



United Nations Climate Change Regional Collaboration Centres

Regional Dialogues on Carbon Pricing Latin America **REPORT**



2025

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About the Report and CiACA Initiative

This report is developed as part of the Collaborative Instruments for Ambitious Climate Action (CiACA) initiative, launched at the 22nd session of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) in Marrakech in 2016. CiACA aims to support countries worldwide in considering and adopting carbon markets and carbon pricing instruments to align with the goals of the Paris Agreement. The initiative is implemented through the UNFCCC Regional Collaboration Centres (RCCs) and is supported by the German Federal Government through the Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety (BMUKN).

Focusing on the Latin America region, this report summarizes views and perspectives expressed by participants during the Regional Dialogue on Carbon Pricing (REDiCAP) for Latin America held on 22 May 2025, in Panama City, Panama, and seeks to support policymakers and other stakeholders from the region in the design, implementation, and enhancement of carbon pricing instruments for implementing Nationally Determined Contributions (NDCs). Additionally, it provides key insights to foster regional collaboration and drive ambitious climate action through market-based instruments.

Forewords



JAMES GRABERT

Director, Mitigation Division
UN Climate Change Secretariat

The call for urgent climate action continues to resonate across the globe, as countries strive to fulfill the goals of the Paris Agreement. In this dynamic context, carbon pricing instruments (CPIs) are playing an increasingly central role not only as effective tools for reducing emissions, but also as strategic enablers to greater international cooperation and integration under Article 6 of the Agreement.

The Collaborative Instruments for Ambitious Climate Action (CiACA) initiative, implemented by the UN Climate Change Secretariat including through its six Regional Collaboration Centres (RCCs), continues to consistently demonstrate the value of tailored and country-driven support. CiACA assists countries in designing and operationalizing CPIs in ways that are both context-specific and strategically aligned with emerging opportunities under Article 6.2 and 6.4, fostering synergies between domestic climate ambition and international cooperation frameworks.

Over the past year, CiACA has deepened its work to promote policy coherence between national carbon pricing strategies and cooperative approaches. This reflects a growing recognition that well-integrated CPIs are instrumental for the implementation of NDC 3.0, enabling countries to unlock climate finance, attract investment, and create predictable policy environments that benefit both the planet and people.

CiACA's impact lies in its collaborative approach engaging governments, regional stakeholders, including the private sector, and civil society, to co-create practical, inclusive, and transformative solutions. Through technical assistance, capacity building, peer exchange and regional dialogue, CiACA continues to empower countries to implement CPIs that are aligned with their climate ambitions and connected to the broader global architecture of climate cooperation.

**ANDREA CAMPONOGARA**

Team Lead, RCC Coordination Unit
UN Climate Change Secretariat

Latin America continues to lead by example in advancing cooperative, cost-effective climate solutions. Carbon pricing instruments are gaining traction across the region as a key pillar to implement updated climate plans, including the NDC3.0.

The 2025 edition of the Regional Dialogue on Carbon Pricing (REDiCAP), held during Climate Week 1 in Panama City, marked another important step towards strengthening regional collaboration, sharing technical knowledge, and building institutional capacity. Convened by the UNFCCC Secretariat and its Regional Collaboration Centre for Latin America (RCC LatAm) and the RCC Caribbean, this year's dialogue focused on aligning carbon pricing instruments with national strategies, operationalizing Article 6, and identifying opportunities and challenges for implementation across diverse national contexts. From carbon taxes and ETS to hybrid approaches, countries shared experiences and emphasized the importance of strengthened MRV systems, legal readiness, and building trust in carbon markets. A strong emphasis was placed on equity, private sector engagement, and regional integration, with concrete ideas to advance cooperation.

REDiCAP 2025 reaffirmed the value of regional dialogue in overcoming shared challenges and advancing practical solutions. The strong spirit of collaboration reflected the region's collective commitment to effective, equitable, and regionally aligned carbon pricing systems.

I thank all participating countries, subnational jurisdictions, and partners for remaining confident that the REDiCAP will continue to strengthen regional action and the integration of carbon pricing within national and global climate strategies.

**CARLOS DE MIGUEL**

Director, Sustainable Development and Human Settlements Division
Economic Commission for Latin America and the Caribbean (ECLAC)

Achieving the 1.5°C target of the Paris Agreement will require a profound economic transformation, including substantial increases in financing and investment directed toward productive development in dynamic sectors capable of driving the low-carbon transition. Carbon pricing (CP) remains one of the most effective economic instruments to internalise the negative externalities of GHG emissions. By altering the relative cost of carbon-intensive activities and incentivizing low-emission investments, CP plays a pivotal role in shifting production and consumption patterns. Well-designed carbon pricing instruments help mobilise resources toward key transition sectors such as electric mobility, renewable energy, and the circular economy, thereby accelerating sectoral decarbonization and broader climate action.

Explicit CP mechanisms include carbon taxes and emissions trading systems (ETS), while implicit tools encompass the social cost of carbon and the reform of fossil fuel subsidies. However, any CP mechanism may entail social trade-offs, with potentially disproportionate impacts on the most vulnerable populations. Consequently, CP design must incorporate equity considerations and be integrated within a broader climate policy framework to ensure a just transition. Several LAC countries are making tangible progress in preparing for the implementation of ETS and carbon crediting mechanisms under Article 6 of the Paris Agreement. Advances in offset systems are contributing to the development of more dynamic and integrated carbon markets, although the adoption of carbon taxes remains limited to a small number of countries.

The CPA Training Workshop on Carbon Pricing and Article 6, along with the UNFCCC Regional Dialogue on Carbon Pricing (REDiCAP) for Latin America 2025, represent key milestones in strengthening regional collaboration, fostering mutual learning, and enhancing technical, operational, political, and prospective capacities. The partnerships and institutional capacities developed through these efforts will be instrumental in enabling the region to effectively implement carbon pricing instruments and advance toward its climate targets and the 2030 Agenda for Sustainable Development.

**CAMILO TRUJILLO**

Latin America and the Caribbean Policy Advisor
International Emissions Trading Association (IETA)

While Latin America and the Caribbean (LAC) is not one of the regions with the most significant responsibility in terms of emissions, accounting for 7% of the total, it is one of the regions with the most significant potential for climate change mitigation. This is reflected in the fact that nearly a quarter of total global carbon credit emissions come from this region. Furthermore, according to a private sector survey led by IETA and A6IP, South America ranked second in interest for developing carbon projects under Article 6 or acquiring ITMOs.

IETA is the primary carbon market association worldwide, with over 330 members, championing the power of high-integrity carbon markets to achieve a net-zero emissions world. To unleash the full carbon market potential in LAC, as representatives of the private sector, we recognize that for our members to mobilise the necessary flow of resources, it is required to have clear, appropriate, and common regulatory frameworks to enable investments in climate action. However, for such regulations to be created, there must be collaborative spaces, knowledge sharing, and capacity building to support countries and policymakers in the design and effective implementation of carbon pricing instruments. This is why IETA recognizes the value of the REDiCAP dialogue conducted during the Climate Week in Panama, as well as the work done by other initiatives, such as Carbon Pricing in the Americas and the Pacific Alliance. As a global association, IETA constantly encourages regional and multilateral cooperation as well as public and private sector dialogue.

