

Colombia National Program of Tradable Greenhouse Gas Emission Quotas

General Information

ETS Description

In 2018, Colombia adopted a law for climate change management, which outlines basic provisions for the establishment of an ETS, or the “National Program of Tradable GHG Emission Quotas” (Programa Nacional de Cupos Transables de Emisión de Gases de Efecto Invernadero – PNCTE).

Covered entities will have to surrender allowances for all their covered emissions. The Ministry of Environment and Sustainable Development (Minambiente) will determine the number of allowances in line with Colombia’s national mitigation targets. Minambiente is also in charge of allocation, which will take place primarily via auctions. Non-compliance is to be punishable by a fine of up to double the auction price. Auction revenues, as updated by Article 262 of Law 2294 of 2023, will now be allocated to the “Fund for Life and Biodiversity” (formerly the “Fund for Sustainability and Climate Resilience”). These funds are designated for purposes set by the national carbon tax, as well as for administering the PNCTE and the Mandatory Emissions Report under Law 2169 of 2021. The Climate Change law also includes crediting provisions: voluntary actions of non-regulated entities that generate GHG emissions reductions or removals may be issued allowances if they are verified, certified, and registered in the National Emission Reductions Registry (Registro nacional de reducción de emisiones de GEI – Renare), and deemed eligible for the program.

The PNCTE will complement Colombia's revised carbon tax, now set at COP 23,394.60 (approximately USD 4.30) per tonne of CO₂e according to Resolution 12 of 2023 by the National Directorate of Taxes and Customs. The 2018 “Climate Change Management Law” states that the government may recognize tonnes paid through the carbon tax as part of the compliance obligation of regulated entities under the PNCTE.

The ETS design is currently being analyzed by the government. The 2021 “Climate Action Law” (Ley de Acción Climática) sets a goal to fully implement the ETS by 2030. This has also set an obligation for legal persons to report direct and indirect GHG emissions, following criteria to be set by Minambiente. It also appoints an independent group of experts (the Study Commission) to provide recommendations and promote and develop carbon markets in Colombia. These recommendations are to be considered by the environment and finance ministries.

ETS Status

under development

Jurisdictions

Colombia

Emissions & Targets

Overall GHG Emissions excl. LULUCF (MtCO₂e)

180.7 (2018)*

* Land emissions (category 3B), not included here, accounted for 98.5 MtCO₂e of total net emissions in 2018, whereas category 3D, Products of collected wood, accounted for 0.6 MtCO₂e in absorptions.

GHG reduction targets

BY 2030: Reduce GHG emissions by 51% compared to BAU emissions by 2030. Reduce black carbon emissions by 40% compared to 2014 (updated NDC)

BY 2050: Carbon neutrality (Climate Action Law)

Other Information

Institutions involved

Ministry of Environment and Sustainable Development: Responsible for defining national environmental policy and promoting the recovery, conservation, protection, ordering, management, use and exploitation of renewable natural resources.

Department of National Planning: Entity of the national government that coordinates, articulates, and supports Colombia's short-, medium-, and long-term planning and guides the cycle of public policies and the prioritization of investment resources.

Ministry of Finance: Coordinates macroeconomic policy; defines, formulates, and executes the fiscal policy of the country; and manages the nation's public resources from the budgetary and financial perspective.

National Climate Change System (SISCLIMA): A set of state, private, and non-profit entities, policies, standards, processes, resources, plans, strategies, instruments, mechanisms, and information related to climate change applied to manage the mitigation of greenhouse gases and adaptation to climate change in the country.

Ministry of Mines and Energy: Responsible for formulating and adopting policies aimed at the sustainable use of mining and energy resources

Regulatory Framework

Climate Change Law ([Ley 1931 de 2018: Ley de Cambio Climático](#))

[Climate Action Law \(Ley 2169 de 2021: Ley de Acción Climática\)](#)

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