

4 July 2024**LATIN AMERICA CLIMATE SUMMIT: SUMMARY REPORT**

Introduction

Over three days in late June, IETA and Asocarbono hosted the Latin America Climate Summit (LACS), bringing together more than 750 participants from 38 countries. The summit, hosted in Cartagena, Colombia, served as a pivotal platform for in-depth discussions on crucial topics such as financing the just transition, Voluntary Carbon Markets (VCM), Emission Trading Systems, Natural Climate Solutions (NCS), carbon removals, Article 6, digital innovations, legal frameworks and more. Government entities and subnational representatives shared valuable insights and case studies on effective climate strategies, with a spotlight on what is and isn't working. Notably, the summit emphasised the inclusion of voices from Indigenous, Afro-Colombian, and other local communities, with various representatives actively participating throughout the summit. A media workshop on day one also showcased community perspectives on carbon markets.

Industry milestones were marked at the summit, including the release of an IETA and Natural Climate Solutions Alliance (NCSA) paper titled "[The Urgent Need to Finance Natural Climate Solutions](#)". Moreover, the summit provided a platform for significant announcements from the Global South, such as the endorsement of a letter by ~70 community-based organizations and small businesses from the global south supporting the SBTi's Board Decision on Scope 3 emissions. Please contact [Camilo Trujillo](#), IETA LAC Lead, for more information. Strengthening collaboration, IETA is also finalising a MOU with the Consortium of Amazon States, reinforcing commitments to advancing climate initiatives in the region and beyond.

Session summaries**Day 1**

The first day of LACS was packed with various sessions, including a detailed exploration of the [IETA Guidelines for High Integrity Use of Carbon Credits](#), unveiled at [IETA's European Climate Summit](#) in Florence in April and an IETA joint working group session with members from the Latin America and Caribbean and NSC groups coming together. Additionally, a session by Climate Action Data (CAD) Trust titled "Transparency & Trust - Advancing Integrity through Digital Carbon Markets" delved into the advantages of the CAD Trust digital data infrastructure in enhancing transparency within carbon market operations, offering insights on how it can benefit businesses and organisations in managing the complexities of the carbon credit data arena. The day featured several partner events and workshops and offered time for bilateral meetings and networking in the Carbon Market Lounge, adding further depth to the discussions and activities taking place at the event.

Day 2

The formal event opening featured a line-up of distinguished speakers who set the tone for the day's proceedings. Master of Ceremonies Daniela Pachón, a renowned journalist and news anchor from Caracol



TV Internacional, guided the event as co-organisers Dirk Forrister, President & CEO of IETA, and Francisco Ocampo, Executive Director of Asocarbono, shared insightful addresses focusing on the event's objectives and the importance of collaborative efforts in the carbon market.

The Host Country Welcome Address was delivered by Adriana Gutiérrez, representing the Ministry of Environment from the Government of Colombia, emphasising the nation's commitment to environmental sustainability. The keynote address by Wasinton Carabali, an Afro-Colombian Youth Leader from Asociación de Mujeres Campesinas Negras e Indígenas de Buenaventura (AMUCIB), resonated powerfully with his statement, "We don't want to be saved. We want to save ourselves collectively. Communities should be agents of change."

Entering the main agenda, the first plenary, "Decoding Carbon Pricing in Latin America: Government Insights and Market Evolution", provided a comprehensive overview of how countries in Latin America and the Caribbean are advancing carbon markets tailored to their distinct needs, while also fostering international cooperation. Discussions centred around regulatory developments in compliance and voluntary carbon markets. Speakers offered fresh insights on the progress made by several countries, including the design and implementation of Emission Trading Systems (ETS) in Brazil, Colombia, and Chile.

Additionally, speakers shared insights on the challenges and advancements in carbon tax frameworks, as well as the importance of inter-agency coordination to ensure the longevity and effectiveness of carbon pricing instruments. Countries in the region, such as Panama, also showcased achievements in national carbon market initiatives, underlining the critical need for knowledge retention to sustain these efforts over time.

The second plenary of the day delved into the crucial role of subnational states in advancing carbon markets and climate action beyond central governments. Notably, subnational states across the hemisphere are taking active leadership roles in market development.

- In Mexico, for instance, eight subnational states currently have a carbon tax, with three of them allowing or working towards enabling the use of offsets.
- In Brazil, several states have implemented jurisdictional and results-based payment programmes – The Consortium of Amazon States, encompassing states like Para, Acre and Amazonas amongst others, shared insights on their collaborative efforts in REDD and market initiatives.
- Provinces in Argentina are fostering demand and supporting the growth of carbon projects for VCMs.
- The discussion also touched on CC35's endeavours to strengthen climate action and carbon pricing integration across a myriad of cities and state governments in the region, emphasising their representation in UN forums.



