

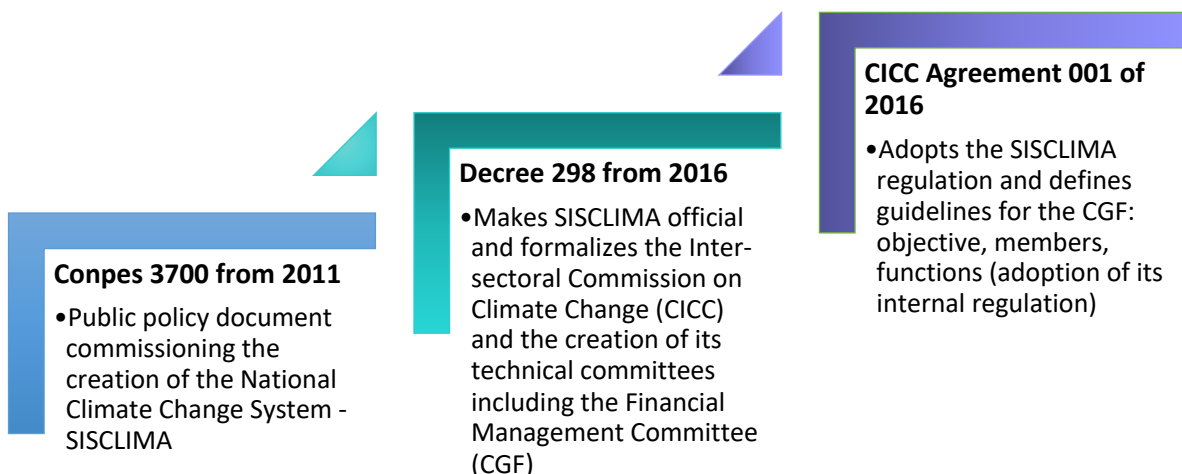
Experience Spotlight: Colombia Implementing a Climate Finance MRV System^Ψ

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Setting the Scene

Colombia has become a leader in Latin America concerning their institutional framework to face climate change. In 2016, the National Climate Change System (*Sistema Nacional de Cambio Climático - SISCLIMA*) was established as an inter-institutional coordination system with the mandate of defining policy and action guidelines to promote resilient and low-carbon development. SISCLIMA is composed of technical committees that act as specialized panels, one of these bodies¹ is the [Financial Management Committee](#) (CGF), which connects public stakeholders, at national and regional levels; as well as development and private banks. The CGF promotes the inclusion of climate change criteria in the country's economic and financial planning and facilitates the mobilization of resources to meet Colombia's international commitments concerning mitigation and adaptation.

The MRV Climate Financing System in Colombia is defined as a set of information management processes for monitoring and reporting on flows of climate finance: public, domestic, international public, and private in Colombia. It is well understood that these processes involve people, data, operations and calculation tools and a platform reporting and visualization.



Creation of SISCLIMA and the Financial Management Committee (CGF).

As part of the work of the CGF, the National Strategy for Climate Financing (ENFC) was drafted in 2017; this framework serves as a roadmap to guarantee the mobilization of climate financing in the country. Within the ENFC framework, Colombia defined climate financing as flows of resources aimed at funding actions to reduce greenhouse gas (GHG) emissions and acclimatise to the negative impacts of climate change.

¹ Other committees include: The International Affairs Committee, the Technical Information Committee on Climate Change, the Technical Committee of the Intersectoral Commission on Climate Change (CICC), among others.

^Ψ This document was elaborated with inputs and the support of the working team in climate finance on MRV of the Colombian National Planning Department.

The ENFC Framework established four main lines of work:

1. Development of economic and financial instruments.
2. Capacity building and strengthening (at national and territorial level, including Regional Nodes of Climate Change).
3. Management and access to financing sources (including domestic public sources, international public sources, and private sources).
4. Knowledge and information management (including monitoring of climate finance flows).

