



Report

National Forest Finance Assessment

Colombia

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The EU-funded [Forests for the Future Facility \(F4F\)](#) provides technical support to contribute to healthy forest ecosystems and forest-related value chains in Asia, Africa, the Caribbean and Latin America. The Facility is managed by [DG International Partnerships Unit F2 – Environment, Natural Resources, Water](#).

F4F is working in collaboration with CIFOR-ICRAF on the Forest Finance Assessment reports.

Assessment context

This assessment of existing forest financing instruments at country level operates as the foundation for a proposed EU-funded Action ‘Financing for Forest’ FFF.

The Action intends to boost financing for forests at global level, by generating and sharing knowledge widely. In selected partner countries, technical assistance (TA) for the implementation of specific forest finance solutions/instruments will be provided. Prior the Action, an assessment is carried out in up to 15 countries to 1) help define which forest finance solutions will be tested and piloted and in selected countries (up to 7 countries will be selected for the Action “Financing for Forest”), 2) help EU Delegations (EUDs) and partners in other countries get a better understanding of existing financing mechanisms, and 3) generate knowledge about selected financial solutions/instruments.

As a preparatory step for the proposed EU-funded Action “Financing for Forests” (FFF), an assessment of forest financing instruments has been carried out in 11 partner countries. Implemented by CIFOR-ICRAF under the Forests for Future Facility (F4F) between February-October 2025, this assessment provides an overview of existing and innovative mechanisms that can enhance the mobilisation of finance for sustainable forest management.

Disclaimer

This publication was produced with the financial support of the European Union. Its contents do not necessarily reflect the views of the European Union.

This assessment has been developed based on consultations with stakeholders and inputs from subject matter experts. It is important to note that the findings and recommendations presented herein do not necessarily reflect the official forest finance priorities or the positions of the national government.

The content is intended to provide insights and support discussions in the context of forest finance but should not be interpreted as an endorsement of any specific policy or strategy.

Project implemented by:



Lead company

Table of Contents

Acronyms	v
1 Introduction	1
2 Key findings	3
3 Characterization of the forestry sector and performance gaps	5
4 Analysis of current levels of funding and investment	7
5 Analysis of forest financing solutions and instruments	9
5.1 Forest funding solutions and instruments applied in Colombia	11
5.2 Financial solutions and instruments not applied in Colombia	21
5.3 Availability and Gaps in Baseline Data (climate, biodiversity, social) and MRV Systems	21
6 Recommendations for Forest Finance Solutions and Instruments	22
References	28
Annexes	30
1 Data on the forestry sector's contribution to GDP and exports and imports	30
2 Brief Overview of Strengths/Opportunities and Weaknesses/Threats in Colombia's Forestry Sector	31
3 Basis for estimating progress in meeting government targets for the forestry sector	32
4 Brief analysis of investment in the forestry sector	32
5 Funding gaps by subsector	35
6 financial and economic instruments in Colombia, taken from the national climate finance strategy	38
7 Green Bonds in Colombia	40
8 Biodiversity Bonds BBVA Colombia	43
9 Financial Solutions Promoted by WWF's Invest Program	44
10 Financial Solutions Proposed by BIOFIN	45
11 List of Interviewees	47

List of figures and tables

Figures

1	Summary of Banco de Bogotá's Green Bond Investmentsa	42
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Tables

1	Recommended Key Forest Financial Solutions	4
2	National targets related to the forestry sector forests	6
3	Investment in the Forestry Sector and main gaps (€)	8
4	Types of Financial Instruments as Forest Financing Solutions	9
5	Recommended Forest Financial Solutions	23

Acronyms

ART	Architecture for REDD+ Transactions
BAC	Banco Agrario de Colombia
BANCOLDEX	Banco de Comercio Exterior de Colombia
BID	Banco Interamericano de Desarrollo
BBVA	Banco Bilbao Vizcaya Argentaria
Biofin	Iniciativa de Financiamiento de la Biodiversidad (PNUD) (Biodiversity Funding Initiative)
CAE-FB	Cuenta Ambiental y Económica de Flujos del Bosque (Environmental and Economic Account of Forest Flows)
CAF	Corporación Andina de Fomento (Development Bank of Latin America and the Caribbean)
CI	Conservación Internacional (Conservation International)
CIF	Certificado de Incentivo Forestal (Forest Incentive Certificate)
CITES	Convenio sobre el Comercio Internacional de Especies Amenazadas de Fauna y Flora Silvestres (Convention on International Trade in Endangered Species of Wild Fauna and Flora)
CONPES	Consejo Nacional de Política Económica y Social (National Council for Economic and Social Policy)
COP	Conference of Parties
DANE	Departamento Administrativo Nacional de Estadística (National Administrative Department of Statistics)
DFCD	Fondo Holandés para el Clima y el Desarrollo (Dutch Fund for Climate and Development)
DNP	Departamento Nacional de Planeación (National Planning Department)
EDFI MC	European Development Financial Institutions – Management Company
EFSD+	Fondo Europeo para Desarrollo Sostenible plus (European Fund for Sustainable Development Plus)
EIB	Banco Europeo de Inversión (European Investment Bank - EIB)
ENFC	PDF Estrategia Nacional de Financiamiento Climático (National Climate Finance Strategy)
ENR	Estrategia Nacional de Restauración (National Restoration Strategy)
FAG	Fondo Agropecuario de Garantías (Agricultural Guarantee Fund)
FARC	Fuerzas Armadas Revolucionarias de Colombia (Revolutionary Armed Forces of Colombia)
Fasecolda	Federación Colombiana de Aseguradores (Federation of Colombian Insurers)
Fedemaderas	Federación Nacional de Industriales de la Madera (National Federation of Wood Industry Entrepreneurs)

FINAGRO	Fondo para el Financiamiento del Sector Agropecuario (Fund for Financing the Agricultural Sector)
FINDETER	Banca de Desarrollo Territorial (Territorial Development Bank)
FMO	Banco Holandés de Desarrollo Empresarial (Dutch Entrepreneurial Development Bank)
FONAM	Fondo Nacional Ambiental (National Environmental Fund)
FVB	Fondo para la Vida y de la Biodiversidad (Fund for Life and Biodiversity)
ICMA	Asociación Internacional del Mercado de Capitales (International Capital Market Association)
ICONTEC	Instituto Colombiano de Normas Técnicas y Certificación (Colombian Institute of Technical Standards and Certification)
IDEAM	Instituto de Hidrología, Meteorología y Estudios Ambientales de Colombia (Institute of Hydrology, Meteorology and Environmental Studies of Colombia)
IED	Inversión Extranjera Directa (Foreign Direct Investment)
IFC	Corporación Financiera Internacional (International Finance Corporation)
IFV	Instrumento Financiero Verde (Green Financial Instrument)
INF	Inventario Nacional Forestal (National Forest Inventory)
IRFF	Facilidad de Seguros y Financiamiento de Riesgos (Insurance and Risk Financing Facility)
ISA	Incentivo al Seguro Agropecuario (Agricultural Insurance Incentive)
ITPS	Incentivo a la Transformación Productiva Sostenible (Sustainable Productive Transformation Incentive)
MFS	Manejo Forestal Sostenible (Sustainable Forest Management)
MFSC	Manejo Forestal Sostenible Comunitaria (Community-Based Sustainable Forest Management)
MIC	Middle Income Country
Minagricultura	Ministerio de Agricultura y Desarrollo Rural (Ministry of Agriculture and Rural Development)
Minambiente	Ministerio de Ambiente y Desarrollo Sostenible (Ministry of Environment and Sustainable Development)
MRV	Monitoreo, Reporte y Verificación (Monitoring, Reporting and Verification)
NARP	Comunidades negras, afrocolombianas, raizales y palenqueras (Afro-Colombian, Raizal and Palenquero communities)
NBSAP	Plan de Acción de Biodiversidad de Colombia al 2030 (National Biodiversity Strategy and Action Plan of Colombia until 2030)
NDFyB	Núcleo de Desarrollo Forestal y de la Biodiversidad (Forest and Biodiversity Development Hub)
OAA	ONE Amazon Asset
OCDE	Organización para la Cooperación y el Desarrollo Económicos (Organisation for Economic Co-operation and Development - OECD)
ONG	Organización No Gubernamental (Non-Governmental Organization - NGO)
ONU	Organización de Naciones Unidas (United Nations Organization - UN)
PFCm	Productos Forestales Comerciales de madera (Commercial Timber Forest Products)

PIB	Producto Interno Bruto (Gross Domestic Product - GDP)
PDET	Programas de Desarrollo con Enfoque Territorial (Territorially Focused Development Programs)
PND	Plan Nacional de Desarrollo (National Development Plan)
PNUD	Programa de las Naciones Unidas para el Desarrollo (United Nations Development Programme - UNDP)
PSA	Pago por Servicios Ambientales (Payment for Environmental Services - PES)
PyME	Pequeña y Mediana Empresa (Small and Medium-sized Enterprise - SME)
REDD	Reducción de Emisiones por Deforestación y Degradación (Reducing Emissions from Deforestation and Forest Degradation)
REM	REDD Early Movers
RePro	Crédito de Restauración Productiva (Productive Restoration Credit)
SAF	Sistemas Agroforestales (Agroforestry Systems)
SARAS	Sistema de Administración de Riesgos Ambientales y Sociales (Environmental and Social Risk Management System)
SCAE-CE	Sistema de Contabilidad Ambiental y Económica Contabilidad de los Ecosistemas (System of Environmental-Economic Accounting (SEEA) Ecosystem Accounting)
SECO	Secretaría de Estado para Asuntos Económicos de Suiza (Swiss State Secretariat for Economic Affairs)
SFC	Superintendencia Financiera de Colombia (Financial Superintendence of Colombia)
SINA	Sistema Nacional Ambiental (National Environmental System)
SMBByC	Sistema de Monitoreo de Bosque y Carbono (IDEAM) (Forest and Carbon Monitoring System - IDEAM)
TEFOS	Territorios Forestales Sostenibles (UK) (Sustainable Forest Territories)
TGVC	Transformando Cadenas de Valor Globales (Transforming Global Value Chains)
TFCA	Acuerdo para la Conservación de Bosques Tropicales de Colombia (Tropical Forest Conservation Agreement - Colombia)
TNC	The Nature Conservancy
TREES	The REDD+ Environmental Excellence Standard
UICN	Unión Internacional para la Conservación de la Naturaleza (International Union for Conservation of Nature)
UPRA	Unidad de Planificación Rural Agropecuaria (Rural Agricultural Planning Unit)
USAID	Agencia de los Estados Unidos para el Desarrollo Internacional (United States Agency for International Development)
WWF	World Wildlife Fund
ZOMAC	Zonas Más Afectadas por el Conflicto Armado (Zones Most Affected by the Armed Conflict)
ZRC	Zonas de Reserva Campesina (Peasant Reserve Zones)
ZRF	Zonas de Reserva Forestal (Forest Reserve Zones)

Introduction

The National Forest Funding Assessment of Colombia is part of the “Funding for Forests” initiative, commissioned by the European Union (EU) and implemented by the Forests for the Future Facility (F4F), in collaboration with the Center for International Forestry Research (Centro para la Investigación Forestal Internacional, CIFOR) and the International Centre for Research in Agroforestry (Centro Internacional para la Investigación Agroforestal, ICRAF). Fifteen countries have been prioritized for a brief assessment and an overview of existing forest funding tools and mechanisms, in response to the growing need for financial resources to support sustainable forest management and conservation. More specifically, the aim is to strengthen progress towards achieving the goals of the Paris Agreement, the Global Biodiversity Framework, the Sustainable Development Goals and the broader policy framework of the European Union.

As part of the second phase of the preliminary assessment, this report provides a brief evaluation of the existing forest funding mechanisms in Colombia, as well as the identification of potential mechanisms for the country. The aim is to facilitate the mobilization of financial resources to enhance the productivity and sustainability of Colombia's forest sector. In addition, the report presents an overview of potential future investments from the European Union, as well as from partner countries and donor entities.

This consultancy was carried out between March and September 2025 by a local expert hired by the Forests for the Future Facility (F4F). The methodology applied during the assessment followed the F4F guidelines developed by CIFOR, adhering to four key steps: inception, technical roundtable, mapping of

financial instruments and a final consultation with the relevant stakeholders. Nine pre-selected Forest Finance (FF) solutions provide a clear and comparative overview of their application in the country. During the inception phase, initial meetings were conducted with the EU delegation to outline the work plan and coordination with strategic actors in the Colombian forestry sector. In addition, the data collected was supported by secondary literature, based on the most recent statistical information on the Colombian forestry sector.

On April 3, a Technical Roundtable was held with 30 participants. These included representatives from Colombia's forest sector, the public sector (the Ministry of Environment and Sustainable Development, Fondo para la Vida y la Biodiversidad (Fund for Life and Biodiversity), the Ministry of Agriculture and Rural Development, Departamento Administrativo Nacional de Estadística (National Administrative Department of Statistics, DANE), the private sector (FEDEMADERAS, Federación Nacional de Industriales de la Madera - National Federation of Wood Industry Entrepreneurs, Terrasos, Masbosques), the financial sector (Banco Bilbao Vizcaya Argentaria - BBVA Bank, Santander Bank), non-governmental organizations - NGOs (WWF - World Wildlife Fund, Solidaridad), and international cooperation entities (REM Visión Amazonía). This meeting was followed by semi-structured interviews with 26 stakeholders to follow up on the information gathered during the meeting: 8 interviews with 6 public sector institutions (Minambiente - Ministry of the Environment, Minagricultura - Ministry of Agriculture, IDEAM (Instituto de Hidrología, Meteorología y Estudios Ambientales de Colombia - Institute of Hydrology, Meteorology and Environmental Studies of Colombia), SINCHI (Instituto Amazónico de

Investigaciones Cientificas - Amazonian Institute of Scientific Research), Banco Agrario, FINAGRO (Fondo para el Financiamiento del Sector Agropecuario - Fund for Financing the Agricultural Sector)); 10 interviews with 9 private sector stakeholders, including NGOs (FEDEMADERAS, Terrasos, Solidaridad, Masbosques, BBVA, Banco Davivienda, One Amazon, Nest, WWF); and 8 consultations with 7 International Cooperation

projects (see Annex 11, list of interviewees). On September 3, a final meeting was held with 30 participants to present the results of the assessment and evaluate the potential of current and future FF solutions. CIFOR was responsible for the coordination and overall management of the mission, while F4F verified the quality of the results and ensured that EU priorities were applied during the assessment.

Key findings

Colombia has 52% forest cover across its national territory, offering great potential for developing a forestry economy. However, the forestry sector contributes only 1% of the Gross Domestic Product (GDP) and has a negative trade balance of €642M. Colombia has a solid environmental legal framework and an advanced forest and carbon monitoring system. The environmental sector receives significant contributions from public and private funds, as well as international cooperation, totalling an estimated €1 billion annually. Political will stands out, with ambitious goals for conservation and restoration. Since 2017, several banks have implemented Green Bonds and have recently issued the first Biodiversity Bonds. There is over 20 years of experience with schemes such as Payments for Environmental Services, Green Credits, Debt-for-Nature Swaps, Habitat Banks, and both impact and blended investment for the development of community enterprises and carbon projects. As **key instruments with potential to be further developed and scaled into full implementation**, we recommend the following:

- **Conservation and restoration:** Expand credit schemes targeted at productive restoration for livestock conversion, such as those financed by the Fund for Life and Biodiversity and the state-run agriculture development bank Banco Agrario de Colombia, as well as new financial instruments (incentives and green credits) for combining conservation agreements with ecological and productive restoration (including agroforestry) and carbon credits, based on Solidaridad's experience. This mix could be scaled up for the Amazon and other regions. Regarding **Global Gateway, Carbon Sinks** could support scaling up investments
- (equity) in regenerative forestry and agricultural businesses, such as productive restoration.
- **Catalysing private sector resources towards sustainable investment:** Biodiversity Bonds represent an investment opportunity but face challenges when investing in the forestry sector. To strengthen participation in the forestry sector and industry portfolio, support could be made available to protect against these credit risks through technical assistance and bank guarantees. Regarding **Global Gateway**, it may be worth considering the mobilization of **Dedicated Guarantees** from the European Investment Bank (EIB) for Green Bonds and Biodiversity Bonds in sectors such as clean energy and green infrastructure.
- **Sustainable production and value-added transformation:** The promotion of Public-Private Partnerships is recommended in order to support farmers in certified zero-deforestation value chains for the European market, particularly regarding coffee, cocoa, rubber, and other wood and non-timber forest products. Regarding **Global Gateway, EFSD+ Blending Facilities** could mobilize grants and loans for non-bankable projects with public value (EFSD+: Fondo Europeo para Desarrollo Sostenible plus - European Fund for Sustainable Development Plus) Guarantees under the **Transforming Global Value Chains (Transformando Cadenas de valor Globales, TGVC)** initiative could also be applied to support SMEs (small and medium-sized enterprises) in value chains, covering direct debt financing in agro-industrial value chains.

Table 1. Recommended Key Forest Financial Solutions

Forest Financial Solution	Expected impact on national goals*	Support required	Funding source
Green credits for conservation and restoration with carbon bonds	Scale up restoration in areas with favourable credit conditions. 1,250 ha, €2,442M	Changes to Banco Agrario de Colombia (BAC) credit policies and strengthening institutional capacities for agricultural extension	Public funds via Banco Agrario, FINAGRO, co-financing for development via the Fondo para la Vida y la Biodiversidad (Fund for Life and Biodiversity); potential to supplement guarantees through the European Union's Global Gateway
Impact Funds and Blended Finance – Public-Private Partnerships	Agroforestry systems (coffee, cocoa, rubber, et al) and wood and non-timber forest products with carbon payments for absorption 1,000,000 ha – €4,000M	Pre-investment and strengthening of producer associations to achieve scale; tax exemptions.	Blended finance
Private carbon projects with indigenous communities, PES (Payment for Environmental Services) Carbon-Jurisdictional REDD for farmers in the Forest Reserve Zone (REDD: Reducción de Emisiones por Deforestación y Degradación - Reducing Emissions from Deforestation and Forest Degradation)	Forest conservation for carbon stock Jurisdictional REDD: natural forest in 28 forest development hubs 3,115,230 ha; Available emissions reduction 2022-2023 52M tons CO ₂ eq, €100-200M	Development of regulations on emissions reduction	Public (Fondo para la Vida); Cooperation (Visión Amazonía); ONE Amazon, compensation, Tropical Forest Forever Facility
Green bonds and biodiversity bonds	Private investment in conservation, reforestation, restoration Biodiversity gap: €1,162M	Leveraging bank guarantees to reduce risks in forestry projects	Private (second-tier banks, Global Gateway-EU)
Fund for Life and Biodiversity plus Financial Mechanisms	Investment in Community Forest Management , conservation and restoration €666M for 28 forest development hubs / Biodiversity gap: €1,162M	Review of governance framework	Public and private
Incentives and credits for the forestry sector (industrial)	Increase in commercial plantations of 70,000 ha (€182M)	Financing of the Forestry Incentive Certificate (CIF) depends on political will	Public funding through FINAGRO

*For the corresponding national targets, see Table 2; for calculations, refer to Annex 5

Characterization of the forestry sector and performance gaps

In brief

Forest cover	: 51.9%
Contribution to GDP	: 1%
Number of jobs related to forestry activities	: 215,000 jobs
Biodiversity	: 56,343 species; 3,991 tree species, from 824 genera and 141 families (National Forest Inventory, 2025)

Institutionally, the forestry sector in Colombia is divided into two directorates: forest productivity in the Ministry of Agriculture and Rural Development (Minagricultura) and forest conservation in the Ministry of Environment and Sustainable Development (Minambiente). Colombia has an advanced Forest and Carbon Monitoring System (Sistema de Monitoreo de Bosques y Carbono, SMBYC) at IDEAM and a National Emissions Reduction Registry (Registro Nacional de Reducción de Emisiones, RENARE) for carbon accounting. The National Administrative Department of Statistics (DANE) maintains a green accounting system through the country's Environmental and Economic Accounts. (DANE, n.d.)¹. Colombia does not have a National Forest Service; promotion and oversight of the sector are handled by the Regional Autonomous Corporations (Corporaciones Autónomas Regionales, CARs), which, along with five research institutions, are part of the National Environmental

System (Sistema Nacional Ambiental, SINA). See summary of sector strengths and weaknesses in Annex 1.

