance .....	0.4	0.5	0.5
Fogafin Balance .....	0.5	0.0	0.1
Financial Sector Restructuring Costs ..	(0.0)	(0.4)	(0.9)
Consolidated Public Sector Balance....	(5.4)	(3.4)	(2.8)

1. Figures for 1999 and 2000 correspond to the *Cierre Fiscal 2000* released by CONFIS (Documento CONFIS 01/2001), published on March 14, 2001.
  2. Figures for 2001 correspond to the *Plan Financiero* released by CONFIS (Documento CONFIS 20/2000), which contains the official projections for public finances as of December 21, 2000.
- Source: *Consejo Superior de Política Fiscal (CONFIS)* – Ministry of Finance.

The following table shows the principal assumptions underlying the 2001 budget.

**Principal 2001 Budget Assumptions**

	<u>2001 Budget Assumptions</u> <u>as of Dec. 21, 2000<sup>(1)</sup></u>
Gross Domestic Product	
Nominal GDP (billion pesos) .....	196,170
Real GDP Growth .....	3.8%
Inflation	
Domestic Inflation (CPI) .....	8.0%
Real Devaluation (average).....	0.3%
Export Prices	
Coffee (ex-dock) (\$/lb.) .....	1.0
Oil (\$/barrel) (WTI) .....	26.5

1. Figures correspond to the *Plan Financiero* released by CONFIS (Documento CONFIS 20/2000), which contains the official projections for public finances as of December 21, 2000.
- Source: *Consejo Superior de Política Fiscal (CONFIS)* – Ministry of Finance.

**IMF Program for 2000-2002**

The Executive Board of the International Monetary Fund (“IMF”) completed on March 28, 2001 the second review of Colombia’s performance under the Extended Fund Facility initially approved on December 20, 1999, allowing Colombia to draw, if needed, up to SDR 1.96 billion (\$2.7 billion) from the IMF. To date, the country has not accessed funds available under the agreement.

**Legislation**

The Government is committed to a sustained reduction in the fiscal deficit and to that end has enacted and presented to Congress several proposals for new legislation.



- *Regulation of Fiscal Accounts of Territorial Entities.* This reform became Law 617 after the President's signature on October 6, 2000. It sets limits on expenditures by local entities.
- *Lottery and Gambling Regime.* This legislation was approved by both houses of Congress and became Law No. 643 after the president's signature on January 16, 2001. This law reorganizes the lottery and gambling regime.
- *Tax Reform.* This legislation became Law 633, after the President's signature on December 29, 2000. From this reform, the Government expects to raise approximately Ps. 3.8 trillion of additional revenues in 2001, to fund its complementary investment budget and the additional expenditures contemplated by the Constitutional Court ruling on public wage increases described below.
- *Limits on the Growth of Territorial Transfers.* This proposal constitutes a Constitutional reform, and therefore must be approved by the Congress in two separate legislative sessions to become effective. The reform was first approved by both houses of Congress in its 2000 session. Now in the second round, it was approved by the relevant committee of the Senate on April 26, 2001 and is now pending the approval of the whole Senate, before it will be considered by the Chamber of Representatives.
- *Administrative Reorganization and Reduction of Expenditures.* The proposed legislation seeks a reduction in state expenditures related to administrative functions. If approved, it will grant the President extraordinary powers to merge public entities and perform further administrative changes in the public sector.

No assurances can be given that the legislation described above (other than the regulation of fiscal accounts of territorial entities, the lottery and gambling regime and the tax reform legislation) will be adopted, or that it will be adopted in the form proposed by the Government.

### ***Constitutional Court Ruling on Wage Increases***

Constitutional Court Ruling No. 1433, dated as of October 23, 2000, has required that the Government grant equal increases in the wages of all public servants. Therefore, those public employees who did not receive an increase in 2000 retroactively received that increase and will also receive a wage increase in 2001. These wage increases required additional expenditures by the Government of Ps. 0.8 trillion beyond those budgeted in 2000 and will require additional expenditures of Ps. 1.5 trillion in 2001. The Government obtained the additional resources for 2000 through a reduction in investment by the same amount. The additional expenditures for 2001 are expected to be funded through a Ps. 0.5 trillion investment cut, a Ps. 0.5 trillion reduction in expenditures by state entities and higher tax revenues obtained through the recently enacted tax reform discussed above. The additional expenditures required by the Constitutional Court ruling are included in the 2001 budget projections set forth above.

### **Public Sector Debt**

#### ***Public Sector Internal Debt***

The total direct internal debt of the Central Government was Ps. 29,984,117 million (\$13,525 million) at September 30, 2000, as compared to Ps. 21,896,668 million (\$11,686 million) at December 31, 1999. The increase is due in part to the Central Government's assumption of debt of *Caja Agraria* following its liquidation.

The following table shows the direct internal funded debt of the Central Government at September 30, 2000 by type.

**Central Government: Internal Public Funded Debt – Direct Funded Debt<sup>(1)</sup>**

**At Sept. 30, 2000**  
(in millions of pesos)

Agrarian Bonds .....	Ps.	94,149
Special Financing Bonds.....		32,999
B.V.C. – Education Bonds.....		104,982
Security Bonds .....		409,624
Peace Bonds .....		201,922
Law 546 bonds <sup>(2)</sup> .....		1,866,170
Others <sup>(3)</sup> .....		2,273,128
Treasury Bonds (“TES B”).....		24,755,848
Treasury Bonds (“TES A”).....		<u>245,297</u>
Total .....		<u>Ps. 29,984,117</u>

Total may differ due to rounding.

1. Debt with an original maturity of one year or more.

2. Includes Law 546 and debt reduction bonds.

3. Includes costs related to the liquidation of *Caja Agraria* and assumed debt.

Source: Debt Registry Office - General Directorate of Public Credit - Ministry of Finance.

**Public Sector External Debt**

The following table shows the total external funded debt of the public sector by type at December 31, 1999, December 31, 2000 and February 28 2001.

**Public Sector External Funded Debt by Type<sup>(1)</sup>**

	<u>At Dec.</u> <u>31, 1999</u>	<u>At Dec. 31,</u> <u>2000</u>	<u>At Feb.</u> <u>28, 2001</u>
	(in millions of dollars)		
Central Government <sup>(2)</sup> .....	\$ 12,192	\$ 14,320	\$ 14,813
Public Entities <sup>(3) (4)</sup>			
Guaranteed.....	4,742	3,712	3,670
Non Guaranteed .....	<u>2,146</u>	<u>2,080</u>	<u>2,056</u>
Total external funded debt .....	<u>\$ 19,081</u>	<u>\$ 20,112</u>	<u>\$ 20,540</u>

1. Debt with an original maturity of one year or more. Debt in currencies other than U.S. dollars is converted into U.S. dollars using exchange rates at December 31, 1999, December 31, 2000 and February 28, 2001, respectively.

2. Includes Decree 700 and Resolution 4308 dollar-denominated bonds issued in Colombia.

3. Includes *Banco de la República*, public agencies and entities, departmental and municipal governments and state-owned financial entities. Also includes foreign currency-denominated debt of HIDROMIEL, ISA, *Carbocol*, the Department of Huila and the City of Ibagué owing to Colombian financial institutions.

4. Debt of resident financial institutions is not included in the public entities outstandings for 2000 and 2001.

Source: Debt Registry Office - Ministry of Finance.

The following table shows the total external funded debt of the public sector by creditor at December 31, 1999, December 31, 2000 and February 28, 2001.

**Public Sector External Funded Debt by Creditor<sup>(1)</sup>**

	<u>At Dec. 31, 1999</u>	<u>At Dec. 31, 2000</u>	<u>At Feb. 31, 2000</u>
	<u>(in millions of dollars)</u>		
Multilaterals .....	\$ 6,154	\$ 6,511	\$ 6,419
IDB.....	3,480	3,441	3,376
World Bank .....	1,967	1,930	1,902
Others .....	707	1,140	1,141
Commercial Banks <sup>(2)</sup> .....	3,963	3,803	3,804
Export Credit			
Institutions.....	1,038	901	891
Bonds <sup>(3)</sup> .....	6,866	8,180	8,721
Foreign Governments.....	452	388	382
Suppliers .....	343	329	321
Resident Financial			
Institutions <sup>(4)</sup> .....	<u>265</u>	<u>0</u>	<u>0</u>
Total .....	<u>\$19,081</u>	<u>\$ 20,112</u>	<u>\$ 20,540</u>

1. Debt with an original maturity of one year or more. Debt in currencies other than U.S. dollars is converted into U.S. dollars using exchange rates at December 31, 1999, December 31, 2000 and February 28, 2001, respectively.
2. Includes commercial export credits, commercial credits and other commercial sources.
3. Includes Decree 700 and Resolution 4308 dollar-denominated bonds issued in Colombia.
4. Debt of resident financial institutions is not included in the public entities outstandings for 2000 and 2001.

Source: Debt Registry Office – Ministry of Finance.

Since February 28, 2001, the Central Government has issued €200 million of seven-year notes in March 2001, U.S. \$750 million 10-year amortizing notes with a guarantee from the World Bank (with which the notes described in this prospectus supplement will be consolidated to form a single series) and Yen 30,000 million of four-year notes in April 2001.

