Policy Toolkit:

Enhancing the Inclusivity and Sustainability of the Fund for Access to Agricultural Inputs

0. Executive Summary

Inputs play a crucial role in driving the development of the agricultural sector. Hence, in response to rising prices, Colombia passed the Law 2183 of 2022, which served as the legal basis for the Fund for Agricultural Input Access (FAIA). Against the backdrop of this political economy, this paper analyzed its overarching legal and underlying operational frameworks to confirm their alignment with sustainability principles.

Based on the analysis of the legal framework, this paper identified four areas of improvement. First, the FAIA could be better connected to upstream environmental policies. Second, sustainability could be better institutionalized into the mandate of the FAIA's governance structure. Third, the definition of agricultural input could be more targeted in nature. Fourth, the resolutions that guide the operations of the FAIA should include mechanisms to systemically allocate resources toward practices with a lower environmental impact.

Building on this assessment, the operational analysis took place in three parts. To begin with, the paper analyzed phase one policies and their strengths and weaknesses. While phase one policies prioritized the geographical areas of high economic and environmental significance, further improvement could be taken to implement policies in a more gender-transformative manner. Moreover, given the absence of differentiated support mechanisms, the vast majority of funds are flowing to conventional inputs. Subsequently, it analyzed the improvements actualized during phase two, finding that improvements were made in terms of technical scope, budget allocation, financing scheme, and operational support.

Finally, consolidating these findings, the report concluded that the participation of rural women in the allocation of subsidies continues to be limited and further emphasis on environmental sustainability is needed be better embedded across the operational framework. Considering the above, the following policy options are provided to enhance both the legal and operational frameworks.

Regarding the legal framework, this toolkit proposes the following policy options:

1. Policy Framework: Align the FAIA with broader environmental strategies, such as but not limited to the NDCs, LT-LEDs, NAPs, and NBSAPs.
2. Governance Structure:
    a. Revise the mandate of the National Roundtable on Agricultural Inputs, National Commission for Agricultural Inputs, and the FAIA Steering Committee to include an explicit sustainability.
    b. Create an incremental scale-up plan for support to sustainable inputs in an evidence-based manner.

3. Legal Definition: Update the legal definition of agricultural input to include an eligibility criterion that excludes particularly harmful inputs, as well as a sustainable criterion that allows further prioritization.
4. Guiding Resolutions:
    a. Provide overarching mechanisms that systemically guide resource allocation toward practices with a lower environmental impact, positioning them as central rather than complementary to the implementation of the mandate.
    b. Adopt safeguards in place to ensure low environmental impact.

Concerning the operational framework, this toolkit proposes the following policy options:
1. Social Pillar: Revise operational manuals to better embed gender-transformation considerations throughout all policies.
2. Environmental Pillar:
    a. Technical Scope: Structurally integrate the bio-input production policy promoted in Phase II into other FAIA Policies.
    b. Exclusive Budget: Ensure a minimum budget allocation for sustainability for all operational policies, establishing rules of progressivity to gradually reduce the historical focus on conventional inputs throughout all operational policies.
    c. Differentiated Incentives:
        i. Institutionalize co-financing differentials throughout all operational policies, reinforcing the preference for national bio-inputs.
        ii. Exclude harmful subsidies from the subsidy scheme, when possible.
    d. Operational Support: Broaden the scope of technical assistance to include support for adopting sustainable practices.

1. Introduction

Despite comprising a high 9.3% of its Gross Domestic Product (World Bank, 2025), the Ministry of Agriculture and Rural Development (MADR) and the National Planning Department (DNP) report that the productivity of Colombia's agricultural sector remains below the international average, being 47.5% below that of comparable countries (CAF, 2021). Among other things, this can be attributed to the unleveraged nature of agricultural inputs, which play a key role in closing the competitiveness gaps in the rural sector through reducing production costs. This is because, despite their importance, imported inputs have become more expensive in Colombia in recent years, reportedly going beyond 100% in some cases (Fairtrade, 2022).

This can be linked to three international drivers in particular. The first is the Covid-19 pandemic, which affected the production and distribution of inputs due to the closure of trade routes. The second is the conflict between Russia and Ukraine, which has increased the cost of fertilizers. The third is the increased demand for agricultural inputs due to an increasing population, which aggravated the need for agricultural food production.

Against this backdrop of rising input prices, the national government of Colombia promoted the Fund for Access to Agricultural Inputs (FAIA) through Law 2183 of 2022. Thus, it emerged as a mechanism of promoting the economic competitiveness of the sector. In other words, it was not originally conceived as a tool for promoting environmental sustainability.

This warrants additional attention due to both its short- and long-term importance. In the short-term, such fiscal policies play a crucial role in promoting a sustainable transition by promoting sustainable consumption and production through addressing market failures. In the long-term, they provide the enabling environment needed to promote innovation. Through this process, they reduce social externalities such as those related to health, contributing to livelihoods.

In this context, this report conducts a deep dive into the policy framework governing the FAIA. To this end, it assesses its overarching legal framework to understand the extent to which the aforementioned political economy has affected its ability to promote sustainability. Subsequently, it analyzes the underlying operational framework to assess the degree to which limitations found at the upstream level spilled over to the downstream level. To this end, it will analyze the results of phase one policies, the areas of improvement made during phase two, and the remaining limitations. Finally, it posits policy options regarding both the legal and operational framework to enhance the effectiveness of the FAIA, so as to further position it as an instrument for promoting a green transition in the agricultural sector.

2. Analysis of the Legal Framework

Given the political economy through which the policy came into being, this section will analyze the extent to which sustainability was institutionalized into the overarching legal framework governing the FAIA. Through primary and secondary research, this study finds that sustainability was not fully institutionally embedded into the legal framework governing the FAIA. This can be affirmed through its absence in the overall policy structure, governance framework, the definition of agricultural inputs, and the guiding mechanisms.

First, Law 2183 of 2022 is not linked to any higher-level environmental policy. This holds true in terms of climate policies such as the Nationally Determined Contribution (NDCs), Long-Term Low Emission Development Strategy (LT-LED), and National Adaptation Plan (NAP). Moreover, this is also valid for the country's National Biodiversity Strategic Action Plan (NBSAPs). Thus, this hinders the ability of such upstream policies to influence this policy, weakening policy coherence.

Second, sustainability has not been fully embedded into the governance structure of the FAIA's legal framework. Comprised of three bodies, the first is the National Roundtable on Agricultural Inputs, which is mandated to increase the competitiveness of Colombia's agricultural sector by facilitating access to agricultural inputs and reducing price volatility. The second is the National Commission for Agricultural Inputs, which advises the MADR on FAIA operations, which are inherently meant to promote competitiveness. The third is the FAIA Steering Committee, which sets investment policy and studies the Commission's recommendations. While all three governance bodies are mandated to enhance the competitiveness of the country's agricultural sector, none of them possesses a specific institutional mandate related to environmental sustainability.

This is concerning as economic priorities are inevitably prioritized over those of an environmental nature. Going further, to the extent that sustainability is addressed, the absence of a legal mandate results in the limited resources being allocated in a reactive manner, rather than based on evidence-based trajectories for sustainable development. This structurally hinders the FAIA's ability to ensure the progressively increased emphasis on sustainability, especially because decisions can be reversed based on the priorities of the incumbent government. As such, it becomes difficult for the FAIA to deliver the clear policy signals that are conducive to a green transition.

Third, the legal definition of 'agricultural input' stipulated in Article 2 of Law 2183 of 2022 is broad in nature. That is, it covers a comprehensive range of products, including those that are environmentally detrimental. That is, there is no specific provision that classifies inputs as being sustainable or unsustainable. As all inputs are captured in one definition, there is no legal basis for prioritizing sustainable inputs or disincentivizing the usage of conventional ones,

even if Article 19 of Law 2183 of 2022 promotes the ‘sustainable usage’ of inputs and other articles alluding to the fact that inputs should be environmentally sustainable.

Fourth, the resolutions that guide the operations of the FAIA do not include mechanisms to systemically guide resource allocation toward practices with a lower environmental impact. That is, Resolution 101 of 2022 authorizes conventional activities that are not conditioned by the type of input. Moreover, there are no safeguards in place to ensure a low environmental impact. Although its amendment via Resolution 284 of 2024 does introduce activities related to the research, development, and dissemination of sustainable alternatives such as bio-inputs, organic fertilizers, and soil conditioners, these appear to be complementary to the aforementioned ones, thereby offsetting their already limited transformative potential.

3. Analysis of the Operational Framework

a. Portfolio Overview

Based on the aforementioned legal framework, seven subsidiary policies were designed and executed in the FAIA hitherto. During the years 2023 and 2024, the FAIA designed and executed three policies: FAIA Program: Support for Small Producers to Purchase Inputs Through Financial Instruments, Integral FAIA Program, and FAIA Coffee Program Phase I. In 2025, four additional policies were formulated and are being executed: FAIA Coffee Program Phase II, FAIA Rice Program, FAIA Integral Catatumbo Program, and the National Policy of Bioinputs, Organic Fertilizers and Soil Conditioners. In the context of this study, the policies released in 2023 and 2024 are referred to as 'Phase One' policies, whereas those from 2025 are described as 'Phase Two' policies.

The total budget allocated to the seven policies of the FAIA amounts to 289,463,386,746 Colombian Pesos. Within this distribution, the policies with the highest allocation correspond to FAIA Support for Small Producers to Purchase Inputs Through Financial Instruments and the Integral FAIA Program, with 28% and 24% of the total, respectively. This budgetary concentration on phase one policies shows that the emphasis was placed on instruments of rapid implementation and broad coverage in the national territory. As of July 31, 2025, the total cumulative execution of the FAIA policies reached 161,882,792,520 Colombian Pesos, or 56% of the resources allocated.