With a **natural forest area** of 59,187,533 ha (51.9% of the country's mainland and island territory), Colombia is one of the 12 countries with the highest forest cover globally, preserving about 1.5% of the planet's forests (IDEAM, 2023). 66% of the natural forest is in the Amazon biome, covering 38.85M hectares. Between 2001 and 2015, **deforestation** at the national level ranged from 116,000 to 179,000 hectares per year. As a result of the signing of the peace agreement with the FARC guerrillas (Fuerzas Armadas Revolucionarias de Colombia - Revolutionary Armed Forces of Colombia), there was a peak in 2017 of 219,000 ha, and deforestation has been declining to its lowest levels in the last 24 years in 2023 with 79,256 ha nationally (44,274 ha in the Amazon region) and 113,608 hectares nationwide in 2024 (77,124 ha in the Amazon region) (Ministry of Environment and Sustainable Development, July 2025). The main causes of deforestation in Colombia include land clearing for land grabbing, unsustainable practices of extensive cattle ranching, unplanned transportation infrastructure, illicit crop cultivation, illegal mineral extraction and illegal logging. Since 2023, biophysical factors such as landslides and wind-driven clearings (known as *chagras de viento*) have also contributed to forest loss.

In terms of **biodiversity**, Colombia is one of the world's 'megadiverse' countries. It ranks first globally in bird and orchid species, second in plant, amphibian, butterfly and freshwater fish diversity, third in palm and reptile species, and fourth in mammal diversity. (Martinez, 2023)². The National Forest Inventory

¹ <https://www.dane.gov.co/index.php/estadisticas-por-tema/cuentas-nacionales/cuentas-satelite/cuenta-satelite-ambientalcsa# cuenta-ambiental-y-economica-de-flujosdel-bosque-cae-fb>

² <https://www.reddearboles.org/noticias/nwarticle/541/2/importancia-bosques-y-biodiversidad-en-colombia>

reveals a very high forest wealth, reaching 100 species per sampled area; 3,991 (morpho) species were identified, belonging to 141 botanical families (IDEAM, 2020)³. Colombia's **National Natural Parks** comprise 61 protected areas, with a total area of 17,537,883 ha, representing around 8.47% of the national territory (land and sea). This represents more than 64.5% of the country's ecosystems. 22% of the area of natural forests is located within these national natural parks, 48% in Indigenous Reserves, 0.5% in Peasant Reserve Zones or ZRCs (11 ZRCs covering an area of 103,000 ha) and 16 in Forest Reserve Zones (ZRF) (8.4 million ha). Peasants in the ZRF are not landowners, but rather land holders. The Ministry of Environment and Sustainable Development (Minciencia) has promoted Community-Based Forest Concessions, which grant the right to manage and sustainably use forest resources and biodiversity within Forest Reserve Zones (ZRFs) (MADS, 2025)⁴.

The National Federation of Wood Industry Entrepreneurs – FEDEMADERAS has approximately 1,531 active members, 95% of which are micro and SMEs. Around 4,200 families depend directly on natural forests, and the forestry sector (including forest plantations and wood processing) generates about 215,000 jobs. Despite having 52% natural forest cover, with approximately 32,000 ha under Community Sustainable Forest Management (benefitting 3,500 families) (EU REDD Facility, 2023)⁵ and 551,345 ha of **commercial forest plantations**, the forestry GDP accounts for around 1% of Colombia's total GDP. The sector also

shows a negative trade balance of -€642M⁶ (Fedemaderas, n.d.), with exports totalling €594M and imports reaching €1,200M in 2023. See Annex 2 on contributions to GDP and import and export data for the sector.

Regarding the government's goals for reducing deforestation, sustainable forest management, restoration, plantations and protected areas, the 2022–2026 National Development Plan 'Colombia: Global Power of Life' (DNP, Departamento Nacional de Planeación, National Planning Department, 2023)⁷, aligned with the Nationally Determined Contribution (NDC) (Republic of Colombia, 20208), outlines the following targets related to the forestry sector: **20% reduction in national deforestation** by 2026 (approximately 140,000 ha) compared to the 2021 deforestation baseline (NDC: net zero deforestation by 2030, with a national cap of 100,000 hectares); **28 Forest and Biodiversity Development Hubs** in the process of consolidation (8,203,375 ha); **100 Payment for Environmental Services (PES)** projects and other conservation incentives currently underway; Expansion of areas under restoration, recovery and rehabilitation of degraded ecosystems by an additional **750,000 restoration ha** compared to 2022, reaching a total of 1.7 million hectares; Establishment of **40,000 ha of new commercial forest plantations**. Table 2 shows the estimated progress towards achieving the targets (see Annex 3 for more information).

Table 2. National targets related to the forestry sector forests

Type of target	Key objective	Source	Target vs. Status quo
Reduction in deforestation	20% by 2026 resp. 2021 (140,000 ha)	PND (National Development Plan) 2022-2026	100% (100,000 ha in 2024)
Sustainable Forest Management	28 NDFyB (Núcleo de Desarrollo Forestal y de la Biodiversidad, Forest and Biodiversity Development Hubs) in the process of consolidation (8M ha)	PND (National Development Plan) 2022-2026	50% (14 NDFyB currently being consolidated)
PES conservation	16,000 families	PICD (Plan Integral de Contención de la Deforestación, Comprehensive Plan for Deforestation Containment)	62% (10,000 families)
Restoration	750,000 ha more than in 2022	PND (National Development Plan) 2022-2026	Progress 29% (293,000 additional ha currently being consolidated)
Forest plantations	40,000 ha	PND (National Development Plan) 2022-2026	Progress 19% (7,474 ha)

3 <https://www.ideam.gov.co/file-download/download/public/8088>

4 <https://www.alcaldiabogota.gov.co/sisjur/normas/Norma1.jsp?i=174077>

5 <https://euredd.efi.int/wp-content/uploads/2023/03/Apoyo-tecnico-del-Centro-REDD-de-la-UE-a-la-foresteria-comunitaria-en-Colombia-DRAFT.pdf>

6 <https://fedemaderas.org.co/indicadores-sectoriales/>

7 <https://colaboracion.dnp.gov.co/CDT/portalDNP/PND-2023/2023-02-23-METAS.pdf>

8 <https://unfccc.int/sites/default/files/NDC/2022-06/NDC%20actualizada%20de%20Colombia.pdf>

Analysis of current levels of funding and investment

Brief analysis of investment in the forestry sector

Colombia has a wide range of funding sources for the environmental and forestry sector, with significant contributions from public and private funds as well as international cooperation, totalling approximately **€1,000M⁹ per year**. In line with a strong political commitment, a large portion is allocated to ambitious conservation and restoration goals. There are three public funding sources: **Fondo Nacional Ambiental (National Environmental Fund, FONAM)** with an **annual budget of around €300M**; the **General Royalties System (Sistema General de Regalías, SGR)** with **€180M** per year for the environmental sector, and, since 2023, the Ministry of Environment and Sustainable Development's **Fund for Life and Biodiversity**, financed with 80% of the carbon tax, with around **€100-160M** per year (investment in the Amazon region €204M). Until 2022, the Forestry Incentive Certificate (CIF) administered by FINAGRO was used to promote commercial forest plantations, but since 2023 it has not been refinanced. In addition, with contributions from environmental authorities and local entities in **Payment for Environmental Services (PES)** for forest conservation, and from private companies with **Environmental Compensation**, as a reference, in 2024, **€175M** has been mobilized for forest restoration and conservation issues.

International Cooperation has been making a significant contribution to the environmental sector in Colombia, estimated at around **€50M annually**. Various multilateral and bilateral programs fund

environmental and forestry initiatives through different modalities, including technical cooperation, financial support such as KfW's Pay-for-Results schemes under REDD+, and budgetary support like the European Union's Forests Program, among others. Finally, the **Private Sector** contributes an estimated **€65M annually** through Biodiversity Bonds, voluntary carbon market projects, impact investments, et al. For more details on funding sources for the sector, see Annex 4.

Main investment gaps Based on government targets and estimated annual costs, Table 3 presents an approximation of the financial gap across different subsectors (see Annex 5 for calculations and assumptions for each case). As climate financing indirectly supports biodiversity as well, a general indication of the sector's financial gap is that the public sector allocates just 0.16% of the GDP to climate change initiatives, far below the 2% recommended by the Organisation for Economic Co-operation and Development (OECD) and the United Nations (UN) (Estrategia Nacional de Financiamiento Climático, National Climate Finance Strategy – ENFC, 2017). This would imply a general gap of 92%.

Given the government's ambitious goals, the funding gap is significant across all areas. Considering recent political shifts—such as the abrupt cut in USAID (U. S. Agency for International Development) contributions from the United States and the prioritization of national defence and migration issues over international cooperation in Europe, the outlook for international cooperation remains uncertain. Much will also depend on the decision of Colombia's next government in 2026 regarding whether it will continue funding the Fund for Life and Biodiversity as well as the CIF. In this uncertain context, it becomes even

⁹ A fixed reference exchange rate for 2025 is used throughout the document: 1 Euro = 4,800 COP; 1 Euro = 1.14 USD

more important to promote and facilitate private sector investments in environmental and forestry-related areas.

Information on current investment levels across different subsectors is scattered, sometimes missing, and not always consistent. The estimated need for

financing is even more indicative, based on various available policy documents and analytical reports. As mentioned in the National Climate Finance Strategy: “Estimating the climate finance gap in the country requires inputs that are not yet available, such as cost estimates for all the measures that make up the mitigation and adaptation targets.” (Lema, et al. 2017)¹⁰

Table 3. Investment in the Forestry Sector and main gaps (€)

Sector	Investment level	Source	Investment gap	Remarks (Annual demand and through 2030)
Climate Change	0.16% of GDP 162M	Public Funds, international cooperation	92% 646M	2% of GDP ^a 484M
MFS (Manejo Forestal Sostenible, Sustainable Forest Management)	Annual: 60M 2025–2030: 362M	FVB (Fund for Life and Biodiversity) 204M until 2026 Cooperation through 2030: €158M	46% (15%, if the GoC commitment is maintained through 2030)	Annual: 111M 2025–2030: 666M
Restoration	Annual: 203.5M 2025–2030: 1,221M	Investment in 2025–2026 equivalent to the cost of 293,094 ha advanced between 2023–2024	49%	Annual: 785M 2025–2030: 4,711M
Timber Industry / Plantations	0 CIF defunded	CIF	100%	Annual: 30.25M; 2025–2030: 182M
PES for forest protection	Annual: 7M 2025–2030: 42.5M	Conservar Paga (Fund for Life and Diversity), €99 2025–2026	71%	Annual: 26.4M ^b 2025–2030: 175M 16,000 beneficiaries Conservar Paga 2025–2030
Biodiversity / Protected Areas	Annual: 1,230M 2025–2030: 7,380M	Public: 1,163M/year + International Cooperation 67M/year	55%	Annual: 2,632M; 2025–2030: 16,000M
SAF (Sistemas Agroforestales, Agroforestry Systems) No national targets	1M	REM II	99%	Annual: 667M; 2025–2030: 4,000M
Livestock Conversion No national targets	22.3M	REM-BAC: IFV 2025 (Instrumentos Financieros Verdes, Green Financial Instruments): 1.3M FVB-BAC 2025: RePro (Crédito de Restauración Productiva, Productive Restoration Credit): 21M	99.5%	Annual: 694M; 2025–2030: 4,166M

*1 Euro = 4800 COP; 1 Euro = 1,14 USD

Note:

a recomendado por la Organización para la Cooperación y el Desarrollo Económicos (OCDE) y la Organización de las Naciones Unidas (ONU).

b <https://colaboracion.dnp.gov.co/CDT/Conpes/Econ%C3%B3micos/3886.pdf>

¹⁰ <https://colaboracion.dnp.gov.co/CDT/Ambiente/Finanzas%20del%20Clima/Estrategia%20nacional%20de%20financiamiento%20clim%C3%A1tico.pdf>

Analysis of forest financing solutions and instruments

Brief summary of the main findings in this section Colombia is not only biodiverse, but also has a diverse 'financial ecosystem,' covering all nine types pre-identified by F4F. Based on the Technical Roundtable held on April 3, 2025 at the European Union Delegation, financial instruments such as Biodiversity Bonds, National Funds (Fund for Life and Biodiversity), PES from Masbosques, Public Finance including the Forest Incentive Certificate (CIF) and compensation through Terrasos, green credits implemented by Solidaridad and the REM 'Visión Amazonía' Program, and the issues of debt-for-nature swaps and carbon projects were mentioned. Through the interviews, the list was supplemented with Green Bonds as precursors to Biodiversity Bonds, and with examples of impact financing (One Amazon) and mixed financing (PPPs), the latter due to its relevance and potential for scaling up. The main financial instruments and solutions

are presented below, grouped according to their main purpose, corresponding to the analysis in the previous chapter.

The Biodiversity Finance Initiative (Iniciativa de Financiamiento de la Biodiversidad - BIOFIN), launched by the United Nations Development Programme (UNDP) in 2012, is a global initiative aimed at addressing the challenge of financing biodiversity-oriented actions. It began its activities in Colombia in March 2015. Through financial solutions, the goal is to increase and redirect investments from the public and private sectors, as well as international cooperation, to benefit threatened ecosystems and their communities./ It promotes financial mechanisms that help close the biodiversity finance gap. BIOFIN has successfully mobilized USD 14.2M to address the biodiversity finance gap.

Table 4. Types of Financial Instruments as Forest Financing Solutions

Financial solution	Impact and effectiveness	Scalability	Alignment with global frameworks	Inclusivity	Market potential
A: Primarily focused on forest conservation and/or restoration					
A1 Public Finance					
Public finance instruments	Conservation (PES and compensation); CIF for underfunded plantations	Co-finance the Habitat Bank to scale up its investments	Global Biodiversity Framework, SDG, Paris Agreement, NDC, PNABC (National Program of Protected Areas of Bolivia)	Yes	Projects; does not include market-based green credits; CIF was an incentive
National Conservation Funds FONAM, SGR, Fund for Life and Biodiversity	Conservation (PES), Restoration, Sustainable Development	FVB is an opportunity as a channel for public and private investments	Global Biodiversity Framework, SDG, Paris Agreement, PNABC	SGR and FVB are targeted towards Afro-Colombians (NARD), Roma, indigenous communities and rural communities	Calls for project proposals are held; includes green credits

continued on next page

Tabla 4. Continued

Financial solution	Impact and effectiveness	Scalability	Alignment with global frameworks	Inclusivity	Market potential
International Funds Tropical Forest Forever Facility	Proposed for COP 30 (Conference of Parties)	National level	Global Biodiversity Framework, SDG, Paris Agreement, PNABC	Afro-Colombian indigenous farmers	
Debt-for-nature swap Fondo Acción	Conservation and sustainable use of forests; more than 900,000 ha	Financial mechanism for public and private investments	Global Biodiversity Framework, SDG, Paris Agreement, PNABC	For small farmers and children	Project calls, not market-based green credits
A2. Payment for Environmental Services					
PES Masbosques, REM FVB	Conservation effectiveness 95%	Yes, with Masbosques and BAC	Global Biodiversity Framework, PND, PICD, PNABC	Includes small farmers in Forest Reserve Zone, indigenous communities	It is an incentive, not a market instrument
Carbon projects	Effective for conservation in indigenous territories	Potential to scale up for farmers	SDG, NDC, PNABC	In indigenous territories, but it has generated levels of social conflict	The voluntary market
A3. Impact Fund: ONE Amazon	To be developed	As a digital asset scalable to the entire Amazon region	Global Biodiversity Framework, PICD, PNABC		Traded on the stock exchange
B: Aimed at mobilizing private sector resources towards sustainable investment					
B1 Thematic Bonds					
Green Bonds Bancolombia, Bancoldex, Davivienda, Banco de Bogotá	Investment in energy and infrastructure, not forestry	Could be leveraged with investment and guarantee funds to promote forestry projects	SDG, NDC, PND	For medium and large companies	Debt instruments
Biodiversity bonds BBVA, DAVIVIENDA	Limited direct impact on the forestry sector		Global Biodiversity Framework, SDG, Paris Agreement, PNABC		
C: Aimed at sustainable production systems and value-added processing					
Green credits FINAGRO and BAC green credits Solidaridad	Livestock conversion, except for SAF and NTFP (productos forestales no maderables, non-timber forest products). Effectiveness 78–85%	BAC, with restoration and carbon bonds	SDG, NDC, PND, PNABC, ENR	Mainly to farmers in more formalised, non-indigenous regions	Loans are debt instruments
Impact funding/mixed funding Urapi-Riosierra, GIZ (German Agency for International Co-operation)	Effective PPPs to improve local business production, marketing and job creation	Scalable in the context of EU zero deforestation regulations	SDG, ENR	Small producers (of coffee, cocoa, rubber, legal timber and NTFPs)	Private sector contributes to pre-investment in community ventures

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Tabla 4. Continued

Financial solution	Impact and effectiveness	Scalability	Alignment with global frameworks	Inclusivity	Market potential
D: Financial solutions: Platforms to mobilise public and private funding					
Climate Finance Broker-DNP	Marketplace to connect companies and projects addressing climate change with financial products	Facilitates the scaling up of climate finance	NDC, National Climate Change Policy, Green Growth Policy, PND	SMEs and medium-sized enterprises	Promotes private investment through equity and debt
Invest and WWF Colombia	Develops financial tools (such as Payments for Environmental Services (PES), Pay-For-Results, Funds, Banking)	Scalable	SDG, NDC, PND, PNABC, ENR	Inclusive	Seeks to mobilize public and private investment by connecting from the local offer side

5.1 Forest funding solutions and instruments applied in Colombia

A: Financial solutions primarily focused on forest conservation and/or restoration:

Public finance

Public financial instruments

Objective: Channel public and private funds towards biodiversity conservation

Current investing scale: €187M

Financing gap: Contributes to biodiversity conservation goals

Risks and challenges: Good performance

Description:

In Colombia, there are various public financial and economic instruments; see Annex 6 (Lema et al., 2017¹¹). The National Planning Department (DNP) proposes analysing finances that are harmful or ‘misaligned’ with biodiversity or water resource goals, in order to achieve a more coherent framework of instruments. The BIOFIN initiative supported Finagro in reforming the financial instruments of the agricultural sector, including environmental guidelines and the reform of harmful incentives, in line with Goal 18 of the Global Biodiversity Framework (GBF). Below are some of the most relevant instruments for the forestry sector, mainly for conservation. In accordance with environmental regulations, Payment for Environmental

Services (PES) can be funded with resources from environmental authorities and territorial entities to acquire areas or implement conservation incentive projects (PES). This is funded by resources from the Water Use Tax and the Electricity Sector Transfer (Agudelo et al., 2025¹²). In addition, Law 99 of 1993 is the legal basis for environmental compensation to offset the negative environmental impacts of projects. The hydrocarbon (78%), mining (14%) and energy (6%) sectors have invested in 700,000 ha for restoration and/or conservation. According to the National Environmental Licensing Authority (Autoridad Nacional de Licencias Ambientales, ANLA, 2020¹³), the amount approved for environmental compensation and the 1% investment by local authorities for January 2024 is €187M.

