

THE REAL COLOMBIA



The Real Colombia

AN INTRODUCTION

BY
Luis Rios 

ABOUT THE AUTHOR

Luis is Palladium's Colombia country director. In this role he aims to deliver positive impact and develop new business models that protect, sustainably manage, and restore nature, while delivering economic and social growth across value chains.

Colombia, to many people around the world, is violence; it's coca, it's illegal activity, it's guerrillas and paramilitaries. It's known as a country that was near collapse in the 80's and 90's and remains the home of Narcos, drug trafficking, and dangerous, impoverished cities.

The country is famously plagued by misconceptions both internationally and within its own borders. But in reality, these misconceptions and beliefs fail to describe the true situation in the country as Colombia has progressed by leaps and bounds in the past 25 years. In the 1980's and 90's, Medellin was one of the most dangerous cities globally, but in 2013, it was rated the most innovative city in the world and has seen one of the most remarkable urban turnarounds in modern history.

Colombia has shifted from a near failed state to an emerging power, representing hope and possibilities. With the peace deal in 2016 came an opportunity for the rural areas of the country to contribute to sustainable economic growth and expansion. Those rural communities make up a significant portion of the

population, but they face significant challenges, which are complicated by the fact that they were witness to much of the country's violence and now have very few opportunities for legal work.

I've worked in development for more than 20 years, and even I had reservations – based on misconceptions and outdated beliefs – about working in the Colombian Pacific. What I saw in the forests of Colombia were communities of people doing their best to make a living while protecting their natural environment and resisting the violence and illegal activities around them. What I witnessed was overwhelmingly positive and human and gave me hope for the future of Colombia.

Because unlike what many people in the urban and rural areas believe, the forests have incredible value. Colombia is one of the most biodiverse countries and is home to some of the largest contiguous areas of rainforest in the world. Investing in those communities and the forests themselves can, and will be, good for the entire country – economically, socially, and environmentally. These forest areas can provide legal income alternatives to communities. Non-timber forest products and their derivatives, carbon projects, habitat banks and biodiversity credits, nature tourism, and legal timber are all options that can be scaled and replicated.

TO ME, THAT OPPORTUNITY AND HOPE IS THE REAL COLOMBIA.

Bigger than the misconceptions and stereotypes, is the beauty of Colombian communities and biodiversity, and the many people and companies finding ways

“What I witnessed was overwhelmingly positive and human and gave me hope for the future of Colombia.”

to support, maintain, and restore nature and support people. The country's rich biodiversity is under threat from deforestation, illegal mining, and other activities, but it's ripe in opportunity to address those threats and more. There is significant potential for investing in infrastructure, agriculture, education, and other services that can help to create jobs and economic opportunities for local communities.

THE WORK HAS ALREADY BEGUN.

Whether it's the small businesses based in rural communities reaching international markets with their products, or the partnerships with indigenous people and former guerrillas and paramilitaries to restore the land, there is a thriving, sustainable economy in the 'real' Colombia that in the 5 years since my first visit to the Pacific forests, continues to give me hope. 50% of Colombia is still forest; however, we have lost 25% of our forests in the last 5 decades. It's in our hands to stop this trend.

We need to scale and replicate legal activities, which means we need the private and public sector, as well as civil society and international cooperation to focus and align efforts on what is already working. That's the way forward. 



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Beyond Deforestation – Financing Agriculture, Forestry, and Other Land Use

★ FEATURING

Rodolfo Camacho

Palladium Director of Climate,
Environment, and Natural Resources

Climate change will not be solved by planting trees or stopping deforestation alone. It will require a whole of society shift, across sectors, countries, and businesses. But there are a few sectors that contribute far more to the climate crisis than others and that need to shift quickly. Globally, agriculture, forestry, and other land use (AFOLU) represents a quarter of total greenhouse gas emissions.

IT'S THE LARGEST EMITTING SECTOR AFTER ENERGY AND HAS THE MOST TO CHANGE, BUT THE MOST TO GAIN BY CHANGING.

In Colombia, this reality is particularly stark where the AFOLU sector represents more than 50% of total emissions. “Just like many developing countries, deforestation is a major problem, but by addressing AFOLU, there’s a chance to create a massive positive change,” explains Rodolfo Camacho, Palladium Director of Climate, Environment, and Natural Resources. “The sector encompasses everything from livestock and crop management to forestry and other land uses and though emissions have recently decreased in the Amazon region due to reduced deforestation, and agriculture is focusing on becoming more efficient, issues remain with crop and livestock emissions as well.”