While only 24% of the total resources allocated to the FAIA Support for Small Producers to Purchase Inputs Through Financial Instruments was disbursed even after the policy had been concluded, institutional learning has enabled subsequent policies to be much more effective in terms of social inclusion and income support for rural households. Thus, other phase one policies, such as the Integral FAIA Program and FAIA Coffee Program Phase I register execution levels close to 97% of the allocated budget. Going further, the four phase two policies launched in July 2025 comprise 26% of the total resources allocated, with a remarkable average execution level of 21.2%. This is despite only one month of implementation having been captured in the scope of this study.

Moreover, in terms of geographic focus, the diversity of policies that make up the FAIA portfolio has made it possible to serve populations in differentiated territorial contexts. This is because it combines targeting by agricultural value chains with more universal nationwide coverage schemes. This breadth of interventions contributes not only to increasing agricultural productivity but also to advancing the social inclusion of beneficiaries across different territories. For a better understanding of this distribution, a consolidated table will be presented that reports the number of departments and municipalities supported through each policy, as well as the projected and actual beneficiaries. Some of these numbers are preliminary, given the nascent nature of the phase two policies.

Table 1.1 Geographical concentration and FAIA beneficiaries (As of July 2025).

Policy Name (Year)	Departments	Municipalities	Projected Beneficiaries	Actual Beneficiaries
Support Policy for Small Producers for the Purchase of Inputs Through Financial Instruments (2023)	30	760	120,000	18,802
FAIA Coffee Program Phase I (2024)	17	631	86,785	101,049
Integral FAIA Program (2024)	27	707	41,367	23,794
FAIA Coffee Program Phase II (2025)	19	288	31,600	16,375
FAIA Rice Program (2025)	23	195	1,400	105
FAIA Integral Catatumbo Program (2025)	2	19	3,500	1,277
National policy of bio-inputs, organic fertilizers and soil conditioners (2025)	21	273	273	23

Elaboration of the Agricultural Inputs Policy Team, MADR.

Finally, regarding technical scope, both phase one and two policies are mainly related to activities that support small and medium-sized producers to purchase agricultural inputs. In particular, this support is meant to cover the entire supply chain, ranging from production and transport to storage and usage. While the nature of the support differs per the policy, these initiatives are oriented to three types of activities: (i) Support for the purchase of agricultural inputs for small and medium-sized producers in prioritized chains; (ii) support for the purchase of inputs through financial instruments; and (iii) promotion of research, development and production of bioinputs and soil conditioners. The different policies, the type of activity, and their support modality are described below.

Table 1.2 FAIA Program

Policy (Year)	Activity	Support Mechanism
Support Policy for Small Producers for the Purchase of Inputs Through Financial Instruments (2023)	Activity II	Support through financial instruments up to 20% of the value of the input
FAIA Coffee Program Phase I (2024)	Activity I	Direct support payment of a percentage of the input up to 30%.
Integral FAIA Program – (2024)	Activity I	Direct support payment of a percentage of the input, up to 30% agricultural producers or up to 43.3% livestock producers
FAIA Coffee Program Phase II (2025)	Activity I	Direct Support - payment percentage of input -up to 30% chemical synthesis input, up to 40% imported bioinputs, and up to 50% bioinputs, organic fertilizers and soil conditioners of national production
FAIA Rice Program (2025)	Activity I	Direct support with maximum value and differentiation for the 5 proposed zones. For small producers, the support ranges from 2,340,000 to 4,380,000 Colombian pesos, depending on the zone. For medium-sized producers, the support ranges from 3,346,200 to 6,263,400 Colombian pesos, depending on the zone.
FAIA Integral Catatumbo Program (2025)[1]	Activity I	Percentage of direct support payment on agricultural inputs up to 48.7% especially for access to imported seeds, plant material, fertilizers, amendments and biostimulants.
		Percentage of direct support payment for agricultural inputs related to access to organic fertilizers, soil conditioners and bio-inputs of national production, up to 68% of the cost.
		Percentage of direct support payment for agricultural inputs up to 58.7% of the cost of inputs when it comes to organic fertilizers, soil conditioners and imported bio-inputs
		Direct Support payment percentage of the input for livestock inputs up to 48.7% of its cost

[1] As this program arose from a public emergency , the government used different types of co-financing input subsidies to reactivate agricultural production.

Policy (Year)	Activity	Support Mechanism
National Policy of Bio-Inputs, Organic Fertilizers and Soil Conditioners (2025)	Activity III	Direct support with financing of an investment plan and support in the execution and strengthening of the biofactory

b. Analysis of the Phase One Policies

This section presents the results of the implementation of the FAIA as of July 31, 2025. The results presented constitute a general presentation on the magnitude of the resources committed and disbursed to date, as well as a preliminary characterization of the number of beneficiaries supported. This information makes it possible to measure the territorial and sectoral scope of the fund and identify its impact on national agricultural production.

This analysis will cover the phase one policies that have already concluded, namely FAIA Support for Small Producers to Purchase Inputs through Financial Instruments, Integral FAIA Program, and FAIA Coffee Program Phase I. In other words, FAIA Rice, FAIA Coffee Program Phase II, FAIA Catatumbo Integral, and the National Policy of Bioinputs, Biofactories and Soil Conditioners will be excluded. This is because they are still in the execution phase, resulting in the partially available data being inconclusive.

I. Integral FAIA Program

The Integral FAIA Program achieved significant national coverage, reaching 22 departments and 409 municipalities, positioning itself as one of the instruments with the broadest territorial reach for accessing agricultural inputs. However, the distribution of beneficiaries showed a high territorial concentration in the five departments of Nariño, Cundinamarca, Huila, Boyacá, and Tolima, which accounted for 74.04% of the beneficiaries. Reflecting differentiated institutional capacities and the density of small-scale producers in these regions, these territories coincide with areas characterized by environmental vulnerabilities.

From a social inclusion perspective, the program demonstrated adequate performance by allocating more than two-thirds of its support to populations classified in SISBEN IV[2] as being in extreme poverty, moderate poverty, or at risk of poverty, approximately 65% of which were small-scale producers. However, despite the prioritization mandate established by Law 2183 of 2022, a structural gender gap persists. That is, 66.15% of the resources were allocated to

[2] It is important to establish that the SISBÉN IV, "(...) is the System for the Identification of Potential Beneficiaries of Social Policies, which allows the population to be classified according to their living conditions and income. This classification is used to target social investment and ensure that it is allocated to those who need it most (...)". SISBEN IV has four groups:
- *Group A, made up of the population with the lowest income-generating capacity or population in extreme poverty.*
- *Group B, composed of poor households, but with a greater capacity to generate income than those in group A.*
- *Group C, made up of vulnerable population or at risk of falling into poverty.*
- *Group D, made up of a population that is neither poor nor vulnerable.*

men, with only the remaining 33.85% being committed to women. This underscores the need to enhance targeting mechanisms with a gender perspective.

In terms of production, the sectoral distribution of resources reflected a slight predominance of the agricultural sector over the livestock sector. The former comprised 52.51%, with the latter representing 47.49%. The agricultural value chains that absorbed the most subsidies were corn, potatoes, plantains, beans, sugarcane, and avocados, consistent with their strategic importance for food security and exports. In the livestock sector, the environmentally detrimental cattle value chain concentrated 91.89% of the resources due to its large base of small producers. This composition is closely related to the production trend of small rural producers in Colombia, who concentrate their production systems on small-scale agricultural crops, but also maintain livestock activities to complement their subsistence.

Among other things, this bias towards agriculture responds to the design of the prioritized chains, with 28 being identified for the agricultural sector, compared to only 3 being listed for livestock. Despite such biases, the difference in the subsidy structure contributed to reducing the gap in support. While the FAIA policies defined a co-financing of up to 30% for agricultural inputs, livestock inputs could reach 43.3%, which partially compensated for the lower number of prioritized chains.

Although their usage was not incentivized via sustainability criteria in the program's operational design, the list of inputs authorized for co-financing included sustainable alternatives. In the agricultural sector, biofertilizers, bio-inputs, and bio-stimulants were eligible for subsidies. In the livestock sector, silo, pieces of cassava, and molasses were items that could be financed.

Despite this inclusion, the aggregate behavior of the indicators shows that the orientation of expenditure was mostly concentrated on conventional inputs. In the agricultural component, 94.20% of the resources were allocated to chemical fertilizers and other traditional inputs, while only 5.80% was channeled towards bio inputs and other non-conventional practices. Similarly, in the livestock sector, the trend replicated the same concentration. That is, 92.47% of the resources were used to co-finance conventional inputs, mainly balanced feed for the poultry, pig, and cattle chains. Only 7.53% were directed to sustainable alternatives or other non-traditional sources of food.

This is concerning because, when verifying the list of traditional inputs demanded within the Integral FAIA Program, a clear concentration of synthetic chemical fertilizers is observed. In particular, the chemical fertilizer 15-15-15 accounted for 58.03% of the co-financed inputs, followed by 19-4-19-3 with 17.12%, 46-0-0 with 12.22%, and 12-20-12-3 with 10.62%. Although widely used for their rapid availability of nutrients and for the immediate results in crop yields, these compounds are linked to chemical-based fertilizers that generate negative cumulative impacts on both the economic and environmental sustainability of production systems (IDEAM, 2015; FAO, 2017; Vitousek, 2009).

