



Catalizando Inversiones para Descarbonizar LAC

Challenges and Opportunities for the Decarbonization of Latin America:

Lessons Learned from the DecarBOOST Project

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Table of Contents



Chap. 01 BACKGROUND	06	
Chap. 02 TRENDS IN A CONTEXT OF CLIMATE CRISIS	10	
2.1 The future of investments for the decarbonization of Latin America, towards 2050	14	
Why is it important to finance the development of a low-carbon, green, climate-resilient economy in Latin America?	16	
What do these long-term cross-cutting planning processes bring to the countries?	20	
Decarbonization from a shared perspective between the public and private sectors	22	
Key messages on decarbonization	25	
2.2. Financing the transformation of Latin America		31
How to finance the transformation of Latin America?		34
What investment trends are being observed in the region?		36
What examples and best practices are being implemented in the region?		38
Key messages on how to finance the transformation of Latin America		42
2.3. Financial solutions to catalyze low-carbon investments in Latin America		44
How to leverage public and private investment and solutions to move towards a low-carbon economy?		46
How to catalyze private investment?		49
Key messages on how to catalyze private investment		60
Chap. 03 FROM KNOWLEDGE TO ACTION	62	



CHAP 01

Background

During 2021, the **DecarBOOST Project: Catalyzing Investments to Decarbonize Latin America and the Caribbean** (LAC), through its Knowledge Management component, managed to position this initiative as a knowledge exchange platform open to learning through the generation of a broad dialogue between experts from the public and private sectors to understand the issue of decarbonization and propose concrete actions to promote climate finance in key low-carbon development investments for Latin American countries and their private sector.

The report, **Challenges and opportunities for the decarbonization of Latin America**, aims to be a knowledge dissemination mechanism for the region, to be developed annually by the [DecarBOOST Project](#) with the support of its partner CCAP¹, and promoted by the Latin American [business climate action platform nexos+1](#), in order to provide in its annual editions strategic information on why we should invest in low-carbon projects in LAC and finance the decarbonization of our economies, understand the challenges and opportunities that these actions present us with, and exchange experiences through case studies and practical guidance on how to do so.

Who is this report intended for and what does it contain?

The report is aimed at Latin American professionals from the public, private and multilateral sectors who wish to learn about or enhance their knowledge on climate finance and investment, either because they work on climate change and wish to engage with the financial or investment sector, or because they work in the finance or investment world and wish to introduce or enhance their knowledge on how to consider the climate variable and decarbonization in their strategies and work.

It presents critical information, insights, proposals and visions of experts from around the world, who share knowledge, opinions and lessons learned from experiences and practical cases relevant to LAC, in a series of meetings organized by the DecarBOOST Project and its partners.

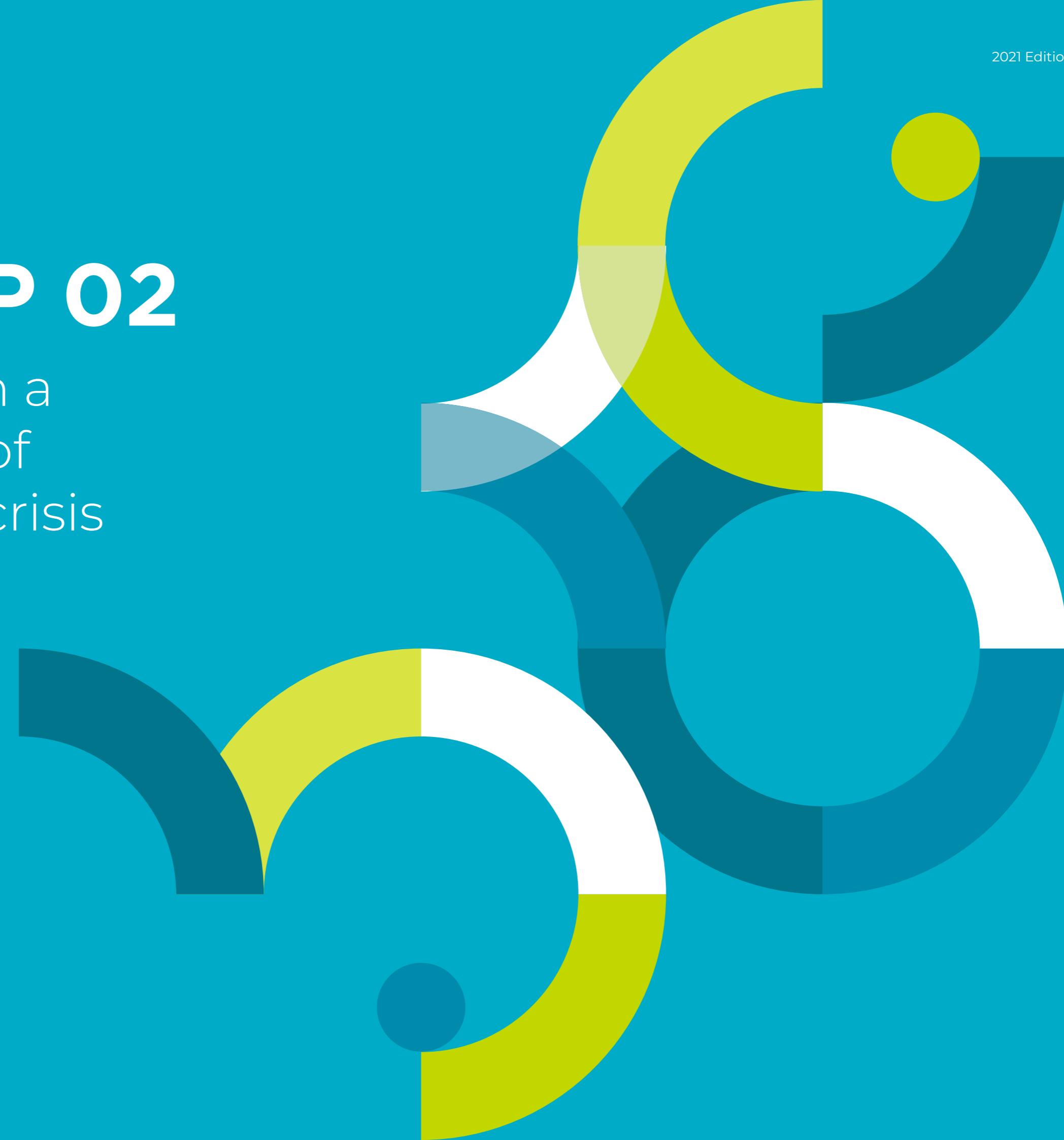
For this first edition, information, lessons learned and best practices have been gathered from experts around the world and the Latin American region during a series of meetings organized by the DecarBOOST

Project and its partners during 2021; it includes year-long events such as the Investment Forum 2021 promoted by nexos+1, as well as the [Investment and Climate Community of Practice](#), both part of the DecarBOOST Project.



