







## National Capacity-Building Workshop on Carbon Markets and Article 6 Implementation for Guatemala



#### **FINAL REPORT**

**Prepared by:** Regional Collaboration Centre for Latin America (RCC Latin America), UN Climate Change Secretariat with the support of the Ministry of Environment and Natural Resources and the LAC-6 Project, UNEP Latin America and the Caribbean Office (LACO).

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## **Abbreviations and Acronyms**

**CDM** Clean Development Mechanism

CiACA Collaborative Instruments for Ambitious Climate Action

CORSIA Carbon Offsetting and Reduction Scheme for International Aviation

DNA Designated National AuthorityETF Enhanced Transparency Framework

**ITMO** Internationally Transferred Mitigation Outcomes

LAC-6 Latin America and the Caribbean Carbon Markets and Article 6 Readiness Project

**LULUCF** Land Use, Land Use Change and Forestry

LT-LEDS Long-term Low Greenhouse Gas Emission Development Strategies

MARN Ministry of Environment and Natural Resources of Guatemala

MRV Monitoring, Reporting and Verification
NDC Nationally Determined Contribution
PACM Paris Agreement Crediting Mechanism

**RCC** Regional Collaboration Centre

**UNEP** United Nations Environment Programme

**UNFCCC** United Nations Framework Convention on Climate Change

## **About this Report and CiACA Initiative**

This report is developed as part of the Collaborative Instruments for Ambitious Climate Action Initiative (CiACA), launched during the COP22 Climate Change Conference in Marrakech in 2016. CiACA aims to support countries worldwide in adopting carbon markets and carbon pricing instruments to align with the goals of the Paris Agreement. The initiative is implemented through the United Nations Framework Convention on Climate Change (UNFCCC) Regional Collaboration Centres (RCCs) and is supported by the German Federal Government through the Federal Ministry for Economic Affairs and Climate Action (BMWK).

Focusing on Guatemala, this report summarizes key outcomes and takeaways learned by government officials who participated during the National Capacity Building on Carbon Markets and Article 6 for Guatemala held from 18-20 September 2024, in Guatemala City, Guatemala and seeks to strengthen Guatemala's capacity to engage in international market and non-markets approaches, by establishing a robust policy and legal frameworks.

Additionally, it provides key insights to foster regional collaboration, and drive ambitious climate action through market-based instruments.

## **Executive Summary**

The National Capacity-Building Workshop on Carbon Markets and the Implementation of Article 6 in Guatemala brought together 39 national and international experts from 18-20 September 2024, with the objective of preparing the country to participate in the cooperation mechanisms established by the Paris Agreement. This initiative, organized by the RCC Latin America together with the Ministry of Environment and Natural Resources (MARN) and the Latin America and the Caribbean Carbon Markets and Article 6 Readiness Project (LAC-6 Project), which is implemented by the Latin America and Caribbean Office of the United Nations Environment Programme (UNEP) and financed by the Green Climate Fund (GCF), sought to strengthen Guatemala's technical and regulatory capacities to take advantage of carbon pricing instruments and carbon markets in the fulfillment of its climate commitments.

The workshop was notable for its participatory and practical approach, structured in technical sessions on carbon pricing policies, regulated and voluntary carbon markets, and Article 6.2, 6.4 and 6.8 mechanisms. For Guatemala, exploring carbon pricing instruments and Article 6 mechanisms offers an opportunity to align with global goals, generate financial resources for sustainable development and enhance competitiveness through innovation. The successful implementation of such policies requires robust institutional frameworks, stakeholder engagement and the alignment of these mechanisms with national development priorities.

These sessions were complemented with group dynamics of Article 6 implementation self-assessment, where participants identified gaps and opportunities in the country's institutional and regulatory framework. Additionally, an exchange of experiences was facilitated with experts from Colombia, Chile, and Panama, who shared valuable lessons learned on the implementation of carbon markets and international cooperation mechanisms. It is worth mentioning that Panama supported under CiACA emerged as a "model country," sharing its valuable expertise and journey in implementing carbon markets. Panama's success under CiACA underscores the transformative potential of targeted assistance in fostering knowledge transfer to other countries in the region, such as Guatemala. It also highlights the significant benefits of regional collaboration, emphasizing the importance of learning from one another to tackle common climate challenges.

As a result of the workshop, the groundwork was laid to develop a roadmap that will enable Guatemala to develop a solid legal framework, define criteria for eligible activities under Article 6 and establish a national registry system for the management of Internationally Transferred Mitigation Outcomes (ITMOs). This effort will be key to attracting financing, aligning national climate action with international strategies, and ensuring transparency and effectiveness of climate initiatives.

The workshop not only strengthened the technical knowledge of the participants, but also promoted the creation of an inter-institutional working group to lead the implementation of Article 6 mechanisms in Guatemala. Carbon pricing is a vital instrument for amplifying climate action by internalizing the external costs of greenhouse gas emissions, thus incentivizing reductions while fostering sustainable practices. However, the concerns surrounding its implementation underscore the necessity for a thoughtful approach to assess its impacts on national economies and industries. Effectively addressing these concerns is crucial to ensure that carbon pricing can contribute meaningfully to climate objectives without placing excessive burdens on local economies. Through these initiatives, Guatemala is advancing towards a low-emissions development model, solidifying its position in global carbon markets, and reaffirming its commitment to combating climate change.



Figure 1. Workshop participants during Keynote sessions.

#### **I.Introduction**

In preparation for the update of the next round of Nationally Determined Contributions(NDCs 3.0) to 2025, the Government of Guatemala, through the Ministry of Environment and Natural Resources (MARN), requested the support of the Regional Collaboration Centre for Latin America (RCC Latin America) to strengthen the new process of updating the NDCs to 2025 and promote the use of cooperative approaches under Article 6 of the Paris Agreement. The Government has identified Article 6 as a key tool to mobilize resourcesand ensure the effective implementation of the current NDC and its future updates, as wellas the country's Long-Term Low Greenhous Gas Emission Development Strategy (LT-LEDS). Likewise, the Government has also identified that to take full advantage of Article 6 cooperative approaches, strengthening its national capacities is essential.

In response to this request, the RCC Latin America organized a "National Capacity-Building Workshop on Carbon Markets and the Implementation of Article 6 in Guatemala", in collaboration with MARN and the LAC-6 Project implemented by the Latin America and Caribbean Office of the United Nations Environment Programme (UNEP) and financed by the Green Climate Fund (GCF). The collaboration between UNEP through LAC-6 Project and RCC LatAm through CiACA has been played a crucial role in supporting Guatemala's capacity-building efforts in the context of carbon markets and climate action. While the LAC-6 Project facilitated key discussions on carbon pricing instruments during the workshop, focusing on practical aspects of implementing such mechanisms, the RCC Latin America led discussions related to the development of Guatemala's NDC 3.0 and the implementation of Article 6 of the Paris Agreement. This joint effort has provided Guatemala with valuable insights into the design of carbon pricing policies, the implementation of Article 6 and the integration of these mechanisms into its broader climate framework contributing to the country's progress in meeting its climate commitments.

The workshop brought together 39 participants that include technical experts from different public entities such as Ministry of Environment, Ministry of Economy, Ministry of Public Finance, Ministry of Foreign Affairs, Secretary of Planning and Programming of the President's Office, Ministry of Agriculture, Livestock and Food, Ministry of Energy and Mines, National council of Protected Areas, National Institute of Forests, and Bank of Guatemala, representatives from UN agencies (UNDP, UNEP and UNFCCC RCC Latin America) and, international experts from Colombia, Chile and Panama to share their experiences in the design and implementation of carbon pricing policies and participation in carbon markets, both nationally and internationally, under the framework of Article 6. For more details, refer to Section 6. Participants.

This report presents the results and lessons learned from the workshop, as well as key recommendations for strengthening Guatemala's capacity to implement carbon pricing instruments, based on carbon markets and international cooperation under Article 6, to meet its long-term climate commitments.

## 2. Background

Guatemala has been a Party to the United Nations Framework Convention on Climate Change (UNFCCC) since 1995 when it ratified its participation in this Convention. Since then, Guatemala ratified the two instruments that have emerged, the Kyoto Protocol in 1999 and more recently in 2016, the Paris Agreement. The country has worked diligently to fulfill its commitments while also seizing the opportunities they present to advance climate action at the national level.

Significant progress has been made in developing a regulatory and legal framework to support both adaptation to the effects of climate change and the mitigation of greenhouse gas emissions. In 2009, the National Climate Change Policy was introduced, laying the foundation for a comprehensive climate strategy. This effort culminated in 2013 with the approval of the Framework Law on Climate Change, which establishes measures for reducing vulnerability, mandating adaptation to climate impacts, and mitigating greenhouse gas emissions. The law also created the National Climate Change Council (CNCC), chaired by the President of the Republic and comprising representatives from government institutions, local authorities, civil society, and academia, ensuring a multi-stakeholder approach to addressing climate challenges.

