

# Current Developments in Carbon & Climate Law

## Latin America and the Caribbean

### Developments in Colombia

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In March 2021, representatives of the Colombian government joined a virtual meeting<sup>1</sup> to present the country's updated climate goals and the implementation actions to support reaching the new 2030 climate target, which included mitigation and adaptation measures.<sup>2</sup>

Colombia increased its climate ambition during the review of its Nationally Determined Contribution (NDC) and submitted to the UNFCCC in December 2020 one of the most ambitious commitments of Latin America and the Caribbean region. The new target is to reduce greenhouse gas emissions by 51% below business-as-usual by 2030. The previous target presented in 2015 was to reduce emissions by 20% below BAU, which could reach up to 30% conditional to international support.

In the past years, the Colombian government has implemented carbon pricing initiatives and is planning to further develop the existing carbon tax and to launch a new market-based mechanism. As a matter of fact, the country has worked on setting a more robust legal framework to promote mitigation and adaptation measures to climate change and on lay-

ing the foundations for what can later become a regulated carbon market.

Initially, a national system (SISCLIMA)<sup>3</sup> was established by Decree 298 of 2016 to coordinate action at national and local levels, integrating efforts and strategies. Subsequently, in 2017, the National Policy on Climate Change outlined the main guidelines for planning and managing actions to fight climate change at the regional, local, and sectoral levels, encompassing both the central public policies and stakeholders.

In 2018, a further regulatory step was taken with the adoption of Law 1931, a climate change law providing economic and financial mechanisms. Among them, Articles 29 to 33 of the law refer to a quota program - the National Program for Transmissible Quotas of Greenhouse Gas Emissions (PNCTE),<sup>4</sup> in which the quotas are tradable rights that authorise the emission of a ton of CO<sub>2</sub> or another greenhouse gas.

The regulations that operate this quota program have not yet been published and the number of quotas available, as well as the allocation rules, are expected to be set based on the national GHG emission reduction targets.

Recognising that one of the main elements of a carbon market is the adequate measurement and monitoring of emissions, in 2014 Colombia began the gradual process of developing a system to monitor mitigation actions at the national level. Colombia continued the process in 2018 with Resolution 1447 to regulate the national system for registering activities to mitigate GHG emissions.

Besides planning an emissions trading system based on the quota program (PNCTE) mentioned above, other CO<sub>2</sub> pricing instruments are already in place. In 2016, Law 1819 established the national carbon tax (*impuesto nacional al carbon*), intending to encourage the fulfilment of national GHG mitigation goals. The chargeable event that gives rise to taxation is the purchase, sale, production in national territo-

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1 See, Colombia lanzó su hoja de ruta climática para los próximos 10 años | Ministerio de Ambiente y Desarrollo Sostenible <minambiente.gov.co> accessed

2 The recording of the meeting is available at <[https://www.youtube.com/watch?v=4E\\_fZB-h07o&t=373s](https://www.youtube.com/watch?v=4E_fZB-h07o&t=373s)> accessed 15 March 2021.

3 SISCLIMA stands for Sistema Nacional de Cambio Climático.

4 PNCTE stands for Programa Nacional de Cupos Transables de Emisión de Gases de Efecto Invernadero.