CHAP 02

Trends in a
context of
climate crisis





Before going into detail on the impact of climate finance in Latin America, understanding the context in which the region's economy finds itself and why prioritizing future investments within the framework of decarbonization towards 2050 is a common and global objective to be met, is critical.

As part of the process of understanding the decarbonization of the economy, sharing experiences among stakeholders from both the public and private sectors is important to broaden knowledge of specific investment barriers and opportunities. The DecarBOOST Project facilitates this dialogue by enabling stakeholders to share their concerns and worries about climate investment, as well as the regulatory and financial needs they have or require in order to scale up and diversify their project portfolios.

Therefore, the following highlights the topics discussed during 2021 within the different knowledge generation areas of the DecarBOOST Project and the contributions of guest experts. The focus of this exchange was mainly on:

- (i)** Providing an understanding of what decarbonization is and why is this an opportunity for the development and growth of a low carbon economy to understand the environment in which climate finance is analyzed.
- (ii)** Knowing how to prioritize financing towards a Latin American transformation
- (iii)** Which financial instruments support this decarbonization and transformation, and finally
- (iv)** How experts and participants from the public and private sector in the region can create a space for the exchange of knowledge and proposals through the Investment and Climate Community of Practice of the DecarBOOST Project.

2.1.

The future of investments for the decarbonization of Latin America, towards 2050



Video 1: The future of investments for the decarbonization of Latin America towards 2050.

¡Le damos la bienvenida a n webinar!

En breve comenzamos

zoom

LAC is the region with the greatest economic contraction in the world as a result of the COVID-19 pandemic. According to the Economic Commission for Latin America and the Caribbean ([ECLAC](#)), more than 2.7 million businesses have closed, and more than 44 million people have lost their jobs. Gross Domestic Product (GDP) fell by 7.7% and investment contracted by 20%.

 **The objective of this section is to analyze the importance of finance for decarbonization in the region**

However, in the face of adversity comes an opportunity: to rethink the economic development of our countries. To reactivate the economy in a more sustainable and inclusive way, and at the same time generate employment and social impact to overcome the COVID-19 crisis, Latin American and Caribbean countries require a sound public policy base. In order to achieve

this, it will be necessary to combine long-term mitigation and adaptation strategies in order to meet the Nationally Determined Contributions (NDCs) under the Paris Agreement, the Sustainable Development Goals (SDGs), with decarbonization pathways to achieve carbon neutrality.

Decarbonization, which can be understood as the process followed by countries to reduce greenhouse gas (GHG) emissions in their main productive sectors until they reach carbon neutrality, has become the most intelligent pathway to the sustainable economic development required to face the economic and social consequences of the COVID-19 pandemic. Today, more than ever, the decarbonization process in Latin American and Caribbean countries is more relevant than ever².

The objective of this section is to analyze the importance of finance for decarbonization in the region and explain why it is a great opportunity for post-pandemic development.

Why is it important to finance the development of a low-carbon, green, climate-resilient economy in Latin America?

Decarbonization is critical for the future economies of LAC; several countries in the region, including Costa Rica and Chile, are already looking toward a future that is concerned with mitigating the impacts of climate change through long-term strategies (LTS), while taking advantage of the co-benefits of a low-carbon economy.

e.g. *example*

For example, Costa Rica developed its National Decarbonization Plan in 2019 committing to zero net emissions by 2050 and Chile launched its Long-Term Climate Strategy 2050 with the goal of emissions neutrality by that year.

While there is uncertainty, there is also substantial interest in the potential future opportunities in the much more sustainable economic recovery process from the pandemic. However, few countries have established concrete plans to achieve this.

To find that sustainability, international climate **goals require countries to establish long-term strategies as a tool to support each government in defining future growth opportunities**. These medium and long-term plans and strategies are a key tool in the current situation in our region where economies and productivity have been severely affected by the pandemic. It is a unique opportunity where planning with a more sustainable perspective allows to generate a change not only in the environment but also in the quality of life of the people in the region. To achieve transformation, these plans must propose actions in an orderly and structured manner, ensuring increased inclusion of both the productive sectors and the marginalized and vulnerable, rather than a return to "business as usual" (unsustainable).



For every dollar of investment in resilience, \$4 in future costs can be reduced, which is key when responding to disasters³.



15 million net new jobs can be generated in the region through decarbonization⁴.



Decarbonization can increase economic growth by 1% in the region. At the country level we are seeing the same results⁵.

In addition to the economic impact, the region continues to be one of the most unequal in the world. Half of the region's working population is informal, and it has been the most affected during the pandemic. In addition, the vulnerability of this population to climate change is expected to increase dramatically. For example, climate impacts such as heat waves are expected to generate 2.5 million job losses by 2030⁶.

Despite the disaster brought on by the pandemic, it has also provided us with an opportunity to change the way we plan and connect economic agendas with climate and sustainability agendas. Countries in the region that have developed long-term, whole-of-government decarbonization and action plans⁷ are already demonstrating that this is possible. For example, in **Costa Rica, decarbonization will bring net positive impacts worth**

US\$41 billion over 30 years, along with US\$19 billion in potential private sector investment opportunities⁸. **In the case of Peru, it has been estimated that carbon neutrality in the country would generate net benefits of US\$140 billion between 2021 and 2050** in various sectors including energy, transport, forestry, among others⁹.

To deliver such outcomes, countries and cities need clear and robust long-term decarbonization plans and high-level government commitments that actions through 2050 can be implemented in an organized manner. Such planning will help guide investments in all sectors towards greener initiatives and ensure a just transition to a low-carbon, climate-resilient future.



What do these long-term cross-cutting planning processes bring to the countries?



Provide guidance for translating net-zero emissions commitments by 2050 into action. Most countries' NDCs are insufficient to meet the Paris Agreement goals, and these will need to increase in ambition over time, in line with long-term strategies. To date, most climate planning has not engaged sufficient stakeholders in critical sectors; joint long-term planning across different areas of government can bring together stakeholders from the economic sectors and civil society through the promotion of new green technologies that foster productivity, improved health and employment generation. We also know that for substantial change to occur, a clear shared vision of the future and accurate, actionable outcomes are required.



Generate links between the different sectors. These long-term plans must be cross-cutting, not only between economic sectors, but also address mitigation and adaptation, often of greater concern to LAC countries.

