

Taxonomía VERDE

Sustainable Finance Strategy and related regulation: Colombia

Sharm El-Sheikh, October 6th, 2024



Colombia is transforming its financial system to **achieve the objectives of the Paris Agreement and beyond.**

For it to catalyze the green transition, Colombia is promoting the integration of risks and opportunities related to climate change, biodiversity loss and other environmental challenges into the decision-making process.



Promote a more resilient financial system that **incorporates in its DNA** climate change and nature related **risks and opportunities**.



Promote **capital mobilization** towards sustainable growth objectives and **facilitate the transition** to a low-carbon, climate-resilient economy.

Improve the capacity of financial systems to **identify and manage** financial **risks related to climate change, biodiversity loss and other environmental challenges**.

MARKET DEVELOPMENT

Sustainable finance developing for capital, credit, and insurance markets.

Taxonomy

Bonds & other thematic products

Incentives

INTEGRATION AND SUPERVISION

Environmental factors integration into risk monitoring and measurement.

Regulation & guidelines

Supervisory Framework

Risk measurement (stress test)



TRANSPARENCY

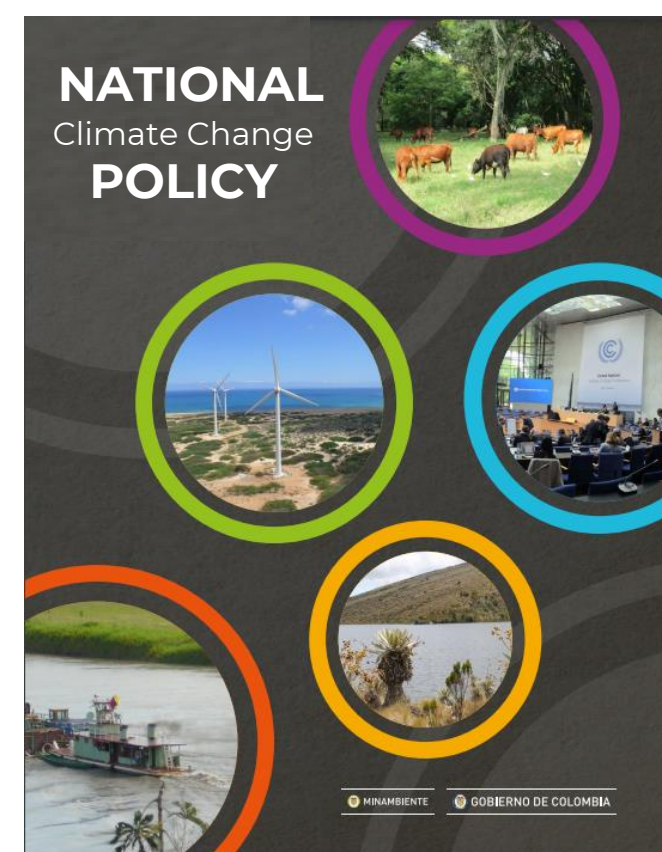
Promote transparency to strengthen the **identification of risks and opportunities**.

