







## CONCESSIONAL LOANS AND FISCAL INCENTIVES TO PROMOTE CERTIFIED GREEN BUILDINGS

**COLOMBIA**

<b>Objective</b> 	Promote uptake of certified green buildings in residential and commercial sectors	<b>Target group</b> 	Developers (construction finance) House owners (mortgages)
<b>Building type</b> 	Residential and commercial	<b>Duration</b> 	2016 - ongoing
<b>Partners</b> 	Government incentive: National Government of Colombia  Banking incentive: Bancolombia and Davivienda  Support from: Colombian Chamber of Construction (CAMACOL), International Finance Cooperation (IFC )	<b>Volume</b> 	\$400 million deployed by Bancolombia in initial investment program.  Additional financing mobilized by government incentives and second implementer Davivienda.






Bancolombia launched the green real estate program targeting developers and mortgages in 2016. The programme was financed through Colombia's first green bond, a growing capital markets instrument for climate action. Davivienda bank followed with similar action.

The programme offers reduced interest rates for loans and green mortgages. Both banks provide technical assistance to developers.

- Bancolombia Incentive: Financing rate for developers of up to 1% less than conventional rates for green construction and up to 65 basis points (0.65%) less for green mortgages.
- Davivienda Incentive: Reduction of a maximum of 100 basis points (1%) for mortgages for residential and mixed-use buildings, in addition to covering 50% of the cost of EDGE certification (up to 15 million pesos COP).

Government is providing tax incentives through the National Mining and Energy Planning Unit (Ministry of Mines and Energy), in form of exemption of VAT (19%) and income tax deduction (25%) for project design services and technical solutions such as insulation and energy-efficient air conditioning systems .

IFC and CAMACOL provide technical assistance and market education.

<b>Leverage of private funds</b> 	Colombia had 2.5 million m <sup>2</sup> floor space certified with EDGE by August 2020.  In the residential space, while there was just one certified homes project in 2017, there are now 1.4 million m <sup>2</sup> of certified residential space in 2020, in 23,500 units.		
<b>CO<sub>2</sub> emissions reductions</b> 	35,000 tons of CO <sub>2</sub> per year avoided	<b>socio-economic benefits</b> 	Almost 100,000 people are now living in green certified properties.
<b>Certification system</b> 	CASA, EDGE, LEED		
<b>Contact person in programme or country</b>	info@upme.gov.co	<b>Example submitted by</b>	Rusmir Musić, IFC EDGE
<b>Website</b> 	Government incentive: <a href="https://edgebuildings.com/market-players/governments/">https://edgebuildings.com/market-players/governments/</a> and <a href="http://www1.upme.gov.co/Normatividad/463-2018.pdf">http://www1.upme.gov.co/Normatividad/463-2018.pdf</a>  Banking incentives and contact information <a href="https://edgebuildings.com/market-players/banks/">https://edgebuildings.com/market-players/banks/</a>		