This sector plays a significant role in the country’s economy and cannot be disregarded. While the government has taken steps in recent years to mitigate challenges within the sector, the solution, Camacho says, ultimately lies with enabling climate finance, or the financial resources that support efforts to address climate change mitigation and adaptation. It often encompasses both domestic and international funding sources that support projects, programs, and policies related to climate action.

“Climate finance is a worldwide problem, it’s not only in Colombia,” Camacho says. “There’s a lot of capital out there but the question always comes to down to whether there is a volume of good, climate-smart projects that attract the financial sector and meet their criteria for funding.”

He adds that the government has made huge strides in recent years to improve the enabling conditions of the country’s finance

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sector through various mechanisms to mobilise domestic resources for climate-related initiatives. “The National System of Climate Change Finance coordinates climate actions and tracks finance flows within the country and promotes the integration of climate change into national development planning and budgeting processes,” Camacho explains.

The government also allocates public funds through its national budget to finance climate-related projects and

programs, such as funding for renewable energy development, forest conservation, sustainable agriculture, climate resilience, and other priority areas.

“The systems are in place and the country is now at a crossroads, where the government has put a lot of attention on this and is ready, but there’s a disconnect at the local level in climate vulnerable regions where the capacity to develop climate-smart projects to receive funds or meet the requirements of financiers is lacking.”

He adds that at the same time, the financing sector still needs to better understand climate risks and incorporate climate risk management practices for financial performance. “Work to strengthen both the demand side of project development as well as the supply side with financiers will be paramount to mobilise funds to achieve Colombia’s climate adaptation and mitigation goals.”


Camacho explains that it’s critical for projects working to mitigate emissions from AFOLU and ensure activities are sustainable receive funding because of the massive ripple effects it can have, especially in Colombia. “What happens in the AFOLU sector has a profound impact on biodiversity globally and can indicate what can be done or what could work in tropical forests around the world.” In enacting more sustainable agriculture and land use management, there are economic benefits that go beyond deforestation and avoiding emissions.

“There are other co-benefits that are far harder to quantify, such as water quantity and quality,” Camacho adds. “By restoring the land, communities often see an improvement of water quality and a decrease in flooding in downstream areas.” At the end of the day, most smallholder farmers or landowners are willing to make the changes that will make

their practices more sustainable once they understand why and the direct economic benefits and co-benefits that come with the change.

“I’ve seen it first-hand through family and friends that care about the environment, who want to do things right, to take advantage of carbon credits or payments for ecosystems services to better manage their land, but they simply need the know-how on doing so.” He says that while Colombia is a lot better off than it was 30 years ago, it’s still critical to provide support to the more rural areas contributing to AFOLU emissions. “It’s important to bring capital and capacity to the rural territories and make them aware of their vulnerabilities and how to protect their land, because these are the areas with the most biodiversity and carbon potential.”

DOING SO IS POSSIBLE.

Just last year, Colombia reached its goal of protecting and conserving 31% of its land and 37% of waters, putting it well ahead of the global goal to protect 30% by 2030. The enabling environment and the will are there; the time is now for projects and capital to step in and fill the gap in financing and education. 

Rediscovering Colombia Through Ecotourism and Peace

★ FEATURING

Diana Correa 

UKPACT Portfolio Manager

For many travellers interested in ecotourism, visiting one of the most biodiverse countries in the world would be at the top of their list, but Colombia's history and reputation for violence has kept people away in the past. According to Diana Correa, Portfolio Manager from UKPACT Colombia Country Programmes, a UK-financed program which funds projects in partner countries to implement and increase ambitions for carbon emissions reductions, that perception is starting to change.

"Over the past decade we've seen an increasing change in the perception of Colombia as an interesting destination," she explains. "Thanks to the peace agreement, enhanced security measures and strategic tourism initiatives, Colombia has become more attractive for visitors as we have reclaimed our identity as a biodiverse country, with beautiful landscapes, welcoming people, and rich gastronomy. This has completely opened up the country for tourism."

International tourists have increased by 245% since 2005, increasing to 4,606,915 in 2022 alone. Tourism accounts for 58% of the country's total services exports and has reached an average expenditure of US\$1,599 per tourist which has already surpassed pre-COVID-19 figures by 7% (US\$1,498 in 2019).

But Correa says it's not only international perceptions that have changed. "As the



pandemic restricted international travels, Colombians started to explore more our own country and, thanks to the peace agreement, we can now discover new places where we couldn't travel before due to security concerns."