As a final message, it should be noted that some countries in the region have demonstrated significant progress, but there is still a long way to go. Proof of this is that few countries seem ready to provide letters of authorization (LoAs) in the near term. If we want Article 6 to be truly transformational and have a material impact on global temperatures, it's time to act and enhance the capacity to fully operationalize this valuable mechanism to achieve significant emissions reductions, removals, and investment opportunities for our region.

**JAVIER MARTÍNEZ**

Co-Chair for South and Central America
CPA Secretariat

The last year has been pivotal for carbon markets globally. After almost a decade of negotiations, the rulebook for Article 6 of the Paris Agreement was finally approved in 2024, marking a historic milestone for international climate cooperation. Significant progress is now being made to develop key infrastructure elements for its operationalization, including the registry of the mechanism, guidance related to methodologies, and other essential components. In this context, Panama continues to provide strategic leadership to the Carbon Pricing in the Americas (CPA) initiative as the co-chair for Latin America and the Caribbean, demonstrating our commitment to advancing regional climate action.

Panama was proudly the host country of the Regional Dialogue on Carbon Pricing (REDiCAP) and the second edition of the CPA Training Course on Carbon Pricing and Article 6. Both the training course and the REDiCAP served as invaluable spaces for participating jurisdictions to exchange perspectives on the challenges and innovative alternatives that they are implementing to successfully develop and operate their carbon pricing instruments. Both platforms fostered meaningful dialogue and knowledge sharing among regional peers. We would like to acknowledge and express our sincere gratitude to our partners for their essential contributions in making the CPA Training and the REDiCAP a success: RCC Latin America, RCC Caribbean (who led the component on Article 6 of the training course and organized the REDiCAP); the Economic Commission for Latin America and the Caribbean (ECLAC), the World Bank, the Center for Clean Air Policy (CCAP), and the Global Green Growth Institute (GGGI). Their expertise and support were instrumental in delivering high-quality content and facilitating productive exchanges.

Moving forward, we will continue to foster collaboration between jurisdictions and with our partner organizations. We believe that only through sustained cooperation and knowledge sharing will we achieve our collective climate goals and build resilient, effective, and socially just carbon pricing instruments and markets across the Americas.

**MARC SIPPOLA**

Co-Chair for North America
CPA Secretariat

For the second year in a row, the Carbon Pricing in the Americas (CPA) convened its Training Course on Carbon Pricing and Article 6. This year's programme addressed intermediate-level design considerations for the implementation of carbon taxes, including critical aspects such as setting up the tax base and rate, and understanding the evaluation of the instrument within its specific context. The Training Course also explored current discussions around Article 6 implementation, including the role of the host country in the operationalization of the Paris Agreement Crediting Mechanism and the Mechanism's Project Cycle and Participation requirements.

The CPA Training Course provided a prime opportunity for jurisdictions to connect and learn from each other and from international experts. In the same spirit, the Regional Dialogue on Carbon Pricing in the Americas (REDiCAP) allowed jurisdictions to share their current work and lessons learned around carbon pricing, and it provided additional opportunities for in-depth collaboration. As the North America co-chair, we deeply appreciate the warm hospitality of Panama, as well as the fruitful collaboration with the Regional Collaboration Centers (RCC Latin America and RCC Caribbean) in supporting the Article 6 component of the training in the organization of the REDiCAP.

We extend gratitude to our partners for their many valuable contributions in making the CPA Training and the REDiCAP a success: the Economic Commission for Latin America and the Caribbean (ECLAC), the World Bank, the Center for Clean Air Policy (CCAP), and the Global Green Growth Institute (GGGI). Their support and expertise elevated and enriched the discussions and were crucial to delivering the high-quality content of the events.

Continued collaboration among jurisdictions and our partner organizations remains essential for advancing carbon pricing policies and effective climate action across the Americas. We are certain that the peer learning and partnerships fostered through these initiatives will be instrumental in achieving our shared climate goals, and we look forward to further strengthening partnerships and sharing practical climate policy expertise through the CPA platform in the coming years.

Abbreviations and Acronyms

CBAM	Carbon Border Adjustments Mechanism
CPIs	Carbon Pricing Instruments
CiACA	Collaborative Instruments for Ambitious Climate Action
CW1	First Climate Week
ETS	Emissions Trading System
EU	European Union
ISO	International Organization for Standardization
ITMO	Internationally Transferred Mitigation Outcome
LT-LEDS	Long-term Low Greenhouse Gas Emission Development Strategies
MRV	Monitoring, Reporting and Verification
NDC	Nationally Determined Contribution
RCC	Regional Collaboration Centre
REDD+	Reducing Emissions from Deforestation and Forest Degradation
REDiCAP	Regional Dialogues on Carbon Pricing
MRV	Monitoring, Reporting and Verification
NbS	Nature-based Solutions
SBTi	Science Based Targets initiative
UNFCCC	United Nations Framework Convention Climate Change
VCM	Voluntary Carbon Market
VCMI	Voluntary Carbon Markets Integrity Initiative

A. Introduction

The Regional Dialogues on Carbon Pricing (REDiCAP) was conducted with the purpose of supporting policymakers in price-based instruments and delivered as part of the CiACA initiative.

This activity stems from the following mandates:

- Decision 1/CP.21 Paragraph 136: Also recognizes the important role of providing incentives for emission reduction activities, including tools such as domestic policies and carbon pricing.
- Paris Agreement Article 6, paragraph 1: Parties recognize that some Parties choose to pursue voluntary cooperation in the implementation of their nationally determined contributions to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity.
- Paris Agreement Article 11, paragraph 3: All Parties should cooperate to enhance the capacity of developing country Parties to implement this Agreement. Developed country Parties should enhance support for capacity-building actions in developing country Parties.
- Decision 1/CP.21 Paragraph 52: Decides that, in the implementation of the Agreement, financial resources provided to developing country Parties should enhance the implementation of their policies, strategies, regulations and action plans and their climate change actions with respect to both mitigation and adaptation to contribute to the achievement of the purpose of the Agreement as defined in its Article 2.

The project objectives are achieved through engagement, awareness raising, capacity building, funded studies as well as funded experts made available to the countries. Specifically, the workshop falls under the capacity-building objectives of this project.

Supported developing countries are the main beneficiary of the project by enabling them to put in place more effective and efficient policies (which also deliver co-benefits).

B. Scope of the report

This report synthesizes the views and comments shared by participants during the REDiCAP for the Latin America Region, held on 22 May 2025 in Panama City, Panama, as part of the first Climate Week (CW1), a global event hosted by the UN Climate Change secretariat.

REDiCAP Latin America convened 47 participants from across the region, including 28 representatives from 14 countries¹, 6 representatives from 5 subnational jurisdictions, 13 representatives from international organizations, creating a dynamic space for dialogue and learning.

The primary objectives of REDiCAP for the Latin America Region were:

- **Knowledge Sharing:** Facilitate dialogue and exchange of information, experiences, best practices, and lessons learned in adopting and implementing carbon pricing instruments and carbon markets across the region.
- **Capacity Building:** Strengthen participants' understanding and skills for the effective implementation of carbon pricing instruments, including the integration of Article 6 of the Paris Agreement.
- **Collaboration:** Promote partnerships and synergies among countries by providing a platform for Latin American stakeholders, particularly countries to explore opportunities for regional cooperation on carbon pricing and carbon markets in the region. For RCC Latin America, the event also offered the opportunity to engage in-person with national representatives and lay the groundwork for continued collaboration into the following year.
- **Regional Support:** Reinforce the UNFCCC Secretariat's support to Latin American countries through RCC Latin America, fostering long-term partnerships and ensuring greater visibility for the region in global climate efforts.
- **Dialogue Advancement:** Promote deeper regional dialogue on effective carbon pricing strategies, stakeholder engagement, and implementation pathways.