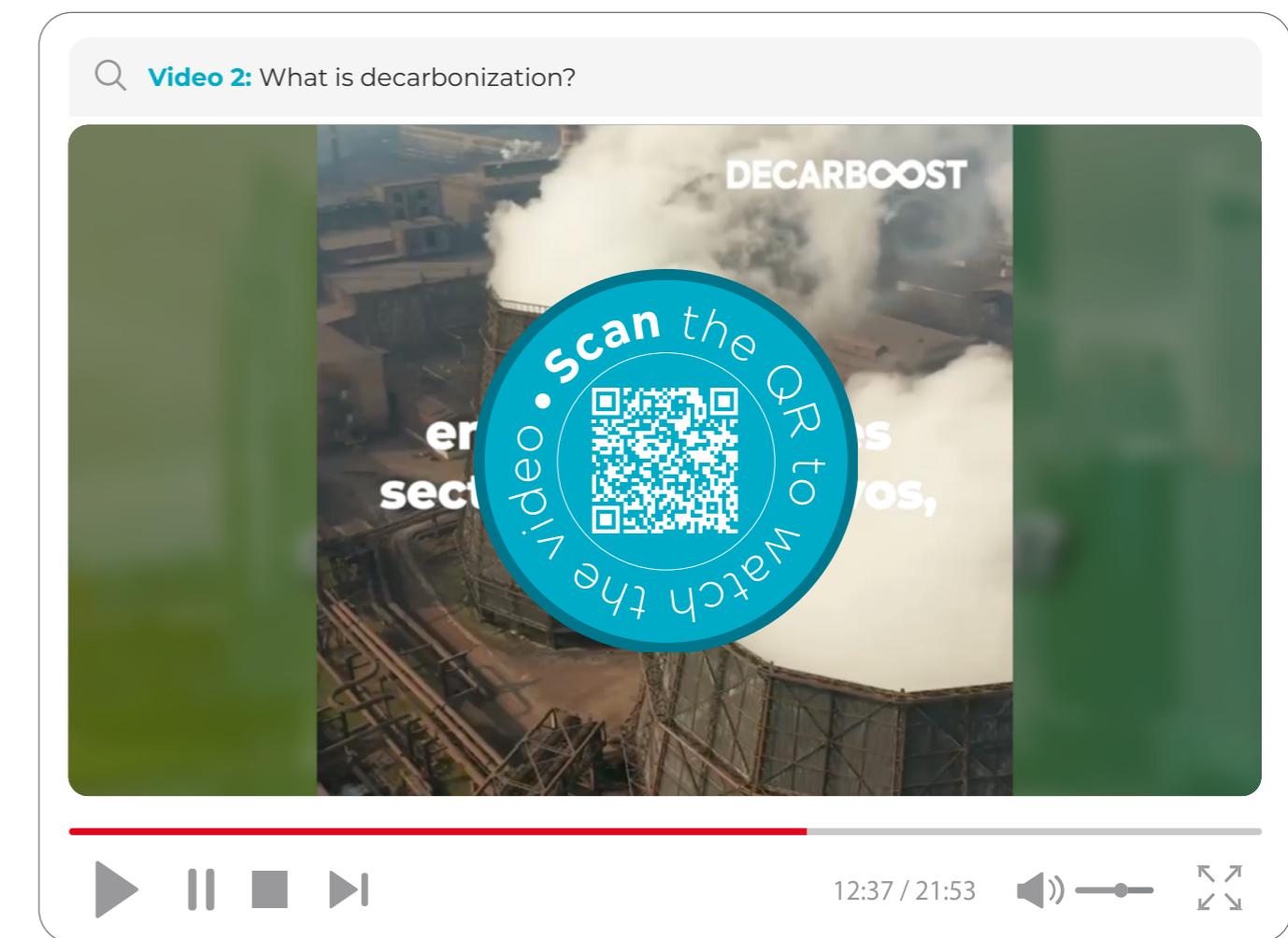


Identify key sectors. Sectors such as energy, transport, logistics, agriculture and manufacturing are those that will have the greatest impact, require the largest climate investments and generate the transformation required for the decarbonization of their economies.



Focus on critical processes. Institutions, policies and financing will need to evolve to ensure that the changes are reinforced and sustained over time. What is most critical for our region is that we can ensure a just transition. Long-term strategies can help: (i) identify who will gain and who will lose in the change process. (ii) identify costs such as reduced tax revenues, and benefits such as decreased health care costs. (iii) focus on addressing critical barriers (changes in regulations and policies or business models) that can drive solutions and ensure that we protect the most vulnerable.

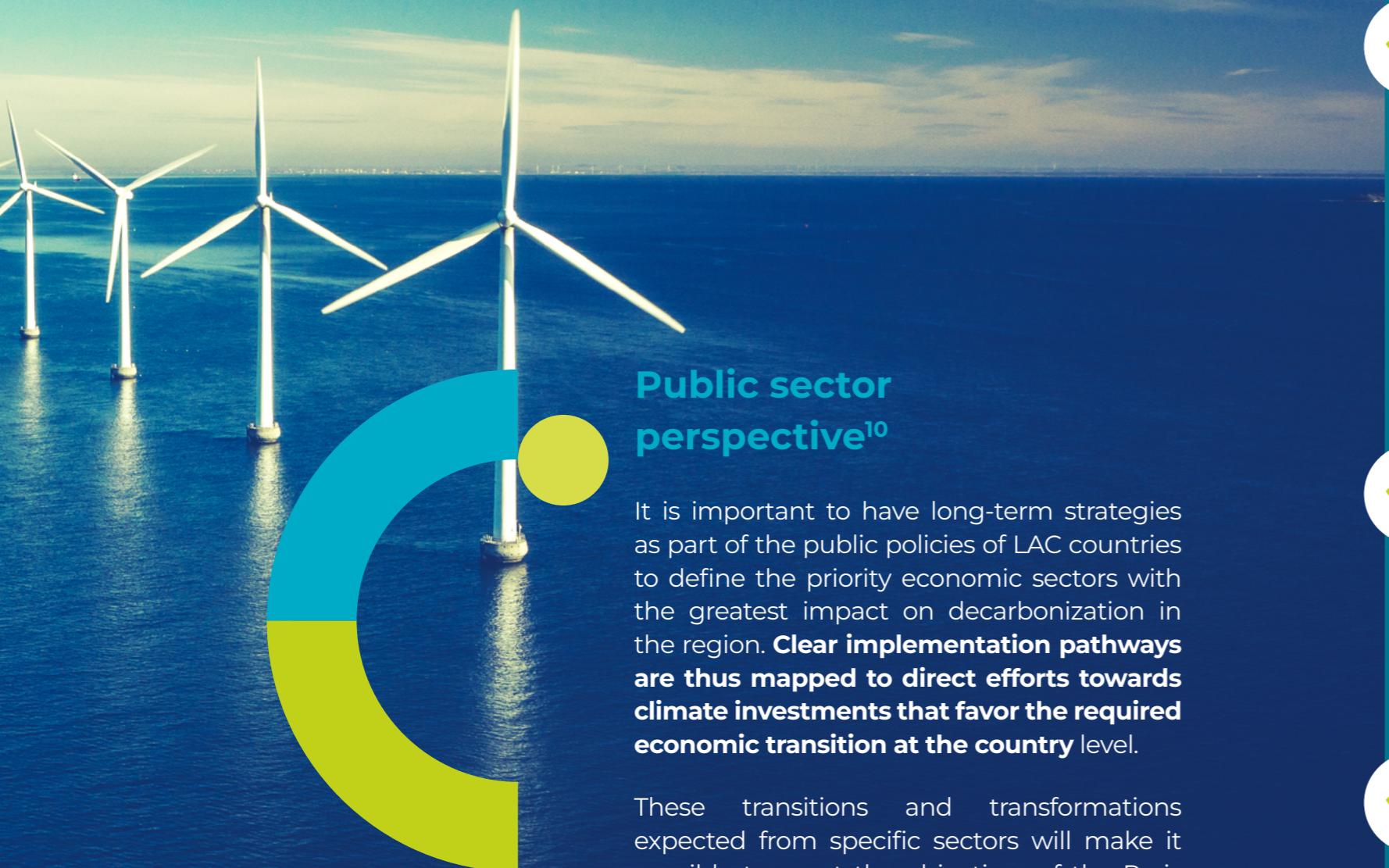
Video 2: What is decarbonization?