In 2015, Guatemala submitted its Intended Nationally Determined Contribution (INDC). Then in 2021, the country submitted an updated version of its first NDC aiming for 2030. In terms of mitigation, this version of the NDC contemplates four emitting sectors: Land Use, Land Use Change and Forestry (LULUCF), Agriculture, Energy and Waste. An unconditional target of an 11.2% reduction of GHG emissions with respect to the baseline scenario was established, which implies reducing emissions to 64.9 million tons of  $CO_2$  eq and the conditional target on international support, which explains that by 2030, 22.6% of GHG emissions have been reduced with respect to the baseline scenario, which implies reducing emissions to 56.6 million tons of  $CO_2$  eq.

The need to comply with the long-term commitments imposed by the Paris Agreement has demanded the development of a series of national initiatives for Guatemala that include private investment or the possibility of establishing public-private partnerships to achieve these objectives and ensure the national transition towards a low-emission and climate change resilient socioeconomic development.

The Emissions Reduction Program (PRE, in Spanish) is part of these national initiatives that seeks to reduce emissions in the forestry sector within 30 years. It arises in 2019 based on the National Strategy for the Reduction of Emissions from Deforestation and Forest Degradation (ENREDD+, in Spanish).

This initiative has served as the basis for developing national experience in the REDD+ mechanism for developing countries under the UNFCCC. Guatemala, through its participation in the Forest Carbon Partnership Facility (FCPF) of the World Bank, was able to fulfill the readiness phase and the pillars of the Warsaw Framework, key components for the effective and sustained implementation of REDD+ activities.

In 2021, the first Emission Reduction Purchase Agreement (ERPA) was signed between the Ministry of Public Finance (MINFIN) and the World Bank (period 2020-2024) and subsequently, two ERPAs have been signed with the International Bank for Reconstruction and Development (IBRD) (TNC, Guatemala, 2023).

It is expected that this will be the beginning of the growth and development of a national carbon market in Guatemala, opening the opportunity for forestry projects under the ERP, until its objectives are achieved and additionally, it is expected that it will encourage the inclusion of other sectors not committed for the moment in other programs, such as energy, transportation, which can contribute to the fulfillment of the country's NDC and the Sustainable Development Goals (SDGs). The latter opens the opportunity for the country to explore the voluntary cooperation mechanisms established under Article 6 of the Paris Agreement.

Guatemala's participation in these schemes generates a new economic model for the country based on the value of its natural ecosystems (marine-coastal and forest) and the introduction and development of new technological schemes in productive sectors such as agriculture, livestock, industry, logistics, energy, transportation, and waste management under the premise of environmental integrity, climate transparency, respect for ecosystems and vulnerable populations, and citizen participation.

In addition, Guatemala has historical experience participating in carbon markets. A total of 35 projects have been developed, 19 of them registered under the Clean Development Mechanism (CDM) and the rest in various voluntary market mechanisms. These projects have been of different nature, among which are: hydroelectricity, afforestation/reforestation, improved cookstoves, biogas generation, geothermal energy, water sanitation and hygiene, waste management and transportation.

Under its participation in the CDM, Guatemala regulated a national procedure for request, analysis, evaluation, and national approval of project proposals that applied to the CDM and created a National Clean Development Mechanism Office within the MARN, whose role was to act as the Designated National Authority (DNA) for the CDM. MARN also acts as the DNA for the Article 6.4 mechanism, but the specific roles, responsibilities, and operational procedures under the new Article 6.4 Mechanism are still pending internal definition.

As of September 2024, it is also important to mention that six (6) projects are applying for transition from the CDM to the new Paris Agreement Crediting Mechanism established under paragraph 4 of Article 6 of the Paris Agreement (Article 6.4 Mechanism).

However, to make proper use of this mechanism it is important that the country makes the necessary preparations to comply with all the participation requirements of Article 6 and its respective mechanisms and that the framework for linkingto carbon markets in the country provides clarity to all actors wishing to participate. To thisend, it is essential that government authorities and key private sector actors are very familiar with carbon markets and with Article 6 mechanisms.

## 3. Workshop Objectives

Figure 2. Workshop Objectives.



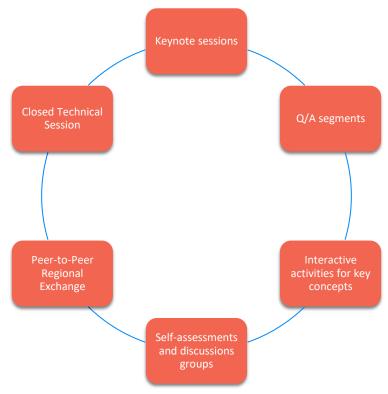
The objectives of the workshop are the followings:

- 1. **Empower key stakeholders:** Equip decision makers, policy makers and private sector representatives with the essential knowledge and tools to design, implement and manage market-based carbon pricing instruments and cooperative approaches under Article 6 of the Paris Agreement.
- 2. **Strengthen national capacity:** Strengthen Guatemala's capacity to participate in international platforms related to Article 6 and carbon pricing, identifying, and taking advantage of opportunities for collaboration with other countries and entities.
- 3. **Promote South-South Cooperation in Latin America:** Promote the exchange of knowledge between Guatemala, Chile, Colombia, and Panama (South-South Exchange).
- 4. **Develop an Article 6 Roadmap:** Guide the creation of a comprehensive roadmap to establish a policy and legal framework to support the adoption and effective implementation of Article 6 mechanisms in Guatemala.

## 4. Workshop Structure and Methodology

The proposed methodology ensured that the workshop was highly participatory, practical, and results-oriented, aligning closely with Guatemala's national climate priorities. Held over three days (September 18-20, 2024), the workshop was structured around the implementation of diverse tools and activities, including keynote sessions, analysis and discussion groups, spaces for Q&A segments, experience-sharing exchanges, dynamic activities to reinforce key concepts, peer-to-peer regional exchanges, and a closed technical session to outline immediate actions. This comprehensive approach aimed to deliver tangible outcomes and foster collaboration among stakeholders:

Figure 3. Workshop Methodology.



#### a. Keynote sessions:

The workshop featured technical sessions led by experts from RCC LatAm and UNEP's LAC-6 Project, focusing on carbon pricing policies, carbon markets, and Article 6 mechanisms. These sessions provided participants with a robust conceptual foundation. Below is a list of the technical sessions delivered:



#### Carbon pricing policies and their importance for achieving the NDCs

- The session highlighted the importance of mobilizing domestic and international financing, including private sector contributions, to achieve NDC targets.
- Carbon pricing policies and well-designed finance programs were emphasized as essential tools for advancing NDC3.0 by 2025.



#### Introduction to carbon pricing instruments

- •The session covered the concept of carbon pricing and the various types of carbon pricing instruments.
- It provided global and regional insights into the design and implementation of these goals.



#### Introduction to carbon markets

- The session introduced carbon markets as key tool for addressing climate change, highlighting regulatory vs voluntary and domestic vs international markets.
- Participants explored the mechanism for generating supply and demand segments and received an overview of carbon project design.



#### Article 6 approaches and their role in international cooperation

- •The session explored the context of the Paris Agreement and how Article 6 fits within this architecture.
- Participants gained insights into Article 6 Cooperation and its components: A6.2, A6.4 and A6.8.



#### **Article 6 Participation Strategies**

- •The session equipped participantes with foundational knowledge to delve into the technical aspects of Article 6.
- It covered the requirements, responsibilities, opportunities, and risks associated with participation in Article 6 mechanisms.



# Introduction to Article 6.2 Cooperative Approaches (authorization and tracking)

- Participants explored the governance and regulatory frameworks required for implementing mitigation activities that generate ITMOs.
- Key processes covered included national approval of activities, ITMO authorization for NDC compliance and other purposes and tracking infrastructure.



#### Introduction to Article 6.2 Cooperative Approaches (reporting and review)

•The session addressed reporting and review requirements under Article 6.2, emphasizing transparency aspects and the linkage to the ETF of Article 13 of the Paris Agreement.



# Introduction to Article 6.2 Cooperative Approaches (corresponding adjustments)

• Participants gained insights into the accounting principles of the Paris Agreement, with a focus on corresponding adjustments, their significance and their application based on NDC objectives.



#### Implementation of the Paris Agreement Crediting Mechanism (Article 6.4)

•A comprehensive overview of the Article 6.4 mechanism was provided, highlighting its role in generating emission reduction units for ITMOs, its similarities and differences with the Clean Development Mechanism (CDM), and consideration for CDM transition to the new mechanism.



#### Host Country Participation Requirements and DNA's Roles

• This session detailed the responsibilities of Designated National Authorities (DNAs) under Article 6.4 eligible actitvities, and the actions required for CDM transition.



#### Non-Market Based Approaches under Article 6.8

• Participants were introduced to non-market approaches, their purpose, and contributions to the Paris Agrement with a clear distinction from market-based mechanisms (Article 6.2 and Article 6.4).

#### b. Q&A Segments

After each keynote session, a space was provided for questions, comments and/or reflections, where participants were able to interact with the experts or other peers from other public institutions. This dynamic allowed for clarifying concepts and adapt the discussions to the specific interests and needs according to the national circumstances of Guatemala.