¹ Participant Countries: Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, El Salvador, Guatemala, Mexico, Panama, Uruguay, Venezuela, Cuba, and the Dominican Republic.

- Strategic Planning: Support participants in developing strategies to integrate the Article 6.4 mechanism into their national carbon pricing frameworks for mitigation and removals, in alignment with their NDCs and long-term low greenhouse gas emission development strategies (LT-LEDS).

C. Approach and structure

This section provides an overview of how the report is organized. Sections D and E present a synthesis of the inputs and perspectives shared by participants during the REDiCAP sessions, categorised into common topics and sub-topics that emerged throughout the event. Session F summarizes the results of a post-event survey conducted to gather feedback and suggestions from participants on the relevance and effectiveness of the dialogue.

D. Discussion

1. Regional Outlook on Carbon Pricing Instruments

This session provided a concise overview of global and regional trends in carbon pricing instruments (CPIs), with a focus on Latin America, highlighting key trends, sectoral opportunities, investment flows, and international cooperation shaping the regional agenda.

Discussion reaffirmed the role of CPIs as a strategic tool to achieve countries' NDC 3.0 targets and long-term climate goals, while mobilising finance and supporting structural transformations.

(a) Expansion of Carbon Pricing Instruments Across the Region

- (i) Participants highlighted the region's continued momentum in developing and diversifying carbon pricing instruments at national and subnational levels. Countries advanced carbon taxes, emissions trading systems (ETS), and voluntary offset programmes, with several jurisdictions also exploring Article 6 cooperation.
- (ii) Examples included Mexico, where eleven states have implemented carbon taxes, four of which allow the use of offset credits. In Brazil, states such as Acre, Mato Grosso, and Tocantins continued to develop jurisdictional programmes for carbon markets. Colombia and Bolivia made progress in REDD+ jurisdictional frameworks, Monitoring, Reporting and Verification (MRV) protocols, and project registration systems. Other countries in the region such as Ecuador, Panama, and Paraguay focused on establishing general climate laws, carbon market frameworks, and governance structures necessary for CPI implementation.
- (iii) The regional approach remains diverse and pragmatic, with countries selecting instruments based on their institutional capacity, economic priorities, and stakeholder engagement levels.

(b) Investment Flows and Sectoral Focus

- (i) During the session, the IETA speaker emphasised the region's continued prominence as a hub for voluntary carbon market (VCM) activity, recalling

that in 2023 Latin America attracted substantial capital flows and drove project development across multiple sectors.

- (ii) Participants noted that around 70% of these investments were directed toward nature-based solutions (NbS), leveraging the region's comparative advantage in land-use mitigation strategies.
- (iii) Country-level data examples were discussed, with Mexico (26%), Brazil (24%), Colombia (20%), and Peru (6%) identified as the top recipients of these investments.
- (iv) During the session, the speaker also shared notable data on private sector engagement, highlighting a USD 350 million investment in regenerative agriculture projects across Peru and Chile, as well as a USD 100 million NbS project in Colombia's Orinoco region. These examples were cited to demonstrate how CPIs can catalyse mitigation action and co-benefits aligned with national development plans and NDC 3.0 objectives.
- (v) Discussions also pointed to diversification trends, with investments moving beyond NbS into REDD+, renewable energy, energy efficiency, and emerging areas such as carbon engineering². Participants emphasised that Latin America now accounts for nearly a quarter of global issuances and retirements of carbon credits, reflecting the region's centrality in both the supply and demand of the voluntary carbon market and highlighting a major opportunity to leverage this experience in other policies.

(c) Community Engagement and Social Inclusion

- (i) Participants underscored the growing role of carbon markets in supporting just transitions. Several grassroots and community-based initiatives have called for stronger inclusion in carbon market governance, highlighting the importance of benefit-sharing and Indigenous peoples' participation.
- (ii) During the session, participants highlighted recent initiatives of collective actions from the Global South, including regional statements endorsed by over 100 organizations across Latin America, as well as initiatives such as the

² Carbon engineering refers to a set of engineered technologies for carbon dioxide removal (CDR) and carbon utilization.

People–Forest Partnership³. These efforts were used to illustrate how community-based organizations, indigenous people and local communities are increasingly shaping the discourse on carbon pricing. The discussions underscored the importance of ensuring that carbon pricing strategies integrate robust social safeguards, promote participatory governance, and ensure an equitable distribution of benefits.

(d) *International Regulatory Developments and Risks*

- (i) Emerging international standards and regulations were identified as potential opportunities and risks for the region. Participants discussed the implications of the EU Green Claims Directive, International Organization for Standardization (ISO) Net Zero standards, and new guidance from Science Based Targets Initiative (SBTi) and Voluntary Carbon Markets Integrity Initiative (VCMI), all of which are reshaping the credibility and eligibility of carbon credits in global markets.
- (ii) Without proactive engagement, participants cautioned that the region’s specific contexts and contributions may be underrepresented in global rule-setting forums. This could result in reduced recognition of local credits or higher barriers to market access.

(e) *Evidence of Climate Impact from Private Sector Participation*

During the session, participants discussed new evidence presented by MSCI showing that companies making use of carbon credits achieve greater emissions reductions than those that do not. A meta-analysis of over 2,600 firms found that carbon credit reduced their Scope 1 and 2 emissions by an average of 3.6% between 2017 and 2022 compared to 1.5% among non-users⁴. This was cited as further proof that, when aligned with the mitigation hierarchy, CPIs can reinforce private sector decarbonization efforts and serve as credible transition tools.

³ People–Forest Partnership. (2024, July 4). Letter to the Science Based Targets initiative (SBTi) Board of Trustees: Participation of forest communities in carbon markets for Scope 3 compensation.

⁴ MSCI (Morgan Stanley Capital International) Carbon Markets, MSCI ESG Research. “Carbon Credits and Emission Reductions in Companies.” Data as of July 1, 2024, based on firms within the MSCI ACWI IMI reporting Scope 1 and 2 emissions annually between 2017 and 2022

(f) Trade Implications and the CBAM Agenda

- (i) Participants discussed the growing importance of trade-related developments, particularly the European Union's Carbon Border Adjustment Mechanism (CBAM). The discussion highlighted the need for inter-ministerial coordination between the environment, trade, and finance sectors to position LAC countries effectively in this emerging landscape.
- (ii) Participants noted the strategic value of aligning domestic CPIs with international mechanisms such as CBAM to avoid dual compliance costs. At the time of the session, only Brazil had submitted a formal response to CBAM, underscoring the urgency for broader regional engagement. Stakeholders emphasised the importance of ensuring that Latin America's carbon pricing approaches, including those with offsetting elements are recognised under global frameworks.