- The session acknowledged Quebec-California's successful cap-and-trade programmes, reflecting on their 11-year partnership and cross-border linkage as a potential model for the Latin America and Caribbean (LAC) regions.
- Speakers shared details on the progress of the [Carbon Pricing in the Americas \(CPA\) declaration](#), highlighting it as the first collaborative platform for national and subnational governments in the hemisphere to exchange carbon pricing experiences, resources, and best practices. The CPA is also showcasing the growing importance of subnational entities in advancing carbon market mechanisms and climate initiatives.

Next up was a series of breakout sessions.

During the Colombia ETS Breakout session, experts highlighted the significance of the 'Programa Nacional de Cupos Transables de Emisión de GEI (PNCTE)' in supporting Colombia's NDC goals through emission reduction and offset credit acceleration. The discussion emphasised the indirect impacts of this initiative, including shifts in production patterns and mitigating reputational risks.

- Essential principles of granularity and completeness underpin the government's efforts to ensure the system's robustness, with plans to establish a decree during the second semester of the year outlining the initial design of the ETS.
- More specific elements such as scope definitions, emission limits, MRV details, pricing mechanisms, and the legal framework for carbon credits and permits will be defined on a later stage.
- Collaboration, including leveraging the Emission Registry data, is seen as vital in refining aspects and building confidence in stakeholders.
- Panellists stressed the private sector's need for alignment with the NDC and the Paris Agreement within the ETS framework to prevent potential implications of CBAM and other charges that could impede post-pandemic economic recovery. Recognising the private sector as a crucial partner in resource mobilisation for mitigation and adaptation efforts, considerations were raised regarding the support required by smaller companies to engage effectively with the system.
- Associations and clear benchmarks were identified as essential tools to facilitate robust investments and engagement within the evolving ETS landscape.

Complementing the previous session, participants engaged in an in-depth discussion on the establishment of the ETS in Brazil (SBCE), focusing on its development progress, challenges, and future prospects. The session covered various aspects, including the legislative process, anticipated regulatory framework, potential market design, and implications for Brazil's climate goals and environmental policies. Panellists provided an overview of the SBCE, explaining its structure, legislative journey, and key components such as emission monitoring thresholds and carbon project credit mechanisms.



The session also highlighted the role of international standards and collaboration with the UK Pact in adapting methodologies to the national context. Discussions around the authorisation of export credits under Article 6 and the establishment of an inter-ministerial working group underscored the multifaceted approach to regulatory readiness and system implementation. Speakers also emphasised the importance of regulatory coherence across different levels of governance and the distinct legal aspects concerning credits and permits within the SBCE framework.

Breakout 3 provided an enriching dialogue around Guyana's proactive involvement in carbon markets, exemplified by the issuance of 7.1 million CORSIA-eligible credits.

- The discussion shed light on the diverse range of stakeholders showing interest in Article 6 credits, including governments, CORSIA, and corporations, for both compliance and voluntary purposes.
- Emphasising the necessity for countries to establish robust legal, institutional, and reporting frameworks to effectively engage in credit activities, participants highlighted the potential supply shortfall in CORSIA-eligible credits as early as 2026 under specific scenarios.
- Forecasts suggest a significant increase in CA credit prices, potentially exceeding \$100 per tCO₂e post-2045. The rigorous approval processes undergone by the ART and ACR programmes were also highlighted as crucial for ensuring a stable credit supply.
- Challenges revolving around the legitimacy of REDD+ baselines and the importance of transparent accounting and reporting procedures surfaced as key focal points during the event, underlining the complexities and considerations associated with international carbon credit trading mechanisms.

Another breakout focused on Carbon Border Adjustments, Competitiveness, and Carbon Pricing trends in Latin America and the Caribbean, with a specific emphasis on the EU's Carbon Border Adjustment Mechanisms (CBAM) and its implications on emissions pricing in the region. Participants explored how CBAM influences export markets and global responses, unveiling potential impacts and opportunities for carbon pricing initiatives in Latin America and the Caribbean.

- This insightful discussion highlighted CBAM as crucial for reducing emissions and promoting sustainability in key sectors, necessitating effective carbon pricing and measurement strategies for compliance and cost efficiency. The agricultural sector, despite facing unique challenges, holds significant potential for carbon reduction and removal efforts.
- Strong industry support for CBAM was evident, with calls for pricing mechanisms that recognise the benefits of clean production practices. The session also featured an introduction outlining the commitment of various sectors to emission reductions, achievements in emissions reduction, and CBAM objectives, targeting sectors like steel, iron, cement, and more with taxation based on EU ETS auction prices.
- Moreover, insights from panelists shed light on carbon tax initiatives driving regional decarbonisation and attracting Foreign Direct Investment aligned with emission reduction goals.