Scan the QR to watch the video

12:37 / 21:53

Decarbonization from a shared perspective between the public and private sectors



Public sector perspective¹⁰

It is important to have long-term strategies as part of the public policies of LAC countries to define the priority economic sectors with the greatest impact on decarbonization in the region. **Clear implementation pathways are thus mapped to direct efforts towards climate investments that favor the required economic transition at the country level.**

These transitions and transformations expected from specific sectors will make it possible to meet the objectives of the Paris Agreement and carbon neutrality by 2050

From the public sector, the actions that have been implemented in LAC to promote the participation of the private sector have been as follows:



To understand what the enabling conditions are to incentivize the entry of new technologies into national markets. For example, through tax incentives for low-carbon technologies, initiating large-scale investments such as mass transit systems, or options to remove coal-fired power plants and introduce new renewable energy programs.



To emphasize that this work involves all the ministries of a government and therefore covers the major sectors and actors of the economy. For example, the role of the Ministry of Transport, Energy, Agriculture, to understand and know what is happening in their sector, how it works, what incentives need to be changed or adjusted to be able to penetrate new technologies or practices in order to have a direct and specific conversation with private sector actors about the direction the government is aiming at with its long-term strategies. This include pointing out the changes that need to be made and how to work together, through different financial instruments and initiatives, to reduce the barriers to implementing this type of investment.



To engage the different government agencies, and the private, productive and financial sectors in the design of long-term strategies, in order to understand the conditions, barriers and changes needed in each sector for decarbonization. For example, the government provides specific training to improve practices and generate connections between supply and demand within the markets. On the private sector side, by becoming familiar with the sector, sharing what solutions are available and what mechanisms make it possible to implement them.



To jointly plan long-term strategies helps to clarify and understand the conversation from the point of view of the different actors in the economy and to achieve the necessary level of granularity so that it can be implemented at all levels. This includes not only how to foster opportunities for low-carbon investments, but also what actions should be taken in the transition and changes that decarbonization can bring to those communities that are affected (for example, elimination of coal and other fossil fuel plants), and how these communities can be supported so that they can work in other areas of the economy



Private sector perspective¹¹

The joint effort of both the public and private sectors in financing the investments required for decarbonization in our economies is critical; some concrete actions taken by the private sector, which also apply to LAC, have made it possible to create these links, such as:



To advocate for policy change by making a call to action, through the involvement of different private sector actors such as investors, corporations and financial institutions to push for a change in the narrative. For example, the Global Investor Statement to Governments on the Climate Crisis¹² where nearly 500 investors signed that statement, representing 41 trillion in assets.



To create joint working groups, where the financial sector and investors engage in dialogue with government representatives to achieve a common language and exchange details and technical concepts on how to address the decarbonization of the economy and the contribution that each should have to achieve this common goal.

Key *fact* messages on decarbonization

- 01.** There is an opportunity for change in the economy through decarbonization.
- 02.** Decarbonization has 5 pillars as a frame of reference that concretely show what it means to decarbonize.
- 03.** Decarbonization must go hand in hand with the country's priority development objectives, including the reduction of poverty and inequality, and those objectives, either national or sectoral, that the country defines.
- 04.** To maintain the commitment and participation of the private sector, and to keep the required capital flowing, there must be confidence in the market to invest in the transition, either through the implementation of new technologies and/or cleaner energy generation sources and/or policies that promote their implementation.

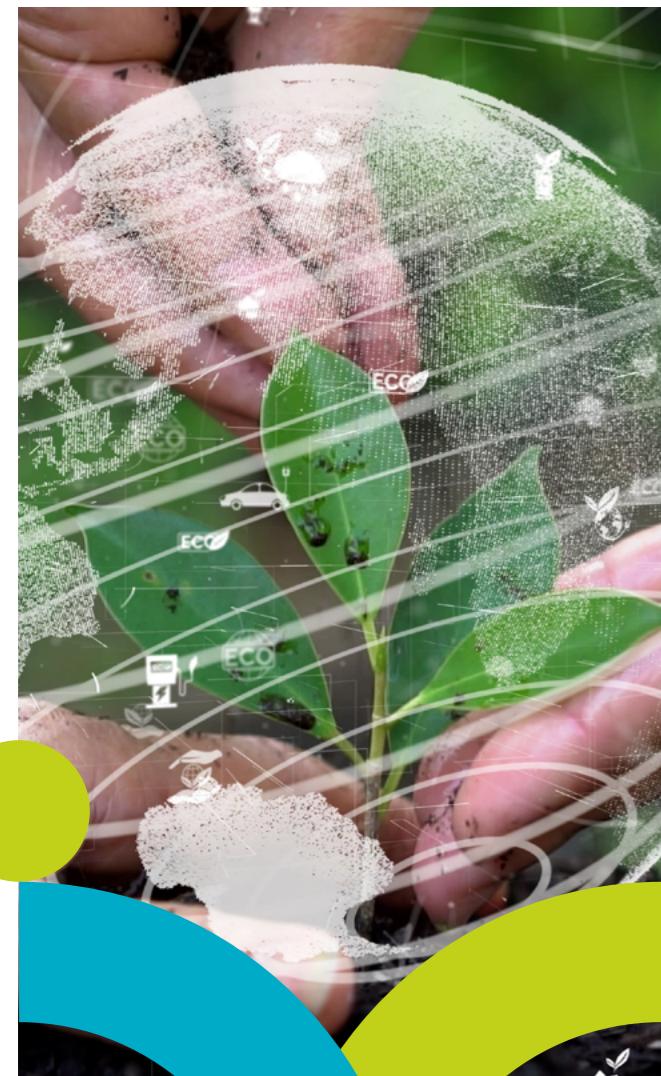
Source: Virtual event "The future of investments for the decarbonization of Latin America, towards 2050".



