

National Planning Department

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DNP Departamento
Nacional
de Planeación



Mobilizing private investment for low carbon development

October 14th, 2015

1. Low carbon development in PPP projects

Colombian Regulatory Framework for PPPs

I. General provisions

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|--|---|
| <ul style="list-style-type: none"> 1. The law applies to all sectors– minimum project investment: USD 1.7 million. 2. Maximum term including extensions– 30 years* 3. Limit to additions and extensions of contracts with | <ul style="list-style-type: none"> public budget– 20% 4. In PPPs the payments are subject to the levels of service and availability of the infrastructure. |
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II. PPP of public initiative

III. Unsolicited PPP proposal

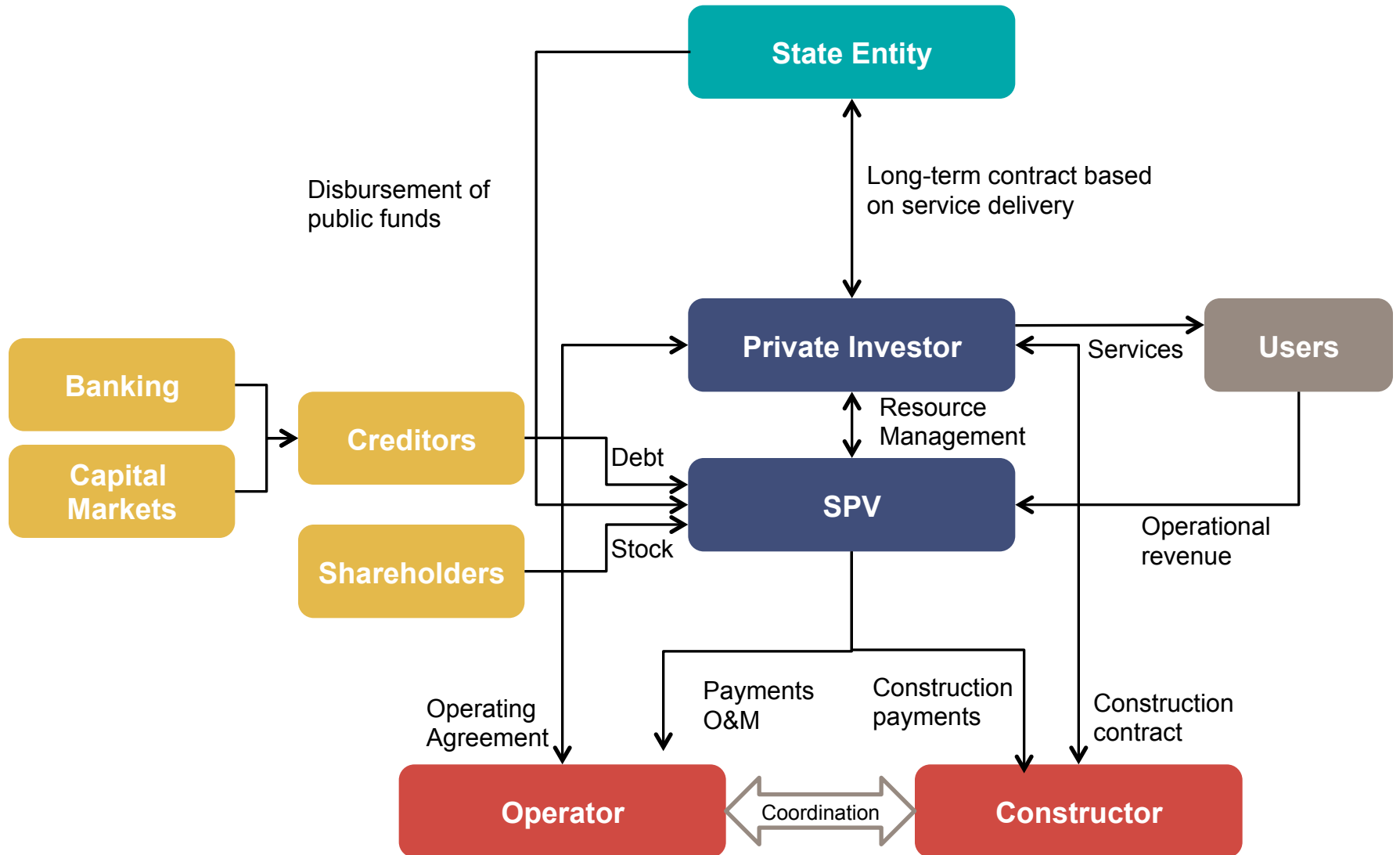
<p>Public Idea:</p> <p>Resources: Private and/or Public</p> <p>Selection Process: Public Bidding</p>	<p>Private idea: Only for new projects</p> <p>Resources: Private + max. 20% Public</p> <p>Selection Process: Public Bidding</p>	<p>Resources: 100% Private</p> <p>Selection Process: Abbreviated selection</p>
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IV. PPP project's common provisions