She shares that recently, she took a personal trip to Charco Azul-Mesetas, a former FARC camp, which today is now a tourism initiative and a historical memorial site, led by ex-combatants and local communities. "It was very striking, not only to be able to step on a jaw-dropping place that used to be off-limits, but to see the change brought by the peace agreement and tourism for both local communities and ex combatants."

"When you listen to the stories of how their lives have changed, how they no longer live in fear, how they have moved on and forgiven despite the pain, and how they see a real potential in tourism as a livelihood, you understand and feel the magnitude of this amazing shift."

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Amidst this ongoing transformation, both on a local scale and in the eyes of the world, there is a vast potential for ecotourism as a sustainable livelihood which could bring not only economic benefits to historically marginalised communities but also conserving and restoring the country's biodiverse forests.

52% of Colombia's land area is covered by forests. It is the second most biodiverse country in the world, with over 314 types of ecosystems, and the highest number of birds and orchids globally. However, beneath this megadiversity, rural areas face economic challenges and lack of opportunities which drive deforestation and pressures the environment. In fact, over the past two decades, Colombia has witnessed an unsettling loss of 3.1 million hectares of forest.


To tackle deforestation, it is necessary for local communities to have sustainable livelihoods that can yield a reliable income derived from a standing forest and well preserved nature, and that's part of what UKPACT is hoping to address. Correa explains that UKPACT, hand in hand with Implementing Partners such as Awake Travel and E3, has supported building capacities of local communities in post conflict areas across the Amazon, the Orinoquia, the Pacific, the Perijá, and Las

Quinchas regions to develop sustainable ecotourism businesses in tandem with conservation initiatives.

The program has delivered marketing, financial, and operational skills training to local communities for designing and commercialising sustainable ecotourism products. In parallel, the project has also built capacities to implement community-based monitoring systems to promote science-based ecotourism and measure sustainable use of biodiversity. "For example, local organisations have been trained on acoustic monitoring. This enables them to record the sounds within an ecosystem, including birds and insects, allowing experts to identify species and analyse the environment's health".

She adds that the local communities can use that information, along with their traditional knowledge, to build tourism experiences, such as a bird watching tours or gastronomic experiences based on

the local biodiversity. "It's accomplishing several goals by incorporating science into a tourism experience while also using the data they gather to monitor the destinations. This also empowers communities and gives them better tools to conserve their territories."

Global perceptions and misconceptions can't, and likely won't change overnight, but as local capacities are built up and more tourists flock to Colombia and experience its lush biodiversity, welcoming culture, people, and food, that shift can snowball to the benefit of both Colombians and international visitors alike, while contributing to mitigating climate change and protecting biodiversity. 

Small Business Success Goes Large Scale

★ FEATURING
Paulo Pulgarin-Restrepo 
Palladium Senior Investment Associate

Since 1998, Ecoflora has been working in rural areas of Colombia with one main purpose: to derive blue food colouring from a safe and sustainable source, something that's yet to be done globally.

THEIR SOURCE? THE JAGUA FRUIT.

In central-west Colombia, the Antioquia region is known for its diverse ecosystems, but since the peace process began in 2016, the region has seen increased levels of deforestation. "Cattle ranching and timber extraction are major economic activities in the region," explains Paulo Pulgarin-Restrepo, Palladium Senior Investment Associate. "There are few other options for local communities to secure a sustainable income."

The region's forests offer a wealth of potential for non-timber forest products that could be commercialised and sold at local and international markets, including products created from native plants, such as the jagua fruit – but only with the right support in place. While Ecoflora knew that what they had was an innovative product with incredible market potential (a natural and safe blue colorant that remains stable at different conditions), they needed the support to scale their business processes.

"Partnerships for Forests started working with Ecoflora in 2019 to help structure a supply chain that creates positive environmental impact in areas currently used for cattle ranching by supporting



communities to harvest jagua," explains Pulgarin-Restrepo. Partnerships for Forests works with nature-based businesses to combat deforestation, enhance sustainable land use practices, and contribute to the restoration of vital forest ecosystems with businesses such as Ecoflora.

Not only can Jagua be planted in areas that were previously used for cattle, but it's resilient, regenerative, and can grow alongside other agroforestry crops or livestock. "We helped to secure agreements with local communities, including smallholders, who have known the fruit for a long time and with a variety of cattle ranchers that were open to changing how they utilised the land," Pulgarin-

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Restrepo adds. "Those communities working with Ecoflora also signed agreements with an environmental agency so that they could receive payments for the ecosystem services of protecting the forests while harvesting the jagua."