Habitat Banks, biodiversity credits

The Banco de Hábitat by Terrasos has implemented €6.1M, with 30-year business models, generating employment and rural development through three modalities: Banco de Hábitat for biodiversity investment: focused on conservation or restoration projects, as well as knowledge management and enabling conditions through consulting services for companies. Terrasos supports companies in the development of projects in compliance with the Biodiversity Offset Law. A requirement is that beneficiaries must have formalised their land titles, as

11 <https://colaboracion.dnp.gov.co/CDT/Ambiente/Finanzas%20del%20Clima/Estrategia%20nacional%20de%20financiamiento%20clim%C3%A1tico.pdf>

12 <https://www.pwc.com/co/es/pwc-insights/finanzas-biodiversidad-colombia-panorama.html>

13 https://www.anla.gov.co/01_anla/index.php/proyectos/apuestas-por-la-biodiversidad/cual-es-la-apuesta

Banco de Hábitat formalises long-term conservation agreements by registering them in land titles. Farmers in areas of high deforestation, such as the Amazon region, generally do not possess land titles, as they have occupied land in the Forest Reserve Zone, which is owned by the State. Habitat banks are an effective mechanism for promoting habitat conservation and generating employment and rural development. Habitat banks are a scalable and replicable model for Latin America and the Caribbean (University of Glasgow, 2025).

National Conservation Funds

Objective: Channel public funds towards conservation and sustainable use objectives for biodiversity, and in the case of FONAM, towards strengthening the Environmental System National.

Current investing scale: €580M annually

Financing gap: Supports natural forest conservation goals.

Risks and challenges: Uncertainty regarding fluctuations in budget availability and policy changes, particularly with the new Fund for Life and Biodiversity.

Description:

The three national funds have already been mentioned:

- **Fondo Nacional Ambiental (National Environmental Fund, FONAM):** a special account management system of the Ministry of Environment and Sustainable Development (Minambiente), which was created by Law 99 of 1933 and became operational in 2004, with legal status and independent assets. It aims to finance projects that strengthen environmental management and promote the sustainable management of natural resources through SINA entities, with an annual budget of around €300M.
- **The General Royalties System (SGR)** allocates around €180M annually to environmental projects, with access and distribution of benefits to poor municipalities, indigenous communities, black, Afro-Colombian, Raizal and Palenquero communities and Roma. The projects are not only conservation and/or restoration projects, but also sustainable production projects.
- **Fund for Life and Biodiversity (FVB):** a new fund created by the Ministry of Environment and Sustainable Development (Minambiente) in 2023,

with public funds coming from 80% of the carbon tax (the other 20% is allocated to peace), approximately €100M per year, most of which is invested in the Amazon region. The fund has autonomous assets with Fiducoldex as its financial mechanism.

FVB's portfolio is structured around five strategic lines: (i) ecosystem conservation and restoration; (ii) sustainable production systems and the biodiversity economy; (iii) water resources management and climate change adaptation; (iv) livestock conversion; and (v) knowledge generation for monitoring and follow-up. So far, 21 projects have been approved by the Fund's Board of Directors. Currently, the FVB has resources incorporated into its programs totalling €282M. Among the key achievements is the restoration of 122,673 ha nationwide, with an emphasis on the Amazon region. Together with the 'Conservar Paga' program, economic incentives have been implemented for the conservation of the Amazonian forest to combat deforestation. Also mentioned are mangrove conservation, the democratization of hydrometeorological information in La Mojana, the protection of water sources in La Guajira, the recovery of vegetation cover in the Atrato River basin, environmental governance in páramos, the promotion of sustainable production activities, and the generation of knowledge and environmental monitoring (IDEAM). A credit facility for productive restoration (RePro) is expected to be implemented with Banco Agrario for approximately €10M. This is a debt instrument that contributes to strengthening the financial ecosystem and could be scaled up to other regions of Colombia to contribute to the goals of the National Restoration Strategy.

The governance of the FVB allows funds from the co-operation to be channelled through specific opportunities, such as the €22M contribution from the World Bank and €14M from GEF/CAF (GEF: Fondo para el Medio Ambiente Mundial, Global environment facility; CAF: Corporación Andina de Fomento, Development Bank of Latin America and the Caribbean) for mangroves. For each case, the governance model is agreed upon with the co-operating parties and the respective operating manuals. However, as it is a new fund and given the uncertainty surrounding the permanence of commitments with changes in government, it requires an analysis of risks and opportunities in order to channel funds through the FVB in comparison with other financial mechanisms such as Patrimonio Natural or Fondo Acción.

International Funds

Tropical Forest Forever Facility:

Objective: Encourage countries to prevent deforestation and degradation of tropical rainforests.

Current investing scale: This mechanism is not operational yet.

Financing gap: It would support the goals of natural forest conservation.

Risks and challenges: The mechanism has not yet been approved, and the mechanisms and rules still need to be agreed upon at the international level. It must be defined how the resources would be channelled, possibly through the Life and Biodiversity Fund.

Description:

The Tropical Forests Forever Mechanism (TFFF) is a blended finance mechanism proposed by the government of Brazil to be launched at COP30 of the UNFCCC in Belém. The fund would use returns from capital market investments to provide results-based payments to tropical forest countries. Colombia is one of the countries that have endorsed this mechanism. The fund will have a budget of USD 125,000M through a combination of public and private investments. Tropical forest countries would receive USD 4 per hectare of intact forest as a budgetary contribution. For each hectare deforested during that year, USD 400 would be deducted from the total amount. For each degraded hectare, USD 100 would be deducted. If deductions exceed the payment, countries are not required to pay a penalty. Previously deforested or degraded ecosystems that have been fully restored become eligible for payments again. 20% of total disbursements will be transferred by recipient countries to indigenous and local communities.

Debt-for-nature swap

Objective: Financing activities for the conservation of natural resources and child development.

Current investing scale: €60M

Financing gap: Supports natural forest conservation goals.

Risks and challenges: Although the current government intends to negotiate another Debt-for-Nature Swap, amounting to approximately €2,193M annually for the conservation of the Amazon region, the global political context does not seem favourable.

Description:

Colombia has implemented debt-for-nature swap mechanisms aimed at alleviating external debt while promoting environmental conservation projects. In the period 1992–1993, a debt swap was carried out with the United States and Canada, which included a budget of €47.7M for an environmental fund, ECOFONDO, made up of 119 NGOs, with the goal of financing activities for the conservation of natural resources and child development (Rodríguez et al., 2024)¹⁴. Later, in 2000, a second debt-for-conservation swap was achieved (Fondo Acción, 2021)¹⁵ with the United States, amounting to €52.6M, aimed at promoting activities to (1) preserve or sustainably manage natural resources and (2) foster child survival and development. Fondo Acción was established as the financial mechanism. In 2004, a new debt-for-nature swap worth €8.8M was agreed with the United States to conserve, restore and promote the sustainable use of Colombia's tropical forests, involving civil society and the participation of local communities. Within this framework, Fondo Acción manages the Tropical Forest Conservation Agreement (Acuerdo para la Conservación de Bosques Tropicales de Colombia, TFCA) of Colombia with support from the World Wildlife Fund (WWF), The Nature Conservancy (TNC), and International Conservation (Conservación Internacional, CI). Through project calls, intervention of an area exceeding 900,000 ha has resulted in more than 900 conservation agreements aligned with national forest policy goals and global biodiversity frameworks.

The current government intends to negotiate another Debt-for-Nature Swap, which is expected to yield around €2.193M annually for conservation efforts in the Amazon region and support for local communities (Rodríguez et al., 2024)¹⁶. However, it is unlikely that another debt swap opportunity will arise in the short term. The Fondo Acción is an effective mechanism for channelling resources to national forest policy objectives and, like the Fondo Patrimonio Natural, is an effective financial mechanism with proven governance and due diligence. As such, they are an opportunity to channel funding from cooperation and other (private) sources towards forestry sector issues.

¹⁴ https://co.boell.org/sites/default/files/2025-02/esp_briefcanjededeuda.pdf

¹⁵ <https://fondoaccion.org/2021/05/25/un-compromiso-de-100-anos-con-la-conservacion-y-la-ninez-en-colombia/>

¹⁶ https://co.boell.org/sites/default/files/2025-02/esp_briefcanjededeuda.pdf

Payment for Environmental Services

This section presents two modalities: payments for environmental services associated with forest conservation for water and/or biodiversity, as regulated in Colombia by CONPES (Consejo Nacional de Política Económica y Social, National Council for Economic and Social Policy) 38861, and carbon projects, which are regulated separately.

Payments for Environmental Services

Objective: Channel public and private funds towards forest conservation by recognizing the value of the environmental services generated.

Current investing scale: Annual budget for public instruments: €7.1M; annual budget for Conservar Paga: €30M

Financing gap: Supports natural forest conservation goals.

Risks and challenges: Political changes may affect the commitment to continue the Conservar Paga Program

Description:

Colombia has more than 20 years of experience implementing Payments for Environmental Services (PES). In 2017, PES was regulated in CONPES 38861, which proposed the goal of having 1M ha under PES schemes by 2030, 50% for preservation and 50% for restoration. CONPES calculated a total cost of €175M for 2017-2030, with an annual cost of €26.4M.

Masbosques is a public-private corporation that has been implementing PES since 2013. It fosters partnerships for nature protection between companies, governments and local communities. In 21 years, with a total budget of **€110M**, 22,000 families have benefitted, conserving 600,000 ha. In 2024, PES was paid to 7,000 families with 300,000 ha, with a budget of **€8M**. Sources of funding include compensation from private companies through PES, 1% of the budget of local authorities for PES and funds for reducing greenhouse gas emissions via ICONTEC (Colombian Institute of Technical Standards and Certification). Masbosques has a transparent payment platform, an Information System covering all families, support for banking services (free of charge) with Bancolombia, and reports annually to the Ministry of Environment and Sustainable Development (Minciambiente).

Since 2019, the REM Program Visión Amazonía has developed the **Amazon Forest Incentive (IFA)** with conservation agreements as an integral part of its strategy to curb deforestation. IFA is a transitional mechanism until a more comprehensive intervention to promote a forest economy can be implemented. The effectiveness of conservation agreements, monitored by IDEAM, is about 95%. As of December 2024, the REM II Program has reached 3,390 families with €4.5M. The current government has adopted the Forest and Biodiversity Development Nuclei strategy of the REM Program Visión Amazonía in its Comprehensive Plan for Deforestation Containment (PICD), including this IFA instrument, renamed Conservar Paga. In the PICD, the government set a target of reaching 16,000 beneficiaries of Conservar Paga (PES).

PES is an effective mechanism for forest conservation and requires support (both financial and technical) to be scaled up to the level of ambition of the government's targets. PES is a highly inclusive instrument, as it has benefitted farmers in the Forest Reserve Zone where land tenure is informal. In addition, the REM Program Visión Amazonía has also implemented the IFA in three indigenous reserves in the department of Guaviare, in a collective modality. There are opportunities to develop PES not only through conservation agreements, but also to integrate productive and ecological restoration activities. Furthermore, carbon payments could be integrated as an additional source of income.

Carbon markets

Pay-for-Results Programs (Jurisdictional REDD+):

Objective: Channel public and private funds for the conservation of carbon stocks in natural forests

Current investing scale: Public Visión Amazonía €175 (2016-2027); private €24M

Funding gap addressed: Supports natural forest conservation goals.

Risks and challenges: Colombia is in the process of regulating carbon market projects; private projects involving indigenous territories have led to social conflicts in several cases; for farmers in Forest Reserve Zones, access to carbon credits has yet to be defined.

Description:

Visión Amazonía (VA) is a long-term program run by the Colombian government that serves as an umbrella for several projects, including the REDD Early Movers Colombia Visión Amazonía II (REM COLOMBIA II) program, Corazón de la Amazonía from the Global Environment Facility (GEF), and Green Climate Fund (GCF) Visión Amazonía. These programs belong to the strategies that the country is developing to implement a green growth model, which aims to reduce emissions resulting from deforestation in the Colombian Amazon region.

The REM COLOMBIA Program is conceived within the framework of the REDD Early Movers Program - REM Global, which was created by the German government and is administered by the KfW Development Bank. It provides funds to countries that are already implementing forest protection measures. The first phase, covering 2017–2023, with resources from Germany, Norway and the United Kingdom totalling €81M, was implemented under Modality 2, pay-for-results for emissions reduced by deforestation. The second phase, with a budget of €60M, implements Modality 1, in which the payments are conditional upon the fulfilment of policy milestones. It focuses on three results, aimed at implementing Forest Development Hubs, strengthening the environmental governance of Indigenous communities, and strengthening the management of territorial entities and national and regional environmental authorities. Profit distribution is a minimum of 60% local investment (with 20% for indigenous communities) and 40% for enabling conditions.

Carbon markets, both voluntary and regulated, represent an area of significant growth in Colombia. Carbon markets are financial tools based on the purchase and sale of carbon credits (Tradable Emission Allowances). In Colombia, the implementation of the mandatory regulated market is in the process of consolidation, but there is a voluntary market that raised €366M in 2020 and has funded 108 environmental mitigation initiatives (Agudelo et al., 2025)¹⁷. With regard to private projects in the voluntary market, according to the National Emissions Reduction Registry (RENARE), as of January 2025, there are 24 certified initiatives (Ecoregistry 13, Biocarbon 7, Verra 2 and COLCX 2). In total, these cover 28% of the Amazon

region biome. In addition, there are 32 registered initiatives (13, 10, 7 and 2, respectively), which would cover a total of 38% of the Amazon region biome (information presented by IDEAM in March 2025). The reductions in the Amazon region biome of 5.4M tCO₂eq validated, at an average of €4.4 per ton, would be equivalent to an investment of almost €24M. Since carbon standards require land ownership, companies are prioritizing indigenous and Afro-Colombian territories, which are under collective ownership. Land ownership is an obstacle to carrying out carbon projects with rural associations in areas affected by deforestation. According to IDEAM's analysis, there is approximately €88M available in carbon quotas in the 22 NDFyBs (forest and development hubs) in the Amazon for the years 2022-2023, showing the investment potential for jurisdictional projects with rural communities. The current development of the relevant regulations should clarify this legal issue, paving the way for potential scaling up and additional sources of funding for Community Forest Management.

ONE AMAZON Impact Fund (One Amazon, 2023)¹⁸

Objective: Preservation and restoration of the Amazon biome through a financial mechanism for value generation

Current investing scale: -

Financing gap: Supports natural forest conservation goals.

Risks and challenges: The 30-year duration of the agreements may be a limitation for signing with the respective environmental authorities; it is unclear whether One Amazon tokens make payment for carbon stock unfeasible due to double counting.

Description:

ONE Amazon is a recent initiative aimed at promoting both private and public investment in the preservation and restoration of the Amazon biome through a financial value-generation mechanism that includes: a) a capital fund that invests in sustainability and social impact projects, b) financial resource donations to landowners in the Amazon in exchange for their 30-year commitment to preserve and restore the biome, and c) a foundation focused on supporting

¹⁷ <https://www.pwc.com/co/es/pwc-insights/finanzas-biodiversidad-colombia-panorama-rol.html>

¹⁸ <https://oneamazon.com/>

preservation projects led by grassroots community organizations. One Amazon has launched the One Amazon Asset (OAA), a digital asset backed by nature (Financial Regulated Nature Asset, fRNA). Each digital asset (OAA) is backed by a 30-year best-efforts preservation deal for one hectare of the Amazon, without transferring ownership of the land. The token is fungible and interchangeable. The OAA is regulated and complies with the digital asset legislation of the United States Securities and Exchange Commission (SEC). One Amazon has developed agreements of intent with pension funds and exchange-traded funds (ETFs), which facilitate investors' acquisition of OAA assets. Additionally, these can be acquired by private and public banks and serve as a mechanism for investment diversification and the management of technical and international reserves. With regard to profit distribution, 15% of the resources generated through the sale of the token is paid to the owner of the land backed by the preservation agreement. 70% goes to finance the One Amazon sustainability and impact fund, and the remaining 15% is paid to ONE Amazon. Additionally, the resale of OAA on regulated platforms generates income equal to 0.1% of the transaction value. One Amazon is currently in the prospecting phase to cover conservation agreements for at least 100,000 hectares in the Colombian Amazon region. Each token per hectare under the conservation agreement will have an initial value of approximately €877. Thus, an initial budget of €88M could be invested for 100,000 ha, but with the potential to scale up to 1,000,000 ha. The requirement for 30-year agreements may be a limiting factor in signing with the respective environmental authorities. Even if One Amazon does not capture carbon income, it must be analysed whether One Amazon tokens do not invalidate a payment for carbon stock, due to double counting (considering that both would be bonds on the stock exchange with the objective of conserving the same forest).

B: Financial Instruments aimed at mobilizing private sector resources toward sustainable investment

Thematic Bonds

Green Bonds

Objective: Fixed-income instruments to promote sustainable investment and boost funding for projects with positive environmental impacts

Current investing scale: €817M

Financing gap: Supports natural forest conservation goals.

