

2024

Concept paper on:

Progress on the operationalization of Article 6 in Latin America

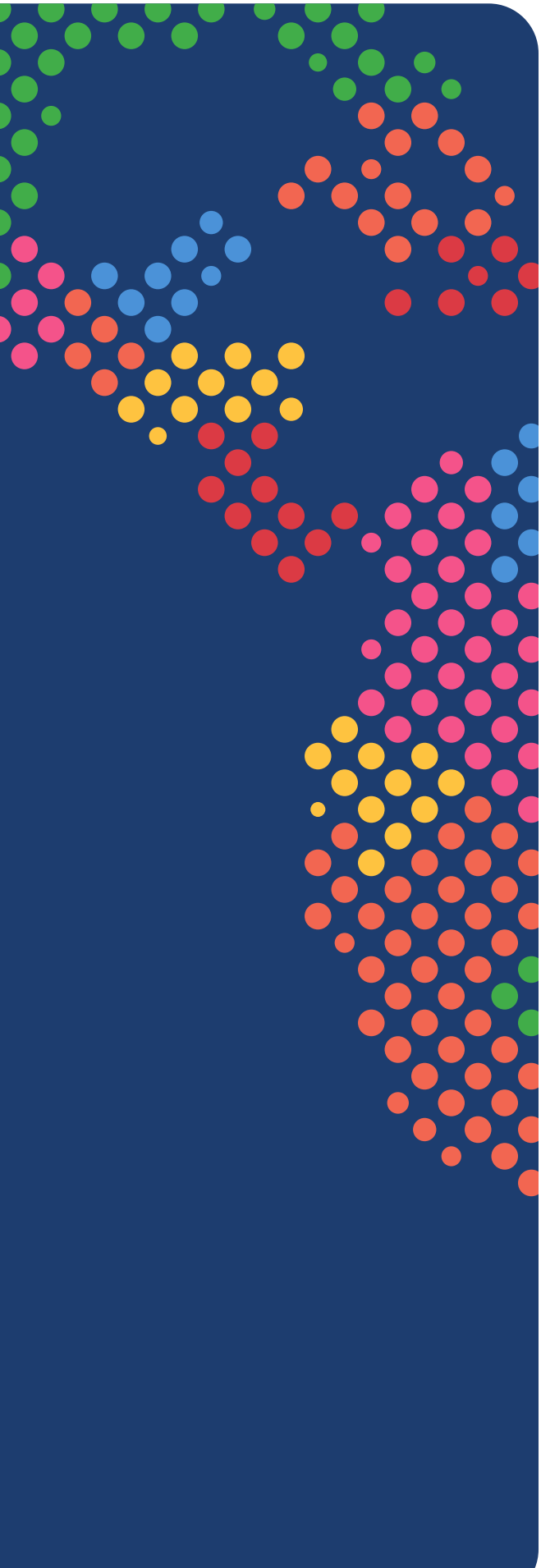


United Nations
Framework Convention on
Climate Change



RCC Latin America
Collaboration for Climate Action





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This report has been developed under collaboration between the Center for Clean Air Policy (CCAP) and the UN Climate Change Secretariat through its Regional Collaboration Centre for Latin America (RCC Latin America) to highlight the current state of progress in the implementation of Article 6 cooperative approaches in Latin America and to identify the main regional needs and priorities.

This research is part of a two-phase project that seeks to analyze the state of progress in the implementation of Article 6 in the 17 Latin American countries, through a report and an interactive platform. This first phase specifically covers Ecuador, Guatemala, Honduras, Panama, Paraguay, Peru, and Uruguay. The second phase will cover the remaining 10 countries in the region. Notably, the information provided in this report is based on updates from each country through October 2024.

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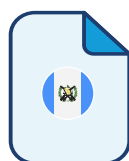
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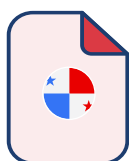
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ACRONYMS

BA	Bilateral Agreement
BTR	Biennial Transparency Report
BUR	Biennial Update Report
CDM	Clean Development Mechanism
DNA	Designated National Authority
ETS	Emissions Trading Systems
GHG	Greenhouse Gases
ITMO	Internationally Transferred Mitigation Outcomes
LULUCF	Land Use, Land Use Change, and Forestry
MoU	Memorandum of Understanding
MRV	Measurement, Reporting and Verification
NC	National Communication
NDC	Nationally Determined Contribution
NIR	National Inventory Report
PACM	Paris Agreement Crediting Mechanism
PECC	Ecuador Zero Carbon Program (acronyms in Spanish)
RENAMI	National Registry of Mitigation Measures (acronyms in Spanish)
TNA	Technology Needs Assessment
UNFCCC	United Nations Framework Convention on Climate Change

INTRODUCTION

This document seeks to describe the current status of Latin American countries regarding the implementation of carbon pricing instruments, as well as mapping the needs and priorities of countries while preparing for the implementation of Article 6, identifying gaps and opportunities.

In Latin America, greenhouse gas (GHG) emissions vary significantly amongst countries, underpinning certain sectors such as energy, agriculture and land use in the Nationally Determined Contributions (NDCs). Most countries have raised the ambition of their climate goals in their new NDCs to meet their commitments under the Paris Agreement.

Implementing Article 6 of the Paris Agreement emerges as a key tool for countries to achieve their climate pledges by enabling collaboration through the transfer of Internationally Transferred Mitigation Outcomes (ITMOs) under cooperative approaches (Article 6.2), participation in the Paris Agreement Crediting Mechanism (Article 6.4, PACM) and international cooperation on non-market approaches (Article 6.8). Each of these mechanisms drive resource mobilization, foster innovation and strengthen sustainability efforts in the region.

In this regard, based on the region's previous experience in developing carbon pricing instruments, using tools such as the Clean Development Mechanism (CDM) and creating or accessing registries for emission reduction projects, this document aims to understand the progress made by countries in their readiness towards Article 6 implementation.

In the context of this report, the preparation for the implementation of Article 6 mechanisms refers to the set of capacities, regulatory frameworks and institutional arrangements that countries must develop to engage in market and non-market cooperative approaches, in accordance with established rules. To implement Article 6, countries must comply with requirements such as designating national authorities, establishing frameworks for the authorization of ITMOs and creating or accessing registries for tracking the use of ITMOs needed for bilateral or multilateral cooperation.

The methodology is based on an analysis of official documents and interviews with pilot countries at different preparation stages, including Ecuador, Guatemala, Honduras, Panama, Paraguay, Peru and Uruguay. In addition, the document is structured in four sections that address:

- the regional context
- the domestic integration of cooperative approaches under Article 6
- the implementation status in terms of compliance with the participation requirements
- the state of the infrastructure for registry and tracking
- the progress in bilateral agreements, as well as their the needs and priorities.

Finally, detailed fact sheets are included in the Annexes to complement the information presented.

CONTEXT

The Latin American region has had diverse experiences in implementing carbon pricing instruments to fit countries' unique local contexts. These instruments sometimes provide an infrastructure under which the foundations can be laid for the development of Article 6 cooperative approaches. This section presents the current status of national carbon pricing policies, their relationship with NDCs and the inclusion of Article 6. It provides an updated perspective on the guidelines driving countries' interest in cooperative approaches under Article 6.

01

1.1

Status of national carbon pricing policies and carbon markets



Latin American countries such as Mexico, Chile, Colombia, Argentina and Uruguay are globally renowned for their carbon taxes.

Carbon pricing instruments, which mainly include carbon taxes, emission trading systems (ETS) and crediting mechanisms coexist alongside carbon markets, both regulated and voluntary. Latin American countries employ diverse implementation tactics when using these instruments.

When it comes to carbon pricing instruments, countries such as Mexico, Chile, Colombia, Argentina and Uruguay are globally renowned for their carbon taxes. Mexico introduced its tax in 2014, applying it to the sale and import of fossil fuels, taxing only CO₂ emissions with respect to natural gas. Chile implemented theirs in 2017, taxing emissions from facilities exceeding 25,000 tCO₂ per year or emitting more than 100 tons of particulate matter (downstream).

Colombia, since 2017, taxes carbon content in liquid and gaseous fuels, and as of the 2022 Tax Reform, coal is now included too. Since 2018, Argentina has gradually applied a carbon tax to liquid fuels, including some solids as well. Uruguay, as of 2022, also taxes CO₂ emissions in liquid fuels, adjusting the rate annually (World Bank, 2024).

Additionally, taxes in Mexico, Chile and Colombia have flexibility mechanisms that allow the use of emission reduction certificates to offset parts of the tax (ECLAC, 2024).

Mexico, Brazil, Argentina, and Colombia stand out for working on their own ETSs.

Regarding ETSs, Mexico uses a system of tradable emissions permits in its pilot phase. This applies to CO₂ emissions from direct stationary sources in the energy and industry sectors. Brazil, as of December 2023, has a law awaiting approval that would regulate the carbon market and seeks to create the Brazilian GHG Emissions Trading System. The purpose of this law is to establish the ETS, enabling the use of national emission offsets with an established limit and regulate the voluntary carbon markets and cooperative approaches under Article 6. For Argentina, through its National Strategy for the Use of Carbon Markets, published in 2023, it expects to be able to create a framework for the use of markets at the national level. In addition, Argentina drafted a law that seeks to create an ETS. Finally, Colombia created its ETS called the National Program of Greenhouse Gas Tradable Emission Quotas through a law in 2018. This ETS is in the design phase and aims to be operational by 2030.

Crediting mechanisms allow projects or activities that reduce GHG emissions to obtain carbon credits.

These mechanisms can be international (CDM, PACM), governmental and independent and are mainly differentiated by the entity that administers them. International organizations, such as United Nations agencies (UNFCCC), governments or non-governmental entities (Verra, Gold Standard) may be responsible for their management. Through governmental crediting mechanisms established in the region, in 2017 Colombia established the non-taxation mechanism as a flexibility tool for the carbon tax. This establishes specific requirements that projects must meet for emission reduction certificates to be eligible. A few years ago (2023), Chile approved the regulation for pollutant emission reduction projects to offset taxed emissions under the carbon tax. This regulation defines applicable specific CDM, Verified Carbon Standard and Gold Standard methodologies. In 2024, eight renewable energy projects were officially approved under these standards. Finally, Ecuador and Costa Rica are working on the development of their crediting mechanism. In 2023, Ecuador published the technical standard that establishes the GHG Emissions Offsetting Scheme, together with a design guide for mitigation initiatives. Costa Rica's NDC sets a target to establish a Carbon Offsetting Mechanism by 2024, designed to address structural issues within the country's domestic carbon market and promote deep decarbonization. The World Bank's Partnership for Market Readiness (PMR) program provided technical assistance, guiding the assessment of the domestic carbon market and providing

recommendations for the gradual transition to the Carbon Offsetting Mechanism (World Bank, 2020).

GHG emissions management programs have been established at different levels (corporate, product, municipal, communal and events, among others).

In addition to the instruments mentioned above, on the demand side of the carbon market, several countries in the region have established GHG emissions management programs at distinct levels: corporate, product, municipal, communal and events, among others. These programs seek to recognize the efforts made by organizations in climate action and foster the demand for voluntary or regulated national or international emission reduction certificates to achieve carbon neutrality. Examples of these regional programs include: Chile Footprint (Huella Chile), Carbon Footprint of Peru (Huella de Carbono Perú), Costa Rica's Carbon Neutrality Country Program 2.0 (Programa País Carbono Neutralidad 2.0), Reduce Your Carbon Footprint - Corporate of Panama (Reduce Tu Huella Corporativo – Carbono) and Ecuador's Zero Carbon Program (Programa Ecuador Carbono Cero) (PECC, acronyms in Spanish).

Similarly, Honduras is working on the development of its National Carbon Footprint Program - Honduras (PNHCH, acronyms in Spanish), which aims to achieve the mitigation objectives established in its NDC through the voluntary participation of the national private sector in the supply and demand of carbon credits. These programs are regionally relevant because in the absence of an ETS or a carbon tax, these mechanisms can be used to identify the highest-emitting entities and sectors, estimate the potential demand for certificates, define future sectoral caps, educate public and private organizations and directly connect the organizational effort to national climate action.

Based on the diversity of carbon pricing instruments implemented in Latin America, the objective is to understand how these policies coexist with the cooperative approaches under Article 6, identify previous experiences that serve as a basis or influence their implementation in the region and determine the priorities and needs of countries to ensure the effective implementation of these mechanisms.

1.2

National positions on the implementation of Article 6 in the region



Numerous countries in the region have expressed their willingness to participate in cooperative approaches under Article 6 in their NDCs.

This section examines Latin American countries' positions on the implementation of Article 6 of the Paris Agreement in their NDCs. It analyzes how countries address market mechanisms (Article 6.2 and 6.4) and non-market mechanisms (Article 6.8), highlighting their integration into policies. The study also considers the political influence and coordination between ministries to define strategies and priorities.

1.2.1 Nationally Determined Contributions and Article 6 in Latin America

Numerous countries in the region have expressed their willingness to engage in cooperative approaches under Article 6 through their NDCs, with 12 of the 17 countries researched explicitly mentioning it. Positions with respect to their participation are varied and are described below.

NDCs do not always reflect the most up-to-date position on the use of these mechanisms, as new policy guidelines may emerge.

Argentina and Paraguay have reserved their position until the conclusion of the UNFCCC Article 6 negotiations (Argentina, 2020; Paraguay, 2021). Argentina, Paraguay and Uruguay agree that any operation with emission reduction units in national territory must be registered and authorized by the government. In the case of Argentina and Uruguay, they emphasize that such units will otherwise be accounted towards their NDC target. (Argentina, 2020; Uruguay, 2022).

Meanwhile, Paraguay establishes in Article 11 of Law 7190/23 that these operations must be reported in the carbon credit registry, which facilitates the reductions accounting and serves as a safeguard to prevent certified forest lands from being counted as removals in the National

Greenhouse Gas Inventory (INGEI, in Spanish). At the same time, it highlights the interest of national and foreign actors and entities in these mechanisms. Brazil and Costa Rica, while prioritizing the achievement of their NDCs through domestic efforts, do not rule out the use of cooperative approaches, including ITMOs, with government consent (Brazil, 2023; Costa Rica, 2020). Chile, Colombia and Peru plan to participate in cooperative approaches, focusing on environmental integrity and avoiding double counting. Chile seeks to implement cost-effective mitigation actions and increase private sector participation through ITMO generation. Colombia intends to use ITMOs to meet its complementary deforestation reduction target, while Peru is preparing the approval of its institutional and regulatory framework to facilitate the operation of these mechanisms (Chile, 2020; Colombia, 2020; Peru, 2020). Panama and Mexico have shown interest in cooperative approaches, with Panama focusing on all three cooperation mechanisms as key to achieving its climate objectives and strengthening global action (Mexico, 2022; Panama, 2024). Honduras reserves the option to use market-based cooperative approaches, including those under Article 6, or those involving the use of ITMOs to meet the targets of the NDC through the design of a carbon market architecture (Honduras, 2021). Bolivia is only interested in the Article 6.8 non-market approaches, ruling out market-based mechanisms for its national policies (Bolivia, 2022). In addition, Colombia, Costa Rica and Panama apply the San Jose Principles for High Ambition and Integrity in International Carbon Markets, according to the positions indicated in their NDCs (Colombia, 2020; Costa Rica, 2020; Panama, 2024).

For Ecuador, El Salvador, Guatemala, Nicaragua and Venezuela, cooperative approaches are not yet mentioned in their NDCs. However, during interviews with Ecuador and Guatemala, country representatives noted their NDCs 3.0 should reference their position in this regard (Ecuador, 2019; Guatemala, 2021; Nicaragua, 2020; El Salvador, 2021; Venezuela, 2021).

The NDCs reveal a cautious, yet proactive stance towards the carbon market mechanisms under the Paris Agreement. Several countries are awaiting the conclusion of the Article 6 negotiations to define the use of these mechanisms, establishing regulations that require government authorization for the transfer of emission reduction units. There is interest in exploring ITMOs to complement domestic efforts with regulations to ensure environmental integrity and avoid double counting. In addition, the role of the private sector is recognized in increasing the ambition of mitigation policies, and some countries are creating public-private dialogues to define the use of these mechanisms. They are also developing the technical capacity needed to participate in carbon markets and ensure their integrity at the national level. However, the NDCs do not always reflect the most up-to-date position on the use of these mechanisms, as new policy guidelines may emerge. The following section seeks to reflect the latest policy guidance on the subject.