Product disclosure

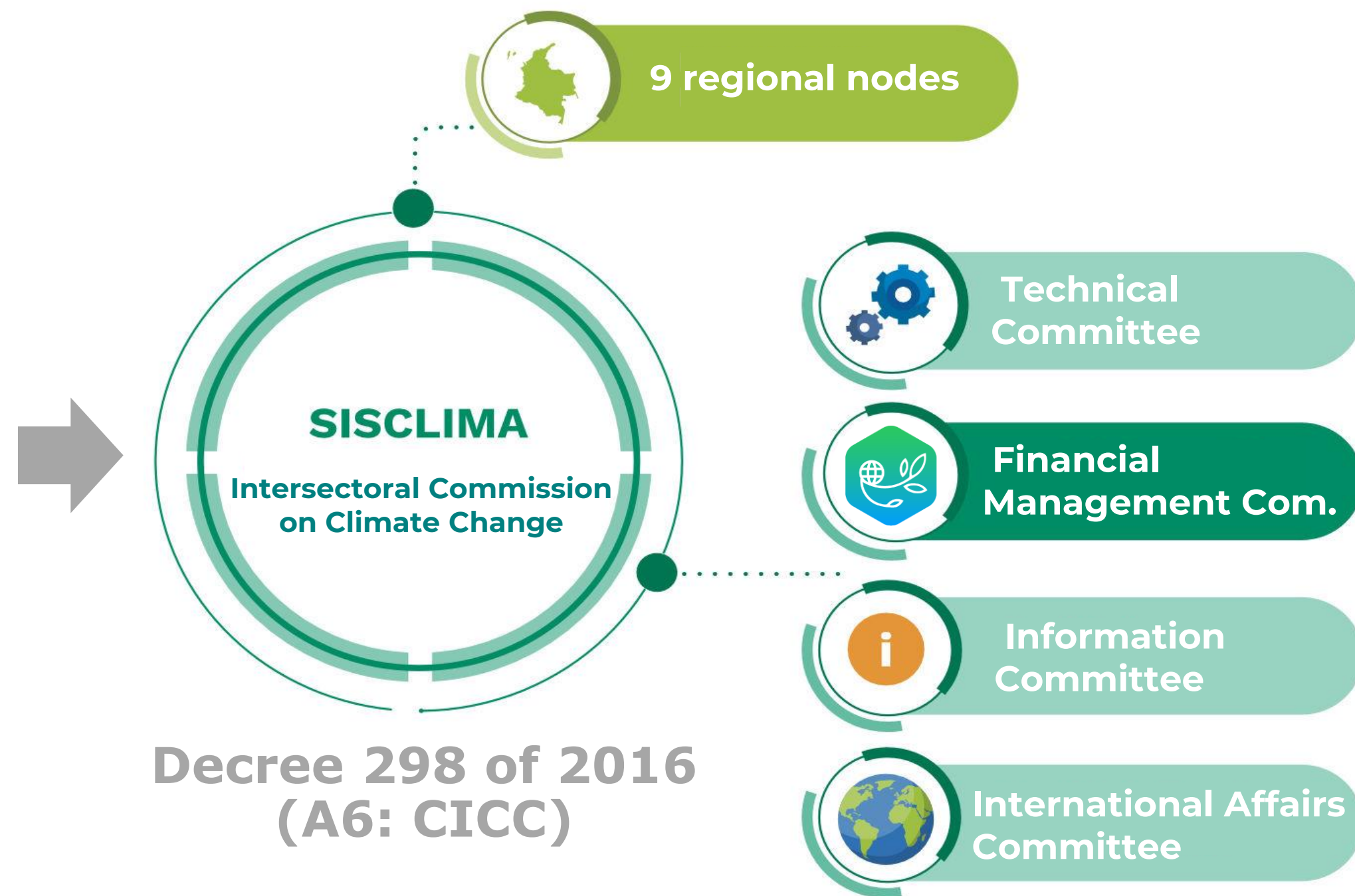
Corporate disclosure

Tracking metrics

Colombia has a robust institutional framework for climate finance



PNCC (2017)



Decree 298 of 2016
(A6: CICC)

ENFC (2022)

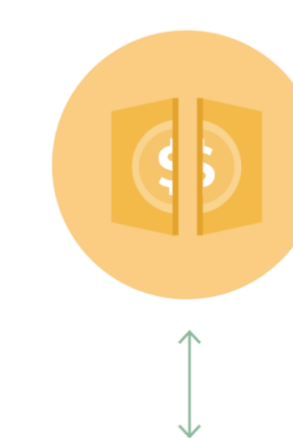


Cross-cutting line:
Knowledge and information management

Strategic line 1
Economic & financial instruments development

Strategic line 2
Management & access to financing sources

Strategic line 3
Projects' structuring & prioritization support



Cross-cutting line:
Capacity building and strengthening

Development, consolidation, and coordination of the process of TVC's formulation, updating, and implementation follow-up.

GREEN TAXONOMY WORKING GROUP



Departamento Nacional de Planeación - DNP

DANE



Ambiente



Hacienda



Key Elements of the Green Taxonomy of Colombia (TVC)

Taxonomía
VERDE
COLOMBIA

Classification system for economic activities and assets with substantial contributions to the **achievement of environmental objectives** that respond to the country's environmental commitments, strategies and policies.



Strategic Objectives



Alignment of flows that contribute to Colombia's environmental objectives starting by **mitigation** upcoming **adaptation and biodiversity loss**.