- They also highlighted the role of assisting the private sector in carbon pricing and CBAM compliance through capacity building, advocacy for internal carbon pricing, and supplier GHG reporting. The session detailed future steps such as potential extensions to downstream sectors and considerations for indirect emissions impacts, emphasising the evolving landscape of carbon pricing and industry dynamics in the region.

In the session on "Making Finance Flow to Nature: Evolving Approaches," participants delved into the crucial role nature can play in global mitigation efforts, with the potential to contribute significantly to this cause. However, the current policy landscape inadequately supports the necessary investments to unlock nature's full potential.

- To bridge this finance gap, the VCM emerges as a vital tool, albeit one that is currently undergoing a phase of evolution. The discussion emphasised the need for natural climate solutions to become pivotal in achieving the objectives of the Paris Agreement.
- Trust emerged as a central theme throughout the session, highlighting its importance in facilitating the success of these solutions. Participants underscored the significance of understanding diverse worldviews and ethnic beliefs to ensure the legitimacy of nature-based projects.
- Analogies like the egg/water comparison – where these are seen as commonly tradable commodities – were used to illustrate the deep-rooted trust these projects hold, passed down for generations and thus ingrained in communities. The session emphasised that trust is a key ingredient in securing the necessary finance for nature-based solutions to thrive, underlining the essential role it plays in the success and acceptance of initiatives aimed at harnessing the potential of natural climate solutions.
- During this session, IETA also launched a paper co-authored by the Natural Climate Solutions Alliance calling for [The Urgent Need to Finance Natural Climate Solutions](#).

The final plenary of the day on "Indigenous People and Local Communities: Safeguards, Benefit Sharing, and Just Transition," emphasised that these communities serve as essential custodians of nature, yet receive less than 1% of direct climate finance. The discussion highlighted carbon markets as crucial for channelling resources to support social development in the global south, underscoring the need to explore just transition concepts and address challenges in implementing comprehensive safeguards.

- The session aimed to delve into the essence of inclusive development and strategies for equitable benefit sharing. Examples were shared by Levy Andoke, Amazon Indigenous Leader, illustrating how carbon projects have facilitated the return of Indigenous community members to their territories by providing development opportunities.
- There was a call for more direct resource allocation and improved distribution mechanisms within these initiatives. Additionally, initiatives such as the IP&LC Forum and the NBS Brazil Alliance were



recognised for their efforts in integrating Indigenous voices, sharing experiences, and ensuring compliance with safeguards in natural-based solutions projects.

- Indigenous and Afro-Colombian leaders wrapped up the session echoing the sentiment of community empowerment as an essential driver of positive transformation in the carbon market landscape.

Day 3

Day 3 commenced with a plenary that focused on "The Voluntary Carbon Market as Climate Policy Enabler," showcasing innovative regulatory approaches in Colombia and Chile that integrate carbon markets into local climate strategies, allowing the use of carbon credits within regional carbon tax frameworks to fund emission reduction and removal projects.

- Discussions spotlighted two carbon project categories – community-based and non-community-based – emphasising the necessity of transparent and consultative processes to foster local culture development.
- Ethics and morals around establishing rules of coexistence were debated, leading to insights from speakers like Chile's representative who highlighted the complexities encountered during policy implementation and the importance of practical learning for global standards in the future.
- Panelists stressed the pivotal role of projects in the governance and capacity building of indigenous communities, advocating for transparent resource distribution and ethical safeguards.
- They also highlighted the informative role of the VCM in shaping policy standards and eligibility criteria internationally, with examples from Singapore and the UK aligning strategies.
- The session's discussions underscored the significance of equity, transparency, and ethical considerations in advancing climate actions within a global context.

To round off the final morning, a session on "Carbon Markets and Biodiversity: Road to COP16" explored the emerging developments in biodiversity credits and markets, and the intersection of carbon projects and biodiversity. Emphasising the significance of biodiversity for ecosystem resilience, the need for biodiversity markets to complement carbon markets was underscored to create financial streams. While acknowledging the nascent stage of biodiversity credit markets, the increasing demand necessitates a focus on establishing high-quality standards, methodologies, and registry platforms collectively.

- The call for addressing regulatory gaps and enhancing quantifiable results to demonstrate project additionality and build trust was highlighted.
- Notable growth in biodiversity investments was observed, indicating the market's pivotal role in conservation efforts. The distinction between biodiversity and carbon credits, with the former focusing on a local contribution to ecological infrastructure, was explained.



- Urging for a symbiotic relationship between biodiversity credits and markets, the importance of community engagement in ecological conservation efforts was emphasised.
- With projects varying in scale and complexity, the need for proactive market engagement rather than a passive approach was raised. Lessons learned from challenges in the carbon market, like safeguards and social considerations, were identified as valuable for shaping biodiversity markets.
- Questions around whether there are clear incentives to invest in or purchase biodiversity credits remain.
- The imperative of inclusive participation, adherence to standards, and continuous market development emerged as key themes to navigate the evolving landscape of biodiversity and carbon markets effectively.