#### c. Interactive activities for Concept Recap

To strengthen participants' understanding of key concepts, concept recap activities were conducted at the start of each day using the Mentimeter tool. These activities offered a dynamic and engaging approach to learning reinforcement. Real-time questions focused on topics such as Article 6 mechanisms and carbon pricing, allowing participants to provide answers interactively. Instant result displays encouraged a healthy sense of competition and motivated participants to reflect on and consolidate their knowledge.

#### d. Group Activities

One of the key elements of the workshop was the group activities, in which participants worked on self-assessing Guatemala's capacity to implement Article 6 mechanisms. The group activities fostered collaboration and peer learning, ensuring that participants not only acquired theoretical knowledge, but also developed practical skills to apply the concepts learned.



**Figure 4.** Representatives of the Ministry of Energy and Mines during the discussion on the prioritization of sectors and types of projects eligible for Article 6 Cooperation.

#### e. Experience-sharing session

The workshop methodology included virtual sessions in which experts from Chile, Colombia and Panama shared their experiences and best practices in the implementation of Article 6 and carbon pricing. Notably, Panama, having benefited from support under CiACA, now shares its valuable experience, contributing to regional collaboration. This South-South exchange of knowledge allowed Guatemala to identify successful strategies and adapt them to its own national context. By leveraging the expertise of "model countries" like Panama, other nations can enhance their capacity to implement effective climate strategies, highlighting the significant advantages of regional cooperation in addressing shared challenges.

#### f. Closed technical session

The last day of the workshop was dedicated to a closed technical session, focused on the development of an Article 6 Roadmap for Guatemala. During this session, the participants, guided by the facilitators, identified the strategic components, regulatory frameworks, and key activities that Guatemala must develop to effectively implement the Article 6 mechanisms. Government's representatives worked on identifying gaps

and opportunities in the current legal and institutional framework and defined the next steps to advance implementation.



**Figure 5.** Representatives of the National Climate Change Directorate during the closed technical session discussing the recommendations of the workshop.

## 5. Participants

From September 18-20, 2024, key public institutions involved in carbon instruments and Article 6 in Guatemala City, Guatemala convened to participate in a capacity-building activity aimed at strengthening national technical expertise in this field.

**Table 1.** General Information from the three-day workshop.

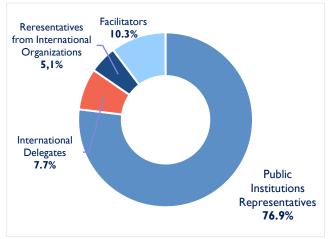
Day	Date	Time	Approach
01	18 Sep	09:00 - 17:00	Carbon Pricing Instruments and Carbon Markets
02	19 Sep	09:00 - 17:00	Article 6.2 (authorization, tracking and infrastructure, reporting, review, and corresponding adjustments)
03	20 Sep	09:00 - 15:00	Implementation of the Article 6.4 Mechanism, Non- Market Approaches of Article 6.8, and Technical Session

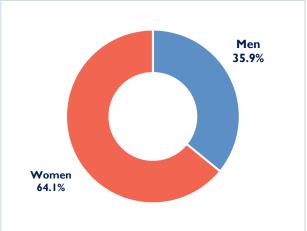
Based on this agenda and under the leadership of MARN's Climate Change Directorate, invitations were sent to 39 participants divided into the following categories:

- Public Institutions: 30 representatives divided into: 2 high-level representatives, 8 decision makers, 20 public policymakers. Some of the public institutions that participated in the workshop: Ministry of Environment, Ministry of Economy, Ministry of Public Finance, Ministry of Foreign Affairs, Secretary of Planning and Programming of the President's Office, Ministry of Agriculture, Livestock and Food, Ministry of Energy and Mines, National council of Protected Areas, National Institute of Forests, and Bank of Guatemala. For more details on the participants, refer to the participant list in the Annexes of this report.
- International Delegates (virtual participation): 3 representatives from Colombia, Chile, and Panama.
- International Organizations: 2 UNDP representatives.
- Facilitators: 4 facilitators (UNEP's LAC-6 Project and RCC Latin America).

Figure 6. Workshop participants by type.

Figure 7. Workshop participants by gender.





# 6. Development of the sessions and group activities

The following is a description of the most important points made during the technical sessions, the question-and-answer sessions, the exchange of experiences and the group activities developed within the framework of this workshop:

A. Welcome Remarks by the UN Climate Change RCC Latin America and the Ministry of Environment and Natural Resources (MARN)





Figure 8 and Figure 9. Andrea Fión (left) and Fabiana Rodrigues (right) during the opening of the workshop.

The opening session was led by Fabiana Rodrigues, RCC Latin America Lead and Ms. Andrea Fión, Climate Change Director of the Ministry of Environment and Natural Resources of Guatemala. Both representatives offered a warm welcome to all participants and representatives of the government of Guatemala, highlighting the presence and support of Ms. Daniella Suger, UNEP LAC-6 Country Leader for Guatemala.

It also highlighted the "importance of cost-effective mitigation policies, such as carbon pricing and the use of carbon markets, and the relevance of collaboration under Article 6 of the Paris Agreement to meet the global challenge of limiting warming to 1.5°C, in accordance with the Paris Agreement, and the need to mobilize concrete actions to reduce and eliminate greenhouse gas emissions".

— Andrea Fión, Climate Change Director, MARN.

During this session, the importance of involving various public sector actors to achieve an effective implementation of the Paris Agreement was highlighted.

Finally, participants were encouraged to take advantage of each session to strengthen their technical knowledge and foster collaboration. The space was presented as a valuable opportunity for learning and exchange of ideas.

# B. Presentation of the UN Climate Change RCC Latin America and the LAC-6 Project on Carbon Markets and Article 6

The workshop began with an introductory session on the RCC Latin America by Laura Lasso de la Vega, Climate Action Specialist. The RCC Latin America is one of the six regional offices operated by the UN Climate Change Secretariat with the objective of supporting countries in the region in the implementation of climate actions under the UNFCCC and the Paris Agreement. It was highlighted that the RCC Latin America works closely with governments, private sector, non-governmental organizations and other stakeholders to maximize climate action and facilitate the implementation of climate commitments framed in the NDCs and LT-LEDS, through partnerships and collaboration, and work in the 5 areas in which the UN Climate Change Secretariat is divided such as Adaptation, Mitigation, Means of Implementation, Transparency and Sustainable Development and Participation.

Emphasizing that currently, RCC Latin America provides permanent support in Mitigation, specifically support for the presentation, updating and implementation of the NDCs and LTS and in the implementation of Article 6 and carbon pricing instruments, through experts who provide permanent support to these issues.

Following this presentation, Daniella Suger, Guatemala Country Leader of the LAC-6 Project on Carbon Markets and Article 6, gave an introduction on the objectives of this regional project implemented by the UNEP with funding from the GCF. During this session, Suger highlighted that the LAC-6 project seeks to strengthen the capacity of Latin American and Caribbean countries to actively participate in the international cooperation mechanisms established under Article 6 of the Paris Agreement. This initiative aligns seamlessly with the goals of CIACA, as both aim to enhance the effectiveness of carbon markets and facilitate the implementation of NDCs. By promoting the creation of effective and transparent carbon markets, the LAC-6 project complements CIACA's efforts and vice-versa to generate climate finance and utilize carbon offset mechanisms. Together, these initiatives represent a powerful synergy, empowering countries in the region to achieve their climate objectives and drive sustainable development.

Finally, Suger concludes that, through training, technical assistance and continuous work with key players in national carbon markets, the LAC-6 project supports countries in their readiness to participate in international carbon markets, while ensuring environmental integrity and alignment with global mitigation objectives. She also emphasized the

collaboration efforts between UNEP and the UNFCCC RCC Latin America within the region, providing Guatemala with a comprehensive approach, that combines technical expertise with strategic guidance. This partnership ensures that Guatemala receives tailored support in its efforts to enhance its climate action and market readiness.



Figure 10. Daniella Suger, Guatemala Country Leader, LAC-6 Project, PNUMA.

"Collaboration between national and international institutions is essential for Guatemala to not only meet its climate commitments, but also to lead in the implementation of innovative mechanisms such as carbon markets under Article 6". - Daniella Suger, Guatemala Country Leader for the LAC-6 Project, UNEP.

C. Technical Sessions: Leveraging carbon pricing policies and Article 6 for NDC achievement and the presentation of Guatemala's NDC



**Figure 11.** Laura Lasso de la Vega, Climate Action Specialist, during the introductory framework for NDCs and leveraging carbon pricing policies.