2. Alignment with NDC and LT-LEDS

This session explored how CPIs are being integrated into NDCs and LT-LEDS in the Latin America region. Participants and country representatives emphasised the strategic role of CPIs such as ETS, carbon taxes, and hybrid approaches as tools to enhance ambition, enable cost-effective mitigation, and secure long-term climate investment.

(a) Reflection of CPIs in National and Long-Term Climate Plans

- (i) Participants highlighted that an increasing number of countries are explicitly referencing carbon pricing instruments in their updated NDCs and LT-LEDS as cross-cutting policies to advance mitigation.
- (ii) Examples shared included:
 - **Brazil:** The newly adopted Brazilian emissions trading system (SBCE, in Portuguese) is linked to the implementation of the updated NDC (59–67% below 2005 emissions by 2030) and climate neutrality by 2050. It introduces carbon quotas and verifies emissions reduction/removal certificates, with revenue earmarked for the National Climate Change Fund and Indigenous communities.

- **Chile, Colombia, and Mexico:** These countries referenced carbon taxes or ETs in their LT-LEDS as integral to long-term decarbonization pathways.
- **Costa Rica:** Highlighted tax reform and fossil fuel subsidy removal as part of broader fiscal shifts aligned with LT-LEDS goals.
- **Panama:** Expressed interest in implementing a domestic carbon market, as noted in its NDC, and accompanying regulatory documents.

(b) Recommendations to Strengthen CPI Integration in NDCs/LT-LEDS

- (i) Participants underscored the importance of enhancing the transparency and clarity of CPI-related content in climate plans. Recommended elements included:
 - Definition of sectoral coverage and gases targeted.
 - Description of the design features (e.g., pricing trajectory, caps, use of revenues).
 - Clarity on institutional readiness and MRV systems.
 - Timelines for implementation and links to Article 6 use.
- (ii) Making these elements explicit was considered critical for building market confidence, ensuring policy predictability, and unlocking international finance aligned with national priorities.

(c) Linkages with Article 6 and International Cooperation

- (i) Brazil, Chile, Colombia, Mexico, and Panama - countries acknowledged the opportunity to align CPIs with cooperative approaches under Article 6 of the Paris Agreement.
- (ii) Brazil highlighted the legal foundation for authorising ITMO transfers under Article 6.2 through the Brazilian Emissions Trading System (SBCE, in Portuguese). The integration of Article 6 into carbon pricing instruments

(CPIs) was included as a pathway to enhance cost-effectiveness, unlock new sources of finance, and safeguard environmental integrity.

- (iii) Participants stressed the need to manage ambition and market flexibility carefully particularly in countries with high NDC targets so that international cooperation does not compromise domestic goals.

(d) Next Steps and Institutional Maturity

- (i) The development and implementation of carbon pricing systems were recognised as multi-year efforts requiring inter-ministerial coordination and robust regulatory frameworks.
- (ii) Countries such as Brazil and Bolivia shared experiences in establishing legal instruments, national registries, safeguards, and revenue-sharing mechanisms to ensure environmental and social integrity.
- (iii) These experiences reflected the region's shift from exploratory design to operational readiness, with a growing number of countries treating carbon pricing not only as a climate policy but also as an instrument for fiscal, industrial, and development planning.

(e) Country Case Studies: Brazil and Bolivia

- (i) **Brazil** presented the recently adopted SBCE, approved by legislation in December 2024. The SBCE will be implemented gradually over five years, with sectoral caps, MRV requirements, and the issuance of two financial instruments: verified emissions reductions/removals (CRVEs, in Portuguese) and tradable quotas. The system is integrated into Brazil's updated NDC and designed to align with Article 6.2 of the Paris Agreement. It includes safeguards for Indigenous People and revenue earmarking for the national climate fund. The rollout is supported by a central registry and inter-ministerial governance, with expected synergies between voluntary markets and regulated trading.
- (ii) **Bolivia** shared the country's progress in developing a participatory carbon market framework centred on constitutional principles, forest protection, and Indigenous rights. The Ministry of Environment is leading an intersectoral process involving subnational governments and local

communities, with an emphasis on consent, safeguards, and legal clarity. Bolivia's roadmap includes establishing MRV systems, a national registry, and legal instruments for climate finance. The approach seeks to integrate Indigenous governance and forest-based mitigation within a future CPIs framework that aligns with national climate and development priorities.

3. National and Sub-national case studies

Representatives from five jurisdictions: Chile, Colombia, Panama, Mexico, and the State of California (USA) presented snapshots of their carbon pricing initiatives. These case studies reflected the diversity of regulatory designs across the region and beyond, including experiences with carbon taxes, ETS, hybrid instruments, and offsetting mechanisms. Presentations also highlighted common challenges and opportunities, such as strengthening institutional frameworks, managing the role of offsets, designing reinvestment strategies, and exploring potential linkages between instruments.

(a) Chile: carbon pricing ecosystem

The country has developed a layered and evolving carbon pricing ecosystem, grounded in its Framework Law on Climate Change. The country operates a carbon tax, which since 2023 includes a compensation mechanism that allows regulated entities to use certified offsets aligned with international standards. Chile also employs performance-based emission standards with built-in flexibility mechanisms and promotes voluntary participation through its Huella Chile programme. In 2024, the country enacted domestic regulations to operationalise participation in Article 6.2 and 6.4 of the Paris Agreement. Its system of traceable, interoperable registries is designed to ensure transparency and environmental integrity across both domestic and international instruments.

(b) Colombia: progress on its carbon pricing instruments and alignment with the NDC

Colombia applies a dual approach that combines fiscal and market-based instruments. Its national carbon tax, implemented in 2017 and expanded to coal in 2022, includes a "non-causation" mechanism allowing verified mitigation outcomes to offset tax obligations. A cap on the use of offsets, introduced in the 2022 tax reform, aims to strengthen the price signal. In

parallel, Colombia is finalising the regulatory framework for its National Emissions Trading System (PNCTE, in Spanish), following the completion of its design phase in 2023. Both instruments are embedded in the country's updated NDC and contribute to its national emissions cap. Colombia is also building readiness for participation in cooperative approaches under Article 6 through initiatives such as SPAR6C.

(c) Panama: national approach for the design of the carbon market

Panama is designing a national carbon market aligned with its service-oriented economic structure and climate neutrality goal. The system is built on three pillars: the Reduce Tu Huella – Corporative voluntary corporate programme (demand), the National Compensation System for mitigation supply, and the Panama Carbon Exchange (transaction platform). In early 2025, Panama launched a national roadmap for carbon market development, followed by the release of a registry for mitigation actions and progress in accrediting its national emission reduction units (UNRE, in Spanish). Ongoing efforts include the development of technical standards and safeguards, the finalisation of Article 6.2 and 6.4 participation forms, and the launch of pilot transactions. Panama's design places emphasis on interoperability with international mechanisms and high-integrity governance. These advances have been supported through the CiACA initiative, which has provided sustained technical assistance, targeted capacity-building, and facilitated broad stakeholder engagement in the design and implementation of the national carbon market.

(d) Mexico: integrating carbon pricing instruments into National Climate Policy

Mexico leverages a multi-level governance approach to carbon pricing. Its national carbon tax, active since 2014, is currently under revision to expand coverage and promote harmonisation with subnational emission taxes in states such as Zacatecas and Queretaro. A pilot ETS, launched in 2020, is transitioning into a full compliance phase. It covers major industrial and energy sector emitters and applies benchmarking methodologies for allowance allocation. In parallel, Mexico is developing a national compensation programme to better integrate voluntary carbon market activities with regulatory mechanisms and enhance transparency. These

instruments are aligned with the country's 2022 updated NDC and its long-term net-zero target.