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| <ul style="list-style-type: none"> 1. Project funds are managed through SPV. 2. Creation of a new database of PPP projects. | <ul style="list-style-type: none"> 3. Proper budget management to guarantee future payments. 4. The infrastructure reverts to the public sector |
|---|---|

* This term can be extended only if there is a previous favorable concept from the National Council for Economic and Social Policy (CONPES).

PPP Basic scheme



Colombian PPP initiatives related to low carbon development



Sustainable transportation

- Light rail transit systems
- Public bike system
- Water public transport



Waste management

- Waste to energy
- Solid waste treatment plant



Sustainable Energy

- Public light modernization
- Clean technologies for public bus fleet



Incorporation of environmental indicators for PPP

1

- The construction and operation of PPPs can have a direct impact on the environment due to the use of natural resources and waste disposal during the construction and operation of the public infrastructure.

2

- On September 2013 the National Planning Department, supported by USAID, NREL, the UK Embassy and UNEP; conducted the international workshop " Exploring the low carbon development through public-private partnerships".

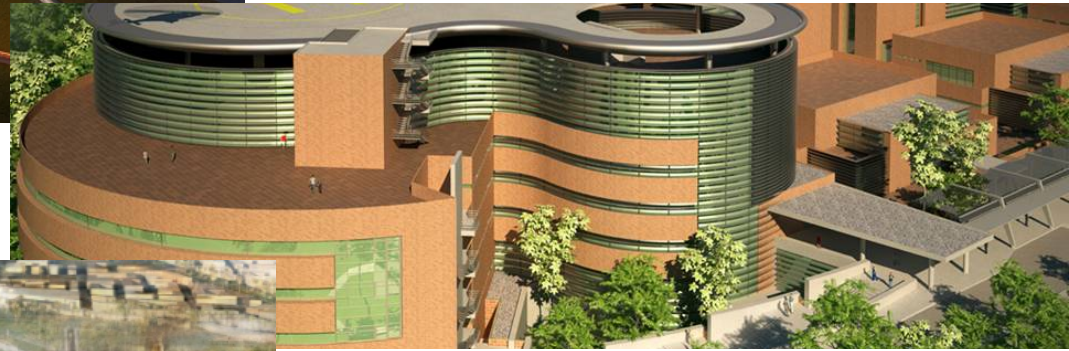
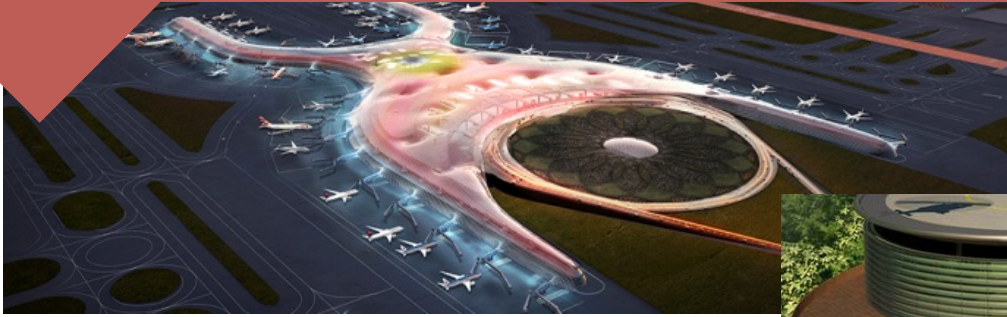
3

- The National Planning Department is currently working to develop set of environmental indicators that could be introduced in PPP projects for the sectors of airport, roads, health, education and public buildings.



