

Colombia Country Platform: Portfolio for Climate Action and the Just Socio-Ecological and Energy Transition

Report for Ministry of Environment and Sustainable Development

26 May 2025

Mark Swilling

Colombia Country Platform: Portfolio for Climate Action and the Just Socio-Ecological and Energy Transition

1. Introduction

This document describes Colombia's Country Platform which is entitled *Portfolio for a Just Socio-Ecological and Energy Transition* (henceforth referred to as the Portfolio for Socio-Ecological Transition, or 'Portfolio' for short).¹

In essence, the Portfolio brings together the policy and strategic commitments of the Colombian Government with a financing approach that blends together public and private financing from both international and domestic financial institutions. At the domestic level, public funding needs to leverage substantial private funding. This joint domestic commitment to invest in the Portfolio will boost the confidence of international investors to significantly increase their investments in the various dimensions of Colombia's Portfolio.

Overall, the aim is to increase investment in the Portfolio to the equivalent of 1.5% of GDP until 2030 and then 1.1% of GDP from 2031 to 2050. This amounts to an additional \$92 billion (at 2023 prices) per annum through to 2050² that will need to be invested from all sources to drive the implementation of the Portfolio.

Colombia's long-term commitment to climate action and a just socio-ecological and energy transition is in the interests of all Colombians and the international community. Colombia's current economic and financial model is not only ecologically unsustainable, it is only economically sustainable for the next six years which is how long current oil resources remain available for internal use and export.

It therefore follows that at the heart of the Portfolio is an alternative economic and financial model that will result in reduced inequalities, improved livelihoods for everyone, an improved investment climate and ecologically sustainable long-term economic growth. This, in turn, is not only in the interests of all Colombians, but it is also in the interests of the international community because Colombia is one of the most biodiverse countries in the world. As the steward of a large portion of the Amazon,

¹ . This document is based on various discussions/interviews that took place in February 2025 in Bogota with Government officials, banking associations, Ecopetrol, researchers and DFIs. In addition, various government documents were provided by the Ministry of Environment and Sustainable Development (see Appendix B). The formulation of goal statements, objectives and the six pillars of the Portfolio that are referred to in this report are taken directly from these documents. The only addition is the inclusion of a 'green GFCF' as an additional objective. The description and cost estimates of the projects that make up the Portfolio are also drawn directly from these documents and therefore are accepted at face value. Several requests made for online meetings to ensure Colombian input into the finalization of this report that were made between 9 April and 15 May were unsuccessful. This means the prioritization of projects at the end of the document is incomplete and the financial data on the number and size of projects may be out of date.

² . World Bank Group. 2023. *Country Climate and Development Report*. Washington D.C.: World Bank.

it has a duty to protect this resource for the benefit of future human generations and planetary systems that depend on this vast, rich and diverse bioregion.

2. Overall Strategic Goal and Key Objectives

The overall strategic goal of the Portfolio is to promote an equitable socio-ecological and energy transition that contributes to building lasting peace and sustainable development in support of all life by enhancing the governance of coordinated actions to create new economic opportunities, catalyze re-industrialization, expand the bioeconomy and invest in science, technology and knowledge capabilities.

The key objectives of the Portfolio are as follows:

- *Make Colombia into a global power in renewable energy.*
- *Generate green jobs through alternatives based on bioeconomy and agro-industry.*
- *Accelerate the productive and economic transformation of the country through sectors that leverage sustainable productive development.*
- *Develop a gradual process of just energy transition to diversify the energy mix and accelerate the productive and economic transformation.*
- *Promote a labor market transition towards new opportunities in sustainable sectors.*
- *Reduce GHG emissions by decarbonizing production models, reducing deforestation, and restoring and conserving biodiversity.*
- *Significantly increase annual investments in Colombia's nature-based Gross Fixed Capital Formation (GFCF).*

These key objectives are aligned with the National Development Plan, 2022-2026.

3. Why a Country Platform?

The 18th G20 Summit in 2024 was hosted by Brazil under the theme *Building a Just World and a Sustainable Planet*. Brazil used its Presidency of the G20 to promote the concept of 'country platforms' (CP), and South Africa is using its Presidency of the G20 to reinforce this commitment to 'country platforms'. Both countries were early implementers of the idea: in 2022 South Africa announced its *Just Energy Transition – Investment Plan* (JET-IP) and in October 2024 Brazil announced its *Brazil Climate and Ecological Transformation Investment Platform* (BIP). The Portfolio is Colombia's 'country platform'.

The CP idea is reflected in the following key documents:

- the G20 Eminent Persons Group on Global Financial Governance promoted CPs as a means to enhance development impact, recommending that International Financial Institutions (IFIs) and other partners build effective platforms to maximise efforts, unlock investment, and align around key standards.
- The G20, under the Saudi Presidency, endorsed the “G20 Reference Framework for Effective Country Platforms”;
- At COP26, the concept gained prominence with the launch of South Africa’s Just Energy Transition Partnership (JETP);
- The CP concept has been deployed for sectoral strategies, e.g. Egypt's Nexus for Water, Food and Energy programme, Bangladesh's Climate and Development Platform
- Both the G20 Independent Expert Group and High-Level Expert Group on Climate Finance³ advocated the use of country sector platforms
- The *Viewpoint Note* issued by the Heads of MDBs in April 2024 highlights the role of CPs to accelerate investment at scale.

Although there is no such thing as a ‘one size fits all’ CP, the G20 Reference Framework for Effective Country Platforms defines CPs as “voluntary country-level mechanisms, set out by governments and designed to foster collaboration among development partners, based on a shared strategic vision and priorities”. This document then provides a “set of voluntary, non-binding principles for effective country platforms” including:

- CPs should be country-led and country-owned documents that reflect country-articulated priorities;
- CPs should be customized and adapted to local context and country needs, specificities, priorities and legislation;
- CPs should aim at fostering a wide mobilization of development partners;
- CPs should foster collaboration and synergies among development partners;
- CPs should adopt a “learning by doing” approach resulting in constant updating of the platform rather than relying on a single one-off grand masterplan.

These principles are clearly applicable to the Colombia approach for developing the Portfolio as a CP. This positions Colombia at the forefront of the few countries who have taken up the G20 challenge.

4. Context

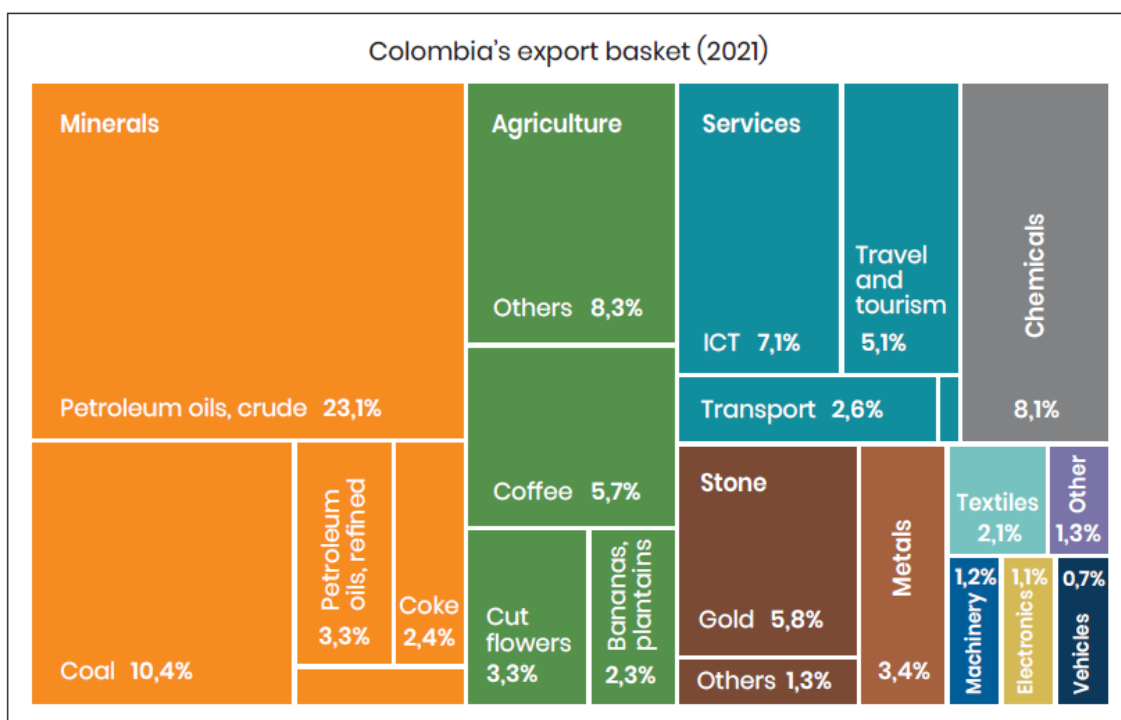
In January 2023 the Colombian Government announced that it would end the issuing of new oil and gas exploration permits. It has committed Colombia to a future growth and

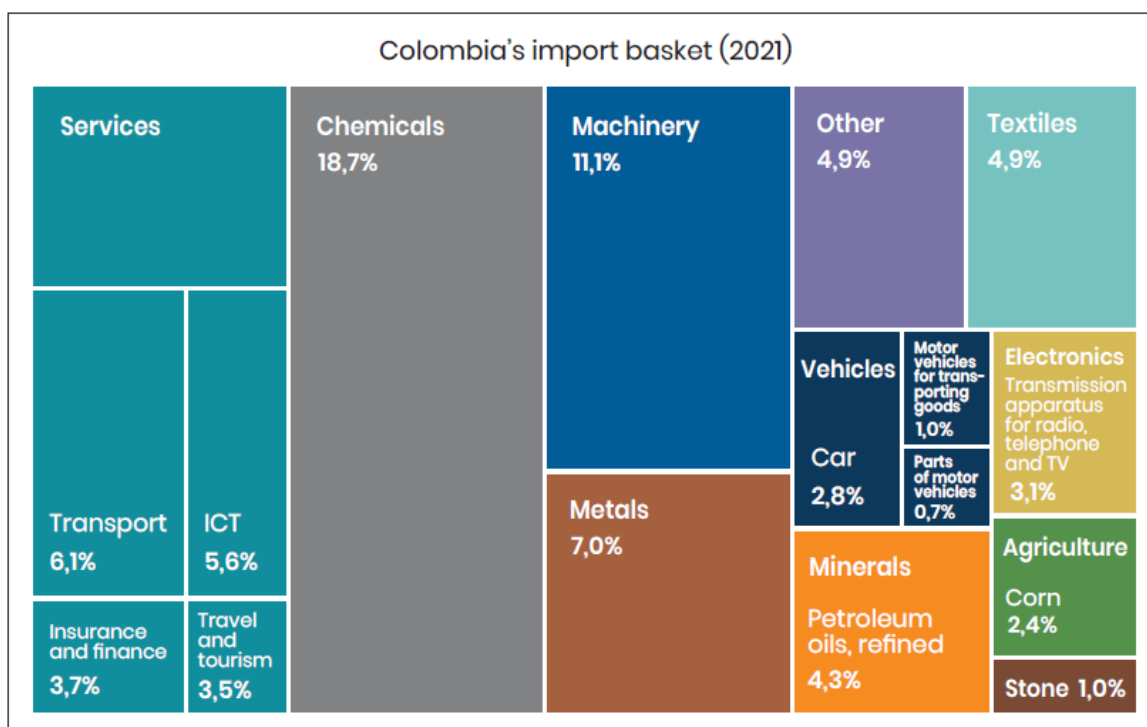
³ . See: Independent Expert Group. 2023. *Strengthening Multilateral Development Banks: The Triple Agenda – Report of the Independent Expert Group*. India: G20; High-Level Expert Group on Climate Finance. *A climate finance framework: a decisive action to deliver on the Paris Agreement*. New York: UN Climate Change High-Level Champions.

development pathway that is climate resilient, restores Colombia’s rich legacy of biodiversity, creates investment opportunities in a growing more diversified bioeconomy, and ensures greater social justice with respect to an improved quality of life for the poorest Colombians.

In general, Colombia exports products that contain a much lower level of value than its imports. Oil exports (crude and refined) represent 26.3% of total exports, while coal and its derivatives accounts for 12.8%. Energy-related mining (including oil and coal), services and agriculture account for 79.7% of exports in 2021 (Figure 1). As far as imports are concerned, vehicles, electronics, capital goods and home appliances comprise 45% of total imports (Figure 1). The resultant trade imbalance explains the rising current account deficit since 2005.

Figure 1: Colombia’s export and import baskets (2021)



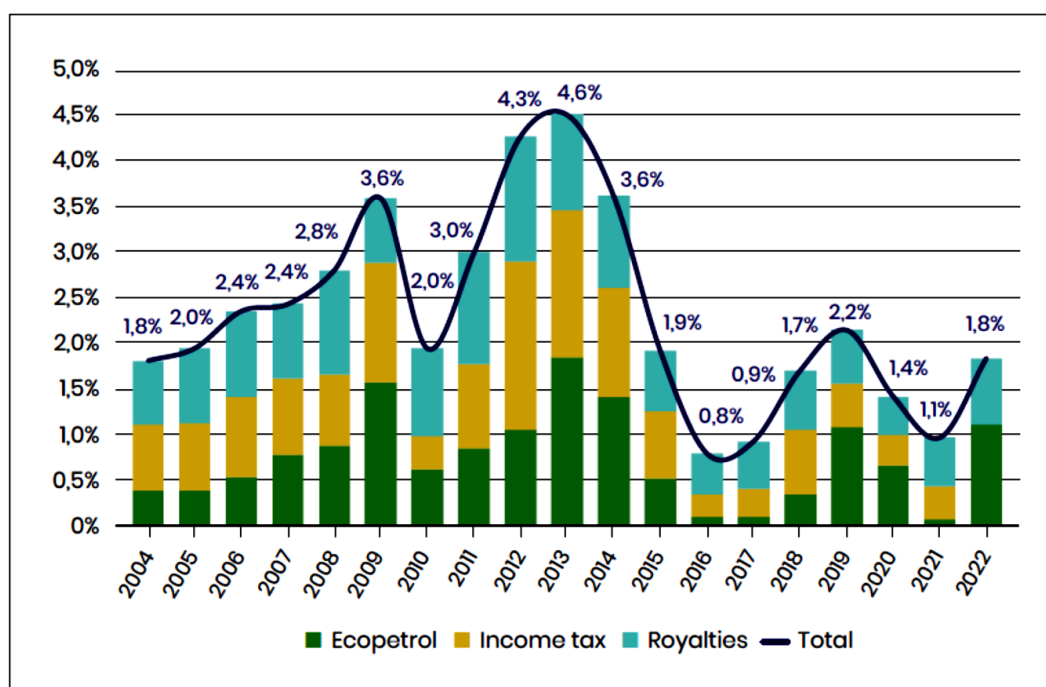


(Source: Godin et. al.⁴)

Colombia's high dependence on hydrocarbons makes it particularly challenging for Colombia to implement the reforms that will catalyze this more sustainable growth and development pathway. Hydrocarbons account for 55% of Colombia's exports and 15% of all Government revenues comes from a combination of taxes paid by hydrocarbon industries, royalties, and dividends paid by Ecopetrol (the state-owned oil company). The oil industry alone accounts for 8% of all taxes. Colombia is the fifth-largest coal exporter, with these exports accounting for 3.8% of Colombia's GDP in 2022, while oil exports accounted for 4.7% of GDP in the same year. That said, government revenues from oil, coal and gas as a percentage of GDP have in general declined from a peak of 4.6% in 2013 to 1.8% in 2022 (see Figure 2). A positive trend that needs to be reinforced.