Risks and challenges: it has limited relevance as a financial instrument for the promotion of issues such as commercial plantations, agroforestry, sustainable forest management, ecological or productive restoration.

Description:

Green Bonds are fixed-income instruments designed to promote sustainable investment and boost funding for projects with positive environmental impacts. Funding is provided for projects that help address climate change through sustainable energy and construction and that have identified the project's environmental impact in a measurable way. This enables SMEs to develop programs with a positive environmental impact that also improve their efficiency and competitiveness (Bancolombia, 2018)¹⁹. The management of Green Bonds is generally guided by the principles and guidelines for measuring environmental impacts defined by the Handbook Methodology - *Harmonized Framework for Impact Reporting*, defined by the Green Bond Principles of the International Capital Market Association (Asociación Internacional del Mercado de Capitales, ICMA). Green Bonds are intended to contribute to the achievement of the SDGs.

In Colombia, since 2016, four financial institutions have issued Green Bonds. These are Bancolombia, Bancoldex, Davivienda and Banco de Bogotá, with a total investment of €817M. In 2016, Bancolombia was the first issuer in the private financial sector in Latin America to issue a Green Bond, for an amount of €73M. Davivienda (€90M) and Bancoldex (€42M) issued Green Bonds in 2017, along with Banco de Bogotá (€62.5M) more recently in 2023 (see Annex 7).

¹⁹ <https://www.bancolombia.com/negocios/actualizate/sostenibilidad/bonos-verdes-financian-la-sostenibilidad>

The funds are intended to support renewable energy projects; sustainable transportation; energy efficiency; green construction; waste management; sustainable infrastructure; and water treatment (Pacto Global Red Colombia, 2021)²⁰. Green Bonds promote climate-responsible investments, but they have not been targeted at the forestry sector. As such, unless specific lines are opened, they have limited relevance as a financial instrument for promoting areas such as commercial plantations, agroforestry, sustainable forest management, ecological or productive restoration.

Biodiversity bonds

Objective: Credit with a differential rate, aimed at mobilizing private investment towards nature protection and conservation.

Current investing scale: €190M

Financing gap: Supports natural forest conservation goals.

Risks and challenges: These types of bonds have limitations in terms of directing investments more effectively towards the forestry sector and small businesses such as community-based enterprises.

Description:

A Biodiversity Bond is a credit with a differential rate, aimed at mobilizing private investment towards nature protection and conservation. The issuance of Biodiversity Bonds is guided by the International Finance Corporation's (Corporación Financiera Internacional, IFC) Finance for Biodiversity Reference Guide (IFC, 2023)²¹ and aligned with the Green Bond Principles (International Capital Market Association-ICMA) (ICMA, 2021)²², the Green Loan Principles (ICMA, 2018)²³, and the Environmental and Social Risk Management System (Sistema de Administración de Riesgos Ambientales y Sociales, SARAS) (Braly et al., 2021)²⁴. The guide considers the following types of investments for Biodiversity Bonds:

- **Investments generating co-benefits for biodiversity** that address the causes of biodiversity loss (land use change, pollution, overexploitation of resources, and invasive species).
- **Investments in the conservation and restoration of biodiversity** and ecosystem services as the primary objective, including reforestation.
- **Investments in nature-based solutions** (restoration of hillside forests, grey infrastructure for landslide prevention, etc.)

In Colombia, in July 2024, Banco BBVA Colombia became the first bank to issue a Biodiversity Bond (€145M, investors: IFC, BID - Banco Interamericano de Desarrollo, CAF), followed by Banco Davivienda (€44M, investor: IFC) (see Annex 8). Biodiversity Bonds are aimed at (1) the circular economy, (2) biodiversity conservation and restoration, including sustainable forest management, (3) bioenergy, (4) sustainable water management, and (5) sustainable agriculture. These types of bonds seek to finance reforestation projects, regeneration of natural forests on degraded land, conservation and rehabilitation of mangroves, climate-smart and regenerative agriculture, restoration of wildlife habitats, etc. (IFC, 2023)²⁵. Davivienda's bond includes affirmative action for forestry projects, such as the conservation and sustainable use of natural forests, reforestation, non-timber forest products, sustainable forestry practices, and the restoration of degraded soils. At least 10% of these resources will be allocated to the restoration of mangroves in the Pacific region and to the development of local communities (currently under exploration with the Ministry of Environment and Sustainable Development (Minambiente), NGOs, and community groups). As such, Biodiversity Bonds are aligned with Colombia's Biodiversity Action Plan for 2030 and seek to contribute to the following SDGs: SDG 2 (Zero Hunger), SDG 12 (Responsible Consumption and Production) and SDG 15 (Life on Land). Given that this is a recent financial instrument, its effectiveness in terms of catalysing investment in forestry issues such as reforestation, restoration, sustainable forest management and the timber industry will need to be evaluated. Due to the type of requirements, it hinders access for small businesses, communities or producer associations that coexist with biodiversity in rural regions.

20 <https://www.pactoglobal-colombia.org/news/banco-de-bogota-es-reconocido-por-su-liderazgo-sobresaliente-en-emisiones-de-bonos-verdes-en-latinoamerica.html>

21 <https://www.ifc.org/content/dam/ifc/doc/2024/biodiversity-finance-reference-guide-es.pdf>

22 <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Translations/2021/Spanish-GBP-2021.pdf?vid=2>

23 https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/LMA_Green_Loan_Principles_Booklet-220318.pdf

24 <https://publications.iadb.org/es/guia-para-el-dise-no-de-un-sistema-de-administracion-de-riesgos-ambientales-y-sociales-saras-para>

25 <https://www.ifc.org/en/pressroom/2024/28298>

The following challenges have been identified: To validate the IFC criteria, a continuous learning process on technical environmental and forestry issues is required within the Bank's Sustainability team. Furthermore, the lack of a mandatory, standardised system for verifying compliance with sustainability targets is a key factor undermining the credibility and effectiveness of these instruments (BBVA, 2025)²⁶.

Like Green Bonds, Biodiversity Bonds have limitations in terms of directing investments more effectively towards the forestry sector. Forestry projects such as the establishment of commercial plantations with return periods exceeding the 3–5 year scope of Biodiversity Bonds face eligibility limitations, or would require special guarantees and insurance mechanisms. In the portfolio of approved projects under BBVA's Biodiversity Bond, 147 operations were funded in the category of 'indirect impact on biodiversity,' including certified sustainable agriculture, ecotourism, plastic management, reduction of chemical fertilizers, and the use of biological fertilizers. In the category of 'direct impact on biodiversity,' only one reforestation project of 3.5 ha in a municipality was funded, and no projects were approved under the category of nature-based solutions. The four approved operations under Davivienda's Biodiversity Bond correspond to the agricultural sector, involving large companies with sustainability certifications, such as flower producers; none were in the forestry sector.

Biodiversity Bonds are effective debt instruments for scaling up green finance for medium and large companies. As such, they present an excellent opportunity to leverage these types of Biodiversity Bonds with second-tier banks (BANCOLDEX - Banco de Comercio Exterior de Colombia, Findeter (Banca de Desarrollo Territorial, Territorial Development Bank), Finagro) and/or assist with guarantees to assist in the positive discrimination of forestry projects and scale these investments in the Biodiversity Bonds portfolio. Carbon payments could be included, following Solidaridad's experience, to reduce credit-related risks; however, instability in the respective regulations generates uncertainties. With regard to guarantees, synergies could be promoted with the FVB to cover guarantees, as well as with Global Gateway, which would increase the benefits of the Biodiversity Bond.

C: Financial instruments aimed at sustainable production systems and the transformation and addition of value

Green credits

Objective: Financial instruments for forestry value chains

Current investing scale: €16M

Financing gap: Supports restoration goals

Risks and challenges: The Banco Agrario's green loan portfolio prioritises livestock conversion over agroforestry or forest economy issues. There are opportunities to scale up green credits for restoration, including carbon payments.

Description:

With regard to financial instruments for forestry value chains (green credits), both FINAGRO and Banco Agrario offer a variety of credit lines for the forestry sector, including plantations, the timber industry, and agroforestry systems (SAF). However, due to the limited borrowing capacity, high initial costs, and long payback periods, the largest percentage of loans goes to the livestock sector. In addition, several incentives and guarantees are available to support small producers in obtaining green credits from FINAGRO and Banco Agrario de Colombia (BAC), such as the Incentive for Rural Capital (ICR), the Agricultural Guarantee Fund (Fondo Agropecuario de Garantías, FAG), FINAGRO's Agricultural Insurance Incentive – ISA (Incentivo al Seguro Agropecuario-Agricultural Insurance Incentive), and FINAGRO's **Forestry Incentive Certificate – CIF**, the latter of which has been defunded since 2024. The CIF has been an effective incentive for the private reforestation sector, with a budget of up to €20M per year, doubling the area of commercial plantations in Colombia from 260,000 ha in 1950 to the current 500,000 ha.

The REM COLOMBIA Visión Amazonía Program has designed and implemented three lines of green credits. (1) With FINAGRO, the **Sustainable Productive Transformation Incentive (Incentivo a la Transformación Productiva Sostenible, ITPS)** was implemented, providing 92 loans for livestock conversion in Guaviare. This involved releasing areas for conservation, providing technical assistance, offering interest rate incentives, and providing a complementary FAG. (2) **Green Financial Instruments (Instrumentos Financieros Verdes, IFV)** for eight production lines, such as non-wood products (açai);

²⁶ <https://www.bbva.com/es/sostenibilidad/que-son-los-bonos-de-biodiversidad/>

protective-productive forest plantations; management of natural regeneration with protective-productive forest species; agroforestry systems (rubber, cocoa and peach palm); silvopastoral systems through natural regeneration; and Amazonian fish farming. With Banco Agrario, 1,064 loans were granted with a total budget of approximately €6M. Technical assistance was provided with rural extension services within the framework of the National Agricultural Innovation System (SNIA), with a 50% capital incentive if they meet the conservation agreements of at least 10 ha of natural forest and the agreed technical assistance plan. 96% was allocated to livestock conversion, improving productivity by an average of 21% from 3.76 to 4.54 litres of milk per cow/day. (3) A **Productive Restoration Credit (RePro)** was designed to be implemented by the Fondo para la Vida with BAC, with a total budget of approximately €10M, for the placement of loans of up to €8,333. This credit is aimed at livestock conversion of properties in the NDFyB and buffer zones, including conservation and restoration commitments. The effectiveness of the IFV of Visión Amazonía, as measured by IDEAM's forest and carbon monitoring system SMBByC, is 81% with respect to compliance with conservation agreements, while that of the ITPS is 78%.

Solidaridad Network is an NGO that seeks to foster greater resilience to climate change. It has benefited 21,500 families of small coffee and cocoa producers, 0.5-10 ha (average 1.2 ha), 70% with carbon bonds, paying €500-800/year over 15 years. This represents 8-10% of the beneficiary's annual income. Carbon bonds can be an additional source of income, but they can also be used as payment guarantees. Carbon is sold upon maturity, once generated, to clients such as Microsoft or Starbucks, with traceability and carbon capture monitoring systems. For carbon sales, RABOBANK conducts auctions in the European market; Plan Vivo certifies carbon capture, and FINAGRO provides funding with discounted interest rates and insurance against climate risks (such as floods). There is also a fund supported by voluntary contributions, FMO (Banco Holandés de Desarrollo Empresarial, Dutch Entrepreneurial Development Bank), and impact investments, which offers loans of approximately €1,200.

There are opportunities to scale up green credits for restoration, including carbon payments. These loans can be allocated to areas with livestock systems that

contain remnants of natural forest, where conditions are suitable for issuing credits aimed at livestock reconversion, and which are under conservation and productive and/or ecological restoration agreements. These areas are territorially differentiated from those targeted by PES (Payment for Environmental Services), which are mainly implemented in zones with high deforestation rates, within the Forest Reserve, where land tenure is highly informal and credit risks are excessively high.

Impact Investment / Public-Private Blended Finance

Objective: Channel private funding through public-private partnerships to (i) support community agroforestry initiatives and (ii) promote sustainable supply chains to counter land degradation and climate change.

Current investing scale: Unknown

Financing gap: Supports restoration goals

Risks and challenges: Difficulties in production quality and quantity to meet demand. Another constraint factor is how to connect the supply of sustainable and bioeconomy ventures with the demand from private companies.

Description:

The Urapi Sustainable Land Use Fund, a private equity fund from Canada, is an impact fund aimed at countering land degradation and climate change by supporting community agroforestry initiatives and promoting sustainable supply chains, with investments in Colombia, Peru and Honduras. The investment strategy of the Urapi Sustainable Land Use Fund aims to improve transparency and traceability in the production and availability of certified coffee and cocoa products. The Proyecto RioSierra (RioSierra SAS, 2025)²⁷ in Colombia is funded by Urapi in the buffer zone of the Sierra Nevada de Santa Marta National Natural Park. RioSierra promotes sustainable practices in the production of coffee, cocoa, and honey. The project includes restoration efforts through the introduction of agroforestry systems (SAF), the establishment of collection centres, a compost production facility and sales services for coffee, cocoa and honey. As added value, it also generates certified carbon credits under the Verified Carbon Standard (VCS). F15-year goals include: Benefitting

²⁷ <https://www.riosierra.co>

1,500 producers, implementing 4,500 ha of sustainable agroforestry, conserving 70,000 ha of forest, and capturing or avoiding 1.3M tons of CO₂ emissions. Moreover, it has the potential to be scaled to other cocoa and coffee production areas, such as the Amazon region. The strategy of promoting additional income through the sale of carbon bonds, similar to the model promoted by Solidaridad, is both innovative and promising.

In Colombia, a number of public-private partnerships (PPPs) have been implemented to support small businesses producing coffee, cocoa and other non-timber forest products. For example, GIZ in Colombia has supported a public-private partnership with Natura Brasil and a partnership of Copoazú producers in Caquetá, and another for Cacay oil in Miraflores, Guaviare, in the Colombian Amazon, for export to Germany.

International cooperation programs have been promoting productive initiatives by peasant, Afro-Colombian and indigenous associations, with pre-investment in the following areas: production improvement, processing plants, feasibility studies, value chain and market studies, certification and capacity strengthening. The products concerned are coffee, cocoa, rubber and also legal and certified timber, as well as non-timber forest products such as asaí, cananguche, sacha inchi, copoazú, cacay, etc. Once community associations or enterprises have been constituted and the enabling conditions guaranteed, it is crucial for the sustainability of the ventures to facilitate Public Private Partnerships (PPPs) where a commercial partner can invest in improving production while guaranteeing marketing, and public funding (national or from international cooperation) for rural extension within the framework of the SNIA Law (National Agricultural Innovation System), and pre-investment or seed funding for the operation. Difficulties include the quality and quantity of production, since small businesses are unable to meet demand. Another constraint factor is how to connect the supply of sustainable and bioeconomy ventures with the demand from private companies. To this end, WWF has designed and implemented the Invest platform.

D: Financial solutions: Platforms to mobilize public and private funding

Corredor de Financiamiento Climático - National Planning Department (DNP)²⁸: The DNP, with support from GIZ, has developed a marketplace-style platform to connect the demand from companies and projects addressing climate change with the supply of financial products, both equity and debt. It is part of the NDCs, the National Climate Change Policy, Green Growth Policy and PND.

INVEST by WWF: In addition to innovative and effective financial solutions such as Bancos de Hábitats by Terrasos and Masbosques for PES, the INVEST initiative by WWF Colombia deserves a mention. It is a platform designed to mobilize public and private financing with the aim of protecting nature, empowering communities, and promoting a regenerative and inclusive economy. This is operationalized through four components:

- Promoting strategic partnerships and innovative financial mechanisms, including Pay-for-Results models, that enable the mobilization of capital towards projects focused on conservation, biodiversity, climate crisis mitigation and adaptation, as well as generating social impact.
- Facilitating the transition to circular and regenerative economies by reallocating capital and building capacities that ensure sustainable growth across all involved sectors.
- Strengthening enterprises and organisations to increase their positive social, environmental and economic impact, ensuring inclusive growth.
- Identifying and supporting sustainable projects that drive responsible practices and promote ecosystem conservation through tailored financial solutions.
- Develop **financial tools** (PES, Pay-for-Results, Funds, Banking) that integrate innovation and conservation, ensuring the creation of financial products that benefit both people and the environment (see Annex 9).

Currently, there are more than 300 companies registered on the platform, more than 20 organisations have been strengthened, more than €263,000 has been mobilized with €5M in process, financial mechanisms with the capacity to mobilize €31M are in place, and processes for measuring impact metrics and traceability have been developed.

5.2 Financial solutions and instruments not applied in Colombia

Of the nine pre-identified financial instruments, Colombia has experience with each of them; that is, no financial instruments have been identified that are not applied in Colombia. Obviously, there are solutions that can be further enhanced or scaled up, but this will be the subject of the next chapter. In this regard, we can mention the design of green credits for productive restoration, carbon PES, carbon projects for farmers and the promotion of PPPs, etc.

5.3 Availability and Gaps in Baseline Data (climate, biodiversity, social) and MRV Systems

In general, there is a good level of information regarding management indicators aligned with the government's environmental and forestry policy goals, as well as forest and carbon monitoring through IDEAM. Additionally, Colombia has been recognised as one of the countries that has best complied with the Summaries of Information on socio-environmental safeguards under the framework of the Climate Change Convention (see UNFCCC Info Hub).

Recommendations for Forest Finance Solutions and Instruments

Brief summary of key findings

As Colombia is considered a Middle Income Country (MIC) and a member of the OECD, opportunities for international development cooperation tend to be reduced and shift more towards economic cooperation. It is therefore important to create and strengthen financial solutions that can mobilize private sector resources towards climate, environmental and forestry objectives, complementing public spending. Thus, the FAO Forestry Commission for Latin America and the Caribbean (COFLAC) invites its members to provide incentives for the private sector to access markets, promote innovation and mobilize financing for sustainable production value chains²⁹. The private sector could be mobilized in different ways:

- Environmental compensation for the environmental impacts generated by companies (Bancos de Hábitats, PES such as Masbosque, One Amazon)
- Compensation for carbon emissions (voluntary carbon market with indigenous and Afro-Colombian territories, jurisdictional projects between countries)
- Green credits for livestock conversion with restoration and new carbon
- Co-finance local ventures with financial returns (impact funds, mixed investment, PPPs)
- Green private funding, improving profitability and conditions for nature (reducing negative impacts) (green bonds, biodiversity bonds)
- Mobilize voluntary contributions for biodiversity conservation objectives (e.g. WWF Invest)

To achieve **conservation and restoration** goals, it is necessary to scale up investments through large-scale green financial instruments. In areas of the Forest Reserve where land ownership has not been formalized, it is recommended to implement restoration PES with payment for carbon (stock) as a transitory measure until jurisdictional REDD+ can be implemented in these areas. In areas where land ownership and credit conditions allow, it is suggested that one implements green credits through BAC and FINAGRO, aimed at livestock conversion or the establishment of agroforestry systems, with conservation agreements (such as REM's IFV), restoration, and the possibility of new carbon payments, based on Solidaridad's experience.