1.2.2 Interest in Participation in Article 6

The changing political context in the region, evident in the inauguration of new administrations, may shift the national approach to carbon markets. The governments' conjunctural guidance complements and deepens their positions communicated in the NDCs and other government documents.

Different ministries, with sometimes complementary or conflicting agendas and interests, can influence the government's willingness to participate in cooperative approaches. Some interviewees suggest that considering the political benefits and strategy for participation in Article 6 may increase the willingness of the governments in adopting these approaches. This section reflects the most recent positions of the interviewed countries in relation to the implementation of Article 6, addressing aspects such as the prioritization of different cooperative approaches, the periods of implementation and other relevant mandates.

Among those interviewed, Ecuador, Guatemala, Honduras, Panama, Paraguay and Peru highlighted a high priority for implementing cooperative approaches. In contrast, Uruguay places this priority at a medium or low level. Specifically, all seven countries show interest in participating in the Article 6.2 and 6.4 approaches, while 6.8 is still in the exploratory phase. These countries are evaluating the role this mechanism could play, its area of focus and the appropriate means of implementation.

Aside from considering the implementation of these mechanisms as a high priority, each country faces specific domestic activities to implement Article 6.

Ecuador

Focusing on developing a national framework and institutional arrangements for authorization.

Guatemala

Exploring cooperative approaches by carrying out the necessary procedures to meet participation requirements, as it has identified them as a tool to mobilize resources and ensure the implementation of its NDC and LT-LEDS. An inter-institutional workshop has also been conducted to strengthen national capacities in this area.

Honduras

Awaiting the enactment of the regulation for the Special Law on Forest Carbon Transactions for Climate Justice, which will regulate the implementation of Article 6 cooperative approaches for the forestry sector.

Panama

Developing a roadmap that will serve as the basis for its carbon market strategy.

Paraguay

These mechanisms are a presidential priority, and efforts are underway to build capacity for applying corresponding adjustment methodologies, aligning national inventories and ensuring NDC compliance.

Peru

Working on the approval of the regulations for the operation of its National Registry of Mitigation Measures (RENAMI, acronym in Spanish), which includes cooperative approaches.

Uruguay

Highlights the country's limited emission reduction potential and emphasizes the importance of safeguarding environmental integrity, considering its ambitious NDC.

Recent interest has arisen amongst countries regarding non-market approaches under Article 6.8. For example, Ecuador shows an interest in exploring these mechanisms due to a constitutional restriction that prohibits the appropriation of environmental services projects, unlike market-based approaches. Due to Uruguay's low GHG emission reduction potential, it prefers to participate in approaches that do not involve the transfer of mitigation outcomes. In addition, other countries highlighted the interest in using this mechanism for projects related to adaptation, resilience and sustainability.

DOMESTIC INTEGRATION OF ARTICLE 6 COOPERATIVE APPROACHES

This section delves into the domestic integration process of Article 6 cooperative approaches in Latin America. It examines the institutional arrangements established in each country, the participation requirements to access these mechanisms, cross-cutting aspects such as social and environmental safeguards, participatory processes with relevant local stakeholders and the Measurement, Reporting and Verification (MRV) infrastructure required to ensure the environmental and social integrity of projects.

02

2.1

Institutional arrangements



Latin American countries are incorporating carbon pricing instruments in various regulatory frameworks, including laws, national policies, strategies, ministerial agreements and decrees.

This reveals a diverse landscape in terms of definition and scope. In some cases, countries have established legislative frameworks and policies to develop and regulate these markets, seeking to meet their NDCs and enhance international cooperation.

Depending on the country, these frameworks include implementing emission offset systems, emission trading systems and participating in national and international market mechanisms.

Several countries, including Guatemala, Mexico, Chile and Peru, mention carbon pricing instruments in their climate framework laws.



Guatemala's framework law (2013) addresses voluntary and regulated carbon markets, establishes guidelines on the rights of emission reduction units and generates the creation of a project registry (Guatemala, 2013b). This law is complemented by ministerial agreements that regulate the creation of the project registry (2020). Mexico, in its framework law (2012), mentions the ETS and carbon markets (Mexico, 2013). This regulation is complemented by a rule that establishes the National Emissions Registry (2014), which details the facilities information subject to MRV and its requirements (Mexico, 2014). In Chile, the law (2022) outlines the general provisions of emission standards and emission reduction certificates. It states that the Ministry of Environment will publish a regulation determining the conditions and requirements for regulating GHG reductions and/or removal units generated under Article 6 and creating a public registry of projects (Chile, 2022a). Chile is currently working on the draft preliminary regulation, which will define responsible entities, establish a national Article 6 committee and set out the institutional arrangements and operational processes for the three cooperative approaches (M. d. M. A. d. Chile, 2024). Peru, through its framework law No. 30754 (2018) and its regulation approved in 2019, is the

only one of these countries that explicitly defines Article 6 cooperative approaches within the MRV system for GHG emissions, removals, reductions and the increase of removals. Peru has already approved a National Registry of Mitigation Measures (Peru, 2018). In addition, the country has issued a preliminary regulatory proposal that governs the National Registry of Mitigation Measures (RENAMI, in Spanish), which was open for public consultation and is expected to have a final version approved in 2024. This regulation defines specific categories for mitigation measures within the scope of Article 6 that the RENAMI regulatory framework will govern and ensures that the modalities and procedures are eligible for the recognition of Emission Reduction Units.

Colombia put forth a law related to carbon neutrality. Law No. 2169 of 2021 promotes low-carbon development by establishing minimum targets and measures to achieve carbon neutrality and strengthen climate resilience. This law includes provisions for the promotion and development of carbon markets, the creation of the National Registry for GHG Emission and Removals and the establishment of the Study Commission for the Promotion and Development of Carbon Markets in Colombia (Colombia, 2021).

In Latin America, institutional arrangements for carbon pricing instruments have also been established.

Other countries have specific laws for carbon markets. Honduras, through the “Special Law on Forest Carbon Transactions for Climate Justice” (2023), and Paraguay, with “Law No. 7190 on Carbon Credits” (2023), address these issues in greater detail compared to the climate framework laws (Honduras, 2023; Paraguay, 2023). These specific laws comprehensively define concepts, principles and the institutions involved, as well as their roles and other provisions related to the generation of emission reduction certificates.

Specifically, Honduras has developed this law for the forestry sector, which includes regulations outlining guidelines for accounting, authorization and a registry of mitigation outcomes under Article 6 cooperative approaches. Furthermore, it plans to replicate this exercise by creating special legislation for other sectors. In contrast, Paraguay’s law takes a broader approach, focusing on defining the ownership of carbon credits derived from nationally developed projects.

In Latin America, institutional arrangements for carbon pricing instruments have also been established through executive decrees and ministerial agreements. In Panama, Decree No. 100 (2020) establishes the National Registry of Emissions and Mitigation Actions and assigns the Ministry of Environment

the responsibility to gradually establish a national carbon market (Panama, 2020). Subsequently, Decree No. 142 (2021) creates the three pillars of the Panamanian National Carbon Market, including the national GHG management programs, the National GHG Compensation System and the Panamanian Carbon Stock Exchange (Panama, 2021).

In 2023, Ecuador published a technical standard on its GHG Emissions Offsetting Scheme through a ministerial agreement. This regulation defines key terms, the institutional framework and criteria for mitigation initiatives, including benefit-sharing, co-benefits and social and environmental safeguards. It also establishes three offsetting mechanisms, including cooperative approaches under Articles 6.2 and 6.4. In addition, Ecuador is developing a draft regulation that separates the domestic mechanism from the international market, with specific provisions for the institutional process of issuing the letter of authorization (Ecuador, 2023).



Several countries have made progress in developing planning instruments to advance the implementation of carbon pricing instruments and Article 6.

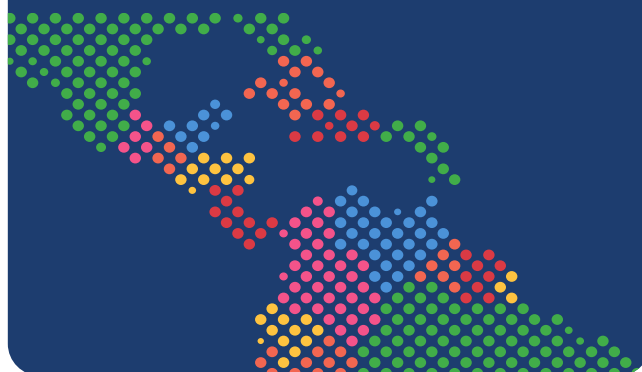
In addition to legal frameworks, some countries have implemented other planning instruments to advance the implementation of carbon pricing instruments and engage in Article 6 cooperative approaches. Chile has developed an Economic Instruments Strategy for the Energy Transition (2022), which outlines a pathway for carbon pricing, including the carbon tax, the ETS and the Emissions Offset System, as well as measures to implement Article 6 (Chile, 2022b). For its part, Argentina has published a strategy for the use of carbon markets (2023), which further defines its national position and establishes a framework for implementation, including institutional arrangements, governance structure and strategic pillars related to Articles 6.2, 6.4 and 6.8 (Argentina, 2023).

Additionally, Honduras, through its NDC, has committed to adopting an Investment Plan with a Climate Finance Strategy and a carbon market architecture by 2030, reserving the option to use cooperative approaches (Honduras, 2021). Currently, with support from the United Nations Environment Program (UNEP), the Secretariat of Natural Resources of Honduras is working on the development of a Climate Finance Policy.

Specifically for Article 6, Uruguay will soon adopt its National Article 6 Framework, following approval within the framework of its National Climate Change Response System. Panama, meanwhile, is developing a roadmap to identify gaps and needs, serving as the basis for its national carbon market strategy. Guatemala also plans to address Article 6 with an initial strategy.

These legal and planning instruments clarify how countries have established their carbon pricing instruments and how they are shaping the implementation of Article 6, covering prioritized approaches, principles, operational processes, responsible entities, roles and key activities. Although fewer countries have already set clear pathways for the development of cooperative approaches, previous institutional arrangements provide a foundation upon which to build the necessary institutional frameworks and processes at the national level.

Regarding the responsible entities, Latin American countries have established institutional and regulatory frameworks to oversee carbon markets, with some focusing on Article 6.



In addition, some countries have established cross-cutting teams responsible for carbon markets, composed of representatives from various government institutions. These groups have different responsibilities, which include activities like enhancing existing frameworks, implementing strategies, developing regulations, building capacity, handling complaints and approving projects.

In Argentina, the Climate Change Secretariat worked with the National Cabinet for Climate Change and the public-private interaction space called “Climate Action Agreement” to articulate a national strategy. Additionally, it proposes the creation of a National Carbon Markets Office. In Chile, an Article 6 Interministerial Working Group was established in 2020 to develop carbon market strategies (Chile, 2024a). The Ministry of Environment, responsible for managing emissions certificates under its agreement with Switzerland, also launched a public consultation on a regulation that will define its role in the authorization and approval of mitigation activities (Chile, 2024b). Colombia established the Study Commission for the Promotion and Development of Carbon Markets. In Ecuador, the Climate Change Undersecretariat coordinates the National GHG Emissions Offsetting Scheme and establishes the Carbon Footprint Strategic Committee, highlighting the need for broad and coordinated governance (Ecuador, 2023). Guatemala’s Ministry of Environment and Natural Resources manages the Registry of Removal or Emission Reductions Projects (Guatemala, 2013a), and the Ministry may develop a strategy for Article 6 that will define government roles. In Honduras, the Forest Carbon Transactions Law established the National Commission for Carbon Transactions (Honduras, 2023). Also, in the Climate Change framework, which is currently

under development, an inter-institutional committee and thematic subcommittees have been established to coordinate efforts on adaptation, mitigation and other climate-related issues, including carbon markets. In Nicaragua, the National Greenhouse Gas Emissions Mitigation Committee has replaced the National Clean Development Office to align the institutional framework with Article 6, with the Climate Change Secretariat as the designated authority (Nicaragua, 2023).

Finally, some countries coordinate meetings with relevant ministries or sectors without establishing an inter-ministerial group. In Panama, the Ministry of Environment will lead the implementation of Article 6, developing a strategy that coordinates the relevant sectors and leverages existing structures. In Paraguay, the Ministry of Environment and Sustainable Development is leading the implementation of Article 6 with the support of other institutions, while initial regulations on carbon credits are still under discussion. In Uruguay, the National Climate Change Directorate of the Ministry of Environment centralizes the management of international mechanisms and coordinates with sectoral ministries, maintaining a cooperative approach similar to that used for CDM projects.



2.2

Participation requirements

To participate in market-based cooperative approaches under Articles 6.2 and 6.4, countries must comply with participation requirements set out in UNFCCC decisions 2/CMA.3¹ and 3/CMA.3² within the Glasgow Article 6 Rulebook. This section will explore compliance with these requirements in Latin America, providing insight into the readiness for countries to implement Article 6 cooperative approaches. In addition, a more detailed analysis will be provided for the seven interviewed countries: Ecuador, Guatemala, Honduras, Panama, Paraguay, Peru and Uruguay.

First, to make use of cooperative approaches (Article 6.2) and the Paris Agreement Crediting Mechanism (PACM) (Article 6.4), countries must meet two requirements: **(a) serve as a Party to the Paris Agreement and (b) have prepared, communicated and is maintaining an NDC**, ensuring that both mechanisms contribute to the objectives of their climate goals. Within the region, all 17 countries ratified the Paris Agreement, and all have communicated at least their first NDC, as shown in Table 1.

¹ https://unfccc.int/sites/default/files/resource/cma2021_10a01E.pdf

² https://unfccc.int/sites/default/files/resource/cma2021_10_add1_adv.pdf#page=25



Table 1: General requirements for Articles 6.2 and 6.4

Country	(a) Serve as a Party to the Paris Agreement	(b) Have prepared, communicated and is maintaining an NDC (document name, year and version)
Argentina	Yes	NDC 2.0 (2020) - v3.0
Bolivia (Plurinational State)	Yes	Updated NDC (2022) - v2.0
Brazil	Yes	Updated NDC (2023) - v4.0
Chile	Yes	Updated NDC (2020) - v2.0
Colombia	Yes	Updated NDC (2020) - v2.0
Costa Rica	Yes	Updated NDC (2020) - v3.0
Ecuador	Yes	NDC 1.0 (2019) - v.1.0
El Salvador	Yes	Updated NDC (2021) - v3.0
Guatemala	Yes	Updated NDC (2021) - v3.0
Honduras	Yes	Updated NDC (2021) - v2.0
Mexico	Yes	Updated NDC (2022) - v3.0
Nicaragua	Yes	Updated NDC (2020) - v2.0
Panama	Yes	NDC 2.0 (2024) - v3.0
Paraguay	Yes	Updated NDC (2021) - v2.0
Perú	Yes	Updated NDC (2020) - v2.0
Uruguay	Yes	NDC 2.0 (2022) - v2.0
Venezuela (Bolivarian Republic)	Yes	Updated NDC (2021) - v2.0

Source: Own elaboration. UNFCCC [NDC Registry](#). Retrieved: October 2024.

