



Bogota Foreign Investment Guide - 2025



Chapter 16.

► Green Investments During the operation



Green investments in Colombia: an expanding ecosystem with opportunities.

Summary

Colombia has emerged as a leader in Latin America in promoting green investments, establishing a solid regulatory framework and offering financing opportunities for projects that not only generate financial returns but also contribute to sustainable development. This article provides an in-depth analysis of the green investment landscape in the country, highlighting trends, fiscal and financial incentives, as well as opportunities in key sectors such as renewable energy, sustainable mobility, green construction, and waste management. Bogotá, the capital, is positioned as a sustainability hub, promoting policies that drive green growth and the transition to a more inclusive, low-carbon economy.

Keywords. Green investments, green economy, Colombia, green taxonomy, green financing, sustainability, Bogota.

1.

Introduction

The green economy¹ has gained prominence as a model that integrates economic development with environmental and social sustainability. In this context, Colombia has demonstrated a strong commitment to adopting policies that foster green investments, attracting both national and international investors interested in projects that generate a positive impact on the environment and society. This document provides a comprehensive and structured overview of green investment opportunities in the country, highlighting the fiscal and regulatory benefits, as well as key opportunities, with special attention to developments in Bogota.

2.

Green economy: a pillar of sustainable development

The green economy, as defined by the United Nations Environment Programme (UNEP), aims to improve human well-being and social equity while significantly reducing environmental risks and natural resource scarcity. Colombia has adopted this model to guide its transition towards a low-carbon economy, efficient in resource use and promoting social justice. The Sustainable Development Goals (SDGs) serve as the foundation for this transition, integrating aspects related to climate change, energy efficiency, and the circular economy.

¹ In the words of the United Nations (UN), a green economy is understood as “an economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities.”



As part of the Paris Agreement, Colombia has committed to reducing its greenhouse gas emissions by 51 % by 2030. This ambitious goal not only requires the implementation of robust public policies but also opens the door to significant investments in clean technologies and climate change mitigation projects.

The bridge between the economy and sustainability is sustainable development, which has become a global imperative. Green investments, therefore, not only pursue financial returns but also aim to reduce environmental impact, ensuring efficient use of natural resources for future generations within the framework of conscious capitalism.

3.

Regulatory framework and green taxonomy in Colombia

The regulatory framework that Colombia has adopted in recent years is among the most advanced in the region for fostering green investments. It includes a set of laws and regulations that not only provide tax incentives but also offer a clear framework for classifying sustainable activities. For instance, Law 1753 of 2015 establishes the principles of the National Development Plan, which includes environmental sustainability as one of its pillars.

In 2020, Colombia became one of the first countries in Latin America to implement a Green Taxonomy, developed by the Financial Superintendency of Colombia (SFC). This framework allows for the precise classification of economic activities that significantly contribute to the country's environmental goals. The objective is to enable investors to identify projects that not only meet rigorous environmental criteria but are also aligned with Colombia's international sustainability commitments, such as the SDGs and the Paris Agreement.

► Pillars of the green taxonomy

- a) Climate change mitigation:** sectors such as energy, transport, and agriculture are key to reducing carbon emissions.
- b) Climate change adaptation:** activities that strengthen infrastructure resilience against extreme climate events.
- c) Sustainable use of water and marine resources:** sectors that optimize the management of this essential resource.
- d) Circular economy:** promotion of material reduction, reuse, and recycling across all sectors.
- e) Biodiversity preservation:** projects that protect ecosystems and promote sustainable agricultural practices.

4.

Green investment opportunities

Colombia has positioned itself as one of the top destinations for green investments in the region, thanks to its vast natural resources and government support. Below are the key sectors offering sustainable investment opportunities:

4.1. Renewable energy

The country has seen rapid growth in investments in solar and wind energy projects. Renewable energy auctions have enabled the participation of large-scale projects aimed at reducing reliance on fossil fuels. The recent expansion of offshore wind energy is an example of how the country is leveraging its potential to diversify its energy matrix. Tax incentives, such as a 50 % income tax deduction for renewable energy investments, serve as a significant motivation for investors.

4.2. Sustainable mobility

Cities like Bogotá have led the way in sustainable mobility by promoting the use of electric public transportation, expanding cycling routes, and developing charging infrastructure for electric vehicles. Electric transport projects, supported by the local government, not only reduce greenhouse gas emissions but also improve the quality of life for the city's residents.