## DESCRIPTION OF THE NOTES

*This prospectus supplement describes the terms of the notes in greater detail than the prospectus and may provide information that differs from the prospectus. If the information in this prospectus supplement differs from information in the prospectus, you should rely on the information in this prospectus supplement.*

*Colombia will issue the notes under the fiscal agency agreement, dated as of September 28, 1994, between Colombia and The Chase Manhattan Bank, as fiscal agent, as supplemented by a supplementary agreement dated as of April 9, 2001 and a supplementary agreement dated as of May 10, 2001, among Colombia, the World Bank and The Chase Manhattan Bank. The information contained in this section and in the prospectus summarizes some of the terms of the notes, the fiscal agency agreement (as supplemented) and the World Bank guarantee. Because this is a summary, it does not contain all of the information that may be important to you as a potential investor in the notes. Therefore, you should read the fiscal agency agreement (as supplemented), the form of the notes and the form of the World Bank guarantee in making your investment decision. Colombia has filed or will file copies of these documents with the SEC and will also file copies of these documents at the offices of the fiscal agent and the paying agents.*

### General Terms of the Notes

The notes will:

- be issued in an aggregate principal amount of \$250,000,000;
- mature on April 9, 2011;
- be issued in denominations of \$1,000 and integral multiples of \$1,000;
- bear interest at 9.75% per year, accruing from April 9, 2001;
- pay principal and interest in U.S. dollars on April 9 and October 9 of each year, commencing on October 9, 2001, in semi-annual installments in the amounts set forth in the schedule of aggregate semi-annual payments of principal and interest on page S-22. Interest will be computed on the basis of a 360-day year of twelve 30-day months;
- pay principal and interest to persons in whose names the notes are registered at the close of business on March 24 or September 24, as the case may be, preceding each payment date or, in the case of a late payment, to the registered holders on a special record date fixed for such purpose or in any other lawful manner not inconsistent with the requirements of any securities exchange on which the notes may be listed;
- be represented by one or more global securities in fully registered form only, without coupons;
- be registered in the name of a nominee of The Depository Trust Company, known as DTC, and recorded on, and transferred through, the records maintained by DTC and its participants, including the depositories for Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg");
- be available in definitive, certificated form only under certain limited circumstances;
- be a further issuance of, and will be consolidated to form a single series with, Colombia's existing 9.75% Amortizing Notes due 2011, issued on April 9, 2001; and

- not be redeemable before maturity, except for the regularly scheduled amortization of principal, and not be entitled to the benefit of any sinking fund.

## **Payment of Principal and Interest**

### ***Amortization of Principal***

Principal of the notes will be paid in 20 consecutive semi-annual installments, commencing on October 9, 2001, as follows:

<u>Payment Date</u>	<u>Principal Payment</u>	<u>Aggregate Semi-Annual Payment of Principal and Interest</u>
October 9, 2001	\$ 7,661,079.08	\$ 19,848,579.08
April 9, 2002	8,034,556.68	19,848,579.07
October 9, 2002	8,426,241.32	19,848,579.08
April 9, 2003	8,837,020.59	19,848,579.08
October 9, 2003	9,267,825.34	19,848,579.08
April 9, 2004	9,719,631.82	19,848,579.07
October 9, 2004	10,193,463.88	19,848,579.08
April 9, 2005	10,690,395.24	19,848,579.08
October 9, 2005	11,211,552.01	19,848,579.08
April 9, 2006	11,758,115.17	19,848,579.08
October 9, 2006	12,331,323.28	19,848,579.08
April 9, 2007	12,932,475.29	19,848,579.08
October 9, 2007	13,562,933.46	19,848,579.07
April 9, 2008	14,224,126.47	19,848,579.08
October 9, 2008	14,917,552.63	19,848,579.07
April 9, 2009	15,644,783.33	19,848,579.08
October 9, 2009	16,407,466.51	19,848,579.08
April 9, 2010	17,207,330.51	19,848,579.08
October 9, 2010	18,046,187.87	19,848,579.08
April 9, 2011	<u>18,925,939.53</u>	<u>19,848,579.08</u>
Total	<u>\$ 250,000,000.00</u>	<u>\$396, 971,581.56</u>

### ***Method of Payment***

Colombia will make payments of interest and principal on the notes represented by global securities by wire transfer of U.S. dollars to DTC or its nominee as the registered owner of the notes, which will receive the funds for distribution to the holders. The World Bank will make any payments required under its guarantee in U.S. dollars, after receiving the requisite notice, through the fiscal agent to DTC. The fiscal agent is required to demand such payment of the World Bank on the date which is two business days before the scheduled debt service payment date unless Colombia has already made full payment by that date. Colombia and the World Bank have been informed by DTC that the holders will be paid in accordance with the procedures of DTC and its participants. None of Colombia, the World Bank or any paying agent shall have any responsibility or liability for any of the records of, or payments made by, DTC or its nominee.

If the notes are issued in definitive, certificated form, the fiscal agent will distribute the interest and principal payments it receives to you, if you are the person in whose name the certificated notes are registered, by wire transfer if:

- you own at least \$1,000,000 aggregate principal amount of the notes; and
- not less than 15 days before the payment date, you notify the fiscal agent of your election to receive payment by wire transfer and provide it with your bank account information and wire transfer instructions;

## **OR**

- Colombia or the World Bank is making such payments at final maturity of the notes; and
- you surrender the certificated notes at the corporate trust office of the fiscal agent or at the offices of the other paying agents that Colombia appoints pursuant to the fiscal agency agreement (as supplemented).

If you are not entitled to receive principal or interest by wire transfer for any reason, the fiscal agent will, subject to applicable laws and regulations, mail a check on or before the due date for the payment. The check will be mailed to you at your address as it appears on the security register maintained by the fiscal agent on the applicable record date. If you hold your notes through DTC, the check will be mailed to DTC, as the registered owner.

If any date for an interest or principal payment is a day on which the law (or an executive order) at the place of payment permits or requires banking institutions to close, Colombia or the World Bank, as applicable, will make the payment on the next following banking day at such place. Colombia and the World Bank will treat those payments as if they were made on the due date, and no interest on the notes will accrue as a result of the delay in payment.

### **Paying Agents and Transfer Agents**

Until the notes are paid, Colombia will maintain a paying agent in The City of New York. Colombia has initially appointed The Chase Manhattan Bank to serve as its paying agent. In addition, Colombia will maintain a paying agent and a transfer agent in Luxembourg, where notes in certificated form can be presented for transfer or exchange for so long as any of the notes are listed on the Luxembourg Stock Exchange and the rules of the exchange require. Colombia has initially appointed Chase Manhattan Bank Luxembourg S.A. to serve as its Luxembourg paying agent and transfer agent. You can contact the paying agents and transfer agents at the addresses listed on the inside back cover of this prospectus supplement.

### **Further Issues**

Colombia may, without your consent, increase the size of the issue of the notes, or issue additional notes that may form a single series with the outstanding notes, subject to the approval of the World Bank and subject to a confirmation from each of the rating agencies that are identified on page S-9 that the ratings of the additional notes will be at least investment grade. The World Bank has no obligation to grant its approval.

The World Bank has no obligation to increase the amount of the guarantee.

### **World Bank Guarantee**

Pursuant and subject to the terms and conditions in the fiscal agency agreement (as supplemented), the World Bank will guarantee the first two semi-annual scheduled payments of interest and principal on the notes, which we refer to as debt service payments, in the amounts set forth in the schedule of aggregate semi-annual payment of principal and interest on page S-22. Upon timely payment by Colombia of each debt service payment that is guaranteed by the World Bank, the guarantee will roll forward to the next scheduled semi-annual debt service payment that is not already guaranteed and has not been accelerated.

The World Bank guarantee provides that the World Bank is only obligated to pay under its guarantee to the extent that Colombia has failed to pay the amount due on any scheduled debt service payment date and such failure is continuing. The World Bank guarantee also provides that:

- the World Bank will be obligated to pay under the World Bank guarantee only following written notice to the World Bank from the fiscal agent to the effect that the fiscal agent has not received the

scheduled debt service payment from Colombia on the date which is two business days before the date of a debt service payment then guaranteed by the World Bank;

- any such written notice to the World Bank must (1) set forth the amount of the relevant debt service payment remaining unpaid and (2) be received by the World Bank not later than the sixtieth day after the relevant debt service payment date; and
- the World Bank will be required to pay such remaining unpaid amount on the second business day after receipt of such written notice from the fiscal agent, provided that such failure by Colombia to pay is continuing. Notices received by the World Bank after 2:00 P.M. on any day will be considered received on the following business day.

The fiscal agent will be required to give the notice described above to the World Bank promptly, in the event that the fiscal agent has not received a guaranteed debt service payment from Colombia by 12:00 P.M., New York City time, on the second business day before the scheduled payment date.

Neither the payments that are at any time guaranteed by the World Bank nor the World Bank guarantee may be accelerated and become payable prior to the scheduled debt service payment dates under any circumstances. Further, any payment made by the World Bank under the World Bank guarantee will be deemed to have been made by Colombia for purposes of the provisions of the notes relating to events of default. The World Bank guarantee is limited to principal of and interest on the notes; it does not cover any additional amounts payable by Colombia under the notes.

If Colombia fails to make a scheduled debt service payment then guaranteed by the World Bank, the World Bank will be obligated to make that payment, subject to the terms and conditions described in this prospectus supplement. Pursuant to reimbursement arrangements between Colombia and the World Bank, Colombia is obligated to reimburse the World Bank for any and all payments made by the World Bank under the World Bank guarantee and to pay interest on such amounts until Colombia has fully reimbursed the World Bank for such payments. Pursuant to these reimbursement arrangements, the World Bank may, in its sole discretion, demand payment from Colombia immediately or over a period of time, on terms to be determined by the World Bank.

Notwithstanding the terms of Colombia's reimbursement obligations to the World Bank, if the World Bank makes a payment under the guarantee, the guarantee will only be rolled forward to the next debt service payment that is not already guaranteed if Colombia reimburses the World Bank for all amounts paid, plus accrued interest, within 60 days after the World Bank's payment and the next unguaranteed debt service payment has not been accelerated. In the event Colombia does reimburse the World Bank for all amounts paid, plus accrued interest, within 60 days after the World Bank's payment and the next unguaranteed debt service payment has not been accelerated, the World Bank guarantee will roll forward at the time of reimbursement. If payment of the principal amount of some, but less than all, of the outstanding notes is accelerated, and Colombia makes a scheduled debt service payment then guaranteed by the World Bank or the World Bank makes such payment and is reimbursed by Colombia on a timely basis as set forth above, the guarantee will roll forward only as to those notes that have not been accelerated.

If Colombia fails to reimburse the World Bank within 60 days after the date of payment by the World Bank under the guarantee, the World Bank guarantee will terminate with respect to one debt service payment. Thereafter, only a single semi-annual scheduled debt service payment will be covered, subject to the same provisions regarding termination and conditions to rolling forward as described above.

If the World Bank makes any payment under the World Bank guarantee and is not fully reimbursed by Colombia in accordance with the terms of its reimbursement arrangements, the World Bank will be immediately subrogated to the rights and claims recoverable or receivable by the holders of the notes who have received such payment.