To facilitate the inclusion of forestry projects involving **reforestation, commercial plantations and/or wood processing or NTFPs** in Green Bond and Biodiversity Bond portfolios, it is recommended to leverage these bonds via second-tier banks (BANCOLDEX, Findeter, Finagro) and/or assist with guarantees from the Global Gateway.

To promote the **sustainable production of wood and non-timber forest products and agroforestry systems** that are more resilient to climate change, including processing for value addition, it is necessary to promote more impact funds and blended finance (public-private partnerships, PPPs). With regard to the timber sector, it is recommended that one promotes partnerships with companies to supply legal and certified wood from plantations and natural forests. This wood would be used for sustainable construction and by state entities within the framework of Colombia Compra Eficiente. Financial solutions

²⁹ <https://openknowledge.fao.org/server/api/core/bitstreams/3ec72482-aedb-4d5b-9874-44391351a25a/content>

Table 5. Recommended Forest Financial Solutions

Forest Financial Solutions	Expected impact on national goals*	Support required	Funding source	Time horizon
Integrated green credits for conservation and restoration with Carbon bonds	Scale up restoration in areas with favourable credit conditions. 1,250 ha, €2,442M	Changes in BAC credit policies and institutional capacities	Public funding through Banco Agrario, Finagro and co-financing for development via FVB for technical and credit assistance, with potential to complement guarantees through the EU's Global Gateway	Short term
Impact funds and blended financing, PPP	Agroforestry systems (coffee, cocoa, rubber, et al) and wood and non-timber forest products with carbon payments for absorption 1,000,000 ha – €4,000M	Public and private pre-investment and technical assistance aimed at strengthening producer associations to achieve scale: development of regional portfolios	Blended financing, EU importing companies	Short term
Private carbon projects with indigenous communities, PES Carbon-Jurisdictional REDD for farmers in the Forest Reserve Zone	Forest conservation for carbon stock Jurisdictional REDD: natural forest in 28 forest development hubs 3,115,230 ha; Available emissions reduction 2022-2023 52M tons CO _{2eq} €100-200M	Development of regulations on emissions reduction	Public (Fondo para la Vida); Cooperation (Visión Amazonía); Private, potentially including: One Amazon, Tropical Forest Forever Facility, private companies – compensation mechanisms	Short to medium term
Green bonds and biodiversity bonds	Private investment in conservation, reforestation, restoration Biodiversity gap: €1,162M	Technical support and complementary bank guarantees to reduce risks in forestry projects	Private (banks, Global Gateway-UE)	Short term
FVB and Financial Mechanisms	Investment in Community Forest Management , conservation and restoration €666M for 28 forest development hubs / Biodiversity gap: €1,162M	Review of governance framework	Public and private	Short, medium and long term
Incentives and credits for the forestry sector (industrial)	Increase in commercial plantations of 70,000 ha (€182M)	Private sector investment opportunity	Private company – compensation	Short term

such as the Banco de Hábitats by Terrasos, the WWF's Invest platform for connecting supply and demand, and Masbosque for capturing compensation for PES, are important institutional innovations that can help effectively mobilize resources towards environmental goals.

The mechanisms proposed by BIOFIN Colombia to mobilize resources for achieving the targets set in the NBSAP (National Biodiversity Strategy and Action Plan of Colombia to 2030) are³⁰:

- Market Platform for Biodiversity Loss Compensation
- Comprehensive instrument based on the reactivation of the Conservation CIF and its integration with the PES, financed by resources obtained from the National Carbon Tax.
- The SGR with Protected Areas promoting the coordination of regional development initiatives.

Annex 10 includes the list of financial solutions proposed by Biofin for Colombia.

Below are the forest-related financial solutions recommended in this study. Additionally, potential support through the European Fund for Sustainable Development Plus (EFSD+) will be briefly identified. This is one of the financial instruments under the 'Global Gateway' initiative, aimed at promoting sustainable investments in EU partner countries. It offers a range of risk-sharing instruments up to €40,000M and seeks to mobilize up to €135,000M in public and private financing to help partner countries achieve the SDGs. This is carried out through implementing partners, the most important being the European Investment Bank (EIB).

Among public financial instruments, it is recommended to assess the management of tax exemptions for community business associations committed to forest conservation, to identify and mitigate harmful or 'misaligned' financing with biodiversity or water resource goals (e.g. the legal creation and recognition of new rural settlements in Forest Reserve Zones could be considered a barrier), and to include negative incentives for communities and/or territorial entities with poor performance in reducing deforestation (e.g. excluding them from eligibility for the General Royalties System, SGR).

Scale up large financial instruments such as Restoration Credits, with agreements for conservation, restoration and payment for carbon stock.

To make the government's conservation and restoration goals viable, large-scale green financial instruments are required, such as credits specifically designed for restoration. In areas with established livestock farming and some forest cover on the properties, and where sufficient credit conditions exist, it is proposed that one implements green credits similar to those of Solidaridad Network, as well as IFV and RePro designed by Visión Amazonía, including activities that lead to carbon capture. Carbon can be captured through forest growth, reforestation and restoration, as well as agroforestry and silvopastoral systems. As proposed for the RePro credit, a co-financing scheme is proposed for FVB funds to promote and pay capital against compliance with agreements, with the Banco Agrario de Colombia. To pilot the mechanism of including restoration activities, international cooperation may provide support in the first phase. The private sector would complement the scheme through the payment of carbon credits. Opportunity to supplement with bank guarantees from Global Gateway, e.g. the feasibility of mobilizing EDFI Carbon Sinks (European Development Financial Institutions) could be explored to support investors in scaling up equity investments in regenerative forestry and agricultural businesses such as productive restoration in Latin America with technical assistance of up to €25M. It applies to increasing carbon sinks, such as natural forests, community forestry, forest plantations, carbon-capturing agriculture (new carbon), and wood processing for long-term carbon storage.

Expanding carbon payment offers to farmers

For forest conservation goals such as carbon stock, two financial instruments are proposed that are complementary both territorially and in their modality. Due to land ownership requirements, private projects in the voluntary carbon market have been focused on indigenous and Afro-Colombian territories that have (collective) ownership of their lands. In deforestation areas where land ownership has not been formally established, carbon stocks are owned by the state and under no circumstances can payments be made directly to farmers, making REDD+ projects with farmers unfeasible. However, there is great potential for reducing emissions in areas such as the Amazon

³⁰ <https://www.biofin.org/knowledge-product/plan-financiero-movilizando-recursos-para-la-biodiversidad-en-colombia>

Forest Reserve Area. The 22 NDFyB areas in the Amazon region cover a total of 5M ha. In 2023 and 2024, they achieved a reduction of 52M tons of CO₂ equivalent emissions from deforestation, valued at approximately €88M under a jurisdictional project framework, with the potential to reach €175M for the 2023–2026 period, based on the historical Reference Emission Level (NREF) of 159,962 ha per year (2013–2022). This potential opens the door for the Government of Colombia to establish a jurisdictional project, for example under the Architecture for REDD+ Transactions (ART) and the REDD+ Environmental Excellence Standard (TREES), to attract contributions from countries interested in Pay-for-Results schemes for Emission Reductions. It can also mobilize contributions from the private sector within the scope of environmental compensation mechanisms. It is worth noting that the Forest Law, which was not enacted at the time (Law 2016 of 2006), proposed the concept of ‘forest flight’ as a credit guarantee, separate from land ownership rights. As land tenure in these areas is not regulated, this modality allows payments to be distributed proportionally to NDFyB through the Ministry of the Environment and Sustainable Development (Minambiente) via Pay-for-Results schemes such as the REM program or with SINA institutions within the framework of the Visión Amazonía program.

In addition, promoting Carbon PES schemes is recommended, i.e. payment for forest conservation as carbon stock. This focuses on protecting or improving forests through economic incentives for conservation, sustainable management and reforestation or restoration. A Carbon PES can be implemented temporarily while the jurisdictional project is being developed, or as a complement to the jurisdictional REDD+ project, since the jurisdictional project is paid for based on reductions in GHG emissions, while the Carbon PES is based on the amount of carbon sequestered. The Ministry of the Environment and Sustainable Development, on the advice of the REM Program Visión Amazonía, is moving forward with these two proposals. The Carbon PES can be funded with public funds through the FVB, or with private funds in the context of compensation, within the framework of Visión Amazonía.

Promote impact funds and blended finance, particularly within the framework of the EU Zero Deforestation Regulation in wood and non-wood forest value chains

In order to achieve both the quality and quantity required to successfully export products such as cocoa, rubber, coffee and legal timber or NTFPs (açai, cacay, cananguche, sacha inchi, copoazú, etc.), significant pre-investment is required. International cooperation projects have supported these early stages of many community-based enterprises run by farmers’ associations or women’s groups, from production to processing and marketing. The REM Program has invested in the construction of processing plants for açai (with freeze-drying), rubber (with controlled viscosity), and sacha inchi in San José de Guaviare, as well as for rubber in Caquetá. Colombia, equipped with a robust deforestation monitoring system (SMBByC from IDEAM). This is an attractive opportunity for European companies (exporters/importers) to set up PPPs with local producer cooperatives, providing the pre-investment and technical and commercial support needed to comply with the EU’s zero deforestation regulation. This guarantees the supply of products certified as zero deforestation. It is also recommended that one considers insurance policies (such as Agroseguros) to protect productive infrastructure against climate change risks. BIOFIN, in partnership with the Colombian Federation of Insurers (Federación Colombiana de Aseguradores, Fasecolda) and the Insurance and Risk Financing Facility (Facilidad de Seguros y Financiamiento de Riesgos, IRFF), supported innovation in the design of insurance products aimed at protecting biodiversity investments through water funds and habitat banks.

Apart from the social and business weaknesses of social groups, the scale of production is also a limiting factor for making exports viable, especially for more local products such as the aforementioned non-timber forest products. After coffee, the cocoa industry is the most organised, particularly in Caquetá and Guaviare, as well as in other regions of the country, and could offer the greatest potential for this type of partnership. It is recommended that one develops portfolios differentiated by eco-region of the country with associations and cooperatives for each product in order to achieve the required scale, with seals of origin and certification.

Special attention is required for community-based MFS (Sustainable Forest Management) in the NDFyB, where legal and sustainable use with FSC certification (in progress) demands significant pre-investment (seed funding) and support to strengthen both social and business organisation, as well as equipment for harvesting, processing and marketing. In this context, public-private partnerships, particularly with private sector stakeholders willing to invest to ensure the supply of timber species in the required dimensions, would represent a business opportunity. Additionally, it is recommended to consider tax exemption options for small producers who follow good practices; for example, in the case of Community Sustainable Forest Management, where the Regional Autonomous Corporation (CAR) could consider exemptions from the harvesting fee. FEDEMADERAS recommended an approach that integrates the NDFyB's legal community timber projects with productive restoration and commercial plantations, in commercial partnerships between producer associations and private companies and timber industries.

The **develoPPP** program of the German Federal Ministry for Economic Cooperation and Development (BMZ) promotes private sector activities where entrepreneurial opportunities and development policy potential converge. Companies wishing to invest in a sustainable manner in a developing and emerging country and expand their local operations can benefit from financial and technical support through the program of up to €2M for suitable projects. Colombia is an eligible country to participate, but no viable project has yet to be awarded. Regarding **Global Gateway, the EFSD+ Blending Facilities** could mobilize grants and loans for non-bankable projects with public value. **The Transforming Global Value Chains (TGVC)** guarantees could also be applied to SMEs involved in value chains. The TGVC guarantee can cover direct debt financing, which may be accessed by European Development Finance Institutions (EDFIs) and their public and private co-investors. It seeks to generate local added value, promote regionalization and enhance sustainability in developing countries operating in complex business environments with limited access to long-term financing. The following subsectors are prioritized: Agro-industry value chains, including food and beverages, and formulated complementary foods (such as infant nutrition), construction and real estate sector, including green-concept buildings.

Leverage Biodiversity Bonds to strengthen the participation of the forestry sector in the portfolio

Biodiversity Bonds are effective debt instruments for increasing green finance among medium and large enterprises, and as such, there is an opportunity to leverage these Biodiversity Bonds with EU-based banks. However, the inherent challenges of the forestry sector, such as the risk of losses due to natural disasters or fires, as well as long return periods, lead most investments to focus on related areas aimed at reducing negative impacts (e.g. pollution, renewable energy). As a result, they do not directly benefit the forestry sector itself, such as commercial plantations, sustainable management of natural forests, biodiversity conservation, restoration or agroforestry. To strengthen the participation of the forestry sector in the portfolio, it is recommended to promote synergy with the Fund for Life and Biodiversity to provide guarantees, as well as with Global Gateway. Carbon payments may be included, drawing on the experience of Solidaridad, to help reduce credit risks. Regarding guarantees, these could help mitigate the aforementioned risks and thereby increase the participation of the forestry sector in Biodiversity Bonds. Regarding Global Gateway, it may be feasible to explore the mobilization of Dedicated Guarantees from the European Investment Bank (EIB) for Green Bonds and Biodiversity Bonds in sectors such as clean energy and green infrastructure.

Leverage the Fund for Life and Biodiversity (FVB) to support the development of the forest-based economy. The FVB is a new fund created by the Ministry of Environment and Sustainable Development to promote investment in the environmental sector, enabling opportunities for contributions from international cooperation and private sources. An investment window is already being opened with the Global Environment Facility (GEF), managed autonomously under World Bank regulations. In this way, the FVB has the potential to facilitate greater complementarity and synergies in the co-financing of shared objectives between a development partner and the Government of Colombia. Currently, governance is limited to the Ministry of Environment and Sustainable Development (Minambiente), and the need for a more pluralistic governance structure has been recognised: one that includes participation from other sectors, academia and the private sector. The 'Forest Forever Facility' proposed by Brazil could potentially be channelled through the FVB. Other potential funds include the Fundación

Patrimonio Natural y Fondo Acción, robust and proven financial mechanisms for channelling financial flows from investment programs, debt-for-nature swaps, pay-for-results, or other forms of cooperation.

Incentives and credits for the forestry sector (industrial)

The Forest Incentive Certificate (CIF), which has been implemented until 2022 through FINAGRO, has proven to be an effective way to promote private investment

in commercial plantations by reducing investment costs and risks for reforesters. This administration has stopped funding the CIF, and it is uncertain whether, with the change of government in 2026, resources will be allocated to the CIF again. It is recommended that incentives and credit schemes for the (industrial) forestry sector be developed in an integrated approach that complements community forest management of natural forests with productive restoration and commercial plantations and their value chain.

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Annexes

Annex 1. Data on the forestry sector's contribution to GDP and exports and imports

Contribution to GDP - Sector indicators (2023)^a

Item	% GDP	Millions of euros*
Forestry and timber extraction	0.2	694
Processing of wood and manufacture of wood and cork products, except furniture	0.1	257
Manufacture of paper, cardboard, paper products and charcoal	0.4	1,182
Manufacture of furniture and bed bases	0.2	644
Total	0.9	2.777

*1 euro to 4,800 Colombian pesos

Exports and imports in the forestry sector in 2023 (€ million)^b

	Export	Import
Paper and cardboard	417	842
Furniture	117	126
Cork and wood	35	-
Processing of timber and timber products	25	232
Total	594	1,200

Note:

a <https://fedemaderas.org.co/indicadores-sectoriales>

b <https://fedemaderas.org.co/indicadores-sectoriales/>

In 2022, the United States was the main export partner (24%), followed by Panama (18%) and Mexico (9%), while in 2023, Ecuador became the leading import partner (37%), followed by China (18%) and Brazil (12%).

It is estimated that by 2023, the demand for construction materials in Colombia will reach approximately €7,500M, with a compound annual

growth rate (CAGR) of 5.43% between 2013 and 2023. Construction is Colombia's sixth-largest economic sector. Construction accounts for 5.1% of the country's GDP, 3.4% of total Foreign Direct Investment (Inversión Extranjera Directa, IED) inflows, and 7.2% of formal employment³¹.

³¹

Ranking of exporting and importing countries in the forestry sector, 2023^a

Destination country	Value (€ million) 2023	%	Origin country	Value (€ million) 2023	%
Forestry sector export 2022			Forestry sector import 2023		
United States	18.8	24	Ecuador	95.5	37
Panama	14.4	18	China	46.0	18
Mexico	7.3	9	Brazil	30.3	12
Dominican Republic	5.7	7	Chile	28.3	11
Chile	3.7	5	United States	13.3	5
Costa Rica	3.5	4	Spain	12.5	5
Guatemala	2.9	4	Thailand	5.1	2
Ecuador	2.8	3	Germany	4.8	2
El Salvador	2.1	3	Italy	3.7	1
Venezuela	1.9	2	Türkiye	2.4	1
Other countries	15.8	20	Other countries	17.5	6
Total	79	100	Total	259.4	100

Note:

a <https://es.investinbogota.org/sectores-de-inversion/materiales-de-construccion/>

Annex 2. Brief Overview of Strengths/Opportunities and Weaknesses/Threats in Colombia's Forestry Sector

Strengths – Opportunities	Weaknesses – Threats
<ul style="list-style-type: none"> 52% forest cover (59,187,533 ha); Availability of Natural Forests for Sustainable Forest Management National Natural Parks: 17,537,882.97 ha; 8.5% of the national territory Forest plantations: 551,345 ha Number of related jobs: 215,000 Advanced Forest and Carbon Monitoring System by IDEAM National Emissions Reduction Registry (RENARE) Green accounting by DANE FSC-certified plantations: 206,488 ha Legal Timber Pact Increased level of public financing (Fondo de la Vida y la Biodiversidad) Extensive experience with PES schemes, green credits (Banco Agrario de Colombia and FINAGRO) and Pay-For-Results (REDD Early Movers REM) Innovative initiatives such as Terrasos' Habitat Banks, carbon agroforestry credits by Solidaridad, WWF's Invest, DNP's Corredor Financiamiento Climático, among others Commercial banks launching innovative financial instruments such as Biodiversity Bonds 	<ul style="list-style-type: none"> No National Forest Service Regional Environmental Authorities with limited capacity for control, monitoring and promotion of community forestry Relatively weak private timber sector with little government support Nascent experience in the field of community forest management Low level of governance (due to armed conflicts and corruption) High costs of legal requirements (management plans, harvesting permits, compensatory fees for forest use) Lack of formality in land tenure Forestry sector represents only 1% of GDP Negative trade balance of €642M (Exports: €594M vs Imports: €1,200M)

Annex 3. Basis for estimating progress in meeting government targets for the forestry sector

As mentioned, deforestation dropped significantly between 2022 and 2023, reaching 79,256 ha, well below the National Development Plan (PND) annual target of 140,000 ha, and is expected to be around 100,000 ha in 2024 and 2025.