3.1

- International and national benchmarking



• Comparative analysis

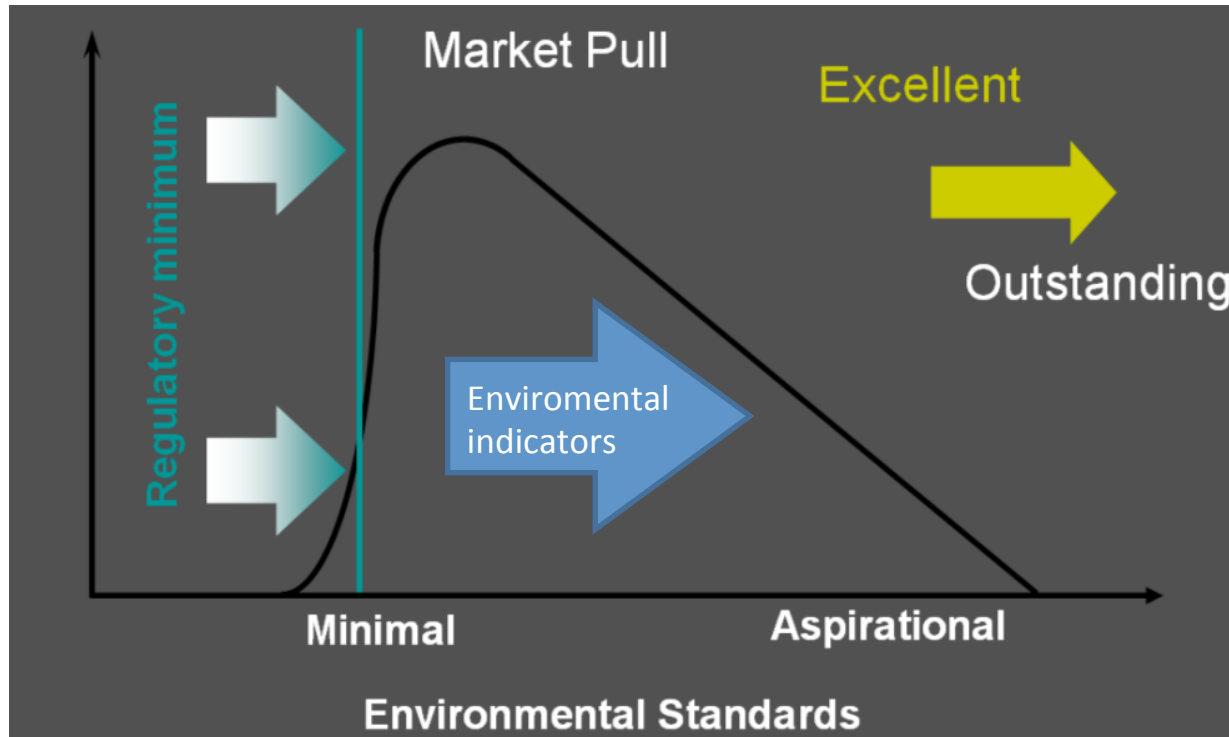


COLOMBIAN GREEN LABEL FOR SUSTAINABLE BUILDING (DRAFT)

SUSTAINABLE BUILDING CODE

OTHERS: COLOMBIAN LOW CARBON DEVELOPMENT STRATEGY, NATIONAL ADAPTATION PLAN ON CLIMATE CHANGE, GREEN PROTOCOL

- Environmental indicators and implementation guide



2. Innovative financial mechanisms



Background on interagency coordination

COMITÉ DE GESTIÓN FINANCIERA DEL SISCLIMA

The Financial Committee on Climate Change was created in 2013 to facilitate interagency coordination on climate change. Its main objective is to define policies to promote scalable and sustainable climate finance.