⁴ . Godin, A., Yılmaz, D. & Santos, A.M. N.D. *Modelling low-carbon transitions in Colombia: macrofinancial opportunities and risks*. Bogota: Gobierno de Colombia, Universidad Nacional de Colombia, Agence Francaise de Developpement (AFD).

Figure 2: Fossil fuel revenue of the general government (% GDP)



Note: It does not include corporate income revenue data for 2022.
 Source: Ministerio de Hacienda y Crédito Público, Authors.

(Source: Godin et. al. op. cit)

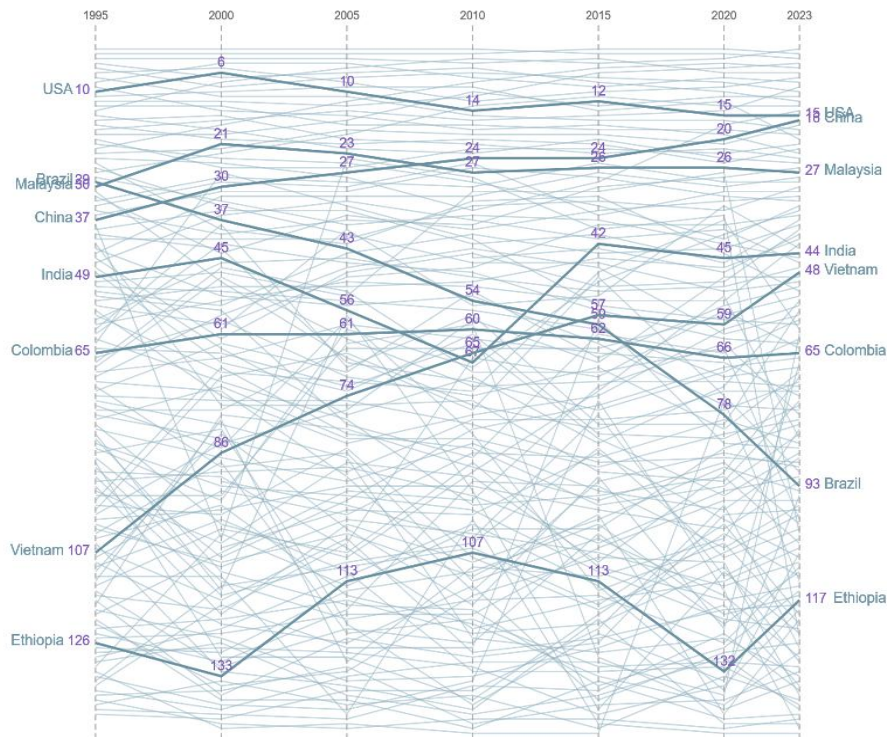
Although Colombia transitioned from an agriculture-based to a more diversified economy over two decades starting in the 1960s, the oil discoveries in the 1980s/90s resulted in the current concentration of Colombia's income in industries that exploit and extract a single resource. Like many other countries who suffer from what is known as the 'Dutch Disease', the rapid expansion of oil production resulted in a massive expansion of oil exports and related revenues, a concentration of FDI in this extractive industry, a consequent rise in the value of the peso and the resultant decline in the competitiveness of industrial exports. The result was constrained complexity: de-industrialisation, increased dependence on an enclave of profitable extractive industries and destabilizing dependence on volatile global commodity markets.

Increasing rather than reduced complexity is what is commonly associated with improved developmental outcomes⁵. Figure 3 compares the degree of complexity of the Colombian economy relative to a basket of developed and developing countries. Consistently ranked mid-range for the 145 countries in the Atlas of Economic Complexity, Colombia's complexity index has not improved significantly since the mid-1990s. It has performed better than Brazil and the USA, but a lot worse than China, Vietnam, India and Vietnam. Without greater diversification and therefore economic

⁵ . Hausmann, R., & Hidalgo, C. A. (2011). *The Atlas of Economic Complexity: Mapping Paths to Prosperity*. MIT Press.

complexity over time, Colombia will not find a pathway beyond fossil-fuel dependence that underpins continued economic development.

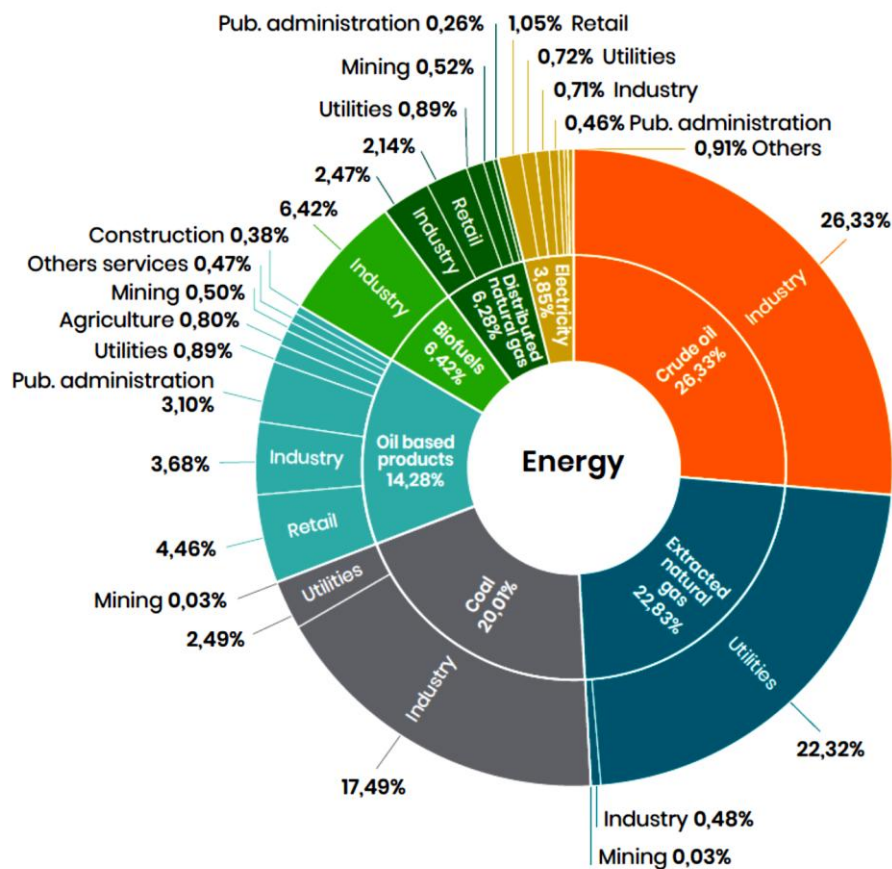
Figure 3: Colombia’s economic complexity relative to other countries



(Source: *Atlas of Economic Complexity*. <https://atlas.hks.harvard.edu/>)

Colombia’s dependence on fossil fuels has negative ecological implications for its greenhouse gas emissions and biodiversity resources. As reflected in Figure 4, oil and its derivatives, natural gas and coal account for 90% of energy used in Colombia. Electricity accounts for only 3.8% of all energy used, 70% of which comes from hydropower. This points to the need for a massive electrification of industry and utilities in particular to replace the dependence on fossil fuels, while at the same time ensuring that more and more electricity is supplied from renewable resources (building on the foundation provided by the large hydropower infrastructure that is already in place). Both, in combination, would generate massive investments in both material and natural capital to drive economic growth while decarbonizing the economy.

Figure 4: Energy use per sector in 2021 (as a percentage of total energy use)

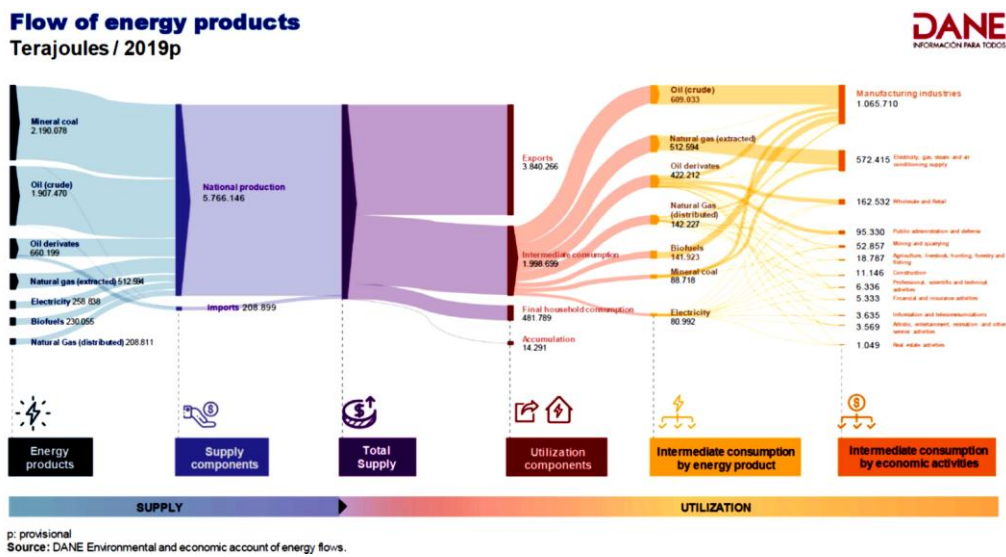


Note: Total energy use in Colombia in 2021 was 2,235,818 terajoules.
Source: Authors, based on data from DANE.

(Source: Godin et. al. N.D. op. cit.)

Figure 5 reveals the total flow of fossil fuels in Terajoules through the entire economy in 2019. More than half the produced fossil fuels are exported and the rest is used for intermediate consumption and households, while a sixth is used to power the manufacturing sector. Clearly, the electrification of the manufacturing sector could contribute significantly to the rapid decarbonization of Colombia's economy.

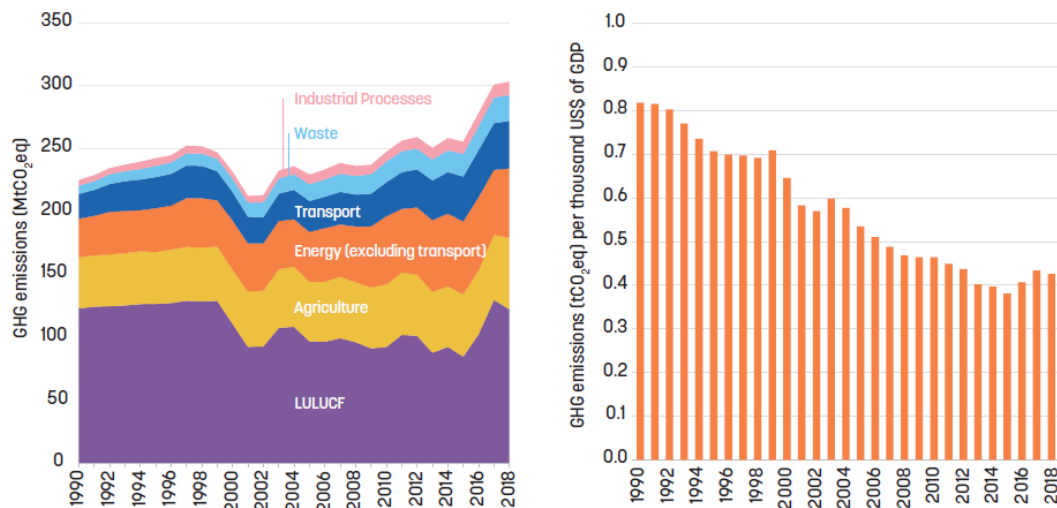
Figure 5: Flow of energy products



(Source: DANE 2021⁶)

As reflected in Figure 6, although CO2 emissions have been growing in absolute terms over the period 1990-2018, the CO2 intensity of Colombia's economy has been declining over the same period. This positive trend is what needs to be reinforced.

Figure 6: Colombia's GHG emissions have been on the rise, even though the carbon intensity of the economy has been declining

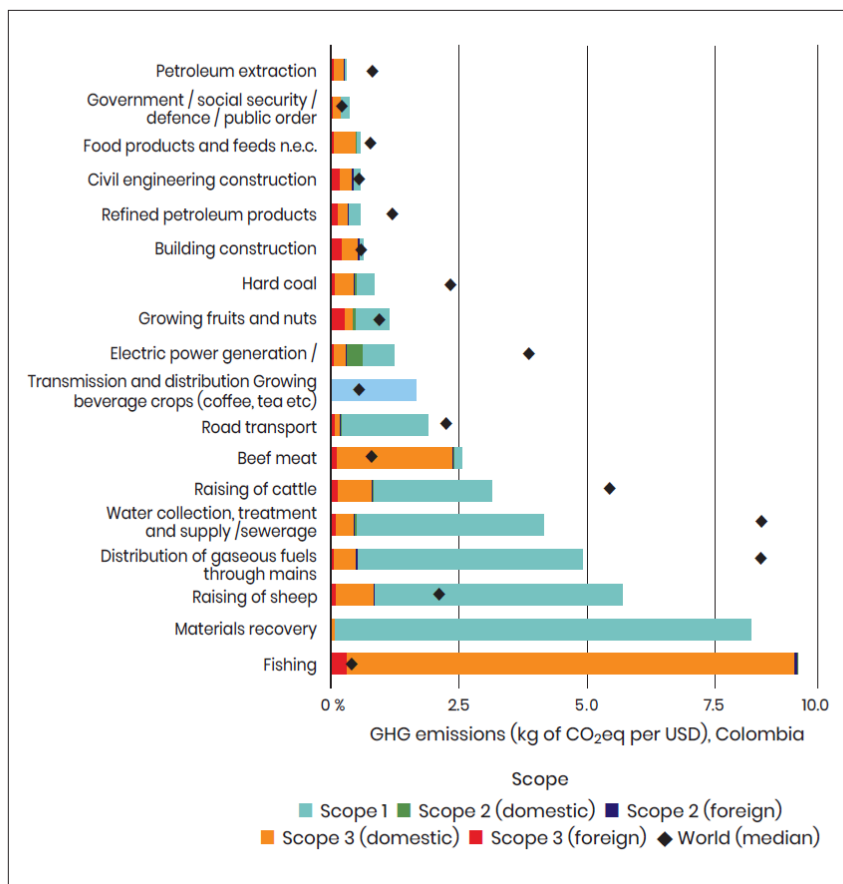


(Source: World Bank 2023)

⁶ . DANE. 2021. The System of Environmental-Economic Accounting: Approaches from Colombia. Washington D.C.: International Monetary Fund. 9th IMF Statistical Forum, 17 November 2021. Powerpoint presentation by Ricardo Valencia Ramirez.