(e) California: a mature Cap-and-Trade System supporting state-wide climate goals

California serves as a leading example of a sub-national jurisdiction with a mature carbon market. Its Cap-and-Trade Program, operational since 2013, covers power generation, large industries, and fuel distribution. Key design features include a steadily declining emissions cap, quarterly allowance auctions, price containment mechanisms, and trading flexibility. The programme is linked with Quebec under the Western Climate Initiative, enabling cross-border cooperation. Auction revenues support climate resilience, clean energy, and equity through the California Climate Investments initiative. California's experience highlights the importance of long-term policy stability, active stakeholder engagement, and equity safeguards to ensure durable climate outcomes.

(f) Cross-Cutting Themes

Presentations underscored a range of shared design elements and implementation strategies across jurisdictions:

- **Multi-instrument approaches:** Most jurisdictions are adopting a portfolio of instruments combining carbon taxes, emissions trading systems, offset mechanisms, and voluntary initiatives to address different sectors and mitigation opportunities and tailored to the national context. This layered approach enhances flexibility while expanding mitigation potential.
- **Legal and institutional coherence:** Countries such as Chile, Colombia, and Mexico have embedded CPIs into broader climate policy frameworks, including national climate laws, NDCs, and long-term strategies. Clear mandates and coordinated institutional arrangements support policy continuity and stakeholder confidence.
- **Offset integration and quality standards:** Verified mitigation outcomes are broadly used as compliance tools, with emerging

frameworks to enhance environmental integrity and prevent double counting.

- **Linkages with Article 6:** Several jurisdictions are preparing to participate in international carbon markets through Article 6.2 and 6.4, while also considering interoperability with domestic systems. This includes the development of participation forms, national registries, and tracking systems.
- **Phased implementation and piloting:** Countries such as Panama and Colombia are adopting phased approaches, starting with pilots and capacity-building efforts before full-scale regulatory enforcement. This gradual process facilitates institutional learning and reduces implementation risks.
- **Sub-national innovation:** The case of California and emerging initiatives in Mexican states demonstrates the potential for sub-national actors to drive innovation in carbon pricing, especially where national-level action is constrained.

E. Regional specific opportunities and barriers

Building on the foundation laid by previous REDiCAP dialogues, the 2025 cycle deepened regional exchanges by clustering countries according to their stage of progress in the development and implementation of CPIs. Participants were grouped into three categories: countries with CPIs under consideration, those in the design phase, and those in the implementation stage. This structure enabled more targeted discussions, revealing both cross-cutting and stage-specific challenges, while surfacing regionally grounded solutions and collaboration opportunities.

The discussions highlighted the persistent need for institutional strengthening, increased private sector engagement, and legal and technical readiness across the region. At the same time, countries identified shared opportunities for enhancing transparency, scaling mitigation ambition, and promoting regional integration, particularly in the context of Article 6 of the Paris Agreement.

(a) Countries with Carbon Pricing Instruments Under Consideration

- (i) Bolivia, Guatemala, El Salvador, Cuba, Dominican Republic formed the group of countries with carbon pricing instruments under consideration. They are in the early stages of exploring CPIs as a potential tool to support NDC implementation and climate ambition. Discussions underscored that, while political interest exists, many foundational elements required for CPI readiness are still under development.
- (ii) Key barriers identified include:
 - Limited technical capacity within both public institutions and the private sector to formulate mitigation activities aligned with carbon market approaches.
 - Weak engagement from the private sector, often stemming from regulatory uncertainty and low awareness of CPI opportunities.
 - Institutional fragmentation and insufficient coordination among ministries and subnational actors.

- Gaps in MRV systems and emissions data, limiting the basis for designing robust pricing strategies.

(iii) Opportunities and proposed solutions:

- Targeted capacity-building for regulatory agencies and regulated sectors, with emphasis on practical tools and national case studies.
- Awareness-raising campaigns aimed at sensitizing the private sector to the role of carbon markets in driving competitiveness and climate action.
- Development and piloting of carbon footprint tools and basic emissions registries to support early action and data generation.
- Facilitation of structured public–private dialogues to identify entry points for sectoral engagement.
- Peer exchange with countries further along the CPI pathway to promote shared learning and reduce design costs.

(b) Countries in the Design Phase

- (i) Countries such as Brazil, Panama and Ecuador formed part of this cluster, advancing regulatory frameworks for the establishment of carbon taxes, ETS, or cooperative approaches under Article 6. Many are conducting feasibility assessments or legal reviews and face the challenge of translating political mandates into implementable instruments.
- (ii) Key barriers identified include:
- Political and interinstitutional complexity in aligning diverse stakeholder interests.
 - Gaps in legal frameworks and technical guidance to operationalize instruments.
 - Influence from international markets and standards, which may reduce policy flexibility.
 - Limited integration of CPIs design with national climate strategies and sectoral development plans.

(iii) Opportunities and proposed solutions:

- Early engagement of finance, planning, and energy ministries to ensure coherent policy design and long-term institutional support.
- Ex-ante studies to assess instrument impacts, distributional effects, and alignment with NDC targets.
- Regional knowledge exchange to leverage lessons from countries with similar legal and economic contexts.
- Formation of regional alliances to explore compatibility and coordination of pricing schemes, including common MRV standards.
- Strategic integration of CPIs into NDC updates and LT-LEDS.

(c) Countries in the Implementation Phase

(i) Chile, Colombia, and Mexico were part of this group which has operational CPIs or is piloting mechanisms in line with national priorities and international frameworks. Discussions focused on challenges related to governance, transparency, and the interface between national systems and Article 6 mechanisms.

(ii) Key barriers identified include:

- Regulatory fragmentation and the need to harmonise protocols and data systems across jurisdictions.
- Uncertainty regarding the distribution of mitigation outcomes, financial flows, and roles within potential regional market linkages.
- Technical and institutional complexity in aligning domestic frameworks with Article 6.4 guidance.
- Limited private sector participation in voluntary or compliance markets due to transaction costs and limited access to finance.

(iii) Opportunities and proposed solutions:

- Adaptation of national legal frameworks to fully operationalize participation in Article 6.2 and 6.4 cooperative approaches.

- Strengthening of national MRV systems and registries to ensure transparency, environmental integrity, and tracking of ITMOs.
- Use of domestic instruments to pilot regional integration, including bilateral agreements or platform-based cooperation.
- Establishment of regional technical working groups to promote interoperability and alignment of methodologies.
- Enhanced communication of co-benefits and just transition outcomes to strengthen support for CPI expansion.

These discussions reaffirmed the role of REDiCAP as a catalyst for South–South learning, highlighting that while the region’s diversity presents challenges, it also offers a rich foundation for innovation and collaboration in the evolution of carbon pricing.

F. Feedback and reflections

(a) Survey Response Rate

To collect feedback and input from training participants, an online survey was conducted after the REDiCAP. Out of the total 46 participants, 30 (nearly 65%) respondents participated in the survey.

