

Colombia's Advancements in Nature Markets and Biodiversity Credit Schemes

I. Introduction

Colombia, one of the megadiverse countries of the world, has been actively exploring nature markets and biodiversity credit schemes as mechanisms to support conservation efforts while promoting sustainable economic development. These initiatives align with the country's commitments under international agreements, including the Kunming-Montreal Global Biodiversity Framework (KMGBF) and national policies aimed at protecting critical ecosystems.

Biodiversity Credit Alliance (BCA) defines biodiversity credits as follows:

A biodiversity credit is a certificate that represents a measured and evidence-based unit of positive biodiversity outcome that is durable and additional to what would have otherwise occurred.¹

Projects generating biodiversity credits must be grounded in rigorous methodologies that ensure additionality, durability, and verified ecological benefits, as outlined in the High-Level Principles (HLPs) developed by BCA in partnership with several organizations, including International Advisory Panel on Biodiversity Credits (IAPB) and the World Economic Forum (WEF).

II. Colombia's Nature Protection Policy, Legislative Framework and Government-Led Initiatives

The **Government of Colombia** plays a central role in fostering nature markets and biodiversity finance through a combination of policies, regulatory frameworks, and financial incentives.

- **National Biodiversity Strategy and Action Plan (NBSAP):** Colombia's updated NBSAP includes specific goals related to nature-based solutions, biodiversity finance, and market-based mechanisms such as biodiversity credits.
- **Carbon and Biodiversity Markets:** Colombia has a well-established carbon market, and efforts are underway to integrate biodiversity co-benefits into existing credit mechanisms. This includes projects in tropical forests, paramos (high-altitude ecosystems), and marine environments. Environmental regulation regarding Compliance Biodiversity Markets is well underway and already being implemented, through the use of habitat banks that allow the offsetting of environmental impacts from development projects through ecosystem restoration and preservation.
- **Payments for Ecosystem Services (PES):** The Colombian government has developed PES programs that incentivize landowners to engage in conservation activities, some of which could transition into formal biodiversity credit markets.
- **National Council on Economic and Social Policy (CONPES 4050):** Colombia has moved forward in identifying biodiversity credits among potential enabling instruments for resource mobilization, as reflected in MinAmbiente's complementary document supporting implementation of the 23 targets of the Kunming-Montreal Global Biodiversity Framework. In parallel, the country has initiated the development of a national legal framework for environmental economic instruments (including biodiversity credits), signaling a pathway to stronger policy coherence and market readiness.

¹ Biodiversity Credit Alliance (2024). Definition of a Biodiversity Credit. Issue Paper.



III. Key Biodiversity Credit and Nature Market Initiatives

- **Natural Capital Platform and Biodiversity Credits**

The Colombian Ministry of Environment, in collaboration with financial institutions and international organizations, has been working on a **Natural Capital Platform** that aims to develop standardized methodologies for biodiversity credit issuance.

- **Carbon Market Integration: Biodiversity Co-Benefits**

Colombia's carbon market is one of the most advanced in Latin America. Companies subject to carbon tax regulations can offset emissions through certified carbon projects. Many of these projects include **biodiversity co-benefits**, and discussions are underway to formally incorporate biodiversity credits into carbon offset mechanisms.

- **Colombia's Habitat Banking System**

Colombia has established a national biodiversity offset framework that enables the creation of habitat banks ("bancos de hábitat") to generate measurable biodiversity credits. Under this system, developers are required to compensate environmental impacts by purchasing offsets, creating a regulated market for biodiversity conservation. This framework provides standardized methodologies, long-term conservation guarantees, and a functioning compliance-driven biodiversity credit market.

- **Corporate and Private Sector Engagement**

Several Colombian and multinational corporations are exploring investments in biodiversity credits as part of their **Environmental, Social, and Governance (ESG) strategies**. Financial institutions are also developing green financial products linked to biodiversity conservation, such as biodiversity-linked bonds.

IV. Key Market Participants

- **BioCarbon Standard** is a women-led organization currently working to certify carbon projects in Nature Based Solutions (NBS) and energy, waste and transportation sectors. They also integrate biodiversity co-benefits into projects, ensuring that forest conservation and restoration activities also deliver measurable biodiversity improvements. In addition, BioCarbon certifies biodiversity and water conservation initiatives, taking a holistic approach to climate change mitigation and adaptation. Finally, their registry, administered by Global Carbon Trace, offers a robust, secure and independent traceability platform to deliver transparent, reliable and accessible data to empower its certification services.
- **Cercarbono** is a Colombian organization that certifies carbon projects and has expanded into biodiversity conservation by developing a methodology for voluntary biodiversity credits. In November 2024, they selected the S&P Global Commodity Insights' Meta Registry® platform to improve transparency and market connectivity. Their work focuses on establishing standards for biodiversity credits to support conservation finance initiatives in Colombia and beyond.
- **The National University of Colombia** has contributed significantly to the scientific and methodological foundations for biodiversity credits. Their research supports the development of monitoring and verification frameworks necessary for ensuring the integrity of biodiversity markets. They collaborate with both government agencies and private sector stakeholders to establish data-driven conservation finance mechanisms.
- **South Pole**, a global leader in carbon finance, is also playing a role in Colombia's biodiversity credit space. Their expertise in designing high-integrity carbon credit projects is being leveraged to integrate biodiversity metrics, ensuring that nature-based climate solutions also contribute to conservation outcomes.