1. Opportunity for change

The pandemic has been devastating, but long-term plans can lead to positive change and also encourage the different stakeholders to think long-term and help identify and manage future climate risks.

Long-term decarbonization and adaptation plans are crucial for countries as they define how to recover more sustainably from the pandemic. These plans also allow financial institutions to align their investments in the region with sustainable recovery and compliance with the Paris Agreement.



2. The 5 pillars of decarbonization

1

A good start is the decarbonization of the **electricity generation matrix**, strongly expanding the use of renewable energy.

2

In parallel to the above, **electrifying all energy uses, to make use of that renewable energy**; for example, electrifying transport, but also industry, homes; electrifying the use of boilers, heaters or other elements that we can use with electrical technologies.

3

Expanding the use of public and non-motorized transport in our cities and regions, which is essential to achieve decarbonization in time, bringing multiple development benefits.

4

Reducing deforestation and promoting reforestation and restoration of carbon-rich ecosystems.

5

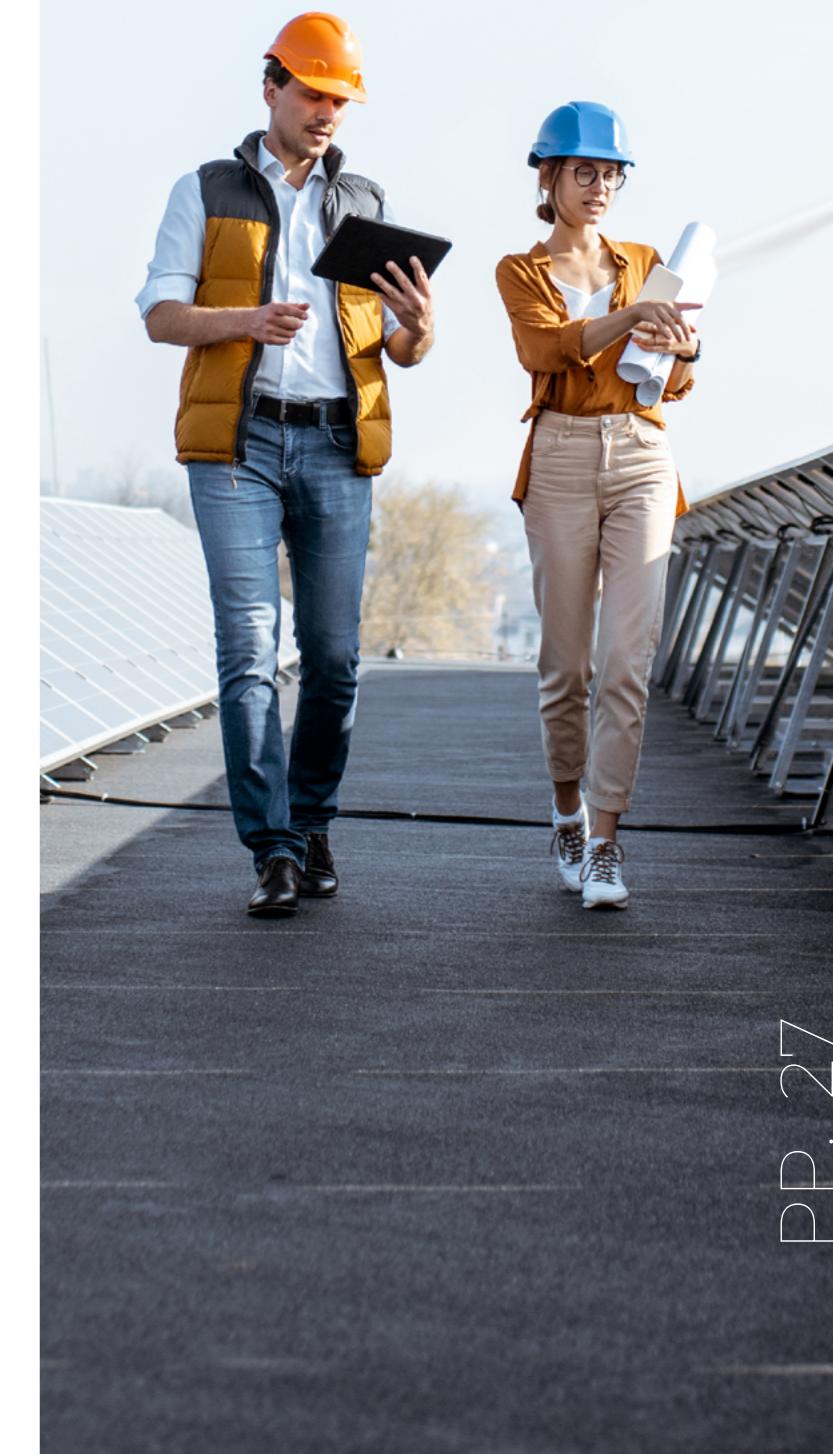
Increasing efficiency in the different processes, which includes, for example, changing the use of materials, or changing our diets to a less intensive consumption of meat.

3. Priority objectives for decarbonization

The deep decarbonization pathways prioritize: (i) development first and with it the reduction of poverty and inequalities, and (ii) any other objectives, whether national or sectoral that the country may have.

 **Therefore, decarbonization that does not go hand in hand with these priority development objectives has no place.**

In practice, it is not an exercise of identifying mitigation measures from a baseline and going down, but rather trying to understand how to transform the economy to meet multiple objectives. Therefore, decarbonization that does not go hand in hand with these priority development objectives has no place. It is possible to identify measures so that the costs of the transition do not fall on the most vulnerable populations or the most disadvantaged social classes. We have been able to verify the importance of what the Intergovernmental Panel on Climate Change (IPCC) and the scientific community had already warned us: the magnitude of the challenge demands a great deal of international cooperation, which it is not enough to do the maximum possible in each country, but we have to somehow ensure that the total of our intervention is more than the sum of the parts.





4. The private sector in decarbonization

The Race to Zero initiative¹³, with the participation of more than 250 global actors from the financial sector, mainly asset owners, insurers, pension funds, sovereign wealth funds, asset managers and banks, shows a relevant change of the private sector in its commitment and interest in contributing to the decarbonization of the economies in which they participate and to outline a common goal towards the transition to net zero by 2050, including targets representing 50% of decarbonization by 2030¹⁴.