4.3. Sustainable construction

The green building market in Colombia has grown significantly, with international certifications such as LEED and EDGE. These certifications recognize buildings that meet criteria for energy efficiency, water usage, and sustainability in material selection. Investors who opt for sustainable construction can access tax incentives, while developers benefit from the increased demand for sustainable properties in both residential and commercial sectors.

4.4. Waste management

Waste management remains a priority in Colombia, particularly in urban areas. Investment opportunities in recycling, composting, and waste-to-energy projects are booming, partly due to increasing regulatory pressure to reduce waste and promote the circular economy. The recent adoption of tax incentives for companies investing in waste management technologies has stimulated interest from both domestic and international investors.

5.

Green financing mechanisms

To ensure the success of green investments, Colombia has implemented a series of financial mechanisms that facilitate the mobilization of capital toward sustainable projects. These include both traditional financial products and innovative market instruments, such as:

5.1. Green bonds

Green bonds have gained relevance in the Colombian capital market. These instruments allow companies to obtain financing for projects that have a positive environmental impact, such as renewable energy, sustainable infrastructure, or energy efficiency. In 2020, the Financial Superintendency of Colombia issued guidelines enabling issuers to classify their projects according to the country's Green Taxonomy, making it easier to access financing for sustainable projects.

5.2. Green banking

The leading banks in the country have developed specific financial products for green projects. These include loans at preferential rates for energy efficiency projects, sustainable transport, and waste management. Some local traditional banks have pioneered the financing of green projects, offering differentiated credit lines for projects that have a positive environmental impact, such as clean energy generation or sustainable public transport projects.

5.3. Green investment funds

Several investment funds channel capital into clean energy projects, sustainable construction, and natural resource management. These funds, both national and international, allow investors to diversify their portfolios while supporting projects that meet sustainability criteria.

6.

Benefits of green investments

Green investments not only provide environmental benefits but also offer financial and social advantages. Below is an in-depth look at the three main types of benefits:

6.1. Financial benefits

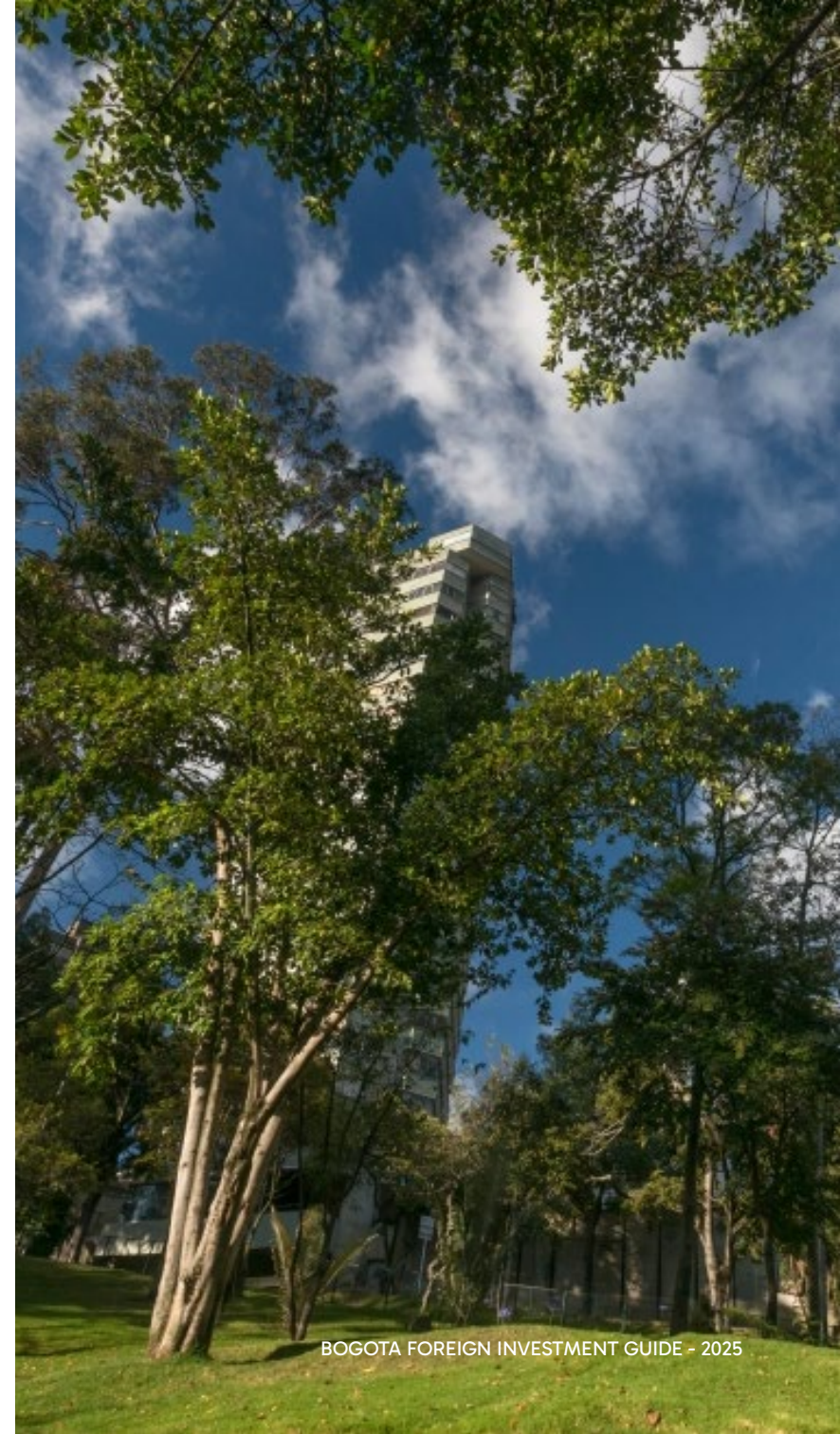
- **Reduction in operational costs:** sustainable projects, particularly in renewable energy and energy efficiency, tend to have lower long-term operational costs, which increases profitability.
- **Access to new markets:** products and services that incorporate sustainable practices can access international markets that value a commitment to sustainability.
- **Tax and financial incentives:** tax incentives in Colombia allow investors to reduce their tax burden, thus increasing return on investment. Additionally, companies operating in green sectors have access to preferential financing, which lowers capital costs.

