



PARTNERSHIP
AG CARBON

Accelerating Just Transition

Investment
Readiness Index
(IRI) Country Report:
Colombia

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About VCMI

The Voluntary Carbon Markets Integrity Initiative (VCMI) is an international non-profit empowering companies, governments and non-state actors to realize the full potential of high-integrity voluntary carbon markets (VCMs). VCMI provides guidance on how different actors can make voluntary use of carbon credits to make a meaningful impact on climate action. The Claims Code of Practice enables companies to make 'Carbon Integrity' Claims, recognizing their achievements in going above and beyond science-aligned emissions cuts to accelerate global net zero. The Access Strategies Program supports host-country governments to establish policies and processes necessary to build and strengthen a cohesive governance of VCMs that underpin their country's participation in high-integrity voluntary carbon markets. Learn more on vcmintegrity.org.

About IICA

The Inter-American Institute for Cooperation on Agriculture (IICA) is the specialized agency for agriculture of the Inter-American System that supports the efforts of Member States to achieve agricultural development and rural well-being. The Institute provides cooperation services through close and permanent work with its 34 Member States, addressing their needs in a timely manner. Without a doubt, IICA's most valuable asset is the close relationship it maintains with the beneficiaries of its work. IICA has broad experience in areas such as technology and innovation for agriculture, agricultural health, safety and agrifood quality, international trade and regional integration, territorial development and family farming, natural resource management, climate action and the innovation and bioeconomy.

IICA works to promote a more active and informed participation of the agricultural sector in national and international climate processes. In addition to building capacity in agricultural negotiators and engaging with high level decision makers, the Institute works to drive finance towards the sector to enable climate action. In 2023, IICA held the Inter-American Board of Agriculture Meeting where ministers of the region required additional capacity building efforts to accelerate access to private climate finance including through carbon markets. Through PAC, IICA's goal is to assist ministries of agriculture and other sectoral actors in the Americas to better understand whether, when and how they can capitalize on voluntary carbon market opportunities to help achieve development and climate goals simultaneously.

About the Partnership for Agricultural Carbon

Latin America and the Caribbean (LAC)'s agriculture sector can lead the way on climate and biodiversity action by leveraging the potential of carbon market mechanisms. The Partnership for Agricultural Carbon (PAC) was established to enable countries to tap into this potential. PAC's integrated approach to aligning carbon markets with sustainable agricultural practices makes it a suitable vehicle to drive high-integrity projects that deliver both climate mitigation and biodiversity conservation at scale.

By providing technical expertise and capacity-building support, PAC can support countries to ensure that their carbon projects achieve meaningful biodiversity outcomes. PAC's framework emphasizes biodiversity as a core benefit of carbon projects, allowing countries to attract premium-priced carbon credits while advancing their Nationally Determined Contributions (NDCs) and sustainable development goals.

PAC's contributions are readily available to countries in the region, offering a pathway to scale up nature-based solutions such as agroforestry, regenerative agriculture, and silvopasture. By prioritizing biodiversity and integrating sustainable land-use practices, PAC enables LAC countries to deliver transformative impacts that extend beyond carbon sequestration, supporting long-term ecological and economic resilience.

PAC serves as an essential partner for countries in the LAC region to harness the power of voluntary carbon markets (VCMs) and sustainable agriculture. By leveraging PAC's resources and expertise, countries can make significant strides toward their climate and biodiversity goals, mobilizing the private sector to drive sustainable change for both people and nature.

By leveraging PAC as a strategic platform, LAC countries can position themselves at the forefront of global efforts to harness the potential of VCMs and sustainable agriculture. This approach not only addresses the region's financing needs but also supports broader global climate and biodiversity objectives.

If you are interested in collaborating with PAC or would like to find out more information, please contact Daniel Ortega-Pacheco, Executive Director, at dortega@biocarbon.com.ec.



COLOMBIA

Investment Readiness Index (IRI) Country Report

1. Introduction

This policy brief applies the PAC Investment Readiness Index (IRI) to Uruguay, assessing its enabling environment for high-integrity, inclusive agricultural carbon markets. It is part of a multi-country diagnostic informing PAC's Carbon Policy Tracker and investment engagement strategy in Latin America and the Caribbean.