The first session on leveraging carbon pricing policies and Article 6 to achieve NDCs by Laura Lasso de la Vega, Climate Action Specialist included the following points:

- a. A presentation was made on the evolution of the NDCs since COP19, the adoption of the Paris Agreement at COP21, and the ongoing efforts to increase ambition, particularly ahead of COP29 in 2024.
- b. It highlighted the role of carbon pricing policies and Article 6 of the Paris Agreement in helping countries meet their NDC targets.
- c. It also discussed how they are considered critical tools to unlock private sector investment and achieve emission reductions at a lower cost.
- d. The presentation emphasized the cyclical nature of the NDCs, with updates every five years to reflect increasing ambition.
- e. Article 6 enables cooperative approaches between countries, facilitating greater ambition in both mitigation and adaptation through mechanisms such as carbon markets.
- f. The growing interest of Latin American countries in using carbon market-based mechanisms under Article 6 to meet the climate targets outlined in the NDCs. The presentation noted that 77% of the Parties to the Paris Agreement plan or could use voluntary cooperation under Article 6.
- g. It provided figures on the financial requirements to implement the NDCs,

including climate change adaptation and mitigation strategies, highlighting a significant financial gap. International climate finance, public capital, and carbon markets were identified as essential sources to close this gap.

h. Information related to the results of the First Global Stocktake (2023).



**Figure 12.** Saúl Pérez, Mitigation Head and María Alejandra Salguero, Mitigation Specialist, MARN of Guatemala.

The second session included general information on the NDC and climate governance in Guatemala, presented by Juan Pablo Reyes, representing the Ministry of Environment and Natural Resources:

- a. Presentation of Guatemala's key achievements in climate change, including strategies for incorporating gender into the NDCs, a guide for implementing the thematic classifier, climate information and trends and monitoring system for marine-coastal zones of Guatemala, the presentation of the Third National Communication on Climate Change (3CNCC) and the First Biennial Update Report (1IBA), presentation of the Updated NDC1 and the roadmap for its implementation, monitoring and reporting.
- b. Mitigation measures in prioritized sectors included in the NDC were presented: AFOLU (4 GHG measures), Agriculture (1 GHG measure), Waste (1 GHG and 1 non-GHG measure), and Energy (2 GHG and 1 non-GHG measure).
- c. Key aspects related to Guatemala's national process for reviewing and updating its NDC within the ambition cycle were highlighted. It was noted that Guatemala is currently in Phases 3 and 4 of the ambition cycle, which include progress review and evaluation, identification of improvement

opportunities, analysis for increased ambition, and alignment with the Global Stocktake. The session concluded with a discussion on some of the challenges Guatemala faces in presenting its new NDC 3.0 by 2025. Guatemala reiterated its commitment to ambitious climate targets however acknowledged several persistent barriers, including difficulties in mobilizing climate finance, the need for more transparent and accurate data, and capacity challenges in tracking and implementing previous NDCs.

#### D. Technical Sessions: Introduction to Carbon Pricing Instruments and Carbon Markets

The workshop began with introductory sessions on carbon pricing instruments, with the objective of providing participants with a fundamental understanding of the mechanisms available to reduce greenhouse gas emissions through market-based approaches. During these sessions, an active interaction was generated among the attendees. One of the main concerns revolved around the potential impact of carbon pricing on domestic industries.

Participants questioned how improvements in industrial processes could lead to an increase in product costs, potentially affecting the price caps of certain goods. There was concern that the implementation of carbon pricing could raise costs at the national level.

Daniella Suger, Guatemala Country Leader of the LAC-6 Project addressed these concerns by explaining that there is no fixed price for emissions. She mentioned that while the IPCC suggests a price that emissions should have, there is no standard or study that dictates how to implement these processes universally. She also noted that the World Bank has conducted studies on the impact of implementing carbon pricing instruments. Finally, she emphasized that mitigation measures and efficiency improvements can lead to savings and potentially expand markets.



**Figure 13.** Space where comments and questions were received from the audience regarding the implementation of carbon pricing instruments.

Participants reflected on the state of the country in comparison with others in the region in terms of implementation of carbon pricing policies. During the sessions, the cases of Mexico, Colombia, Costa Rica, Peru, among others, were explained.

Positive aspects of Guatemala's national circumstances were also noted, such as the fact that organizations and companies are orienting their strategies towards the conservation of carbon sinks. The increase in private conservation areas was highlighted to participate in payments for emissions reductions.

Finally, it was highlighted that, in carbon markets, it is essential to know the supply and demand of these credits, identifying who could buy them, especially considering that local companies do not have a mandatory need under the law. The possibility of local companies using these credits to comply with international measures was discussed.

# E. Technical sessions: Article 6 mechanisms and their role in international cooperation and participation strategies

The importance of having a national Article 6 strategy or framework to attract the necessary financing, provide certainty to investors, build market and stakeholder confidence, and align the strategic vision with the technical aspects and political mandate for effective implementation of Article 6 activities was emphasized.



**Figure 14.** Introductory session on the role of Article 6 cooperation within the Paris Agreement.

MARN representatives raised the need to understand in detail the mechanisms of Article 6, and how these connect with carbon pricing instruments and voluntary actions policies.

Some participants requested further explanation on the differentiation of positive and negative lists. It was stressed that countries should define the type of activities eligible for cooperation under the Article, making sure not to transfer mitigation outcomes that are easy to implement, and prioritizing those mitigation actions with financial and technical constraints known as "low-hanging fruits".

It was encouraged to consider tools to assess additionality and develop an eligibility list under Article 6 activities, and to safeguard against risks such as overselling and double counting.

F. Technical Sessions: Introduction to Article 6.2 Cooperative Approaches (authorization, tracking, reporting, review, and application of corresponding adjustments).

Participants were provided with information on the different ways for ITMO generation, including the Paris Agreement Crediting Mechanism (PACM) established under Article 6.4, as well as the responsibilities of host countries under A6.2. Key elements discussed included national authorization frameworks, the infrastructure required to track ITMO use, as well as other elements of the governance framework elements such as reporting, review processes, and the application of corresponding adjustments.



**Figure 15.** Active interaction between participants regarding the reporting elements and differences under the authorization (under discussion) and approval process under Article 6.2 and Article 6.4.

In addition, concepts and definitions of different actions were clarified, such as first transfer, authorization, ITMO uses, cancellations, acquisitions, and the application of the corresponding adjustments and the types of existing methods were reviewed. The importance of establishing appropriate institutional arrangements to ensure effective participation in these approaches was explained.

Infrastructure needs for registering actions related to ITMOs were addressed, highlighting the use of the international registry managed by the UNFCCC Secretariat for countries that do not have their own registry.

The obligations of the Parties in terms of initial, annual, and regular reporting, essential for ensuring transparency and tracking the use of ITMOs in NDC implementation were outlined. Additionally, the session covered the concept of corresponding adjustments to uphold environmental integrity, prevent double counting and the different existing methods available to apply this accounting principle.

- G. Technical Sessions: Q&A Segments
- a. Ministry of Public Finance (Question): If there are actions to reduce emissions, should standard prices be set for this? Is there some kind of study for this?

UNEP (Answer): The World Bank has an initiative called the Partnership for Market Readiness (PMR) that includes guidelines and documents on how to design and implement carbon pricing instruments and their impacts. Also, the IPCC recommends a fixed price per ton of CO<sub>2</sub> emitted.

b. Ministry of Economy (Question): How can a carbon tax impact study be conducted effectively?

**UNEP (Answer):** If these prices are not structured correctly, services and goods go up and the final consumer is the one who is affected. Investing in clean technologies will open spaces to other markets and reduce costs.

c. Question: What is the pathway for national organizations to certify their carbon footprint domestically?

**UNEP (Answer):** Guatemala is evaluating which of these crediting mechanisms to use, to not affect any sector or social aspect. The application of voluntary programs could support capacity building in the country.

d. Question: MARN (Q): Can Article 6 be included in carbon pricing instruments?

RCC Latin America (A): It can be considered as a carbon pricing instrument within the market-based instruments, which include Article 6.2 and Article 6.4, however participation in Article 6 is purely voluntary. It is used to contribute to the implementation of the NDCs. Article 6.4 is the mechanism that will replace the Kyoto Protocol's Clean Development Mechanism.

e. Question: What is the integrity council for the voluntary carbon market, what is its role?

**UNEP (Answer):** The voluntary market is not governed by any entity. The country must define whether it links the domestic market with the voluntary market, to avoid double counting, and if they coexist, how they are integrated.









**Figure 16.** Multiple interactions throughout the Workshop during keynote sessions, group activities and experience exchange among countries in the region.

#### f. Experience-Sharing Sessions

#### 1. Panama Presentation: Panama's National Carbon Market Implementation

Javier Martínez, Head of the Mitigation Department of the Ministry of Environment of Panama presented on Panama's National Carbon Market (MNCP, in Spanish) describing the legal and operational framework established for the implementation of this instrument, whose objective is to promote GHG emission reductions in a measurable, reportable, and verifiable way to contribute to the fulfillment of Panama's Nationally Determined Contribution and its Long-Term Low Emission Development Strategy. The key aspects included in this presentation include:

- Legal Framework: The carbon market is based on Executive Decrees No. 100 (2020) and No. 142 (2021), which establish the creation of the MNCP. These decrees were developed through an extensive public consultation process. A recent resolution of 2022 established the Board of Directors of the Panamanian Carbon Exchange (BPC, in Spanish).
- Description of the three components of MNCP:
  - GHG Management Programs: these are framed under the national Reduce Your Footprint (RTH, in Spanish) program at different levels: municipal, corporate and product. Currently, the RTH-Corporate program focuses on establishing a standardized process to identify, calculate, report, and verify GHG-related information within the boundaries of public, private and civil society organizations. To date, this program has 224 registered organizations, of which 138 submitted program-approved emissions reports for the 2023 reporting cycle.
  - National GHG Offset System (SNCP, in Spanish): establishes rules, procedures and modalities for projects that reduce or remove GHG emissions at the national level to generate national emission reduction units (UNRE, in Spanish). Projects must comply with national regulations and use the Paris Agreement Crediting Mechanism (Article 6.4) or independent crediting mechanisms to generate UNRE. Prioritized sectors include energy, forestry, waste management and agriculture.
  - Panamanian Carbon Exchange (BPC): Facilitates the purchase and sale of UNRE both domestically and internationally.

