



Wilton Park



Report

Colombia and the United Kingdom ahead of COP26: partnering to build back better

Wednesday 24 and Thursday 25 March 2021 | WP1889V

In partnership with:



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In partnership with the British Embassy Colombia, and the Colombian Embassy in the United Kingdom and as part of the Year of UK-Colombia 2021.

Executive summary

During the conference, participants highlighted the partnership between the United Kingdom (UK) and Colombia to achieve green growth and carbon neutrality. They identified that current programmes and projects are aligned with both countries' ambitious climate goals and agreed to strengthen their partnership in support of a sustainable economic recovery and a successful COP26.

The countries have identified more opportunities to deepen their joint work, especially in clean energy and nature-based solutions.

Through the discussion, two main challenges were identified:

- Increasing green finance, private sector engagement and collaboration with subnational governments. The countries identified opportunities to address this challenge in the short and long term.
- Working together with other sectors, both in the UK and Colombia, for green recovery and green jobs generation. The National Determined Contributions (NDCs) implementation for both countries requires the effort of many stakeholders to generate positive impacts for the environment and for communities.

Colombia and the UK: a long-term partnership to achieve sustainable growth and carbon neutrality

1. This joint UK-Colombia conference explored how the two countries can further strengthen their partnership in support of a sustainable economic recovery and a successful COP26.
2. The discussion started by reflecting on the UK and Colombia's collaboration on areas like peace, security, mutual prosperity, and the environment, especially through the UK-COL Partnership for Sustainable Growth and the Year of UK-Colombia 2021.
3. Currently, the two countries are collaborating on reducing deforestation and promoting energy transitions, sustainable mobility, green finance, environmental education, and Measurement, Reporting and Verification (MRV) mechanisms for emissions reductions. The UK has created different mechanisms to enable this collaboration, such as the Climate Finance Accelerator, its forest and land use portfolio and the UK Pact programme.
4. Green recovery represents a challenge for both countries. Participants discussed how Colombia has particularly been affected by negative consequences on

international markets, including the decrease in oil prices. Colombia is experiencing one of the lowest growth rates in its history.

5. It was noted that both countries are committed to Building Back Better through green and inclusive growth and carbon neutrality:
 - Colombia has issued the "Policy for Reactivation and Sustainable and Inclusive Growth", including a USD 19.2 billion Green Growth plan and economic instruments for internalising pollutions costs, incentivising green innovation, and improving investment instruments for clean growth.
 - The UK has renewed its commitment through the Net-zero strategy to transform its economy. This is stated in the 10-point plan for a green industrial revolution, to create 250,000 green jobs and reduce emissions to net zero by 2050.

Challenges and opportunities for building back better towards a sustainable economic recovery

Clean energy transition and mobility:

6. Participants emphasised that the UK and Colombia have ambitious commitments on clean energy and mobility to achieve their NDCs. They discussed Colombia's progress in expanding non-conventional renewable energy generation, providing energy access for all territories and promoting sustainable and inclusive public transportation systems.
7. The UK has advanced in areas such as wind power, smart grids, sustainable buildings, energy efficiency and can offer its expertise to Colombia.
8. Participants emphasised the need for the energy transition in Colombia to be about energy generation and trade. They suggested that the transition requires economic diversification and should rely on natural capital in a new way given that oil & gas are the biggest Colombian exports and a major trading sector with the UK.
9. Participants stated that Colombia is a leader in Latin America and the Caribbean on clean mobility, in terms of cycle lanes and electric mobility, and is also making important efforts on rail rehabilitation and logistics policies. The country is receiving the UK's support in incorporating sustainability, inclusiveness and transparency standards into infrastructure projects planning and implementation.
10. The opportunities identified were:
 - Hydrogen and Offshore Wind Energy: The UK could share its experience with Colombia and support in developing these policies and regulatory frameworks.
 - Cleantech: the UK to support Colombia in implementing technologies for energy system diversification, retrofitting and new clean mobility.
11. The challenges identified were:
 - Incentivising, regulating, and designing the transition: markets need to be changed to create the required incentives and dynamics for clean mobility, renewable energy growth and diversification.
 - Increasing community engagement: communities need to be included not only in terms of community consultation when developing new projects but to mitigate and solve potential negative impacts on them.
 - Creating green jobs: it was suggested that for the transition to be successful, renewable energy and clean mobility projects need to generate more green jobs and develop the required skills.
 - Working together: participants identified that the transition requires aligning the interest of the private sector, community, and public sector to work for the same goals.