On the other hand, the verification of the list of sustainable inputs co-financed in the agricultural sector shows a prominent presence of products such as potassium sulfate, magnesium sulfate, hydrogel, kieserite, and organic compost. Unlike conventional chemical fertilizers, most of these inputs play a fundamental role in the conservation and recovery of soil fertility, with the rest being able to play a temporary transitional role (FAO, 2006; Méndez, 2022; IDEAM, 2015). All in all, unlike conventional agricultural inputs, the application of such biofertilizers and organic amendments can maintain or even increase agricultural yields in the medium term, all while reducing the environmental footprint of production systems (Vitousek, P. 2009; FAO, 2021).

Moreover, a review of the list of livestock inputs co-financed by the Integral FAIA Program shows that most of the resources were allocated to balanced feed and a small number to mineralized salt. Although they contribute to animal productivity in terms of growth, feed conversion, and production efficiency, they have detrimental impacts on environmental sustainability as the intensive use of industrialized feed increases the pressure on agricultural systems. This is because a large part of its components derives from monocultures such as corn and soybeans that are highly dependent on agrochemicals and thus are both directly and indirectly responsible for deforestation and biodiversity loss (FAO, 2017). Moreover, animal metabolism partially transforms these nutrients, generating excreta with a high nitrogen and phosphorus content that contaminates water sources and favors eutrophication processes when not properly managed (IDEAM, 2022). Similarly, indiscriminate supplementation with mineralized salts can cause accumulation of elements in the soil, affecting the microbiota and accelerating degradation and salinization processes (IPBES, 2019). These impacts, although not visible in the short term, put the sustainability of livestock systems at risk.

The review of the list of livestock inputs co-financed in the Integral FAIA Program under sustainability criteria shows that molasses and silo were the products with the highest participation. Molasses, which is a by-product of sugarcane, is a fast and natural source of energy that supports a circular economy by using waste from other agro-industrial chains (FAO, 2013). Moreover, produced from the silage of pastures or forage crops, silo makes it possible to preserve the nutritional value of forages, guarantee food availability in times of scarcity, and reduce pressure on natural pastures, thereby contributing to soil stability and the reduction of degradation (CIAT, 2020). Thus, unlike conventional livestock inputs, those of a green nature can provide economic benefits in a manner that is environmentally sustainable.

ii. FAIA Coffee Program Phase I

The FAIA Coffee Program Phase I achieved significant coverage in the country's coffee-growing regions, reaching 17 departments and 299 municipalities. Its territorial focus allowed subsidies to be directed to small producers with less than 5 hectares in production, located primarily in regions with a consolidated coffee-growing tradition. That is, the departments of

Huila, Tolima, Cauca, Nariño, and Caldas accounted for 72.62% of the beneficiaries, reflecting their importance in the national coffee sector and their organizational capacity to respond to the call for applications.

The territorial results also reveal that these departments face significant environmental pressures. This correlation between a high concentration of beneficiaries and environmentally vulnerable territories suggests that the FAIA Coffee Phase I program can serve as a relevant instrument for strengthening sustainability and reducing environmental impacts by promoting agroecological practices. In fact, the Coffee Information System and MADR reports that such endeavors generated an increase in the average yield per hectare of four loads. Going further, it is estimated that FAIA Café Phase I managed to benefit 23% of the country's coffee population, with an average direct support per family of 523,138 Colombian Pesos.

In terms of social targeting, the program primarily directed its support to households in extreme poverty, moderate poverty, and at risk of poverty, with 34.94%, 42.97%, and 10.48% of the resources being allocated to these groups, respectively. Of these groups, approximately 78% of the beneficiaries were small-scale producers in poverty. While this performance confirms the program's social relevance in terms of equity, the participation of rural women was a low 26.63%.

The review of the list of inputs authorized within the framework of the policy shows that sustainable alternatives such as biopesticides and biofertilizers were included. However, the performance indicators reflect a minimal participation of this type of input in the allocation of resources. Only 0.19% of the funds were allocated to co-financing sustainable inputs such as Beauveria bassiana and organic fertilizers, while 99.81% were directed to conventional inputs, including NPK formulations such as 17-6-18-2, 23-4-20-3-4, 25-4-24, and 26-4-22. As explained the sub-section above, this disproportion shows a structural gap between policy supply and effective demand in the territories, with a predominance of traditional production practices in the coffee production chain that have both economic and environmental sustainability risks in the long-term.

iii. FAIA Support for Small Producers to Purchase Inputs through Financial Instruments

The FAIA Support for Small Producers to Purchase Inputs Through Financial Instruments reached a coverage of 30 departments nationwide. In particular, 72.35% of the beneficiaries were highly concentrated in the five departments of Nariño, Boyacá, Huila, Antioquia, and Córdoba, which is indicative of both the productive weight of these regions and the territorial gaps in the distribution of support. Within this group, the department of Nariño stands out with a participation of close to 39% of the total number of beneficiaries due to the strong presence of small producers with high levels of socioeconomic vulnerability, the importance of their agricultural chains in national food security, and the impacts of climate variability that encouraged the demand for subsidized inputs. Although the four other departments have less

relative weight, this concentration confirms the trend of prioritization of territories with critical needs for access to inputs.

In addition to such considerations, the departments that concentrate most of the beneficiaries of this FAIA policy, namely Nariño, Antioquia, Boyacá, Huila, and Córdoba, coincide with territories where there are structural environmental conflicts associated with food production and land use. In Nariño, conflicts revolve around water pollution due to oil spills, the degradation of fragile ecosystems such as mangroves and primary forests, and the loss of biodiversity due to land use change and the expansion of the agricultural frontier. In Antioquia, the pressure comes mainly from legal and illegal mining, infrastructure expansion, and deforestation, which directly impact rural communities and their productive capacity. For their part, Boyacá and Huila face tensions derived from intensive agriculture, with contamination of water sources, overuse of agrochemicals, degradation of moorlands and soil erosion, aggravated by recurrent drought scenarios. In Córdoba, the conflicts are related to extensive cattle ranching, deforestation, and water pollution, as well as mining pressures in some subregions. This shows that resources are targeting departments with high levels of environmental risk and productive tensions.

The sectoral distribution of FAIA resources shows the marked predominance of the agricultural sector, which concentrates approximately 69.4% of the support. This can be compared to 30.5% directed to the livestock sector. Among other things, the difference is further explained by the set of chains prioritized in FAIA Support for Small Producers to Purchase Inputs through Financial Instruments. While 24 production chains were prioritized in the agricultural sector due to its diversity and importance, only 5 chains were advanced in the livestock sector.

The analysis of the operation of the FAIA Support for Small Producers to Purchase Inputs Through Financial Instruments shows that this scheme did not incorporate explicit incentives for sustainable inputs. Thus, according to MADR experts, approximately 94% of these resources were directed to finance conventional inputs due to the lack of sustainability criteria. That is, most eligible inputs were directed to the acquisition of compound fertilizers and agrochemicals of chemical synthesis in the case of agricultural chains, and the co-financing of balanced feed in the livestock sector. This orientation responds more to a logic of short-term productive support, as opposed to an agroecological transition strategy where both economic and environmental priorities are both considered.

c. Analysis of the Phase 2 Operational Policies

All in all, the preceding analysis found three common findings in the phase one policies. First, the phase one policies prioritized the geographical areas of high economic and environmental importance. Thus, no further area for improvement was identified in this regard. Second, while they did target vulnerable groups, further improvement could be taken to embed gender considerations. Third, in the absence of differentiated support mechanisms, the vast majority

of funds flow to conventional inputs, which do not offer the economic and environmental benefits of sustainable ones. Hence, further strategic enhancement is needed in this regard

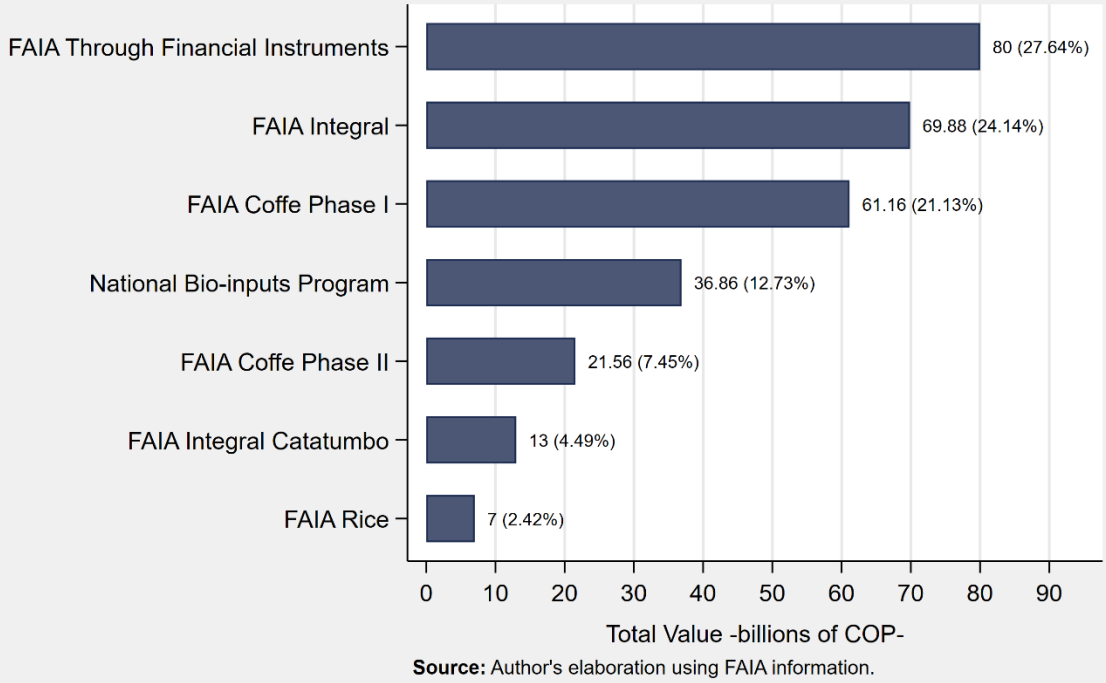
Building on these lessons learned, a substantial shift occurred in the operational architecture of the FAIA in phase two. In particular, among other issues, four significant improvements can be identified. This refers to changes made in the technical scope, budget allocation, financing scheme, and operational support.