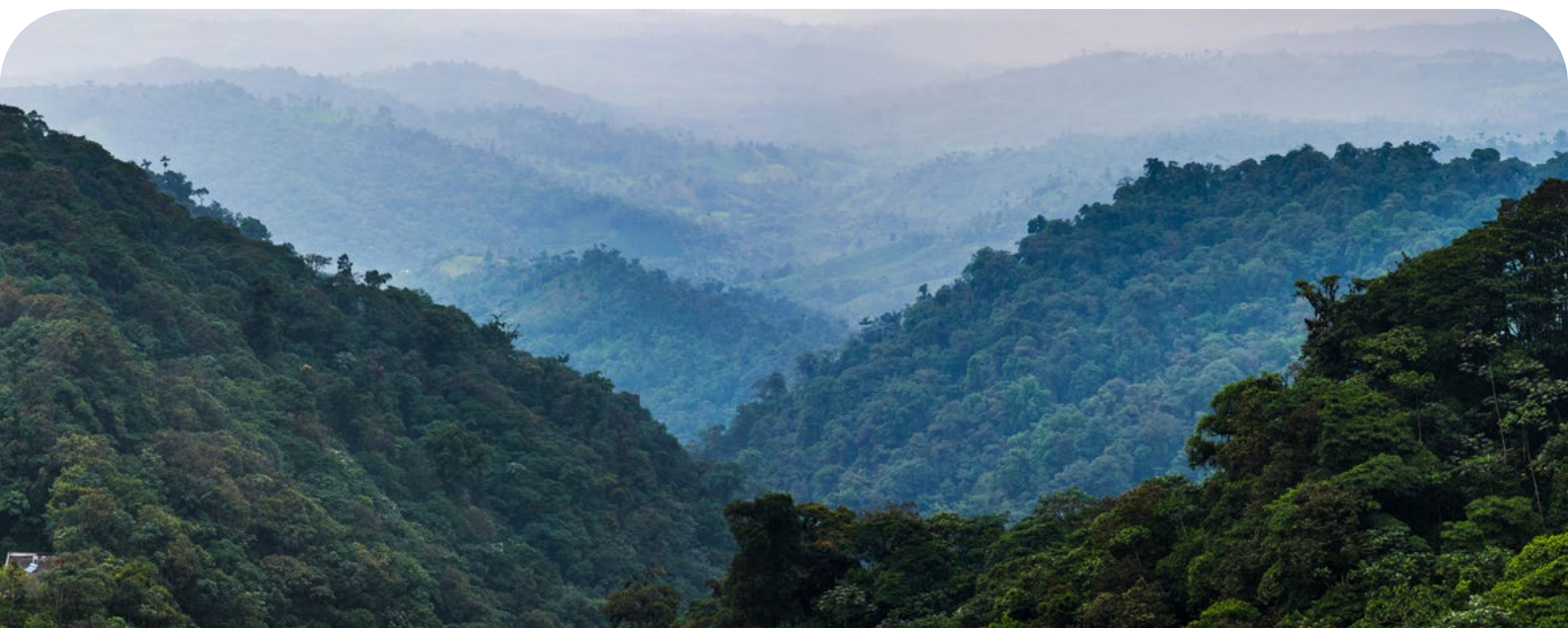
In addition to requirements (a) and (b), countries must comply with four additional requirements for Article 6.2 and three for Article 6.4. These are detailed in Section II of the Annex to Decision 2/CMA.3, which covers *participation* in Article 6.2 cooperative approaches, and in Section IV of the Annex to Decision 3/CMA.3, which outlines *participation responsibilities* for Article 6.4 PACM, along with the general requirements specified in Table 1. In this regard, Table 2 presents each of the participation requirements described in the decisions and a brief description explaining what the Parties must do to make use of these mechanisms.

Table 2: Specific requirements for Articles 6.2 and 6.4.

Article	Requirements	Brief description
Article 6.2	c) It has arrangements in place for authorizing the use of ITMOs towards achievement of NDCs pursuant to Article 6, paragraph 3;	Institutional arrangements are in place to establish the process, infrastructure, legal framework and specific authority for authorizing the use of ITMOs for NDC achievement, which are to be submitted through the Initial Report.
	d) It has arrangements in place that are consistent with this guidance and relevant decisions of the CMA for tracking ITMOs;	The choice between developing a national registry or accessing the Article 6.2 international registry administered by the UNFCCC secretariat for tracking ITMOs must be defined and reported through the Initial Report.
	e) It has provided the most recent national inventory report required in accordance with decision 18/CMA.1;	The latest version of the national inventory report has been submitted as part of the BTR.
	f) Its participation contributes to the implementation of its NDC and long-term low-emission development strategy, if it has submitted one, and the long-term goals of the Paris Agreement.	It has been identified in the Initial Report how Article 6 mechanisms will be used for NDC and LT-LEDs compliance, if applicable.

Article	Requirements	Brief description
	c) It has designated a national authority for the mechanism and has communicated that designation to the secretariat	The designated national authority for the mechanism has been communicated to the UNFCCC.
	d) It has indicated publicly to the Supervisory Body how its participation in the mechanism contributes to sustainable development, while acknowledging that the consideration of sustainable development is a national prerogative.	It has been publicly communicated through the Host Country Participation Requirements Form , determining how participation in the PACM contributes to sustainable development.
Article 6.4	e) It has indicated publicly to the Supervisory Body the types of Article 6, paragraph 4, activity that it would consider approving pursuant to chapter V.C below (Approval and authorization) and how such types of activity and any associated emission reductions would contribute to the achievement of its NDC, if applicable, its long-term low greenhouse gas (GHG) emission development strategy, if it has submitted one, and the long-term goals of the Paris Agreement.	It has been publicly communicated through the Host Country Participation Requirements Form , determining which activities will be considered for approval by the Party and how these activities contribute to NDC and LT-LEDS compliance, if applicable.

Source: Own elaboration. Based on [Decision 2/CMA.3 and 3/CMA.3](#).



2.2.1. Article 6.2

Regarding the specific participation requirements of Article 6.2, the following progress has been observed:

(c) countries must have arrangements in place to authorize the use of ITMOs for NDC compliance in accordance with Article 6.3

These arrangements include establishing a national authorization process, criteria for approval, methodologies for applying corresponding adjustments and the designation of the responsible authority in charge of authorizations.

Although specific aspects such as processes, timelines, content and formats for the authorization process are still under discussion in the international negotiations on Article 6, some of the interviewed countries indicated that they do not yet have these arrangements in place, while others are making progress in their development. Ecuador, for example, is working on a draft proposal for issuing the letter of authorization, while Peru is building this process based on the regulations associated with their RENAMI. Panama is seeking to define the processes based on lessons learned from the CDM. Paraguay is developing protocols for corresponding adjustments and authorizations, and Uruguay is addressing these processes within the proposed National Article 6 Framework.

(d) countries should have arrangements in place for tracking ITMOs

These arrangements exist through registries that comply with the requirements established in [Annex to Decision 2/CMA.3](#), paragraph 29 and [Chapter I of Annex 1 of Decision 6/CMA.4](#). Currently, the interviewed countries do not have a registry that fully meets these requirements. However, most have an emission reduction project registry that could serve as a foundation for tracking ITMOs ([See Section 2.4. for more details](#)). In this regard, Peru, through RENAMI, has established a dedicated space for international transfers, including projects that transfer mitigation outcomes through market-based cooperative approaches under Article 6.

(e) countries must submit the most recent National Inventory Report in accordance with Decision 18/CMA.1

Thirteen of the 17 Latin American countries have already submitted at least one National Inventory Report (NIR), while Bolivia, Brazil, El Salvador and Venezuela have not yet published the results of their national greenhouse gas inventories.

The 13 countries that have submitted the report typically do so as a technical annex to their Biennial Update Reports (BURs), National Communications (NCs) or more recently, to their BTRs. In the latest versions of the NIRs, Argentina, Chile, Guatemala, Honduras, Nicaragua, Mexico and Peru have published this with their respective BUR. Similarly, Uruguay and Costa Rica have followed this practice, although their latest version of the inventory was included together with their updated NCs—as was the case for Paraguay. Notably, Ecuador submitted its NC, BUR and NIR together. Panama, on the other hand, stands out by publishing its first BTR together with its NIR. Table 3 shows the latest versions of the countries' NIRs and the associated reports submitted alongside them.

Table 3: Most recent versions of National Inventory Reports (NIR) in Latin America.

Country	Published Inventory	Document annexed to the	Year of presentation
Argentina	Yes	BUR5	2024
Bolivia (Plurinational State)	No	-	-
Brazil	No	-	-
Chile	Yes	BUR5	2023
Colombia	Yes	BUR3	2022
Costa Rica	Yes	NC4	2021
Ecuador	Yes	BUR2/NC4	2022
El Salvador	No	-	-
Guatemala	Yes	BUR1	2023
Honduras	Yes	BUR2	2024
Mexico	Yes	BUR3	2022
Nicaragua	Yes	BUR1	2023
Panama	Yes	BTR1	2024
Paraguay	Yes	NC4	2024
Peru	Yes	BUR2	2019
Uruguay	Yes	NC6	2023
Venezuela (Bolivarian Republic)	No	-	-

Source: Own elaboration. Based on documents submitted to the UNFCCC.
Retrieved: October 2024.



The interviews revealed that Ecuador, Guatemala, Honduras, Paraguay and Peru are working on the development of their BTR and had aspired to finalize it before the deadline for the first submission (December 31, 2024). Some of these countries are also working simultaneously on the development of their NIR.

(f) countries' participation contribute to the fulfillment of their NDC and the achievement of their long-term low GHG emission development strategy, where applicable.

Although it has not yet been defined how cooperative approaches support these goals, half of the countries in the region already have an LT-LEDS. These include Argentina, Chile, Colombia, Costa Rica, Guatemala, Mexico, Panama and Uruguay, which will enable them to accurately assess how cooperative approaches contribute to their climate objectives. Ecuador, for its part, is about to publish its National Climate Change Mitigation Plan 2024-2070.

These participation requirements must be presented in the Initial Report to enable the Article 6.2 cooperative approaches. This report must be submitted no later than the authorization of the ITMOs from a cooperative approach or where practical (at the discretion of the participating Parties), in conjunction with the next corresponding BTR. The specifics of this Initial Report are described in section IV of the [Annex to decision 2/CMA3](#). In addition, the UNFCCC Secretariat provides a [standard template \(updated version\)](#) to facilitate the preparation of these reports.

Currently, none of the countries in the region have submitted their Initial Report with the established requirements. However, Ecuador aims to submit it with the support of the Initiative for Climate Action Transparency (ICAT), and Honduras will submit it as part of its first BTR by December 31, 2024.

2.2.2. Article 6.4

In addition to the requirements (a) and (b) detailed in Table 1, Parties must comply with specific responsibilities unique to Article 6.4. These include the following developments:

(c) countries must designate a national authority for the mechanism and communicate this to the Secretariat.

At the time of publication for this document, [the official list of UNFCCC Secretariat Designated National Authorities \(DNAs\)](#), indicates that 15 out of the 17 Latin American countries have already communicated, with Bolivia and Venezuela still pending.

Of the 15 countries that have already made this designation, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Panama, Paraguay, Peru and Uruguay have assigned this responsibility to their respective Ministries or Secretariats of Environment. For Nicaragua, Mexico and Argentina, other entities have been designated. Nicaragua has established the Climate Change Secretariat, while Mexico has the National Institute of Ecology and Climate Change, and Argentina uses the Ministry of Foreign Affairs, International Trade and Worship to accomplish this.

(d) countries must publicly indicate to the Supervisory Body how their participation in the Article 6.4 mechanism contributes to sustainable development.

During the interviews, countries mentioned that this aspect is currently being adopted by the Supervisory Body and will depend on how each country integrates Article 6 into its national plans.

(e) countries must publicly indicate to the Supervisory Body what types of activities they consider approving, as well as how these activities and associated reductions will contribute to the achievement of their NDC, long-term strategy and the objectives of the Paris Agreement.

This requirement has not progressed in the region, as countries have not yet published the type of activities that will be considered for approval under the Article 6.4 mechanism and what their contributions to the different established goals will look like. However, the interviewed countries – Ecuador, Guatemala, Honduras, Panama, Paraguay, Peru and Uruguay – are in the process of determining which activities will be considered. These discussions

involve examining the experiences of other countries that have already established criteria for approving their activities, using methods such as positive and negative eligibility lists for mitigation activities based on NDC conditional targets, the development of advanced technologies and innovations, activities requiring significant investment, identification of co-benefits for sustainable development and the interest of buyer countries in specific sectors and project types, among other factors. This information can be further organized into “positive” lists that will detail the eligible activities for each mechanism and “negative” lists that will specify the activities that will not be approved. Countries often stressed the importance of prioritizing these activities in collaboration with other national stakeholders.

2.2.3. Article 6.8

Article 6.8, unlike the approaches under Articles 6.2 and 6.4, addresses non-market approaches, meaning it does not involve the international transfer of mitigation outcomes. Within the scope of this analysis, this approach presented greater uncertainty as to whether countries will use it to facilitate the implementation of their NDCs. This may be because the mechanism is still under development and in the process of building capacity for both Parties and non-Parties to clarify its functioning. Among the interviewed countries, some have initiated Article 6.8 discussions, while others have not made significant progress.

Although this mechanism does not have participation requirements such as those related to Articles 6.2 and 6.4, each Party is required to designate a national focal point to the UNFCCC to register the support

needed and provided. In Latin America, 13 of the 17 countries have already notified their national focal point. Amongst these countries are Argentina, Bolivia, Brazil, Chile, Ecuador, Guatemala, Honduras, Nicaragua, Paraguay, Panama, Peru, Uruguay and Venezuela. On the other hand, Colombia, Costa Rica, El Salvador and Mexico have yet to submit theirs.

Additionally, the Article 6.8 work programme activities will focus on three areas of interest: adaptation, resilience and sustainability; mitigation measures to address climate change and contribute to sustainable development; and the development of clean energy sources.

The interviewed countries highlighted that this topic remains under discussion, with some countries showing greater interest in areas such as adaptation and support for conservation projects, including the national result-based payment program as a mitigation measure.



2.3

Cross-cutting aspects



Latin American countries show progress in defining and implementing social and environmental safeguards

As the researched countries are showing progress in defining and implementing social and environmental safeguards, most of them are basing their approaches on REDD+ safeguards. In this context, Argentina highlights the need for safeguards aligned with the Article 6 Rulebook, including mechanisms for civil society participation and respect for labor rights (MAyDS, 2023). Ecuador adapts its National REDD+ Plan safeguards to the Ecuador Zero Carbon Program (PECC, in Spanish) and is preparing to publish a specific guide for its domestic scheme, guaranteeing the inclusion of communities and small-scale projects in Article 6 initiatives. Guatemala is working on expanding the REDD+ projects environmental safeguards to apply them to Article 6 initiatives.

Honduras' National Safeguards Strategy is focused on REDD+ and led by the National Safeguards Committee (CONASAH, in Spanish). This strategy has made progress in the development of safeguards from 2018-2019, but it has not yet been institutionalized and requires updates to be fully integrated into the climate governance committees defined by law. Panama has guiding principles and social and environmental safeguards for REDD+, but these have not yet been extended to carbon markets or Article 6. Peru requires, as one of the registration standards for the projects under RENAMI, an approved environmental impact assessment that includes mitigation measures consistent with the project's declarations. For forestry projects, Peru mandates land tenure or land use rights and compliance with the Cancun Safeguards (REDD+). In addition, Peru must comply with the requirements set forth in bilateral agreements, which may include additional provisions depending on the counterpart country.

Several Latin American countries are promoting participation in carbon markets through training, participatory processes and communication spaces to improve the acceptance, transparency and effectiveness of these mechanisms.

In Argentina, the Climate Action Agreement launched in 2022 establishes a public-private platform to move towards carbon neutrality by 2050, integrating the private sector in the carbon market strategy. This process includes training sessions and dialogues with the public administration and the private sector, generating systematized contributions that guide the national strategy. In Chile, the public-private dialogue round table created in 2020 and the Climate Action Teams initiative launched in 2023 have facilitated the participation of various stakeholders regarding the use of carbon markets. In Ecuador, the inclusion of communities and smaller-scale projects within the PECC scheme and the GHG emissions offsetting scheme is emphasized, guaranteeing accessibility for all proponents, regardless of their size or scope. In Guatemala, workshops are planned to facilitate the approach to engage the private sector and increase its participation. However, a key challenge is the concern among businesses regarding the use of their information.



In Honduras, a workshop on carbon markets and Article 6 was conducted for government officials, but a formal structure for managing these initiatives has yet to be established. The country is actively seeking funding to launch an awareness campaign aimed at boosting understanding and acceptance of the carbon market. In Paraguay, workshops and training sessions are being promoted at the local level involving different associations and productive sectors. Recently, training sessions were held in the rural areas to educate producers about carbon markets and the related legislation. Additionally, the country hosted working groups and public hearings to develop and adjust the legislation alongside the active engagement of relevant sectors. Peru is working on regulatory documents and guidelines, as well as developing communication spaces, such as virtual and face-to-face workshops with public, private and civil society stakeholders, to reduce knowledge gaps in the carbon market. This ensures that the market is composed of familiar actors while also including new participants to enhance internal competitiveness and encourage more projects to be created. The communication strategy will be implemented once the regulations are close to being published.



2.4

Infrastructure for registry and tracking



In Latin America, several countries already have initial registries for tracking carbon market projects.

Paragraph 29 of [the Annex to decision 2/CMA.3](#) provides that each participating Party shall have in place or have access to a registry for the purpose of ITMOs tracking, including actions such as authorization, transfer, acquisition, use for NDCs and cancellation, among others. This aligns with participation requirement [e\)](#), which establishes arrangements for ITMO tracking.

Parties may choose to develop national registries or use the UNFCCC international registry. In Latin America, several countries already have initial registries for tracking projects in the voluntary carbon market or under the CDM, which could be adapted to meet the requirements of Article 6.2, use the international registry or link both systems.