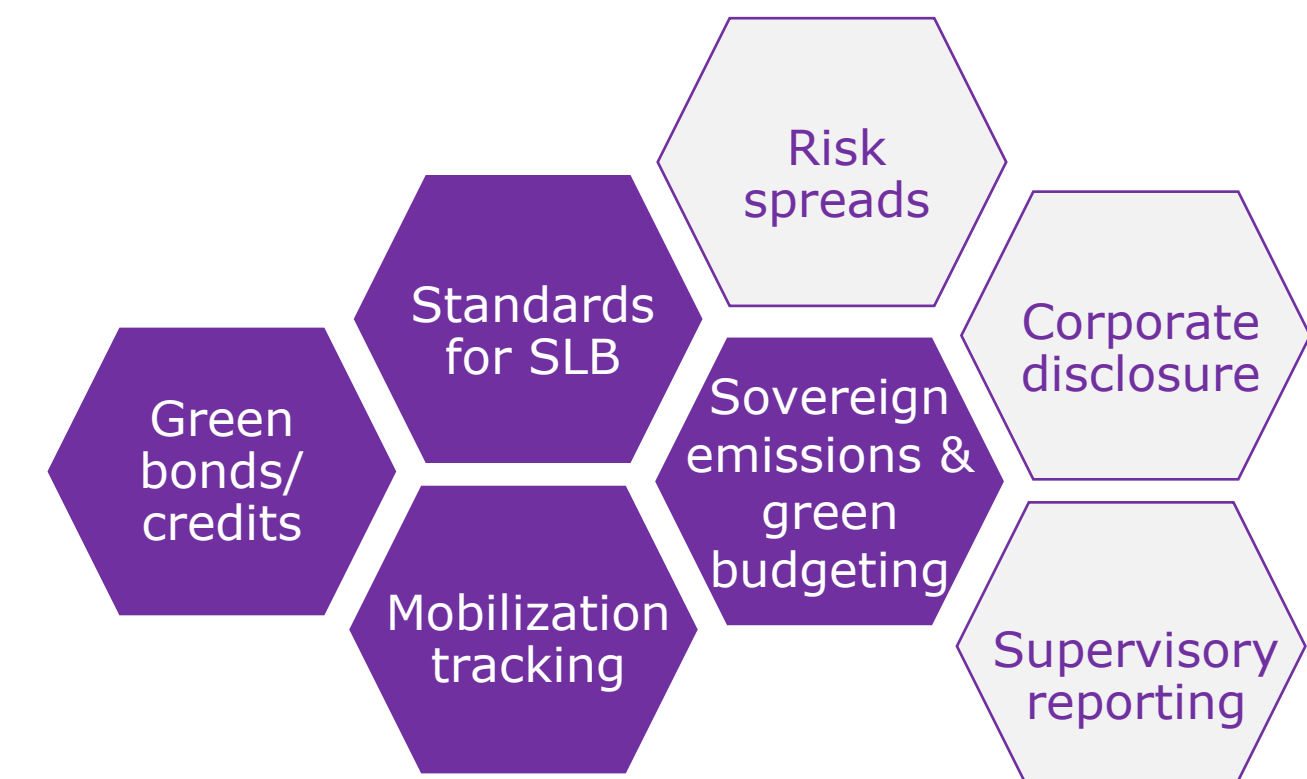
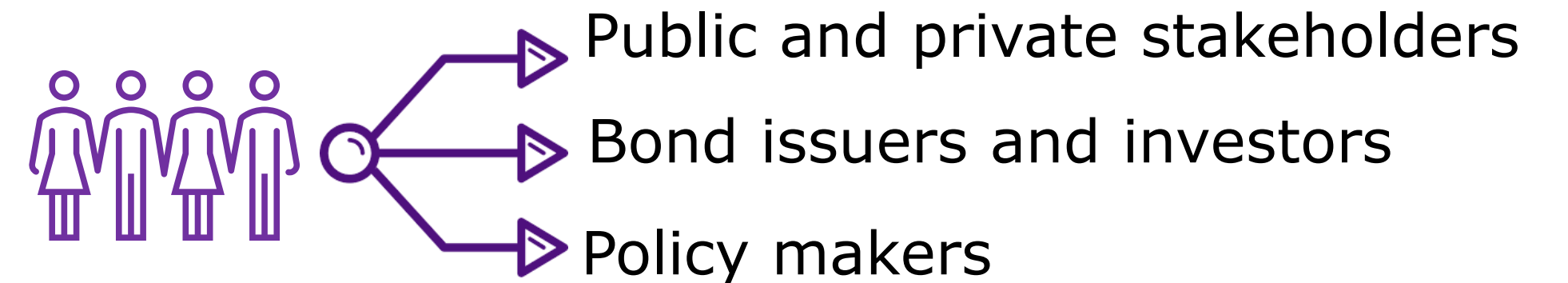


Interoperability: Ensure **consistency** with **international** standards and taxonomies, avoiding barriers for investors.