Figure 7 shows that Colombia is less carbon intensive than the world median for most of the high-emitting industries (black diamonds). The exceptions are agriculture/food production and materials recovery. This overall lower carbon intensity is due to the fact that 70% of electricity production is from hydropower. While internationally 79% of GHGs come from energy production and 22% from AFOLU, the reverse is true for Colombia – 31% of GHG comes from the energy sector (including transport, energy industries, manufacturing, construction, fugitive emissions, fuel production), 59% comes from AFOLU sector. Another positive trend that needs to be reinforced.

Figure 7: Breakdown of sectoral emission intensity by scope, most emitting industries

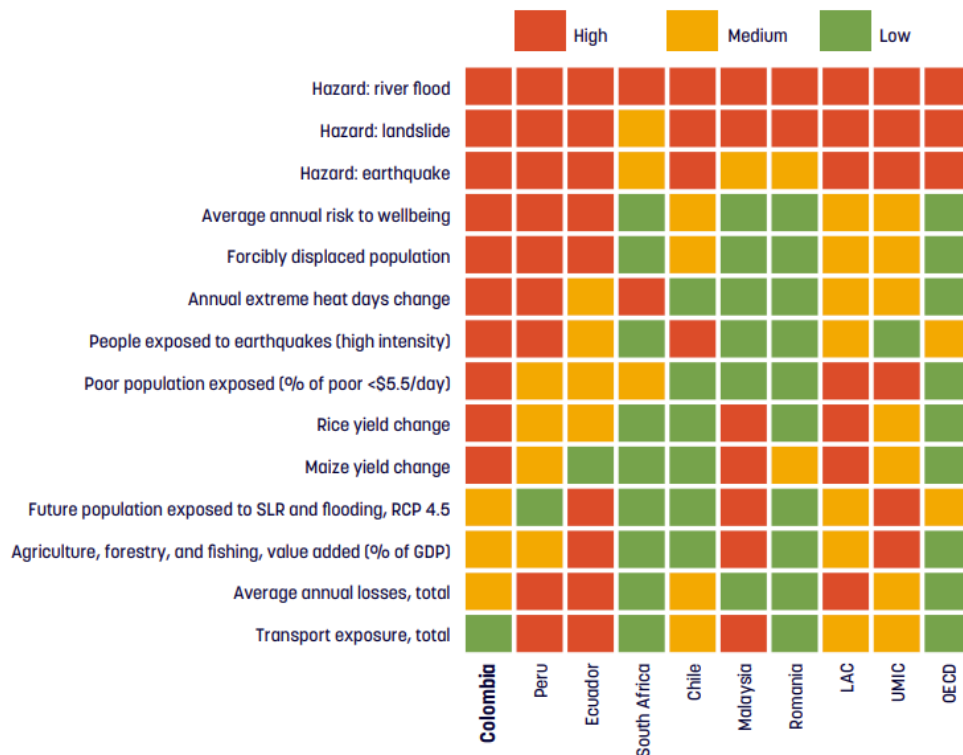


Source: Authors, based on Gloria MRIO (version 057 for 2021).

(Source: Godin et. al. N.D. op. cit.)

Colombia faces higher climate risks compared to other Latin American countries (see Figure 8). Out of fourteen of the most serious climate risks, Colombia faces high risks for ten of them. This explains why Colombia’s climate commitments are so much more ambitious than other Latin American countries.

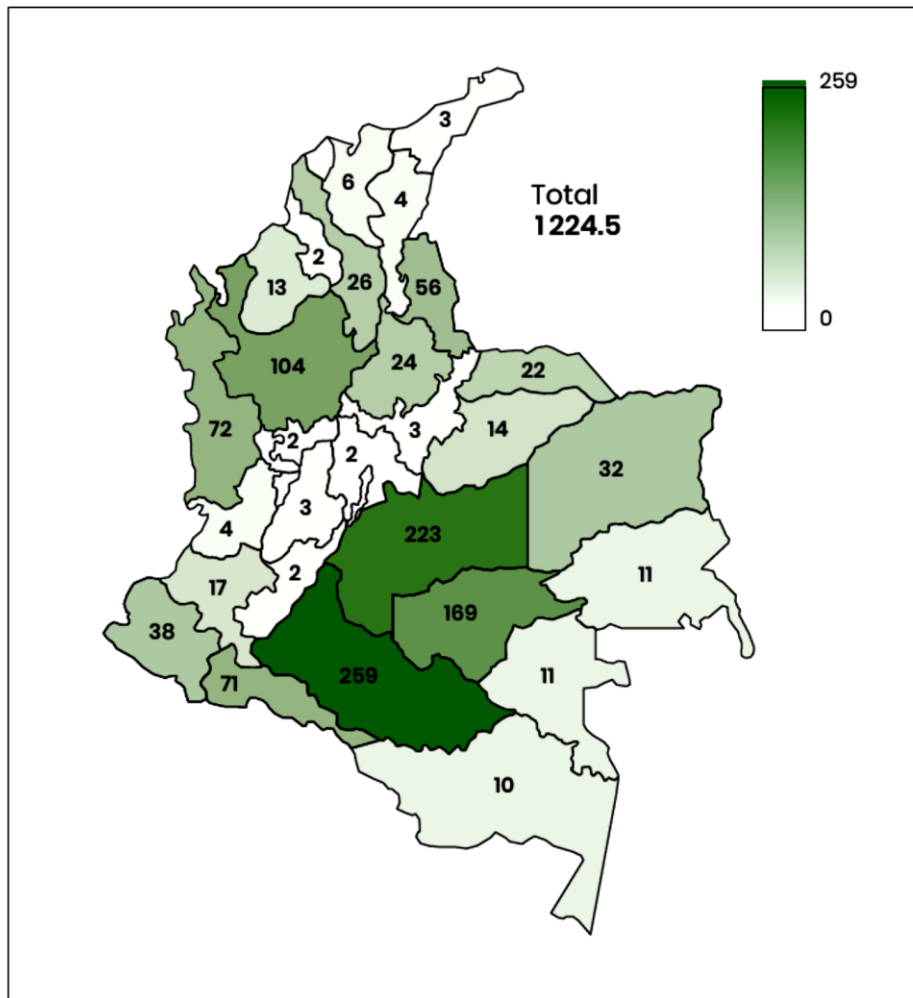
Figure 8: Colombia faces higher risks than comparator countries



(Source: World Bank 2023 op. cit:3)

Colombia is the second most biodiverse country in the world. 41.6% of the country is part of the Amazon rainforest. It has 91 different ecosystems, including moorlands, swamps, wetlands, savannahs, reefs, seagrasses, mangroves and countless natural forests. These ecosystems host around 75 000 species of fauna and flora, which is equal to 10% of total species recorded worldwide. However, 339 species are critically endangered, 578 are endangered and 604 are vulnerable. Species-loss threatens the stability and functioning of the entire interdependent complex ecosystem. The greatest threat is deforestation. Between 2015 and 2021 1.22 million hectares were deforested (see Figure 9).

Figure 9: Deforestation in Colombia between 2015 and 2021 (thousands of hectares)



(Source: Godin et. al. N.D.)

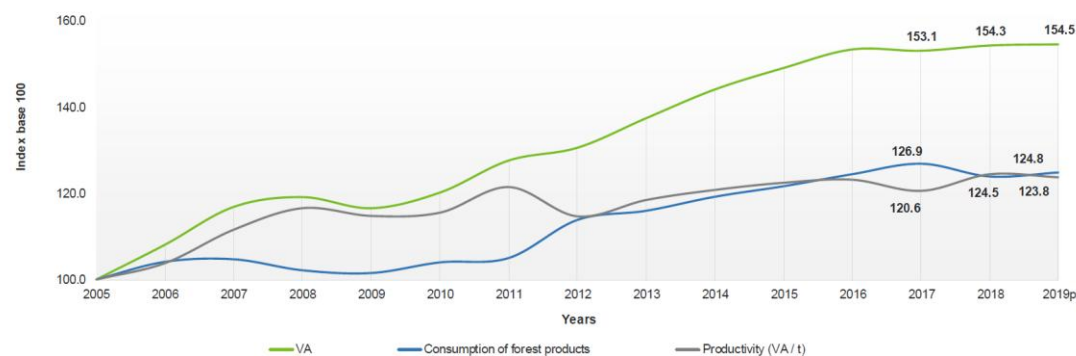
To contain and reverse deforestation Colombia has signed several international commitments and passed related legislation. This has resulted in the decoupling of economic value-add from the consumption of forest products in recent years (see Figure 10). Yet another positive trend that needs to be reinforced.

Figure 10: Decoupling resource usage – forest products

Decoupling of resource usage - Forest Products

Indices based on 100 = 2005

National total 2005 - 2019 p



p: provisional
AV: Aggregated value
Source: DANE Environmental and Economic Account of Forest Flows (CAE-FB).
Note: the intermediate consumption was updated for the series 2005 - 2013.

(Source: DANE 2021, op. cit.)

An alternative nature-positive economic model premised on decarbonization and restoration of biodiversity will build on and reinforce existing positive trends, namely declining dependence of government revenues on the fossil fuel industry, declining carbon intensity, and decoupling of consumption of forest products from gross value-add. This alternative will mitigate the potentially negative implications of the decision to reduce dependence on exports of fossil fuels, coupled to possible reductions in global demand for these resources, for Colombia's fiscal position, the external balance, future economic growth and the flow of capital.

This country platform puts in place a nature-positive diversified economic alternative that mitigates the potential consequences of the January 2023 decision to reduce dependence on hydrocarbons. This alternative will be enabled if the following can be achieved:

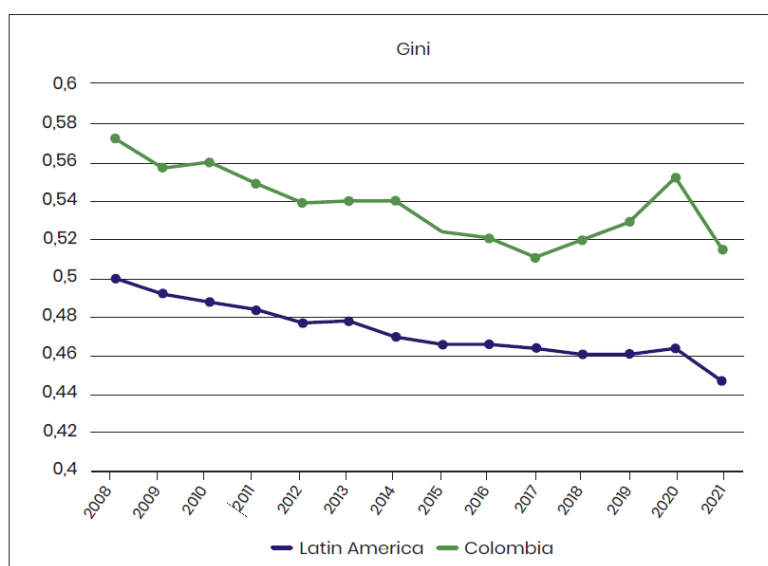
- accelerated investments in clean energy and decarbonization;
- major investments in natural capital, such as forest conservation, ecosystem restoration, sustainable land use systems, and nature-based solutions for climate adaptation;
- promotion of renewable energy alternatives to fossil fuel consumption, including in particular the electrification of everything that today depends on oil, gas and coal (especially manufacturing);
- radical improvements in energy efficiency, in particular for those activities that cannot be electrified;
- the industrial diversification and bioeconomic expansion of the economy, including replacing the revenues currently generated by the exports of fossil fuels

with new revenues generated by the export of industrial and renewable nature-based products as well as the expansion of tourism that ecological restoration makes possible.

As one of the more unequal societies in the world, these five economic strategies will be implemented in a way that reduces Colombia's unequal distribution of income, wealth and land ownership. According to the World Inequality Database, in 2021 the top 1% of the population owned 34% of the total wealth⁷ available in the economy, and the top 10% owned 64.8%. Furthermore, in the same year, the top 1% received 19.9% of total pre-tax income, while the 10% received 54.7%.⁸ By 2021, 39.3% of the Colombian population lived below the poverty line, with higher levels of poverty in rural areas compared to urban areas⁹. According to the World Bank, by 2030 climate change shocks could negatively affect the lives of 3 million of the poorest people living in the poorest regions, mainly in rural areas.¹⁰ Although poverty levels amongst women are only slightly lower than for men, the wage gap is between 16% and 20%.

Nevertheless, although average income inequality in Colombia is generally higher than the rest of Latin America when measured according to the Gini Co-efficient, (except for the upward tick during the pandemic years) income inequalities have in general been reducing during the period 2008 and 2021(see Figure 11). This is another important positive trend that needs to be reinforced.

Figure 11: Colombia's income inequality as per the Gini Co-efficient



(Source: Godin et. al.:73, op. cit.)

⁷ . Wealth equals assets minus liabilities and does not equate to income.

⁸ . Godin et. al. N.D.:72, op. cit.

⁹ . Godin et. al. N.D.:75, op. cit.

¹⁰ . World Bank 2023:6, op. cit.

Unequal access to land is a major challenge, reflected in a land Gini close to 0.9.¹¹ Although 38.2% of Colombia's land is held by Indigenous Peoples and Local Communities (IPLCs)¹², land grabbing is a major challenge. The absence of an effective cadastral and land-use control system undermines the capacity of the state to counter land grabbing. The 71% increase in agricultural production between 2001 and 2021 occurred mainly at the expense of forests and natural ecosystems¹³. To contain deforestation and the resultant negative impact on CO2 emissions and forest-based livelihoods, future expansion of agricultural production will be through intensification of land-use rather than extensive expansion into natural areas. IPLCs are being reinforced to defend their lands and improve their land- and forest-based livelihoods.

Instead of using a conventionally defined conception of Gross Fixed Capital Formation (GFCF) to measure investments in productive capacity, Colombia uses a nature-positive or 'green GFCF' indicator to measure these investments over time. This is why Colombia's country platform addresses three interlinked challenges: firstly, investments in decarbonized industrial infrastructures as part of a wider re-industrialisation strategy that reinforces sustainable production and consumption; secondly, investments in natural capital stocks and flows — such as watershed restoration, forest conservation, and sustainable land use — because they are productive assets that support long-term growth and climate resilience; and thirdly, persistent inequalities made worse by negative climate change impacts. In short, for Colombia the growth in the material base of the economy is not achieved by depleting the natural capital base and/or making poorer households even poorer.