However, in order to maintain the commitment and participation of the private sector and for the required capital to flow, there must be confidence in the market to invest in the transition, either through the implementation of new technologies

and/or cleaner sources of energy generation. Therefore, investors are asking governments to:



Give political signals of its decarbonization target and plans, in order to generate confidence in investing in low-carbon initiatives that contribute to the transition.



Urgently update their NDCs, with more ambitious targets and a clear strategy on how to build the pathway, including detailed implementation roadmaps and policies, to achieve net zero emissions by 2050 (e.g., elimination of fossil fuel subsidies to allow capital to flow to clean energy infrastructure).

Figure 1: Summary of the session “The future of investments for the decarbonization of LAC, towards 2050 **Authors:** DecarBOOST and CCAP



Click to zoom

Case study of the DECARBOOST *country approach*

Case: Argentina Decarbonization¹⁵

Background

Argentina has been working on the plans to implement its NDC. As part of the country's stated goals to achieve carbon neutrality, sectoral mitigation plans and strategies aligned with Argentina's net-zero target for 2050 are under development. These plans are implemented under existing inter-institutional arrangements to effectively coordinate the planned actions. In this regard, the government has been developing the long-term strategy (LTS) under the Paris Agreement and its national climate change legislation.

Description

The DecarBOOST Project in Argentina aims to identify the multiple investment opportunities resulting from the socio-technical transition path adopted by the country, as well as the development

of project portfolios of different scales. This requires correcting economic and technical barriers that may limit the implementation of mitigation actions included in the country's NDC.

Results/Progress

One of the findings of the DecarBOOST Project is to identify decarbonization priorities in key sectors such as:

Energy:

Electricity generation from renewable sources, including relevant opportunities for large-scale grid penetration, off-grid generation, industrial wind and solar energy, large-scale hydro, distributed renewable generation, industrial biomass generation and co-generation, biogas and biomass production and alternative fuels.



- Energy efficiency, at the power generation level, in the industrial, residential and public sector, and in transportation.
- Electromobility and fuel substitution and development of low-emission mobility (in light vehicles and buses to alternative energies), including the blending of biofuels in liquid fuels, the use of alternative energies for vehicles and the prioritization and recovery of railroads, and low-emission railroads, as well as non-motorized mobility.
- Other options in the electricity sector, including nuclear energy, hydrogen production and use, and bioenergy with carbon capture and storage.
- Livestock systems. Reduction of emissions intensity, silvopastoral systems, new livestock practices.
- Carbon sequestration in industries, increase in forested area.
- Large-scale reforestation with native species.
- Consideration of other negative emission technologies

As can be seen, these and other mitigation options would make it possible to reduce emissions, achieve the country's net zero carbon goal and do so in part by transferring

AFOLU:

- Agriculture. Low carbon crops and crop rotation, use of fertilizers, use of NBPT to reduce crop emissions.

2.2.

Financing the transformation of Latin America

For a sustainable and resilient future, we must identify where to invest as a priority and how to finance those investment priorities. The sustainability of Latin America and the long-term continuity of our businesses depend on recovering the stability of the climate and ecosystem services, as well as the social stability.



It has also been estimated that the region's low-carbon investment market will be USD 1 trillion by 2040.

In the region, challenges for low-carbon and resilient investments have been identified, mainly in the financial market conditions, emerging technologies, information asymmetries, and other risks such as political and regulatory risks.

It has been estimated that the region has an investment opportunity of USD 2.6 trillion¹⁶ in climate technologies between 2016 and 2030, among which

60% is in infrastructure¹⁷. For example, investments in low-emission transport, green buildings and sustainable cities. It has also been estimated that the region's low-carbon investment market will be USD 1 trillion by 2040¹⁸. In addition, a gap of USD 150 billion per year (2.5% of GDP) in infrastructure investments has been estimated for the region¹⁹. These investments include climate infrastructure projects such as renewable energy generation plants, low-carbon urban transport projects, sustainable agriculture and forestry projects, among others. Action must be taken to address these challenges in the region, taking advantage of investment opportunities to reduce the economic and social risks associated with climate impacts.

The objective of this section is to identify climate finance trends in the context of sustainable transition in the region, through a better understanding of climate investment barriers and opportunities.



How to finance the transformation of Latin America?

In order to finance the transformation of Latin America, it is important to first identify investment opportunities so that the private sector can direct its capital and strategies to catalyze resources towards projects in priority decarbonization sectors. However, to pave the way for the private sector, progress needs to be made in policy reforms and market regulations to lower investment barriers and create profitable financing conditions for the region. The support of the financial sector and the generation of innovative instruments that address environmental sectors are key to generating confidence in the market.



Financial support, such as concessional debt is needed with more profitable and favorable conditions than those offered by traditional banks.

Given the growing need to mitigate climate risks in investments, the private sector is witnessing various regulatory trends in the region, such as the importance of having transparency and reporting systems for sustainable investments. It is essential to promote financial instruments based on social, environmental and governance (ESG) criteria, with clear reporting on these

criteria, and that, among other changes, respond to the climate priorities of the countries in the region.

In this regard, the financial sector has traditionally had a high-risk perspective for climate and environmental technology projects. This is because these investment opportunities have higher capital costs, newer technologies, business models that need financial support, and the long-term return on investment they represent; they are perceived with a higher risk. This is why financial support, such as concessional debt is needed with more profitable and favorable conditions than those offered by traditional banks. The promotion of market instruments such as green and thematic bonds and

support for transparency foster the creation of new financial solutions suited to the current private sector's needs in terms of sustainable projects. While investors in the region are beginning to understand the risks associated with climate change and the need to migrate a large part of their portfolios, there are many enabling conditions that are not yet ready in order to move forward with the transition. In addition, there are barriers in the financial sector, such as the low development of climate risk capabilities, the lack of regulations that support the current trend of creating sustainable markets, among other challenges related to the financial feasibility of the projects.

What investment trends are being observed in the region?

In the region, financial markets are beginning to understand the need and approach to decarbonize portfolios in order to adapt to the new climate reality. **The process of decarbonization in general, is starting to advance as part of the region's consumer demand,** and risk variables are increasingly impacted by companies' ESG criteria. In addition, this investment trend is bringing new financial solutions and investment scenarios to the markets. For example, the socio-environmental impact of investments is increasingly considered in decision-making and the growing potential for carbon abatement and trading are factors that are making a difference compared to traditional investments and the current post-COVID situation.

In this regard, the financial sector is incorporating the risks associated with climate change in economic sectors into its decision-making processes, which is generating innovative investment scenarios that consider transition economic activities. In addition, **an increasing number of companies are seeking to take advantage of investment opportunities in sectors such as renewable energies,**

sustainable mobility, circular economy, sustainable agriculture, among others, which are becoming attractive due to the technological development and a greater interest in allocating capital to these types of projects.