Table 4 shows that 11 of the 17 countries in the region have a planned or implemented registry. In the *Status* column, “Planned” indicates that the registry has been created under some legal instrument but is not public. “Under development” signifies that it is in the process of being created, and “Implemented” denotes that it is already accessible on the web. Most of these registries record emission removal or reduction projects to generate emissions reduction certificates within the country. Some also include the demand component associated with registering GHG emissions from facilities, either on a mandatory or voluntary basis.

Table 4: Emission Reduction Project Registries with public information in the region.

Country *Interviewed countries	Emissions reduction projects' registry name	Status
Argentina	National Registry of Climate Change Mitigation Projects (ReNaMi).	Implemented
Bolivia (Plurinational State)	-	-
Brazil	National Emissions Reduction System (SINARE).	Planned. Created under the Decree Federal No. 11075/2022.
Chile	Registry created by the Ministry of Environment according to Art. 15 of the LMCC.	Planned. Created under the Climate Change Framework Law (No. 21455).
Colombia	National Registry for GHG Emissions (RENARE).	Implemented
Costa Rica	-	-
Ecuador*	National GHG Emissions Offsetting Registry.	Under development. Created Agreement MAATE-2023- 053.
El Salvador	-	-
Guatemala*	Registry of GHG Emissions Removal or Reduction Projects.	Planned. Created under the Ministerial Agreement 284-2020.
Honduras*	Forest Carbon Transaction Registry System.	Under development. Created through the Special Forest Carbon Transactions for Climate Justice Act.

Country *Interviewed countries	Emissions reduction projects' registry name	Status
Mexico	National Registry of Emissions of Greenhouse Gases or Compounds.	Implemented. Mainly focused on emissions' reporting by organizations.
Nicaragua	-	
Panama*	National Registry of Mitigation Actions (ReNAMI).	Implemented
Paraguay*	Registry of the Carbon Credits	Planned. Created under the Carbon Credits Act (No. 7190).
Peru*	National Registry of GHG Mitigation Measures (RENAMI).	Implemented
Uruguay*	-	-
Venezuela (Bolivarian Republic)	-	-

Source: Own elaboration.

Among the listed registries, only Peru's RENAMI includes a section for international transfers involving Article 6.2 ITMOs. Therefore, although these registries could be the basis for the development of the national registry of Article 6.2, they should be redesigned to meet their requirements.

Of the interviewed countries, all except Uruguay have a listed status. However, Ecuador, Guatemala, Honduras, Panama, Paraguay, Peru and Uruguay plan to use the UNFCCC international registry. All except Guatemala, Panama and Uruguay plan to have a national registry that is interoperable with the UNFCCC registry. Guatemala and Panama plan to have their national registry as a repository for projects and use the international registry for transactions.

IMPLEMENTATION

This section addresses the implementation of cooperative approaches under Article 6 of the Paris Agreement, focusing on two aspects: bilateral agreements and the transition from the CDM to the new Article 6.4 mechanism. Bilateral agreements have served to formalize collaborations between buyer and host countries, which has enabled progress in the implementation of Article 6.2. At the same time, the experience gained by the region through the CDM provides a solid basis for the transition to the Article 6.4 Mechanism, which facilitates the continuity of emission reduction projects and the participation of countries in international carbon markets.

03

3.1

Progress in implementing the cooperative approaches of Article 6.2

Formal bilateral agreements further define the terms of cooperation including eligibility criteria.

Bilateral agreements serve to formalize a cooperative approach between two Parties that seek to achieve their climate targets under the Article 6.2 mechanism. These agreements vary according to their level of formality and development. Memoranda of Understandings (MoUs) establish a preliminary basis for collaboration, facilitating the exchange of information and project exploration without creating a legal commitment for Parties. At a more advanced stage, formal bilateral agreements define the terms of cooperation with greater precision, including project eligibility criteria and aspects related to ITMO accounting, aligning Parties' efforts with their climate commitments.



Some countries are also moving forward with implementation agreements to detail the technical and operational procedures necessary for project execution, including monitoring and verification mechanisms, thus ensuring compliance with the NDCs.

Currently, Latin America has eight MoUs, three bilateral agreements and one pending signature. These MoUs and agreements have been signed between four buyer countries (Japan, Singapore, Switzerland and the United Arab Emirates) and seven host countries (Chile, Colombia, Costa Rica, Mexico, Paraguay, Peru and Uruguay), as shown in Table 5.

Table 5: Bilateral agreements in Latin America.

Buyer country	Subregion	Host country	Agreement status
Japan	Central America	Costa Rica	MoU
		Mexico	MoU
	South America	Chile	MoU
Singapore	Central America	Costa Rica	MoU
	South America	Chile	MoU
		Colombia	MoU
		Peru	MoU
		Paraguay	BA (to be signed)
Switzerland	South America	Chile	BA
		Peru	BA
		Uruguay	BA
United Arab Emirates	South America	Paraguay	MoU

Source: Article 6 Pipeline, UNEP CCC (Update, 2 Aug 2024)

Some partnerships start with an MoU, as a preliminary step, while others start directly with a bilateral agreement.

Of the interviewed countries, Ecuador, Honduras, Guatemala and Panama do not yet have bilateral agreements. However, most of them have shown interest in doing so and have been approached by buyer countries. Each of these countries highlighted their role as host countries interested in selling ITMOs. In addition, some emphasized their interest in including knowledge transfer and capacity building in the agreements.

Some partnerships begin with a MoU as a preliminary step, while others begin directly with a bilateral agreement. Singapore's MoUs with Chile, Colombia, Costa Rica and Peru seek to advance carbon markets, share best practices, identify projects to comply with the NDCs and in some cases, establish joint working groups to facilitate the signing of an implementation agreement. United Arab Emirates and Paraguay signed a cooperative MoU to create a bilateral framework for ITMO authorization.

When it comes to bilateral agreements, Switzerland established legal frameworks that enable the acquisition of ITMOs for NDC compliance with Chile, Peru and Uruguay. These agreements outline key elements such as definitions, principles of environmental integrity, sustainable

development, characteristics of authorization, the framework for validation and verification, transfer recognition, implementation of corresponding adjustments, registry and other related provisions.

In the bilateral agreements with Switzerland, programs or projects are developed in the host countries based on a Mitigation Activity Design Document, which serves to validate and approve the programs by Switzerland and the host country. [The Klik Foundation's 2023 annual report](#)—a Swiss organization responsible for offsetting carbon emissions from fossil fuel use in Switzerland—highlights the progress of 21 programs across eight countries. This includes two programs in Peru: one focused on photovoltaic systems and the other on improved cookstoves (Klik, 2023). The latter is the most advanced, with the installation and maintenance of up to 60,000 cookstoves in remote areas of Peru.

As part of this program, tenders are carried out to select Peruvian companies that install the stoves with the agreed quality standard. In this regard, in 2021, Microsol S.A.S. secured the world's first commercial purchase contract for the acquisition of ITMOs. So far, more than 20,000 stoves have been installed, and the program is expected to deliver 750,000 ITMOs by 2030, of which 120,000 will go to Klik Foundation.

On the other hand, Singapore has negotiated an implementation agreement with Paraguay. Once signed, this agreement will facilitate the bilateral transfer of ITMOs, supported by the exchange of best practices and collaboration on a work program to implement the agreement.

Regarding coordination between Parties, the Peruvian Ministry of the Environment and Switzerland's Federal Office for the Environment hold biweekly follow-up meetings. Uruguay also holds periodic meetings to review the projects and assess the issuance of letters of intent.

Finally, in addition to the existing signed bilateral agreements, Peru has been approached by Japan and South Korea, who are interested in moving forward with bilateral agreements once the RENAMI regulation is established, ensuring stability and confidence in the processes.

3.2

Transition from the CDM to the Article 6.4 mechanism



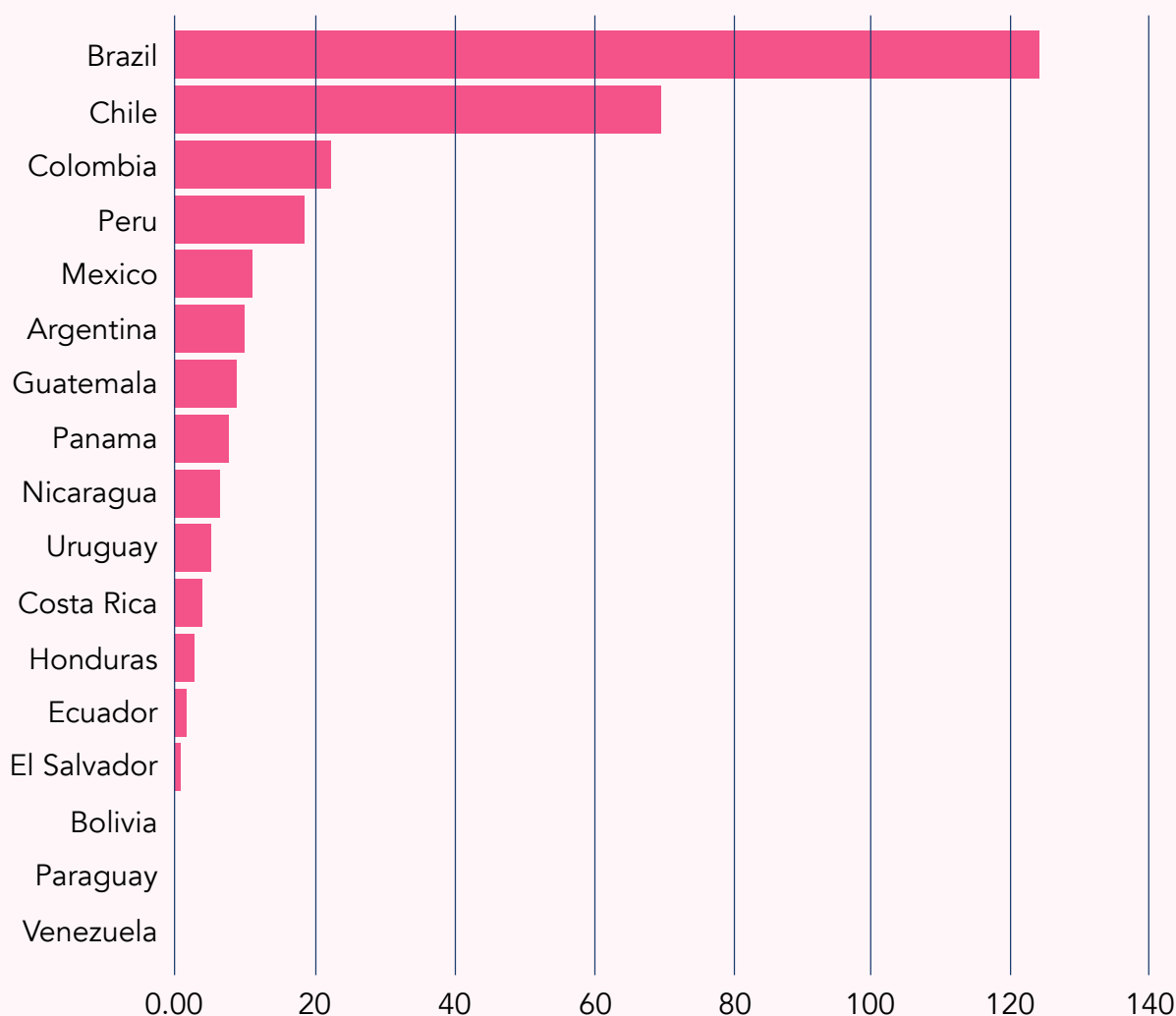
The PACM, playing a similar role to the CDM, allows for the transition of CDM projects under certain conditions.

In Latin America, countries have actively participated in the CDM, with more than 350 MtonCO₂eq emitted in certified emission reductions (UNEP CCC, 2024). Brazil, Mexico, Chile, Colombia and Peru have the most projects, mainly in hydropower, wind energy, biomass, landfill gas and methane avoidance. The entire Latin American region, except for Venezuela, has achieved active participation in the CDM. Based on this experience, countries have created governance and institutional processes, such as the designation of DNAs and the internal assessment and approval criteria that could be used for the Article 6.4 Mechanism, also called the Paris Agreement Crediting Mechanism (PACM), in each country.

The PACM, fulfilling a similar role to the CDM, has allowed for the transition of CDM projects under certain conditions, such as submitting the transition request before December 31, 2023, and obtaining approval from the Host Party of the project before December 31, 2025. In Latin America, to date, 287 projects have requested this transition, with Brazil leading the way (with 43% of the total), followed by Chile, Colombia and Peru (See Graph 1).

Countries such as Venezuela, Paraguay and Bolivia do not have projects in transition. In Honduras and Panama, the predominant projects are hydroelectric stations, while Nicaragua focuses on biomass, geothermal and wind power. Guatemala and El Salvador also have energy efficiency, geothermal and hydroelectric projects. Argentina stands out with projects in biomass, methane avoidance, reforestation, wind energy and landfill gas (UNEP CCC, 2024).

Graph 1: Number of projects that requested to transition to the PACM.



Source: Own elaboration based on Article 6 Pipeline, UNEP CCC (Update: 2 Aug 2024).



Notably, the requirement to approve the transition of projects before December 31, 2025, is linked to compliance with the participation requirements under Article 6.4. In this regard, the interviewed countries are conducting internal discussions to define this process. Ecuador and Uruguay have held meetings with the representatives of the project initiatives that requested the transition, explaining the timeline and the requirements that the country must meet to grant approval. In Ecuador, these projects could also move to the domestic crediting mechanism. Peru is awaiting the finalization of Article 6.4 rules to establish complementary regulations. All the interviewed countries aspire to have an approval process to evaluate and monitor projects requesting transition before the deadline, with criteria aligned with their respective NDCs.

SUPPORT RECEIVED, NEEDS AND PRIORITIES

This section examines the support received in the region through various initiatives focused on capacity-building, highlighting a comprehensive approach to overcoming barriers and promoting participation in carbon markets.

Additionally, it presents the key needs and priorities identified to accelerate the implementation under Article 6 of the Paris Agreement in Latin America. The challenges identified, both in national documents and interviews with pilot countries, emphasize the importance of strengthening institutional, technical and regulatory capacities.

4.1

Support received in the region

Latin American countries receive support through a variety of initiatives focused on capacity building. In total, 16 key initiatives have been identified ([see Table 6](#)).

Table 6: Support received in Latin America

Initiative	Donor	Implementing Partner
Article 6 Capacity Building (Project component in NDC Assist II)	German Federal Ministry for Economic Cooperation and Development	GIZ
Capacity Building to prepare for the implementation of Carbon Markets and Article 6 in Latin America	Green Climate Fund	UNEP's Latin America and Caribbean Office
Carbon Payments for Development (CP4D) Facility / Article 6 transfer readiness assistance (The TRA project)	Government of Switzerland	Carbon Payments for Development (UNDP)
Carbon Pricing in the Americas (CPA)	Government of Canada	ADELPHI
Climate Warehouse	Multiple donors (Sweden, Netherlands, Spain and Switzerland)	World Bank
Coalition for Rainforest Nations (CfRN)*	Multiple donors	CfRN Secretariat
Collaborative Instruments for Ambitious Climate Action (CiACA) Initiative	Federal Ministry for Economic Affairs and Climate Action, Germany	UNFCCC through its Regional Collaboration Centres

Initiative	Donor	Implementing Partner
Initiative for Climate Action Transparency (ICAT)**		UNOPS
Integrated Assessment for Article Six (IAA6) Project	European Commission	UNEP Copenhagen Climate Centre (UNEP-CCC), UNEP and UNOPs
KliK Foundation for Climate Protection and Carbon Offset		Fundación Klik
NDC Partnership Includes cross-cutting support in the creation of tools, such as the toolkit for Article 6 and specific projects with countries.	Multiple donors, including the NDC Partnership PAF, U.S. Government.	Perspectives Climate, UNEP, UNDP
Article 6 Implementation Partnership Center (A6IP)	Government of Japan	UNFCCC, World Bank
Partnership for Markets Implementation (PMI)	Canada, UK, Norway, Sweden, Spain, Finland, Germany	World Bank
Article 6 Capacity Building Work Programme		UNFCCC through its Regional Collaboration Centres
Supporting Readiness for Article 6 Cooperation (SPAR6C)	Germany	IKI, Federal Ministry for Economic Affairs and Climate Action
The Joint Crediting Mechanism (JCM)	Ministry of the Environment of Japan, Development Bank Asian Trust Fund	JCM

* Technical training and capacity building focused on Articles 5.2 and 6 of the Paris Agreement.