- (i) Respondents represented a wide range of organisations, with the majority from national governments (54%), followed by UN agencies and others (36%) subnational governments (10%), international organizations, and 10% of the respondents represented subnational governments.
- (ii) The REDiCAP 2025 event successfully engaged new stakeholders in the region. Approximately 66% of respondents indicated that this was their first time participating in a CiACA's REDiCAP.

Figure 1. Participants by type of organisation

1. What type of organization do you represent?

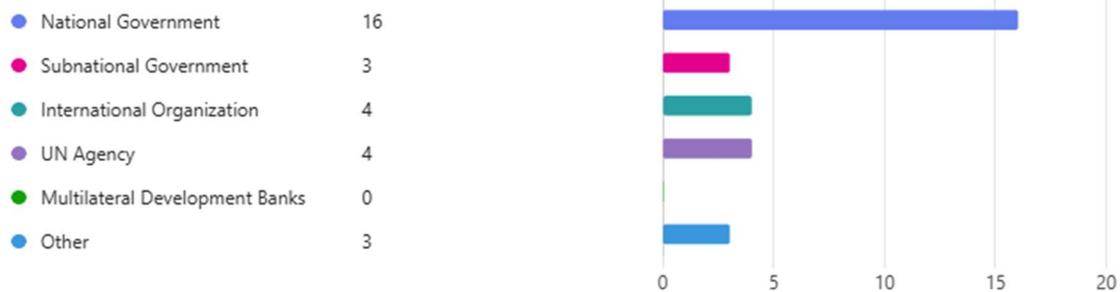


Figure 2. Participants first time attending the REDiCAP session

2. Is this your first time attending a REDiCAP dialogue?



(b) Overall Satisfaction and Usefulness of Sessions

- (i) The overall level of satisfaction with the REDiCAP 2025 session was very high. Participants rated the event with an average score of 4.55 out of 5, indicating strong appreciation for the initiative. As shown in the Figure 3, 67% of respondents (20 out of 30) assigned the maximum rating (Level 5), while another 8 participants gave it a Level 4.
- (ii) Respondents expressed high satisfaction across multiple dimensions. In particular, they were “very satisfied” or “satisfied” with the relevance of the overall theme to their work, the alignment of topics with national or subnational priorities, and the diversity of speakers and case studies presented. These results confirm the strong perceived value and institutional relevance of the event.
- (iii) When asked about the usefulness of the different thematic sessions, participants highlighted the regional exchange of experiences, the status, and trends in carbon pricing instruments in the Latin American context, and the role of carbon pricing in achieving NDC and LT-LEDS targets as especially helpful. Most responses for these sessions fell into the “very useful” and “useful” categories.

Figure 3. Overall level of satisfaction with the REDiCAP

7. How would you rate the REDiCAP overall?



Figure 4. Participants satisfaction by specific aspects of the session

3. How satisfied are you with the following aspects of the session? (Please rate each area)

● Very satisfied ● Satisfied ● Neutral ● Dissatisfied ● Very dissatisfied



Figure 5. Topic relevance to the participants works

4. Please indicate how helpful the sessions and discussions for your work

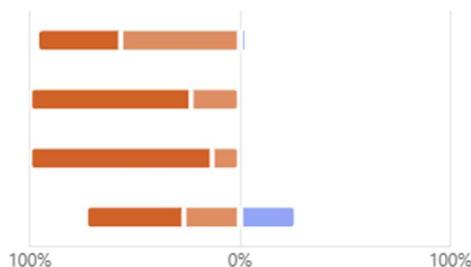
● Very useful ● Useful ● Neutral ● Not Useful

The role of carbon pricing instruments in achieving NDCs and LT-LEDS targets

Status and trends in carbon pricing instruments in the Latin American context

Regional Exchange on Carbon Pricing Instruments (Experiences and Lessons Learned)

Regional Brainstorming: interactive segment to discuss common challenges and opportunities.



(c) Priorities for future sessions and preferences for learning formats

- (i) Suggestions for improvement emphasised the need for more time for discussion and exchanges, including extending the event and incorporating more practical exercises and interactive elements. Figure 7 illustrates the distribution of suggestions across participants
- (ii) Respondents showed a clear preference for interactive and participatory formats, with peer-to-peer exchange and a mix of formats receiving the most votes. Traditional lecture-style presentations were less favoured.
- (iii) The most requested topic for future REDiCAP sessions was the integration of carbon pricing with national climate policy frameworks, followed by regional cooperation and market linkages under Article 6, and CBAM and its implications. Fewer participants highlighted institutional readiness, equity and revenue use, or other specific issues.

Figure 5. Participants' preference on the format of the session

8. Which session format do you find more effective for learning and engagement in REDiCAP? (Please select until 2 options)



Figure 6. Requested topics for future REDiCAP

5. Are there any areas or topics you feel should be further explored in future REDiCAP sessions?

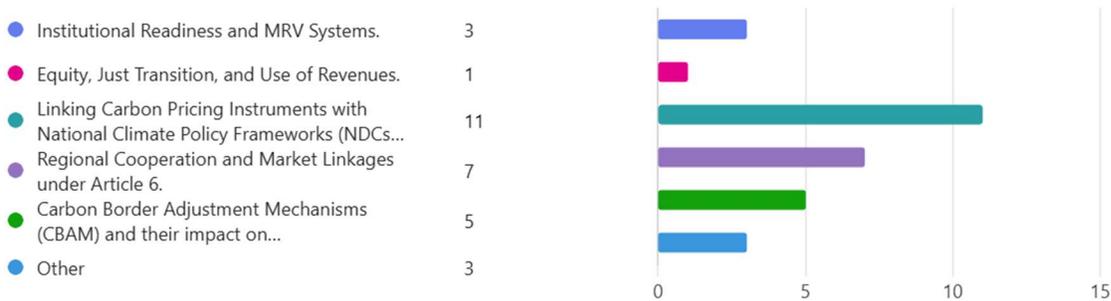
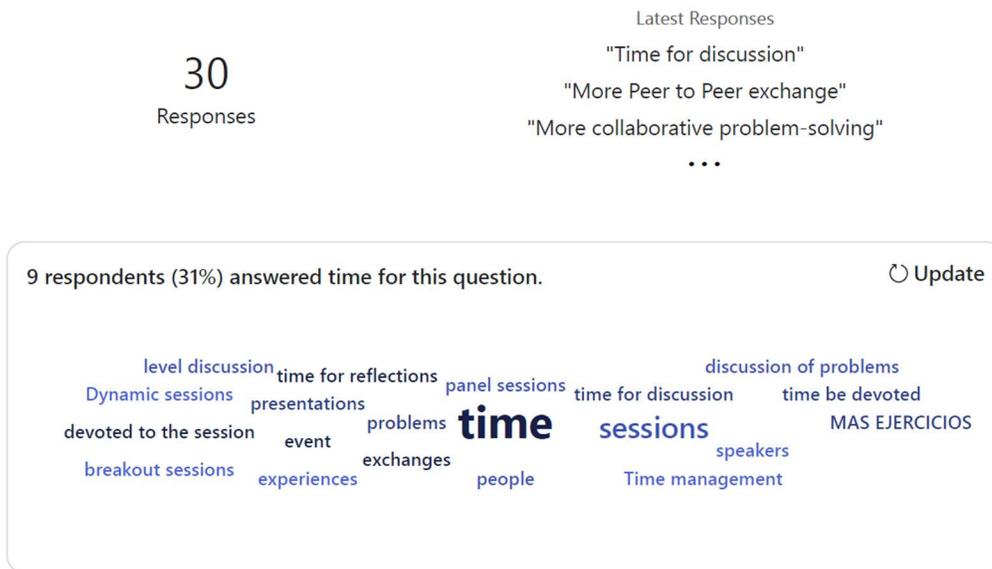


Figure 7. Suggestions to improve the session format or structure in future REDiCAP



G. Conclusion and Key takeaways

The 2025 edition of REDiCAP LatAm reaffirmed the relevance of CPIs as a strategic tool for climate action in Latin America. Held in connection with CW1, the event also benefited from engaging a more targeted set of participants and enabled the participation of a large number of country delegates, which enriched the discussions and broadened regional perspectives.