#### Next steps for the MNCP:

- Pilot phase: includes the adoption and homologation of standards, selection of pilot projects and capacity building activities.
- Relevant Studies and Assessments: emission projections and GHG emission limit studies for demand, for the transition of the RTH-Corporate program from voluntary to mandatory, assessment of distributional and other impacts, study of national and international policy alignment, assessment of the alignment process with themechanisms established under Article 6.





Figure 17 and Figure 18. Virtual participation of Panama sharing its experience in the design of its National Carbon Market.

o Panama Presentation: Q&A segments.



Figure 19. Space for questions and comments from the audience.

#### a. PNUD (Question): Has any strategy been worked on to involve the private sector?

Panama (Answer): A culture of carbon footprint quantification has been created in Panama; the private sector itself demanded a voluntary carbon footprint program which is the Reduce Your Footprint — Corporate program to support their corporate imagen. The involvement was very good, the sector has a more positive vision, and they request the carbon market. They want to offset their carbon footprint with local projects. The next steps are to continue the dialogues with the sector, considering that, if it then becomes mandatory, how to be able to make that transition in collaboration with the private sector.

b. Bank of Guatemala (Question): Is there an entity that regulates the market and do industries report their emissions?

Panama (Answer): The Ministry of Environment is establishing the regulations of the National Carbon Market, and the voluntary market already exists, but all standards are being evaluated and clear rules are being established. The task force is also collaborating with independent international mechanisms to evaluate their standards, requirements, and use of registries to see if they comply with Panama's goals and safeguards.

c. MARN (Question): Was there a need for capacity building with the stakeholders who participated in RTH-Corporate and what was the training process like?

Panama (Answer): The team was trained internally in the elaboration of national and corporate inventories and the capacities of the organization were strengthened through virtual sessions (everything was developed within the framework of the COVID global pandemic), and then with face-to-face workshops. They have had to encourage public institutions to a greater extent, but the private ones have a lot of interest and consultations.

d. MARN (Question): Is there a cost associated with participating in the RTH-Corporate program?

Panama (Answer): There is no fee to participate in the program, as the beginnings of this initiative were the result of support from the CIACA project implemented by the UN Climate Change Secretariat through the RCCs. Given the interest generated, funding was sought at the national level to ensure its continuity. The program has also received support from the Inter-American Development Bank (IDB), UNDP's Climate Promise and the CBIT project. In the future, an evaluation is planned to determine whether it is necessary to establish a cost to ensure the program's long-term sustainability.

e. MARN (Question): Who monitors the program? How is the program structured?

**Panama (Answer):** The program is implemented under the coordination of the Mitigation Department of the Climate Change Directorate of the Ministry of Environment of Panama. Currently, four (4) people oversee its implementation.

# 2. Chile's Presentation: Experience in the design and implementation for the Article 6 National Framework

Cristina Figueroa, Climate Negotiation Specialist at Chile's Ministry of Environment provided a detailed analysis of Chile's Article 6 National Framework and the mechanisms related to the carbon market under the Climate Change Framework Law. The key points are presented below:

- Legal Framework for the Carbon Market in Chile: Chile has developed a solid legal framework for the carbon market, based on Law 21.455, which regulates emission reduction or absorption certificates under Article 6 of the Paris Agreement. The law establishes rules for emissions offsets and a voluntary system for greenhouse gas (GHG) and water use certification.
- O Climate Change Management Instruments: Instruments such as the Sectoral Mitigation Plans, the LT-LEDS and the NDC, which define mitigation actions at the national, regional, and communal levels to comply with the country's climate commitments, were highlighted.
- o Carbon Pricing Policies: Chile is committed to use carbon pricing instruments on is path to carbon neutrality by 2050. In this sense, Chile has implemented both a regulated system and a voluntary certification system for the issuance and trading of carbon credits. In 2017, Chile implemented a carbon tax and in 2023, an offset mechanism was integrated into the carbon tax framework, demonstrating an innovative use of market mechanisms. These systems are currently aligned with the cooperative approaches of the Article 6.2 and the sustainable development mechanism of Article 6.4 of the Paris Agreement through its new Article 6 Framework, recently approved. Chile is also preparing to design and implement a cap-and-trade system for the energy sector. These policies have been led by the Ministry of Environment and sectoral leading institutions, being the Ministry of Energy, one of the most active.
- Experiences and Lessons Learned in Implementation: Progress in data collection, implementation of emission standards, and the integration of carbon pricing at the national level, including the Green Tax and its compensation system (use of offsets). In addition, the inter-ministerial work for the implementation of measures related to Article 6 was highlighted.
- o **Bilateral Implementation Agreements:** Chile has signed several bilateral agreements with countries such as Switzerland, Japan, and Singapore for the implementation of Article 6. These agreements allow Chile to participate in the international carbon market under Article 6 and comply with its NDC through cost-effective mitigation projects.

- O Development of the Article 6 Regulation: The Article 6 regulation in Chile establishes the conditions and procedures for the authorization of mitigation activities, the certification of emission reductions, and the registry of mitigation results to be transferred internationally. It also defines the role of the Article 6 National Committee in the oversight and governance of the process.
- Chile Presentation: Q&A Segments.
- a. MARN (Question): Could you describe what type of activities have been included as eligible for Article 6?

Chile (Answer): It depends on each ministry, based on the sectoral mitigation and adaptation plan. An example is the Ministry of Mining, which has included electromobility strategies in its operations, the use of green hydrogen for explosives, among others.

b. Ministry of Economy (Q): How did the bilateral agreements and approaches under Article 6 take place?

Chile (Answer): In general, interested buyer countries have established the approach to Chile, but it is recommended to strengthen the Ministry of Foreign Affairs since the Ministry of Environment provides technical support during these negotiations, ensuring that the benefits for the seller country are reflected.

c. MARN (Question): How have you done or what projects have supported you to advance in these processes?

Chile (Answer): Chile was a beneficiary country of the World Bank's PMR, and this was the kick-off to implement carbon pricing instruments. They also continue in the second part of this initiative called PMI. In addition, the IDB and GEF have provided financial support. The Ministry of Environment has also hired staff to build capacity.

3. Colombia's Presentation: Experience in the design and implementation of the National Framework for Article 6 in Colombia

Adriana Gutiérrez of Colombia's Ministry of Environment and Sustainable Development provided an overview of the status of carbon pricing instruments developed in Colombia, their regulatory framework and the institutional arrangements required for these policies. The key points are presented below:

- o Colombia has implemented several market-based instruments, such as the national carbon tax and the non-Causation mechanism, which allow companies to offset part of their GHG emissions through certified projects.
- o The National Program of Tradable Emission Quotas (PNCTE, in Spanish) regulates emissions through the issuance of tradable carbon quotas, which must be acquired by companies that exceed certain emission limits.
- o Results of the Non-causation Mechanism: As of June 2024, almost 10,000 requests for non-causation have been registered and 76.6% of the mitigation results come from AFOLU (Agriculture, Forestry and Other Land Use) and REDD+ projects. This has generated an estimated investment of US\$232 million.
- Colombia Presentation: Q&A Segments
  - a. MARN (Question) How did you initiate the process for the development of the Article 6 National Framework, have you developed public consultation including private sector?

Colombia (Answer): For the regulation of Article 6<sup>1</sup>, a public consultation process will be carried out. There are certain more technical processes that must be carried out for it to pass public consultation.

<sup>&</sup>lt;sup>1</sup> The National Program of Tradable Emission Quotas (PNCTE) is a Colombian initiative to regulate greenhouse gas emissions through market mechanisms, established under Decree 1076 of 2015. For more information, visit the Ministry of Environment's consultation page here.

#### f. Group Activities

During the workshop, three group activities were conducted to assess Guatemala's current level of readiness and status for compliance with the participation requirements under Article 6.2 and Article 6.4 of the Paris Agreement. These exercises sought to identify legal, regulatory, and institutional gaps and opportunities, through inter-institutional discussions and technical exchange, to guide the development of frameworks and procedures for the approval of activities (projects and/or programs) and the authorization of ITMOs for their respective uses, as described in the Article 6.2 Guidance. The self-assessment also sought to prioritize actions and strengthen Guatemala's capacity to fully participate in cooperative approaches, ensuring alignment with national climate objectives and international commitments.