First, the FAIA has undergone significant transitions in the technical scope of its calls. During phase one, the focus was on the first activity of the first operational mandate, which responded mainly to a logic of immediate compensation that materialized in the payment of the percentage of the input value to the commercial partner or in the transfer or refund of the percentage to the beneficiary producer. Thus, they advanced short-term execution periods of around six months.

During phase two, the FAIA made progressive steps towards calls of greater technical scope. This can be affirmed as the list of sustainable, organic, and low-impact inputs available to producers was considerably expanded in the call for the National Policy of Biofactories, Bioinputs and Soil Conditioners, which is related to the activity of "(...) support the research, development and production of bio-inputs, organic fertilizers and soil conditioners (...)". This change marks a transition from meeting immediate economic needs to promoting more long-term, sustainable ones. Thus, such calls have extended their duration to sixteen months. Nonetheless, such activities are not included in all phase two policies.

Second, more budget was allocated to environmental sustainability. During phase one, while the FAIA had a total budget of 185,807 million Colombian pesos, only a minor percentage of this budget was allocated to financing activities related to environmental sustainability. Specifically, only some low-environmental-impact inputs were included in the list that could access co-financing, but there was no direct incentive. During phase two, 47% of the total budget of 78,420 million Colombian pesos was allocated to environmental initiatives. However, only the National Policy of Biofactories, Bioinputs, and Soil Conditioners had a budget exclusively allocated to sustainable inputs.

Figure 1. 1 FAIA Budget (bringing all policies together)



Source: Author's elaboration using FAIA information.

Third, while the initial calls for proposals implemented during phase one did not incorporate differentiated incentives for sustainable inputs, the programs formulated and implemented in phase two introduced a more robust environmental co-financing scheme through two major changes. That is, although previous calls for proposals granted a fixed percentage of co-financing without distinction to inputs of different nature, the latest one incorporates incentives that grant a higher percentage of co-financing to producers who utilize bio inputs and biofertilizers. Moreover, a differential in co-financing was established according to the origin of the inputs. The latest call provides incentives to use domestically produced inputs over imported ones, with the dual purpose of promoting environmental sustainability and strengthening the productive capacities of the national industry and the availability of these types of inputs. Finally, some policies even excluded the inclusion of environmentally harmful inputs.

While the National Program of Bioinputs, Biofactories and Soil Conditioners was not included due to differences in technical scope, more details on the remaining policies can be found in the table below.[1] The first is the incentive modality, which sets out the percentage of the co-financed incentive. The second is the sustainability mechanism, which could either refer to the inclusion of positive incentives or the exclusion of environmentally harmful inputs. Although it is clear that significant progress has been made, sustainability mechanisms could be more consistently embedded throughout all policies.

Table 1.3 FAIA Co-financing Inputs – Sustainability

Aspect	FAIA Support for Small Producers to Purchase Inputs Through Financial Instruments	FAIA Coffee Program Phase I	FAIA Integral Program	FAIA Rice Policy	FAIA Coffee Program Phase II	FAIA Integral Catatumbo Program
Financing modality	Co-financing of up to 20% percentage of the input value.	Co-financing of a fixed percentage of 30% of the input value.	Co-financing for inputs of up to 30% agricultural producers and up to 43.3% livestock producers.	Co-financing for inputs with the percentage depending on the small or medium-sized producer	Co-financing with differentiated percentages according to type of input and origin. Up to 30% for chemical synthesis inputs, 40% for imported bio-inputs, and 50% for domestically produced bio-inputs, organic fertilizers, and soil conditioners.	Co-financing with differentiated percentages according to type of input and origin. Up to 48.7% for seeds, plant material, fertilizers, amendments, and imported biostimulants, 68% for amendments, organic fertilizers, soil conditioners, bioinputs of national production, and 58.7% for organic fertilizers, soil conditioners, imported bioinputs.
Type of inputs financed	Conventional inputs were included without distinction.	Conventional inputs were included without distinction.	Conventional inputs were included without distinction.	Conventional inputs were included without distinction.	The acquisition of sustainable inputs is promoted. Some conventional inputs were excluded.	The acquisition of sustainable inputs is promoted. Some conventional inputs were excluded.

Fourth, the FAIA was accompanied by a territorial support system, which evolved from a single advisor responsible for guiding the registration process on the platform to an interdisciplinary team that can provide beneficiaries with more comprehensive support, including that of an administrative nature. This is important because the results of the FAIA Support for Small Producers to Purchase Inputs Through Financial Instruments were attributed to the absence of a local technical team to directly accompany the registration and registration processes. The absence of such technical support resulted in numerous potential beneficiaries not being able to provide the required documentation or comply with the established requirements. As such, a significant number of beneficiaries registered bank accounts that were rejected, while in other cases, the invoices presented did not meet the legal requirements. These limitations had a direct impact on the confidence of a large number of rural producers, who advanced the purchase of inputs with the expectation of receiving the authorized 20% refund. According to information from the FAIA team, although approximately 100,000 interested parties registered, only 18,802 actually received the subsidy. Nonetheless, this role does not include technical

support for the implementation of agroecological practices, reinforcing the inertia toward chemical inputs.

In short, despite such improvements or perhaps because of the lack of them, two primary limitations remain. First, on the social level, the participation of rural women in the allocation of subsidies continues to be limited, only representing around 30% of the total beneficiaries. Despite the mandate established in Law 2183 of 2022 to prioritize rural women, this can be attributed to the fact that the operational manuals for the policies do not provide inclusion strategies aimed at strengthening the participation of populations with higher levels of vulnerability. This omission may lead to the benefits of the FAIA being concentrated on traditional producers, exacerbating structural gender gaps in rural areas.

Second, on the environmental level, further emphasis on sustainability is needed throughout. Sustainable activities need to be incorporated throughout all FAIA operational policies. There needs to be an exclusive budget for sustainable inputs. Sustainability mechanisms need to be consistently embedded in the FAIA's operational framework. Territorial support needs to also support the implementation of agroecological practices.

4. Conclusion and the Way Forward

All in all, agricultural inputs play an important role in driving the development of the agricultural sector. Thus, in response to rising input prices, Colombia passed the FAIA. Against the backdrop of this political economy, this paper sought to analyze its overarching legal and underlying operational frameworks to ensure their alignment with sustainability principles.

At the legal level, this paper identified four areas of improvement. First, the FAIA needs to be linked with higher-level environmental policies. Second, sustainability could be better embedded into the FAIA's governance structure. Third, the legal definition of 'agricultural input' stipulated in Article 2 of Law 2183 of 2022 could be more targeted in nature. Fourth, the resolutions that guide the operations of the FAIA could include mechanisms to systemically guide resource allocation toward practices with a lower environmental impact.

At the operational level, the analysis took place in three parts. To begin with, the paper analyzed phase one policies and their limitations. All in all, the preceding analysis found four common findings in the phase one policies. First, phase one policies prioritized the geographical areas of high economic and environmental significance. Second, although they did target vulnerable groups, further improvement could be taken to implement policies in a more gender-transformative manner. Third, the majority of funds are flowing to conventional inputs, which do not provide both economic and environmental benefits, unlike their sustainable counterparts.

Subsequently, it analyzed the improvements made in phase two. In doing so, it found that a substantial shift occurred in the operational architecture of the FAIA in phase two. In particular, improvements were made in terms of technical scope, budget allocation, financing scheme, and operational support.

Finally, the report synthesized the findings from phases one and two, identifying two remaining areas of improvement. First, on the social level, the participation of rural women in the allocation of subsidies continues to be limited. Second, on the environmental level, further emphasis on sustainability is needed throughout. Taking into account the above, the following policy options are provided to enhance the legal and operational frameworks.

Regarding the legal framework, this toolkit proposes the following policy options:

1. Policy Framework: Align the FAIA with broader environmental strategies, such as but not limited to the NDCs, LT-LEDs, NAPs, and NBSAPs.
2. Governance Structure:
    a. Revise the mandate of the National Roundtable on Agricultural Inputs, National Commission for Agricultural Inputs, and the FAIA Steering Committee to include an explicit sustainability mandate.

b. Create an incremental scale-up plan for support to sustainable inputs in an evidence-based manner.

3. Legal Definition: Update the legal definition of agricultural input to include an eligibility criterion that excludes particularly harmful inputs, as well as a sustainable criterion that allows further prioritization.

4. Guiding Resolutions:

a. Provide overarching mechanisms that systemically guide resource allocation toward practices with a lower environmental impact, positioning them as central rather than complementary to the implementation of the mandate.
b. Adopt safeguards in place to ensure low environmental impact.