There is a need to continue with financial support that offers concessionary interest rates for climate infrastructure projects

In the transition process, progress in these sectors has also been initiated by changing national policy trends and climate regulations, such as countries' NDCs. These factors are supporting the aim to replace fossil fuels with clean technologies and representing these as more profitable business opportunities. For this, enabling conditions are necessary and financial solutions are being offered that lower market barriers and risks. The support of financial institutions such as development banks in the promotion of instruments such as green and sustainable bonds is marking a trend in which the private sector can access a market that is not

in an initial phase with financing costs as high as in previous decades. The progress in reporting and transparency mechanisms that are leading investors to seek financial instruments based on social, environmental and governance criteria and climate impact is also very relevant.



This situation is driving the region to change the way investors look at the high risk and cost of investing in projects with social and environmental value. In this context, there is a need to continue with financial support that offers concessionary interest rates for climate infrastructure projects, private capital for green technology projects, blended finance, public subsidy instruments that support decarbonization activities, among other current needs.



What examples and best practices are being implemented in the region?

Argentina

The DecarBOOST Project is identifying the conditions to make the decarbonization of the country's economy viable. The objective is to contribute to the improvement of the governance and regulatory framework for climate change. In order to attract resources, efforts are being made to identify innovative financial instruments. There are financial opportunities in the main sectors, such as agriculture, forestry and other land uses, energy and transport.



The strategic selection of these investment sectors is driven by their contribution to the country's GDP and national GHG emissions.



Progress has been made in the review of mitigation actions and an analysis has been made of the barriers faced by stakeholders in developing climate mitigation measures.



The expectation is that a feasibility analysis of these measures can be carried out in order to develop a sector investment plan.



The impact on market access is being analyzed to prevent the carbon adjustment at the borders from hindering exports.



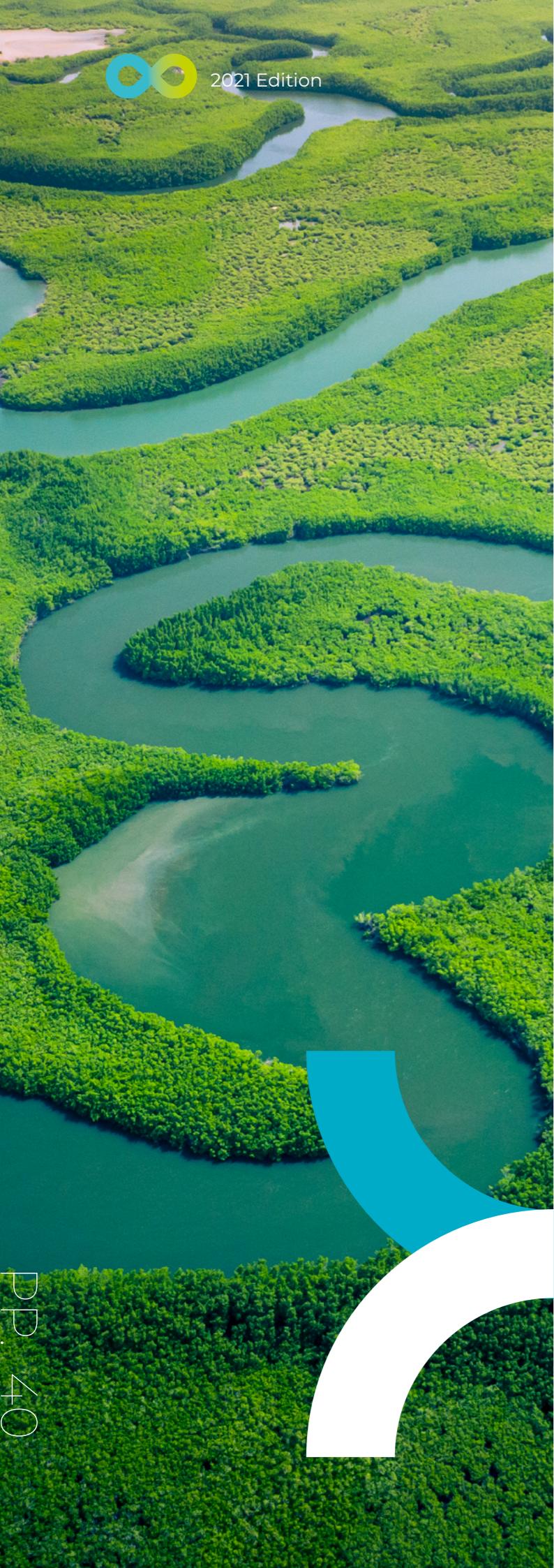
In addition, the incorporation of new technologies to reduce GHG emissions is a fundamental part of the project.



Progress is being made in Argentina's Long-Term Strategy (LTS). The main achievements are electrification of vehicles, decarbonization of the electricity matrix, reduction of energy intensity in terms of GDP and substitution of non-electrified fuels.



By 2050, decarbonization is expected to be achieved with climate mitigation and carbon capture technologies, along with the climate neutral goal.



Brasil

The DecarBOOST project in Brazil is identifying barriers and policy instruments in the financial sector to support the analysis in the following sectors: finance, AFOLU, transport, industry, energy and waste. To implement Brazil's NDCs, the aim is to contribute to the design of policy reforms and financial instruments to mitigate the risk of low-carbon projects, as well as to identify national and international public-private opportunities.



In the financial sector, a study is being conducted to identify barriers and key mitigation actions with the greatest potential to reduce emissions. A stakeholder mapping and consultation process is also underway to collect data and select the most important barriers.



Relevant barriers have been identified, such as political risks, macroeconomic instability, inflation, public debt, among others.



In addition, the need to increase transparency and reform fossil fuel subsidies was identified.

Peru

The DecarBOOST project in Peru aims to promote a post-COVID green economic recovery approach, in order to facilitate the definition and implementation of the national climate change strategy by 2050, which includes the decarbonization target.



The project is examining barriers and proposing policy measures and financial instruments around cross-cutting and specific measures that contribute to green recovery and long-term decarbonization. This technical examination is complemented by multi-stakeholder dialogue (to validate and improve proposals) and support to national processes, such as the definition of guidelines for climate finance and the implementation of the supreme decree mandates declaring the climate emergency.



Structural measures include those that promote public (infrastructure) and private green investment, such as green criteria and carbon pricing.*



As for specific measures, progress is being made in the analysis of barriers and proposals for the promotion of teleworking, a behavioral transformation measure that reduces transport emissions and generates new business opportunities; and the promotion of measures to promote renewable energies from the demand side of the private sector.