For both Ecoflora and Partnerships for Forests, while harvesting the jagua and increasing supplies have been the goals, doing so sustainably is critical. The team has now signed over 100 conservation agreements with smallholder farmers and suppliers and has brought more than 4000 hectares (and counting) under sustainable land management. "Through those agreements, farmers are signing up to work with Ecoflora and an environmental agency

for the prosperity of the region," Pulgarin-Restrepo explains. "The jagua provides a source of income, especially when combined with other crops, and the environmental services payment that make up for income lost by stopping ranching or illegal activities."


And after a nearly 10 year long process, Ecoflora has obtained FDA approval for their product. With it comes the opportunity to attract major market investments on a global scale.

"In the past, when you went to the region where Ecoflora works, it was flooded with paramilitary groups, it was unsafe, and the only option for most people was illegal crops or deforestation," says Pulgarin-Restrepo.

"Now, when I go there and see that there are alternatives to unsustainable cattle ranching and illegal activities, it's just amazing."

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He explains how more and more people are harvesting jagua and that there are even billboards for it along the road. "You can stop and talk with people who are no longer interested in intensive cattle ranching because there are other options for income, and they believe in their hearts that working to protect nature is good and valuable."

Ecoflora isn't alone. He notes that there are more and more Colombian companies launching with a sustainable biodiversity component. "They play an important role in demonstrating that you can create alternative ways to live and showing Colombians in the cities that there are hardworking people in the rural regions taking care of the forests and making a sustainable living." 

Bridging the Digital Divide for the Future of Colombia

★ FEATURING

Juan Mejia Castellanos 

Palladium Technical Advisor for Digital Technologies and Transformation

In both developing and developed countries, connectivity is key, but it's not always guaranteed. Many rural areas around the world aren't connected to the internet, and without it, lag behind in the shift towards digital transformation. From communication to economic development, digital connection has the potential to bridge gaps, foster inclusion, and drive progress. It's an essential aspect of modern life, and for many, is considered a right rather than a privilege.

While Colombia is still home to many areas without access to networks, digital access and connectivity is at the heart of much of the government's development plans in recent years and a clear shift is occurring across the country.

"Colombia is home to one of Latin America's first startup unicorns," explains Juan Mejia Castellanos, Palladium Technical Advisor for Digital Technologies and Transformation. "Rappi is one of the first startups in the region to go through some of the big accelerator programs and is now valued at billions of dollars, helping to not only build a digital ecosystem in the country, but open the doors for other technology companies in Colombia."

That entrepreneurial spirit is reflected in Colombia leading the way in both data and AI policies. "Colombia was



among one of the first Latin American countries to have a big data policy for the government and has since made significant efforts to promote open data and transparency across the board," Mejia Castellanos adds.

Colombia's open data policy is based on transparency, participation, collaboration, and innovation. The goal is to make public sector information freely available in an accessible way for its citizens and businesses. In doing so, the hope is that it enables individuals, businesses, researchers, and civil society organisations to analyse, reuse, and develop applications and services, to further encourage innovation and open doors to more participants.

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"Technology is getting a lot of attention in Colombia right now and it makes me hopeful that as citizens are demanding more access, the country has the opportunity to become an entrepreneurial hub," he notes.

But despite these shifts, only about 30% of rural areas are connected, in comparison to 70% of Colombia's urban areas. This vast digital divide has not gone unnoticed and the country's ICT Ministry recently announced a strategy to connect 85% of the country over the next four years.

The heart of that strategy? Mobile operators. As Mejia Castellanos explains, cell phone companies are incentivised and encouraged to focus coverage efforts

on disconnected and rural areas. "It's a step forward, and now the challenge will be getting people in those rural areas the physical technology they need to connect."

ONCE THEY DO, IT WILL CHANGE A LOT OF LIVES.

"The current Colombian government, though it has many critics, is extremely technologically and digitally oriented and they understand, which many governments don't, the power of technology and digital tools as an enabler for development," Mejia Castellanos shares.

Though he notes that digital tools should never be the end, they should be the means to getting there. Using tools and technology to provide better services to

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the entire population creates a positive feedback loop with an enormous impact on the economy. "If you think of the apps like Rappi, making it easier for people to order or buy things, the economy and companies are growing because of it, he says.

"People in Colombia are optimistic, it's clear that as more big companies spring up and are successful, it's a testament to the opportunities the country has. This is only the beginning." 

Ex-Commandants and Community Managed Forests

★ FEATURING

Alejandra Medina 

Investor Associate for
Partnerships for Forest

Around the world, community managed forests are a critical component of the nature restoration movement. Owned, managed, and conserved by the local communities that live within them, forests play an important role in promoting sustainable development, biodiversity conservation, and poverty reduction. In Colombia, the story is no different. But one company is doing things a bit differently by working with both communities and former FARC (The Revolutionary Armed Forces of Colombia) guerrilla commandants.