The World Bank guarantee provides that any payment made by the World Bank to the fiscal agent constitutes, to the extent of such payment, an irrevocable and unconditional discharge of the World Bank's obligations under the World Bank guarantee in respect of such payment.

Colombia will pay the World Bank a fee for providing the World Bank guarantee.

The World Bank guarantee is not required to be, and has not been, registered under the Securities Act.

The World Bank guarantee must be registered with Banco de la República, the Colombian Central Bank, before any semi-annual payment under the notes becomes due and payable. Colombia has agreed to make this registration.

### **Repackaging Arrangements**

The underwriters and the World Bank have entered into a warranty agreement dated as of May 3, 2001 pursuant to which the parties have made certain representations, warranties and agreements, and the underwriters have undertaken to the World Bank that, provided that the World Bank guarantee remains in effect, they will not enter into or permit any of their affiliates to enter into any arrangement pursuant to which any security or other similar obligation is created or issued, the economic effect of which is the separation of the rights of payment from the World Bank under the World Bank guarantee from the rights of payments from Colombia under the notes.

The underwriters will severally undertake to:

- inform prospective purchasers of this undertaking by delivery of this prospectus supplement; and
- not sell any notes to any purchaser with respect to which the applicable underwriter has actual knowledge that the purchaser intends to enter into a repackaging arrangement, provided that the underwriters are not obliged to make any inquiries of any prospective purchaser or any other person to ascertain such purchaser's intention with respect to the notes.

### **Status of the Notes**

The notes will constitute general, direct, unconditional, unsecured and unsubordinated external indebtedness (as defined in the prospectus) of Colombia backed by the full faith and credit of Colombia. The notes will rank equal in right of payment with all other present and future unsecured and unsubordinated external indebtedness of Colombia.

### **Status of Colombia's Reimbursement Obligations**

Any obligation of Colombia to reimburse the World Bank for payments made under the World Bank guarantee will constitute general, direct, unconditional, unsecured and unsubordinated external indebtedness of Colombia. Colombia's reimbursement obligations will rank equal in right of payment with all other present and future unsecured and unsubordinated external indebtedness of Colombia, including the notes and the external indebtedness of Colombia to the World Bank.

### **Status of the World Bank Guarantee**

The obligations of the World Bank under the World Bank guarantee constitute direct and unsecured obligations of the World Bank ranking equal in right of payment with all other unsecured and unsubordinated obligations of the World Bank. The obligations of the World Bank under the World Bank guarantee are not the obligations of any government.



## Negative Pledge

The World Bank has agreed in the fiscal agency agreement (as supplemented) that, so long as the World Bank guarantee continues to be in effect, the World Bank will not cause or permit to be created on any of its property or assets any lien as security for any bonds, notes or other evidences of indebtedness at any time issued, assumed or guaranteed by the World Bank for money borrowed, other than World Bank permitted liens, unless the World Bank guarantee in respect of the notes is secured equally and ratably. "World Bank permitted liens" means:

- purchase money liens on property purchased by the World Bank as security for all or any part of the purchase price of that property;
- any lien arising in the ordinary course of business and securing a debt maturing not more than one year after the date on which the lien is created; and
- any liens securing any extension or renewal of any of the above.

Colombia's restriction on liens is described on pages 4 and 5 of the prospectus.

## Offer to Purchase

Pursuant to its Articles of Agreement, the World Bank will have the right upon default by Colombia on any debt service payment obligations to offer to purchase the notes at par plus accrued and unpaid interest. Any such offer may be accepted or declined at the option of the holders of notes.

## Default and Acceleration of Maturity

Each of the following will be an event of default with respect to the notes:

1. *Non Payment.* Any principal of or interest on the notes is not paid within 30 days of when the payment was due; or
2. *Breach of Other Obligations.* Colombia fails to perform any other material obligation contained in the notes or the fiscal agency agreement (as supplemented) with respect to the notes, and that failure continues for 45 days after any holder of the notes gives written notice to Colombia to remedy the failure and gives a copy of that notice to the fiscal agent; or
3. *Cross Default on Direct Obligations.* Colombia fails to pay when due any public external indebtedness (other than public external indebtedness constituting guarantees by Colombia) with an aggregate principal amount greater than \$20,000,000 or the equivalent, and that failure continues beyond any applicable grace period; or
4. *Cross Default on Guarantees.* Colombia fails to pay when due any public external indebtedness constituting guarantees by Colombia with an aggregate principal amount greater than \$20,000,000 or the equivalent, and that failure continues until the earlier of (a) the expiration of the applicable grace period or 30 days, whichever is longer, or (b) the acceleration of the public external indebtedness by any holder; or
5. *Denial of Obligations.* Colombia denies its obligations under the notes; or
6. *Moratorium.* Colombia declares a general suspension of payments or a moratorium on the payment of debt which does not expressly exclude the notes; or
7. *IMF Membership.* Colombia ceases to be a member of the IMF or ceases to be eligible to use the general resources of the IMF.

If any of the events of default described above occurs and is continuing, the holders of at least 25% of the aggregate principal amount of the outstanding notes may declare the principal amount of and accrued interest on all the notes to be due and payable immediately; *provided* that scheduled debt service payments that are at that time guaranteed by the World Bank will not be subject to the preceding events of default and may not be accelerated; and *provided further* that any payment made by the World Bank under the World Bank guarantee will be deemed to have been made by Colombia for the purposes of the provisions of the notes relating to events of default. In the case of an event of default described in paragraphs 1 or 6 above, each holder of notes may declare the principal amount of and accrued interest on the notes it holds (other than payments that are at that time guaranteed by the World Bank) to be due and payable immediately; *provided* that any payment made by the World Bank under the World Bank guarantee will be deemed to have been made by Colombia for purposes of the provisions of the notes relating to events of default. The declarations referred to above shall be made by giving written notice to Colombia and the fiscal agent.

Upon any declaration of acceleration, the principal, interest and all other amounts payable on the notes, except payments that are at that time guaranteed by the World Bank, will become immediately due and payable on the date Colombia receives written notice of the declaration, unless Colombia has remedied the event or events of default prior to receiving the notice. The holders of more than 50% of the aggregate principal amount of the notes may rescind a declaration of acceleration if Colombia remedies the event or events of default giving rise to the declaration after the declaration is made. In order to rescind a declaration of acceleration in these circumstances, holders must follow the amendment procedures described on page 6 of the prospectus.

### **Amendments and Waivers**

Any amendment or waiver of the provisions of the World Bank guarantee, the terms and conditions of the notes or the fiscal agency agreement (as supplemented) insofar as it relates to the World Bank guarantee or the notes requires the prior written consent of the World Bank. If any such amendment or waiver is made without the World Bank's prior written consent, the World Bank guarantee will immediately terminate.

Certain amendments of the terms of the notes also require the consent of the holders of the notes, as discussed on pages 6 and 7 of the prospectus.

### **Notices**

The fiscal agent will make or cause to be made certain announcements, including announcements that:

- the World Bank has paid on its guarantee;
- Colombia has reimbursed the World Bank, within the applicable period, for any payments made by the World Bank under its guarantee, and the World Bank guarantee has rolled forward; or
- the World Bank guarantee has terminated for any reason.

The fiscal agency agreement (as supplemented) provides that the fiscal agent will issue a news release to news agencies, including Bloomberg Business News and Reuters Financial Report, or any successors to such agencies, and will notify the rating agencies and the World Bank of these events. The fiscal agent will also notify the Luxembourg Stock Exchange and will publish notices in Luxembourg in a newspaper of general circulation, currently expected to be the *Luxemburger Wort*, so long as the notes continue to be listed on the Luxembourg Stock Exchange. If the fiscal agent is not able to publish a notice in the *Luxemburger Wort*, the fiscal agent will publish the notice in another newspaper with general circulation in Luxembourg. Any notice the fiscal agent publishes will be deemed to have been given on the date it first publishes the notice in any newspaper. Failure to give notice in any or all of the manners provided in this section shall not prevent or otherwise interfere or have any legal effect upon the rolling forward of the World Bank guarantee.

Colombia will mail any other notices to the holders of the notes at the addresses appearing in the security register maintained by the fiscal agent. Colombia will consider a notice to be given at the time it is mailed. So long as the notes are listed on the Luxembourg Stock Exchange and the rules of the exchange require, Colombia will also publish notices to the holders in a leading newspaper having general circulation in Luxembourg, as discussed above.

### **Registration and Book-Entry System**

Colombia will issue the notes in the form of one or more fully registered global securities, registered in the name of a nominee of DTC. Financial institutions, acting as direct and indirect participants in DTC, will hold beneficial interests in a global security. These financial institutions will record the ownership and transfer of your beneficial interests through book-entry accounts, eliminating the need for physical movement of notes.

If you wish to purchase notes under the DTC system, you must either be a direct participant in DTC or make your purchase through a direct participant in DTC. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organizations which have accounts with DTC. Euroclear and Clearstream, Luxembourg participate in DTC through their New York depositories. Indirect participants are securities brokers and dealers, banks and trust companies that do not have an account with DTC, but that clear through or maintain a custodial relationship with a direct participant. Thus, indirect participants have access to the DTC system through direct participants. The SEC has on file a set of the rules applicable to DTC and its participants.

You may hold your beneficial interest in a global security through Euroclear or Clearstream, Luxembourg, or indirectly through organizations that are participants in these systems. Euroclear and Clearstream, Luxembourg will hold their participants' beneficial interests in a global security in their customers' securities accounts with their depositories. These depositories of Euroclear and Clearstream, Luxembourg in turn will hold such interests in their customers' securities accounts with DTC. Euroclear's or Clearstream, Luxembourg's ability to take actions as a holder under the notes or the fiscal agency agreement (as supplemented) will be limited by the ability of their respective depositories to carry out actions for them through DTC.

In sum, you may elect to hold your beneficial interests in the global security:

- in the United States, through DTC;
- in Europe, through Euroclear or Clearstream, Luxembourg, which in turn will hold their interests through DTC; or
- through organizations that participate in any of these systems.

### **Certificated Notes**

Colombia will issue notes in certificated form in exchange for a global security only if:

- DTC is unwilling or unable to continue to act as depository or is ineligible to act as depository, and Colombia does not appoint a successor depository within 90 days after DTC notifies Colombia or Colombia becomes aware of this situation; or
- Colombia determines (consistent with the rules of the Luxembourg Stock Exchange) not to have any of the notes represented by a global security.