6.2. Environmental benefits

- **Reduction in emissions:** renewable energy and electric mobility projects are key to reducing greenhouse gas emissions, contributing to Colombia's climate commitments.
- **Resource conservation:** investments in clean technologies and the adoption of circular practices contribute to the conservation of natural resources, ensuring their availability for future generations.

6.3. Social benefits

- **Job creation:** sectors related to sustainability, such as renewable energy and green construction, generate both direct and indirect employment. According to UNEP, the transition to a green economy has the potential to create millions of jobs globally.
- **Improved quality of life:** waste management and sustainable mobility projects improve air quality and reduce pollution, which leads to better public health and quality of life for communities.



7.

Sustainability reporting in Colombia (ESG)

The implementation of sustainability reports and the integration of ESG (Environmental, Social, and Governance) criteria have become particularly relevant in Colombia in recent years. Companies and organizations in the financial sector have begun reporting their environmental and social impacts to increase transparency for investors.

7.1. Importance of ESG reporting

ESG reports allow companies to evaluate and communicate their performance in three key areas: environmental, social, and governance. This transparency is not only demanded by investors but also by consumers and business partners who value sustainable practices.

7.2. Regulatory framework in Colombia

The Financial Superintendency of Colombia has implemented guidelines for publicly traded companies and bond issuers to present ESG reports. These reports enable companies to align their practices with international sustainability standards, increasing their competitiveness in global markets.

7.3. Impact on investments

- **Improved corporate reputation:** companies that meet ESG standards strengthen their reputation, which allows them to attract more investors and strategic partners.
- **Risk reduction:** implementing ESG practices enables companies to identify and mitigate risks associated with environmental and social management, improving their long-term financial performance.



8.

Green investments in Bogotá: a model for the country

Bogotá has been a leader in implementing green policies. The District Green Growth Strategy includes a series of projects aimed at transforming the capital into a center of sustainable development. The main initiatives include:

- **Sustainable urban renewal:** projects that incorporate renewable energy and energy efficiency in urban infrastructure.
- **Sustainable mobility:** the expansion of the mass transit system with electric buses and the promotion of bicycles and electric vehicles.
- **Waste management:** recycling and composting projects that offer investment opportunities for both local and international actors.

By applying the benefits of the green economy to Bogotá, we discover numerous financial opportunities and innovations for investors interested in these types of businesses.

Among the advantages of the green economy, we reiterate its appeal to third parties. The effort of developing environmentally friendly projects brings not only financial

gains but also reputational benefits—a value-added factor that is now one of the hallmarks of any successful brand, not just in Bogotá as a business hub, but across the entire country.

For instance, green financing instruments such as loans or green bonds for projects like cleaning the Bogotá River would provide both social benefits and economic returns for investors.