The Climate Finance MRV System in Colombia is developed within the Knowledge and Information Management of the National Strategy for Climate Financing (ENFC) and responds to the mandate of the Financial Management Committee CGI).

How the Climate Finance MRV Systems Works

The methodological principle for monitoring climate finance flows in Colombia is established in the [Methodological guide for classifying actions and tracking climate-related expenditure](#). This guide defines what is considered a action on climate change in the country (taxonomy), it classifies actions in 12 sectors and 38 subsectors, it catalogs actions based on their direct or climate-related impact, and it categorizes them according to their objective (mitigation, adaptation or comprehensive - both impacts).

The Climate Finance MRV System uses data from existing information systems in Colombia on public and private expenditure. Subsequently, the procedure established in the guide is applied, in particular the monitoring protocols arising from the list of actions presented in Appendix 1 of the guide. The data is organized in files and is uploaded to an online platform through which the information is published from reports. The [MRV Climate Finance System platform in Colombia](#) is hosted in domains of the [National Planning Department \(DNP\)](#), the entity responsible for the technical secretariat of the CGF and the administration of the MRV system.

Type of Finance	Use of Information System	Application Guide Methodology	Reporting through the MRV Platform
Public National	<ul style="list-style-type: none"> - Integrated Financial Information System (SIIF) - Unique territorial form (FUT) - General Royalties System (SGR) 	<ul style="list-style-type: none"> - Identify climate-related actions - Classify in sectors and subsectors - Categorize according to goals (mitigation, adaptation, comprehensive) - Apply tracking logbook 	<ul style="list-style-type: none"> - Public access through https://mrv.dnp.gov.co - Infographic, graphical reports, maps and tables
Private	<ul style="list-style-type: none"> - Annual manufacturing survey, industrial environment survey of the national Statistics Department DANE 		
Public International	<ul style="list-style-type: none"> - Cooperation map and Ciclope system 		

General Process of Colombia’s MRV Financing System

The utility of the Climate Finance MRV System

Builds Trust

The Climate Finance MRV System has allowed data to be systematized in a transparent and comparable way, making it available to the public, and building trust among donor and recipient countries to mobilize resources to tackle climate change to and from Colombia. At the same time, it has promoted the reporting of this type of information among national and territorial institutions.

For example, the MRV system has enabled inter-institutional work on a public expenditure technical panel led by Colombia's National Statistics Department ([DANE](#)). Within the framework of this panel, the different initiatives that track environmental spending and investment in the country have been discussed, as well as the need to standardize the monitoring processes that use the same information sources. Likewise, the relationship with other entities of the CGF has recently been strengthened, such as the Presidential Agency for International Cooperation (APC) to strengthen the process of tracking international public flows through its [information system and cooperation map CICLOPE](#).

Compliance with international reporting commitments to the United Nations Framework Convention on Climate Change (UNFCCC) has also been supported through the Climate Finance system including national communications and biennial update reports (BUR). For instance, Colombia's BUR II included -in its Chapter 5 about needs and supports- the information reported by the MRV System's platform.

Understand investments

The Climate Finance System generates valuable information for decision-making in addition to an improved understanding of how sectors and territories have invested in climate change what type of impact the actions financed have been aimed at, and to identify where Investments must be strengthened to meet the commitments established in the country's NDC.

For example, according to figures from the Climate Finance System, Colombia has been able to establish that:

- The average national public investment in climate change actions between 2011 and 2017 amounted to 1.3 trillion pesos per year (+/- 450 million US dollars). This represents 0.16% of GDP in 2017.
- 75% of this investment has been aimed at adaptation or comprehensive actions (adaptation & mitigation).
- The majority of resources have been focused in the following sectors: 36% in Environment and Natural Resources (including forestry actions), 30% in Risk Management (including preventive actions), 16% in Energy and 16% in Agriculture.
- The average non-refundable international public investment related to climate change between 2011 and 2017 was US\$50 million per year.
- The average domestic private investment associated with climate change between 2011 and 2015 was US\$126 million per year.