More specifically, without a nature-positive diversified economic alternative with export potential, the resultant trade deficit induced by a reduction in fossil fuel exports would reduce the foreign currency reserves required to finance imports and international loans. The subsequent depreciation of the peso would reduce foreign capital inflows and constrain local and international investments in 'green GFCF', i.e. investments in both the material and natural capital base of the economy. The end result would inevitably be increases in the cost of capital and national debt and, potentially, a sovereign debt crisis. Upward pressures on inflation would arise from increased cost of imports and related reductions in real purchasing power. Overall, economic growth would decline, government revenues would reduce, unemployment would go up and the budget deficit would widen as the cost and amount of public debt increased. Inevitably, under these circumstances, the liquidation of Colombia's natural capital base would accelerate and inequalities would deepen. The upshot would be a serious political and ecological crisis. As the authors from DNP/AFD put it, without introducing a viable nature-positive economic and financial alternative:

¹¹ . Godin et. al.:74, op. cit.

¹² . World Bank 2023:22, op. cit.

¹³ . World Bank 2023:23, op. cit.

“The new commitments in terms of GHG reduction by 2030 may be generating a problem of *dynamic inconsistency* in the energy transition, given the conditions and patterns of structural change, energy efficiency improvement, and social conflict in the country.”¹⁴

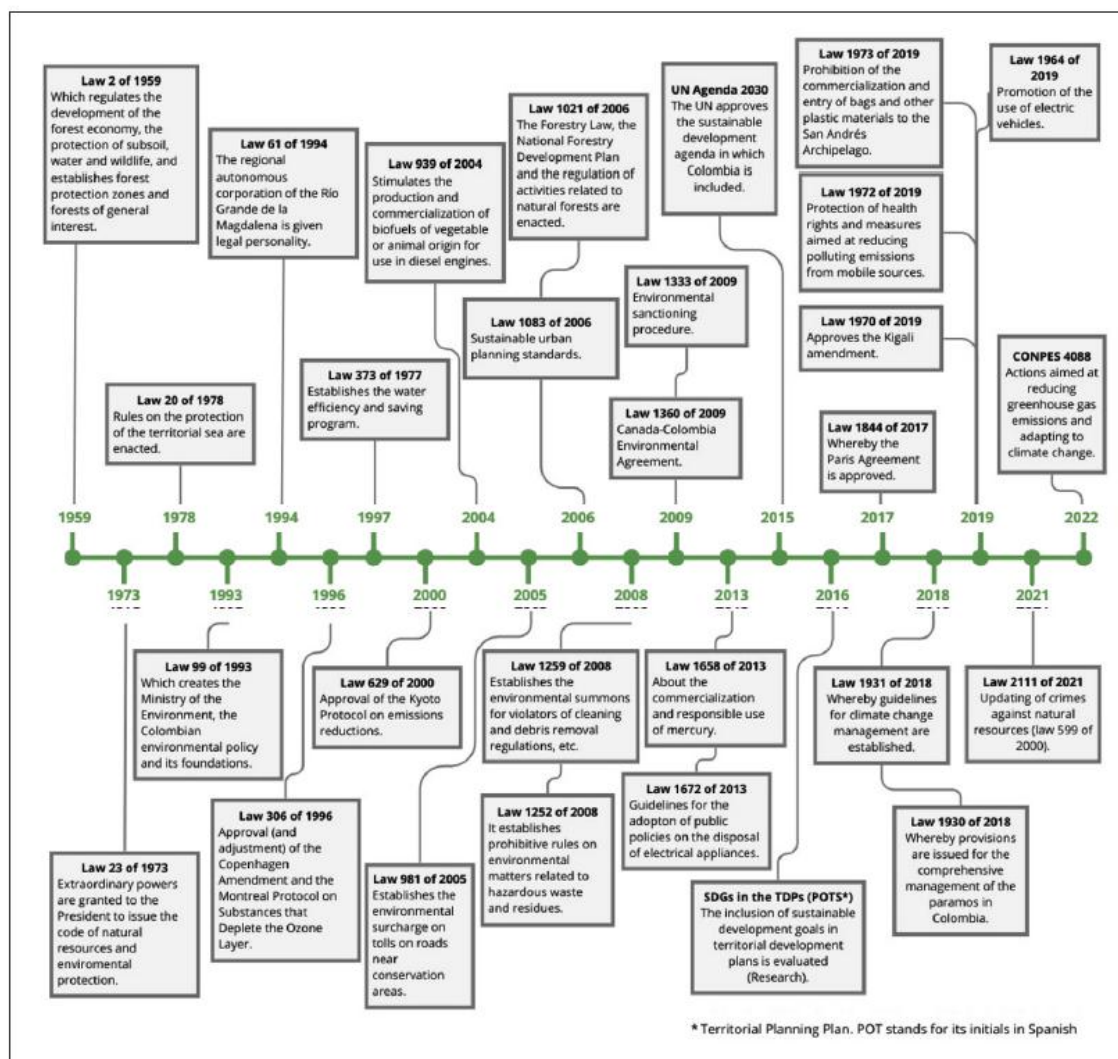
Colombia’s policy commitments and this country platform address this ‘dynamic inconsistency’. It aims to reinforce the positive trends identified in this section, namely declining carbon intensity of the economy, decoupling of dependence on forest products, overall decline in income inequality and reduced dependence of government revenues on the fossil fuel industry. These positive trends are reinforced by the evolution of a comprehensive policy and legal framework for fostering a *Just Socio-Ecological and Energy Transition*.

5. Policy Commitments and Data Systems

Colombia’s rich ecological legacy, history of conflict over land and contemporary experience of climate change impacts has resulted in the evolution of a comprehensive body of environment-related law and related institutional capacity. Starting in 1959, policies have been adopted and laws enacted that create the conditions for a just socio-ecological and energy transition (see Figure 12). Besides ratifying major international agreements such as the SDGs in 2015 and the Kyoto Protocol, these policies and laws relate to everything from GHG emissions, to electric vehicles, crimes against natural resources, health rights vis-à-vis pollution, the use of plastic bags, commercial use of mercury, disposal of electric appliances, inclusion of SDGs in territorial development plans, waste disposal, water efficiency, deforestation and many other specific matters.

¹⁴ . Godin et. al. N.D.:92, op. cit.

Figure 12: Main policies and regulations in Colombia on climate change (1959-2022)



Source: Authors.

(Source: Godin et. al. N.D.:47, op. cit.)

Colombia's CO2 ambitions, which exceed the rest of Latin America, are captured in its Nationally Determined Contribution that envisages a 51% reduction by 2030 relative to business-as-usual in 2018. To complement this, Colombia adopted a Long-Term Climate Strategy which aims to achieve a net zero resilient economy by 2050.

Colombia has adopted a wide range of international commitments and translated them into a comprehensive policy and legislative architecture. The Intersectoral Commission of the Presidential Cabinet for Climate Action coordinates and evaluates progress in achieving these international climate commitments. The Ministry of Environment and Sustainable Development (Ministerio de Ambiente y Desarrollo Sostenible, MADS) coordinates climate policies and actions, while the National Unit for Disaster Risk Management (Unidad Nacional de Gestión de Riesgos de Desastres, UNGRD) directs the implementation of disaster risk management. To support these commitments,

Colombia has created the National Climate Change Information System, Sectoral Climate Change Management Plans for each Ministry, the Territorial Climate Change Management Plans and an advanced UN-compliant System of Environmental Economic Accounting (SEEA) – one of the most comprehensive in the world. The Portfolio described in Section 10 builds on these foundations.

Colombia's consistent commitment to a just socio-ecological and energy transition that contributes to lasting peace and sustainable development is reflected in the last three National Development Plans. They all adopted a consistent approach to environmental sustainability and disaster risk management, including reduction of environmental footprints of productive activities, conservation of biodiversity and water resources, climate change adaptation, decarbonization, and governance reforms. Significant achievements include improved deforestation controls, enforcement of emission reductions, and introduction of a system of payment for ecosystem services.

Various medium-term policies have been adopted, including the National Climate Change Policy, National Biodiversity Strategy and Action Plan (NBSAP), National Policy for Disaster Risk Management, Green Growth Policy, the Colombian Low Carbon Development Strategy, the National Circular Economy Strategy, and the National Adaptation Plan. There are strategies for reducing emissions from deforestation and forest degradation (REDD+), making buildings more sustainable, promoting renewable energy, developing sustainable transport projects, incentivizing electric mobility and re-using solid and liquid wastes. Few countries have such a comprehensive set of policy and strategy commitments.

The National Climate Change System (SISCLIMAL) is responsible for coordinating all climate mitigation and adaptation strategies implemented via collaborations between public, private and non-profit organizations. Overall strategic guidance is provided by the ministerial Intersectoral Commission on Climate Change (CICC), supported by the Regional Nodes for Climate Change, and the local administrations.

As already mentioned, Colombia has implemented one of the most advanced SEEA systems in the world¹⁵. The SEEA is a global UN system for embedding natural capital accounting within national accounting systems. This means entering into national accounts the monetary value of inventories of natural resources, resource flows and reserves. As a result, the calculation of the value of investments in the country's assets includes not only machinery, equipment and public infrastructures, but also shifts in natural asset stocks and ecosystem services. As of 2024, 94 countries had implemented SEEA in some form. Colombia is part of a small group of leading global South countries that have implemented the SEEA framework, including Ecosystem Accounting. The Departamento Administrativo Nacional de Estadística (DANE) publishes

¹⁵ . Clarke, D., Sakata, S. & Barahona, S. 2023. Public policy uses of the SEEA stocks and flows accounts. Paris: OECD. OECD Work Statistics Working Papers 2023/02. <https://dx.doi.org/10.1787/116778b3-en>

Colombia's SEEA Central Framework and Ecosystem Accounts. In 2023 DANE extended its capacity to account for ecosystems and system-wide flows such as the circular economy.

A major leap forward in Colombia's natural capital accounting occurred in 2016 when the Wealth Accounting and the Valuation of Ecosystem Services (WAVES) Report was adopted.¹⁶ DANE, IDEAM, MADS and DNP agreed to collaborate in a partnership convened by the World Bank to advance Colombia's SEEA. Site-specific ecosystem accounts have been developed for the Upper Sinu Basin¹⁷ and Ciénaga Grande de Santa Marta.

Although the SEEA framework is used to monitor SDG 15.9.1 which tracks the ability of countries to “integrate ecosystem and biodiversity values into national and local planning”, there is no ranking according to a score equivalent to GDP or HDI indicators. Nevertheless, Colombia has prepared SEEA stock and flow accounts on a range of resources in a way that could be integrated into a future ‘green GFCF’ indicator, or what is starting to be the Net Domestic Product (NDP). These include accounts on energy flows, energy stocks, GHG emissions, air pollution flows, water flows, water stocks, land stocks, agriculture/forestry/fisheries flows and stocks, material flows, and ecosystem accounts. As Banerjee demonstrates, none of this information is used to calculate Colombia's GDP and therefore depletion of natural capital is not taken into account when GDP is used to measure progress.¹⁸ Globally, various initiatives are underway to calculate the NDP which is represented as GDP minus the monetary value of depletion of natural capital. At the centre of this calculation will be conventionally defined investments in GFCF plus the value of natural capital. If the value of the latter is declining, the NDP will be smaller than GDP or even negative, and vice versa. Colombia is one of the few countries in the world with the databases needed to make this calculation. Without the ability to make such a calculation, it is not possible to monitor the progress of the just social-ecological and energy transition.

6. The Portfolio as an Economic and Financial Compass: Mixed Financing, Global Transition Scenario

A report by the global consulting firm Willis Towers Watson (WTW) (with funding support from AFD) addressed Colombia's policy choices in light of the risks associated with oil depletion in the near future. This report concluded that:

¹⁶ . World Bank. 2016. *Wealth Accounting and the Valuation of Ecosystem Services: Colombia Country Report 2016 Working Document*. Washington D.C.: World Bank.

¹⁷ . Kimbrell, E. 2025. ‘Nature accounting in Colombia makes sound economic case for protecting native ecosystems’. San Francisco: Stanford University, The Natural Capital Project. Url: https://naturalcapitalproject.stanford.edu/news/nature-accounting-colombia-makes-sound-economic-case-protecting-native-ecosystems?utm_source=chatgpt.com

¹⁸ . Banerjee, O., Cicowicz, M., Vargas, R., Obst, C., Cala, J.R., Alvarez-Espinosa, A.C., Melo, S., Riveros, L., Romero, G., Meneses, D.S. 2021. Gross domestic product alone provides misleading policy guidance for post-conflict land use trajectories in Colombia. *Ecological Economics*. 182, <https://doi.org/10.1016/j.ecolecon.2020.106929>.

“If Colombian policymakers do not respond proactively to these risks, the country could face lost economic output of more than \$88 billion (or 27% of 2019 GDP) between now and 2050.”¹⁹

Various reports have attempted to assess the investment requirements to achieve the targets of Colombia’s NDC. The estimates range from 1.1% of GDP annually to 2% of GDP annually. The World Bank’s influential overview of their Climate and Development Reports found that on average developing countries need to spend 1.1% of GDP annually on mitigation and adaptation²⁰. Their 2023 Climate and Development Report for Colombia proposed that 1.5% of GDP needs to be invested in mitigation and adaptation until 2030 and thereafter 1.1% of GDP through to 2050²¹. The Ministerio de Hacienda y Crédito Público has estimated that 2% of GDP needs to be invested annually in mitigation, adaptation and biodiversity protection²². A joint report by the Departamento Nacional de Planeación and Ministerio de Ambiente y Desarrollo Sostenible has estimated that between 1.6% and 2.3% of GDP will need to be invested annually in mitigation, adaptation and biodiversity protection.

The detailed Portfolio described in Section 10 is, in essence, a portfolio of strategically selected investments aimed building the material and natural capital base of the economy in a post-fossil fuel era. The traditional instruments for measuring investments are GDP and, more specifically, growth in GFCF. However, these traditional economic measurements are inadequate because what gets hidden is the way an expanding industrial material base occurs at the expense of the natural capital base. The outcome is *unsustainable* rather than *sustainable* development. As Banerjee et. al. point out:

“In the context of Colombia, this is particularly problematic since the economic development assessed on the basis of GDP [and therefore GFCF] alone could unknowingly be underpinned by the liquidation of the country’s natural capital base.”²³

In line with Colombia's vision of a nature-positive economy, the definition of non-fossil nature-based conception of a ‘green GFCF’ includes investments in natural capital, such as forest conservation, ecosystem restoration, sustainable land use systems, and nature-based solutions for climate adaptation. These investments not only provide long-term economic benefits and improve climate resilience, they also contribute directly to emissions reduction and biodiversity protection. Colombia's country platform, within the framework of the Forest and Climate Leaders Partnership (FCLP), explicitly recognizes the role of indigenous peoples and local communities in forest

¹⁹ . WTW (2023) Understanding the impact of a low carbon transition on Colombia <https://www.wtwco.com/en-gb/insights/2023/08/understanding-the-impact-of-a-low-carbon-transition-on-colombia>

²⁰ . World Bank (2022). Climate and development: An agenda for action – Emerging insights from World Bank Group 2022 Country Climate and Development Reports. Washington D.C.: World Bank.

²¹ . World Bank 2023, op. cit.