** Includes support for other transparency issues in the region. Specifically in Ecuador, it supports the development of the initial report.

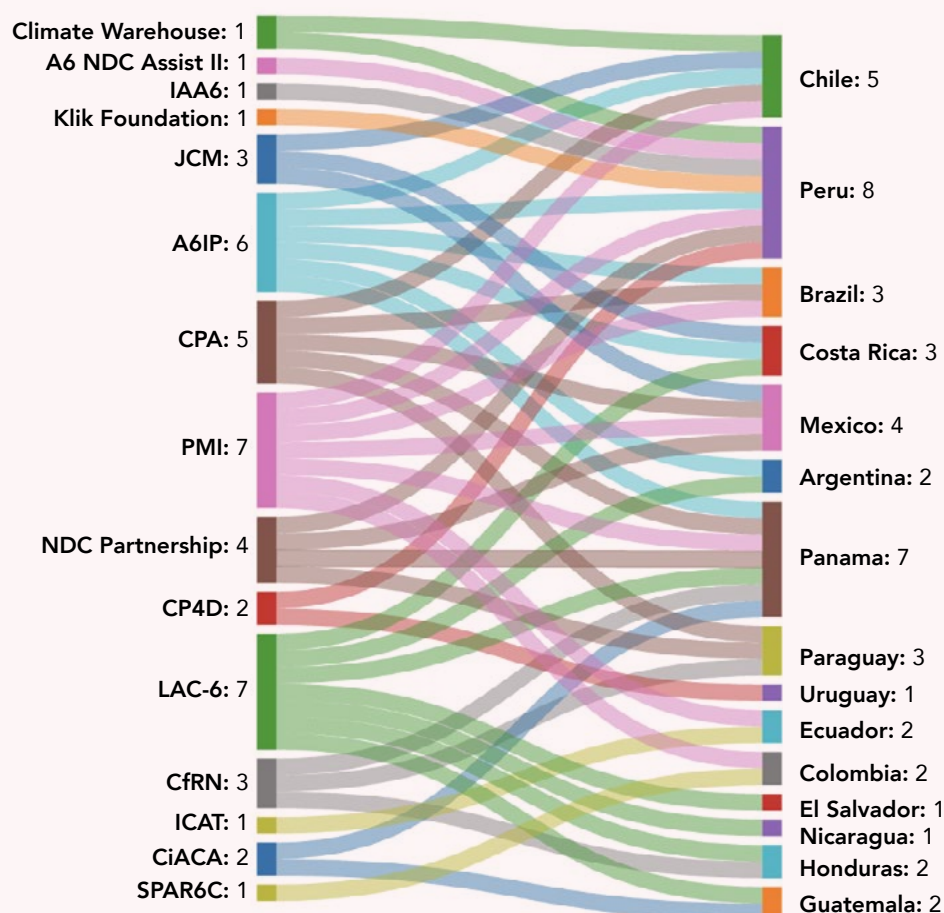
Source: Article 6 Pipeline, UNEP CCC (2 Aug 2024), Paris Agreement Article 6 Implementation Partnership (2023) and RCC Latin America.



The support initiatives in the region vary according to the progress, needs and priorities in the implementation of the carbon pricing instruments and Article 6. [Graph 2](#) illustrates the ongoing support initiatives in Latin America focused on the implementation of Article 6 cooperative approaches. The data shows a greater concentration of support in South America compared to Central America, with 58% of the support in the southern part of the region. In terms of countries, Peru, Panama and Chile participate in more initiatives, while El Salvador, Nicaragua and Uruguay receive support from only one initiative. Venezuela and Bolivia are not included, possibly due to low interest in market-based approaches in these jurisdictions.

In addition, the UNFCCC Secretariat offers the Article 6 Capacity Building Work Programme that provides support to all countries that request it through RCC Latin America. Also, some interviewed countries highlighted support for other issues, such as result-based payments and REDD+ projects, from the World Bank's Forest Carbon Partnership Facility (FCPF).

Graph 2: Distribution of support received in Latin America for the implementation of Article 6 by country.



Source: Article 6 Pipeline, UNEP CCC (Update: 2 Aug 2024), NDC Partnership Project Database, Paris Agreement Article 6 Implementation Partnership (2023) and RCC Latin America.

In addition to the support mentioned above, El Salvador, Honduras, Guatemala and Nicaragua received support from projects such as the NDC-5 implemented by UNEP's Regional Office for Latin America and the Caribbean. Chile was part of the GIZ Global Carbon Markets project, which focused on strengthening the capacities for decision-makers in the use of new and existing market instruments.

Finally, as mentioned above, all countries in the region, except Brazil, Ecuador and Venezuela have received support from the World Bank's FCPF Readiness Fund for developing the basis of REDD+ result-based payments projects. Currently, three countries have signed agreements for payments for emission reductions under the FCPF "Carbon Fund"—Chile (\$26M), Costa Rica (\$60M) and Guatemala (\$52.5M)—with Costa Rica being the first to receive \$16.5M in payments for its emission reductions.

4.2

Main identified needs and priorities

Interviews with pilot countries have enabled a deeper analysis of their needs.

Identifying the countries' needs and challenges contributes to accelerating the implementation of the cooperative approaches for Article 6. Argentina, through its carbon markets strategy, reveals the need for a robust legal framework and strengthening its national capacities. El Salvador, in its NDC, underlines the urgency of improving institutional capacities to access carbon markets requiring specialized technical support. Mexico, in its third BUR, highlights the need to improve its regulatory framework for carbon markets. Although these documents provide a general overview, interviews with pilot countries have allowed a deeper analysis to shed light on their needs.





Limited institutional capacity and lack of stability in technical teams are recurring challenges.

In Ecuador, overburdened personnel is insufficient to manage all aspects related to these markets, which prevents compliance with international and local commitments and limits access to international funds. In Honduras, due to the novelty of Article 6, there is a lack of clear regulations and institutional structures associated with carbon markets, which is intended to be resolved through the update of the Climate Change Law. In Paraguay, the instability of technical staff, often dependent on temporary projects, leads to a loss of technical knowledge and experience, affecting the continuity and effectiveness of policies. At least nine permanent positions in the Ministry of Environment and Sustainable Development are needed to strengthen institutional capacities. In Peru, there is also a recognized need for a sustainable team over time to manage the broad spectrum of carbon markets.

Many countries also face significant challenges in terms of technical capacity and coordination between institutions.

In Guatemala, the aim is to strengthen technical capacities both at the government and interinstitutional level since the lack of cooperation has delayed the implementation of climate actions. In Paraguay, the lack of trained technical staff and robust communication mechanisms between entities have hampered the efficiency and quality of climate actions. In Honduras, despite the progress made, the personnel involved in carbon market management must be institutionally stable and receive continuous training to ensure effective governance. In Panama, financial and structural limitations have restricted its full participation in Article 6 mechanisms. Due to this, Panama intends to develop a clear roadmap to identify and address existing gaps and better inform decision-makers.

As for the private sector, the region has identified the need to strengthen its capacity to participate in carbon markets.

In Uruguay, it is essential to improve the private sector's understanding of which mitigation projects are eligible and how to identify effective initiatives that contribute to mitigation. In Paraguay, the aim is to obtain clear and detailed information on how the market works, the potential benefits and the available opportunities to attract and encourage private sector participation, which would help strengthen the carbon market and attract more participants.

In terms of specific needs at the country level, Uruguay faces unique challenges related to the methodological aspects and the scale of mitigation approaches. In particular, the country has difficulty finding projects that meet the requirements to generate ITMOs. While Paraguay has a legal framework for carbon markets, it remains broad and needs

more detailed regulations to clearly define which mitigation activities will be included and which will be classified as conditional or unconditional.

Ecuador has highlighted the need for special funding to support the successful implementation of Article 6 and to align the national compensation scheme with the international mechanism. Defining how these schemes will complement each other will be crucial for the development of carbon credits in the country. Finally, Peru underscores the importance of having adequate technological tools and registries to monitor the market's progress, considering its volatility and the participation of non-state actors. This would provide updated information to both citizens and decision-makers.

A decorative graphic in the top right corner of the page, consisting of a cluster of small, colorful dots in shades of green, pink, blue, orange, and yellow, arranged in a pattern that suggests a map of Africa or a similar geographical shape.

ANNEX OF FACT SHEETS



Ecuador: Progress on the operationalization of Article 6

Updated: October 2024.



Context

Documents submitted to the UNFCCC:



NC

4th National Communication and 2nd Biennial Update Report (Feb 2023)



NDC

First Nationally Determined Contribution to the Paris Agreement under the UNFCCC (2019)



BUR

4th National Communication and 2nd Biennial Update Report (Feb 2023)



NIR

National GHG Inventory Report Year 2018 (Feb 2023)



LT-LEDS

Ecuador's National Climate Change Mitigation Plan 2024–2070 (link not yet available)



REDD+ Strategy

REDD+ Ecuador Action Plan



REDD+ Safeguards

Third Summary of Information on Addressing and Complying with REDD+ Social and Environmental Safeguards in Ecuador



BTR

-



TNA

Technology Needs Assessment 2013

NDC Information

Name of Document		First Nationally Determined Contribution to the Paris Agreement under the UNFCCC (2019)											
Submission Date		29/03/2019				Implementation Period			2020-2025				
Additional References		UNFCCC NDC Registry					IGES NDC Database v7.7						
Description of mitigation													
Type of mitigation		Relative emissions reduction				Type of Coverage			Economy-wide				
Base year		2010 (2008 for the LULUCF sector)				Year of Compliance			2025				
Goals		9% (unconditional), 20.9% (conditional) for the LULUCF sector, 4% unconditional, 20% conditional)											
Sector coverage													
Industrial processes and product use			Yes		Energy		Yes		Agriculture		Yes		
Transportation			No		LULUCF		Yes		Waste		Yes		
Gases coverage													
CO ₂	Yes	CH ₄	Yes	N ₂ O	Yes	HCFs	No	PFCs	No	SF ₆	No	NF ₃	No
Intention to participate in the cooperative approaches of Article 6					It does not mention cooperative approaches in its NDC; however, it is expected that its position will be referred to in the third NDC presentation cycle.								
Plans for NDC 3.0 Submission					Ecuador has an ongoing project with the NDC Partnership, implemented by UNDP, to provide the enabling conditions, tools and methodological guidelines to develop the second NDC.								

LT-LEDS Information

Name	Ecuador's National Climate Change Mitigation Plan 2024–2070 (link not yet available)		
Inclusion of Article 6	No	Submission Date	Pending



Carbon pricing instruments and national perspectives

Carbon pricing instruments

Carbon taxes No

Emission Trading Systems No

Crediting Mechanisms Planned

Description: Ecuador's GHG Emissions Offsetting Scheme is used as the national system for the offsetting GHG emissions through projects, measures and voluntary actions called mitigation initiatives, which allow for the emission reduction and/or increase of removals of GHG emissions. Its unit used is the Emission Offsetting Units (UCE, in Spanish).

Reference: [Ministerial-Agreement-Nr.-MAATE-2023-053](#)

Other instruments Yes

Description: The Ecuador Zero Carbon Program (PECC), through the Ministerial Agreement No. MAATE-2021-018, as well as its technical standards with product and organizational scope under Ministerial Agreements No. MAATE-2021-046 and MAATE-2021-047, respectively, aims to encourage the productive and service sectors to manage their carbon footprint, allowing them to report commitments and access environmental and tax incentives. It is a voluntary and progressive program focused on continuous improvement.

Reference: [Ministerial-Agreement-Nr.-MAATE-2021-018](#)

National perspectives on market-based instruments and cooperative approaches

Policy Guidance

Description: A high priority is placed on operationalizing cooperative approaches, with a focus on developing a national framework and institutional arrangements for authorization.

Reference: Interview



Domestic integration of carbon markets and cooperative approaches

Institutional Arrangements

Existing institutional arrangements, including regulatory frameworks and designated authorities

Description: In 2023, Ecuador published a technical regulation on its GHG Emissions Compensation Scheme through a ministerial agreement. These regulations outline definitions, institutional framework and criteria for mitigation initiatives, including benefit-sharing, co-benefits and social and environmental safeguards. It establishes three compensation mechanisms, including the cooperative approaches of Article 6.2 and 6.4. Additionally, work is underway on a draft regulation that separates the domestic mechanism from the international market, with specific advances in the institutional process for issuing the letter of authorization.

Authorities: The Undersecretariat for Climate Change coordinates the National GHG Emissions Compensation Scheme and establishes the Carbon Footprint Strategic Committee, highlighting the need for comprehensive and coordinated governance.

Reference: [Ministerial-Agreement-Nr.-MAATE-2023-053](#)

Specific documents related to the planning, regulation or institutionalization of Article 6 (Strategies, legal framework, roadmaps, etc.)

- **Ministerial Agreement No. MAATE-2023-053:** The technical regulation that establishes Ecuador's GHG Emissions Compensation Scheme is issued.

Reference: [Ministerial-Agreement-Nr.-MAATE-2023-053](#).

- **Proposal to issue the letter of authorization (under development)**

Reference: Interview

Article 6 Participation Requirements

Article 6.2

Requirement: (c) Arrangements to authorize the use of ITMOs

Under development

Description: Work is ongoing for a draft proposal to issue the letter of authorization.

Reference: Interview

Designated authority for authorizations

Not available

Requirement: (d) Arrangements to track ITMOs

Under development

Interest in using the international or national registry for ITMO transfers

National and International

Reference: Interview

National registry name

National GHG Emissions Compensation Registry

Reference: [Ministerial-Agreement-Nr.-MAATE-2023-053](#)

Includes Article 6

Although still under development, the plan is to maintain a separate registry for national regimes, and at a later stage, explore how to integrate it into the Convention's registry, considering national specificities and focusing more on Article 6.8 rather than 6.4.

Reference: Interview

Requirement: (e) Submit the most recent inventory

Submitted

It jointly submitted its NC, BUR and NIR and is currently working on its BTR, with expectations to complete it by 12/31/24.

Reference: [National GHG Inventory Report Year 2018 \(Feb 2023\)](#)

Requirement: (f) Submit the Initial Report

Planned

It is expected to be presented in 2024 with the support of the Initiative for Climate Action Transparency.

Reference: Interview

Article 6.4

Requirement: (c) Designated National Authority

Submitted

 Ministry of Environment, Water and Ecological Transition

 Ronny Henry Tarira Alban

 ronny.tarira@ambiente.gob.pe

Reference: [List of Designated National Authority - UNFCCC](#)

Requirement: (d) Contribution to sustainable development

Not available

Requisito: (e) Publication of A6.4 activities for consideration of approval

Planned

It is in the process of determining which activities will be considered.

Reference: Interview

Requirement: Communication of the Host Country's participation requirements

Not available

Article 6.8

Requirement: Communication of a National Focal Point

Submitted

 Ministry of Environment, Water and Ecological Transition

 Mr. Paul Melo Perez

 paul.melo@ambiente.gob.ec

Note: Ecuador has shown interest in exploring these mechanisms due to a constitutional restriction that prevents the appropriation of environmental services projects, as opposed to market-based approaches.

Reference: [List of Focal Points of Art. 6.8 - UNFCCC](#)



Implementation

Signed cooperative approaches

No

Buyer Country Not available

Agreement Status Not available

Pilot Projects Not available

Reference Not available

Origin and implementation of the cooperative approach

Ecuador held dialogues with several countries interested in establishing a bilateral agreement, but there was no subsequent follow-up.

Reference: Interview

CDM Transition to PACM

Yes

of CDM activities requesting transition 2

Total amount of annual mitigation outcomes (ktCO₂ eq) 165.01

Current status of the transition authorization process

Ecuador has held meetings with the project representatives that requested the transition to the new scheme, providing details on the timeline and the necessary requirements for the country's approval. The two projects that requested transition also have the option to integrate into the domestic crediting mechanism.

Reference:

- Interview
- [UNEP CCC Article 6 Pipeline](#)



Needs and received support

Received support

Organization

- **Initiative for Climate Action Transparency (ICAT):** Support in the development of its Initial Report
- **Partnership for Market Implementation (PMI), World Bank:** The country is part of the PMI regional program, alongside Brazil and Peru for the design, piloting, and implementation of carbon pricing instruments.

Reference

General Information:

- [UNEP CCC Article 6 Pipeline](#)
- [A6IP Article 6 Capacity Building Activity Database](#)
- Interview

Additional Information:

- Ecuador ICAT Support: climateactiontransparency.org/country/ecuador/

Needs

The overburdened staff is insufficient to manage all aspects related to these markets, which impedes compliance with international and local commitments and restricts access to international funds.