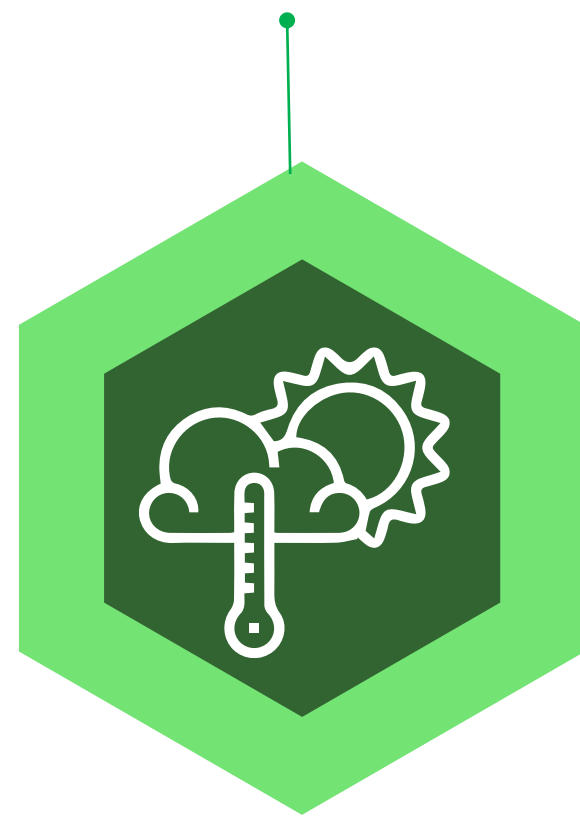
Mitigate **Greenwashing** and ensure **transparency** & integrity of financial markets in Colombia.

Users and Uses



A lively document: beyond the PA the pathway towards **7 environmental objectives**

Climate change
mitigation



Ecosystem and **biodiversity**
conservation



Adaptation to
climate change



Land
use/management



Pollution prevention
and control



Protection and sustainable use of
water and marine resources



Transition to a
circular economy



The TVC is dynamic, therefore its development is progressive by objectives



Climate Change			Biodiversity		Environmental Objetivo N.		
Selection criteria			Selection criteria		Selection criteria		
			Mitigation	Adaptation	Substantial contribution	Substantial contribution	
Energy Sector	Electricity production by solar panels	Criteria by activity: Thresholds, principles, metrics.	Criteria by activity: Thresholds, principles, metrics.	Activity 1	Criteria by activity: Thresholds, principles, metrics.	Activity 1	Criteria by activity: Thresholds, principles, metrics.
	Electricity production by wind energy			Activity 2		Activity 2	
	Ocean energy electricity production			Activity 3		Activity 3	
	Activity n			Activity n		Activity n	
Transportation Sector	Low-carbon public transportation	Criteria by activity: Thresholds, principles, metrics.	Criteria by activity: Thresholds, principles, metrics.		Criteria by activity: Thresholds, principles, metrics.		Criteria by activity: Thresholds, principles, metrics.
	Low-carbon micro-mobility						
	Low-carbon airport activities						
	Activity n						
AFOLU Sector	Livestock	Criteria by activity: Thresholds, principles, metrics.	Criteria by activity: Thresholds, principles, metrics.		Criteria by activity: Thresholds, principles, metrics.		Criteria by activity: Thresholds, principles, metrics.
	Agriculture						
	Forestry						
	Activity n						
N Sector	Activity 1	Criteria by activity: Thresholds, principles, metrics.	Criteria by activity: Thresholds, principles, metrics.		Criteria by activity: Thresholds, principles, metrics.		Criteria by activity: Thresholds, principles, metrics.
	Activity 2						
	Activity 3						
	Activity n			Activity n		Activity n	

AFOLU Environmental Objectives: Climate change mitigation and adaptation, land management, water management, and ecosystem and biodiversity conservation..

Current Scope of the Taxonomy

10 Sectors + 57 Eligible **Activities**/Environmentally Sustainable **Assets**



1. Energy

Generation, transmission and storage of solar, wind, geothermal, hydro, biofuels and hydrogen energy



2. Construction

Construction, renovation and procurement of buildings, construction products and materials

3. Waste management and CO2 capture and sequestration

Treatment, collection, transport of wastewater, composting, capture and use of GHGs and landfill gas

4. Water management

Efficient use of water, aqueduct, sewerage and wastewater treatment systems

5. Transport

Public, private, interurban (cargo and passengers) transport, micromobility and transport infrastructure