Figure 20 and Figure 21. Space dedicated to self-assessment and analysis of the current state of Guatemala's compliance with the participation requirements of Article 6.

For these exercises, a self-assessment process was implemented through a verification and analysis matrix to evaluate their current state of readiness to comply with these participation requirements.





**Figure 22 and Figure 23.** Space dedicated to self-assessment and analysis on the current state of Guatemala's compliance with the participation requirements of Article 6.

 Table 2. Checklist and Analysis Matrix for the Self-Assessment of Article 6 Readiness in Guatemala.

Requirement	Applicable to	Guiding questions	State of Readiness	Comments
It is a Party to the Paris Agreement	A6.2/A6.4	Has the Paris Agreement been ratified?	Implemented	Decree No. 48-2016 CRG approves the Paris Agreement in Guatemala. No Actions are required.
It has prepared, communicated, and is maintaining an NDC in accordance with Article 4, paragraph 2	A6.2/A6.4	Has the latest NDC been communicated? If yes, does your country plan to submit an NDC3.0 by 2025?	Implemented	Guatemala submitted its updated NDC1 in May 2022. It is currently establishing inter-institutional working groups for the NDC3.0 submission process with the support of UNDP.
It has arrangements in place for authorizing the use of ITMOs towards achievement of NDCs pursuant to Article 6, paragraph 3;	A6.2/A6.4	Has an authority been designated to provide ITMO authorization?  Has the process for providing such authorization been established, including the relevant procedural, legal or other related provisions?	Not started	Assessment of the legal framework: The 2013 Climate Change Law (Art. 22) regulates market mechanisms, both national and international, and establishes the National Registry of Offset Projects.  Governance System: It is essential to define appropriate governance structures for the authorization and approval process at the national level.  Regional review: The authorization and approval processes of other countries in the region can provide useful lessons to be implemented in the national context.
It has arrangements in place that are consistent with this guidance and relevant decisions of the CMA for tracking ITMOs;	A6.2	What is the preference for ITMO tracking: a) use of its National Registry, b) Use of the International Registry of the Secretariat, or c) Use of another available Registry? Is the use of this registry established by any national regulation?	Not started	The best approach for tracking the use of ITMOs under Article 6 was discussed. It was suggested that, while the country develops its National Registry, it should use the UNFCCC international registry. In addition, it is recommended to review examples from countries in the region on the use of registries for functions such as authorization, use, transfer and cancellation, in accordance with the Article 6.2 Guidance. It was also clarified that the Climate Change Law (Article 22) obliges the country to implement a national registry of GHG reduction or removal projects.
It has provided the most recent national inventory report required in accordance with	A6.2	Has your country provided the most recent national inventory?	Ongoing	Guatemala has gained experience in the preparation of National Inventory Reports. Its last BUR1 included a NIR as an annex to this report. The country is in the process of preparing its next BTR1 and its NID (National Inventory

decision 18/CMA.1;				Document) in accordance with decision 18/CMA.1.
Its participation contributes to the implementation of its NDC and long-term low-emission development strategy, if it has submitted one, and the long-term goals of the Paris Agreement.	A6.2/A6.4	Has your country identified (including) the intention to use Article 6 in the context of your NDC?	Under Consideration	Guatemala should provide clear information on its intention to use Article 6 mechanisms in its NDC.
		Have you considered the contribution of Article 6 to the National Low Emission Development Strategy (LT- LEDS submitted to the UNFCCC)?	Not Started	Despite, Guatemala submitted its LT- LEDS in June 2021, the country needs to describe how it plans to use Article 6 to contribute to its Low Emissions Development Strategy (LT-LEDS) during its update process.
		What are the mitigation actions contained in the NDC that are considered a priority and couldbe implemented under Article 6 and/or national market mechanisms?	Not Started	Guatemala should clarify what types of mitigation activities (projects and/or programs) will be approved and what mitigation outcomes will be allowed for international transfer, and whether any conditions will be attached to these activities.
It has designated a national authority (DNA) for the mechanism and has communicated that designation to the secretariat;	A6.4	Have you designated and communicated a Designated National Authorityfor Mechanism A6.4?	Ongoing	Guatemala formally notified the Supervisory Body (SBM) of its Designated National Authority (Ministry of Environment and Natural Resources). The development and formalization of an institutional framework defining roles, responsibilities, and procedures for approval of activities and other functions to be performed by MARN as Guatemala's DNA for A6.4 is currently pending.
It has indicated publicly to the Supervisory Body the types of Article 6, paragraph 4, activity that it would consider approving	A6.2/A6.4	Has your country established an approach for analyzing eligible mitigation activities for A6.2 and A6.4? Are there specific eligibility criteria or conditions of approval? Does your NDC prioritize any sector or activity?	Under Consideration	Guatemala should describe the types of activities (projects or programs) it plans to approve under Article 6.4, including details on their scope, scale,and the sectors they target. These activities should align with national priorities and GHG reduction strategies, contributing to the NDC and/or LT-LEDS.

# 7. Closed Technical Session with the Climate Change Directorate

During the session, the results of the self-assessment exercises on Guatemala's compliance with the requirements of Article 6.2 and 6.4 of the Paris Agreement were presented, including the presentation of progress and challenges and how these elements will become key inputs for the development of the National Roadmap for Article 6 (2024-2025).



**Figure 24.** Workshop facilitators with Edwin Castellano, Vice Minister of Natural Resources and Climate Change and Andrea Fión, National Climate Change Director.

#### Key aspects discussed during the session:

1. Context and objectives: Guatemala is developing a comprehensive plan to participate in Article 6 cooperation mechanisms, evaluating its legal, regulatory, and institutional framework to identify gaps and opportunities.

#### 2. Progress achieved:

- o Ratification of the Paris Agreement in 2016.
- o Presentation of its updated NDC in 2022.
- Presentation of its National Inventory Report along with its First Biennial Update Report in 2023.

#### 3. Challenges identified:

- o Need of continuous capacity building on carbon pricing instruments and Article 6.
- o Definition of the types of mitigation activities eligible in Guatemala for Article 6.2 and Article 6.4.
- Lack of a clear institutional framework for approval of activities under Article 6 and authorization of mitigation outcomes that can be transferred internationally for compliance with other NDCs and other international mitigation purposes.
- Need to establish a national registry system for tracking transfers and cancellation of Internationally Transferred Mitigation Outcomes (ITMO).



**Figure 25.** National Climate Change Directorate team discussing the main findings and recommendations of the self-assessment on national readiness for carbon markets and Article 6.

#### 4. Immediate actions recommended by the working groups:

- ✓ National position on markets and Article 6: Define and incorporate the national position on markets and Article 6 into the NDC3.0 and the LT-LEDS.
- ✓ Creation of an Interinstitutional Technical Working Group:
  - Capacity building: focused on priority areas and issues that strengthen the informed decision making of the members of the interagency technical working group.
  - Legal framework and governance system: Develop a governance system for Article 6 (approval, authorization, tracking, accounting, and reporting).
  - Eligibility Criteria for mitigation activities under Article 6: Define criteria for potential activities under Article 6.
  - Approval of CDM Project Transition Requests.

- ✓ Identify strategic partners and projects: establish synergies and collaborations with these initiatives or strategic partners to advance the Article 6 National Framework (CiACA, the Capacity-building Initiative for Transparency (CBIT), Initiative for Climate Action Transparency (ICAT), UNDP's Climate Promise, NDCP Partnership, UNEP's LAC-6 Project and the Inter-American Development Bank (IDB).
- ✓ Capitalize on lessons learned from the Forestry Sector Reduction Program.
- ✓ Explore participation in global and regional platforms to strengthen national capacity building to strengthen national capacities such as:
  - CiACA: focuses on fostering collaboration among countries, particularly in the areas of carbon pricing, emissions trading systems, and climate finance, with the aim of enhancing capacity-building, knowledge sharing, and practical tools to accelerate climate action. This initiative provides technical support and facilitates exchanges of experiences to help countries implement effective climate strategies and achieve their Nationally Determined Contributions (NDCs) under the Paris Agreement.
  - <u>Carbon Pricing in the Americas (CPA)</u>: works on promoting carbon pricing instruments in the Americas, offering a space for experience sharing and capacity-building for the implementation of carbon pricing policies in the region.
  - Paris Agreement Article 6 Implementation Partnership (A6IP): facilitates collaboration among countries to ensure effective participation in the cooperation mechanisms established under Article 6, supporting the transition to more transparent and accessible carbon markets.
  - LAC-6 Project: strengthening the capacity of Latin American and Caribbean countries to engage in these international cooperation mechanisms, promoting an integrated approach that combines technical assistance with strategic guidance, aligning efforts to generate climate finance and facilitate the implementation of NDCs.



**Figure 26.** Presentation of the work done by the LAC-6 Project on the Article 6 Readiness Assessment Analysis (Desk Review).

### 8. Outcomes and Next Steps

Strengthening Guatemala's capacity to implement Article 6 of the Paris Agreement and participate in carbon markets requires a series of strategic recommendations that address the identified gaps in institutional, regulatory, technical, and operational capacities.