Guatemala: Progress on the operationalization of Article 6

Updated: October 2024.

Context

Documents submitted to the UNFCCC:



NC

Third National Communication on Climate Change (Mar 2022)



NDC

Updated Nationally Determined Contribution (May 2022)



BUR

First Biennial Update Report (Jun 2023)



NIR

National Inventory Report 2022 that includes the National GHG Inventory 1990-2018 (Sep 2023)



LT-LEDS

National Low GHG Emission Development Strategy (Jul 2021)



REDD+ Strategy

National REDD+ Strategy (2020)



REDD+ Safeguards

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BTR

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TNA

Technology Needs Assessment 2022

NDC Information

Name of Document		Updated Nationally Determined Contribution, Guatemala 2021											
Submission Date		23 May 2022				Implementation Period			2030				
Additional References		UNFCCC NDC Registry					IGES NDC Database 7.7						
Description of mitigation													
Type of mitigation		Relative emissions reduction				Type of Coverage			Economy-wide				
Base year		BAU				Year of Compliance			2030				
Goals		11,2% (unconditional), 22,6% (conditional)											
Sector coverage													
Industrial Proceses and Product Use			Yes		Energy			Yes		Agriculture		Yes	
Transportation			No		LULUCF			Yes		Waste		Yes	
Gases coverage													
CO ₂	Yes	CH ₄	Yes	N ₂ O	Yes	HFC	No	PFCs	No	SF ₆	No	NF ₃	No
Intention to participate in the cooperative approaches of Article 6					It does not mention cooperative approaches in its NDC, however, its position is expected to be referenced in the third NDC submission cycle (NDC 3.0).								
Plans for NDC 3.0 Submission					Yes, by 2025 (Based on information compiled by RCC LatAm)								

LT-LEDS Information

Name	National Low GHG Emission Development Strategy (July 2021)		
Inclusion of Article 6	No	Submission Date	7 June 2021



Carbon pricing instruments and national perspectives

Carbon pricing instruments

Carbon taxes	No
Emission Trading Systems	No
Crediting Mechanisms	No
Other instruments	No

National perspectives on market-based instruments and cooperative approaches

Policy Guidelines

Description: A high priority is given to implement cooperative approaches. The country, through the Ministry of Environment and Natural Resources (MARN) as its DNA, is exploring the cooperative approaches of Article 6 of the Paris Agreement, carrying out all the corresponding procedures to comply with the participation requirements established by the UNFCCC. For COP29, it assigned a staff member to participate in Article 6, considering it a priority issue for the country.

In addition, with the support of the Regional Collaboration Centre for Latin America (RCC Latin America), it has identified that Article 6 will be considered as one of the strategies to mobilize resources and ensure the effective implementation of the current NDC and its future updates, as well as the country's Long-Term Strategy. Also, to take full advantage of the cooperative approaches of Article 6, it has identified that the Article is essential to strengthen its national capacities, for which an inter-institutional workshop was held to strengthen national capacities in this area.

Reference: Interview



Domestic integration of carbon markets and cooperative approaches

Institutional Arrangements

Existing institutional arrangements, including regulatory frameworks and designated authorities

Description: In Guatemala's Framework Climate Change Law, both voluntary and regulated carbon markets are addressed, along with guidelines on the rights of emission reduction units and the creation of a project registry. This law is complemented by ministerial agreements regulating the creation of the project registry (2020). Guatemala plans to approach Article 6 with an initial strategy.

Authorities: In Guatemala, the Ministry of Environment and Natural Resources (MARN) manages the Registry of Emissions Removals or Reductions Projects, and it is expected that a strategy for Article 6 will define government roles.

Reference: [Regulation of Law No. 30754, Framework Law on Climate Change. sobre Cambio Climático](#)

Specific documents related to the planning, regulation or institutionalization of Article 6 (Strategies, legal framework, roadmaps, etc.)

- **Framework Law for the Reduction of Vulnerability and Adaptation to the Effects of Climate Change (2013):**
Reference: [Framework Law for the Reduction of Vulnerability, Adaptation to the Effects of Climate Change \(2013\)](#)
- **Planned Initial Strategy for Article 6:**
Reference: Interview
- **Regulation for the Registry of GHG Emission Removal or Reduction Projects:**
Reference: [Ministerial Agreement 284-2020 Rulebook for the Registry GHG emissions removal or reduction projects](#)

Article 6 Participation Requirements

Article 6.2	
Requirement: (c) Arrangements to authorize the use of ITMOs	Not available
Designated authority for authorizations	
Not available	
Requirement: (d) Arrangements to track ITMOs	Under development
Interest in using the international or national registry for ITMO transfers	
National and International Reference: Interview	
National registry name	
Registry of GHG Emission Removal or Reduction Projects Reference: Ministerial Agreement 284-2020 Rulebook for the Registry GHG emissions removal or reduction projects	
Includes Article 6	
Not explicitly, but it envisages access to bilateral and multilateral offsetting mechanisms. Reference: Interview	
Requirement: (e) Submit the most recent inventory	Submitted
It has published its NIR along with its BUR and is currently working on its BTR, with expectations to complete it by 12/31/24. Reference: 2014 National GHG Inventory and updated estimates for the years 2000, 2005, 2010 and 2012 (Nov 2019) .	
Requirement: (f) Submit the Initial Report	Not available

Article 6.4	
Requirement: (c) Designated National Authority	Submitted
 Ministry of Environment and Natural Resources  Ana Patricia Escobar  apescobar@marn.gob.gt  Edwin Josué Castellanos López  ejcastellanos@marn.gob.gt  Andrea Lucrecia Fion Góngora  alfion@marn.gob.gt DNAmercadosdecarbono@marn.gob.gt Reference: List of Designated National Authority - UNFCCC	
Requirement: (d) Contribution to sustainable development	Not available
Requirement: (e) Publication of A6.4 activities for consideration of approval	Planned
It is in the process of determining which activities will be considered. Guatemala is prioritizing the waste treatment sector in its climate efforts, exploring how to integrate it into Article 6 mechanisms. Inadequate waste management is a significant challenge for the country, and although it is not a high-emission sector, it generates multiple environmental problems. Therefore, they are evaluating the potential to reduce waste, lower emissions, and generate energy or carbon credits through waste management projects. Reference: Interview	
Requirement: Communication of the Host Country's participation requirements	Not available

Article 6.8	
Requirement: Communication of a National Focal Point	Submitted
 Ministry of Environment and Natural Resources  Mr. Gregorio Saúl Pérez Arana  DNAmercadosdecarbono@marn.gob.gt Reference: List of Focal Points of Art. 6.8 - UNFCCC	



Implementation

Signed cooperative approaches

No

Buyer Country Not available

Agreement Status Not available

Pilot Projects Not available

Reference Not available

Origin and implementation of the cooperative approach

Guatemala has not yet concluded bilateral agreements under Article 6.2. However, progress has been made in discussions with one country, especially in relation to a bamboo project that seeks to integrate carbon markets. No formal agreement has been reached so far. The interested country has expressed desire to expand its projects from 300 to 1000 hectares and explore opportunities in carbon markets.

In addition, private companies acting as auditors have offered their support in this area, though no official discussions have taken place with the authorities to formalize these mechanisms.

Reference: Interview

CDM Transition to PACM

Yes

of CDM activities requesting transition 6

Total amount of annual mitigation outcomes (ktCO₂ eq) 523

Current status of the transition authorization process

It has not been discussed.

Reference:

- Interview
- [UNEP CCC Article 6 Pipeline](#)



Needs and received support

Received support

Organization

GCF Readiness LAC-6, UNEP: Member country of the GCF Readiness Project on Article 6 and Carbon Markets for Latin America.

Reference

General Information:

- [UNEP CCC Article 6 Pipeline](#)
- Interview

Needs

The goal is to strengthen technical capacities at both the governmental and inter-institutional levels, since the lack of cooperation has delayed the implementation of climate actions.



Context

Documents submitted to the UNFCCC:



NC

Third National Communication on Climate Change (Sep 2020)



REDD+ Strategy

Honduras National REDD+ Strategy



NDC

Updated Nationally Determined Contribution of Honduras (May 2021)



REDD+ Safeguards

Indigenous and Afro-descendant Cultural Safeguards in the REDD+ Framework



BUR

Second Biennial Update Report BUR-2 (Feb 2024)



BTR

-



NIR

Honduras National GHG Inventory Report 2016-2020 (Feb 2024)



TNA

Technology Action Plan - Mitigation, 2018
Technology Action Plan - Adaptation, 2017



LT-LEDS

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NDC Information

Name of Document		Updated National Determined Contribution of Honduras											
Submission Date		19 May 2021				Implementation Period				2012-2030			
Additional References		UNFCCC NDC Registry						IGES NDC Database 7.7					
Description of mitigation													
Type of mitigation		Relative emissions reduction				Type of Coverage				Economy-wide			
Base year		BAU				Year of Compliance				2030			
Goals		16% emissions reductions compared to BAU scenario by 2030 for all sectors except LULUCF											
Sector coverage													
Industrial Proceses and Product Use				Yes		Energy		Yes		Agriculture		Yes	
Transportation				Yes		LULUCF		No		Waste		Yes	
Gases coverage													
CO ₂	Yes	CH ₄	Yes	N ₂ O	Yes	HCFs	Yes	PFCs	No	SF ₆	No	NF ₃	No

NDC Information

Intention to participate in the cooperative approaches of Article 6

Honduras reserves the option to make use of cooperative and market-based approaches, including those in Article 6 of the Paris Agreement, which involve the use of internationally transferred mitigation outcomes (ITMOs) to comply with its NDC. By 2030, Honduras has committed to implementing an Investment Plan with a Climate Finance Strategy and a carbon market architecture, developing economic and financial instruments for climate change management.

Plans for NDC 3.0 Submission

The NDC update process has not yet started, but a plan is being developed with the NDC Partnership. The second NDC update is expected to be presented in 2025, evaluating possible improvements and further ambition.



Carbon pricing instruments and national perspectives

Carbon pricing instruments

Carbon taxes

No

Emission Trading Systems

No

Crediting Mechanisms

No

Other instruments

Under development

Description: The Secretariat of Natural Resources and Environment of Honduras (SERNA) is working on the development of a National Carbon Footprint Program-Honduras (PNHC-HND). This program is expected to calculate the carbon footprint with a national digital tool for private companies and institutions.

Reference:

- Interview
- [UNDP](#)

National perspectives on market-based instruments and cooperative approaches

Policy Guidelines

Description: A high priority is placed on operationalizing cooperative approaches, emphasizing the need to strengthen national capacity.

Reference: Interview



Domestic integration of carbon markets and cooperative approaches

Institutional Arrangements

Existing institutional arrangements, including regulatory frameworks and designated authorities

Description: Honduras, through the “Special Law on Forest Carbon Transactions for Climate Justice,” has established a framework for the forestry sector, and the technical staff is exploring the possibility of extending this framework to other sectors. This law will include regulations outlining guidelines for accounting, authorization, and mitigation outcomes registration under cooperative approaches in Article 6. Additionally, the law creates the National Commission for Carbon Transactions, an inter-institutional committee with thematic subcommittees responsible for coordinating efforts in adaptation, mitigation, and carbon markets. In its NDC, Honduras has committed to implementing a climate finance strategy and a carbon market architecture by 2030, with the option to use cooperative approaches.

Reference: [Special Law on Forest Carbon Transactions for Climate Justice \(2023\)](#)

Specific documents related to the planning, regulation or institutionalization of Article 6 (Strategies, legal framework, roadmaps, etc.)

- The technical regulation establishing the Special Law on Forest Carbon Transactions for Climate Justice is issued (2023).

Reference: [Special Law on Forest Carbon Transactions for Climate Justice \(2023\)](#)

- Investment Plan with a Climate Finance Strategy and a carbon market architecture, considering the option of using cooperative approaches

Reference: [Updated Nationally Determined Contribution of Honduras \(May 2021\)](#)

- Regulations similar to the Forest Carbon Transactions framework are projected to be developed for other sectors, including the operationalization of Article 6.2 and 6.4.

Reference: Interview

Article 6 Participation Requirements

Article 6.2

Requirement: (c) Arrangements to authorize the use of ITMOs

Under development

Description: The regulation of the Special Law on Forest Carbon Transactions for Climate Justice includes guidelines for the approval, accounting, and registration of mitigation outcomes. This regulation is about to be published.

Reference: Interview

Designated authority for authorizations

Not available

Requirement: (d) Arrangements to track ITMOs

Planned

Interest in using the international or national registry for ITMO transfers

National and International

Reference: Interview

National registry name

Forest Carbon Transaction Registry System (linked to a CfrN registry)

Reference: [Special Law on Forest Carbon Transactions for Climate Justice \(2023\)](#)

Includes Article 6

Yes

Reference: Entrevista

Requirement: (e) Submit the most recent inventory

Submitted

Presented as an Annex to the Second Biennial Update Report.

Reference: [Honduras National GHG Inventory Report 2016-2020 \(Feb 2024\)](#)

Requirement: (f) Submit the Initial Report:

Under development

The initial report is under development.

Reference: Interview

Article 6.4

Requirement: (c) Designated National Authority

Submitted

 Secretariat of Natural Resources and the Environment (SERNA)

 Lucky Halach Medina Estrada

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 Malcolm Bryan Stufkens Salgado

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malcolmstufkens@serna.gob.hn

Reference: [List of Designated National Authority - UNFCCC](#)

Requirement: (d) Contribution to sustainable development

Not available

Requirement: (e) Publication of A6.4 activities for consideration of approval

Planned

It is in the process of determining which activities will be considered.

Reference: Interview

Requirement: Communication of the Host Country's participation requirements

Not available

Article 6.8

Requirement: Communication of a National Focal Point

Submitted

 Secretariat of Natural Resources and the Environment (SERNA)

 Wendy Carolina Rodriguez Molina

 cambioclimatico@serna.gob.hn

Reference: [List of Focal Points of Art. 6.8 - UNFCCC](#)



Implementation

Signed cooperative approaches

No

Buyer Country Not available

Agreement Status Not available

Pilot Projects Not available

Reference Not available

Origin and implementation of the cooperative approach

Yes

Approaches have been made with some countries, and the minister has participated in meetings. However, no agreements or formal commitments have been made.

Reference: Interview

CDM Transition to PACM

Yes

of CDM activities requesting transition 2

Total amount of annual mitigation outcomes (ktCO₂ eq) 56.46

Current status of the transition authorization process

The transition is in an initial phase without a defined process. While there is interest and ongoing discussions, the approach is still being explored, and no formal framework has been established yet.

Reference:

- Interview
- [UNEP CCC Article 6 Pipeline](#)



Needs and received support

Received support

Organization

GCF Readiness LAC-6, UNEP: Member country of the GCF Readiness Project on Article 6 and Carbon Markets for Latin America.

Reference

General information:

- [UNEP CCC Article 6 Pipeline](#)
- Interview

Needs

The lack of clear regulations and structures that allow for the institutionalization of personnel involved in carbon markets is hindering progress. In this sense, the institutionalization of continuous knowledge management processes is required to ensure that staff can be trained to effectively manage carbon markets.



Panama: Progress on the operationalization of Article 6

Updated: October 2024.



Context

Documents submitted to the UNFCCC:



NC

Panama's Fourth National Communication on Climate Change (Aug 2023)



NDC

Second Nationally Determined Contribution (Jun 2024)



BUR

Second Biennial Update Report (Mar 2021)



NIR

National Inventory Document (Jun 2024)



LT-LEDS

National Strategy for socioeconomic, inclusive, low-emission and climate change-resilient development of Panama to 2050 (Jun 2024)



REDD+ Strategy

Panama's National REDD+ Strategy 2022



REDD+ Safeguards

Update of the Safeguards Information System (SIS) for REDD+ in Panama (2023)



BTR

First Biennial Transparency Report (Jun 2024)



TNA

-

NDC Information

Name of Document		Second Nationally Determined Contribution																									
Submission Date		13 June 2024				Implementation Period				2022-2050																	
Additional References		UNFCCC NDC Registry						IGES NDC Database 7.7																			
Description of mitigation																											
Type of mitigation		Relative emissions reduction				Type of Coverage				Economy-wide		Base year		BAU													
Year of Compliance		2030, 2050		Goals	Energy sector: emissions reduction of 11.5% by 2030 and 24% by 2050																						
Sector coverage																											
Industrial Proceses and Product Use				No		Energy		Yes		Agriculture		Yes															
Transportation				Yes		LULUCF		Yes		Waste		No															
Gases coverage																											
CO ₂		Yes		CH ₄		Yes		N ₂ O		Yes		HFC		No		PFCs		No		SF ₆		No		NF ₃		No	
Intention to participate in the cooperative approaches of Article 6				Yes. It is mentioned that the Article 6 voluntary cooperation mechanisms are seen as fundamental for global climate integrity and essential to accelerating climate action. In addition, Panama emphasizes a commitment to using all three cooperation mechanisms to achieve its climate objectives. It also highlights the San José Principles Alliance led by Costa Rica, which constitutes a key space for discussing innovative and high-ambition solutions for the negotiation of rules and guidelines related to Article 6.																							
Plans for NDC 3.0 Submission						An amendment to the recently published NDC 2.0 is planned.																					