Certificated notes, and the procedures for transfer, exchange and replacement of certificated notes, are described in the prospectus.

## **TAXATION**

*The following supplements the discussion under "Taxation" on pages 11 to 12 of the prospectus.*

### **Colombian Taxation**

Under current Colombian law, payments of principal of and interest on the notes are not subject to Colombian income or withholding tax, provided that the holder of the notes is not a Colombian resident and is not domiciled in Colombia. In addition, gains realized on the sale or other disposition of the notes will not be subject to Colombian income or withholding tax, provided that the holder of the notes is not a Colombian resident and is not domiciled in Colombia. There are no Colombian transfer, inheritance, gift or succession taxes applicable to the notes.

### **Taxation of Payments by the World Bank**

Under the Articles of Agreement of the World Bank, no taxation of any kind may be levied on any obligation or security guaranteed by the World Bank (1) which discriminates against that obligation or security solely because it has the benefit of a World Bank guarantee; or (2) if the sole jurisdictional basis for such tax is the location of any office or place of business maintained by the World Bank. Pursuant to its Articles of Agreement, the World Bank is immune from liability for the collection or payment of any tax or duty imposed by any member country on payments by the World Bank in respect of its obligations under the World Bank guarantee. Accordingly, the World Bank is currently entitled to make any payment under the guarantee to the fiscal agent or any other paying agent without deduction in respect of any such tax or duty.

## UNDERWRITING

Colombia and Goldman, Sachs & Co. and J.P. Morgan Securities Inc., acting as underwriters, have entered into an underwriting agreement dated as of May 3, 2001 with respect to the notes. Subject to certain conditions, Colombia has agreed to sell to each of the underwriters named below, and each of the underwriters has severally agreed to purchase, the principal amount of notes set forth opposite its name.

<u>Underwriter</u>	<u>Principal Amount of Notes</u>
Goldman, Sachs & Co. ....	\$125,000,000
J.P. Morgan Securities Inc. ....	125,000,000
Total.....	<u>\$250,000,000</u>

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The underwriters are obligated to purchase all of the notes if they purchase any of the notes.

Delivery of the notes will be made against payment on or about the fifth business day following the date of this prospectus supplement. Trades of securities in the secondary market generally are required to settle in three business days, referred to as T+3, unless the parties to a trade agree otherwise. Accordingly, by virtue of the fact that the initial delivery of the notes will not be made on a T+3 basis, purchasers who wish to trade the notes before final settlement will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement.

The underwriters plan to offer part of the notes directly to the public at the price set forth on the cover page of this prospectus supplement. They also may sell part of the notes to dealers at a concession (*i.e.*, a discount) not in excess of 0.25% of the principal amount of the notes. After the initial offering of the notes, the underwriters may vary the offering price and other selling terms.

In connection with the offering of the notes, the underwriters may engage in transactions that stabilize, maintain or affect the price of the notes. In particular, the underwriters may over-allot in connection with the offering (*i.e.*, apportion to dealers more of the notes than the underwriters have), creating a short position in the notes for their own accounts; bid for and purchase notes in the open market to cover over-allotments or to stabilize the price of the notes; or if the underwriters repurchase previously distributed notes, reclaim selling concessions which they gave to dealers when they sold the notes.

Any of these activities may stabilize or maintain the market price of the notes above independent market levels. The underwriters are not required to engage in these activities, but, if they do, they may discontinue them at any time.

Although Colombia has applied to list the notes on the Luxembourg Stock Exchange, the notes are a new issue with no established trading market. The underwriters have advised Colombia that they intend to make a market in these notes. However, they are not obligated to do so and may discontinue their market-making activities at any time and without giving notice to Colombia. Neither Colombia nor the underwriters can give any assurances that a trading market for the notes will develop, or as to the liquidity of the trading market if it does develop.

The notes are being offered for sale in jurisdictions in the United States, Europe and Asia where it is legal to make such offers. The underwriters have agreed that they will not offer or sell the notes, or distribute or publish any document or information relating to the notes, in any place without complying with the applicable laws and regulations of that place. If you receive this prospectus supplement and the prospectus, then you must comply with the applicable laws and regulations of the place where you (a) purchase, offer, sell or deliver the notes or (b) possess, distribute or publish any offering material relating to the notes. Your compliance with these laws and regulations will be at your own expense.

Each underwriter has specifically agreed to act as follows in each of the following places:

*United Kingdom.* Each underwriter has severally represented and agreed that it has complied and will comply with all applicable provisions of the Financial Services Act 1986 of Great Britain with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

*Japan.* Each underwriter has severally represented and agreed that it will not, without complying with the applicable Japanese laws and regulations, offer or sell any of the notes (a) in Japan, (b) to any Japanese person (*i.e.*, a Japanese resident, corporation or other entity organized under the laws of Japan) or (c) to anyone who plans to reoffer or resell the notes in Japan or to any Japanese person.

*Hong Kong.* Each underwriter has severally represented and agreed that it will not distribute this prospectus supplement or the prospectus in Hong Kong, except to persons whose business involves the buying, selling or holding of securities, unless the underwriter is a person permitted to do so under the securities laws of Hong Kong.

*The Netherlands.* Each underwriter has severally represented and agreed that the notes will not be offered, transferred or delivered in or from The Netherlands, as part of its initial distribution or as part of any re-offering, and neither this prospectus supplement nor any other document in respect of the offering may be distributed or circulated in The Netherlands, other than to individuals or legal entities which include, but are not limited to, banks, brokers, dealers, institutional investors and undertakings with a treasury department, who or which trade or invest in securities in the conduct of a business or profession.

*Singapore.* Each underwriter has severally represented and agreed that any preliminary prospectus, prospectus or any amendment or supplement thereto relating to the notes has not been registered as a prospectus with the Registrar of Companies in Singapore, and the notes will be offered in Singapore pursuant to an exemption invoked under Section 106C and Section 106D of the Companies Act, Chapter 50 of Singapore (the "Singapore Companies Act"). Accordingly, the notes may not be offered or sold, nor may any preliminary prospectus, prospectus, any amendment or supplement thereto or any other offering document or material relating to the notes be circulated or distributed, directly or indirectly, to the public or any member of the public in Singapore other than (1) to an institutional investor or other person specified in Section 106C of the Singapore Companies Act, (2) to a sophisticated investor, and in accordance with the conditions specified in Section 106D of the Singapore Companies Act or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Singapore Companies Act.

The terms relating to non-U.S. offerings that appear under "Plan of Distribution" in the accompanying prospectus do not apply to the offer and sale of the notes under this prospectus supplement.

Colombia estimates that its share of the total expenses of the offering, including the fee Colombia pays to the World Bank for the World Bank guarantee but excluding underwriting discounts and commissions, will be approximately \$1,689,900.

Colombia has agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of any of these liabilities. In addition, the World Bank has agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of any of these liabilities.

The underwriters and their affiliates may engage in transactions with and perform services for Colombia and the World Bank. These transactions and services are carried out in the ordinary course of business.

## GENERAL INFORMATION

### Authorization

The creation and issue of the notes have been authorized pursuant to: Law 533 of November 11, 1999, the surviving portions of Law 185 of January 27, 1995, Law 80 of October 28, 1993, Decree 2681 of December 29, 1993, the Acts of the meetings held on September 21, 2000 and April 19, 2001 by the Interparliamentary Commission of Public Credit, External Resolutions No. 16 of October 13, 2000 and No. 1 of April 20, 2001 of the Board of Directors of the Central Bank of Colombia, Resolution No. 0576 of March 30, 2001 and Resolution No. 0839 of May 3, 2001 of the Ministry of Finance, Public Credit and CONPES 3092 MINHACIENDA, DNP: UIP, dated September 20, 2000, and CONPES 3109 MINHACIENDA, DNP: DIFP, dated April 23, 2001.

Colombia will provide for inspection copies of our registration statement, the fiscal agency agreement (as supplemented), the underwriting agreement and the warranty agreement at the offices of the Luxembourg paying agent and transfer agent during normal business hours on any weekday for so long as the notes are listed on the Luxembourg Stock Exchange. In addition, for so long as the notes are outstanding or listed on the Luxembourg Stock Exchange, Colombia will make available copies of Colombia's annual reports for each year in English (as and when available) at the offices of the Luxembourg paying agent and transfer agent during normal business hours on any weekday. Colombia will also make available, free of charge, copies of the documents incorporated by reference in this prospectus supplement or the accompanying prospectus at the offices of the Luxembourg paying agent and transfer agent.

Colombia has obtained, or will obtain before the issue date, all other consents and authorizations that are necessary under Colombian law for (1) the issuance of the notes and (2) Colombia's performance of its obligations under the notes and the fiscal agency agreement (as supplemented).

### Litigation

Colombia is not involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the notes. Colombia is not aware of any such litigation or arbitration proceedings that are pending or threatened.

### Clearing

Colombia has applied to have the notes accepted into DTC's book-entry settlement system. Euroclear and Clearstream, Luxembourg have accepted the notes for clearance through their clearance systems. The securities codes are:

<u>CUSIP</u>	<u>ISIN</u>	<u>Common Code</u>
195325AW5	US195325AW57	012777922

### Validity of the Notes

The validity of the notes will be passed upon for Colombia by the Acting Head of the Legal Office of the General Directorate of Public Credit of the Ministry of Finance and Public Credit of the Republic of Colombia, and by Cleary, Gottlieb, Steen & Hamilton, One Liberty Plaza, New York, New York 10006, United States counsel to Colombia.

Sullivan & Cromwell, 125 Broad Street, New York, New York 10004, United States counsel to the underwriters, will pass upon certain United States legal matters for the underwriters, and Gómez Pinzón, Linares, Samper, Suarez, Villamil & Asociados, Carrera 9, No. 73-24, Pisos 1, 2, 3 and 4, Bogotá D.C., Colombia, Colombian counsel to the underwriters, will pass upon certain Colombian legal matters for the underwriters.

The validity of the World Bank guarantee will be passed upon for the World Bank by the Vice President and General Counsel of the World Bank, 1818 H Street, N.W., Washington, D.C. 20433. No other counsel will pass upon any matters relating to the World Bank.