This section presents a summary of the actions identified during the group activities of the participants who conducted a self-assessment of the requirements for participation in Article 6 and the aspects discussed during the technical session with members of the Climate Change Directorate of MARN:

- 1. Development of the Roadmap Proposal for the Implementation of recommendations on Article 6 and Carbon Markets.
- 2. Presentation and Validation of the Roadmap Proposal for the Implementation of recommendations on Carbon Markets and Article 6.
- 3. Formation of an inter-institutional technical roundtable on carbon markets and Article 6.
- 4. Development and adoption of a work plan for the inter-institutional technical roundtable.
- 5. Development of a National Carbon Market Strategy.
- 6. Analysis and review of mitigation activities (programs and/or projects) eligible for Article 6 approval and for authorization of Mitigation Outcomes for international transfer as Internationally Transferred Mitigation Outcomes (ITMO).
- 7. Preparation and publication of the Host Country Participation Requirements Form for Article 6.4.

### 9. Workshop Evaluation

An online survey was conducted at the end of the sessions to gather feedback from participants. Of the 39 participants, 34 (approximately 87%) responded, providing valuable insights to the effectiveness and impact of the session.

The survey responses came from a diverse public institution with are leading key sectors in Guatemala such as: Energy, Finance, Agriculture, Forestry, Industries, among others.

In general, the workshop was largely successful in delivering crucial content on Article 6 cooperation and carbon pricing instruments, as reflected in the high levels of understanding. However, the equal split between "satisfied" and "very satisfied" responses suggests room for improvement in enhancing participant engagement or clarity in certain areas or delving deeper into certain topics such as national approval of mitigation activities eligible for carbon markets instruments including Article 6 Cooperation and national arrangements for authorization of ITMOs.

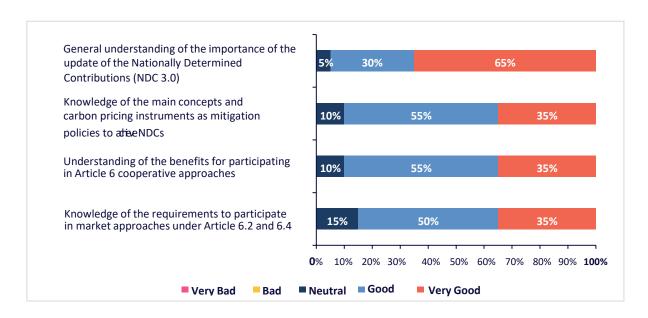


Figure 27. Outcomes on General Understanding of Acquired Knowledge.

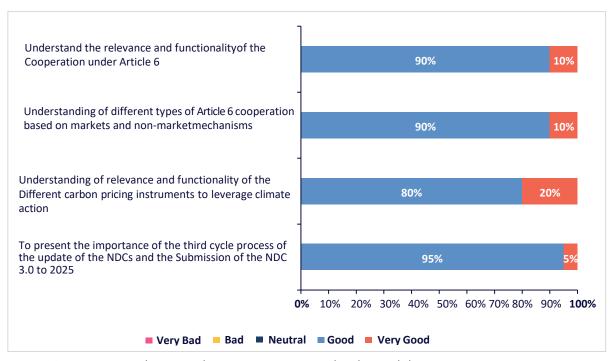


Figure 28. Outcomes on the most relevant aspects presented at the Workshop.

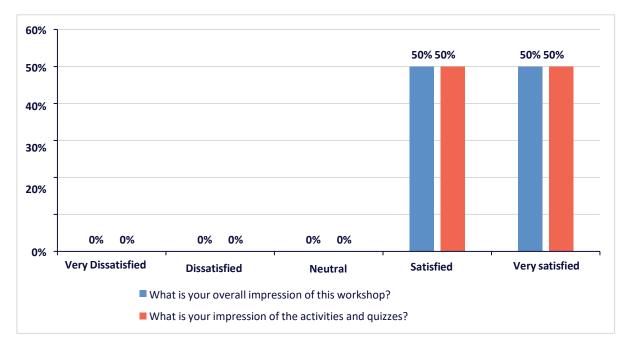


Figure 29. Overall impression of the Workshop.

Figure 31. General topics of more interest presented.

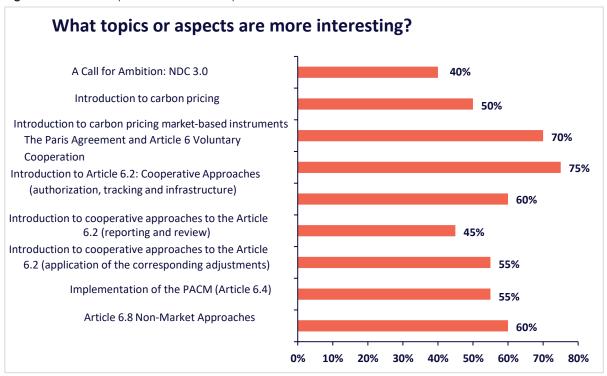
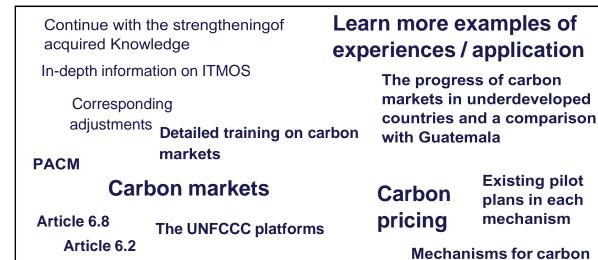


Figure 30. Topics of greatest interest during the Workshop.



#### **PA Architecture**

"This workshop has given us practical tools and technical knowledge to position Guatemala in the international carbon market scenario, while strengthening our national capacities" - *Workshop participants during the surveys*.

pricing quantification

### 10. Annexes:

- 1. List Participants.
- 2. Self-assessment Report on Guatemala's compliance with participation requirements under Article 6.2 and Article 6.4: Key Findings and Recommendations.









# **List of Participants:** National Capacity-Building Workshop on Carbon Markets and Article 6 Implementation for Guatemala

#	Public Institutions				
1	Ministry of Environmentand Natural Resources (MARN)				
2	Ministry of Economy				
3	Ministry of Public Finance				
4	Ministry of Foreign Affairs				
5	Secretary of Planning and Programming of the President's Office				
6	Ministry of Agriculture,Livestock and Food				
7	Ministry of Energyand Mines				
8	National Council of Protected Areas				
9	National Institute of Forests				
10	Bank of Guatemala				
#	Guest Countries (Experience-sharing session)				
11	Ministry of Environmentand Sustainable Development of Colombia				
12	Ministry of the Environment of Chile				
13	Ministry of Environmentof Panama				
#	UN Agencies				
14	UNEP				
15	UNDP Guatemala				
16	UNFCCC RCC Latin America				









#### Self-Assessment Report on Guatemala's Compliance with Participation Requirements under Article 6.2 and Article 6.4: Key Findings and Recommendations

#### A. Background

Guatemala is developing its National Roadmap for Article 6 Implementation (2024-2025), ensuring its compliance with the participation requirements outlined in the Article 6.2 Guidance (Decision 2/CMA.3, Annex, Section II). In this regard, this roadmap will outline a comprehensive plan to engage in cooperative approaches under Article 6.2 and the Article 6.4 mechanism of the Paris Agreement. The roadmap includes a thorough evaluation of the country's existing legal, regulatory, and institutional frameworks to identify gaps and opportunities for effective participation in Article 6 mechanisms, with a particular focus on the approval of activities under Article 6.2 and 6.4, as well as the process for authorization of Internationally Transferred Mitigation Outcomes (ITMO). As part of this evaluation, Guatemala is also mapping out the preliminary steps and timeline required to set up the key activities, procedures, and templates necessary for its full engagement in Article 6.

From October 18th to 20th, 2024, public institutions relevant to carbon markets-instruments and Article 6 in Guatemala, under the leadership of the Ministry of Environment and Natural Resources, conducted a self-assessment exercise to determine Guatemala's progress in meeting the participation requirements of Article 6.2 and Article 6.4. This self-assessment also aimed to provide clarity on Guatemala's position in terms of compliance, its needs, and the priorities required to fully implement Article 6 cooperative approaches.

This report builds on the insights gained through the self-assessment process and provides key findings related to Guatemala's compliance status, with recommendations for the next steps to ensure full participation in Article 6. A matrix as a vital tool for identifying key areas where legal, institutional, and governance structures may need to be strengthened, as well as for guiding the country's strategy in aligning its national frameworks with international expectations, is part of this report.

#### B. Objectives

The objective of the self-assessment was to evaluate Guatemala's current level of readiness and compliance with the participation requirements under Article 6.2 and Article 6.4 of the Paris Agreement. This exercise aimed to identify legal, regulatory, and institutional gaps and opportunities, through interinstitutional discussions and technical exchange, guiding the development of frameworks and procedures for approving activities (projects and/or programs) and authorizing Internationally Transferred Mitigation Outcomes (ITMOs) for respective uses, as outlined in the Article 6.2 Guidance. The self-assessment also sought to prioritize actions and strengthen Guatemala's capacity to fully engage in cooperative approaches, ensuring alignment with national climate goals and international commitments.