Rather than serving as a ranking tool, the IRI is designed to support public policy reform, guide technical assistance, and enhance coordination among development partners and climate financiers.

2. Purpose, Methodology, and Scoring Approach

About the IRI¹. The IRI is a diagnostic tool developed by PAC that evaluates national readiness across five pillars: (1) Enabling Policy & Regulation; (2) Institutional Capacity; (3) Financial Systems & De-risking; (4) Market Ecosystem & Innovation; and (5) Inclusiveness & Farmer Engagement.

The IRI offers a regionally adapted, data-driven diagnostic tool designed to benchmark readiness, inform policy design, and guide the prioritization of capacity-building efforts. By presenting snapshots of the enabling environment in each context, the IRI highlights key strengths and gaps without serving as a ranking mechanism for the allocation of investments. This approach ensures that the tool supports strategic decision-making while avoiding potential distortions associated with comparative scoring.

Scoring approach. The IRI uses a 1–4 ordinal scale for each indicator, where:

- 1=** Fragmented, early-stage, or inexistent; high need for support
- 2=** Moderate / Developing
- 3=** Strong / Established
- 4=** Fully operational / Integrated into climate and ag-finance ecosystems

To capture nuances in readiness, the scoring system allows intermediate values (e.g., 1.5, 2.5), representing situations that fall between the main ordinal categories. These midpoints provide more granularity while still reflecting the ordinal nature of the scale.

The PAC IRI also incorporates pillar-level and indicator-level weighting to reflect the relative importance of each component in determining overall investment readiness. Within each pillar, the weights of all indicators sum to 1, allowing comparability across pillars and supporting a structured, transparent assessment of investment readiness. The total IRI is calculated as the average score across the five pillars.

3. IRI Scores and Analysis

Overall average readiness IRI (%): 60.75

3.1. Enabling Policy & Regulation — 77.50%

INDICATOR	SCORE	WEIGHT	WEIGHTED SCORE
Legal basis for carbon crediting	3.50	0.40	1.40
National registry	3.00	0.20	0.60
Article 6 roadmap	2.00	0.20	0.40
Ag/Forestry sector instruments	3.00	0.20	0.60
TOTAL	—	1.00	3.00/4 → 75%

Colombia has a robust legal and regulatory framework for carbon markets. The Climate Action Law (Law 2169 of 2021ⁱⁱ), Law 1931 of 2018ⁱⁱⁱ (which established the National Tradable Quotas Program), and the Carbon Tax introduced by Law 1819 of 2016^{iv}, collectively provide a solid legal basis for issuing, trading, and offsetting activities using carbon credits. The national registry - (Registro Nacional de Reducción de Emisiones de Gases de Efecto Invernadero - RENARE) has been operational since 2018 and offers a medium to high level of transparency and digital functionality. However, its temporary suspension between 2022 and 2024 revealed challenges related to maintenance and institutional oversight.

The government has outlined a phased roadmap for a national Emissions Trading System (ETS) under the National Tradable Quotas Program (PNCTE), although full deployment of the system and a formal Article 6 strategy are still pending. Agricultural and forestry policies — including the ABC Program, the Forest Code, and the recently approved National Agroecology Policy (2024) — create strong enabling conditions, though integration with carbon market instruments could be further strengthened. Overall, Colombia’s regulatory foundations are solid and advanced, but require greater harmonization across instruments and clearer implementation mechanisms to fully operationalize agricultural carbon market participation.

3.2. Institutional Capacity — 65.62%

INDICATOR	SCORE	WEIGHT	WEIGHTED SCORE
MRV System Operational	3.00	0.25	0.75
Institutional roles	2.50	0.25	0.62
Registry oversight	2.50	0.25	0.62
Legal enforcement & penalties	2.50	0.25	0.62
TOTAL	—	1.00	2.62/4 → 65.62%

Institutional capacity for managing carbon markets in Colombia is moderately advanced but uneven. MRV systems have been regulated since 2018 and further strengthened through Resolution 418 of 2024^v. However, the comprehensive integration of the agriculture and land-use sectors remains under development. Governance responsibilities are divided between the Ministry of Environment and Sustainable Development - MinAmbiente (environmental policy and registry oversight) and the National Direction of Taxes and Tariffs - DIAN (carbon tax enforcement), with limited cross-agency coordination.