The National Restoration Strategy 2023–2026 (ENR)³² provides guidelines for achieving the goal of establishing 753,783 new ha under terrestrial and coastal marine ecosystem restoration processes, in coordination with ministries, sectors and the National Environmental System (SINA). The 2022 baseline shows 746,217 ha in the process of restoration, and by 2025 this will be increased by an additional 293,000 ha. As part of the implementation of the 2022–2026 National Development Plan, the Ministry of Environment and Sustainable Development

(Minambiente) proposed the Comprehensive Plan for Deforestation Containment (PICD)³³, which seeks to promote a forestry economy based on community forest management in 28 Forest and Biodiversity Development Hubs (NDFyB) nationwide, 22 of which are located in the Colombian Amazon (8,203,375 ha). As of 2025, 15 NDFyBs are being supported in their consolidation process, but only two farmers' associations, from two NDFyBs (Los Puertos in Guaviare and Orotuyo in Caquetá), have a Forest Management Plan and a logging permit approved by their respective regional environmental authorities. Of the 20,000 families, some 10,000 have benefitted from the PES of the Fund for Life and Biodiversity's Conservar Paga Program.

With regard to the target of 40,000 ha of new commercial forest plantations for the four-year period, 7,474 ha of new forest plantations had been achieved by December 2023, representing 74.7% of the partial target of 10,000 ha of plantations per year.

Annex 4. Brief analysis of investment in the forestry sector

Funding sources (public, cooperation and private) in Colombia's environmental sector

Public Funds (€ million/year)*		International Cooperation (€ million/year)	Private (€ million/year)	
Fondo Nacional Ambiental (National Environmental Fund) - FONAM	300	REM Visión Amazonía , United Kingdom, Germany and Norway through KfW REM I (2016–2023) €80 REM II (2023–2027) €70 REM III (2027–2030) €20 2025–2030: 80	13.3 BBVA Biodiversity Bond €165M/4 years	41.25
Sistema General de Regalías (General Royalties System) - SGR	180	GCF Visión Amazonía , FAO (2023–2028) €25 2025–2030 €22	3.7 DAVIVIENDA Biodiversity Bond €35M/4 years	8.75
Fondo para la Vida y Biodiversidad (Fund for Life and Biodiversity) - FVB:	160	Protected Areas and Biodiversity Program , KfW stage 1 (2020–2023) €15 stage 2 (2023–2026) €20 2025–2030: €10	1.7 ONE Amazon €88M/5 years	17.6
Compensation and 1% local authorities	175	GEF Paisajes Sostenibles de la Amazonía, Corazón de la Amazonía (Sustainable Landscapes of the Amazon, Heart of the Amazon) GEF6 (2019–2024) €10.5 GEF7 (2021–2026) €16 GEF 8 (2025–2031) €23 2025–2030: €34	5.7 Private carbon projects	24

continued on next page

Funding sources (public, cooperation and private) in Colombia's environmental sector. Continued

Public Funds (€ million/year)*		International Cooperation (€ million/year)	Private (€ million/year)		
		Herencia Colombia (2024–2043) €215 2025–2030: €66	11		
		TEFOS- UK Sustainable Forest Territories Program (2020–2026) ^a Comp. 3 2025–2030: €12	2		
		Amazonía Mía, USAID (2022–2024) €10	-		
		Probosques, GIZ Stage 1 (2019–2022) €6M Stage 2 (2023–2026) €8M Stage 3 (2026–2030) - 2025–2030: +/-€10M	1.7		
		Biocarbon, Sustainable Low-Carbon Landscapes in the Orinoquía (WB) Stage 3: 2024–2029 €44M	7.3		
		Fondo Acción (2020–2030) €61 2025–2030: +/-€10M	1.7		
		Colombia Sostenible Program (BID loan) Stage 1: 2020–2025: 88M Stage 2: 2025–2031: 88M	14.7		
2025–2030: €4,250–4,890M**	815M /year	2025–2030: €288M	€63M /year	2025–2030: €388M	€74M /year

*Reference exchange rate: 1 Euro = COP 4,800; 1 Euro = USD 1.14

**€4,250M with the budget secured in the FVB until 2026; €4,890M in the scenario where the next government maintains the same level of investment in the FVB until 2030.

Note:

a <https://programatefos.com/tefos/#>

Summary of the main International Cooperation projects

Bosques para la biodiversidad, el clima y la paz en Colombia (Forests for Biodiversity, Climate and Peace in Colombia), a European Union budget support program with a budget of **€10.5M**, of which 85% will go to the national budget and 15% will be allocated to complementary support, to build technical capacities in national government institutions within the program's objectives. It focuses on strengthening the fight against deforestation and promoting ecological restoration. This support includes the provision of funding to implement the Deforestation Containment Plan and the National Restoration Plan. It also seeks to promote sustainable local development in protected areas, establishing lasting agreements for conservation, well-being and peace in marginalized areas. Among other things, it will support the Ministry

of the Environment and Sustainable Development in updating the National Forestry Development Plan, which dates back to 2000.

REM COLOMBIA Visión Amazonía: REDD Early Movers – REM is a Pay-For-Results Program for reducing emissions from deforestation in Colombia's Amazon biome, framed within the Joint Declaration of Intentions of the United Kingdom, Germany and Norway, administered through the German development bank KfW. Visión Amazonía is the country's policy to promote differentiated sustainable development and a green economy in the Amazon region, and the REM Program has been the main program for developing intervention strategies, from the promotion of the forest economy in the Forest Development Hubs adopted by the Ministry of the Environment and Sustainable Development

(Minambiente) in the National Development Plan, the design of green credits for livestock conversion, agroforestry (cocoa and rubber), and non-timber products such as açai, cananguche (*Mauritia flexuosa*), sachá inchi, etc. and PES (Amazon Forest Incentive) schemes adopted by the Fund for Life and Biodiversity through its Conservar Paga program, intersectoral issues such as the Amazon Sustainable Intermodal Transport Plan (Plan Amazónico de Transporte Intermodal Sostenible, PATIS), strengthening of the Forest and Carbon Monitoring System (SMBYC) of IDEAM and the National Forest Inventory, as well as a 22% investment in indigenous projects. In the first stage (2016–2023), €83M was spent. It is currently in the second stage (2023–2027), Pay-for-Results of policy milestones, with a budget of €50M. A third stage of Pay-for-Results for Emission Reduction, REM III, is planned with an initial budget of €20M (2027–2030).

GCF Visión Amazonía: The FAO's 'Pago por Resultados REDD+ Colombia Fondo Verde del Clima' ('Pay-For-Results REDD+ Colombia Green Climate Fund, GCF') project is aligned with the pillars, objectives and goals of the Visión Amazonía Program, with a budget of €24.7M (2023–2026). It comprises three components (products): Strengthening national and local capacities for forest monitoring and control; sustainably managed forest areas contributing to closing the agricultural frontier; strengthened territorial governance and capacities of indigenous peoples for sustainable forest management and conservation. There have been delays pending prior consultation with indigenous peoples on the Visión Amazonía Program, but investments are set to begin in 2025.

TEFOS- The UK's Territorios Forestales Sostenibles (Sustainable Forest Territories) Program,³⁴ with an investment of approximately €55 million, seeks to support the Colombian government in its efforts to tackle deforestation and climate change between 2020 and 2026. It is part of the Visión Amazonía framework, prioritizing its investments in Forest Development Hubs prioritized by the Ministry of the Environment and Sustainable Development.

GEF Paisajes Sostenibles de la Amazonía , 'Corazón de la Amazonía' (Sustainable Landscapes of the Amazon, 'Heart of the Amazon'), protects the biodiversity of the Amazon region by promoting the

sustainable use and restoration of forests and jungles, with a budget of GEF6 €10.5M (2019–2024) and GEF7 €16M (2021–2026).

KfW's Protected Areas and Biological Diversity Program, with a budget of €35M (stage 1 €15M, stage 2 €20M), is being implemented in 37 areas of Colombia's National Natural Parks System (SPNN) and covers investments and institutional measures, among others, to strengthen the entity's management structures and conservation and sustainable use schemes by the local communities in the prioritized protected areas and their buffer zones, contributing to the protection and sustainable management of the environment and natural resources for the country's comprehensive and sustainable development.

Biocarbono, Paisajes sostenibles bajo en carbono (Sustainable Low Carbon Landscapes), is led by the national government with support from the World Bank and is being implemented in the departments of Arauca, Casanare, Meta and Vichada, with a budget of €17M. The program aims to identify and develop alternatives that contribute to improving conditions for sustainable agricultural planning and production, with the goal of reducing greenhouse gas (GHG) emissions. It has three components: Promoting comprehensive land use planning and improving governance to control deforestation; implementing good sustainable land management practices, which are important for reversing the trend towards degradation; defining the Emissions Reduction Program (PRE) and Monitoring, Reporting and Verification (MRV) for the region.

Herencia Colombia is one of the world's Financing for Permanence (PFP) Projects that combines public and private resources to ensure long-term financial sustainability. It is a public-private partnership program in Colombia that seeks to protect and conserve the country's natural and cultural heritage. Its main objective is to strengthen environmental governance, improve ecological connectivity, and ensure the financial sustainability of these territories. The program seeks to conserve and finance 42M ha of protected areas (16% of Colombia's territory) in the long-term and promote sustainable landscapes. It is led by National Parks, with partners including Fondo Patrimonio Natural, the Gordon and Betty Moore Foundation, Conservation International, Wildlife Conservation Society (WCS), and World Wildlife Fund (WWF). Additional partners include: Andes

³⁴ <https://programatefos.com/tefos/#>

Amazon Fund, The Nature Conservancy (TNC) and the Bezos Earth Fund. The initiative has a projected budget of €215M. National Parks has €11.1 million, and Fondo Patrimonio Natural has €30.7 million, but implementation has not yet begun due to the lack of effective counterpart funding from the Ministry of the Environment and Sustainable Development.

Amazonía Mía by USAID, recently cancelled due to changes in US cooperation policies. The project began in 2021 in Caquetá, Guaviare, Meta and Putumayo, in critical areas near natural parks, forest reserves and indigenous territories, with the aim of supporting the Colombian government in the prevention and prosecution of environmental crimes in order to reduce deforestation and increase forest conservation (budget €11.6M).

Probosque, a technical cooperation program run by GIZ, seeks to improve sustainable forest management in certain regions of the Colombian Amazon. The primary lines of action are to strengthen the value chains of timber and non-timber products, promoting sustainable small and medium-sized businesses, improving forest governance structures for the implementation of sustainable forest management, and improving the legal, institutional and financial framework related to the sustainable use of forests. Stage 1 (2020–2023) €6M, stage 2 2023–2026: €8M).

Fondo Acción is an example of debt-for-nature swaps in Colombia, with a budget of €61.4M between equity and extinguishable funds. Fondo Acción was created in 2000 as a non-governmental, non-profit organisation that promotes the building of a better relationship between community and environment, in addition to supporting childhood development processes, with the aim of generating significant and sustainable changes in society.

Terramaz, part of a French Cooperation, is coordinated by three French partner organisations: CIRAD, AVSF and ONF. It was implemented between 2019 and 2024, with the aim of supporting pilot territories in the Amazon region in implementing local policies to combat deforestation and transition to low-carbon economic development, reconciling ecosystem conservation with sustainable agriculture. In Colombia, the project was implemented in Guaviare, where it contributed to the department's territorial planning with the development of the FORLAND

multidimensional territorial planning platform. Work was carried out on production planning with 35 new family farms, complementing the 400 family farms in the ONF Andina Caminemos project. The focus was on establishing new forest conservation agreements and setting up sustainable production systems and ecosystem restoration. Work is also being done on the dairy value chain in order to develop a low-carbon certification pilot program that would benefit production planning. Innovative financial mechanisms focused on strengthening the community's associative fabric were implemented, such as community contribution funds (grants). More than €290,000 has been granted to 14 organisations in Colombia, in addition to individual funds for sustainable production projects on 33 farms. This has benefited a total of 207 people and provided Revolving funds (microcredits). Nine self-managed microcredit funds have been created to support approximately 150 beneficiaries. These funds enable the funding of sustainable productive projects in local communities.

Fondo y Programa Colombia Sostenible (Sustainable Colombia Fund and Program): As part of the peace agreement, the Sustainable Colombia Fund was created with an BID loan of €87.7M, focused on sustainable production, restoration and PES in PDET areas. A new credit of €87.7 million is expected for the period 2025–2031, for the same issues in PDET and ZOMAC (Zones Most Affected by the Armed Conflict) zones.

Annex 5. Funding gaps by subsector

Climate Change

Given that climate change is a critical factor impacting biodiversity and, as such, climate funding also indirectly finances biodiversity, the following analysis of the National Climate Finance Strategy (ENFC) is presented. It has been identified that the public sector allocates just 0.16% of the GDP to initiatives addressing climate change, well below the 2% recommended by the Organization for Economic Co-operation and Development (OECD) and the United Nations (UN). Between 2021 and 2022, the government mobilized €3,947M, while international cooperation contributed €965M and the private sector added €490M³⁵. The unconditional target for climate

35 <https://www.pwc.com/co/es/pwc-insights/finanzas-biodiversidad-colombia-panorama-rol.html>

change mitigation by 2030 (CICC 2017) is a 20% reduction in emissions (66.5M tons of CO₂ equivalent) compared to the baseline scenario, which will require a total investment of €12,000M (€645M annually). The national public and private investment offer is estimated at €162M annually, which would imply a financial gap of €484M annually.

Biodiversity

Biodiversity initiatives in Colombia are framed within the Plan de Acción de Biodiversidad de Colombia al 2030³⁶ (NBSAP, or 2030 National Biodiversity Strategy and Action Plan). This plan includes 25 indicators covering strategies for conservation, restoration, security and technology. For 21 of these indicators, the total budget exceeds €16,667M, with an annual requirement of almost €2,632M from 2023 to 2030. It is expected that 65% of these resources will come from public funds, although there is a funding gap of 32%³⁷.

65% of the €2,632M annual requirement would be €1,711M. With an estimated public funding deficit of 32%, the public sector is expected to contribute €1,163M, resulting in a 56% shortfall. International cooperation contributes approximately €18.3M annually from 2025 to 2030, for a total annual amount of €1,181M, which corresponds to a 55% shortfall. Among the international cooperation projects mentioned are: Herencia Colombia (2025–2045) with a projected €215M; GEF 7 and 8 (2025–2030): €34M; KfW National Parks (2020–2026): €10M. The total for the 2025–2030 period is approximately €110M, or €18.3M per year.

PES

In CONPES 38861 of 2017, the goal was set to have 1 million ha under Payment for Environmental Services (PES) schemes by 2030, with 50% allocated to preservation and 50% to restoration. With an estimated annual PES cost of €66–€100/ha/year for preservation and €33–€66/ha/year for restoration, the average annual cost for 1M ha under PES would be approximately €66.2M. CONPES calculated a total cost of €175M for 2017–2030, with an annual cost of €26.4M.

With the resources from the CARs for the 2017–2030 period, from the Water Consumption Fee (Art. 43,

36 <https://www.minambiente.gov.co/wp-content/uploads/2025/03/Plan-Accion-Biodiversidad-Colombia-2030.pdf>

37 <https://www.pwc.com/co/es/pwc-insights/finanzas-biodiversidad-colombia-panorama-rol.html>

Law 99 of 1993) and transfers from the electricity sector (Art. 45, Law 99 of 1993), amounting to approximately €30.1M, and from Territorial Entities through 1% of the current revenues of territorial entities, municipalities and departments (Art. 111, Law 99 of 1993), totalling **€283,239M**, it would be possible to finance **€99.3M (€7.1M annually)**. It has been estimated that the territory would contribute 55%, the carbon tax would contribute at least 25%, and finally, cooperation would contribute 20% (€35). This would correspond to a funding gap of 71%³⁸. Masbosques has reported that by 2025 it will have benefitted 22,000 families with PES, conserving 600,000 ha.

On the other hand, the current government set a target of reaching 16,000 beneficiaries of Conservar Paga (PES). With a unit cost of €187 per month, the annual budget required would be €36M/year. By 2024, the REM II Program had benefitted 3,390 families with an investment of €4.5M; additionally, SINCHI has supported 2,348 families with €2.2M, totalling €6.7M in PES investment and representing an 81% funding gap as of 2024. The budget for the Conservar Paga project under the Life and Biodiversity Fund is €30M annually; over two years until 2026, this would amount to €60M. The Fund has committed to payments for at least 10,000 families during 2025–2026, although there is uncertainty as to whether the next government will continue funding this conservation-focused PES. For the 2025–2030 period, only €60M is guaranteed out of the total €216M needed for 16,000 families, constituting a funding gap of 71%. If the next government maintains the same level of investment, €180M would be available, reducing the funding gap to 16.7%.

Timber Industry/Plantations

The Forest Incentive Certificate (CIF) from FINAGRO has been the main incentive for the private sector involved in reforestation (commercial plantations), with a budget of up to €20M annually. This support has helped double the area of commercial plantations in Colombia from 260,000 ha in 1950 to 500,000 ha today. However, the CIF has been underfunded since 2024. According to the Fedemaderas Strategic Plan 2024–2052, an investment of €877M is required, which translates to an annual investment of €30.2M, or €182M between 2025 and 2030. At this time, no financial sources have been identified, and it is uncertain whether the next

38 <https://colaboracion.dnp.gov.co/CDT/Conpes/Econ%C3%B3micos/3886.pdf>

administration will restructure the CIF. Currently, the funding gap is 100%.

Sustainable Forest Management

In the 2023 Comprehensive Plan for Deforestation Containment (PICD)³⁹ by the Ministry of Environment and Sustainable Development, 28 deforestation hotspots are prioritized for transformation into Forest and Biodiversity Development Hubs. The initiative promotes a forest-based economy, including Community Sustainable Forest Management, livestock conversion and agroforestry. The budget for implementing the 22 NDFyB in the Amazon region through 2026 is estimated at €262M. An equivalent cost for the 28 NDFyB from 2023 to 2026 would be €334M, or €111M per year, totalling approximately €666M by 2030. The Amazonía Program of the Life and Biodiversity Fund, FVB has a budget of €204M for the 2023–2026 period, and international cooperation is expected to contribute around €158M by 2030, for a combined total of €362M. Compared to the €666M needed, this represents a funding gap of 46%. If the next government maintains the same level of commitment, an additional €200M would be available, reducing the funding gap to 15%.

Restoration

The PND target for 2026 is to restore 753,783 ha, at an estimated average cost of €1,167/ha, which would amount to a cost of €3,140M by 2026, or €785M per year. For 2025–2030, if the next government maintains a similar ambition, the cost would be **€4,711M**. No reference to the current level of funding has been found, but the FVB, together with Banco Agrario de Colombia (BAC), has designed a €10.4M loan for productive restoration, and the General Royalties System includes restoration as one of its environmental project lines. Considering that between 2023 and 2024, progress has been made with 293,094 ha undergoing restoration, and assuming optimistically that the current government maintains this level of investment – €1,221M over two years,

totalling €2,442M by 2026 – and given the uncertainty surrounding the next administration's investment levels, the funding gap from 2025 to 2030 would amount to 49% (€2,442M out of €4,711M).