#### C. Methodology

Guatemala implemented a self-assessment process through a verification and analysis matrix to assess its current state of readiness in meeting these participation requirements.

This exercise was conducted during the national workshop, where a thorough evaluation of Guatemala's existing legal, regulatory, and institutional frameworks was carried out through









discussions and exchanges of opinions among representatives of the institutions. The aim was to identify gaps and opportunities for participation in the mechanisms under Article 6.2 and 6.4, with a focus on the approval of activities under these articles and the ITMO authorization process. Additionally, preliminary steps and a timeline were outlined to establish the key activities and procedures required for Guatemala's participation in the Article 6 framework.

#### D. Participating Institutions

The following institutions were part of the self-assessment process, where they discussed based on guiding questions presented by facilitators from RCC LatAm, the Ministry of Environment and Natural Resources (MARN, in Spanish), and the UNEP LAC-6 Project:

- Ministry of Energy and Mines.
- Ministry of Economy.
- Ministry of Public Finance.
- National Council of Protected Areas.
- Climate Change Unit of the Ministry of Agriculture, Livestock and Food.
- Bank of Guatemala.
- Legal Advisory Unit of MARN.
- National Institute of Forests.
- Planning and Programming of the Presidency of Guatemala
- NDC Facilitator of Guatemala (Climate Promise, UNPD).

#### E. Key Findings

#### 1. Party to the Paris Agreement

- Status: Implemented
- Comments: The country successfully ratified the Paris Agreement through Decree No. 48-2016 CRG, formalizing its commitment to the global climate agreement. The legal framework supporting this ratification is well established, and no additional actions are required in this area.
- Recommendations and/or required actions: None.

## 2. Preparation and Communication of the Nationally Determined Contribution (NDC)

- Status: Implemented
- Comments: Guatemala submitted its NDC1 Updated in May 2022.
- Recommendations and/or required actions: It's currently establishing interinstitutional working groups for the submission process of NDC3.0 supported by UNDP.

#### 3. Domestic Arrangements for Authorization

#### Status: Not Initiated

• Comments: There is a significant gap in the official designation of an authority responsible for overseeing and authorizing activities under Article 6.2 of the Paris Agreement. The country is









currently evaluating its legal framework, indicating a need for further institutional capacity development.

- Recommendations and/or required actions:
  - Legal Framework Assessment:
    - Review the Framework Law on Climate Change (LMCC, in Spanish) No. 07-2013, specifically Article 22, which includes provisions related to national and international market mechanisms, regulated or voluntary, and the establishment of the National Compensation Project Registry.
    - Consider updating or reforming the LMCC No. 07-2013 to align with Article 6 requirements.
    - Conduct a legal diagnostic review of the LMCC No. 07-2013 applicable to carbon markets and Article 6, or review the legal framework used in the REDD+ mechanism.
  - o Governance System Evaluation:
    - Evaluate the potential for implementing the authorization process within the framework of the **National Climate Change Council** or the Interinstitutional Coordination Group (GCI, in Spanish).
    - Review key actors or entities essential to the authorization process.
    - Form a **Technical Working Group** to address carbon markets and Article 6.
    - Analyze and draw lessons from the authorization processes of other countries in the region.

#### 4. Domestic Arrangements for Tracking

#### Status: Not Initiated

- Comments: Discussions are ongoing regarding the best approach to track the use of ITMOs under Article 6. It is recommended that, as the country can advance with its National Registry, it can use the international registry that will be implemented by the UNFCCC Secretariat. It is also recommended to review cases from countries in the region regarding the use of registries for tracking functions set out in paragraph 29 of the Article 6.2 Guidance (authorization, use, first transfer, cancellation, etc.). The discussion clarified that the Climate Change Law established the obligation to implement a national registry of GHG reduction or removal projects (Article 22).
- Recommendations and/or required actions:
  - Perform an initial diagnosis of available registry options and provide recommendations.
  - o Review regional case studies on the use of registries for tracking specific functions set out in paragraph 29 of Article 62 Guidance.

#### 5. Submission of the Latest National Inventory Report

#### Status: Implemented

- Comments: Guatemala has gained experience in the development of National Inventory Reports. It last BUR1 included a NIR as annex of this report. The country is elaboration its next BTR1 and its NID (National Inventory Document).
- Recommendations and/or required actions: None.









# 6. Contribution to the NDC, LT-LEDS (if submitted), and the Goals of the Paris Agreement

- Status: Under Consideration
- Comments: Guatemala must provide clear and detailed information regarding its intention to utilize Article 6 mechanisms within its NDC. This includes defining a clear strategy on how Article 6 will contribute to its mitigation goals, both for the NDC and any Long-Term Low-Emission Development Strategy (LT-LEDS), if applicable. Additionally, clarity is required on the types of mitigation activities (projects and/or programmes), Guatemala plans to approve and authorize under Article 6 (A6.2 and A6.4), including any conditions associated with them. Finally, safeguards and institutional capacities must be defined, and key actors in the implementation process need to be identified to ensure smooth execution of the mechanisms.
- Recommendations and/or required actions: Guatemala will explicitly reference the use of Article 6 mechanisms within its next submission of the NDC (by 2025) and will establish a strategy for how these will contribute to its climate targets. The country must also define the types of projects to be approved and authorized and identify any associated conditions for their implementation. A national capacity assessment should be conducted to establish the necessary safeguards, and institutional strengthening programs should be developed. Additionally, mapping key actors involved in the implementation of Article 6, both at the institutional and private levels, will be crucial for successful implementation.

#### 7. Nomination of the Designated National Authority (DNA) for A6.4 Mechanism

- Status: In Progress
- Comments: Guatemala has formally notified the Supervisory Body (SBM) of the Designated National Authority (DNA) responsible for overseeing the A6.4 Mechanism at the national level, under the Ministry of Environment and Natural Resources. It's currently pending the development and formalization of an institutional framework that defines roles, responsibilities, and procedures of activities approvals and other functions to be performed by Guatemala's A6.4 DNA as part of the A6.4 Mitigation Activity.
- Recommendations and/or required actions: An inter-institutional working group will be established to assess and implement this process.

## 8. Published Establishment of the types of mitigation activities (projects and/or programs by sector) considered to be approved at national level under A6.4 M

- Status: Under Consideration
- Comments: Guatemala must describe the types of activities (projects or programs) it plans to approve under Article 6.4, including details on their scope, scale, and the sectors targeted. These activities should align with national priorities and GHG reduction strategies, contributing to the NDC and/or LT-LEDS.
- Recommendations and/or required actions:
  - o An inter-institutional working group should be established to assess and implement this process. A comprehensive description of the types of activities that Guatemala plans to approve under Article 6.4 must be developed, ensuring alignment with the









country's national development and climate goals. This should include using assessment methods to evaluate barriers related to additionality, such as technology availability, financial constraints, and installed capacity (e.g., publishing positive lists). The description must specify key sectors of focus (e.g., energy, forestry, waste management) and provide details on the expected scale and scope of these projects or programs.

o Furthermore, a clear and transparent approval and authorization process for activities under Article 6.4 must be developed. This process should fully comply with international Rules, Modalities, and Procedures (RMPs) and national regulations, ensuring that all legal, procedural, and institutional requirements are met. Guatemala must also clarify the roles and responsibilities of the relevant authorities involved in the approval process. Establishing a well-coordinated working group will be essential for successfully assessing and implementing this framework.

#### F. Required Actions identified by the Working Groups:

- 1. National Position on Markets and Article 6:
  - Define and incorporate the national position on markets and Article 6 into the NDC3.0 and the Long-Term Strategy (LTS).
- 2. Establish an Interinstitutional Technical Working Group:
  - o Capacity Building: Focus on priority areas and topics.
  - Legal Framework & Governance System: Develop a governance system for Article 6 (approval, authorization, tracking, accounting, and reporting).
  - Article 6 and Eligibility Criteria: Define criteria for potential activities under Article 6.
     Before: 31.12.2025
  - o Approval of CDM Project Transition Requests: Deadline: 31.12.2025-.
- 3. Identify Strategic Partners and Projects:
  - Strengthen this area by engaging partners like CBIT, Climate Promise, NDC Partnership, LAC-6 Project, BID.
- 4. Forestry Sector Reduction Program:
  - o Address linked issues in the forestry sector.
- 5. Explore participation in regional platforms for enhancing the national capacity building:
  - o Identify regional platforms (e.g., **CPA, A6IP, LAC-6 Project**) to reinforce national capacities.

#### G. Conclusion

Guatemala has made significant progress in areas such as ratification of the Paris Agreement and submission of the latest national inventory report. However, gaps remain in establishing institutional frameworks for authorization and monitoring of mitigation outcomes, both of which are essential for the full implementation of Article 6.2. Immediate efforts should focus on addressing these gaps through legal assessments and the development of robust monitoring mechanisms.

The actions and recommendations included in this report will provide a structured pathway for Guatemala to develop its National Article 6 Roadmap, to ensure its compliance with Article 6 requirements and ensure that institutional, legal, and governance structures are adequately addressed.