Although the RENARE registry is operational, the governance and

oversight arrangements for the forthcoming ETS registry have yet to be fully defined at the operational level. Climate governance reforms under the latest National Development Plan (Law 2294 of 2023^{vi}) have clarified institutional mandates, though enforcement capacity and inter-ministerial coordination for carbon market regulation require further consolidation. These institutional gaps—particularly in compliance oversight and enforcement—continue to limit Colombia’s overall readiness for large-scale agri-carbon market participation.

3.3. Financial Systems & De-risking — 53.12%

INDICATOR	SCORE	WEIGHT	WEIGHTED SCORE
Carbon funds	2.50	0.25	0.62
De-risking tools & insurances	1.50	0.25	0.38
Results-based finance	2.00	0.25	0.50
ARR incentives/subsidies	2.50	0.25	0.62
TOTAL	—	1.00	2.12/4 → 53.12%

Colombia’s financial ecosystem for agricultural carbon markets remains in an early stage of development. While carbon tax revenues and compensation mechanisms serve as indirect financing channels, there is no dedicated national carbon fund for agriculture. Funds such as the Fondo para la Vida y la Biodiversidad^{vii} and international initiatives like the World Bank’s BioCarbon Fund (Orinoquía)^{viii} offer significant potential for future synergies but are not yet directly connected to carbon market mechanisms. Moreover, the Rural Capitalization Incentive (ICR)^{ix} promotes investment in sustainable agricultural practices and productivity improvements but is also not yet linked to carbon markets or directly to low carbon agriculture.

Agricultural credit and insurance products (e.g., FINAGRO^x credit lines and agricultural insurance schemes) are in place; however, their connection to carbon or regenerative agriculture outcomes remains limited. Overall, financial de-risking mechanisms exist but require closer alignment with carbon markets and could benefit from greater engagement from domestic development finance institutions. Lastly, results-based finance (RBF) approaches have been widely applied in forestry projects (e.g. Visión Amazonía^{xi}, BanCO2^{xii}), providing valuable lessons for future agricultural applications.

3. 4. Market Ecosystem & Innovation — 60.00%

INDICATOR	SCORE	WEIGHT	WEIGHTED SCORE
Agri-tech ecosystem	3.00	0.20	0.60
Certified projects (VVB-aligned)	3.00	0.20	0.60
Fintech for agriculture	1.50	0.20	0.30
Agtech accelerators	1.50	0.20	0.30
Access to mobile financial services	3.00	0.20	0.60
TOTAL	—	1.00	2.40/4 → 60.00%

Colombia's agri-tech and innovation ecosystem is growing rapidly, providing a strong foundation for future integration with carbon markets. The country hosts a dynamic network of ag-tech startups (over 70^{xiii}), incubators, and sustainability-focused accelerators, although most remain focused on productivity and resource efficiency rather than carbon market applications. While there is no dedicated AgTech accelerator, several innovation hubs and programs—such as Connect Bogotá^{xiv}, Rockstart^{xv}, and the AgTech Accelerator initiative led by IICA and Endeavor^{xvi}—are increasingly targeting agriculture and sustainability-focused startups.

In the voluntary carbon market, more than 25 AFOLU projects have been

certified under Verra's¹ VCS^{xvii}, with an additional 13 under development—demonstrating increasing interest in carbon market participation. Fintech innovation in rural finance is also advancing; however, onboarding and traceability tools for smallholders remain fragmented. While national access to digital infrastructure is high—88% mobile phone ownership and 81% internet use in the past three months^{xviii}—persistent rural connectivity gaps continue to limit inclusion. Overall, Colombia's innovation ecosystem shows strong potential but remains untapped for linking digital technologies with agricultural carbon market development.

¹ Verra's Verified Carbon Standard (VCS) registry is the most widely used methodology for AFOLU projects in Latin America and serves as a benchmark across our reports.