²² . Ministerio de Hacienda y Crédito Público (2023). Marco-fiscal de mediano plazo 2023. Bogotá: Government of Colombia.

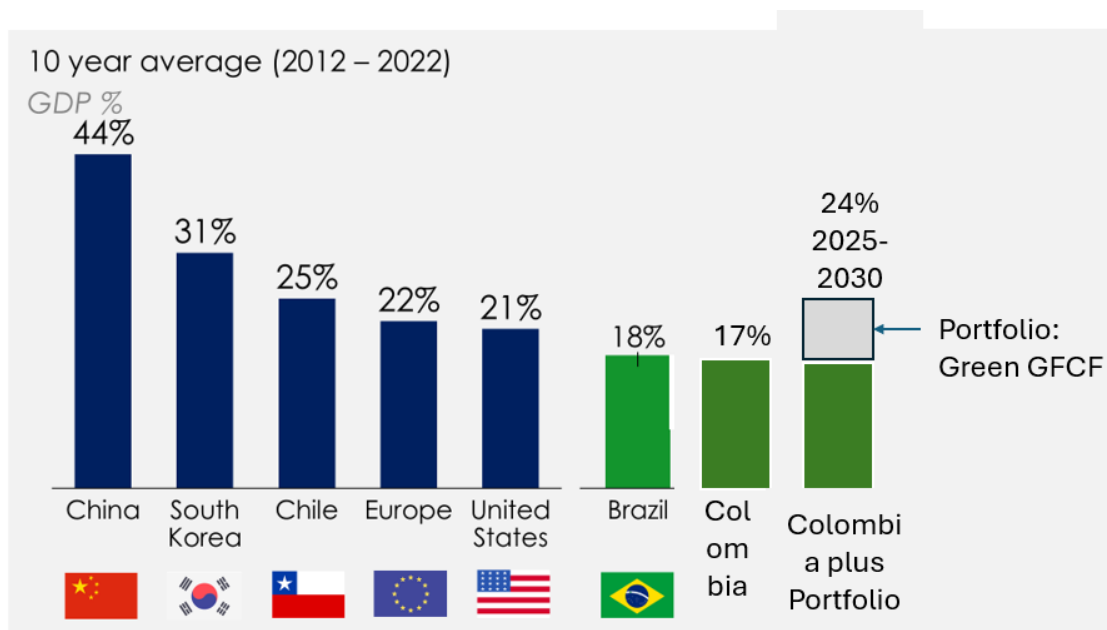
²³ . Banerjee et. al. op. cit.

governance and aims to channel financial resources towards territorial models of conservation and sustainable production. Integrating nature-focused investments into a GFCF framework reinforces this agenda and aligns economic policy with global climate and biodiversity objectives, while opening up new opportunities to mobilize climate and concessional finance. This is what will be referred to as ‘nature-based’ or a ‘green GFCF’.

All successful industrialised economies have a gradually rising level of investment in conventionally defined GFCF, i.e. purely the material and physical infrastructure (both public and private). Colombia’s average level of investment in conventionally defined GFCF as a percentage of GDP for the period 1990 to 2024 was 17%, peaking at 22% and 24% respectively in the mid-1990s and late 2000s. Investment levels of between 20% and 30% of GDP is a desirable goal for a developing country. However, this is now only achievable if this is defined in terms of ‘green GFCF’ thus ensuring that natural capital is not depleted to underpin material capital growth. For Colombia, the goal should be to return to the levels of investment in GFCF achieved in the late 2000s, namely 24% of GDP, but now inclusive of investments in natural capital as measured by Colombia’s SEEA and EA. Furthermore, if the benefits are equitably distributed as measured in terms of the World Inequality Indicators, the end result would be the eradication of poverty, reduced inequalities and ecologically sustainable economic development – in short, a Just Transition.

To increase the levels of investment in conventional GFCF from an average of 17% of GDP to investments in ‘green GFCF’ equal to 24% of GDP by 2030, it will be necessary to implement the Portfolio of projects described in Section 10 (see Figure 13).

Figure 13: Colombia’s Average GFCF relative to other countries (2012-2022), with projections of Colombia’s potential with investments in ‘green GFCF’ (2025-2030)



The Departamento Nacional de Planeación and Fedesarrollo has calculated that actual climate-related investments have averaged at 0.16% of GDP per year between 2013 and 2021²⁴. However, total public investment across all sectors for the same period averaged at approximately 3.3% of GDP per annum²⁵. In other words, not only is there a substantial gap in climate-related financing between the current 0.16% of GDP and the required 1.5% of GDP, but 1.5% of exclusively climate-related investments is equal to nearly half of total current public investment across all sectors.

To address this major challenge, this country platform describes in Section 7 the overall strategy of the Portfolio (goal, key objectives and components) that will be implemented through the prioritized projects described in Section 10. However, the strategy (Section 7), governance arrangements (Section 8), financing (Section 9) and prioritized projects (Section 10) rests on an underlying future-facing scenario that was developed by DNP in collaboration with colleagues from National University of Colombia (UNAL), the Ministerio de Hacienda y Crédito Público (MHCP) and the Agence Française de Développement (AFD) (French Development Agency)²⁶. They developed three scenarios: firstly, a ‘baseline scenario’ (business-as-usual) which was captured more or less in Section 4 (Context); secondly, a ‘decarbonization’ scenario that assumes fossil

²⁴ . Departamento Nacional de Planeación and Fedesarrollo (2021). Estrategia nacional de financiamiento climático. Bogotá: Departamento Nacional de Planeación and Fedesarrollo.

²⁵ . Godin et. al. N.D., op.cit.

²⁶ . Ibid.

fuel exports will not significantly reduce because global demand will remain high; and thirdly, a 'full decarbonization' scenario where fossil fuel exports do reduce over time as global demand declines and exports of non-fossil fuel products increases. The scenario that informs the sections that follow is the third scenario, not least because oil resources in particular are depleting fast whether or not there is continued external demand.

The 'full decarbonization' scenario bifurcates into two options: a conventional government-centred financing of the transition option, and a mixed-financing option²⁷ whereby, due to lack of fiscal capacity, the private sector plays a bigger role (along the lines recommended in the World Bank's Climate and Development Report). The scenario below is the blended financing version of the global transition scenario, i.e. oil exports decline, exports of non-conventional industrial products increase over time and blended financing from public, private and international sources of funding for the transition.

More specifically, the point of departure for the scenario that informs this country platform is the World Bank's Climate and Development Report on Colombia that estimated that 1.5% of GDP needs to be invested annually until 2030 and thereafter 1.1% of GDP through to 2050. This is a more conservative estimate than estimates generated by Colombia's planning and finance Ministries. Furthermore, it is assumed that the period through to 2050 will be characterized by the continued increase in investments in renewable energy at the global level resulting in a decline in demand for fossil fuels (in line with the Paris 2015 targets).

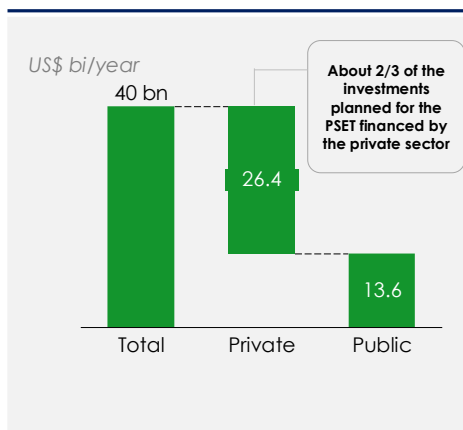
Annual total investments globally in renewables already exceeds total investments in new fossil fuels and nuclear power combined. This, in turn, should eventually result in an annual decline in real fossil fuel exports. Furthermore, because of the implementation of industrialization through diversification strategies, it is assumed there will be a 10% increase in exports of non-primary resources over a 15-year period starting in 2023 and a gradual decline of internally consumed fossil fuels due to expanded electrification of the industrial and utilities sectors.

Given the blended financing perspective, it is assumed investments will come from government, the private sector and the rest of the world. It is assumed that around 10% of the total investment requirement will be financed with grant funding provided by international organizations and foreign governments. The proposed Portfolio of projects in Section 10 are key for attracting this funding. However, it is unrealistic to assume this amount could be higher than 10%. It is much higher, for example, than the grant funding component of the total funding provided for South Africa's just energy transition by the International Partners Group (IPG).

²⁷ . Better known as the 'blended finance' option

It is assumed that approximately 30% of the investment requirement will be financed by government from carbon tax collections plus other green and conventional taxes, while around 60% will be funded from a range of loans and bonds that will be slightly concessional, i.e. 10% below normal rates. It is assumed that both the public and private sector will be sourcing these loans and bonds. The balance between the two will be determined by the fiscal capacity of the state at any point in time, i.e. less fiscal capacity, the greater the role played by private sector balance sheets. As a rule of thumb, this translates into a public-private split resulting in two thirds of the Portfolio funded by the private sector.

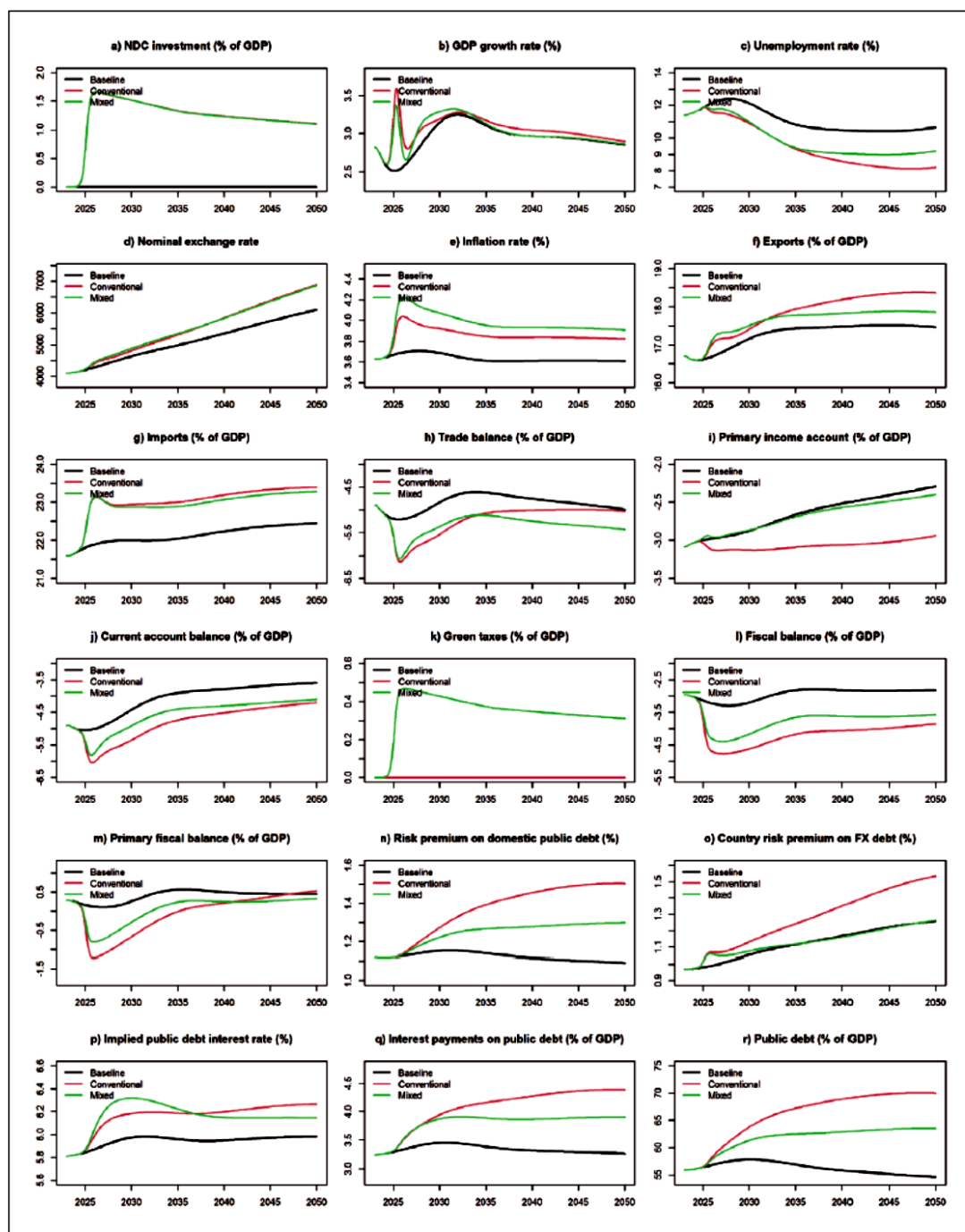
Figure 14: Financing the Portfolio



(Source: author's calculations)

Based on the above assumptions the DNP-led modelling team were able to describe a set of likely financial trends if fossil fuel exports decline, exports of industrial products increase, and blended financing strategies are adopted. As reflected in Figure 15 (see green lines), this will result in a dramatic increase in investments in the green transition (in particular 'green GFCF') as a percentage of GDP (Panel a) and related increase in green taxes (Panel k) to fund the public sector component of these investments. Under this scenario economic growth drops initially as fossil fuel exports decline but then spikes as the green investments kick in and then level out as new exports start to materialize (Panel b). This would offset the loss of 27% of GDP estimated by WTW under a business-as-usual scenario through to 2050.

Figure 15: Indicators of the macro-economic impact of the just socio-ecological and energy transition



Source: Own computations.

(Source: Godin et. al. N.D.:213, op.cit.)

Based on the assumptions that have been articulated in the DNP/AFD report, unemployment levels decline overall after an initial uptick as fossil fuel exports start declining (Panel c). The declining inflow of foreign exchange due to reduced fossil fuel

exports and related declines in FDI will initially contribute significantly to currency depreciation (Panel e). The price effect of depreciation might then contribute to rising exports (Panel f) and it will make imports more expensive (Panel g) thus incentivizing local production. The rising cost of imports will push up the inflation rate (Panel e). This, in turn, will have two effects: it reduces the purchasing power of consumers buying imported goods and industries requiring imported inputs, and depresses economic growth by pushing up the monetary policy interest rate (Panel n). However, if the export of industrial products increases due to aggressive industrial diversification and bioeconomic development strategies, currency depreciation and inflation can be mitigated.

The need to import manufactured goods to expand the renewable energy sector and support economic growth will negatively affect the trade deficit (Panel h). If the industrial diversification and bioeconomic strategies are ineffective as fossil fuel exports decline, the trade deficit could get worse. If this accompanies a higher deficit in the primary income account of the current account (Panel i) due to higher indebtedness to fund the transition (Panel r), this will reinforce upward pressures on the total current account deficit (Panel j).

In short, an aggressive set of policies will be needed to drive (a) industrialization through diversification, and (b) the expansion of the bioeconomy driven by renewable natural resources (e.g. non-timber forest products, biotechnology, sustainable agriculture). These twin sets of policies are the core of the Portfolio. These two sets of policies meet in mining policy. A mining diversification strategy to deal with the mining and subsequent beneficiation of critical minerals will be developed. Without this industrial and bioeconomic diversification and related increases in exports (helped by a depreciated currency), the impact of declining revenues from fossil fuel exports will not easily be mitigated.