PROTOCOLO VERDE
Una solución en el presente. Un compromiso de la banca y el gobierno con el futuro.

The Green Protocol was signed in 2012 by the Colombian Government and banking institutions to promote sustainable development, environmental preservation and sustainable use of natural resources.



Barriers for climate finance

Study of barriers for climate finance in Colombia (2013-2014)

- ✓ **Underdevelopment of financial instruments** to address climate change.
- ✓ **Lack of strategies** to encourage private sector involvement on climate finance.

Technical study on barriers for the private sector (2014-2015)

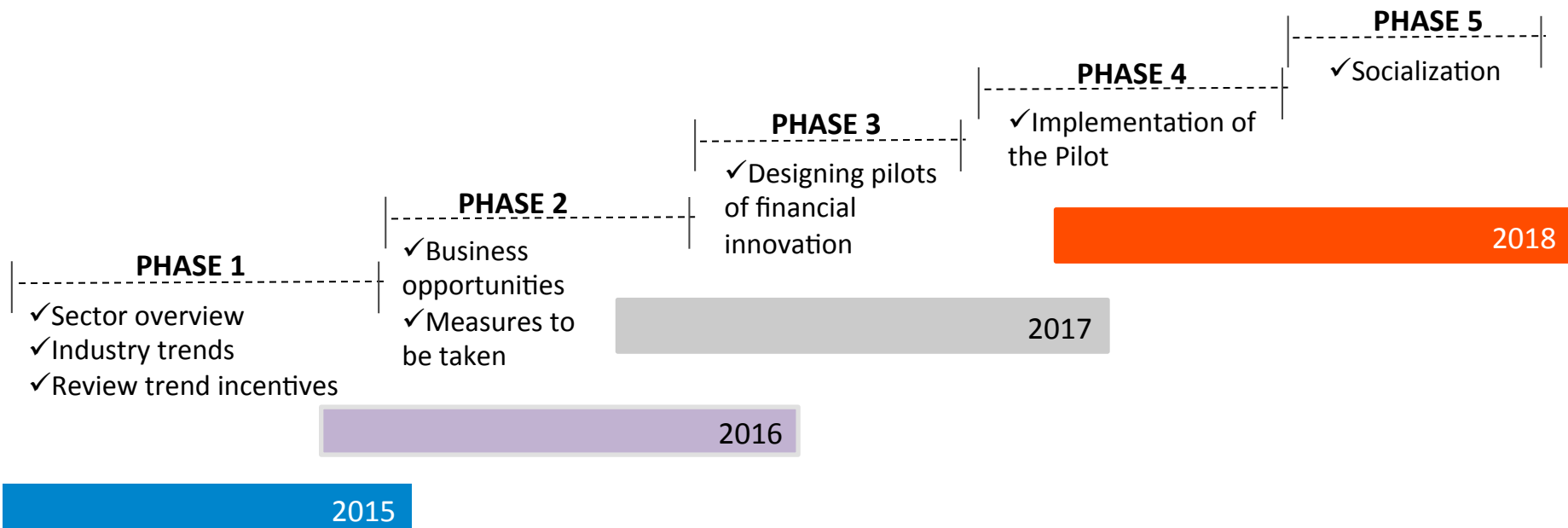
- ✓ **Lack of demand** for green credit lines.
- ✓ **Lack of training** for banking commercial agents.
- ✓ **Greater coordination** among all actors to promote climate finance **is required**.