Livestock Conversion

Livestock conversion promotes the intensification of cattle production on smaller areas of land, freeing up portions of the farm for conservation and restoration. This approach includes silvopastoral systems, live fences, watering points and conservation agreements, among others. There are no national-level targets. In the Amazon region, over 2 million ha have potential for livestock conversion. With an estimated cost of **€4,167M** per hectare, the total investment would be around **€4,166M**, or approximately **€694M** annually. In the past, the GEF funded a livestock project in Caquetá, and the REM Program has invested about €1.3M through green credit lines with Banco Agrario. In addition, the REM Program has developed a credit facility for productive restoration, RePro, which is expected to be co-financed by the Fund for Life and Biodiversity and Banco Agrario with an investment of €21M. However, the funding gap to cover the full potential of the Amazon is close to 100%.

Agroforestry

Regarding agroforestry systems in the Amazon region, it is estimated that the department of Caquetá has 1.36M ha of land suitable for cocoa cultivation, with around 2,000 ha planted⁴⁰. Guaviare has 350,000 ha, but only 1,000 ha were planted in 2017, benefitting 350 farming families⁴¹. Based on the experience of the REM Visión Amazonía Program, the cost of establishing one ha of cocoa or rubber under an Agroforestry System (SAF) is approximately €4,000/ha. No national targets have been defined for agroforestry; it depends more on producer demand. For the purpose of estimating a reference cost, 1 million ha under a SAF would amount to €4,000M. Several cooperation projects have promoted AFS, such as SINCHI within the framework of REM Visión Amazonía, Probosque, Terramaz, Amazonía Mía, among others.

39 <https://www.minambiente.gov.co/wp-content/uploads/2025/03/Plan-Integral-Contencion-Deforestacion-2023-2026.pdf>

40 https://visionamazonia.minambiente.gov.co/content/uploads/2022/07/Vision_Amazonia_Cacao_Caqueta_web.pdf

41 https://visionamazonia.minambiente.gov.co/content/uploads/2022/07/Vision_Amazonia_Cacao_Guaviare.pdf

Annex 6. financial and economic instruments in Colombia, taken from the national climate finance strategy^a

Market

Water Consumption Fee: Art. 43 Law 99/93. Decree 0155/04. Decree 4742/05 Art. 108
 Law 1151/07. Resolution 240/04. Resolution 865/04. Resolution 872/06
 Forest Utilization Fee: Article 220 of Decree 2811/74; Agreement 48/82 by INDERENA.
 Electric Sector Transfer: Article 45 of Law 99/93; Decree 1933/94.
 3% from irrigation district projects: Agreement 191/09
 1% investment from projects using direct water sources: Article 43 and Article 111 of Law 99/93; Article 106 of Law 1151/07;
 Decree 1933/06.
 General Royalties System: Law 141/94; Law 752/02; Law 1151/07, Articles 116-121
 Environmental Surcharge of 5% on tolls for roads that affect or are located within the National Natural Parks System, SPNN,
 RAMSAR sites, Biosphere Reserves and District Natural Parks: Law 980/05
 Sale of Goods and Services by Entities of the National Environmental System: Law 99/93
 CITES permits: Law 17/81
 Incentives for Investment in Alternative Energies – MDL (Mecanismo de Desarrollo Limpio - Clean Development Mechanism):
 Tax Code
 Ecotourism Fees in National Natural Parks: Resolution 374/02.
 Payment for environmental services: Decree 870/17
 Forest reforestation incentive certificate: Law 1377/10, Law 139/94; Decree 1824/94.
 Eco-labelling: Resolution 1555/06
 Tariff quota: Decree 29/13
 Environmental compensation for biodiversity loss: Resolution 1517/12

Risk

Contractual Rents:
 Agricultural Insurance: Law 69/93, Resolution 1/14 CNCA-SA
 Ecological Insurance: Law 491/99

Donations

Donations and transfers from public and private entities
 International Technical Cooperation – Grant
 Subsidy: Art. 368 of the CPN; Arts. 14, 29, and 99 of Law 142 of 1994; Decree 565 of 1996; Decree 1013 of 2005.

continued on next page

Annex 6. Continued

Tax

Environmental Percentage of Property Tax: Art. 44 of Law 99 of 1993
Investment of 1% of municipal and departmental revenues: Art. 111 of Law 99 of 1993; Art. 117 of Law 1151 of 2007.
Exemptions for equipment acquisition: Decree 3172 of 2003
Determination of sale cost in reforestation plantations: National Tax Code
Income tax deduction for reforestation: National Tax Code, Art. 173
Exempt income generated by Ecotourism services National Tax Code, Art. 207-2
Exempt income generated by the sale of wind energy: Law 1715 of 2014 and Decree 2755 of 2003
Machinery or equipment imported for environmental control and improvement: National Tax Code, Art. 428 – Imports not subject to tax
Agricultural tractors Tax Code, Art. 424. Goods not subject to tax.
Machines for cleaning, sorting or screening seeds, grains or dry pod vegetables: Tax Code, Art. 424. Goods not subject to tax.
Other machines and devices for agriculture, horticulture, forestry or beekeeping: National Tax Code, Art. 424. Goods not subject to tax.
Deduction for investments in environmental control and improvement: Tax Code
Deduction for investments in new plantations, irrigation systems, wells, and silos: Tax Code
Plastic bag tax: Tax Code Art. 512-15. National consumption tax on plastic bags.
11% VAT reduction for electric mobility. Better positioned than combustion vehicles: Tax Code Art. 468-1. Goods taxed at the five percent (5%) rate.
The National Carbon Tax: Decree 926 of June 1, 2017 – Ministry of Finance and Public Credit and the DIAN (Dirección de Impuestos y Aduanas Nacionales-National Tax and Customs Directorate)
Incentives for the transfer of properties with an ecological function. Sale of properties that help protect ecosystems. National Tax Code. Art. 37
Discount for investments made in environmental control, conservation and improvement: National Tax Code Art. 255
VAT exemption for STI (Science, Technology and Innovation) projects: Art. 256 of the National Tax Code
Property tax exemption for conservation: Art. 255 of the National Tax Code
Forest conservation incentive certificate: Law 139/94 Art. 250; Decree 223/95; Decree 900/97.
Exemption from sales tax, global tax and surcharges on fuel, alcohol and biodiesel: Law 939 of 2004 Art. 1
Fondo Nacional Ambiental (National Environmental Fund) - FONAM: Decree 4317 of 2004

Regulation

Compensatory fees: Art. 42 of Law 99/93; Art. 107 of Law 1151/07; Art. 220 of Decree 2811/74.
Wildlife utilization fee and repopulation fee: Decree 1272/16
Compensation for environmental damage, through class actions referred to in Article 88 of the Constitution
Charges for evaluation and monitoring services: Art. 96 Law 633/00; Resolution 349/06; Decree 628/07.
Retribution fee for point-source discharges Decree 2667/12
Urban transport subsidies: Law 1753/15, Law 105/93, Law 1171/07, Resolution 12333/12
Municipal compensation for hosting sanitary landfills: Art. 101 Law 1151/07; CRA Resolution 351/05

Note:

a <https://colaboracion.dnp.gov.co/CDT/Ambiente/Finanzas%20del%20Clima/Estrategia%20nacional%20de%20financiamiento%20clim%C3%A1tico.pdf>

Annex 7. Green Bonds in Colombia

Summary of Green and Sustainable Bonds issued in Colombia

Bank		Year of issue	Type of bond	Millions of €
Bancolombia	IFC	2016	Green Bond	73
	IFC	2018	Green Bond	62.5
	BID Invest	2020	Sustainability Bonu	237
	LaGreen	2022	Sustainability-linked bond	150
Davivienda	IFC	2017	Green Bond	90
Bancoldex	BID Invest	2017	Green Bond	42
Banco de Bogotá	BID/IFC	2020	Green Bond	62.5
	BID Invest /IFC/Findev Canadá/Finance in Motion	2023	Subordinated sustainable bond	42
	IFC/BID Invest	2024	Sustainable Ordinary Bond	100
Total			8 operations	817

Bancolombia

Bancolombia is the largest bank in Colombia and has been recognized twice as the most sustainable bank globally by the Dow Jones Sustainability Index. In 2016, Bancolombia became the first private financial sector issuer in Latin America to launch a Green Bond, for a total of €73M. The buyer was the International Finance Corporation (IFC). 58% of the funds were allocated to renewable energy projects and 42% to green construction.

Bancolombia's first Green Bond operation supported nine projects, with an average disbursement of €9.3M and a term of 9 years per operation. The second operation, totalling €62.5M in 2018, was directed towards eight projects, 90% of which were sustainable construction initiatives, with an average of €7.8M per project and a duration of 6.5 years. The third operation in 2019 corresponds to Bancolombia's first Sustainable Bond, issued in partnership with BID Invest, for €137M. It financed 26 projects, with an average value of €5M per operation and a duration of 7 years. These initiatives focused on renewable energy, sustainable construction, cleaner production, social housing and basic sanitation.⁴²

As of 2021, through three issuances of green and sustainable bonds, Grupo Bancolombia financed

43 projects focused on clean energy, sustainable construction and production, housing and basic sanitation, with resources totalling €270M. With the annual generation of 247.5 GWh of electricity from renewable sources, 75.6 MW of installed renewable energy capacity, and 454,000 m² of sustainable construction, the emission of 141,600 tons of CO₂ has been prevented⁴³.

LAGreen⁴⁴, el Fondo Latinoamericano de Bonos Verdes (Latin American Green Bond Fund), was established as an initiative of the German Development Bank (KfW), a public-private financing effort with initial capital from the European Union and the Government of Germany. In October 2022, LAGreen, in partnership with the BID Group, invested in a €133M Sustainability-Linked Bond (Bono Vinculado a la Sostenibilidad, SLB) issued by Bancolombia. This bond combines an environmental objective with a social one: reducing Bancolombia's portfolio carbon intensity by 35% and providing financing to over 1.5M low-income individuals with limited access to credit. The bond has a 5-year term⁴⁵.

Bancolombia continues to advance its commitment to the global Net Zero Banking Alliance, an international partnership of banks dedicated to reducing the climate

42 <https://www.bancolombia.com/acerca-de/sala-prensa/noticias/responsabilidad-social-ambiental/bancolombia-apoya-43-proyectos-con-recursos-de-bonos-verdes-y-sostenibles>

43 <https://www.bancolombia.com/acerca-de/sala-prensa/noticias/responsabilidad-social-ambiental/bancolombia-emite-300000-millones-en-bonos-verdes>

44 www.lagreen.lu

45 <https://lagreen.lu/es/lagreen-invierte-en-bono-de-bancolombia-vinculado-a-ambiciosos-objetivos-de-sostenibilidad/>

impact of their activities. As an indicator, the estimated volume of CO₂ emissions generated by the bank's portfolio in a year is measured and compared to its total level of investment activities (tons of CO₂e per COP million of portfolio)⁴⁶.

Bancoldex

In 2017, Bancoldex issued Green Bonds through the Colombian Stock Exchange for €42M with a 5-year term. The purpose of these Green Bonds was to finance projects related to sustainable construction, cleaner production, energy efficiency and renewable energy, among others, all of which are essential for combating climate change. The securities were structured with technical cooperation from the BID, supported by the Climate Bond Initiative and funded by the Swiss State Secretariat for Economic Affairs (SECO). The securities are issued on the main local market through the Bogotá Stock Exchange and can be acquired by pension and severance funds, investors, institutions, government entities, multilateral organisations, insurance companies, business owners and the general public. The mechanism has been reviewed by Sustainalytics, a leading independent global institution specialising in environmental, social and corporate governance assessments.

Davivienda

In April 2017, Banco Davivienda issued €90M in Green Bonds to finance projects in sustainable construction, renewable energy, and energy and water efficiency. These projects have been certified under the sustainable building standards LEED (Leadership in Energy & Environmental Design) and EDGE (Excellence in Design for Greater Efficiencies)⁴⁷. Additionally, in 2020, a Gender-Focused Social Bond was issued for a total of €77.4M. This bond was aimed at providing loans to women-led SMEs and mortgage financing for social housing owned by female heads of household.

As of October 2024, Davivienda has mobilized over €312M in projects that benefit biodiversity, focusing on water management, sustainable agriculture and bioenergy. Of this amount, approximately €208M has been allocated to sustainable agriculture projects with internationally recognised certifications. As of

June 2024, Davivienda's consolidated sustainable portfolio reached a balance of €3,917M, reflecting an annual growth of 25% and representing 13.4% of the bank's total portfolio, a significant step towards its goal of having at least 30% of its portfolio classified as sustainable by 2030.

Banco de Bogotá

In September 2020, Banco de Bogotá carried out its first Green Bond issuance, mobilizing €62.5M. The funds were used to finance and refinance environmental projects from 15 companies across categories such as the following: energy efficiency, renewable energy, sustainable transportation, sustainable infrastructure, waste management and water. This bond issuance was carried out in the public securities market through the Colombian Stock Exchange. It followed a structuring process supported by the Climate Bonds Initiative (CBI), the British government through UK Pact Colombia, Métrix Finanzas, and limited assurance by Ernst & Young⁴⁸. In 2021, Global Finance magazine recognised Banco de Bogotá in its Sustainable Finance Awards for its green bond issuance aimed at mitigating the impacts of climate change⁴⁹.

The funds were allocated to the financing of 14 major projects across seven lines of action: renewable energy (40%), sustainable transportation (29%), energy efficiency (23%), green construction (3%), waste management (3%), sustainable infrastructure (2%) and water treatment (0.1%). The carbon footprint recorded for the projects supported by the Green Bond issuance showed a reduction of greenhouse gas emissions (GHG) equivalent to 680,000 tons of CO₂⁵⁰.

In 2023, Banco de Bogotá issued a €200M Subordinated Sustainable Bond, financed by multilateral financial entities such as BID Invest, IFC, FinDev Canada, and Finance in Motion. In this type of bond, holders have a lower claim in the event of company bankruptcy or liquidation compared to higher-ranking creditors. This implies a higher risk for the investor, but it is often compensated with a higher interest rate.

48 <https://www.bancodebogota.com/wps/themes/html/banco-de-bogota/pdf/relacion-con-el-inversionista/emisiones/renta-fija/reporte-bv-2022.pdf>

49 <https://www.pactoglobal-colombia.org/news/banco-de-bogota-es-reconocido-por-su-liderazgo-sobresaliente-en-emisiones-de-bonos-verdes-en-latinoamerica.html>

50 <https://www.pactoglobal-colombia.org/news/banco-de-bogota-es-reconocido-por-su-liderazgo-sobresaliente-en-emisiones-de-bonos-verdes-en-latinoamerica.html>

46 <https://lagreen.lu/es/lagreen-invierte-en-bono-de-bancolombia-vinculado-a-ambiciosos-objetivos-de-sostenibilidad/>

47 <https://www.pactoglobal-colombia.org/news/bonos-verdes-y-con-enfoque-de-genero-la-apuesta-de-davivienda-para-impulsar-el-desarrollo-sostenible.html>

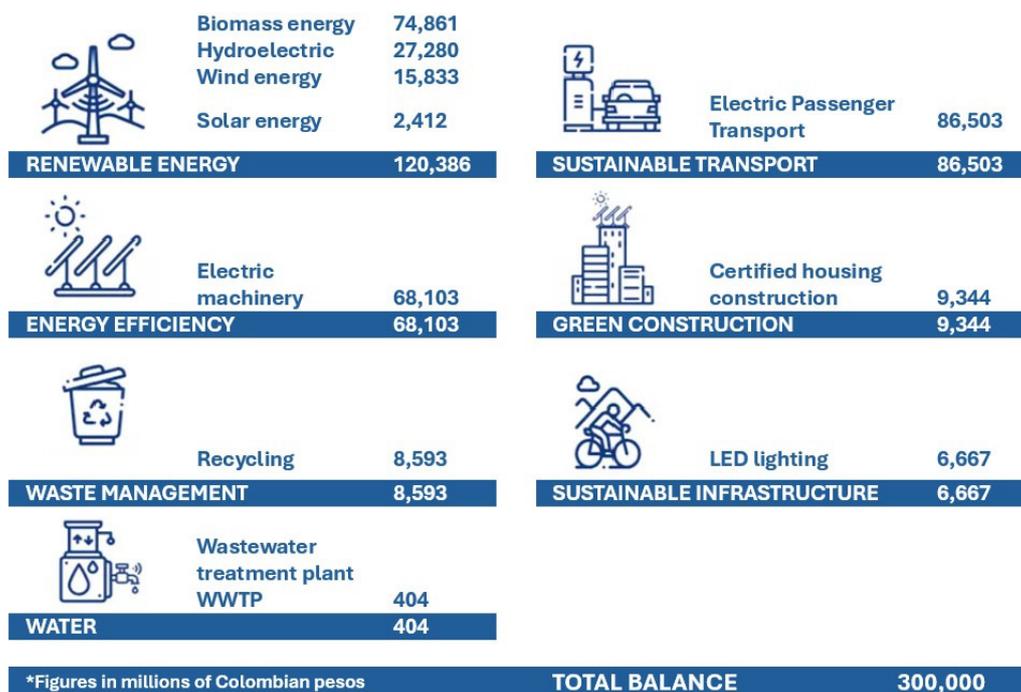


Figure 1. Summary of Banco de Bogotá's Green Bond Investments^a

Note: a <https://www.pactoglobal-colombia.org/news/banco-de-bogota-es-reconocido-por-su-liderazgo-sobresaliente-en-emisiones-de-bonos-verdes-en-latinoamerica.html>

From September 2021 to June 2022, the following impacts were reported^a

Renewable energy generation	114,726 MWh
Capacity of renewable energy plants built or enabled	23 MW
GHG emissions reduced or avoided	220,528 tons CO ₂ eq
Absolute GHG emissions (gross)	238,729 tons CO ₂ eq
Reduction in energy consumption	5,066 MWh
Number of clean vehicles financed	14
Treated water flow	4,873 m ³
Waste reduced	2,112 tons
Energy savings	7,782 MWh
Waste prevented, minimized or recycled before and after the project	8,959 tons (80% of waste reduced)

Note:

a <https://www.bancodebogota.com/wps/themes/html/banco-de-bogota/pdf/relacion-con-el-inversionista/emisiones/renta-fija/reporte-bv-2022.pdf>

In July 2024, Banco de Bogotá issued Sustainable Ordinary Bonds for an amount of up to €100M, aimed at promoting social well-being and climate change mitigation, including the Social Portfolio and the Green Portfolio. The latter (Green Portfolio) includes

projects related to the following fields: sustainable construction, renewable energy, energy efficiency, sustainable transportation, water efficiency and the circular economy⁵¹.