Building on insights from government officials, technical experts, and regional partners, emphasised that CPIs, when designed with environmental integrity, transparency, and national context in mind can catalyze investment, support just transitions, and enhance cooperation under Article 6 of the Paris Agreement.

Over the course of the sessions, it became clear that while countries are advancing at different speeds, there is a strong and growing commitment to develop high-integrity, context-appropriate instruments that align with national development goals and international frameworks.

A key innovation in this edition was the clustering of countries according to their stage of CPI development: exploration, design, or implementation. This structure enabled targeted exchanges and revealed stage-specific and cross-cutting challenges and lessons. Participants consistently emphasised the importance of:

- **Stronger institutional coordination**, particularly across ministries of environment, energy, finance, and planning.
- **Legal and technical readiness**, including the development of enabling frameworks and MRV infrastructure.
- **Deeper private sector engagement**, requiring regulatory clarity, accessible information, and pilot opportunities.
- **Integration of CPIs into NDC updates and LT-LEDS**, to ensure policy coherence and long-term ambition. Participants underscored the importance of making carbon pricing instruments not only robust and effective but also resilient and aligned with broader development strategies.

Several key takeaways emerged from plenary discussions and case study presentations:

1. **Carbon pricing instruments must deliver real mitigation:** As emphasised by participants and echoed by ECLAC, the effectiveness of CPIs must be judged by

their capacity to reduce emissions and accelerate transformation, not merely their legal or market architecture. Robust MRV systems, environmental integrity, and strong price signals are essential to deliver credible results. The call to increase the region's decarbonization rate by six to eight times underscores the urgency of implementing effective instruments.

- 2. Institutional capacity and legal clarity are foundational:** Many countries continue to face challenges due to fragmented governance and undefined mandates. As demonstrated by Brazil's integration of fiscal reform and climate planning, long-term CPI viability depends on coordinated institutional frameworks. Several participants stressed the importance of enabling legislation and inter-ministerial governance structures to ensure effective implementation and long-term policy stability.
- 3. Private sector engagement is essential but uneven:** A common thread across discussions was the need to improve private sector confidence and participation. Regulatory uncertainty, lack of accessible information, and high transaction costs were noted as deterrents. Participants called for awareness campaigns, inclusive design processes, and structured dialogues to help align expectations and leverage the private sector's role in innovation and investment and emphasised that long-term CPI effectiveness requires strong and sustained engagement of all stakeholders, particularly private sector. Capacity-building and regulatory clarity were flagged as key enablers.
- 4. Article 6 is a catalyst for modernisation and integration:** Countries recognised the operationalization of Articles 6.2 and 6.4 of the Paris Agreement as a unique opportunity to modernise institutional systems such as national data systems, adopt safeguards and define participation procedures. Participants viewed this as an opportunity to enhance transparency, develop interoperable registries, and test cooperative mechanisms. Several countries, including Panama and Colombia, are using this momentum to strengthen safeguards, transparency, and alignment with international standards, paving the way for future linkages and partnerships.
- 5. Carbon pricing must be integrated into broader development strategies:** Participants underscored the importance of aligning CPIs with long-term national planning. Carbon markets, while useful as transitional flexibility mechanisms, must be underpinned by strong and persistent price signals

embedded in fiscal and investment policies. This approach increases cost-effectiveness and helps drive the structural transformations needed to meet climate goals. Integration with national development strategies and long-term low-emission pathways (LT-LEDS) was identified as a critical success factor.

- 6. Subnational action is a key driver of innovation and national scale-up:** The cases of California and Mexico demonstrated how subnational jurisdictions can pilot innovative instruments that later inform national-level design. ECLAC encouraged countries to leverage subnational initiatives to foster experimentation, build political buy-in, and create pathways toward broader adoption of CPIs, especially where national-level progress is slow.
- 7. Regional dialogue and cooperation are more important than ever:** REDiCAP continues to play a vital role as a facilitator of peer learning, trust-building, and collective problem-solving. The role of RCCs and technical partners was recognised as critical for convening dialogues, facilitating South–South learning, and providing targeted support. Participants also stressed the importance of regional cooperation, especially in aligning methodologies, exploring interoperability, and exchanging lessons on Article 6 participation. As countries move from exploration to implementation, sustained exchange and collaboration will be critical to ensure coherent and ambitious progress.

Recommendations for future capacity-building and REDiCAP cycles include:

- 1.** Peer-to-peer exchange platforms focused on domestic CPIs already in operation, allowing countries to learn directly from existing systems and pilot experiences.
- 2.** Workshops on legal frameworks and safeguards, particularly for countries in the process of developing carbon pricing regulations.
- 3.** Knowledge products that synthesise regulatory models, case studies, and institutional design options suited to the region.
- 4.** Facilitated dialogues with the private sector, to align expectations and co-design effective market incentives.
- 5.** Dedicated support on domestic carbon pricing instruments such as carbon taxes, and national emissions trading systems to strengthen policy coherence,

mobilise domestic resources, and provide solid foundations for international engagement.

6. Tailored technical assistance to support countries at each development stage, with a focus on readiness for Article 6.2 and 6.4 participation.

Annex I: Agenda

Time	Session description	Speaker
3 min	<p>Introduction and Opening Remarks</p> <p>The UNFCCC Secretariat will provide an overview of the REDiCAP initiative, the outcomes of the last dialogue and present the objectives of the session within the broader context of Climate Week 1 and the CiACA project.</p>	Perumal Arumugam, UNFCCC Secretariat
10 min	<p>Global and Regional Outlook on Carbon Pricing Instruments</p> <p>This session will provide a concise overview of the status and trends in carbon pricing instruments worldwide and in Latin America. It will share insights on emerging opportunities, innovative design features, regional dynamic, and international cooperation frameworks including CPA platform that are shaping carbon pricing policies in the region.</p>	IETA
25 min	<p>Aligning Carbon Pricing Instruments with NDCs and LT-LEDS</p> <p>This session will begin with a scene-setting presentation by the UNFCCC Secretariat to explore the strategic role of carbon pricing in achieving climate targets under the Paris Agreement. The presentation will be followed by a panel discussion with government representatives from Brazil and Ecuador, who will share reflections on how carbon pricing instruments are being integrated into national policy frameworks, including NDC3.0 and long-term low-emission development strategies (LT-LEDS).</p>	<p>Scene-setting: UNFCCC RCCs</p> <p>Government representatives: Brazil and Bolivia.</p>