Challenges for the sustainability of the Climate Finance MRV System in Colombia

The Climate Finance MRV System should be envisioned as a dynamic and sustainable tool, this requires technological infrastructure and a team dedicated to its maintenance and updating.

Challenges and opportunities for the system include:

Maintaining the institutional framework and promoting interactions within the SISCLIMA framework

- Achieve synergies with other SISCLIMA entities to strengthen monitoring and reporting capacities with the national MRV system in mind. For example, work together with the Institute of Hydrology, Meteorology and Environmental Studies ([IDEAM](#)) and the [Ministry of Environment and Sustainable Development](#) to align the MRV of Climate Finance with the National MRV system in its emissions component and GHG emission reductions, respectively. Similarly, with other CGF entities to promote the taxonomy of climate change in Colombia.

Promoting use and ownership of the MRV System platform

- Foster the implementation of the Outreach and Ownership Strategy of the MRV System. Put emphasis on the involvement of public and private actors in the full cycle of information management, not only as users, but as sources and validators of the data.
- Continue with efforts to advance portfolio sectors and regions to use climate finance information to formulate comprehensive management plans to tackle climate change at sector and regional levels.

Updating the tracking methodology and integrating impact measurement

- Annually update climate finance data on the platform; however, in order to achieve this goal, it is imperative to involve the entities of SISCLIMA's Information Technical Committee to support the validation of tracking outcomes.
- Continue with updating the Methodological Guide for Classification and Tracking of Climate Finance, paying special attention to taxonomy and classification of impacts.
- Strengthen tracking of private finance flows by integrating reporting practices in the private sector. The National Statistics Department ([DANE](#)²), the country's banking and insurance association [Asobancaria](#)³ and [CDP](#) are important allies in this process.
- Implement impact measurement methodologies. To this end, it is suggested to continue with the Working Groups in the Academic sector, who has experts in quantifying the impact of investments.

Updating the MRV System web platform

- It is critical to keep in mind the need to update the web platform and define a strategy to achieve that, mainly in terms of generating reports in a more dynamic way, but also with the graphic and design update of the website.

² Departamento Administrativo Nacional de Estadística

³ Asociación Bancaria y de Entidades Financieras de Colombia

Lessons learned to share with other countries of the Pacific Alliance

Colombia's experience in developing and consolidating the Climate Finance MRV System leaves lessons learned that are useful for other Latin American countries that are starting this process. Taking advantage of the scenario of the Technical Sub-group on MRV ([SGT-MRV](#)) of the Pacific Alliance to carry out exchanges between countries, which will favor sharing experiences and identifying common elements that contribute at the time of the formulation, implementation and sustainability of a process of monitoring flows of financing for climate change.

Summary of Opportunities

- Understand the MRV System as a set of information management processes, and not only as the platform used for reporting and visualization of the data. The platform is a means, not an end in itself.
- Design a dynamic platform in terms of the possibilities of generating analysis, reports and data visualization (the current version in Colombia is very rigid given that analysis and reporting options are pre-established). For example, review the relevance of new open source tools for data processing and visualization.
- Consider the legal and technological aspects from the beginning of the process to convert the platform into a public asset, aligned with the information system requirements of the entity managing the MRV System.
- Define a flexible taxonomy. The indicative list of actions on climate change and their classification should be periodically revised and updated, seeking to align with the national climate change planning and policy instruments, as well as with the international reference framework.
- Use inter-institutional coordination instances to validate/verify the results of the climate finance tracking process as a way to standardize this stage of the process. In Colombia, the participation of the SISCLIMA Technical Information Committee must be formalized.

For more information on this Spotlight Paper, please contact the [principal investigator](#) – Mr. Juan Felipe Franco (Hill Consulting), or for more information on any other [Spotlight Papers in the Series](#) please contact the [SGT-MRV Coordinator](#) – Mr. Francisco Pinto.