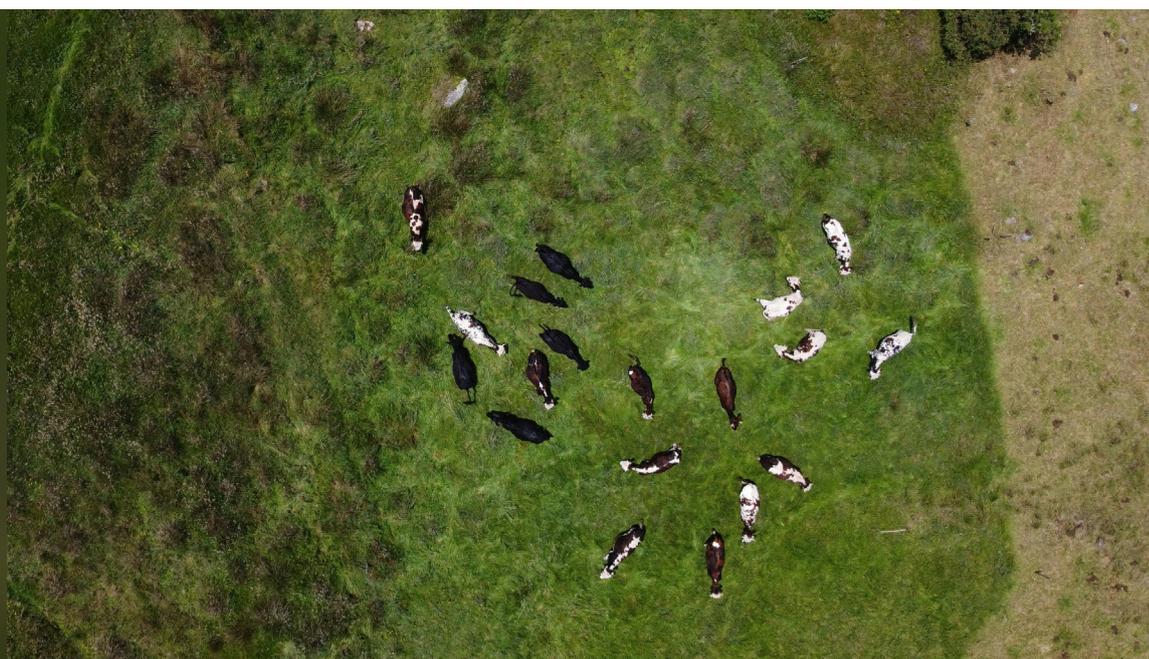
3. 5. Inclusiveness and Farmer Engagement — 50.00%

INDICATOR	SCORE	WEIGHT	WEIGHTED SCORE
Inclusion in national programs	2.00	0.25	0.50
Benefit-sharing mechanisms	1.50	0.25	0.38
Safeguards policies	3.00	0.25	0.75
Property rights	1.50	0.25	0.38
TOTAL	—	1.00	2.00/4 → 50.00%

Inclusiveness in Colombia’s agricultural carbon landscape remains in an early stage. The recent Constitutional Court ruling (T-248/2024)^{xix} addressed several issues related to inclusion, participation, and benefit-sharing; however, operational mechanisms are not yet standardized. The Ministry of Environment also issued a circular^{xx} exhorting the mandatory application of the Cancún Safeguards in REDD+ projects. Cooperatives and producer associations play an important role in scaling sustainable practices, though few are directly engaged in carbon finance.