LT-LEDS Information

Name	National Strategy for socioeconomic, inclusive, low-emission and climate resilient development of Panama to 2050		
Inclusion of Article 6	No	Submission Date	18 June 2024



Carbon pricing instruments and national perspectives

Carbon pricing instruments	
Carbon taxes	No
Emission Trading Systems	No
Crediting Mechanisms	Planned
Description: The National Offsetting System of Panama (SNCP) will meet the demand for GHG emission reduction units from actors participating in national GHG management programs or other international entities. The program will certify and issue GHG reduction units generated by projects. Reference: Executive Decree 142 of December 9th, 2021.	
Other instruments	Yes
Description: The Reduce Your Footprint Corporate - Carbon program is a national GHG management program at the organizational level to identify, calculate, report and verify the carbon footprint generated within the boundaries of organizations. This program is voluntary and helps the country map the present and future demand of Panama's domestic market. Reference: Executive Decree 100 of October 20th, 2020.	

National perspectives on market-based instruments and cooperative approaches	
Policy Guidelines	
Description: Panama places a high priority on operationalizing cooperative approaches. In that sense, it is working on a roadmap that will include gaps and needs for the elaboration of the National Carbon Market Strategy. Reference: Interview	



Domestic integration of carbon markets and cooperative approaches

Institutional Arrangements
Existing institutional arrangements, including regulatory frameworks and designated authorities
Description: In 2020, Executive Decree 100 of October 20th, 2020, was published, stating that the Ministry of Environment will progressively and gradually establish a national carbon market to guide sustainable, inclusive, low-emission and climate-resilient economic recovery. Additionally, it establishes the Registry of Mitigation Actions under the National Climate Transparency Platform that will contain information on emission reductions resulting from mitigation actions implemented under national or international schemes. In 2021, Executive Decree 142 of December 9th, 2021, was published, defining the three components of the domestic carbon market, its definitions, and the roles and responsibilities of the involved actors. Authorities: The Climate Change Directorate of the Ministry of Environment is responsible for establishing the National Carbon Market of Panama (MNCP). Reference: - Executive Decree 100 of October 20th, 2020 - Executive Decree 142 dated December 9th, 2021
Specific documents related to the planning, regulation, or institutionalization of Article 6 (Strategies, legal framework, roadmaps, etc.)
Description: None published yet. However, a roadmap is being developed as a basis for the development of the National Carbon Market Strategy. Reference: Interview

Article 6 Participation Requirements

Article 6.2

Requirement: (c) Arrangements to authorize the use of ITMOs

Not available

Designated authority for authorizations

Not available

Requirement: (d) Arrangements to track ITMOs

Under development

Interest in using the international or national registry for ITMO transfers

National and International

Reference: Interview

National registry name

National Registry of Mitigation Actions

Reference: [National Actions' Registry](#)

Includes Article 6

No. There is a registry under development, the scope of which is still under discussion. Currently, efforts are being made to mandate the reporting of mitigation actions at the national level, ensuring that all projects that generate ITMOs must go through this registry. Additionally, the registry includes project proposals that could be considered under Article 6.8.

Reference: Interview

Requirement: (e) Submit the most recent inventory

Submitted

Presented as an Annex to the Biennial Transparency Report (BTR).

Reference: [National Inventory Document \(Jun 2024\)](#)

Requirement: (f) Submit the Initial Report

Not available

Article 6.4

Requirement: (c) Designated National Authority

Submitted



Ministry of Environment of Panama



Javier Martinez



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Reference: [List of Designated National Authority - UNFCCC](#)

Requirement: (d) Contribution to sustainable development

Not available

Requirement: (e) Publication of A6.4 activities for consideration of approval

Not available

Requirement: Communication of the Host Country's participation requirements

Not available

Article 6.8

Requirement: Communication of a National Focal Point

Submitted



Ministry of Environment of Panama



Melani Acosta

Reference: [List of Focal Points of Art. 6.8 - UNFCCC](#)



Implementation

Signed cooperative approaches

No

Buyer Country Not available

Agreement Status Not available

Pilot Projects Not available

Reference Not available

Origin and implementation of the cooperative approach

Dialogues have been held with several countries interested in establishing a bilateral agreement, but no agreement has been reached at this time.

Reference: Interview

CDM Transition to PACM

Yes

of CDM activities requesting transition 6

Total amount of annual mitigation outcomes (ktCO₂ eq) 790

Current status of the transition authorization process

Not defined. It will be developed once the country determines how it will use the Article 6.4 mechanism.

Reference:

- Interview
- [UNEP CCC Article 6 Pipeline](#)



Needs and received support

Received Support

Organization

- **CiACA Project- UNFCCC RCC Latin America:** Development of the roadmap as a basis for the development of the National Carbon Market Strategy.
- **GCF Readiness LAC-6, UNEP:** Member country of the GCF Readiness Project on Article 6 and Carbon Markets for Latin America.
- **Partnership for Market Implementation (PMI), World Bank:** Strengthening knowledge for decision-makers in piloting carbon pricing instruments and other mitigation instruments.
 - Establishment of institutional arrangements for the implementation of Panama's National Carbon Market.
 - Development of the legal and technical bases for the operation of mitigation instruments in the energy sector (national program of EE certificates and national registry of vehicle emissions).
- **Carbon Pricing in the Americas (CPA):** Knowledge sharing at national and subnational levels for the adoption of carbon pricing instruments.
- **NDC Partnership, UNEP:** Creation of a team of trained personnel in carbon markets, specifically for the development of Panama's National Offsetting System.

Reference

General Information:

- [UNEP CCC Article 6 Pipeline](#)
- [A6IP Article 6 Capacity Building Activity Database](#)
- [CPA Website](#)
- Interview

Additional Information:

[Project Information Document - Panama PMI](#)

Needs

The roadmap currently under development will provide a detailed overview of the needs. As a first priority, financial resources and technical capacity are required. The team responsible for managing carbon markets is too small and simultaneously handling multiple topics, limiting its ability to effectively oversee all related aspects. In addition, the country highlighted its need to raise awareness about carbon markets and their implications among public and private stakeholders.

Context

Documents submitted to the UNFCCC:

 NC Fourth National Communication of Paraguay (Sep 2023)	 REDD+ Strategy National Forest Strategy for Sustainable Growth (ENBCS) (May 2019)
 NDC Update of the NDC of the Republic of Paraguay (Jul 2021)	 REDD+ Safeguards -
 BUR Third Biennial Update Report on Climate Change to the UNFCCC (Aug 2021)	 BTR -
 NIR Paraguay National GHG Inventory Report Time Series 1990-2019 (Apr 2024)	 TNA Technology Needs Assessment 2023
 LT-LEDS -	

NDC Information

Name of Document		Update of the NDC of the Republic of Paraguay												
Submission Date		16 July 2021				Implementation Period				2014-2030				
Additional References		UNFCCC NDC Registry						IGES NDC Database 7.7						
Description of mitigation														
Type of mitigation		Relative emissions reduction				Type of Coverage				Economy-wide				
Base year		BAU				Year of Compliance				2030				
Goals		20% reduction in BAU emissions projected by 2030, consisting of: - Conditional target dependent on external support: 10% of the reduction. - Unconditional Target: 10% of the reduction.												
Sector coverage														
Industrial Proceses and Product Use			Yes		Energy			Yes		Agriculture			Yes	
Transportation			Yes		LULUCF			Yes		Waste			Yes	
Gases coverage														
CO ₂	Yes	CH ₄	Yes	N ₂ O	Yes	HCFs	Yes	PFCs	Yes	SF ₆	Yes	NF ₃	No	

NDC Information

Intention to participate in the cooperative approaches of Article 6

Paraguay reserves the right to participate in any carbon market mechanism once the regulation on Art. 6/ CMA.1 is finalized. However, it is worth noting the growing interest shown by various national and international stakeholders in engaging in international carbon markets, particularly through certified emission reduction units in the Land Use, Land-Use Change and Forestry (LULUCF), as well as in agro-energy (biofuel production) sectors. The DNCC/MADES is also making progress in the registry of mitigation actions in its Environmental Information System (SIAM), the regulation of Carbon Ownership (in the case of usufruct of a forest area) and in the quantification of all emission reductions in the Paraguayan territory for the achievement of the country's NDC mitigation goal.

Plans for NDC 3.0 Submission

The NDC update is scheduled to be presented in February 2025.



Carbon pricing instruments and national perspectives

Carbon pricing instruments

Carbon taxes

No

Emission Trading Systems

No

Crediting Mechanisms

No

Other instruments

No

National perspectives on market-based instruments and cooperative approaches

Policy Guidelines

Description: Paraguay places a high priority on the operationalization of cooperative approaches within the carbon market framework. These mechanisms have been designated as a presidential priority, and the country is actively working on capacity building for their implementation. In this regard, necessary methodologies are being developed to carry out corresponding adjustments, aligning processes with national GHG inventories and ensuring compliance with NDC commitments.

Reference: Interview



Domestic integration of carbon markets and cooperative approaches

Institutional Arrangements

Existing institutional arrangements, including regulatory frameworks and designated authorities

Description: The proposed Carbon Credit Law in Paraguay (2023) aims to establish a legal framework that ensures the ownership of carbon credits generated in the country, promotes their free trade in the voluntary market, and guarantees transparency in transactions. The Ministry of Environment and Sustainable Development (MADES) is designated as the responsible authority for the registry of carbon credits, both national and international, to prevent double counting and ensure compliance with NDCs. The law also defines key concepts, such as "additionality," which establishes a formal accounting mechanism and encourages public-private participation in carbon markets. In parallel, MADES is leading efforts to operationalize Article 6 of the Paris Agreement, in coordination with other institutions, while the necessary regulatory framework for carbon credits in the country is being debated and developed.

Reference: [Law No. 7190 on Carbon Credits \(2023\)](#)

Specific documents related to the planning, regulation or institutionalization of Article 6 (Strategies, legal framework, roadmaps, etc.)

Description: Law No. 7190 on Carbon Credits (2023)

Reference: [Law No. 7190 on Carbon Credits \(2023\)](#)

Article 6 Participation Requirements

Article 6.2

Requirement: (c) Arrangements to authorize the use of ITMOs

Under development

Description: It is in the process of developing corresponding adjustment and authorization protocols.

Reference: Interview

Designated authority for authorizations

Not available

Requirement: (d) Arrangements to track ITMOs

Planned

Interest in using the international or national registry for ITMO transfers

National and International

Reference: Interview

National registry name

Carbon Credit Registry (Planned)

Reference: [Law No. 7190 on Carbon Credits \(2023\)](#)

Includes Article 6

Although still in the development phase, there are plans to map all carbon projects intended for Article 6.

Reference: Interview

Requirement: (e) Submit the most recent inventory

Submitted

Description: Published alongside its Fourth National Communication.

Reference: [Paraguay National GHG Inventory Report Time Series 1990-2019 \(Apr 2024\)](#)

Requirement: (f) Submit the Initial Report

Planned

The initial report on Article 6 is not yet ready, as no implementation agreement has been signed. A preliminary format is being developed, but there is not enough information to complete it.

Reference: Interview

Article 6.4

Requirement: (c) Designated National Authority

Under development

Description: It is in the process of communicating the Designated National Authority for Article 6.4.

Reference: Interview

Requirement: (d) Contribution to sustainable development

Not available

Requirement: (e) Publication of A6.4 activities for consideration of approval

Under development

Description: The country is determining which activities will be considered.

Reference: Interview

Requirement: Communication of the Host Country's participation requirements

Not available

Article 6.8

Requirement: Communication of a National Focal Point

Submitted

 Ministry of Environment and Sustainable Development

 Mr. Victor González Bedoya

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Implementation

Signed cooperative approaches

Yes

Buyer Country United Arab Emirates

Agreement Status

MoU

Reference: [Paraguay and the United Arab Emirates agreed on an instrument for carbon credits, Paraguayan Information Agency](#)

Pilot Projects N/A

Buyer Country Singapore

Agreement Status

Bilateral Agreement

Reference: [Singapore and Paraguay Substantively Conclude Negotiations on Implementation Agreement on Carbon Credits Cooperation](#)

Pilot Projects N/A

Origin and implementation of the cooperative approach

Paraguay agreed upon an instrument for the ITMOs authorization with the United Arab Emirates, while negotiations with Singapore were concluded for an implementation agreement that will enable cooperation on carbon credits. However, further details regarding allocations and specific responsibilities are still being considered.

Reference: Interview

CDM Transition to PACM

No

of CDM activities requesting transition 0

Total amount of annual mitigation outcomes (ktCO₂ eq) 0

Current status of the transition authorization process

Not available



Needs and received support

Received Support

Organization

- **Carbon Pricing in the Americas (CPA):** Knowledge-sharing at the national and subnational levels for the adoption of carbon pricing instruments.
- **NDC Partnership, Perspectives Climate Research GmbH:**
 - Review of environmental policies and regulations related to the carbon market.
 - Systematization of voluntary market projects in the country and proposals for a registry system.
 - Analysis of the implications of Article 6 decisions from COP26 for Paraguay.
 - Review of the draft regulation on carbon ownership to determine whether it aligns with Article 6 of the Paris Agreement.
 - Proposal for a national framework to operationalize both the regulated and voluntary carbon markets, considering all IPCC sectors, Article 6 guidelines, REDD+ mechanisms, and ensuring compliance with the NDC.
 - Advisory support to DNCC regarding the regulated and voluntary carbon market, incorporating all IPCC sectors and REDD+ mechanisms.
 - Capacity-building on carbon markets for DNCC, the National Climate Change Commission, and other key stakeholders identified by DNCC. Other projects not directly linked to Article 6, such as the BTR project, funding a consultant who provides support on issues related to markets.
- Other projects not directly linked to Article 6, such as the BTR project, funding a consultant who provides support on issues related to markets.

Reference

General information

- [UNEP CCC Article 6 Pipeline](#)
- [A6IP Article 6 Capacity Building Activity Database](#)
- [CPA Website](#)

Needs

Paraguay faces challenges in implementing the carbon market due to the instability of technical personnel, lack of communication between entities and the absence of institutionalization for staff managing the markets. It is estimated that nine permanent positions in MADES are needed to strengthen capacities. Additionally, clear information is required to encourage private sector participation, along with more detailed regulations to define mitigation activities. Currently, the priority is capacity building for applying corresponding adjustment methodologies, aligning with national inventories and ensuring NDC compliance.

Context

Documents submitted to the UNFCCC:



NC
Third National Communication of Peru (2016)



NDC
Peru NDC Update Report 2021- 2030 (Dec 2020)



BUR
Third Biennial Update Report (Jun 2023)



LT-LEDs
-



NIR
2014 National GHG Inventory and updated estimates for the years 2000, 2005, 2010 and 2012 (Nov 2019)



REDD+ Strategy
-



REDD+ Safeguards
-



BTR
-



TNA
Technology Needs Assessment 2022

NDC Information

Name of Document		Peru Nationally Determined Contributions Update Period 2021 - 2030											
Submission Date		18 Dec 2020				Implementation Period			2021-2030				
Additional References		UNFCCC NDC Registry					IGES NDC Database 7.7						
Description of mitigation													
Type of mitigation		Absolute emissions reductions			Type of Coverage			Economy-wide		Base year		-	
Year of Compliance		2030	Goals		208.8 MtCO2eq (unconditional), 179.0 MtCO2eq (conditional)								
Sector coverage													
Industrial Proceses and Product Use			Yes		Energy		Yes		Agriculture		Yes		
Transportation			Yes		LULUCF		Yes		Waste		Yes		
Gases coverage													
CO ₂	Yes	CH ₄	Yes	N ₂ O	Yes	HFC	Yes	PFCs	Yes	SF ₆	Yes	NF ₃	No
Intention to participate in the cooperative approaches of Article 6			Declaration in its NDC: Peru envisions its participation in the cooperative approaches of the Paris Agreement. To this end, it is preparing the necessary domestic conditions, including institutional arrangements, regulations and procedures, which once implemented, will contribute to increasing the ambition of its NDCs, promote sustainable development, and ensure environmental integrity. In this regard, robust and transparent accounting must be applied to ensure the absence of double counting.										
Plans for NDC 3.0 Submission			Work is underway to update the NDC, prioritizing sectoral objectives and measures for more effective implementation. A priori, market-related issues will not be explicitly included in this update.										