As to all matters of Colombian law, Cleary, Gottlieb, Steen & Hamilton may assume the correctness of the opinion of the Acting Head of the Legal Office of the General Directorate of Public Credit, and Sullivan & Cromwell may assume the correctness of that opinion and the opinion of Gómez Pinzón, Linares, Samper, Suarez, Villamil & Asociados.

As to all matters of United States law, the Acting Head of the Legal Office of the General Directorate of Public Credit may assume the correctness of the opinion of Cleary, Gottlieb, Steen & Hamilton, and Gómez Pinzón, Linares, Samper, Suarez, Villamil & Asociados may assume the correctness of the opinion of Sullivan & Cromwell. All statements with respect to matters of Colombian law in this prospectus supplement and the prospectus have been passed upon by the Acting Head of the Legal Office of the General Directorate of Public Credit and Gómez Pinzón, Linares, Samper, Suarez, Villamil & Asociados and are made upon their authority.



# Republic of Colombia

## Debt Securities Warrants

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Colombia may from time to time offer debt securities or warrants in amounts, at prices and on terms to be determined at the time of sale and to be set forth in supplements to this prospectus. Colombia may sell securities having an aggregate initial offering price of up to \$2,607,693,200 in the United States.

The securities will be general, direct, unconditional, unsecured and unsubordinated external indebtedness of Colombia. The securities will rank equally in right of payment with all other unsecured and unsubordinated external indebtedness of Colombia and will be backed by the full faith and credit of Colombia.

Colombia may sell the securities directly, through agents designated from time to time or through underwriters.

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**Neither the Securities and Exchange Commission nor any state securities commission or any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

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**This prospectus may not be used to make offers or sales of securities unless accompanied by a supplement. You should read this prospectus and the supplements carefully. You should not assume that the information in this prospectus or any prospectus supplement or any document incorporated by reference is accurate as of any date other than the date on the front of those documents.**

The date of this prospectus is March 20, 2001.

## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Colombia filed with the SEC under a "shelf" registration process. Under this shelf process, Colombia may sell, from time to time, any of the debt securities or warrants described in this prospectus in one or more offerings up to a total U.S. dollar equivalent amount of \$2,607,693,200. This prospectus provides you with a general description of the debt securities and warrants Colombia may offer under this shelf process. Each time Colombia sells securities under this shelf process, it will provide a prospectus supplement that will contain updated information about Colombia, if necessary, and specific information about the terms of that offering.

Any information contained in this prospectus may be updated or changed in a prospectus supplement, in which case the more recent information will apply. You should rely only on the information contained or incorporated by reference in this prospectus and any prospectus supplement.

## FORWARD-LOOKING STATEMENTS

The following documents relating to Colombia's debt securities or warrants may contain forward-looking statements:

- this prospectus;
- any prospectus supplement; and
- the documents incorporated by reference in this prospectus and any prospectus supplement.

Statements that are not historical facts, including statements about Colombia's beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue

reliance on them. Forward-looking statements speak only as of the date they are made, and Colombia undertakes no obligation to update publicly any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. Colombia cautions you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to:

- Adverse external factors, such as high international interest rates, low oil prices and recession or low growth in Colombia's trading partners. High international interest rates could increase Colombia's current account deficit and budgetary expenditures. Low oil prices could decrease the Government's revenues and could also negatively affect the current account deficit. Recession or low growth in Colombia's trading partners could lead to fewer exports from Colombia and, therefore, lower growth in Colombia.
- Adverse domestic factors, such as declines in foreign direct and portfolio investment, domestic inflation, high domestic interest rates, exchange rate volatility, political uncertainty and continuing insurgency in certain regions. Each of these could lead to lower growth in Colombia and lower international reserves.

## USE OF PROCEEDS

Unless otherwise specified in the applicable prospectus supplement, Colombia will use the net proceeds from the sale of the securities for general budgetary purposes.

## DESCRIPTION OF THE SECURITIES

*This prospectus provides you with a general description of the securities that Colombia may offer. Each time Colombia sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. If the information in this prospectus differs from any prospectus supplement, you should rely on the information in the prospectus supplement.*

### Debt Securities

*Colombia will issue the debt securities under a fiscal agency agreement between Colombia and a bank or trust company, as fiscal agent. Whenever Colombia issues a series of debt securities, it will attach the fiscal agency agreement that the securities are issued under as an exhibit to the registration statement of which this prospectus forms a part. The name of the fiscal agent will be set forth in the applicable prospectus supplement.*

*The following description is a summary of the material provisions of the debt securities and the fiscal agency agreement. Given that it is only a summary, the description may not contain all of the information that is important to you as a potential investor in these debt securities. Therefore, you should read the fiscal agency agreement and the form of the debt securities in making your decision on whether to invest in the debt securities. Colombia has filed a copy of these documents with the SEC and will also file copies of these documents at the office of the fiscal agent.*

### General Terms

The prospectus supplement relating to any series of debt securities offered will include specific terms relating to the debt securities. These terms will include some or all of the following:

- the title;
- any limit on the aggregate principal amount;
- the issue price;
- the maturity date or dates;

- if the debt securities bear interest, the interest rate, which may be fixed or floating, the date from which interest will accrue, the interest payment dates and the record dates for these interest payment dates;
- any mandatory or optional sinking fund provisions;
- any provisions that allow Colombia to redeem the debt securities at its option;
- any provisions that entitle you to early repayment at your option;
- the currency or currencies that you may use to purchase the debt securities and that Colombia may use to pay principal, any premium and interest;
- the form of debt security—global or certificated and registered or bearer;
- the authorized denominations;
- any index Colombia will use to determine the amount of principal, any premium and interest payment; and
- any other terms of the debt securities that do not conflict with the provisions of the fiscal agency agreement.

Colombia may issue debt securities in exchange for other debt securities or which are convertible into new debt securities. The specific terms of the exchange or conversion of any debt security and the debt security to which it will be exchangeable or converted will be described in the prospectus supplement relating to the exchangeable or convertible debt security.

Colombia may issue debt securities at a discount below their stated principal amount, bearing no interest or interest at a rate which at the time of issuance is below market rates. Colombia will describe the United States federal income tax consequences and any other relevant considerations in the applicable prospectus supplement for any issuance of debt securities.

## **Nature of Obligation**

The debt securities will be general, direct, unconditional, unsecured and unsubordinated external indebtedness of Colombia. The debt securities will rank equally in right of payment among themselves and with all other unsecured and unsubordinated external indebtedness of Colombia. Colombia has pledged its full faith and credit for the payment when due of all amounts on the debt securities.

## **Form and Denomination**

Unless otherwise provided in the prospectus supplement for an offering, Colombia will issue debt securities:

- denominated in U.S. dollars;
- in fully registered book-entry form;
- without coupons; and
- in denominations of \$1,000 and integral multiples of \$1,000.

## **Payment of Principal and Interest**

Colombia will make payments on global debt securities by wire transfer to the applicable clearing system, or to its nominee or common depositary, as the registered owner or bearer of the debt securities, which will receive the funds for distribution to the holders. See “—Global Securities” below.

Colombia will make payments on registered certificated debt securities on the specified payment dates to the registered holders of the debt securities. Colombia will make payments of interest by check mailed to the registered holders of the debt securities at their registered addresses.

Any money that Colombia pays to the fiscal agent for payment on any debt security that remains unclaimed for two years will be returned to Colombia. Afterwards, the holder of such debt security may look only to Colombia for payment. Claims against Colombia for the payment of principal, interest or other amounts will become void unless made within five years after the date on which the payment first became due, or a shorter period if provided by law.

## **Additional Amounts**

Colombia will make all principal and interest payments on the debt securities without deducting or withholding any present or future Colombian taxes, unless the deduction or withholding is required by law. In the event that Colombia is required to make any deductions, it will pay the holders the additional amounts required to ensure that they receive the same amount as they would have received without this withholding or deduction.

Colombia will not, however, pay any additional amounts in connection with any tax, assessment or other governmental charge that is imposed due to any of the following:

- the holder or beneficial owner has some connection with Colombia other than merely holding the debt security or receiving principal and interest payments on the debt security;
- the holder or beneficial owner fails to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with Colombia of the holder or beneficial owner, if compliance is required by Colombia as a precondition to exemption from the deduction; or
- the holder does not present (where presentment is required) its debt security within 30 days after Colombia makes a payment of principal or interest available.

## **Redemption and Repurchase**

Unless otherwise provided in the prospectus supplement for an offering, the debt securities will not be redeemable prior to maturity at the option of Colombia or repayable before maturity at the option of the holders. Nevertheless, Colombia may at any time purchase the debt securities and hold or resell them or surrender them to the fiscal agent for cancellation.

## **Negative Pledge**

Colombia has agreed that as long as any of the debt securities remain outstanding, it will not create or permit to exist any lien (*i.e.*, a lien, pledge,

mortgage, security interest, deed of trust or charge) on its present or future revenues, properties or assets to secure its public external indebtedness, unless the debt securities are secured equally and ratably. As used in this prospectus, "public external indebtedness" means:

- all actual and contingent obligations of Colombia for borrowed money or for the repayment of which Colombia is responsible that are payable, or at the option of the holder may be payable, in any currency other than Colombian currency; and
- that are in the form of bonds, debentures, notes or other securities that are or were intended by Colombia to be quoted, listed or traded on any securities exchange, automated trading system, over-the-counter or other securities market, including securities eligible for resale pursuant to Rule 144A under the Securities Act of 1933.

However, up to \$14.768 billion of securities issued by Colombia in exchange for debt of Colombia and Colombian public sector entities will not be considered public external indebtedness.

Nevertheless, Colombia may create or permit to exist:

- liens on any asset or property, and related revenues, to secure indebtedness borrowed for the purpose of financing the acquisition, development or construction of that asset or property;
- any renewal or extension of the above liens that is limited to the same asset or property, and related revenues, and that secures a renewal or extension of the original secured financing;
- liens on any asset or property, and related revenues, existing at the time of the acquisition of that asset or property; and
- any renewal or extension of the above liens that is limited to the same asset or property, and related revenues, and that secures a renewal or extension of the original secured financing.