Nature-based solutions (NBS) contributing to economic recovery:

12. Participants highlighted the potential in NBS for green recovery. Both countries are working together ahead of COP26, on the Leaders' Pledge for Nature, high-quality carbon markets, sustainable land-use practices, and reforestation.
13. The opportunities identified were:
 - Bioeconomy: the initiative is led by the Ministry of Science, which is going to open a £10M fund for research and development projects. Colombia's goal is for the bioeconomy to represent 2.5% of GDP.
 - Biodiverse cities: working on a regional level on planning and developing strategies considering natural assets, ecosystems, ecotourism, improving water management and protecting urban biodiversity in Colombian cities.
14. The challenges identified were:
 - Documenting, sharing, and scaling up the existing NBS projects.
 - Engaging the private sector to contribute to innovation and finance.
 - Regulating sectors to incentivise and demand nature-based technologies and processes.
 - Supporting good governance of NBS projects to work with communities, especially in rural areas.
 - Working with other sectors to respond to the need for green job creation. For example, Colombia's goal is to create 400,000 jobs through implementing the NDC.

Green finance and sustainable investment:

15. The participants reflected on how the challenge is twofold: greening finance and financing green recovery and growth. The first one is about shaping the financial institutions, while the second is about the capital mobilisation into green projects.
16. Participants proposed for the UK to join the Inter-American Development Bank (IDB) in supporting Colombia in how to increase transparency and disclosure of information to green finance.
17. The challenges identified were:
 - Moving from planning to implementation and the lack of structured projects.
 - Improving communication channels and showing investors how green projects and NBS improve resilience and are profitable.
 - Including the Central Bank and other Ministries to recognise the importance of climate change for making macro-economic decisions. The participants suggest that (1) investments' valuations and economic planning need to consider the role and value of natural capital; and (2) there is the need to develop new royalties or funding sources from renewable energies and mobilize greater green finance for regional priorities.
 - Moving away from "brown finance" and making the transition from carbon-intensive projects to clean projects. The participants acknowledged that the UK has committed to not invest in fossil fuel projects abroad, and this could be an area Colombia could learn from.

Peace and stability as key foundations for building back better:

18. It was echoed that Colombia has been moving forward with the implementation of the Peace Agreement in areas like victim compensation, reincorporation, rural reform, and voluntary substitution.

19. It was recognised that Colombia has created the “Colombia Sostenible” Fund and other partners like Norway are on board. Furthermore, there is a pipeline of 5,000 livelihood initiatives, aligned with the Sustainable Development Goals (SDGs), with the rural development of 107 municipalities prioritised. These initiatives include projects for reforestation and environmental protection.
20. Participants identified that peace and the environment should be addressed in an integrated manner. The territories most affected by the conflict overlap with prioritised areas for environmental conservation and the rural communities with the most pressing social needs.
21. It was proposed to take a climate-sensitive and conflict-sensitive approach in all cooperation efforts. It was noted that understanding the common drivers between illicit economies, criminality, and environmental damage is fundamental to action.
22. The challenges identified were:
 - The ability to achieve both peace and stabilisation and environmental priorities: Colombia’s peace accord implementation is ambitious socially and economically. Both countries agree that succeeding in addressing this challenge would create a model for other parts of the world to follow.
 - Including and integrating existing policy instruments: a new narrative of common goals and wins is required for this. This can be addressed also by sharing knowledge and experiences.