51 <https://saladeprensa.bancodebogota.com/2024/07/12/banco-de-bogota-lanza-emision-de-bonos-ordinarios-sostenibles-hasta-por-500-mil-millones/>

Annex 8. Biodiversity Bonds BBVA Colombia

In July 2024, BBVA Colombia (the largest bank in the world) issued a Biodiversity Bond in the international capital markets with a three-year term. The purpose of the Biodiversity Bond is to finance projects that address the key drivers of biodiversity loss. The targeted projects are particularly focused on reforestation, regeneration of natural forests on degraded lands, conservation and rehabilitation of mangroves, climate-smart and regenerative agriculture, restoration of wildlife habitats, among others⁵². As collateral for the approval of the Biodiversity Bond, BBVA Colombia reported that during 2023, more than approximately €45M were funded in areas aligned with biodiversity, such as the following fields: land use, terrestrial habitat, ecotourism projects, smart agriculture, and conservation of marine habitats, mammals and birds.⁵³

The Biodiversity Bonds are financed by IFC (first issuance €30.7M and second issuance €39.5M), BID (€30.7M) and CAF (€43.9M), totalling approximately €145M. Of that amount, €87.7M has already been allocated to 60 projects involving 40 companies. The average transaction size is around €105,000. BBVA Colombia is the issuing bank, and IFC acts as both structurer and investor. Additionally, the operation is subject to internal processes and needs the approval of IFC's board⁵⁴. IFC and BID Invest provide technical assistance to determine eligibility criteria and reporting indicators related to biodiversity, as well as to define a model for managing nature-related risks and to support the development of its biodiversity strategy⁵⁵.

In the case of BBVA, eligible clients/projects are reviewed based on IFC criteria. For this review, the analysis goes back 6 months prior to the bond issuance ('Look back period' of 6 months). The bond is aimed at large companies and SMEs; it is not intended for peasant associations, indigenous peoples or Afro-Colombian territories. In the category of 'indirect impact on biodiversity,' 147 operations are included in areas such as agriculture with good practice certification, ecotourism, plastic management,

reduction of chemical fertilizers and use of biological fertilizers. In the category of 'direct impact on biodiversity,' only one reforestation project of 3.5 ha in a municipality is included. In the category of nature-based solutions (e.g. hillside forest restoration, grey infrastructure against landslides, etc.), no projects are included.

For each operation, a due diligence-type form is applied to collect information on the following aspects: where the action is implemented, type of production, land use modification within the past 5 years, whether it is located in a Protected Area, whether it is a natural or critical habitat, among others. To mitigate impact, third-party certification is carried out. This certification includes agro-sustainable seals and agricultural practices, such as Rainforest Alliance. It is a requirement to periodically submit documents verifying indicators. BBVA has developed its own app for monitoring the modified area.

Finally, a new BID funding line is planned specifically for investment in biodiversity-related initiatives in the Amazon region.

Banco Davivienda

In October 2024, as part of the Finance and Biodiversity Day at COP 16 in Cali, Banco Davivienda and the IFC signed a subscription agreement for the issuance of a Biodiversity Bond worth over €43M in the Colombian capital market. The term was four years, with disbursements scheduled until April 23, 2029. This bond aims to mobilize resources towards projects that generate positive impacts on nature. Additionally, these projects must protect, conserve and restore the country's biodiversity, in alignment with Colombia's Biodiversity Action Plan through 2030. It is a debt instrument with a favourable interest rate and support from the bank. It also includes technical assistance through partnerships and certification with labels such as Rainforest Alliance.

This bond, approved by the Financial Superintendence of Colombia (SFC), thus becomes a milestone in the development of the local capital market focused on the conservation and regeneration of nature. The structuring process of this bond issuance included a second opinion from Standard & Poor's (S&P) and expert advisory support from IFC. Both entities collaborated in defining the categories, eligibility criteria and indicators to identify and measure the

52 <https://www.ifc.org/en/pressroom/2024/28298>

53 <https://www.ifc.org/en/pressroom/2024/28298>

54 <https://www.bbva.com/es/sostenibilidad/que-son-los-bonos-de-biodiversidad/>

55 <https://www.ifc.org/en/pressroom/2024/28298>

impact these projects have on biodiversity. At least 10% of these resources contribute to the restoration of mangroves in the Pacific region and enhance the development of local communities.

In the case of Banco Davivienda, 40% of the portfolio involves reviewing eligible clients/projects based on IFC criteria, covering the period from April 24, 2023 to April 24, 2024 ('Look back period' of 1 year), while 60% corresponds to new projects from April 24, 2025 to April 24, 2026.

The bond issuance has a four-year term. Its objective is to mobilize resources towards projects focused on the following areas: conservation, management and sustainable use of natural forests through the adoption of practices for restoring degraded soils, as well as the implementation of wastewater treatment systems, and initiatives for the conservation and restoration of wetlands and marine areas, among others⁵⁶.

Biodiversity Bonds are directed towards five focus areas: circular economy; biodiversity conservation and restoration (including sustainable forest management); bioenergy; sustainable water management; and sustainable agriculture. They also cover 34 activities, with affirmative prioritization for forestry projects such as the conservation and sustainable use of natural forests, reforestation, non-timber forest products, sustainable forestry practices and restoration of degraded soils.

As of April 2025, a portfolio of €21 million has already been identified and is under review. Due to stringent requirements and high risks, the operation focuses on large clients and advanced projects with strong sustainability practices. Credits are granted for up to two years, with a maximum amount of €14.5M; for longer-term projects, the Biodiversity Bond can be complemented with a standard bank loan.

Annex 9. Financial Solutions Promoted by WWF's Invest Program

Financial Solutions in Structuring		
SURA-WWF	Parametric Insurance for Water Resource Conservation	
DFCD (Dutch Fund for Climate and Development)	Grant: 300K	€5M to 25M
Isagen, CRA (Comisión de Regulación de Agua Potable y Saneamiento Básico, Commission for the Regulation of Drinking Water and Basic Sanitation)	Fondo Bosque Seco	€4.4M
	PES Plataforma Custodia del Agua - PES Pereira	€3.8M
Bancolombia	PES Guatapurí Cuenta de mar -	€42M
	Financial sustainability strategy of the SIRAP - Pacific (Sistema Regional de Áreas Protegidas - Regional System of Protected Areas)	€2.6M
Financial solutions under development		
BEZOS	Mangrove Conservation Project as a Nature-based Solution (NbS) in La Guajira and the Pacific	
BEZOS	Guidelines for Incentives for Mangrove Conservation	
	Funding model for indigenous communities of the Amazon Basin (Brazil, Colombia, Peru, Ecuador)	

continued on next page

⁵⁶ <https://blog.davivienda.com/detail/en-el-marco-de-la-cop16-banco-davivienda-suscribe-acuerdo-con-la-corporacion-financiera-internacional>

Annex 9. Continued

Projected financial solutions		
	Protected Areas and Peace: Financial mechanisms for conservation and value chains	
GBFF – CAF (Global Biodiversity Framework Fund)	Regional financial vehicle and value chains for Piangua and tourism	
	Forest Landscape Restoration: Financial mechanisms linked to climate-informed landscape management	
IKEA	Financial mechanism for forest sustainability	
Bogotá District Environment Secretariat	Financial vehicle for protected areas	
Universidad de La Sabana (La Sabana University)	Afro-descendant communities (Bioeconomy in forest development hubs)	
	Financial sustainability strategy of the SIRAP (Sistema Regional de Áreas Protegidas - Regional System of Protected Areas) - Eje Cafetero	
Knowledge hubs under development		
Trulab, Cali	Collaboration in developing the impact investment ecosystem with a focus on biodiversity impact. Stage 1: Initial base of 300 entrepreneurs.	
Crepes and Waffles	Value chain analysis, characterization and support in resource mobilization. 4,000 suppliers	

Annex 10 Financial Solutions Proposed by BIOFIN⁵⁷

Mandatory biodiversity offsets and voluntary biodiversity credits in Colombia

BIOFIN in Colombia supports the national government's efforts to develop financial mechanisms aimed at increasing private sector investment in biodiversity. The country has both mandatory and voluntary financial instruments to mobilize resources for biodiversity conservation. These types of mechanisms include environmental offsets, habitat banks and biodiversity credits. BIOFIN in Colombia has conducted various analyses to provide recommendations and strengthen capacities for the implementation of these mechanisms; efforts have been made to leverage lessons learned from other financial instruments, such as the carbon market.

Facilitating and accessing public and private funds for biodiversity management financing.

BIOFIN in Colombia promotes the facilitation and access to public resources channelled through various

mechanisms. Some examples include the Fund for Life and Biodiversity (FVB), the Fondo Nacional Ambiental (FONAM), and the environmental allocations from the General Royalties System (SGR). Additionally, BIOFIN provides support in reducing access barriers for small and medium-sized producers interested in obtaining financial sector instruments (commercial banking and national development banking) that fund environmentally sustainable actions or productive practices.

Mobilizing local community resources for biodiversity financing through the establishment of community funds.

BIOFIN in Colombia provides technical support to structure funds as financial vehicles that help increase resources for biodiversity. These funds have the potential capacity to mobilize public, private, community and international cooperation resources. Using the 'Savings and Credit Groups' methodology employed by the UNDP (United Nation's Development Program) in Colombia and supported by the current Colombian legal framework, the following objectives are pursued: to boost community resources (private resources) through financial inclusion and access to financial services for local communities in remote

⁵⁷ <https://www.biofin.org/colombia>

areas of Colombia, and to develop savings and credit strategies as financial mechanisms to support sustainable environmental activities.

Increase public and private investment through Payments for Environmental Services in Colombia.

BIOFIN in Colombia contributes to the mobilization of public and private resources for the conservation and sustainable use of strategic ecosystem services through the implementation of Payment for Environmental Services (PES) schemes.

Reform of harmful incentives and subsidies for biodiversity in Colombia's priority productive sectors.

In 2024, in collaboration with Finagro, a roadmap was established to make its credit lines greener. In Colombia, the process of reforming harmful incentives emerged from the need to align practices financed through Finagro's instruments with the biodiversity loss prevention goals set out in the Kunming-Montreal Global Biodiversity Framework.

This financial solution aims to influence government entities and sectoral authorities to adopt a national strategy. Such a strategy should identify, characterize, assess and reform incentives and subsidies that are harmful to biodiversity in Colombia's priority productive sectors, specifically in agricultural and rural development as well as in the energy and hydrocarbons sectors.

Strengthening the enabling framework for the financial and business sectors.

BIOFIN in Colombia worked with public and private entities from the financial and business sectors to

strengthen technical, financial and institutional capacities for the implementation of environmental standards. The objective was to identify investment risks in the business and financial sectors, specifically through the implementation of the TNFD framework (Grupo de Trabajo sobre Divulgaciones Financieras Relacionadas con la Naturaleza, Taskforce on Nature-related Financial Disclosures) in Colombia and the 'LEAP' methodology (Locate, Evaluate, Assess, Prepare). However, it is important to overcome three key barriers: (i) Strengthening the capacity to assess nature-related risks in the financial sector. (ii) Improving monitoring systems to evaluate risks to nature within the financial sector. (iii) Enhancing planning and measurement of nature-related risks in the financial sector.

Enabling a national framework for biodiversity funding

BIOFIN supported Colombia's Ministry of Environment and Sustainable Development in updating the National Biodiversity Action Plan to align actions and sectors with the commitments made at COP 15 in accordance with the Kunming-Montreal Global Biodiversity Framework and its 23 targets. The updated plan was launched during COP 16 in Cali, Colombia in October 2024.

Territorial strategies for biodiversity funding

BIOFIN Colombia has been developing financial strategies to mobilize or redirect financial resources within territorial approaches to address biodiversity financing needs and reduce the biodiversity finance gap, focusing on three strategic ecosystems: wetlands, 'páramos' (high mountain ecosystems), and protected areas.

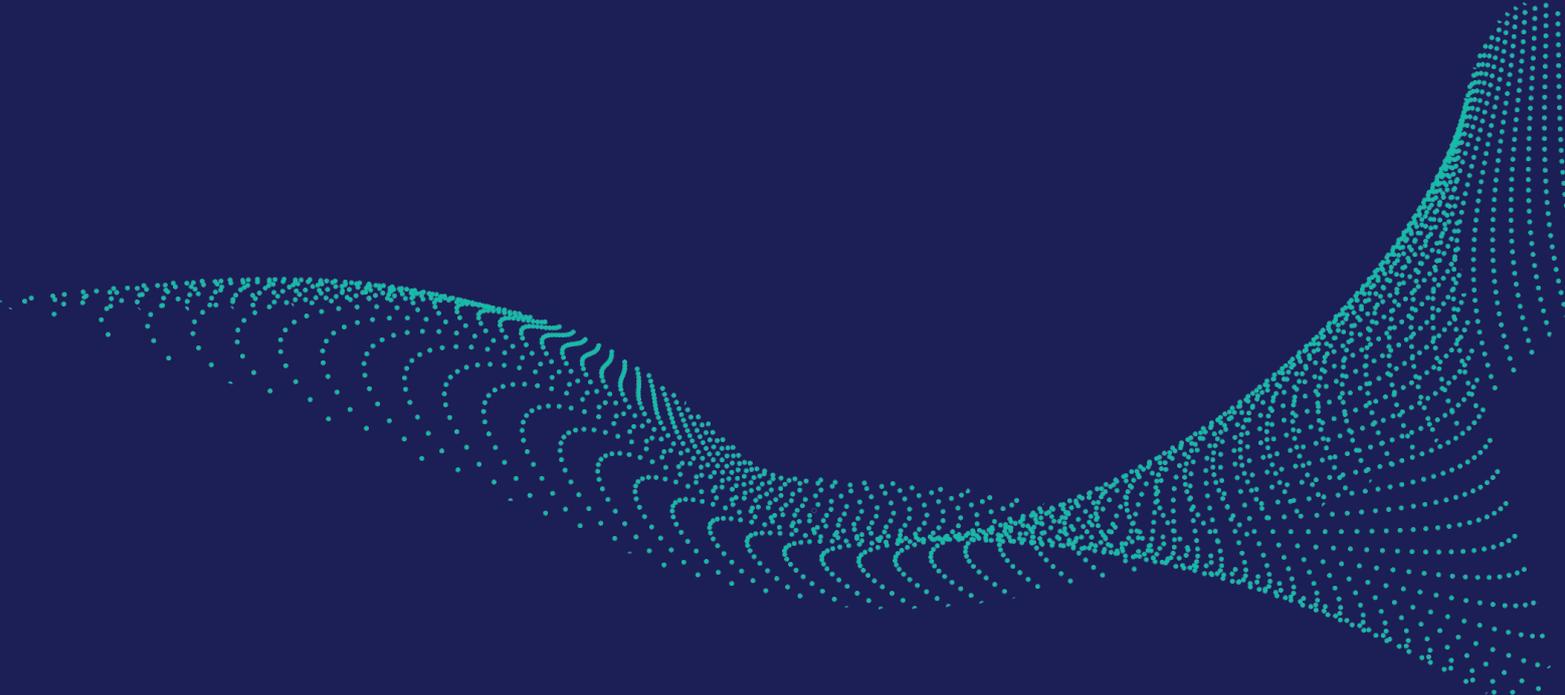
Annex 11. List of Interviewees

	Organisation	Name	Topics discussed
	Public sector		
1	Ministry of Environment and Sustainable Development	Rubén Darío Guerrero, advisor, Directorate of Forests, Biodiversity and Ecosystem Services	General topics of the forestry sector, priorities and recommendations for the development of the forestry sector
2		María Alejandra Agredo Sandoval, restoration advisor, Ministry of Environment and Sustainable Development	On the Ministry's restoration goals and budget
3		Aníbal Pérez, director, Fund for Life and Biodiversity; Daniela Amaya, secretary	Inquiry regarding the portfolio and investment plan of the Fund for Life and Biodiversity
4	IDEAM	Edersson Cabrera, SMBByC coordinator	Update on deforestation data, availability of emission reductions and carbon projects in RENARE.
5	Ministry of Agriculture and Rural Development	Nelson Lozano, environmental sustainability and climate change coordinator	General topics of the forestry sector, priorities and recommendations for the development of the forestry sector
6	SINCHI	Jaime Barrera	Progress with Conservar Paga program
7	Banco Agrario	Andrés Niño, National Head of Strategic Business Partnerships	Green credits
8	Finagro	Carlos Betancur, Director of Sustainability	Green credits, ITPS and CIF
	Private sector		
9	Fedemaderas	Adolfo Aristizábal T., President of the National Board of Directors; Juan Miguel Vásquez	Private Sector Perspective on Demands in the Forestry Sector
10	Banco BBVA	David Pacheco Zea, Sustainability Office	Biodiversity Bond
11	BanCO2-Bancolombia	Diana María Osorio, Mission Development Leader, Masbosques	PES
12	Banco Davivienda	Lina Toro, Sustainability Office	Biodiversity Bond
13	ONE Amazon	Diego Bautista, Colombia representative	ONE Amazon Asset
14	NEST	Álvaro Jaramillo, NEST director	Inquiry into financial entities in Colombia and recommendations for the forestry sector from the private financial perspective
15	Solidaridad	Joel Brounen, Alexander Escobar, Portfolio of financial solutions	Restoration through green credits with carbon payments
16	Terrasos	Vanessa García	Banco de Hábitat (Habitat Banks)
17	WWF	Yenny Paola Devia	Invest
18		John Manrique	International cooperation for forestry projects

continued on next page

Annex 11. Continued

	Organisation	Name	Topics discussed
International Cooperation			
19	Visión Amazonía Program	Yezid Beltrán, Leader of the Agro-Environmental Pillar	Green Credits and Agroforestry Systems
20		Virginia Salazar, coordinator of the Amazon Forest Incentive Amazon Forest	Incentive (PES)
21	GEF Sustainable Amazon Landscapes, GEF	Luz Adriana Rodríguez, Coordinator, GEF Corazón de la Amazonía	Inquiry into intervention components, budgets and program duration.
22	Sustainable Colombia Program, IDB	Mary Gómez Torres, coordinator	Inquiry into intervention components, budgets and program duration.
23	FAO Visión Amazonía	María Andrea Rueda	Inquiry into intervention components, budgets and program duration.
24	Amazonía Mía	Cesar Rey	Regarding the timber market for MFSC and an inquiry about intervention components and program budgets
25	Herencia Colombia, KfW	Olga Lucía Bautista, national coordinator, Herencia Colombia, National Parks	Inquiry into intervention components, budgets and program duration.
26	GIZ - Deutsche Gesellschaft für Internationale Zusammenarbeit (German Agency for International Cooperation)	Claudius Bredehöft, Probosque II coordinator	PPPs (Public-private partnerships)



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Sustainable Forests for the Future Group

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