The session on “Technology Platforms and Digital Monitoring-Reporting-Verification (MRV)” in carbon markets highlighted the daily challenges faced, such as data collection and accuracy, transparency, emission factor calculations, and baseline establishment.

- Technology solutions were discussed as crucial for enhancing market integrity, efficiency, and scalability, particularly focusing on digital MRV, new technologies, and registration platforms.
- The importance of combining on-the-ground verification with satellite data for accuracy and community safeguards, was emphasized, underlining the necessity of stakeholder collaboration and trust for sustainable market development.
- Education and transparency were identified as pivotal factors in building confidence and ensuring operational integrity within carbon markets.
- The final reflection emphasised the need to strike a balance between data transparency and market dynamics to bolster effective governance and informed investment decisions in the carbon market landscape.

Beginning the final afternoon, the session on the “Role of Removals and Decarbonisation Pathways” explored the significance and potential of Carbon Dioxide Removals (CDR) and Carbon Capture Use and Storage (CCUS) in the context of increasing corporate and government net zero pledges. With growing investment and demand for these solutions, the discussion focused on understanding the current landscape of CDR/CCUS markets, methodologies, and investments in Latin America and the Caribbean. Participants delved into how countries and corporations can leverage these solutions for their benefit and scale up implementation, including through portfolio strategies to advance decarbonisation efforts effectively and efficiently.

The session on “Carbon Market Developments: A Global South Perspective” showcased the influential role of voices from the Global South in the global fight against climate change. Participants had the opportunity to explore how recent developments are facilitating climate finance access for communities in countries like Brazil, Mexico, Colombia, Panama, and beyond. This session provided insights from a varied range of



stakeholders driving climate action on a global scale. Additionally, it marked the launch of a letter in support of the Science Based Targets Initiative (SBTI) Board Decision on Scope 3 emissions, led and signed by approximately 70 community-based organisations and small businesses. This letter is still open for signing. Please contact [Camilo Trujillo](#), IETA LAC Lead, for more information.

The closing plenary of the event focused on "Financing the Just Transition: Unlocking the Trillions," highlighting the critical need for significant climate financing to support Paris-compatible transitions in developing countries, estimated at \$2.4 trillion annually by 2030. With the upcoming COP29 labelled as "The Finance COP" in Baku, success is contingent on adopting a new climate finance goal.

- The session aimed to clarify essential elements for unlocking future trillions in private "transition finance," encompassing carbon pricing, carbon finance, innovative financial instruments, and risk mitigation strategies.
- Key insights from panelists emphasised the importance of aligning project investments with long-term goals to address the climate crisis without adverse impacts.
- Key discussion points included simplification of processes, scaling up project implementation, engaging governments in voluntary markets, developing environmental asset markets in Latin America, leveraging insurance for market confidence, and addressing gaps in carbon information dissemination and project financing.
- These highlighted the complexities and challenges in carbon markets and climate finance while advocating for integrated, comprehensive approaches.

The Latin America and Caribbean Climate Summit (LACS) concluded with the exciting announcement that the next edition will take place in Mexico in 2025. This decision sets the stage for continued regional engagement and collaboration on climate action, providing a platform for stakeholders to come together, share insights, and drive progress towards sustainable development and climate resilience in the Latin America and Caribbean region.

Summary

In conclusion, the Latin American Climate Summit underscored the **urgent need to mobilise finance strategically** to facilitate the just transition towards a sustainable future. This journey must **prioritise the meaningful inclusion of Indigenous and local community voices** and **uphold principles of integrity** to ensure transparency and accountability in climate finance mechanisms.

Government and subnational entities play pivotal roles in this transformative process. Their commitment to implementing climate policies, enacting regulations, and providing financial support is crucial to driving forward a just transition. By actively engaging with communities and incorporating their perspectives into





decision-making processes, governments can ensure that climate actions are inclusive, responsive, and culturally sensitive.

The summit also highlights the significance of Article 6 of the Paris Agreement in fostering collaboration across corporates, governments, and subnational bodies to achieve collective climate objectives. By leveraging the strengths and resources of all stakeholders through partnerships and coordinated efforts, a more integrated approach to climate action can be realised.

Looking ahead, sustained collaboration and coordination among governments, subnational entities, Indigenous and local communities, and the private sector are essential to achieving ambitious climate goals. By fostering an environment of inclusivity, transparency, and cooperation, these discussions at LACS set a solid foundation for advancing the region's climate agenda and working towards a resilient and sustainable future for all.