As far as financial flows are concerned and as already pointed out, without an increase in exports of non-fossil fuel industrial and bioeconomic products (which can include critical minerals), the decline in fossil fuel exports will exert downward pressures on growth rates which, in turn, could reduce fiscal revenues. This may reinforce reductions in revenues from taxes and royalties payable by the fossil fuel sector, as well as reduced dividends from Ecopetrol. As a result, the total fiscal deficit (Panel l) and primary fiscal deficit (Panel m) could well be higher. If all remains equal, the end result could well be a higher public debt pathway which can only be mitigated if more of the debt is carried on private sector balance sheets. Given these possible trends, a blended finance approach makes sense.

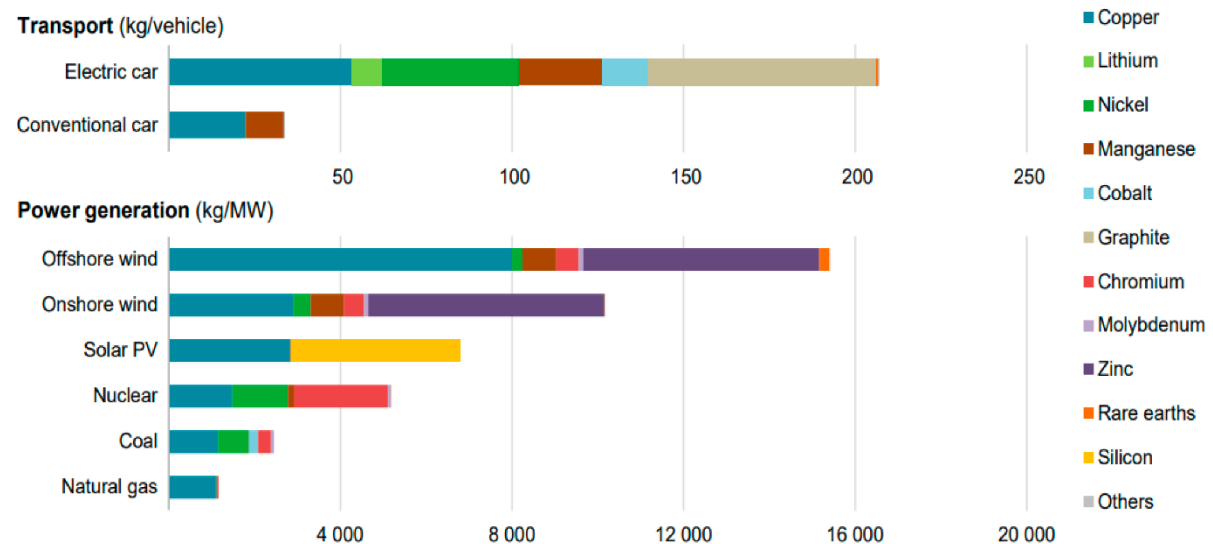
In summary, decarbonization of the Colombian economy must be tightly linked to the industrial and bioeconomic diversification of the economy and therefore diversification of exports beyond fossil fuels. The end result will be increasing complexity rather than

the continuation of declining economic complexity. Without this, decarbonization on its own can result in the lowering of economic growth rates over the medium-term, reduced inflows of foreign exchange, higher indebtedness, too much currency depreciation and therefore higher risk premia (Panels n and o). If this happens, higher interest payments to creditors reinforce fiscal (Panel l) and external (Panel h) imbalances. If, however, exports are diversified (Panel f) as the industrial sectors and the bio-economy are stimulated by the portfolio of projects (Section 10), the pressures on the risk premia (Panels n and o), value of the currency (Panel d) and interest on public debt (Panel q) are ameliorated. Furthermore, given the high likelihood of limited fiscal space to finance the Portfolio, blended financing solutions that involve the private sector will be essential.

Box: Critical Minerals

In a geo-political context where critical minerals have become a key strategic focus (e.g. US interests in critical minerals in Greenland and Ukraine), Colombia has a distinct advantage when it comes to critical mineral resources required for the energy transition, namely copper, lithium, nickel, manganese, cobalt, graphite, chromium, molybdenum, zinc, rare earths and silicon (see Figure 16 below)²⁸.

Figure 16: Critical minerals in Colombia



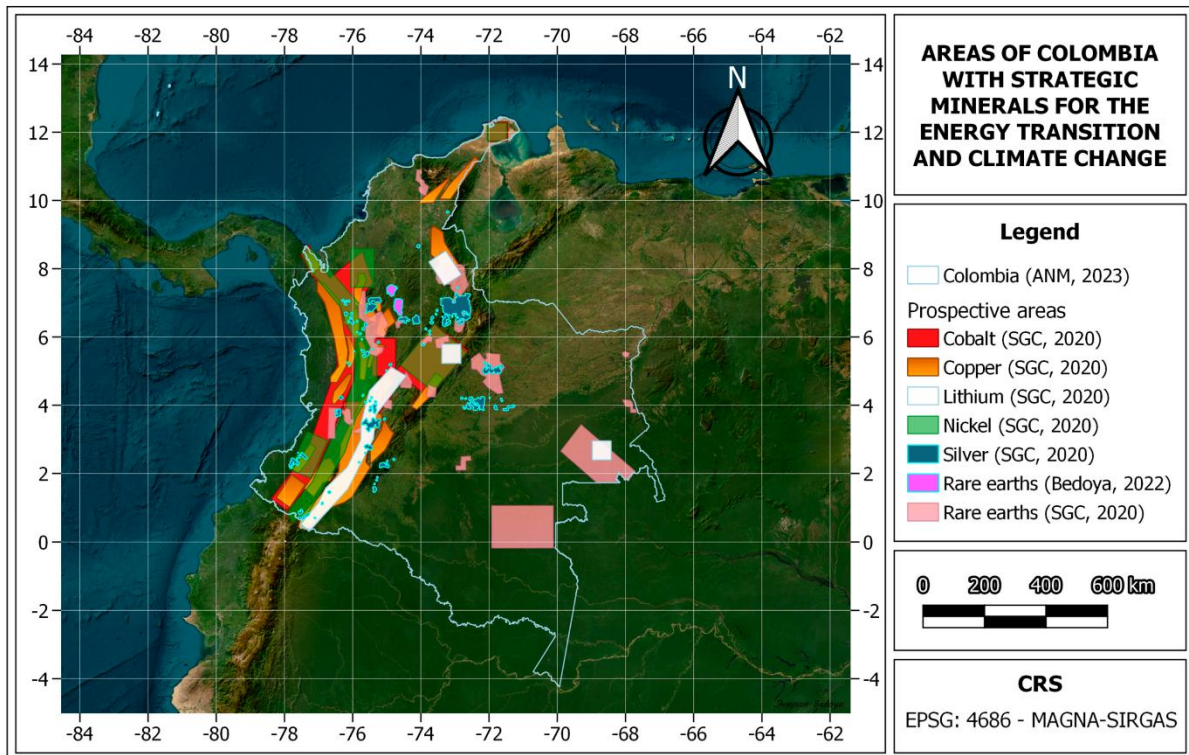
(Source: Londono et. al. 2024)

The map below reveals where some of these key critical minerals are located, i.e. cobalt, copper, lithium, nickel, silver and rare earths. Given the increasingly significant role of battery backup systems across the world for variable renewable energy (wind,

²⁸ . Londono, J.A.B, Sepulveda, G.F. & De La Barra Olivares, E. 2024. Strategic Minerals for Climate Change and the Energy Transition: The Mining Contribution of Colombia. *Sustainability*, 16(1), 83. <https://doi.org/10.3390/su16010083>

solar), Colombia's lithium reserves in particular are highly significant.

Map 1



(Source: Londono et. al. 2024)

The mining for critical minerals could be expanded for export and/or beneficiated in line with industrial policies that support the energy transition. This will have to be balanced with the negative impacts on biodiversity given the location of these mining rights. Table 1 suggests that there are 5731 existing mining rights for critical minerals, and 3939 applications awaiting approval.

Table 1: Mining rights and mining applications are in force in Colombia for strategic minerals for energy transition and climate change

Mineral	Mining Rights		Mining Applications		Total (Rights + Applications)		
	Amount	Area (km ²)	Amount	Area (km ²)	Amount	Area (km ²)	Area of Colombia (%)
Silver	1414	15,323.80	1718	25,804.10	3132	41,127.90	3.6%
Copper	1105	11,005.40	1501	25,631.50	2606	36,637.00	3.2%
Nickel	827	7913.34	302	4102.61	1129	12,015.90	1.1%
Cobalt	795	6402.88	166	2259.41	961	8662.29	0.8%
Lithium	795	6402.01	119	823.84	914	7225.85	0.6%
Rare earths	795	6402.01	133	731.22	928	7133.23	0.6%
Overlap	5731	53,449.44	3939	59,352.69	9670	112,802.17	9.9%

(Source: Londono et al 2024)

It follows, therefore, that international support for the Colombian transition is not just about making available grant and concessional finance, it is also about favorable trade deals that help stimulate the industrial and bioeconomic diversification of Colombia's economy.

7. Detailed Portfolio Strategy: Goal, Key Objectives, Components

Overall strategic goal: the Portfolio aims to promote an equitable socio-ecological and energy transition that contributes to building lasting peace and sustainable development in support of all life by enhancing the governance of coordinated actions to create new economic opportunities, catalyze re-industrialization and invest in science, technology and knowledge capabilities.

The seven key objectives of the Portfolio are as follows:

- *Make Colombia into a global power in renewable energy: expand renewable energy supply (solar, wind, hydro) and electrify everything that currently relies on fossil fuels as the primary source of energy, in particular industry and utilities.*
- *Generate green jobs through alternatives based on bioeconomy and agro-industry.*
- *Accelerate the productive and economic transformation of the country through sectors that leverage sustainable productive development.*
- *Develop a gradual process of just energy transition to diversity the energy mix and accelerate the productive and economic transformation.*
- *Promote labor transition towards new opportunities in sustainable sectors.*

- *Reduce GHG emissions by decarbonizing production models, reducing deforestation, and restoring and conserving biodiversity.*
- *Significantly increase annual investments in Colombia's nature-based Gross Fixed Capital Formation (GFCF).*

The seven key objectives are aligned with Colombia's National Development Plan, 2022-2026.

These seven key objectives translate into six strategic pillars of the Portfolio that are described below, followed in each case by a comment that connects the pillars to the proposed financial compass described in Section 6.

- I. *Nature Tourism*: promotion of sustainable tourism as a financial driver of local development and biodiversity conservation. This connects SDG 8 (Decent work and economic growth) with SDG 15 (Life of terrestrial ecosystems). The strategy includes the creation of incentives for the conservation of protected areas and the development of sustainable tourism infrastructure that minimizes environmental impact.

Financial impact: creates incentives for investments in biodiversity restoration and the related increase in tourism generates foreign exchange revenues that are needed to offset the impact of reduced fossil fuel exports and the related reduction in foreign exchange revenues. There are significant linkages backwards (e.g. airports, 5 G corridors and airlines) and forwards (e.g. conservation parks and tourism facilities).

- II. *Sustainable Production Systems and the Biodiversity Economy*: promoting sustainable modes of production across all sectors, but in particular in the agricultural sector (e.g. agro-ecological farming methods) and forestry sectors (e.g. selective logging, agro-forestry, etc). These sustainable production systems employ more people, generate higher yields over time, help fix CO2 emissions in soils and plants, and they help restore biodiversity. This approach is aligned with SDG 2 (Zero Hunger), SDG 12 (Responsible Production and Consumption), and SDG 13 (Climate Action).

Financial impact: 20 projects, US\$ 664 million. Reinforces tourism and creates significant new agricultural and industrial exports, all of which are crucial for generating the foreign exchange lost when oil and coal exports decline. Furthermore, this reinforces economic diversification and generates products for which substantial local demand exists thus offsetting the need for imports of foodstuffs.

- III.** *Just Energy Transition and Reindustrialization:* (a) just energy transition - accelerated transition of the energy sector from primarily fossil fuel based to a renewables-based system, including mass electrification of the industrial and utility sectors that currently rely on the primary consumption of fossil fuels. This aligns with SDG 7 (Affordable and Clean Energy). (b) reindustrialization - the decline over time of FDI into the currently profitable export-oriented fossil fuel sector will help depreciate the peso to the point where exports of industrial and bioeconomy products become financially viable and FDI diverts into these local productive activities. The result will be re-industrialization and bioeconomic expansion through diversification in ways that create employment and thus expand the consumer power of local markets. By underpinning this with investments in sustainable infrastructures at stable affordable prices, annual investments in 'green GFCF' will rise and new value chains open up in sectors like renewable energy generation (6.6 GW by 2030, creating 60 000 jobs), critical minerals, agro-forestry, deployment of gas to backup renewables, grid transmission extensions, jobs created during closure of coal-fired power plants and related land rehabilitation, and mass electrification of industries and utilities currently dependent on primary consumption of fossil fuels. This aligns with SDG 9 (Industry, Innovation and Infrastructure) and SDG 10 (Reducing inequalities).

Financial impact: 34 projects, US\$19.236 billion. If foreign exchange revenues decline more rapidly (due to the limited oil reserves and reduced demand for coal) than the process of reindustrialization and bioeconomic development via diversification, then Colombia's just energy transition could face insurmountable challenges. Without alternative sources of foreign exchange, it will not be possible to import the vast quantities of infrastructure required to transition to a renewables-based economy. If growth declines as inflation rises, government will have even less fiscal space than exists today to drive structural change and implement its GHG commitments. If, however, the decline in foreign exchange revenues caused by declining exports of hydrocarbons is carefully calibrated to coincide with the growth in alternative exports and therefore foreign exchange revenues, this would be the cure for Colombia's Dutch Disease. Finding the funds to see Colombia through this transition will be a key success factor of the overall Portfolio.

- IV.** *Ecosystem Conservation and Restoration:* ecosystem conservation and restoration is key to meeting the 51% emissions reduction target by 2030 and catalysing the growth of the bioeconomy. This component focuses on containing deforestation, fostering ecological restoration and sustainable natural resource management, contributing to SDGs 13 (Climate Action) and 15 (Life of Terrestrial Ecosystems). Reduced deforestation and forest restoration are key to Colombia's climate mitigation, accounting for 37% and 21% of avoided emissions, respectively. It is also a central element of rising investments in 'green GFCF'.

Financial impact: 42 projects, US\$795 million. The restoration of biodiversity resources is a key precondition for boosting the role of the bio-economy in economic diversification, including tourism, agro-ecological farming and agro-forestry, as well as contributing to the reduction of the carbon content of exports in the context of CBAM and similar global incentives to decarbonize and thus increasing access to foreign exchange.