Concerning the operational framework, this toolkit proposes the following policy options:

1. Social Pillar: Revise operational manuals to better embed gender-transformation considerations throughout all policies.

2. Environmental Pillar:

a. Technical Scope: Structurally integrate the bio-input production policy promoted in Phase II into other FAIA Policies.
b. Exclusive Budget: Ensure a minimum budget allocation for sustainability for all operational policies, establishing rules of progressivity to gradually reduce the historical focus on conventional inputs throughout all operational policies.
c. Differentiated Incentives:
    i. Institutionalize co-financing differentials throughout all operational policies, reinforcing the preference for national bio-inputs.
    ii. Exclude harmful subsidies from the subsidy scheme, when possible.
d. Operational Support: Broaden the scope of technical assistance to include support for adopting sustainable practices.

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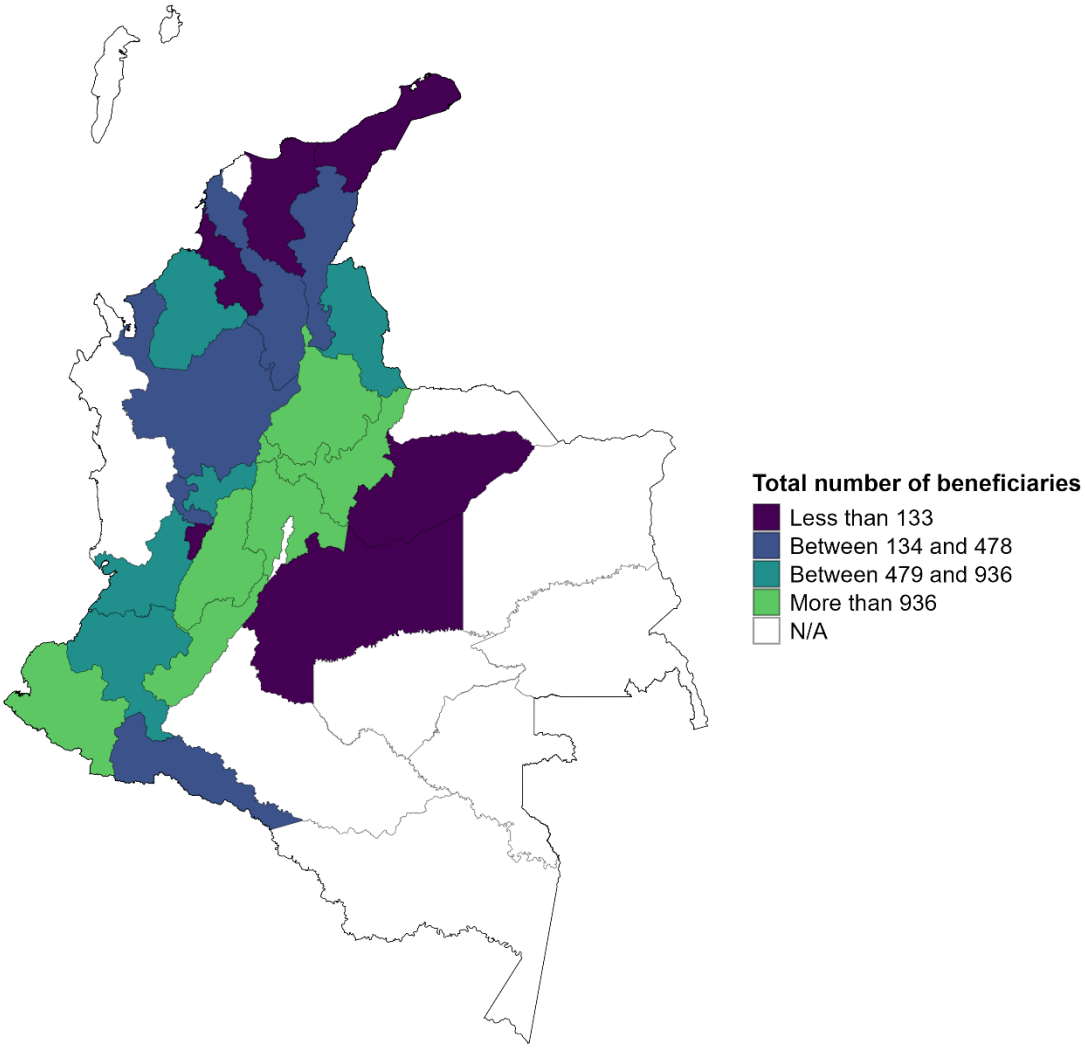
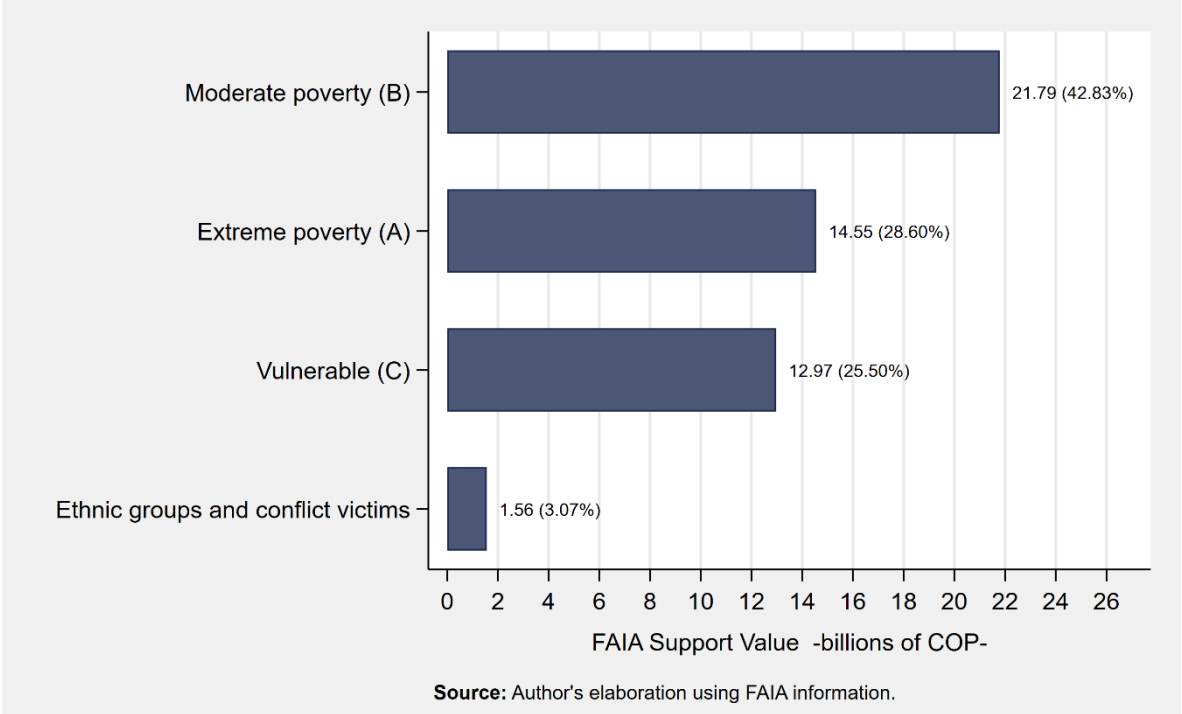
Annex 1: Figures

Figure 1 Departmental concentration of beneficiaries of the Integral FAIA



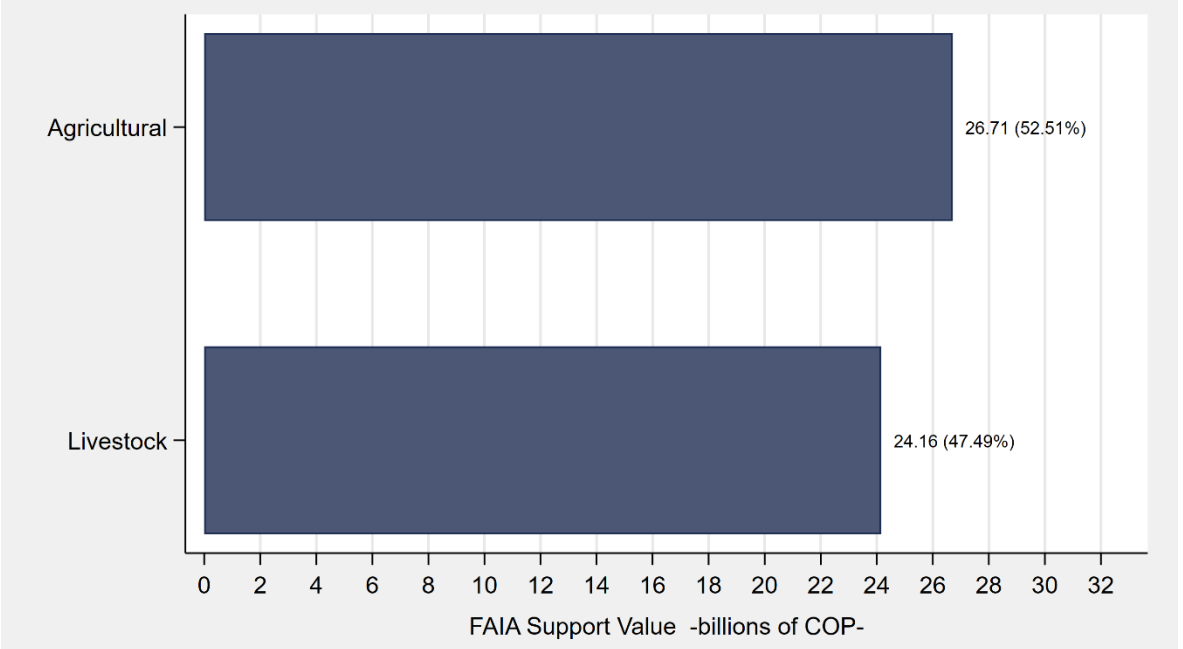
Source: FAIA data, author's elaboration.