## Default and Acceleration of Maturity

Each of the following is an event of default under a series of debt securities:

1. *Non-Payment:* Colombia fails to pay any principal, premium, if any, or interest on any debt security of that series within 30 days of when the payment was due; or
2. *Breach of Other Obligations:* Colombia fails to perform any other material obligation contained in the debt securities of that series or the fiscal agency agreement and that failure continues for 45 days after any holder of the debt securities of that series gives written notice to Colombia to remedy the failure and gives a copy of that notice to the fiscal agent; or
3. *Cross Default on Direct Obligations:* Colombia fails to pay when due any public external indebtedness (other than public external indebtedness constituting guaranties by Colombia) with an aggregate principal amount greater than \$20,000,000 or the equivalent, and that failure continues beyond any applicable grace period; or
4. *Cross Default on Guaranties:* Colombia fails to pay when due any public external indebtedness constituting guaranties by Colombia with an aggregate principal amount greater than \$20,000,000 or the equivalent, and that failure continues until the earlier of (a) the expiration of the applicable grace period or 30 days, whichever is longer, or (b) the acceleration of the public external indebtedness by any holder; or
5. *Denial of Obligations:* Colombia denies its obligations under the debt securities of that series; or
6. *Moratorium:* Colombia declares a general suspension of payments or a moratorium on the payment of debt which does not expressly exclude the debt securities of that series; or

7. *IMF Membership*: Colombia ceases to be a member of the IMF or ceases to be eligible to use the general resources of the IMF.

If any of the events of default described in paragraphs 1, 2, 5 or 6 above occurs and is continuing, the holders of at least 25% of the aggregate principal amount of the outstanding debt securities of the affected series may declare all the debt securities of that series to be due and payable immediately. If any of the events of default described in paragraphs 3, 4 or 7 above occurs and is continuing, the holders of at least 25% of the aggregate principal amount of the outstanding debt securities of any series may declare all the debt securities of that series to be due and payable immediately. In the case of an event of default described in paragraphs 1 or 6 above, each holder of debt securities of any affected series may declare the principal amount of the debt securities it holds to be due and payable immediately. The declarations referred to above shall be made by giving written notice to Colombia and the fiscal agent.

Upon any declaration of acceleration, the principal, interest and all other amounts payable on the relevant debt securities will become immediately due and payable on the date Colombia receives written notice of the declaration, unless Colombia has remedied the event or events of default prior to receiving the notice. The holders of more than 50% of the aggregate principal amount of the relevant debt securities may rescind a declaration of acceleration if Colombia remedies the event or events of default giving rise to the declaration after the declaration is made. In order to rescind a declaration of acceleration in these circumstances, holders must follow the *amendment procedures* described below.

### **Meetings and Amendments**

Colombia may call a meeting of the holders of debt securities of any series at any time. Colombia will determine the time and place of the meeting.

Colombia will give the holders not less than 30 or more than 60 days' prior notice of each meeting. The notice of each will state:

- the time and the place of the meeting;
- in general terms, the action proposed to be taken at the meeting; and

- the record date for determining the holders entitled to vote at the meeting.

If an event of default relating to the debt securities of a series has occurred and is continuing, the holders of at least ten percent in aggregate principal amount of outstanding debt securities of that series may request that the fiscal agent call a meeting of the holders. This request must be in writing and set forth in reasonable detail the action proposed to be taken at the meeting.

To be entitled to vote at any meeting, a person must be:

- a holder of outstanding debt securities of the relevant series; or
- a person duly appointed in writing as a proxy for a holder.

The persons entitled to vote more than 50% of the aggregate principal amount of the outstanding debt securities of a series will constitute a quorum. The fiscal agent may make any reasonable and customary regulations governing the conduct of any meeting.

Colombia and the fiscal agent may modify, amend or supplement the terms of debt securities of any series and the fiscal agency agreement as it relates to those securities, or the holders may take any action provided by the fiscal agency agreement or the terms of their debt securities, with:

- the approval of the holders of not less than 66 2/3% in aggregate outstanding principal amount of the debt securities of that series that are represented at a meeting of holders; or
- the written consent of the holders of not less than 66 2/3% in aggregate outstanding principal amount of the debt securities of the relevant series.

However, each holder of a debt security of a particular series must consent to any amendment, modification or change that would:

- change the due date for the payment of principal, any premium or any interest on the debt securities;

- reduce the principal amount of the debt securities;
- reduce the portion of the principal amount of the debt securities that is payable upon acceleration of the maturity date;
- reduce the interest rate on the debt securities or any premium payable upon redemption of the debt securities;
- change the currency or place of payment of principal of or any premium or interest on the debt securities;
- shorten the period during which Colombia is not permitted to redeem the debt securities or permit Colombia to redeem the debt securities if, prior to this action, Colombia was not permitted to do so;
- reduce the percentage of principal amount of the holders of the debt securities whose vote or consent is needed to modify, amend or supplement the fiscal agency agreement or the terms and conditions of the debt securities or to take any other action; or
- change Colombia's obligation to pay additional amounts.

Colombia and the fiscal agent may, without the vote or consent of any holder of debt securities of a series, amend the fiscal agency agreement or the debt securities of that series for the purpose of:

- adding to Colombia's covenants for the benefit of the holders;
- surrendering any of Colombia's rights or powers;
- providing collateral for the debt securities;
- curing any ambiguity or correcting or supplementing any defective provision contained in the fiscal agency agreement or the debt securities; or

- changing the terms and conditions of the fiscal agency agreement or the debt securities in any manner which Colombia and the fiscal agent may determine and which will not materially adversely affect the interests of the holders of the debt securities.

## Notices

Notices to the holders of debt securities will be mailed to the addresses of such holders as they appear in the register maintained by the fiscal agent. If the debt securities are issued in bearer form, the relevant prospectus supplement will describe the manner in which notices will be given to the holders.

## Warrants

*If Colombia issues warrants, it will describe their specific terms in a prospectus supplement. If any warrants are registered with the SEC, Colombia will file a warrant agreement and form of warrant with the SEC. The following description briefly summarizes some of the general terms that apply to warrants. You should read the applicable prospectus supplement, warrant agreement and form of warrant before making your investment decision.*

Colombia may issue warrants separately or together with any debt securities. All warrants will be issued under a warrant agreement to be entered into between Colombia and a bank or trust company, as warrant agent. The prospectus supplement relating to the particular series of warrants will set forth:

- the initial offering price;
- the currency you must use to purchase the warrants;
- the title and terms of the debt securities or other consideration that you will receive on exercise of the warrants;
- the principal amount of debt securities or amount of other consideration that you will receive on exercise of the warrants;
- the exercise price or ratio;
- the procedures for, and conditions to, the exercise of the warrants;

- the date or dates on which the right to exercise the warrants shall commence and expire;
- whether and under what conditions Colombia may terminate or cancel the warrants;
- the title and terms of any debt securities issued with the warrants and the amount of debt securities issued with each warrant;
- the date, if any, on and after which the warrants and any debt securities issued with such warrants will trade separately;
- the form of the warrants (global or certificated and registered or bearer), whether they will be exchangeable between such forms and, if registered, where they may be transferred and exchanged;
- the identity of the warrant agent;
- any special U.S. federal income tax considerations; and
- any other terms of such warrants.

### **Global Securities**

*DTC, Euroclear and Clearstream Luxembourg are under no obligation to perform or continue to perform the procedures described below, and they may modify or discontinue them at any time. Neither Colombia nor the fiscal agent will be responsible for DTC's, Euroclear's or Clearstream Luxembourg's performance of their obligations under their rules and procedures. Additionally, neither Colombia nor the fiscal agent will be responsible for the performance by direct or indirect participants of their obligations under their rules and procedures.*

Colombia may issue the debt securities or warrants in the form of one or more global securities, the ownership and transfer of which are recorded in computerized book-entry accounts, eliminating the need for physical movement of securities.

When Colombia issues global securities, it will deposit the applicable security with a clearing system. The global security will be either registered

in the name of, or held in bearer form by, the clearing system or its nominee or common depository. Unless a global security is exchanged for physical securities, as discussed below under “— Certificated Securities,” it may not be transferred, except as a whole among the clearing system, its nominees or common depositories and their successors. Clearing systems include The Depository Trust Company, known as DTC, in the United States and Euroclear and Clearstream Banking, société anonyme, known as Clearstream Luxembourg in Europe.

Clearing systems process the clearance and settlement of global notes for their direct participants. A “direct participant” is a bank or financial institution that has an account with a clearing system. The clearing systems act only on behalf of their direct participants, who in turn act on behalf of indirect participants. An “indirect participant” is a bank or financial institution that gains access to a clearing system by clearing through or maintaining a relationship with a direct participant. Euroclear and Clearstream Luxembourg are connected to each other by a direct link and participate in DTC through their New York depositories, which act as links between the clearing systems. These arrangements permit you to hold global securities through participants in any of these systems, subject to applicable securities laws.

If you wish to purchase global securities, you must either be a direct participant or make your purchase through a direct or indirect participant. Investors who purchase global securities will hold them in an account at the bank or financial institution acting as their direct or indirect participant. Holding securities in this way is called holding in “street name.”

When you hold securities in street name, you must rely on the procedures of the institutions through which you hold your securities to exercise any of the rights granted to holders. This is because the legal obligations of Colombia and the fiscal agent run only to the registered owner or bearer of the global security, which will be the clearing system or its nominee or common depository. For example, once Colombia and the fiscal agent make a payment to the registered holder or bearer of a global security, they will no longer be liable for the payment, even if you do not receive it. In practice, the clearing systems will pass along any payments or notices they receive from Colombia to their participants, which will pass along the payments to you. In addition, if you desire to take any action which a holder of the global security is entitled to take, then the clearing



system would authorize the participant through which you hold your global securities to take such action, and the participant would then either authorize you to take the action or would act for you on your instructions. The transactions between you, the participants and the clearing systems will be governed by customer agreements, customary practices and applicable laws and regulations, and not by any legal obligation of Colombia or the fiscal agent.