Putumayo, the westernmost region of the Amazon in Colombia, is home to the fourth highest rate of deforestation in the country, driven by high poverty rates and a lack of sustainable livelihood options for smallholder farmers and landowners. Established in 2003, Corpocampo supports wild harvesting of açai and helps small farmers to sustainably produce native crops on previously deforested or degraded lands.

“Setting up a company in this region is difficult,” says Alejandra Medina, Investor Associate for Partnerships for Forests. “But they persisted and have formal workers, which is very uncommon in the area, especially after so many years of conflict.” Partnerships for Forests works with nature-based businesses like Corpocampo to



combat deforestation, enhance sustainable land use practices, and contribute to the restoration of vital forest ecosystems.

Açai fruit collection is a viable, sustainable income alternative with growing commercial value for hundreds of families and farmers in the rainforest. And the demand is there. Corpocampo covers more than half of the domestic açai market and Colombia’s açai exports, but increased demand for açai is about three times more than Corpocampo’s supply, which means that scaling the business and harvest is necessary and imperative.

Medina adds that traditionally, açai had not been harvested by communities. “They didn’t see their value, they didn’t see it as a business, and couldn’t see how the forest could be a potential source of revenue for them.” It required changing how communities viewed the forests – as something that could be beneficial for their livelihoods – rather than just where they lived, she adds.

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Some families receive support for the establishment and maintenance of agroforestry systems containing açai. In addition, contracts have been signed guaranteeing the purchase of the fruit at a fixed price. Corpocampo also carried out a strategy to promote the açai harvest in the area to raise awareness and publicize the profits that it could generate for local families.

“After the peace agreement, a landlord in Putumayo decided to donate some land area to ex-combatants that had

relinquished their weapons and wanted licit income,” Medina explains. Working with Corpocampo, former combatants made a non-deforestation agreement, and in return receive a guarantee that the organisation will buy the açai fruit they harvest from their land and receive training on harvesting techniques and more.

“The opportunity to provide these ex-combatants with legal income is an important part of reintroducing them to civilian life,” adds Medina. “These projects show that many of them want to return to their roots of farming and agriculture, and when provided with a viable option for a legal job and living, they will take it.”

In addition, Corpocampo propagates native species to reforest areas that would provide economic benefits to the communities, while also experimenting to ensure that their crop varieties are more resistant and better adapted to climate change. Through regular visits to farms, Corpocampo provides technical assistance and training to ensure that crops are productive and sustainable.

“It brings formality to the sector, which for these communities, is very meaningful,” Medina says.


“To have a contract where the company assures that they will buy their harvest means that people can plan ahead with the knowledge that their fruit will be purchased at a fair price.”

But it’s not only beneficial for the communities; it’s critical for Corpocampo’s business, because the only way they can get the supply of açai they need is by

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working with the communities that own the land. And by working closely with communities, Corpocampo can guarantee a more transparent and sustainable value chain and help shift the narrative toward the reality that the forest can be beneficial to the communities that live within them.

“Through Partnerships for Forests, we’re providing support for Corpocampo to catalyse investments that will help them continue to scale up and expand their business,” says Medina. “By 2020, the project had secured 170 beneficiaries, 80 of which were ex-combatants, supplying açai from 215 hectares agroforestry areas, and aim to secure a further 2,000 hectares of wild collection by obtaining harvesting permits provided by the local environmental authorities with forestry communities.”

Corpocampo continues to prove that a decent, licit livelihood is possible even in the most war torn and rural areas. There is value in the forests and value in corporations collaborating with both communities and former commandants alike. 

About The Catalyst

The Catalyst is Palladium's online publication, delivering news, perspectives, and in-depth reports from the front lines of our global work. Many of the stories are written by Palladium employees and partners, sharing their experiences and expertise as they work to solve the world's greatest challenges.

The Catalyst aims to inspire, educate, and embolden all readers, from experts in international development and C-Suite executives, to impact investors and community leaders.

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About Palladium

Palladium is a global impact firm, working at the intersection of social impact and commercial growth. For nearly 60 years, we've been helping our clients to see the world as interconnected – by formulating strategies, building partnerships, mobilising capital, and implementing programs that have a lasting social and financial impact. We simply call this “positive impact”.

We work with corporations, governments, investors, communities, and civil society. With a global network operating in over 90 countries, Palladium is in the business of making the world a better place.

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