6. TIC

Data processing, hosting and related, data-driven GHG reduction solutions

7. Manufacture

Manufacturing of low-carbon technologies and components for cement, steel, aluminum, chlorine and other products

8. Livestock

Basic, intermediate and advanced practices +Eligible Inputs

9. Agriculture

Basic, intermediate and advanced practices +Eligible Inputs

10. Forest

Basic, intermediate and advanced practices +Eligible Inputs



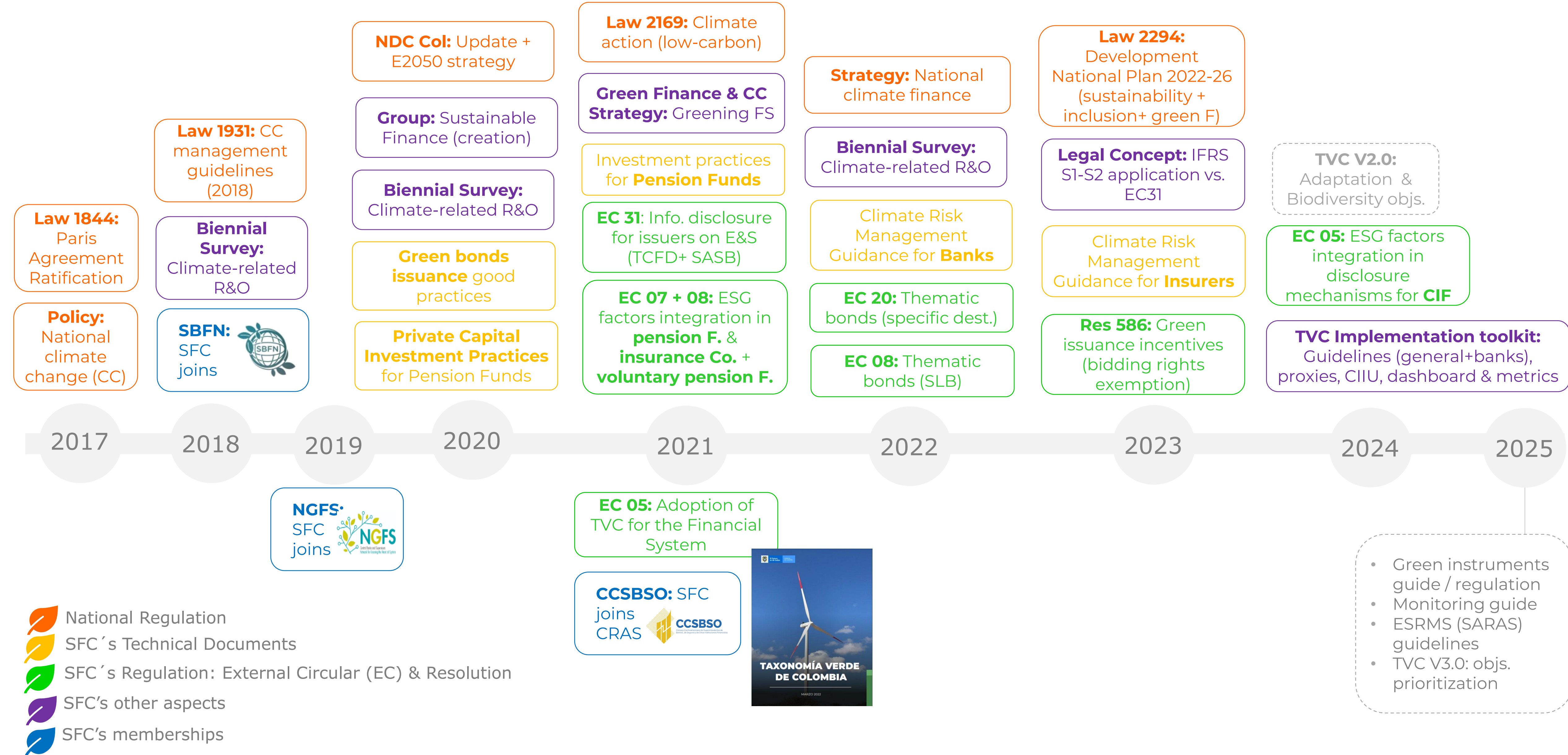
 Contribute substantially to **mitigation**

 **Enabling** activities

 Contribute substantially to **>1 environmental objective**



Legal and policy framework for the **implementation of the Green Taxonomy of Colombia**



- National Regulation
- SFC's Technical Documents
- SFC's Regulation: External Circular (EC) & Resolution
- SFC's other aspects
- SFC's memberships

Gracias