Figure 2 Distribution of access to Integral FAIA subsidies by SISBEN IV groups



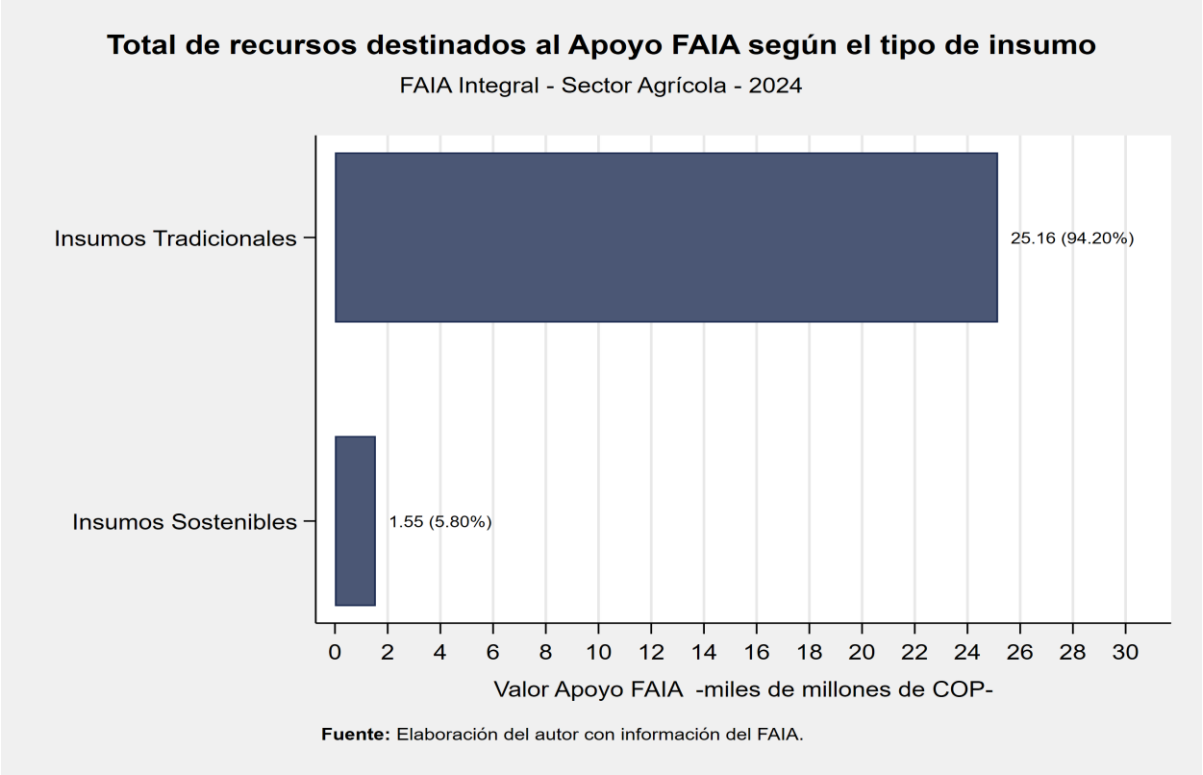
Source: Author's elaboration using FAIA information.

Figure 3 Distribution of Integral FAIA resources by sector



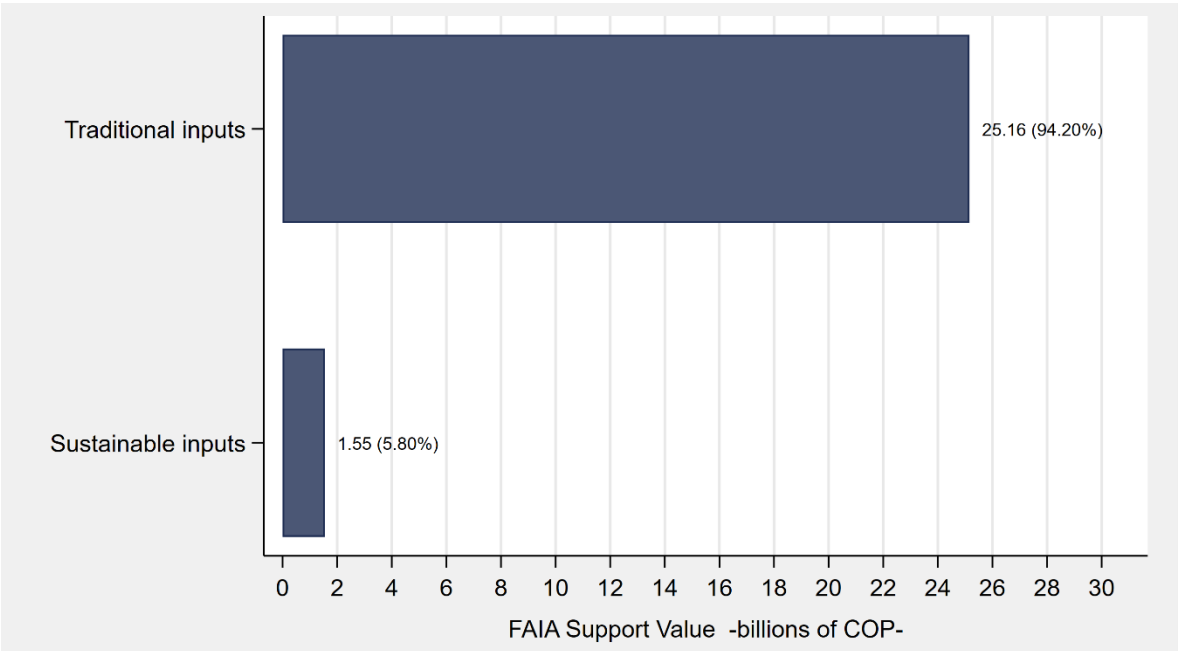
Source: Author's elaboration using FAIA information.

Figure 4 Resources allocated to FAIA Integral – Agricultural sector



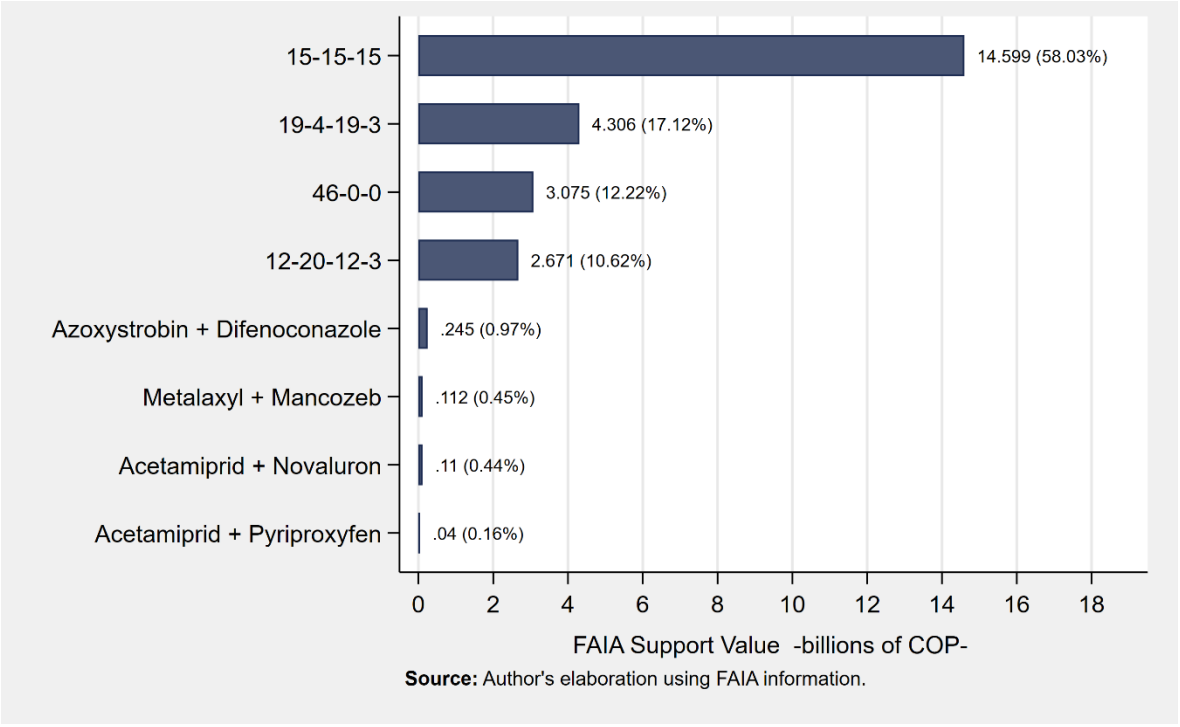
Fuente: Elaboración del autor con información del FAIA.