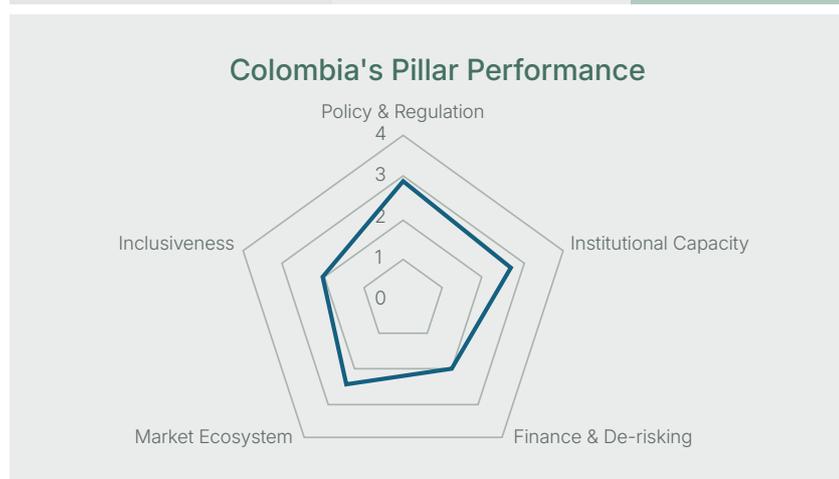
—continues to limit equitable participation. Additional challenges stem from the recent increase in violent conflict and the presence of armed groups in several predominantly rural territories. Due diligence and Free, Prior, and Informed Consent (FPIC) processes are recognized under Law 21 of 1991, which adopted ILO Convention 169^{xxii}, but their implementation remains inconsistent in practice. To strengthen inclusiveness, Colombia would benefit from embedding social safeguards and benefit-sharing mechanisms more explicitly within its MRV, registry, and project approval systems.

Land tenure insecurity—particularly in post-conflict and forest frontier areas^{xxi}



4. Summary

PILLAR	WEIGHTED SCORE	% READINESS
Enabling Policy & Regulation	3.10	75.00%
Institutional Capacity	2.63	65.62%
Market Ecosystem & Innovation	2.40	60.00%
Financial Systems & De-risking	2.13	53.12%
Inclusiveness & Farmer Engagement	2.00	50.00%
Average IRI Score	12.25/20	60.75%



Strengths

- Robust legal and regulatory framework (Laws n. 1819/2016, n. 1931/2018, and n. 2169/2021).
- Strong policy focus on sustainable agriculture through the National Agroecology Policy (2024).
- Expanding innovation ecosystem with active ag-tech, fintech, and experience with RBF initiatives.
- Relevant RBF experiences that offer great lessons for expanding jurisdictional agricultural carbon programs.

Moderate Capacity

- Defined institutional mandates, though coordination between MinAmbiente, DIAN, and other agencies remains limited.
- Functioning MRV and registry systems; agriculture and land-use integration still partial.

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- Existing credit and insurance tools provide a base for scaling blended finance, but further integration is needed.

Areas for Improvement

- No dedicated carbon fund and weak enforcement of the forthcoming ETS.
- Fragmented oversight, coordination, and limited subnational capacity.
- Persistent land tenure insecurity and uneven inclusion of smallholders and IPs/LCs.

5. Path Forward & Recommendations

Government

- **Consolidate and align regulatory frameworks:** Finalize secondary rules for the compliance use of credits, define ETS linkages, and ensure full nesting and Article 6 alignment to prevent double counting.
- **Strengthen institutional coordination and oversight:** Resource the RENARE registry for operational efficiency, clarify roles and sanctions, and publish MRV and verification procedures tailored to agriculture and land-use change (LUC).
- **Advance social safeguards and inclusion:** Integrate FPIC, benefit-sharing, and land tenure safeguards within MRV, registry, and project approval systems to enhance participation and transparency.

Donors and Multilateral Development Banks

- **Mobilize blended and results-based finance:** Support the creation of a dedicated agri-carbon results-based facility and co-finance pilots linking productivity, mitigation, and rural inclusion.
- **De-risk private investment:** Expand credit guarantees and climate insurance for smallholders, leveraging partnerships with domestic development banks and cooperatives.
- **Build data and digital infrastructure:** Fund ag-tech and fintech integrations for traceable data capture, farmer onboarding, and verification under ICVCM-aligned standards.

Private Sector and Developers

- **Pilot high-integrity projects:** Develop jurisdictional and ICVCM-aligned pilots in key value chains (e.g., coffee, livestock, rice), integrating with RENARE and national MRV systems.
- **Leverage technology and partnerships:** Collaborate with ag-tech, fintech, and cooperatives to improve traceability, digital payments, and farmer aggregation.
- **Adopt inclusive business models:** Embed benefit-sharing mechanisms, tenure due diligence, and social safeguards in project design to ensure equitable participation and long-term integrity.

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