As an owner of securities represented by a global security, you will also be subject to the following restrictions:

- you will not be entitled to (a) receive physical delivery of the securities in certificated form or (b) have any of the securities registered in your name, except under the circumstances described below under “—Certificated Securities”;
- you may not be able to transfer or sell your securities to some insurance companies and other institutions that are required by law to own their securities in certificated form;
- you may not be able to pledge your securities in circumstances where certificates must be physically delivered to the creditor or the beneficiary of the pledge in order for the pledge to be effective; and
- clearing systems require that global securities be purchased and sold within their systems using same-day funds, for example by wire transfer.

### **Cross-Market Transfer, Clearance and Settlement**

*The following description reflects Colombia's understanding of the current rules and procedures of DTC, Euroclear and Clearstream Luxembourg relating to cross-market trades in global securities. These systems could change their rules and procedures at any time, and Colombia takes no responsibility for their actions or the accuracy of this description.*

It is important for you to establish at the time of the trade where both the purchaser's and seller's accounts are located to ensure that settlement

can be made on the desired value date, *i.e.*, the date specified by the purchaser and seller on which the price of the securities is fixed.

When global securities are to be transferred from a Euroclear or Clearstream Luxembourg seller to a Euroclear or Clearstream Luxembourg purchaser, the purchaser must first send instructions to Euroclear or Clearstream Luxembourg through a participant at least one business day before the settlement date. Euroclear or Clearstream Luxembourg will then instruct its New York depository to receive the securities and make payment for them. On the settlement date, the New York depository will make payment to the DTC participant through which the seller holds its securities, which will make payment to the seller, and the securities will be credited to the New York depository's account. After settlement has been completed, Euroclear or Clearstream Luxembourg will credit the securities to the account of the participant through which the purchaser is acting. This securities credit will appear the next day European time after the settlement date, but will be back-valued to the value date, which will be the preceding day if settlement occurs in New York. If settlement is not completed on the intended value date, the securities credit and cash debit will instead be valued at the actual settlement date.

A participant in Euroclear or Clearstream Luxembourg, acting for the account of a purchaser of global securities, will need to make funds available to Euroclear or Clearstream Luxembourg in order to pay for the securities on the value date. The most direct way of doing this is for the participant to preposition funds, *i.e.*, have funds in place at Euroclear or Clearstream Luxembourg before the value date, either from cash on hand or existing lines of credit. The participant may require the purchaser to follow these same procedures.

When global securities are to be transferred from a Euroclear or Clearstream Luxembourg seller to a DTC purchaser, the seller must first send instructions to and preposition the securities with Euroclear or Clearstream Luxembourg through a participant at least one business day before the settlement date. Euroclear or Clearstream Luxembourg will then instruct its New York depository to credit the global securities to the account of the DTC participant through which the purchaser is acting and to receive payment in exchange. The payment will be credited to the account of the Euroclear or Clearstream Luxembourg participant through which the seller is acting on the following day, but the receipt of the cash proceeds

will be back-valued to the value date, which will be the preceding day if settlement occurs in New York. If settlement is not completed on the intended value date, the receipt of the cash proceeds and securities debit will instead be valued at the actual settlement date.

### **Certificated Securities**

Colombia will only issue securities in certificated form in exchange for global security if:

- in the case of a global security deposited with or on behalf of a depository, the depository is unwilling or unable to continue as depository or is ineligible to act as depository, and Colombia does not appoint a successor depository within 90 days after the depository notifies Colombia or Colombia becomes aware of this situation; or
- Colombia elects not to have the securities of a series represented by a global security or securities.

In either of these cases, unless otherwise provided in the prospectus supplement for an offering, Colombia and the fiscal agent will issue certificated securities:

- registered in the name of each holder;
- without interest coupons; and
- in the same authorized denominations as the global securities.

The certificated securities will initially be registered in the names and denominations requested by the depository. You may transfer or exchange registered certificated securities by presenting them at the corporate trust office of the fiscal agent. When you surrender a registered certificated security for transfer or exchange, the fiscal agent will authenticate and deliver to you or the transferee a security or securities of the appropriate form and denomination and of the same aggregate principal amount as the security you are surrendering. You will not be charged a fee for the registration of transfers or exchanges of certificated securities. However, you may be charged for any stamp, tax or other governmental charge associated with the transfer, exchange or registration. Colombia, the

fiscal agent and any other agent of Colombia may treat the person in whose name any certificated security is registered as the legal owner of such security for all purposes.

If any registered certificated security becomes mutilated, destroyed, stolen or lost, you can have it replaced by delivering the security or the evidence of its loss, theft or destruction to the fiscal agent. Colombia and the fiscal agent may require you to sign an indemnity under which you agree to pay Colombia, the fiscal agent and any other agent for any losses they may suffer relating to the security that was mutilated, destroyed, stolen or lost. Colombia and the fiscal agent may also require you to present other documents or proof.

After you deliver these documents, if neither Colombia nor the fiscal agent have notice that a bona fide purchaser has acquired the security you are exchanging, Colombia will execute, and the fiscal agent will authenticate and deliver to you, a substitute security with the same terms as the security you are exchanging. You will be required to pay all expenses and reasonable charges associated with the replacement of the mutilated, destroyed, stolen or lost security.

If a security presented for replacement has become payable, Colombia in its discretion may pay the amounts due on the security in lieu of issuing a new security.

### **Governing Law**

The fiscal agency agreement and the securities will be governed by and interpreted in accordance with the laws of the State of New York. However, the laws of Colombia will govern all matters relating to authorization and execution by Colombia.

### **Jurisdiction; Enforceability of Judgments**

Colombia is a foreign sovereign. It may, therefore, be difficult for investors to obtain or enforce judgments against Colombia.

Colombia will appoint the Consul General of Colombia in The City of New York and his successors from time to time as its process agent for any action brought by a holder based on the debt securities or warrants instituted in any state or federal court in the Borough of Manhattan, The City of New York.

Colombia will irrevocably submit to the exclusive jurisdiction of any state or federal court in the Borough of Manhattan. The City of New York and the courts of Colombia that sit in Bogotá D.C. in respect of any action brought by a holder based on the securities. Colombia will also irrevocably waive any objection to the venue of any of these courts in an action of that type. Holders of the securities may, however, be precluded from initiating actions based on the securities in courts other than those mentioned above.

Colombia will, to the fullest extent permitted by law, irrevocably waive and agree not to plead any immunity from the jurisdiction of any of the above courts in any action based upon the securities. This waiver covers Colombia's sovereign immunity and immunity from prejudgment attachment, post-judgment attachment and execution, but does not extend to the attachment of revenues, assets and property of Colombia located in Colombia, except as provided under Article 177 of the Código Contencioso Administrativo and Article 684 of the Código de Procedimiento Civil of Colombia.

Nevertheless, Colombia reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 in actions brought against it under United States securities laws or any state securities laws. Colombia's appointment of its process agent will not extend to these actions. Without Colombia's waiver of immunity, you will not be able to obtain a United States judgment against Colombia unless the court determines that Colombia is not entitled under the Immunities Act to sovereign immunity in such action. In addition, execution upon property of Colombia located in the United States to enforce a judgment obtained under the Immunities Act may not be possible except in the limited circumstances specified in the Immunities Act.

Even if you are able to obtain a judgment against Colombia in the United States, you might not be able to enforce it in Colombia. Your ability to enforce foreign judgments in Colombia is dependent, among other factors, on such judgments not violating the principles of Colombian public order. In the opinion of the Head or Acting Head of the Legal Office of the General Directorate of Public Credit of the Ministry of Finance and Public Credit of Colombia, such a judgment would not violate principles of Colombian public order.

### **Provision in National Budget**

Colombia recognizes that amounts due under the securities must be paid out of appropriations provided in the national budget. Colombia has, therefore, undertaken that it will annually take all necessary and appropriate actions to provide for the due inclusion of such amounts in the national budget and to ensure timely payment of all amounts due.

### **Contracts with Colombia**

In accordance with Colombian law, by purchasing the securities, you will be deemed to have waived any right to petition for diplomatic claims to be asserted by your government against Colombia with respect to your rights as a holder under the fiscal agency agreement and the securities, except in the case of denial of justice.

### **TAXATION**

*The following discussion summarizes certain United States federal income and Colombian federal tax considerations that may be relevant to you if you invest in the debt securities. This summary is based on laws, regulations, rulings and decisions now in effect in the United States and on laws and regulations in effect in Colombia and may change. Any change could apply retroactively and could affect the continued validity of this summary.*

*This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult your tax adviser about the tax consequences of holding debt securities, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws.*

### **Colombian Taxation**

Under current Colombian law, payments of principal and interest on the debt securities are not subject to Colombian income or withholding tax, provided that the holder of the debt securities is not a Colombian resident and is not domiciled in Colombia. In addition, gains realized on the sale or other disposition of the debt securities will not be subject to Colombian income or withholding tax, provided that the holder of the debt securities is not a Colombian resident and is not domiciled in Colombia. There are no Colombian transfer,

inheritance, gift or succession taxes applicable to the debt securities.

### **United States Federal Taxation**

In general, a United States person who holds debt securities or owns a beneficial interest in debt securities will be subject to United States federal taxation. You are a United States person for United States federal income tax purposes if you are:

- a citizen or resident of the United States or its territories, possessions or other areas subject to its jurisdiction,
- a corporation, partnership or other entity organized under the laws of the United States or any political subdivision,
- an estate, the income of which is subject to United States federal income taxation regardless of its source, or
- a trust if (1) a United States court is able to exercise primary supervision over the trust's administration and (2) one or more United States persons have the authority to control all of the trust's substantial decisions.

If you are a United States person, the interest you receive on the debt securities will generally be subject to United States taxation and will be considered ordinary interest income.

Under current United States federal income tax law, if you are not a United States person, the interest payments that you receive on debt securities generally will be exempt from United States federal income taxes, including withholding tax. However, to receive this exemption you may be required to satisfy certain certification requirements (described below) of the United States Internal Revenue Service to establish that you are not a United States person.

Even if you are not a United States person, you may still be subject to United States federal income taxes on any interest payments you receive if:

- you are an insurance company carrying on a United States insurance business, within the meaning of the United States Internal Revenue Code of 1986, or

- you have an office or other fixed place of business in the United States that receives the interest and you earn the interest in the course of operating (1) a banking, financing or similar business in the United States or (2) a corporation the principal business of which is trading in stock or securities for its own account, and certain other conditions exist.