Figure 5 Resources allocated to FAIA Integral – Livestock Sector



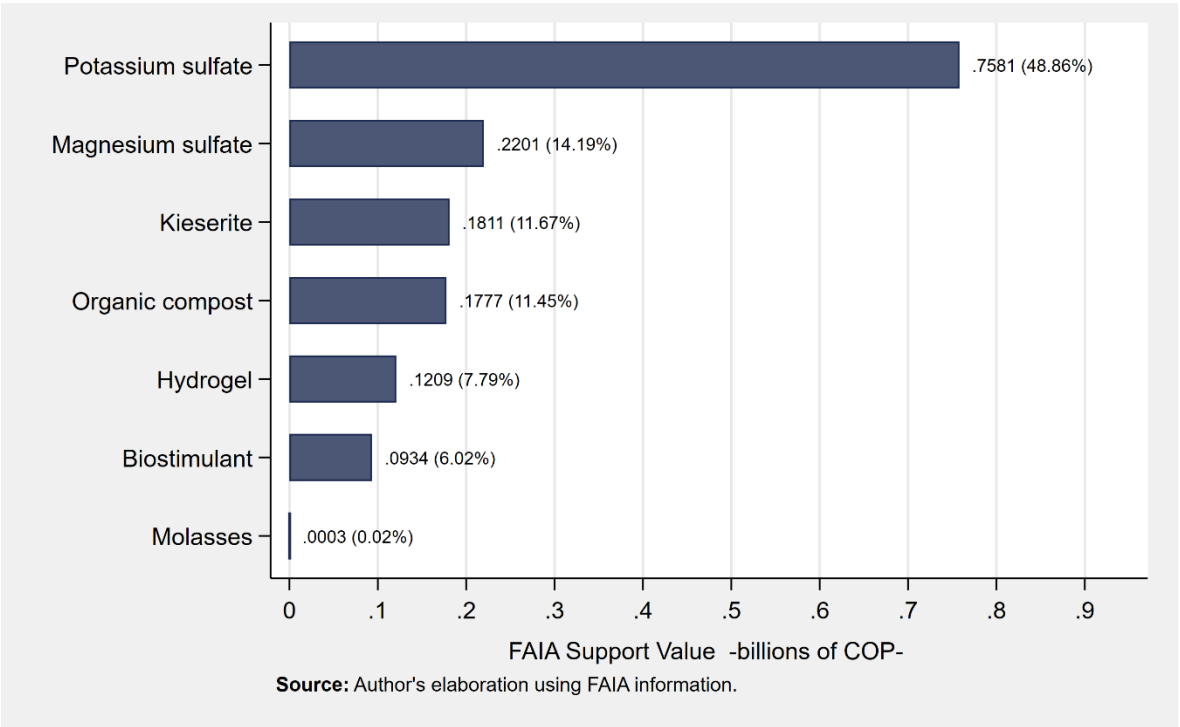
Source: Author's elaboration using FAIA information.

Figure 6 Traditional inputs with the highest amount of co-financed resources FAIA Integral – Agricultural sector



Source: Author's elaboration using FAIA information.

Figure 7 Sustainable inputs with the highest amount of co-financed resources FAIA Integral – Agricultural sector



Source: Author's elaboration using FAIA information.

Figure 8. Sustainable inputs with the highest amount of co-financed resources FAIA Integral – Livestock sector

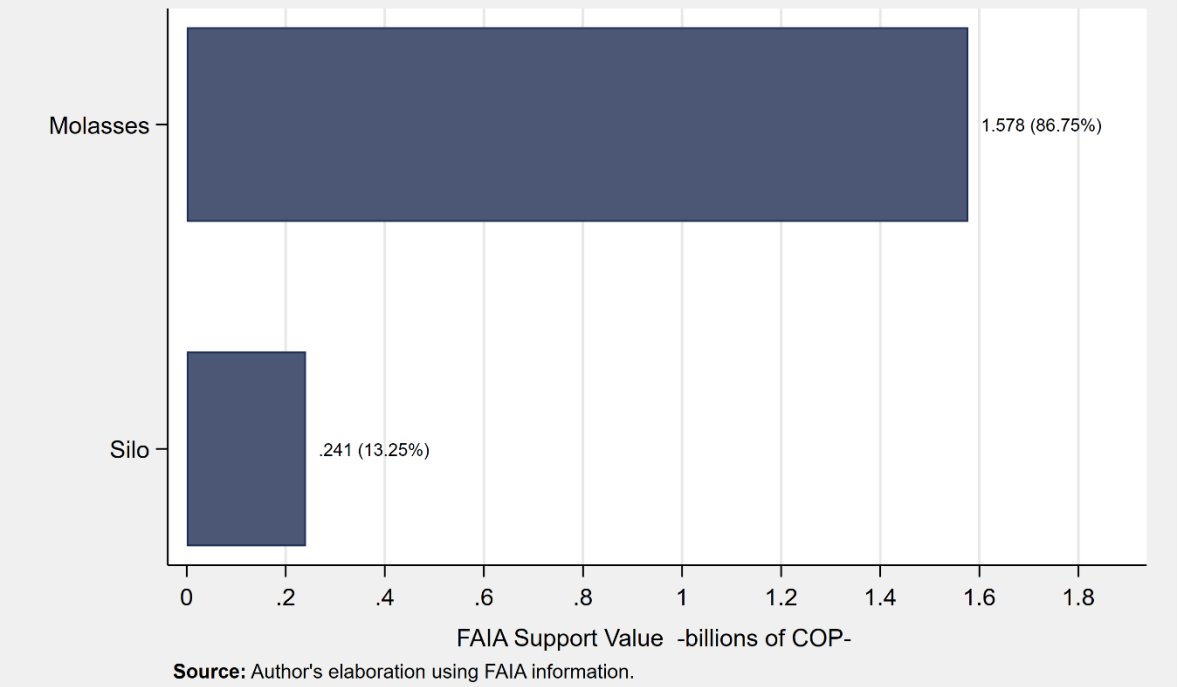
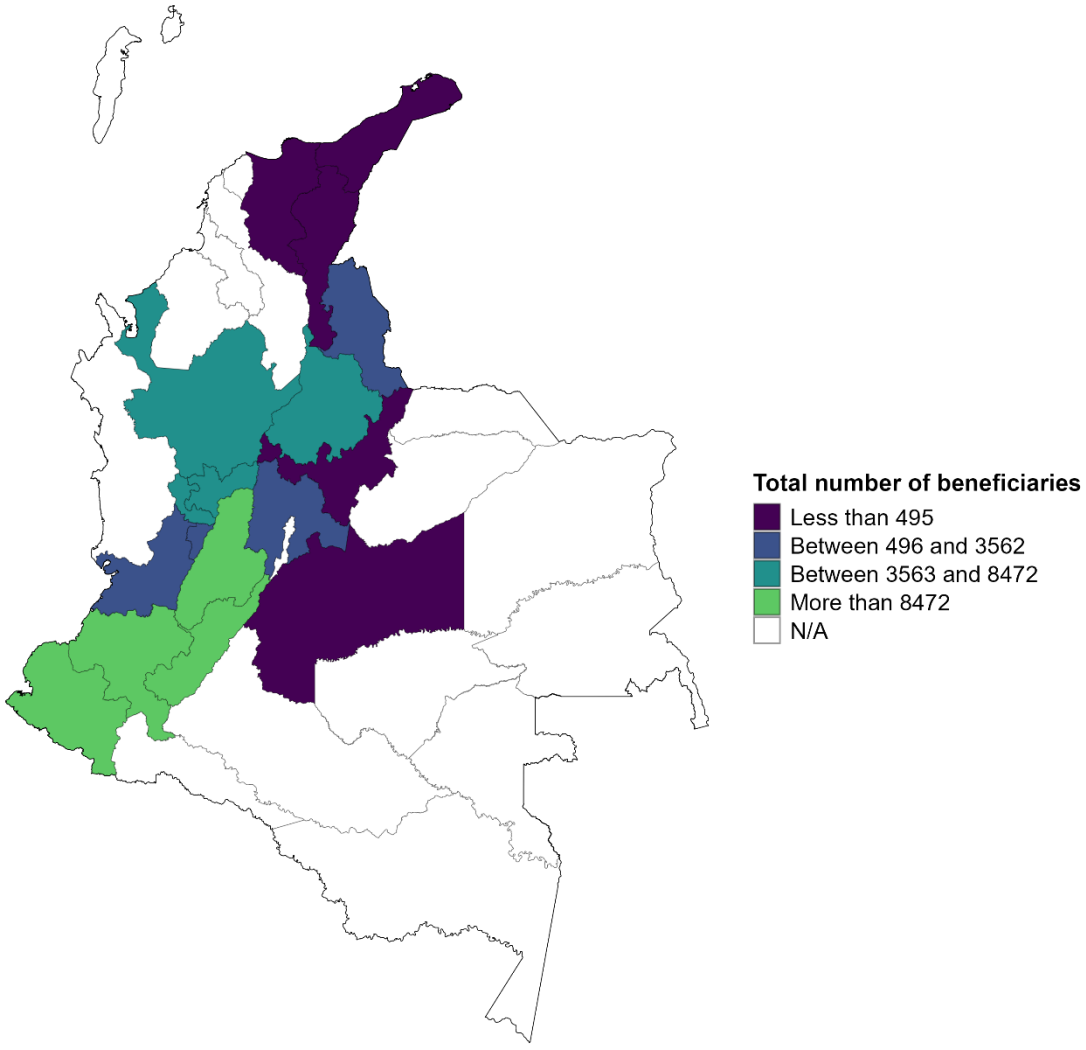


Figure 9 Departmental concentration of beneficiaries of the FAIA Café Phase I



Source: FAIA data, author's elaboration.