- V.** *Climate Change Adaptation:* strengthening the resilience of communities and ecosystems to withstand and adapt to the impacts of climate change, in line with SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Action). Adaptive strategies include infrastructure adaptation (both urban and rural), integrated water management, efficient waste management and the development of nature-based solutions.

Financial impact: 8 projects, US\$25 million. Effective and timely adaptation strategies funded by a mix of funding from government, the private sector, local governments and communities (mainly via sweat equity) will substantially reduce the pressures on national and local government budgets to invest in reactive adaptation measures later on to protect citizens from the worst impacts of climate change. From a financial perspective, climate change adaptation needs to happen sooner rather than later.

- VI.** *Enabling Conditions and Mechanisms for Just Transition:* 16 project, US\$15.679 billion. Creation of institutional frameworks, public policies, and financial mechanisms that facilitate just transition and social inclusion, aligned with SDG 16 (Peace, justice and strong institutions). (See section 8 for details).

Financial impact: effective coordination of regulatory interventions and the investment strategies of public and private financial institutions at both the international and local levels is a critical precondition for the success of the Portfolio.

8. Governance, Institutional Arrangements and Decision-Making

As indicated in Section 3, a successful country platform is country-led and country-owned, customized and adapted to local context and country needs, fosters a wide mobilization of development partners, promotes collaboration and synergies among

development partners, adopts a ‘learning by doing’ approach resulting in constant updating of the platform rather than relying on a single one-off grand masterplan. The Colombian Government recognises that international and domestic support from investors and donors will depend on adherence to these principles and therefore the following governance arrangements have been established.

In accordance with Decree 298 of 2016, the National Climate Change System and the Intersectoral Commission have been established. The Ministry of Environment and Sustainable Development co-chairs the Commission with the Ministry of Mines. The purpose of the Commission is to ensure agreement “on intersectoral commitments and priorities for the implementation of plans, programs and projects on climate change”. This Commission provides the high-level mandate for the PSET presented in this country platform.

The Portfolio and, in particular, the portfolio of projects described in Section 10, has been developed by a wide range of government institutions at different scales, as well as NGOs and public and private investors. The Ministry of Environment worked closely with the National Planning Department to articulate the sustainability and climate change dimensions of the Portfolio.

The following public, private and civil society institutions form part of the coalition that is committed to implementing the portfolio:

- Ministry of Mines and Energy.
- Ministry of Agriculture and Rural Development.
- Ministry of Environment and Sustainable Development.
- Ministry of Commerce, Industry and Tourism.
- Ministry of Housing, City and Territory.
- Ministry of Finance and Public Credit
- Ministry of Foreign Affairs.
- Ministry of Labor.
- Ministry of Transportation.
- National Planning Department.
- Other government portfolios affected by the transition process.
- Communities and social organizations.
- Non-governmental organizations.
- Academy, and scientists.
- Investors, banks and the private sector.
- International organizations.

Inter-Ministerial Commission:

An Inter-Ministerial Commission (IMC) has been formed which will be responsible for guiding the ongoing process of drafting and reviewing the Portfolio. The IMC will be composed of the Ministries of Mines and Energy, Finance and Public Credit, Commerce, Industry and Tourism, Agriculture and Rural Development, Environment and Sustainable Development and the National Planning Department. The IMC will approve this country platform and present it for the approval of the President of the Republic.

Strategic team:

A strategic team, mandated to implement the PSET, will be formed comprising the delegates of the members of the IMC. This team can consult members of other governmental institutions to secure conceptual and technical support for the purpose of generating ideas, research, and to seek assistance from other countries. It will evaluate mechanisms to promote the participation of other key stakeholders in the process of a just energy transition (i.e. private sector, local communities, subnational governments), and it will manage the contributions of technical sub-commissions so that they are articulated to the country platform as agreed by the IMC.

Technical subcommittees

Technical sub-committees will be formed to ensure the execution of the country platform in the different strategic topics that are expected to be part of the Portfolio proposal. The sub-committees are:

- *Energy Transition Subcommittee*: led by the Ministry of Mines and Energy, this sub-committee will be responsible for defining and prioritizing the investments needed for the energy transition, together with the other members of the strategic team, to be included in the portfolio proposal – this must include investments in the means of decarbonization (i.e. wind, solar, batteries, gas backup systems and extension of the transmission and distribution grids) as well as electrification of those sectors dependent on fossil fuels (i.e. mainly industry and utilities).
- *International Advocacy Subcommittee*: led by the Ministry of Foreign Affairs and with the participation of the Ministry of Environment and Sustainable Development, the Ministry of Mines and Energy, and the Ministry of Finance and Public Credit, this committee would be responsible for defining the advocacy route and the mechanisms to present Colombia's country platform to potential donors and investors. Likewise, this subcommittee will identify and lead advocacy actions that will give visibility to Colombia's country platform with donors, investors and other countries in the global south. Furthermore, the focus must not only be raising investment funds, but also securing trade deals that catalyse the growth in non-fossil exports.
- *Subcommittee on productive transition*: led by the Ministry of Agriculture and Rural Development, the Ministry of Commerce, Industry and Tourism, and the Ministry of

Environment and Sustainable Development, this subcommittee will focus on identifying productive alternatives for diversifying the economy and exports, and ensuring they get implemented at different scales.

- *Subcommittee on financial instruments*: led by the Ministry of Finance and Public Credit and the National Planning Department, this team will be in charge of proposing suitable financing mechanisms for raising grants, concessional debt and commercial debt, including generating proposals for various financial instruments and policies that could support and guide the socio-ecological transition in ways that prevent the lowering of economic growth rates over the medium-term, reduced inflows of foreign exchange, higher indebtedness, too much currency depreciation, higher risk premia, fiscal and external imbalances and inadequate increases in exports of non-fossil fuel products.

9. Financing: Investment Opportunities, Types of Financing, Co-ordination of Agreements

As described in detail in Section 10, the Portfolio consists of 224 [update?] projects that require nearly \$40 billion worth of investments of various kinds to be implemented.

Following the scenario outlined in Section 6, the financing strategy of the *subcommittee on financial instruments* must always keep focused on the interlinkages between investments in (a) decarbonization via renewable energy infrastructures (including hydro, wind, solar, batteries and gas backup); (b) extending the transmission grid to handle increased generation capacities and associated mass electrification that will be geographically dispersed; (c) full-scale electrification of minimally electrified sectors (mainly industry and utilities) and increased energy efficiency; and most importantly (d) industrial and bioeconomic diversification aimed at reducing dependence on imports and increasing exports of non-fossil fuel products.

Furthermore, following the scenario in Section 6, assume that there will be reduced global demand for fossil fuels, increased exports of non-fossil fuel products plus the need for blended financing solutions. In practice, this will require investments in the Portfolio equal to 1.5% of GDP per annum through to 2030, and 1.1% of GDP per annum from 2030 onwards.

A blended finance solution means recognizing that fiscal space is limited and, therefore, it is necessary to enroll a range of private sector balance sheets. Like Brazil's country platform and as recommended in the World Bank's Climate and Development Report for Colombia, two thirds of the funding is expected to come from the private sector, and a third from the public sector plus grant funding from international donors.

It will be a mistake to over-estimate what can be sourced from international donors and investors. For example, the South African Government has estimated that the

investment requirements for the first five years of the South African JET IP is \$85 billion. Other estimates are \$10 billion per annum, i.e. \$100 billion over ten years. As reflected in the table below (Table 2), the total commitment in November 2024 (i.e. before the USA withdrew) was only \$14 billion (i.e. less than 20% of the requirement over five years). Of this, less than \$1 billion (i.e. around 1% of the required investment over five years) was grant funding. It follows that in the South African case, the bulk of the remainder – over 80% - is to be sourced internally. It also shows that the assumption that 10% of Colombia’s total requirement of \$40 billion (see Section 10) will come from international grant funding is very optimistic.

Table 2: International finance pledged to South Africa’s JET IP as of November 2024 – formal agreements

Sovereign bilateral partners						
US\$ millions	Grants	Highly-concessional loans	Concessional loans	Commercial debt and equity	Export Credits	Total bilateral contributions
Canada	1	-	91	-	-	92
Denmark	23	-	58	65	-	146
European Union / EIB	124	-	1,080	216	-	1,420
France / AFD	4	-	1,080	-	-	1,084
Germany / KfW	292	-	1,548	-	-	1,840
Netherlands	167	-	-	-	-	167
Spain	16	-	-	378	1,890	2,284
Switzerland	51	-	-	-	-	51
United Kingdom	45	-	1,300	500	-	1,845
United States of America	63	-	-	1,000	-	1,063
Sub-total sovereign bilateral partners	786	-	5,157	2,159	1,890	9,992
Multilateral Development Banks						
African Development Bank	-	-	300	-	-	300
Climate Investment Funds	50	450	i. 900 ii. 300 iii. 30	875	-	2,605
World Bank	-	-	1,000	-	-	1,000
Sub-total multilateral	50	450	2,530	875	-	3,905
Total pledges	836	450	7,687	3,034	1,890	13,897

11

Colombia aims to raise 20% of its annual investment requirements from international sources (grants, concessional debt, commercial loans). Ideally, half this amount should be in the form of grants or concessional debt.

The types of domestic and international funding available for Colombia’s Portfolio can be broken down as follows:

Commercial debt: this can take the form of loans or bonds at normal commercial interest rates. Typically, this kind of finance is provided by banks or institutional investors.

Commercial debt with risk mitigation: once again, this can be loans or bonds from banks or financial institutions, but underwritten in some way to mitigate risks and thus reduce the cost of capital. For example, international investors might want to mitigate political risk, which is a facility provided by the World Bank’s MIGA mechanism. Similarly, like in South Africa, domestic investors in renewable energy required a sovereign guarantee.

Long-term funding provided by DFIs: this refers to funding from both MDBs and national/regional public development banks. It is often long-term funding at rates lower than commercial loans and bonds. DFIs can also access funds from the Green Climate Fund at very low rates. DFIs can provide loans, equity and even underwrite a green bond.

Concessional finance: like long-term funding from DFIs this funding that can be secured at lower rates than commercial debt, and can take the form of loans, green bonds or even debt from social impact investors.

Grants: non-repayable funds that can be used to leverage other forms of funding, or to cover costs that cannot be funded in any other way, e.g. policy development, R&D or institutional capacity building. Grants can be provided by Governments, DFIs or philanthropies either as standalone funds or as part of wider debt-funding package.

Guarantees/insurance: guarantees can be provided by a range of international entities (e.g. World Bank’s MIGA or MDBs or even Governments), or they can be provided nationally by, for example, government, DFIs and impact investors. Guarantees can be very useful for leveraging domestic private capital to invest in projects that are perceived to be high risk, e.g. utility-scale renewable energy, biodiversity-based tourism projects, etc.

In Figure 17 below, the types of capital are mapped against the five strategic components of the Portfolio.

Figure 17: Types of capital per Portfolio pillar

	Commercial (loans/bonds)	Commercial with risk mitigation (loans/bonds)	Long-term DFI (loans/equity)	Concessional (loans/bonds/social impact)	Grants	Guarantees	Estimated investment opportunity per year \$billion/year
Nature tourism							???
Sustainable production systems & biodiversity economy							???
Just energy transition & reindustrialisation							???
Ecosystem conservation & restoration							???
climate change adaptation							???
Primary							
Secondary							
Possible							
Usually not used							
Enabling							

(Source: author’s own calculations)

Financing the Portfolio will in the end boil down to pricing the perceived risk of a range of different investments. In Figure 18, the traditional set of financial instruments are listed along the vertical on the left and mapped against the usual set of macro, credit, technical, financing and infrastructure risks along the horizontal. Guarantees are useful

for mitigating credit, technical and financing risks; insurance mitigates political, liquidity, technical and financing risks; hedging mitigates currency and market demand risk; and subordinated debt helps crowd in capital that would otherwise refuse to invest due to perceived credit, liquidity, technical, financial and infrastructure specific risks. And so on.

Figure 18: Instruments in relation to risk

		Risk									
		Macro		Credit/commercial			Technical		Finance	Infra specific	
		Political/ country risk	Currency risk	Credit risk	Liquidity risk	Demand risk	Construction risk	Operation risk	Access to capital	Lack of pipeline	Off-take risk
Instruments	1. Guarantees										
	2. Insurance										
	3. Hedging										
	4. Junior/subordinated cap										
	5. Securitisation										
	6. Contractual mechanisms										
	7. Results-based incentives										
	8. Grants										

(Source: author’s own calculations)

This country platform has been formulated to engage both international and domestic investors. While international investors will tend to require co-financing commitments from the Government, Colombia’s domestic investors might prefer to secure their interests against the assets using project finance mechanisms. They will want crystal clear contractual arrangements, guarantees of some kind (sovereign or otherwise), an acceptable risk-return formula and access to the assets in the event of default rather than sovereign guarantees. They may also prefer to come in behind a DFI loan on the understanding that the DFI is the first-loss lender. Similarly, banks might prefer shorter-term loans with a DFI or international funder providing tenor extension, or alternatively institutional investors (e.g. a pension fund) might want long-term loans against very secure monthly repayments (e.g. powerlines and sub-stations against 30 year concessions). The latter rationale may also apply to an international institutional investor interested in investing in Colombia’s PSET.

However, given the importance of mobilizing Colombia’s domestic capital, a detailed analysis of the architecture of Colombia’s financial eco-system will be useful. To achieve this, following the South African example²⁹, a ‘Monetary Architecture’ approach will be used to analyze Colombia’s financial eco-system as a set of interlocking balance sheets. This methodology helps to identify the ‘elasticity spaces’ where potential

²⁹ . Swilling, M. & Murau, S. *South Africa’s Monetary Architecture, 1983-2024*. Report for the National Planning Commission, Pretoria: Republic of South Africa.

balance sheet reconfigurations can be enabled to unlock new flows of capital without burdening the fiscus or the Central Bank.

Finally, given the importance of mitigating the growth and fiscal impact of declining fossil fuel exports, it is essential that a concerted effort is made to negotiate trade deals that enable the diversification of exports. This might mean supporting export-import financing services (export-import banks, etc), trade finance mechanisms, appropriate tariff agreements, and even subsidized finance for nascent industries with potential to become major exporters. This could include the mining and export of critical minerals, or beneficiated agricultural and forestry products.

Colombia's biodiversity offset programme already redirects funds paid by mining companies into community-based biodiversity projects aimed at restoring ecosystem and therefore creating sustainable livelihoods.

10. Prioritizing the Portfolio of Projects

The portfolio of projects that has been assembled over the past few years provides a clear picture of the kinds of projects that the Colombian Government believes can drive the Portfolio. Two hundred and twenty-four projects with a combined investment of nearly \$40 billion have been presented to the world during the course of various meetings and events. Forty-seven projects are already financed, mainly by government. All the projects are summarized in Table 3 below. They have been clustered according to the five strategic components of the Portfolio.