If you are not a United States person, any gain you realize on a sale or exchange of debt securities generally will be exempt from United States federal income tax, including withholding tax, unless:

- your gain is effectively connected with your conduct of a trade or business in the United States or
- you are an individual holder and are present in the United States for 183 days or more in the taxable year of the sale, and either (1) your gain is attributable to an office or other fixed place of business that you maintain in the United States or (2) you have a tax home in the United States.

The fiscal agent must file information returns with the United States Internal Revenue Service in connection with payments on debt securities made to certain United States persons. If you are a United States person, you generally will not be subject to a 31% United States backup withholding tax on these payments if you provide your taxpayer identification number to the fiscal agent. You may also be subject to information reporting and backup withholding tax requirements with respect to the proceeds from a sale of debt securities. If you are not a United States person, in order to avoid information reporting and backup withholding tax requirements you may have to comply with certification procedures to establish that you are not a United States person.

A debt security held by an individual holder who at the time of death is a non-resident alien will not be subject to United States federal estate tax.

## PLAN OF DISTRIBUTION

Colombia may sell the debt securities and warrants in any of the following ways:

- through underwriters or dealers;
- directly to one or more purchasers; or
- through agents.

Each prospectus supplement will set forth:

- the name or names of any underwriters or agents;
- the purchase price of the securities;
- the net proceeds to Colombia from the sale;
- any underwriting discounts, agent commissions or other items constituting underwriters' or agents' compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallowed or paid to dealers; and
- any securities exchanges on which the securities may be listed.

If underwriters are used in the sale of any securities, the underwriters will purchase the securities for their own accounts and may resell them from time to time in one or more transactions, including:

- negotiated transactions;
- at a fixed public offering price; or
- at varying prices to be determined at the time of sale.

Colombia may offer the securities to the public either through underwriting syndicates represented by managing underwriters or directly by underwriters. Unless otherwise set forth in the applicable prospectus supplement, the obligations of the underwriters to purchase the securities will be subject to certain conditions precedent. The underwriters will be obligated to purchase all of the

securities if any are purchased. The underwriters may change any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers.

Underwriters may sell securities to or through dealers, and these dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of the securities may be deemed to be underwriters, and any discount or commission received by them from Colombia and any profit realized on the resale of securities by them may be deemed to be underwriting discounts and commissions under the Securities Act. The related prospectus supplements will identify any of these underwriters or agents and will describe any compensation received from Colombia.

Colombia may also sell the securities directly to the public or through agents designated by Colombia from time to time. The applicable prospectus supplement will name any agent involved in the offer or sale of securities and will disclose any commissions Colombia may pay to these agents. Unless otherwise specified in the applicable prospectus supplement, an agent used in the sale of securities will sell the securities on a best efforts basis for the period of its appointment.

Colombia may authorize agents, underwriters or dealers to solicit offers by certain specified entities to purchase the securities from Colombia under delayed delivery contracts. Purchasers of securities under delayed delivery contracts will pay the public offering price and will take delivery of these securities on a date or dates stated in the applicable prospectus supplement. Delayed delivery contracts will be subject only to those conditions set forth in the applicable prospectus supplement. The applicable prospectus supplement will set forth the commission payable for solicitation of these delayed delivery contracts.

Colombia may offer the securities of any series to present holders of other Colombian securities as consideration for the purchase or exchange by Colombia of these other outstanding securities. This offer may be in connection with a publicly announced tender, exchange or other offer for these securities or in privately negotiated transactions. This type of offering may be in addition to or in lieu of sales of securities directly or through

underwriters or agents as set forth in the applicable prospectus supplement.

Colombia may agree to indemnify agents and underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments which the agents or underwriters may be required to make in respect of any of these liabilities. Agents and underwriters may engage in transactions with or perform services for Colombia in the ordinary course of business.

Unless otherwise specified in the applicable prospectus supplement, Colombia will not register under the Securities Act the securities that it will offer and sell outside the United States. Thus, subject to certain exceptions, Colombia cannot offer, sell or deliver those securities within the United States or to U.S. persons. When Colombia offers or sells securities outside the United States, each underwriter or dealer involved in the sale of the securities will acknowledge that the securities:

- have not been and will not be registered under the Securities Act; and
- may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each of these underwriters or dealers will agree:

- that it has not offered or sold, and will not offer or sell, any of these securities within the United States except in accordance with Rule 903 of Regulation S under the Securities Act; and
- that neither such underwriter or dealer nor its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to these securities.

#### **OFFICIAL STATEMENTS**

Information included in this prospectus which is identified as being derived from a publication of, or supplied by, Colombia or one of its agencies or instrumentalities is included on the authority of that publication as a public official document of Colombia. All other information in this prospectus and the registration statement (of which

this prospectus is a part) is included as a public official statement made on the authority of Juan Manuel Santos, Minister of Finance and Public Credit of Colombia.

#### **VALIDITY OF THE SECURITIES**

The validity of the securities of each series will be passed upon for Colombia by the Head or Acting Head of the Legal Office of the General Directorate of Public Credit, and by Cleary, Gottlieb, Steen & Hamilton, One Liberty Plaza, New York, New York 10006, United States counsel to Colombia. The validity of the securities of each series will be passed upon on behalf of any agents or underwriters by counsel named in the applicable prospectus supplement.

As to all matters of Colombian law, Cleary, Gottlieb, Steen & Hamilton will assume the correctness of the opinion of the Head or Acting Head of the Legal Office of the General Directorate of Public Credit. As to all matters of United States law, the Head or Acting Head of the Legal Office of the General Directorate of Public Credit will assume the correctness of the opinion of Cleary, Gottlieb, Steen & Hamilton.

#### **AUTHORIZED REPRESENTATIVE**

The authorized representative of Colombia in the United States of America is Mauricio Suarez Copete, Consul General of the Republic of Colombia in The City of New York, whose address is 10 East 46th Street, New York, New York 10017, or such person as is designated in the applicable prospectus supplement.

#### **WHERE YOU CAN FIND MORE INFORMATION**

Colombia has filed a registration statement with the SEC relating to the debt securities and warrants. This prospectus does not contain all of the information described in the registration statement. For further information, you should refer to the registration statement.

Colombia is not subject to the informational requirements of the U.S. Securities Exchange Act of 1934. Colombia commenced filing annual reports of Form 18-K with the SEC on a voluntary basis beginning with its fiscal year ended December 31, 1996. These reports include certain financial, statistical and other information concerning

Colombia. Colombia may also file amendments on Form 18-K/A to its annual reports for the purpose of filing with the SEC exhibits which have not been included in the registration statement to which this prospectus and any prospectus supplements relate. When filed, these exhibits will be incorporated by reference into this registration statement.

You can request copies of these documents by writing to the SEC. You may also read and copy these documents at the SEC's public reference room in Washington, D.C. or at the SEC's regional offices:

Room 1024, Judiciary Plaza  
450 Fifth Street, N.W.  
Washington, D.C. 20549

Seven World Trade Center  
New York, NY 10048

500 West Madison Street, Suite 1400  
Chicago, IL 60661

Please call the SEC at 1-800-SEC-0330 for further information. Colombia's SEC filings are also available to the public at the SEC's web site at <http://www.sec.gov>.

The SEC allows Colombia to incorporate by reference some information that Colombia files with the SEC. Incorporated documents are considered part of this prospectus. Colombia can disclose important information to you by referring you to those documents. The following documents, which Colombia has filed or will file with the SEC, are considered part of and incorporated by reference in this prospectus and any accompanying prospectus supplement:

- Colombia's annual report on Form 18-K for the year ended December 31, 1999 filed with the SEC on September 22, 2000;
- Any amendment on Form 18-K/A to the 1999 annual report filed after the date of this prospectus and prior to the termination of the offering of the securities; and
- Each subsequent annual report on Form 18-K and any amendment on Form 18-K/A filed after the date of this prospectus and prior to the termination of the offering of the securities.

Later information that Colombia files with the SEC will update and supersede earlier information that it has filed.

Any person receiving a copy of this prospectus may obtain, without charge and upon request, a copy of any of the above documents (including only the exhibits that are specifically incorporated by reference in them). Requests for such documents should be directed to:

Dirección General de Crédito Público  
Ministerio de Hacienda y Crédito Público  
Carrera 7a, No. 6-45, Piso 8  
Bogotá, D.C.  
Colombia  
Telephone: 57-1-350-6565  
Facsimile: 57-1-350-6206

**REPUBLIC OF COLOMBIA**

Ministerio de Hacienda y Crédito Público  
Dirección General de Crédito Público  
Carrera 7a, No. 6-45, Piso 8  
Bogotá D.C., Colombia

**THE WORLD BANK**

Attention: Treasury Finance Dept.  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

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TABLE OF CONTENTS  
Prospectus Supplement

	<u>Page</u>
About this Prospectus Supplement .....	S-3
The World Bank .....	S-3
Summary of the Offering .....	S-6
Use of Proceeds .....	S-10
Recent Developments .....	S-10
Description of the Notes .....	S-21
General Terms of the Notes .....	S-21
Payment of Principal and Interest .....	S-22
Paying Agents and Transfer Agents .....	S-23
Further Issues .....	S-23
World Bank Guarantee .....	S-23
Repackaging Arrangements .....	S-25
Status of the Notes .....	S-25
Status of Colombia's Reimbursement Obligations .....	S-25
Status of the World Bank Guarantee .....	S-25
Negative Pledge .....	S-26
Offer to Purchase .....	S-26
Default and Acceleration of Maturity .....	S-26
Amendments and Waivers .....	S-27
Notices .....	S-27
Registration and Book-Entry System .....	S-28
Certificated Notes .....	S-28
Taxation .....	S-29
Underwriting .....	S-30
General Information .....	S-32
Prospectus	
About this Prospectus .....	2
Forward-Looking Statements .....	2
Use of Proceeds .....	2
Description of the Securities .....	3
Taxation .....	11
Plan of Distribution .....	13
Official Statements .....	14
Validity of the Securities .....	14
Authorized Representative .....	14
Where You Can Find More Information .....	14

**\$250,000,000**

**Republic of Colombia**

**9.75% Amortizing Notes due 2011**

Partially guaranteed by

**International Bank for  
Reconstruction and Development**



**Goldman, Sachs & Co.**

**JPMorgan**