Figure 10 Distribution of access to FAIA Coffee Program Phase I subsidies by SISBEN IV groups

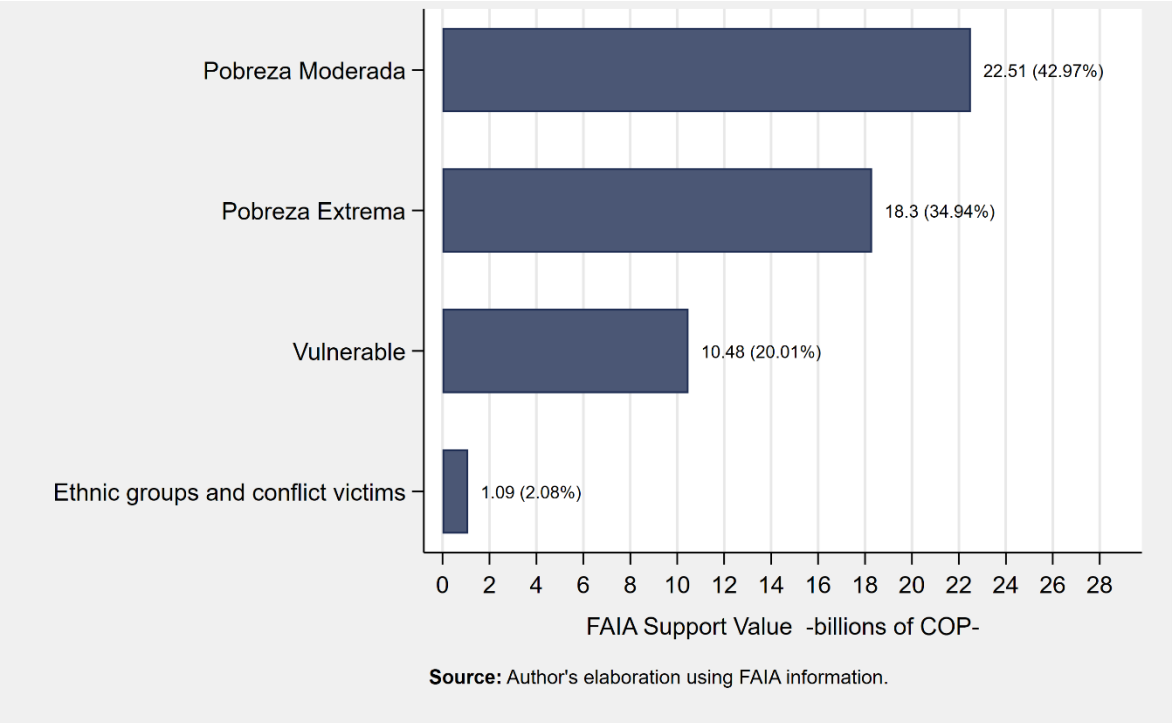


Figure 11 Traditional Inputs vs Sustainable Inputs FAIA Coffee Program Phase I

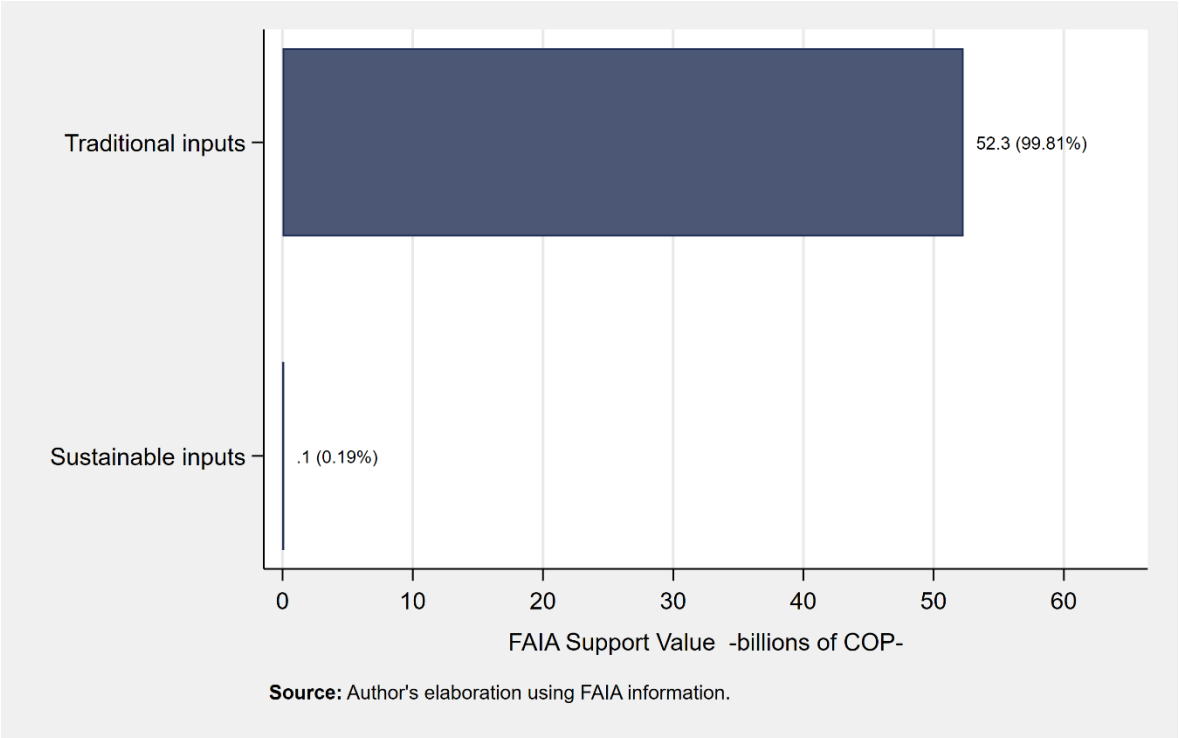
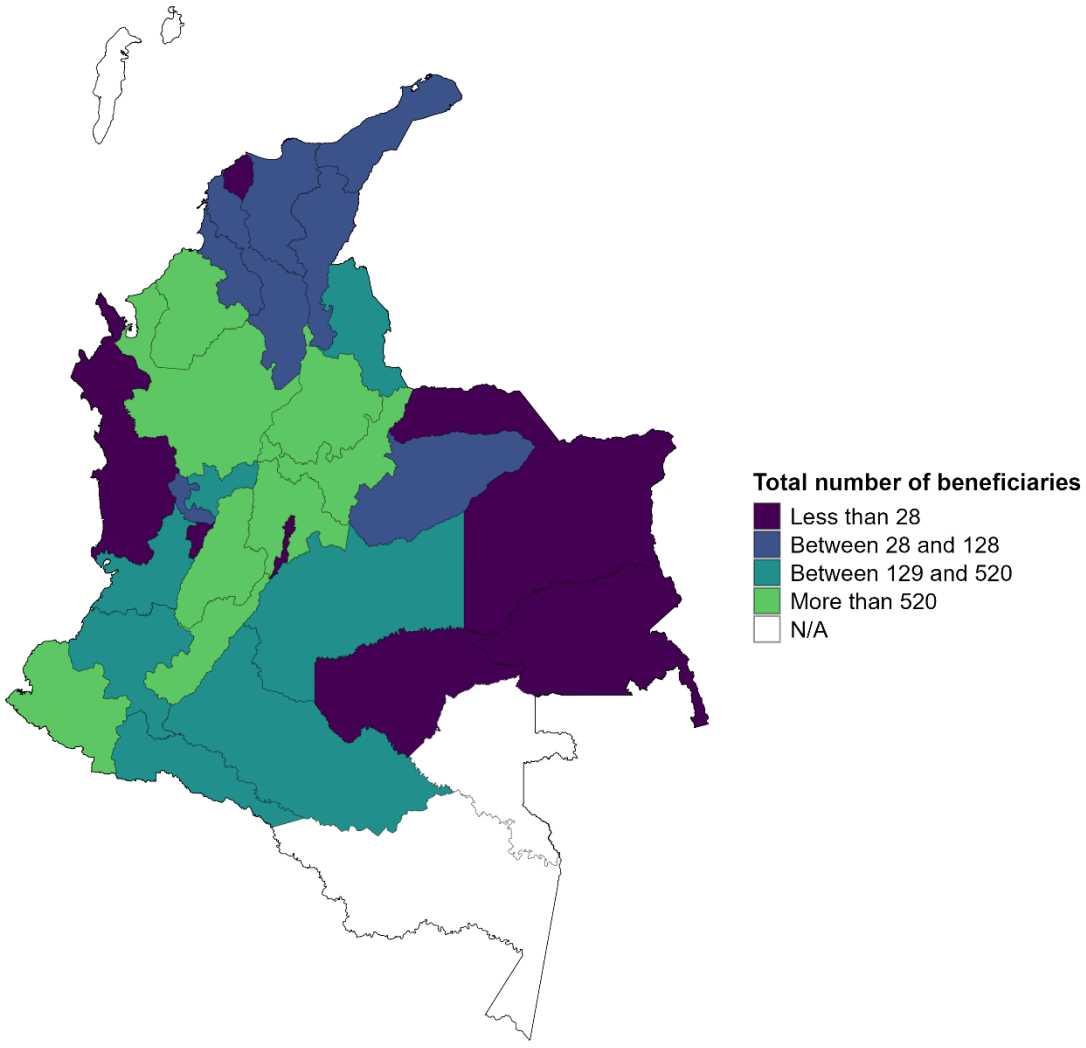


Figure 12. Concentration of FAIA beneficiaries Support for Small Producers to Purchase Inputs **through Financial Instruments at the departmental level**



Source: FAIA data, author's elaboration.