Table 3:

El Portafolio en cifras

COMPONENTE PORTAFOLIO	PROGRAMA	¿Tiene financiamiento?				Costo total en \$ USD	Costo total en \$ COP	Número total de proyectos
		No	Si		Número proyectos			
		Costo USD\$	Número proyectos	Costo USD\$	Número proyectos			
Adaptación al cambio climático	Adaptación al cambio climático	\$ 9.336.705	4	\$ 335.260	2	\$ 9.671.965	\$ 41.055.942.405	6
Total Adaptación al cambio climático		\$ 9.336.705	4	\$ 335.260	2	\$ 9.671.965	\$ 41.055.942.405	6
Condiciones habilitantes	Condiciones habilitantes	\$ 122.534.475	10	\$ 15.540.255.355	6	\$ 15.662.789.830	\$ 66.486.036.783.089	16
Total Condiciones habilitantes		\$ 122.534.475	10	\$ 15.540.255.355	6	\$ 15.662.789.830	\$ 66.486.036.783.089	16
Conservación y restauración de ecosistemas	Bioeconomía	\$ 5.191.098	1			\$ 5.191.098	\$ 22.035.379.175	1
	Conservación de ecosistemas estratégicos	\$ 251.816.842	45	\$ 329.499.127	13	\$ 581.315.969	\$ 2.467.593.279.850	58
	Conservación de especies	\$ 10.185.194	3			\$ 10.185.194	\$ 43.234.520.000	3
	Plan de contención de la deforestación	\$ 6.343.367	1	\$ 113.867.929	3	\$ 120.211.296	\$ 510.277.718.293	4
	Restauración ecológica del paisaje	\$ 314.161.835	67	\$ 47.183.330	12	\$ 361.345.165	\$ 1.533.852.411.163	79
Total Conservación y restauración de ecosistemas		\$ 587.698.336	117	\$ 490.550.387	28	\$ 1.078.248.723	\$ 4.576.993.308.481	145
Sistemas productivos sostenibles y de la economía de la biodiversidad	Programa de bioeconomía	\$ 1.168.477	1			\$ 1.168.477	\$ 4.960.000.000	1
	Sistemas agroalimentarios	\$ 2.120.221	1			\$ 2.120.221	\$ 9.000.000.000	1
	Sistemas agropecuarios sostenibles	\$ 382.892.270	13	\$ 266.682.571	6	\$ 649.574.841	\$ 2.757.341.269.504	19
Total Sistemas productivos sostenibles y de la economía de la biodiversidad		\$ 386.180.969	15	\$ 266.682.571	6	\$ 652.863.540	\$ 2.771.301.269.504	21
Transición Energética Justa y reindustrialización	Comunidades energéticas	\$ 59.032.525	1	\$ 21.500.000	1	\$ 80.532.525	\$ 341.847.684.734	2
	Fuentes no convencionales y energías renovables	\$ 7.343.427.834	7	\$ 8.118.987	1	\$ 7.351.546.821	\$ 31.206.140.006.367	8
	Hidrógeno verde	\$ 2.000.000.000	1			\$ 2.000.000.000	\$ 8.489.680.000.000	1
	Infraestructura competitiva	\$ 9.881.950.262	16	\$ 1.516.426	2	\$ 9.883.466.688	\$ 41.953.734.735.092	18
Total Transición Energética Justa y reindustrialización		\$ 19.295.138.067	31	\$ 38.477.316	5	\$ 19.333.615.383	\$ 82.068.103.924.398	36
Total general		\$ 20.400.888.553	177	\$ 16.336.300.888	47	\$ 36.737.189.441	\$ 155.943.491.227.877	224

(To be updated by the Ministry based on latest information)

Obviously, not all projects can be implemented in the short term. The PSET must start somewhere. The obvious place to start is with the top twenty projects that will have the maximum impact. The selection criteria for these priority projects as well as all future projects are listed below (see Appendix B for a detailed breakdown of each criterion). Preference will be given to projects that have the following characteristics:

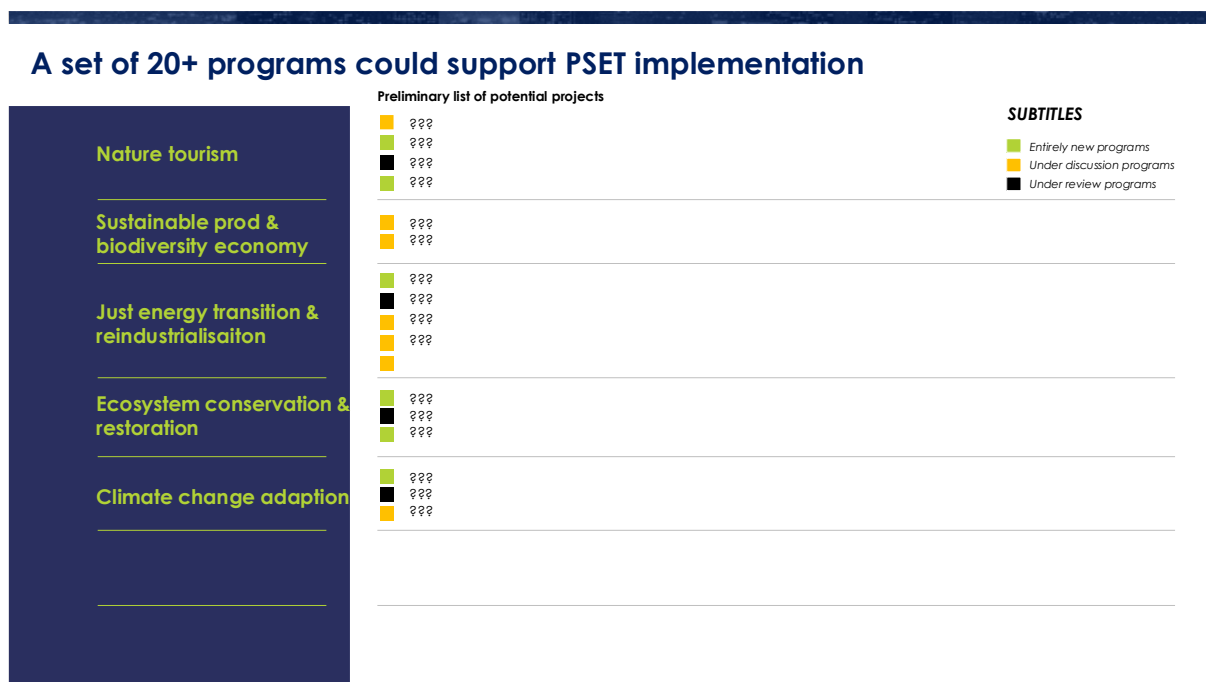
- I. **Reduction of greenhouse gas (GHG) emissions:** high potential to reduce GHG emissions, including concrete mitigation actions such as the transition to renewable energies, energy efficiency, or the reduction of deforestation and land degradation.
- II. **Alignment with sustainability and biodiversity:** preserve and restore biodiversity, including the use of biodiversity as an economic driver (ecotourism, biotechnology and sustainable production systems).
- III. **Mobilization of public and private investments** attract complementary private investments by leveraging additional resources using innovative financial mechanisms such as green bonds, carbon markets, or public-private partnerships that generate sustainable capital flows.
- IV. **Socioeconomic impact and sustainable employment generation** promote social inclusion and equity by generating decent jobs in sustainable sectors, supporting just transition for communities affected by the decline of the fossil fuel economy and initiatives that promote sustainable re-industrialization, food security, and the development of green value chains.
- V. **Contribution to economic diversification and reduction of fossil fuel dependence** catalyze diversification of the economy, reduce dependence on tax revenues from fossil fuels, promote emerging sectors (such as clean energy, sustainable agriculture, electrification and the circular economy) and foster sustainable export alternatives that generate new sources of tax revenue and foreign exchange.
- VI. **Technological innovation and evidence-based solutions:** incorporation of technological innovation and evidence-based mitigation and adaptation practices, including the use of clean technologies, digitization, and monitoring systems to improve natural resource management and increase sustainable productivity.
- VII. **Financial sustainability and scalability:** financial models that are reliable and sustainable over time, with clear exit strategies and return on investment for funders – furthermore, they must be replicable and scaleable.

- VIII. **Alignment with public policies and regulatory frameworks:** alignment with national sustainable development policies, climate adaptation and mitigation plans, as well as Colombia's NDC (Nationally Determined Contribution), and in practice strengthen local institutions and capacities for effective environmental governance and community participation.

- IX. **Risk assessment and mitigation strategies:** well-structured environmental, social and financial risk assessment methods, clear strategies to mitigate such risks and measures that protect a high standard of environmental and social compliance while ensuring transparency and project integrity.

In Figure 19 below, the prioritized list of programs is summarized and costed. Prioritized programs are ready for implementation in the near future. The total value of the prioritized programs is US\$???. Each prioritized program consists of a specific set of projects that are ready for implementation.

Figure 19: 20 Priority Projects



(To be completed in consultation with the team, but requested meetings did not happen)

11. Next steps

The following next steps are recommended:

1. Complete the project prioritization in Figure 19. It is strategically important to demonstrate to funders and investors what are regarded as the top 20 priorities. The absence of prioritization will be regarded as a strategic weakness by investors, funders and government departments.

2. Secure in writing pledges from international and internal investors, and make this public. Signing up internal investors will give international investors confidence.
3. Clarify how the blended finance solution will work. In other words, make clear which projects will be funded via the National Budget, both fully and partially funded. Partially funded projects should be designed to leverage co-funding from international and internal investors.
4. Create a dedicated team – a Project Management Unit - focused entirely and exclusively on managing the financial deal-making that will be required to ensure an effective flow of funds.
5. Commission a Monetary Architecture study in order to map the architecture of Colombia's financial eco-system. Without this, it will not be possible to identify the elasticity spaces where balance sheets can be expanded without placing any more additional pressure on the national fiscus and the monetary authorities.
6. Finally, mandate DANE to define a 'green GFCF' indicator that can be used to monitor the levels of investment over time in Colombia's material and bioeconomic infrastructures and assets.

Appendix A: Documentation Provided by Government Departments

DANE. 2021. The System of Environmental-Economic Accounting: Approaches from Colombia. Washington D.C.: International Monetary Fund. 9th IMF Statistical Forum, 17 November 2021. Powerpoint presentation by Ricardo Valencia Ramirez.

Ministerio de Hacienda y Credito Publico. 2023. Aspectos Generales del Proceso Presupuestal Colombiano. Bogota: Ministerio de Hacienda y Credito Publico.

Ministry of Environment and Sustainable Development. 2023. Documento de lineamientos generales para hacer parte de la Alianza para la Transicion Energetica Justa. Bogota: Ministry of Environment and Sustainable Development, 25 May 2023. Unpublished paper.

Ministry of Environment and Sustainable Development. 2024. Portafolio para la Transicion Socio Ecologica. Bogota: Ministry of Environment and Sustainable Development, October 2024. Powerpoint presentation.

Departamento Nacional de Planeacion. 2024. Apectos Presupuestales: Direccion de Programacion de Inversiones Publicas. Bogota: Departamento Nacional de Planeacion.

Ministry of Environment and Sustainable Development. 2024. Portfolio for Colombia's Socioecological Transition: Country Package. Baku: Ministry of Environment and Sustainable Development, November 2024. Powerpoint presentation.

Ministry of Environment and Sustainable Development. 2024. Portfolio for socio-ecological transition. Bogota: Ministry of Environment and Sustainable Development. Unpublished paper.

Ministry of Environment and Sustainable Development. 2025. Ayuda de Memoria: Portafolio para la Transicion Socioecological de Colombia. Bogota: Ministry of Environment. Unpublished paper.

Ministry of Environment and Sustainable Development. 2025. Plataforma Pais para la accion climatica. Bogota: Ministry of Environment and Sustainable Development. Powerpoint Presentation, 25 April.

Nature Transition Support Programme. Taller presencial: construccion de una hoja de ruta para alcanzar una economia amigable con la naturaleza. Bogota: Powerpont Presentation. 6-7 February 2025.

APC Colombia Agencia Presidencial de Cooperacion Internacional. N.D. Incorporación de recursos de cooperación internacional no reembolsable del Presupuesto General de la Nación. Bogota: APC Colombia.

Godin, A., Yilmas, D. & Santos, A.M. N.D. Modelling low-carbon transitions in Colombia: macrofinancial opportunities and risks. Bogota: Gobierno de Colombia, Universidad Nacional de Colombia, Agence Francaise de Developpement (AFD).

Appendix B: Selection Criteria for Transformer Projects:

1. Impact on the of Reduction Greenhouse Gas (GHG) Emissions:

- i. Projects that demonstrate a high potential to reduce GHG emissions, contributing to Colombia's commitments under the Paris Agreement.
- ii. Initiatives that include concrete mitigation actions, such as the transition to renewable energies, energy efficiency, or the reduction of deforestation and land degradation.

2. Alignment with Sustainability and Biodiversity Components:

- i. Projects that preserve and restore biodiversity, protecting strategic ecosystems and generating collateral environmental benefits.
- ii. Initiatives that use biodiversity as an economic driver, such as ecotourism, biotechnology, and sustainable production systems.

3. Ability to Mobilize Public and Private Investments:

- i. Projects that attract complementary private investments, showing financial viability and capacity to leverage additional resources.
- ii. Use of innovative financial mechanisms, such as green bonds, carbon markets, or public-private partnerships that generate sustainable capital flows.

4. Socioeconomic Impact and Sustainable Employment Generation:

- i. Projects that promote social inclusion and equity, generating decent jobs in sustainable sectors and supporting just transition for communities affected by the fossil economy.
- ii. Initiatives that promote sustainable reindustrialization, food security, and the development of green value chains.

5. Contribution to Economic Diversification and Reduction of Fossil Fuel Dependence:

- i. Projects that encourage diversification of the economy, reducing dependence on tax revenues from fossil fuels and promoting emerging sectors, such as clean energy, sustainable agriculture, and the circular economy.
- ii. Initiatives that offer sustainable export alternatives and generate new sources of tax revenue.

6. Technological Innovation and Evidence-Based Solutions:

- i. Projects that incorporate technological innovation and evidence-based practices, demonstrating efficiency and effectiveness in climate mitigation and adaptation.

- ii. Use of clean technologies, digitization, and monitoring systems to improve natural resource management and increase sustainable productivity.

7. Financial Sustainability and Scalability:

- i. Projects that present solid and sustainable financial models over time, with clear exit strategies and return on investment for funders.
- ii. Potential for replicability and scalability in other regions or sectors, amplifying the positive impact of the project.

8. Alignment with Public Policies and Regulatory Frameworks:

- i. Initiatives aligned with national sustainable development policies, climate adaptation and mitigation plans, and Colombia's NDCs (Nationally Determined Contributions).
- ii. Projects that strengthen local institutions and capacities, promoting environmental governance and community participation.

9. Risk Assessment and Mitigation Strategies:

- i. Projects with a well-structured environmental, social and financial risk assessment and clear strategies to mitigate such risks.
- ii. Commitment to high standards of environmental and social compliance, ensuring transparency and project integrity.