How can building back better be implemented?

Role of partnerships:

23. Regarding the Partnership between Colombia and the UK, participants considered that programmes should align to NDCs, should be flexible to deal with uncertainty and continue mapping potential areas to provide capacity building.
24. Trust and honesty were proposed as fundamental for this partnership. Participants identified that communication is essential and were eager to create more spaces like this conference to strengthen relationships between both countries.
25. There were multiple calls for this partnership to showcase where Colombia can lead the way in topics such as finance, sustainable commodity trade, and linkages between adaptation and mitigation. Furthermore, communicate worldwide successful programmes and best practices to encourage other countries.
26. It was noted that different stakeholders should be included, such as academic partners, communities, and other public entities, such as the Ministry of Finance and local governments.

Role of local governments:

27. Participants identified that larger Colombian cities are leading the way to a green recovery. Their role would be to partner up and collaborate with the private sector, national and regional governments, to increase funding for implementing their green agendas.
28. Participants highlighted that implementation needs to be inclusive and equal. The green recovery should reach more regions and support equitable distribution of resources to local governments.
29. It was noted that the Regional Competitive Commissions are an important regional actor and should be involved in the green recovery. Their role would be to identify and put in action green projects in Colombia, making it easier for smaller cities to access public and private funding.

30. It was suggested to strengthen Colombian subnational governments' ability and skills to formulate strong sustainability policies and structure projects, attract investment and access funds for delivery. Moreover, increasing bilingualism in the regions will broaden their capacity to access these tools and funds.

Role of business and the private sector:

31. Participants recognised that the current trade agreement between Colombia and the UK could be a good framework to develop new green trade between companies from both countries.
32. The opportunities identified were:
- Creating a new framework to reduce the trading cost of environmental and ecosystem services, share knowledge about phytosanitary rules, and prioritise forest protection and sustainable agriculture.
 - Assisting Colombia to green its supply chains by working with UK businesses to provide more training, develop new skills, and enable tech adoption in the agribusiness sector.
 - Increasing circular economy and converting stranded assets.
33. The challenges identified were:
- The need to create green jobs through the green recovery.
 - Including and integrating other sectors besides agribusiness and energy companies.
 - Improving how businesses measure and account for their impact on nature and the environment.
 - Tailoring strategies to rural Colombian livelihoods and conditions, such as the lack of infrastructure.

Conclusion

This Wilton Park conference aimed to support the UK and Colombia's objectives for building back better and for a successful COP26 with ambitious outcomes, The discussions:

- Highlighted Colombia's regional leadership role in developing a sustainable COVID-19 economic recovery plan and the key support received from the UK in this process.
- Identified opportunities and challenges in building back better to bring wider benefits to joint work on supporting peace, reducing deforestation and its drivers, tackling inequality, and supporting better and greater trade and investment.
- Strengthened bilateral relations, including changing outdated UK perceptions of Colombia and vice-versa – a key overarching aim of the UKCOL 2021 programme.
- Acknowledged how current cooperation programs like the Climate Finance Accelerator, UK PACT, the forest and land use portfolio, the Prosperity Programme, and the Newton-Caldas Fund, have developed a strong basis to Build Better Back as partners towards a green recovery.

Recommendations:

- Strengthen knowledge sharing across sectors of common interest, such as transport, agriculture, governance, digital transformation, and others.

- Additional dialogues among public servants and others who have worked at both national, regional and local levels to share experiences and take these agendas forward.
- Continue conversations on NBS and mobilizing finance for nature.
- Knowledge sharing between the agriculture sector in Colombia and UK retailers to increase trade.
- Identify opportunities and synergies between the green finance portfolio and foreign direct investments such as the ones Procolombia is leading.
- Sharing of the UK experience in transforming stranded assets from coal mines to decarbonisation sites.
- Sharing of the UK experience in overcoming the lack of contracts for energy generation as an obstacle to attract new investment.

Angelica Santodomingo

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