- **Terrasos** is one of the Colombian companies pioneering biodiversity credits and nature-based finance mechanisms. Terrasos has been a primary contributor to the development of one of the first biodiversity credit markets in Latin America, designing high-integrity conservation projects that ensure long-term ecological and social benefits. Their work covers several key areas.
 - **Habitat Banks:** Terrasos operates the first Habitat Bank in Latin America, a mechanism that generates biodiversity credits through ecosystem restoration and conservation initiatives. This model is designed to provide transparent and scientifically rigorous offset solutions for development projects impacting biodiversity.
 - **Ecosystem Restoration and Offsetting:** The company works with national and international investors to create biodiversity offset projects, ensuring compliance with environmental regulations while generating positive conservation outcomes.
 - **Market Development:** Terrasos plays a key role in advancing biodiversity credit frameworks in Colombia, collaborating with government institutions, financial entities, and private sector stakeholders to scale market-based conservation solutions.
- **Compliance Markets:** Colombia is in the early stages of formalizing compliance biodiversity credit schemes. While regulations for biodiversity offsets exist, a structured compliance market similar to the carbon market is still under development. The integration of biodiversity credits into national environmental impact assessment (EIA) frameworks and offset regulations is a growing area of focus for policymakers.

Regulatory clarity and market incentives will be crucial in ensuring the effective coexistence of voluntary and compliance biodiversity credit mechanisms.

VI. Insights for Other Governments

Colombia's efforts to develop biodiversity credit markets provide valuable insights for other governments looking to establish similar mechanisms.

- **Strong Institutional Support is Essential:** Colombia's progress is backed by national policies, government agencies, and research institutions that provide a foundation for biodiversity credit market development.
- **Integration with Existing Carbon Markets Enhances Credibility:** Aligning biodiversity credits with carbon markets helps attract investors familiar with environmental finance, increasing market acceptance.
- **Public-Private Collaboration Accelerates Market Development:** The involvement of companies like Terrasos and South Pole, alongside government agencies, has been instrumental in scaling biodiversity finance initiatives.
- **Equitable Benefit-Sharing Must Be Prioritized:** Ensuring fair compensation and meaningful participation for Indigenous and local communities is crucial for long-term success and market integrity.
- **Regulatory and Market Coherence is Necessary:** A clear and enforceable regulatory framework for biodiversity credits, including standards for additionality and permanence, is needed to build confidence among investors and stakeholders.

These lessons position Colombia as a leader in biodiversity finance in the region of Latin America and the Caribbean, and provide a roadmap for other nations seeking to implement high-integrity biodiversity credit markets.

V. Voluntary vs. Compliance Markets in Colombia

Colombia is developing both voluntary and compliance-based biodiversity credit markets, each with distinct dynamics.

- **Voluntary Markets:** These markets are driven by corporate sustainability commitments, ESG investments, and conservation finance. Companies voluntarily purchase biodiversity credits to meet environmental or social responsibility goals. Key players such as Terrasos, South Pole, and BioCarbon are actively developing voluntary biodiversity credit projects.

VII. Challenges and Considerations

Colombia's biodiversity credit market holds great potential but also faces key challenges.

- **Regulatory and Methodological Development:** The lack of a fully developed biodiversity credit standard creates uncertainty for investors and project developers.
- **Equitable Benefit-Sharing:** Ensuring that Indigenous and local communities receive fair compensation for conservation efforts is a critical consideration.
- **Integration with Carbon Markets:** Aligning biodiversity credit frameworks with existing carbon credit mechanisms could enhance market uptake and scalability.
- **Private Sector Participation:** Encouraging corporate engagement through clear policy incentives and risk mitigation measures will be key to scaling biodiversity credit markets.

VIII. Conclusion

Colombia is taking significant steps toward establishing a functional biodiversity credit market. The government's proactive role in policy development, combined with growing private sector interest and international cooperation, positions the country as a leader in nature-based finance in Latin America.

Ensuring **scientific rigor, transparency, and community inclusion** will be crucial in shaping a high-integrity biodiversity credit market that delivers both conservation and economic benefits. As Colombia advances in this space, lessons learned can inform global biodiversity finance strategies and contribute to achieving the KMGBF goals.



About the Biodiversity Credit Alliance

The Biodiversity Credit Alliance (BCA) was established at COP15 in 2022. The BCA is a UN-backed coalition of like-minded organizations **working to shape the future of the biodiversity credit market** by bringing together scientific experts, conservation practitioners, and businesses to establish a **high-integrity, transparent, and scalable** biodiversity credit market. We're focused on ensuring that investments in nature generate **positive outcomes for biodiversity and communities**. By creating clear guidance and supporting market development in line with **principles of integrity, quality, and equity**, BCA helps unlock new funding streams for biodiversity conservation while ensuring credibility and impact. Whether you're a business, civil society organization, government, or land steward, we're providing the insights and framework to make biodiversity credits work effectively for people and the planet.

BCA Mission

BCA is a voluntary international alliance that brings together diverse stakeholders to support the realization of the Kunming–Montreal Global Biodiversity Framework, in particular Targets 19(c) and (d), which “encourage the private sector to invest in biodiversity” utilizing, amongst others “biodiversity credits ... with social safeguards.”

Our mission is twofold:



Help steer the development of a biodiversity credit market by building a framework of high-level, science-based principles.



Provide guidance and encourage best practice for market participants on the application of these principles, empowering them to achieve and maintain equitable, high-quality transactions that meet strict integrity criteria.

BCA Vision

BCA's **vision** is a transparent, trustworthy and efficient global market in biodiversity credits founded on just and equitable principles, and underpinned by innovation.

BCA works to facilitate the transition to a nature positive economy aided by an integrated, efficient and scaled biodiversity credit market. BCA considers biodiversity credits to be an effective complement to, but not a replacement of, the private sector's supply chain transformation efforts. BCA views biodiversity credits as an effective mechanism for advancing the private sector's participation in ecosystem remediation and transformative landscape approaches in line with science-based principles.