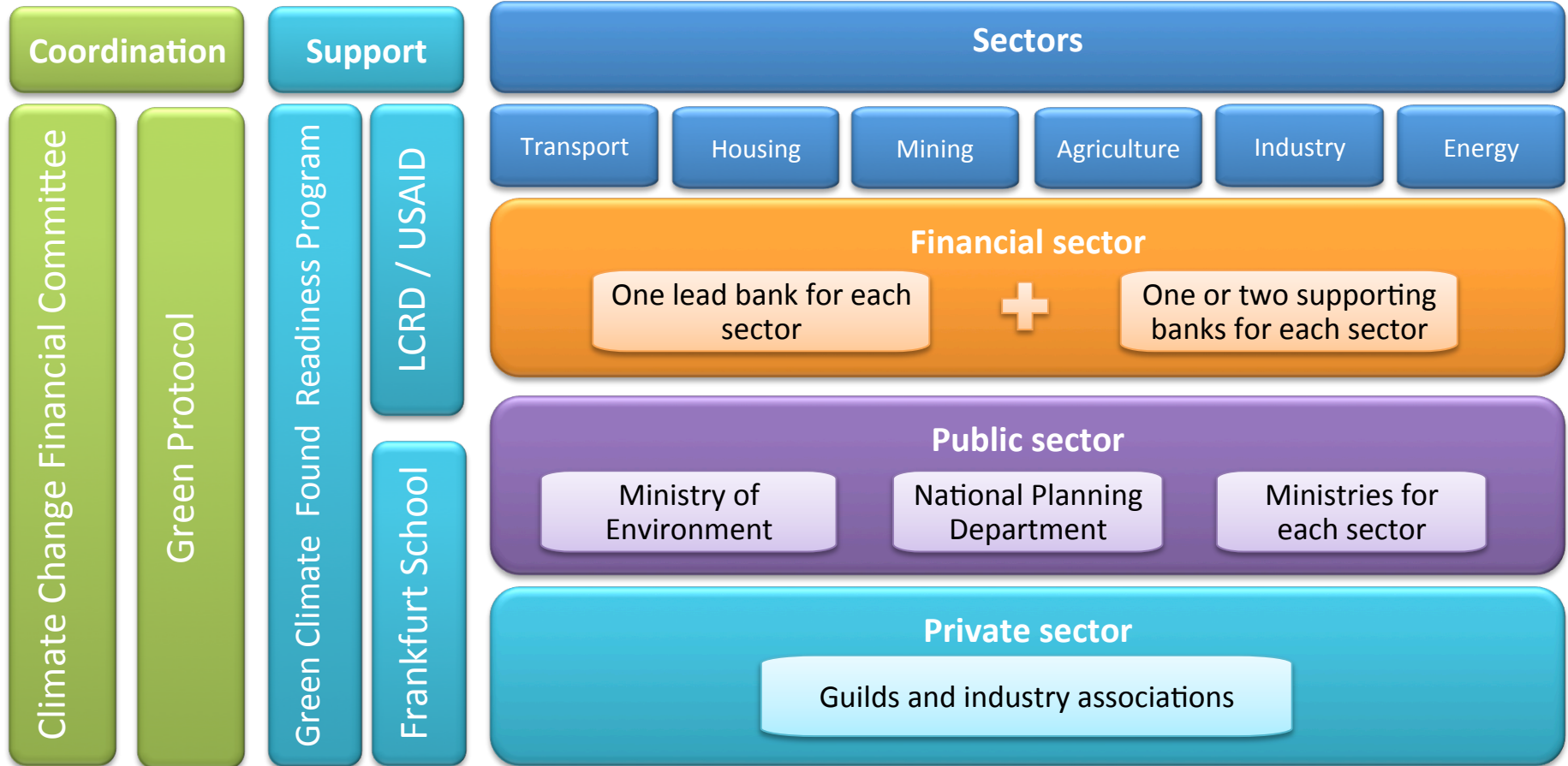
Objective and workplan

OBJECTIVE

Generate innovative financial mechanisms in the larger GHG emitter sectors of the country, aligned with the Colombian challenges on green growth and as a result of a joint effort between the private and public sectors.



Sectors and actors





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