55 min	<p>Regional Insights on Carbon Pricing Instruments: Experiences and Lessons Learned</p> <p>Representatives from five jurisdictions, Chile, Colombia, Panama, and State of California (USA) will present brief snapshots of their carbon pricing initiatives. These include experiences with carbon taxes, emissions trading systems (ETS), hybrid approaches, and offsetting mechanisms. In addition to showcasing these cases, speakers are encouraged to reflect on common challenges and opportunities, such as building strong institutional frameworks to manage carbon pricing instruments, exploring potential linkages with other instruments, the evolving role of offsets, and strategies for revenue use and reinvestment.</p>	<p>UNFCCC RCCs (Moderator)</p> <p>Government representatives:</p> <p>Chile Colombia Panama Mexico State of California</p>
27 min	<p>Regional Brainstorming: Challenges and Actionable Solutions</p> <p>This interactive segment will encourage participants to reflect on common challenges faced in the design and implementation of carbon pricing instruments in Latin America. Using guided questions and participatory dynamics and tools, attendees will collectively identify common challenges and actionable solutions for carbon pricing implementation in Latin America. Key insights will be captured by a rapporteur and used to inform future regional collaboration and capacity-building efforts.</p>	<p>UNFCCC RCCs</p>
10 min	<p>Key Takeaways from Session 04 and Closing Remarks</p> <p>The session will close with final remarks, summarizing the main outcomes, opportunities for follow-up, and reflections on the role of REDiCAP in supporting the advancement of carbon pricing instruments across the region.</p>	<p>UN ECLAC, CPA Co-chairs and UNFCCC Secretariat</p>

Annex II: List of Participants

Country	Type of Participant	Institution/Organization
Argentina	National Government	Undersecretariat of Environment
Brazil	National Government	Ministry of Foreign Affairs
Brazil – Pernambuco State	Subnational Government	Secretariat of Environment and Sustainable Development
Bolivia	National Government	Ministry of Environment
Canada – Quebec State	Subnational Government	Ministry of Environment, Fight Against Climate Change, Wildlife and Parks
Chile	National Government	Ministry of Environment
Chile	National Government	Ministry of Energy
Colombia	National Government	Ministry of Environment and Sustainable Development
Cuba	National Government	Ministry of Environment
Dominican Republic	National Government	Ministry of Environment
Dominican Republic	National Government	National Council for Climate Change and Clean Development Mechanisms
Ecuador	National Government	Ministry of Environment
El Salvador	National Government	Ministry of Environment and Natural Resources
Guatemala	National Government	Ministry of Environment and Natural Resources
Mexico	National Government	Secretariat of Environment and Natural Resources
Mexico – Queretaro State	Subnational Government	Secretariat of Sustainable Development
Mexico – Sonora State	Subnational Government	Sustainable Development and Ecology Commission
Panama	National Government	Ministry of Environment
Uruguay	National Government	Ministry of Environment
USA – California State	Subnational Government	California Air Resources Board
Venezuela	National Government	Ministry of Environment
Global	International Organisation	International Emissions Trading Association
Global	International Organisation	Adelphi
GGGI	International Organisation	SPAR6C Colombia
Global	International Organisation	World Bank
Regional	UN Agency	Economic Commission for Latin America and the Caribbean
Regional	UN Agency	United Nations Environment Programme (Latin America and the Caribbean Office)
Regional	International Organisation	Carbon Trust
Regional	International Organisation	Center for Clean Air Policy

Photographic Report



Figure 7 and Figure 8. Representatives from Panama and Chile presenting during the session on “Regional Insights on Carbon Pricing Instruments: Experiences and Lessons Learned.”



Figure 9 and Figure 10. Participants engaging in the “Regional Brainstorming: Challenges and Actionable Solutions” session, collaboratively identifying key barriers and practical recommendations for the implementation of carbon pricing instruments in Latin America.

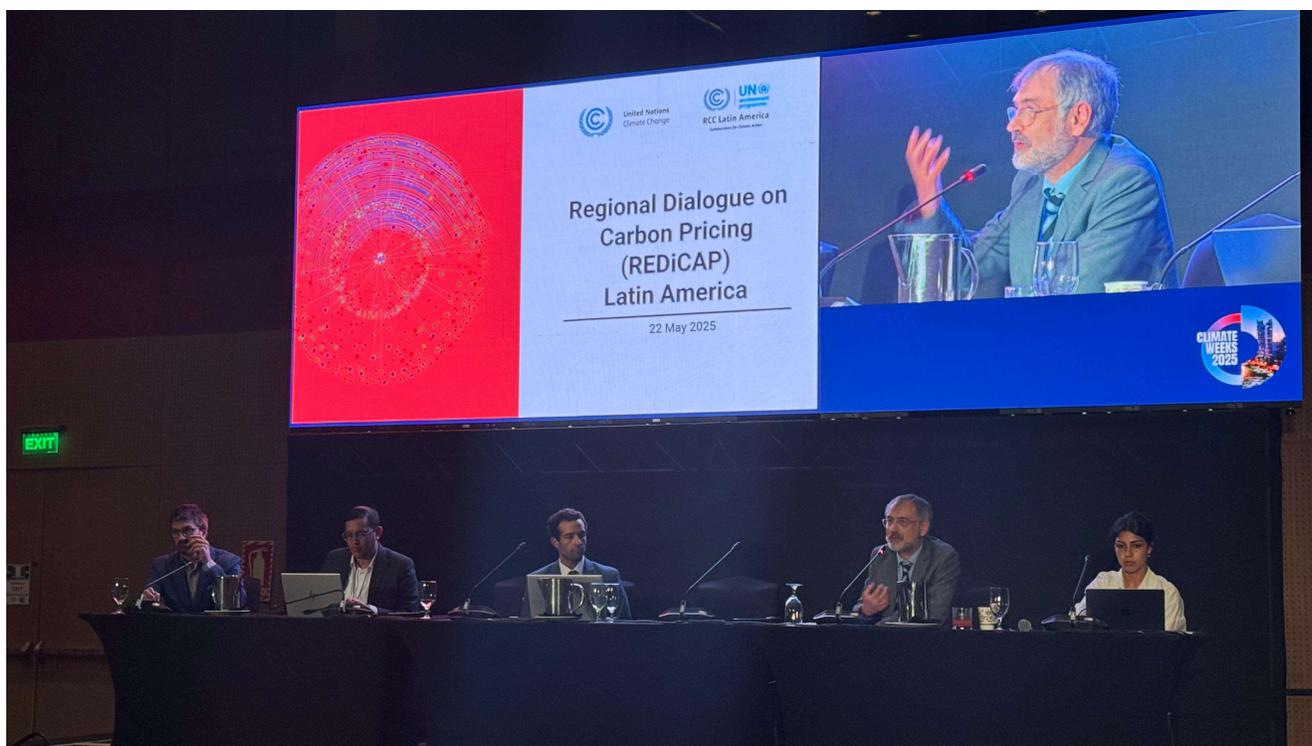


Figure 11. Representatives from Panama and Chile presenting during the session on “Regional Insights on Carbon Pricing Instruments: Experiences and Lessons Learned.

Carbon pricing instruments must be robust, credible and effective, but above all, they must contribute to align NDCs with national development strategies. Without institutional strength and a clear price signal, we will not achieve the deep transformations required for decarbonisation. – ECLAC-