Finally, we want to mention the “District Green Growth Strategy,” which is the roadmap to achieve environmentally responsible economic growth in Bogotá over the next ten years. This strategy presents business ideas leveraged on the benefits of environmental activities. The strategy comprises 18 actions focused on four essential pillars: i) demand for sustainable goods and services, ii) circular economy and efficient use of natural resources, energy, and materials in the production of goods and services, iii) science, technology, and innovation with a sustainability focus, and iv) public-private governance to generate sustainable economic development for the city.



With this strategy, Bogotá aims to drive green growth as a model that integrates sustainability with the city's economic development and growth, coordinating everything with CONPES 3934, which establishes the national policy aimed at implementing green growth. Therefore, Bogotá's strategy sets the conditions that open the door to the green economy, promoting an economy focused on sustainable energy models, the circular economy, and fostering a sustainable culture.

9.

Conclusions

Green investments in Colombia present an encouraging outlook. The country has a constantly evolving regulatory framework, attractive incentives, and growing interest from both national and international investors. Sectors such as renewable energy, sustainable mobility, green construction, and waste management offer high investment potential. The implementation of sustainable practices across various sectors and the measurement of carbon footprints provide opportunities for innovation and value creation. Access to various financing mechanisms facilitates the materialization of green projects. In summary, green investments are consolidating as a driving force for sustainable development in Colombia, generating environmental, social, and economic benefits for the country.

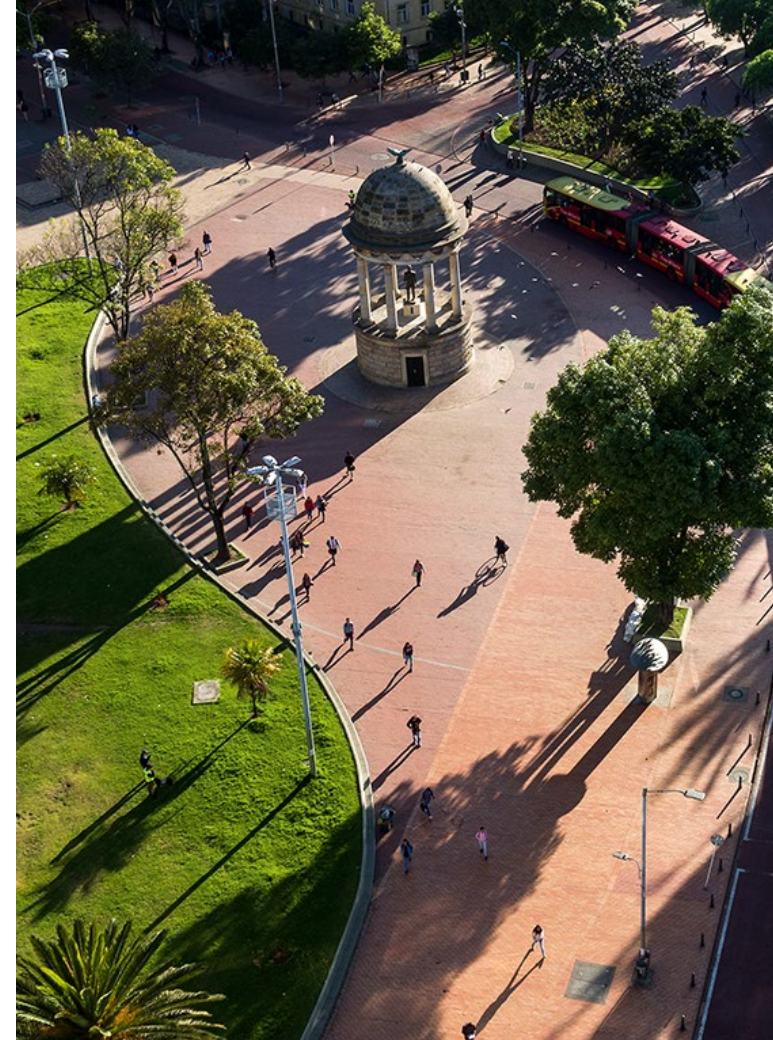
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10.

Recommendations

1. **ESG Due Diligence:** conduct a thorough analysis of environmental, social, and governance aspects before investing in sustainable projects.
2. **Technological innovation:** invest in new technologies that promote energy efficiency and sustainable mobility.
3. **Strategic partnerships:** collaborate with local actors and civil society organizations to maximize the social and environmental impact of projects.
4. **Leveraging financial mechanisms:** use green bonds, preferential loans, and other green financing mechanisms to enhance project profitability.





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