Carbon pricing instruments and national perspectives

Carbon pricing instruments

Carbon taxes	No
Emission Trading Systems	No
Crediting Mechanisms	No
Other instruments	Yes

Description: The Peru Carbon Footprint program is a tool that recognizes the effort of public and private organizations in reducing their GHG emissions, through measuring and reporting the actions taken to reduce and/or neutralize them.

Reference: [Official Carbon Footprint Peru Website](#)

National perspectives on market-based instruments and cooperative approaches

Policy Guidelines

Description: A high priority is placed on operationalizing cooperative approaches with a focus on approving a new version of the standard that establishes the provisions for the operation of its National Registry of Mitigation Measures (RENAMI).

Reference: Interview



Domestic integration of carbon markets and cooperative approaches

Institutional Arrangements

Existing institutional arrangements, including regulatory frameworks and designated authorities

Description: The Framework Law on Climate Change and its Regulation defines Article 6 cooperative approaches within the MRV system for GHG emissions, removals, reductions and incremental removals, as well as within RENAMI. In Peru, the Ministry of Environment manages the RENAMI and coordinates with state ministries to facilitate the process.

Reference: [Regulation of Law No. 30754, Framework Law on Climate Change](#).

Specific documents related to the planning, regulation or institutionalization of Article 6 (Strategies, legal framework, roadmaps, etc.)

Description: In addition to the Framework Law on Climate Change, Peru is working on a new version of Ministerial Resolution No. 156-2022-MINAM that establishes the provisions for the RENAMI operations. This document establishes the administrative procedures for registration, requirements, recognition and approval processes, among other provisions, for mitigation measures that apply to carbon markets within and outside the scope of Article 6 of the Paris Agreement. Additionally, it establishes criteria for accrediting certification standards for Emission Reduction Units (ERUs) and includes the national interpretation of the Cancun Safeguards.

Reference: [Public consultation documents of Ministerial Resolution N.º 156-2022-MINAM](#)

Article 6 Participation Requirements

Article 6.2

Requirement: (c) Arrangements to authorize the use of ITMOs

Under development

Descripción: Builds this process based on the regulations associated with RENAMI.

Reference: Interview

Designated authority for authorizations

Ministry of Environment in draft version

Reference: [Public consultation documents of Ministerial Resolution N.º 156-2022-MINAM](#)

Requirement: (d) Arrangements to track ITMOs

Under development

Interest in using the international or national registry for ITMO transfers

National and International

Reference: Interview

National registry name

National Registry of Mitigation Measures (RENAMI)

Reference: [National Registry of GHG Mitigation Measures](#)

Includes Article 6

Yes

Reference: Interview

Requirement: (e) Submit the most recent inventory

Submitted

Descripción: Presented as an Annex to the Second Biennial Update Report.

Reference: [2014 National GHG Inventory and updated estimates for the years 2000, 2005, 2010 and 2012 \(Nov 2019\)](#).

Requirement: (f) Submit the Initial Report

Not available

Article 6.4

Requirement: (c) Designated National Authority

Submitted



Ministry of Environment (MINAM)



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Reference: [List of Designated National Authority - UNFCCC](#)

Requirement: (d) Contribution to sustainable development

Not available

Requirement: (e) Publication of A6.4 activities for consideration of approval

Not available

Descripción: For now, Peru does not use tools to prioritize sectors and activities. It will collaborate with sectors to regulate and prioritize these matters.

Reference: Interview

Requirement: Communication of the Host Country's participation requirements

Not available

Article 6.8

Requirement: Communication of a National Focal Point

Submitted



Ministry of Environment (MINAM)



Berioska Quispe Estrada



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Reference: [List of Focal Points of Art. 6.8 - UNFCCC](#)



Implementation

Signed cooperative approaches

Yes

Buyer Country Switzerland

Agreement Status Bilateral Agreement

Pilots Projects

- **Improved cookstoves:** installation and maintenance of 60,000 cookstoves in areas of Peru. The contract with Microsol S.A.S. which concluded in Nov 2021 was the first ITMO purchase agreement in the world. This project has pending authorization from Switzerland and Peru for 750,000 ITMOs by 2030, of which 120,000 will go to the Klik Foundation.
- **Photovoltaic systems:** creation of renewable energy generation through the expansion of off-grid photovoltaic installations. 440,000 ITMOs are expected by 2030.

Reference:

- [Joint Declaration on Bilateral Cooperation under Article 6 of the Paris Agreement](#)
- [Annual Report 2023, Klik Foundation](#)

Buyer Country Singapore

Agreement Status MoU

Pilots Projects

Reference: [Singapore and Peru to Collaborate on Carbon Markets to Advance Climate Ambition](#)

Origin and implementation of the cooperative approach

In addition to Switzerland and Singapore, Peru has held conversations with Japan and South Korea to establish agreements to implement cooperative approaches. Japan is waiting for Peru to finalize the RENAMI regulation before formalizing the agreement. For South Korea, there is already a framework document on climate change, where one of the sections mentions that a bilateral agreement should be developed.

Reference: Interview

CDM Transition to PACM

Yes

of CDM activities requesting transition 19

Total amount of annual mitigation outcomes (ktCO₂ eq) 3795

Current status of the transition authorization process

It is waiting the finalization of the rules of Article 6.4 to establish supplementary regulations.

Reference:

- Interview
- [UNEP CCC Article 6 Pipeline](#)



Needs and received support

Received Support

Organization

- **Article 6 Implementation Partnership (A6IP):** Support in capacity building, the creation of institutional, legal, and technical frameworks necessary to participate in Article 6 market and non-market approaches, facilitation of international financing, access to carbon market mechanisms and international collaboration, and technology transfer.
- **Carbon Payment for Development (CP4D), UNDP:** Support in capacity building, implementation of sustainable projects and transparency and reporting for the execution of projects that strengthen national capacities to address climate change in line with national commitments, including Article 6.
- **Partnership for Market Implementation (PMI), World Bank:** Peru is part of the PMI regional program, in addition to Brazil and Ecuador for the design, piloting and implementation of carbon pricing instruments.
- **Climate Market Club, Climate Warehouse, World Bank:** Group of national governments and non-sovereign members that agree on common principles and jointly develop modalities for piloting activities under Article 6.2 of the Paris Agreement.
- **A6 NDC Assist II, GIZ:** Strengthening strategic capacities for the use of international market mechanisms under Article 6 of the Paris Agreement in Peru, through three lines of work: ecosystem development (among relevant stakeholders from the public and private sectors), support for the development of Article 6 policy strategies and knowledge sharing on Article 6 best practices.
- **Integrated Assessment for Article 6 (IAA6), UNEP CCC:** South-South cooperation to support countries in the analysis and planning of national mitigation strategies using Article 6 and aligned with the NDCs, Sustainable Development Goals (SDGs), and the long-term goals of the Paris Agreement.
- **NDC Partnership, UNEP:** Implementing carbon markets through the Peru Carbon Footprint tool promotion campaign; hiring personnel in charge of managing the Peru Carbon Footprint tool; development of abatement curves for technologies and mitigation measures; study on appropriate approaches to specific sectors and types of measures to strengthen additionality analysis; Technical assistance to strengthen the RENAMI regarding the incorporation of social and environmental safeguards.
- **Klik Foundation:** Support in training and capacity building, identification of carbon projects, access to finance, fostering international collaboration and promoting the development of inclusive and sustainable policies.

Received Support

Reference

General information:

- [UNEP CCC Article 6 Pipeline](#)
- [A6IP Article 6 Capacity Building Activity Database](#)

Needs

Peru identifies the need to have a sustainable team to manage the carbon market, to have adequate technological tools and registries and to have access to updated information that communicates with both citizens and decision-makers. In addition, the country highlights the importance of monitoring the progress of the market, considering its volatility and the participation of non-state actors.



Context

Documents submitted to the UNFCCC:



NC

Sixth National Communication 6NC (Dec 2023)



NDC

Second Nationally Determined Contribution to the Paris Agreement (Dec 2022)



BUR

Fourth Biennial Update Report BUR4 (Dec 2021)



NIR

National GHG Inventory Report 1990-2019 (Jan 2022)



LT-LEDS

Uruguay's Long-Term Climate Strategy for a Low GHG Emission and Climate Resilient Development



REDD+ Strategy

-



REDD+ Safeguards

-



BTR

-



TNA

Technology Needs Assessment (2017)

NDC Information

Name of Document		Second Nationally Determined Contribution											
Submission Date		30 Dec 2022											
Implementation Period		The implementation period for Uruguay's second NDC runs from 2022 to 2030. The implementation may begin before 2026, and its effects will be reflected in the Biennial Transparency Reports to be submitted between 2028 and 2034. The target year is 2030, aiming to measure and verify greenhouse gas emissions during that year.											
Additional References		UNFCCC NDC Registry			IGES NDC Database 7.7			Commitments - Climate Watch					
Description of mitigation													
Type of mitigation		Absolute emissions reductions			Type of Coverage			Economy-wide					
Year of Compliance		2030			Base year			BAU for HFCs					
Goals		Unconditional target: not to exceed 9,267 Gg of CO2 emissions, 818 Gg of methane emissions and 32 Gg of N2O emissions by 2030, and to reduce HFC emissions by 10% relative to BAU. Conditional target: Reduce its emissions to 960 Gg of CO2, 61 Gg of methane and 2 Gg of N2O, and to reduce its HFC emissions by an additional 5%.											
Sector coverage													
Industrial Proceses and Product Use			Yes		Energy		Yes		Agriculture		Yes		
Transportation			Yes		LULUCF		No		Waste		Yes		
Gases coverage													
CO ₂	Yes	CH ₄	Yes	N ₂ O	Yes	HFC	Yes	PFCs	No	SF ₆	No	NF ₃	No

NDC Information

Intention to participate in the cooperative approaches of Article 6

Uruguay does not rule out participating in international markets for the transaction of GHG mitigation outcomes, while prioritizing compliance with its NDC2 commitments, as outlined in this instrument. Any transfer of GHG mitigation outcomes under Article 6 of the Paris Agreement, involving units achieved within the Uruguayan territory, must receive authorization through a ministerial resolution from the Ministry of Environment, which acts as the national competent authority for the implementation and application of the UNFCCC and the Paris Agreement. All those GHG mitigation outcomes achieved in the Uruguayan territory, which have not been authorized for transfer, will be counted towards the achievement of Uruguay's NDC2 mitigation targets.

Plans for NDC 3.0 Submission

Uruguay plans to submit its third NDC in 2025, aiming to do so as soon as possible. The country faces the challenge of aligning this submission with election years, which could create both obstacles and opportunities to bring climate action into the public agenda.

Currently, studies and emissions projections towards 2035 are conducted. While Uruguay has made significant progress in CO₂ reduction in the energy sector, the agricultural sector, which accounts for the majority of emissions, faces technological limitations that constrain further ambition. Given this context, the new NDC will remain similar in terms of targets.

LT-LEDS Information

Name

Uruguay's Long-Term Climate Strategy for a Low GHG Emission and Climate Resilient Development

Inclusion of Article 6

No

Submission Date

28 Dec 2021



Carbon pricing instruments and national perspectives

Carbon pricing instruments

Carbon taxes

Yes

Description: CO₂ tax in Uruguay, established through the Internal Specific Tax (IMESI) and regulated by Decree 441/2021, applies to the first sale of fuels, such as Super 95 and Premium 97 gasoline, based on their CO₂ emissions. The tax is \$5,645.45 per ton of CO₂, with annual adjustments, encouraging the reduction of emissions and the use of clean energies, in line with the country's climate commitments.

Reference: Decree N° 441/021

Emission Trading Systems

No

Crediting Mechanisms

No

Other instruments

No

National perspectives on market-based instruments and cooperative approaches

Policy Guidelines

Description: A medium/low priority is highlighted to implement cooperative approaches considering the country's limited emission reduction potential, underlining the importance of safeguarding environmental integrity related to its ambitious NDC.

Reference: Interview



Domestic integration of carbon markets and cooperative approaches

Institutional Arrangements

Existing institutional arrangements, including regulatory frameworks and designated authorities

Description: Uruguay will soon submit its proposed National Framework for Article 6 to the relevant institutions. The National Directorate for Climate Change, under the Ministry of Environment, centralizes the management of international mechanisms and coordinates with sectoral ministries, maintaining an approach similar to that applied in Clean Development Mechanism projects.

Reference: Interview

Specific documents related to the planning, regulation or institutionalization of Article 6 (Strategies, legal framework, roadmaps, etc.)

Description: Uruguay is working on the development of the Article 6 National Framework, which will include the institutional arrangements for approving, authorizing and registering the use of ITMOs.

Reference: Interview

Article 6 Participation Requirements

Article 6.2

Requirement: (c) Arrangements to authorize the use of ITMOs

Under development

Description: Addresses these processes in the proposed Article 6 National Framework.

Reference: Interview

Designated authority for authorizations

Not available

Requirement: (d) Arrangements to track ITMOs

Not available

Interest in using the international or national registry for ITMO transfers

International

Reference: Interview

National registry name

Not available

Includes Article 6

Not available

Requirement: (e) Submit the most recent inventory

Submitted

Description: Presented as an Annex to its Sixth National Communication.

Reference: [National GHG Inventory Report 1990- 2019 \(Jan 2022\)](#)

Requirement: (f) Submit the Initial Report

Not available

Description: Not planned for 2024.

Reference: Interview

Article 6.4

Requirement: (c) Designated National Authority

Submitted



Ministry of Environment of Uruguay



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Reference: [List of Designated National Authority - UNFCCC](#)

Requirement: (d) Contribution to sustainable development

Not available

Requirement: (e) Publication of A6.4 activities for consideration of approval

Not available

Description: In the process of determining which activities will be considered.

Reference: Interview

Requirement: Communication of the Host Country's participation requirements

Not available

Article 6.8

Requirement: Communication of a National Focal Point

Submitted

 Ministry of Environment of Uruguay

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Reference: [List of Focal Points of Art. 6.8 - UNFCCC](#)



Implementation

Signed cooperative approaches

Yes

Buyer Country Switzerland

Agreement Status Bilateral Agreement

Pilots Projects

Reference: [Implementation Agreement of the Paris Agreement between the Oriental Republic of Uruguay and the Swiss Confederation](#)

Origin and implementation of the cooperative approach

The "Implementation Agreement of the Paris Agreement between Uruguay and Switzerland" seeks to finance projects in various sectors related to Uruguay's NDCs, allowing the transfer of its mitigation outcomes to Switzerland without compromising Uruguay's NDCs commitments. This agreement promotes technical cooperation and benefits the public and private sector, supporting sustainable development. Uruguay will sell emission reductions as long as it does not affect compliance with its own NDCs, and both parties can act as transferors or recipients of mitigation outcomes. In addition, regular meetings are held to review projects and issue letters of intent.

Reference: Interview

CDM Transition to PACM

Yes

of CDM activities requesting transition 3

Total amount of annual mitigation outcomes (ktCO₂ eq) 222.186

Current status of the transition authorization process

Uruguay has held meetings with representatives of the three CDM projects that requested transition to explain the timeline and requirements that the country has to comply to grant approval.

Reference:

- Interview
- [UNEP CCC Article 6 Pipeline](#)



Needs and received support

Received Support

Organization

Carbon Payment for Development (CP4D), UNDP:

Support in the development of the National Framework for Article 6. In addition, through the CP4D Facility, assessments of gaps and capacity needs are carried out in collaboration with stakeholders and national partners to ensure targeted assistance. These assessments pinpoint areas requiring technical assistance and help to improve the preparation of each country for cooperative approaches under Article 6.2.

Reference:

General information

- [UNEP CCC Article 6 Pipeline](#)
- [A6IP Article 6 Capacity Building Activity Database](#)
- Interview

Needs

Uruguay faces challenges in identifying eligible mitigation projects to generate ITMOs, especially in sectors such as the circular economy. Among the most prominent challenges are improving the private sector's understanding of which projects qualify and how to identify effective mitigation initiatives, as well as overcoming methodological and scalability obstacles in mitigation approaches.

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