In addition, it has made progress in the dialogue on carbon pricing in its different forms and in the technical proposal of an indicator to incorporate green criteria in the prioritization of works of the National Infrastructure Plan for Competitiveness (PNIC, by its acronyms in Spanish). The project coordinates with the green protocol, a public initiative that seeks to incorporate green criteria in private investment to identify the sector's main needs. Finally, the project contributes to increasing the short-term ambition of the NDCs, through the identification of new telework mitigation measures and increased demand for renewable energy.

* The project divides the measures into structural and specific. Some examples are detailed in the text.

Key messages

on how to finance Latin America's transformation

In the context of the post-COVID economic recovery, **sustainable investments are creating business opportunities for different players in Latin America.**

Projects related to financing are adjusting their risk outlook due to the region's climate challenges. The financial sector is incorporating climate risks and increasingly looking to decarbonize investment portfolios.

The sustainable investment trend is bringing to the markets **new financial solutions that consider social and environmental impacts** and carbon reduction potential.

The private sector needs support from the public sector and financial regulation to lower market barriers and make the supply of sustainable technologies more profitable.

In the transition to decarbonization, **countries' climate regulations are setting the trend of replacing fossil fuels** with cleaner technologies that represent relevant business opportunities

One of the fastest growing instruments used in the Region **are green and sustainable bonds**, which are driving the financing and implementation of green infrastructure projects and long-term investments.



2.3. Financial solutions to catalyze low-carbon investments in Latin America²⁰

The Conference of the Party (COP) has stated the need to keep temperatures below 1.5 °C by 2030 in order to avoid the adverse effects of climate change. Given this need, the importance of increasing and accelerating the region's climate ambition through investments that support the transition to net zero has been identified. In this respect, the relevance of using financing mechanisms aimed at country priorities (NDCs) and financial instruments geared to new low-carbon technologies is emphasized.

 There are many challenges to gain access to various sources of climate finance that are critical for decarbonization.

Given the challenges facing the financial sector and productive systems in LAC, investment opportunities have been identified by banks and investors to reduce climate risks and generate

the enabling conditions for markets to be prepared. For example, the use of financial instruments, typically by international cooperation, private public actors, such as guarantees and risk mitigation instruments, insurance, green and thematic bonds have enormous potential to catalyze investments in strategic sectors that account for a large part of GHG emissions in the region.

In view of the urgent climate context that is being observed, there are many challenges including but not limited to market immaturity and the lack of institutional and technical capacities to gain access to various sources of climate finance that are critical for decarbonization.

Collective and strategic actions among the countries of the region play a fundamental role in facilitating tools that lower the current market barriers and generate greater interaction between public and private actors in order to catalyze large-scale projects.

The objective of this section is to analyze the investment opportunities that can be explored in Latin America, as part of an urgent collective action to achieve rapid decarbonization in the region.





How to leverage public and private investment and solutions to move towards a low-carbon economy?

Videoguide: Financial solutions to catalyze low-carbon investments in Latin America

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Given the need for wider use of existing - and development of new innovative - financial instruments to catalyze low-carbon investments, **Latin America is making progress in expanding financing options that directly help countries meet their climate goals**, their NDCs and reduce the main market barriers to accelerate the transition.

In this respect, climate **finance is related to the money that needs to be invested in low-carbon activities to slow down the impact of climate change**. Climate finance directly supports immediate interventions with cleaner technologies and solutions that accelerate the transition to a global economy with net-zero emissions.

e.g. *example*

For example, investment is required in renewable energy, low-carbon agriculture, low-emission transport, sustainable infrastructure and nature-based solutions.

This means that countries need to access international funds and introduce or expand market mechanisms to catalyze private investment.

In addition, challenges have been identified for the mobilization of climate resources in the region.

e.g. *example*

For example, the lack of technical capacities of the public and private sectors to develop bankable green projects, the lack of standardized methods to include climate risks in investment decisions, regulatory frameworks that encourage low-carbon investments, are challenges that need priority attention.



The region has this major investment gap that represents a barrier for sustainable and resilient post-COVID economic recovery. Since available public financial resources are not sufficient to close the investment gap, emphasis is being placed on the need to catalyze private sector investment.

Private sector participation in climate finance has the potential to streamline investment opportunities in priority sectors using public finance to leverage financial solutions climate finance, the inclusion of capital markets to issue green and sustainable bonds, financial innovation laboratories, among other strategic roles.

The region relies on the public sector, multilateral and bilateral institutions to play a key role in accelerating climate finance flows, reducing market barriers and investment risks in large-scale climate projects. However, the role of the private sector through the financial sector is increasingly relevant to generate investment portfolios and innovative climate finance solutions.

The focus of this section has been to showcase the opportunity for public finance mechanisms to expand private markets. The following section dives into private investment and financial instruments.

How to catalyze private investment?

The need to catalyze private investment in the region has been identified in order to have innovative financial solutions that offer opportunities at the local level. **Investors need to have an advanced level of market maturity to opt for climate investment projects.** Broad private and financial sector participation in contributing to investments in priority sectors for decarbonization is important for economic recovery in the region. In addition, the fact that the private sector is increasingly at risk from the effects of climate change has prompted various actors across sectors to take action.

In the LAC region, in order to leverage private investment for projects that contribute to the mitigation of climate change, it is important to have a package of financial tools offered by international cooperation aimed at.²¹



Sustainable and green project portfolios, which have a clear structuring and financial closure of projects (project finance) that guarantees quality to investors.



Better review and renegotiation of current contracts for public-private projects, mainly in green infrastructure (e.g. street lighting, renewable energies), with a view to standardizing these concession contracts so that they can be replicated on a large scale.



Leveraging private investment through long-term financing at adequate interest rates by public finance and international cooperation.



Providing risk mitigation instruments (guarantees and insurance) to increase confidence in private sector participation in these markets and/or projects. These instruments can be offered by Multilateral and National Development Banks, such as the cases of Mexico, El Salvador, among others.



The following are some of the financial instruments offered by the private sector that help promote green investments in Latin America²²:

-  Guarantees and risk mitigation instruments. Flexible financial instruments that cover loan repayment and help mitigate financial risk.
-  Green, SDG and thematic bonds. Financial debt instruments issued to finance sustainable and climate change projects. They are used for long-term projects.
-  Impact investment funds. Investment funds with the objective of benefiting social and environmental projects.
-  Private equity. Capital investment funds for project implementation.
-  Crowdfunding. Raising capital in small amounts by several individual participants to finance business ideas.

Financial instruments need to go hand in hand with market innovation to catalyze investments in specific projects at the business level. For example, the waste sector has identified the need for innovation and capital to generate business models based on the circular economy. Given the problem of excess solid waste in the environment and its high contamination in cities, we need to find a way to solve the problem and innovate in order to use waste to generate value. The role of the private sector in this technological innovation helps to accelerate climate solutions and generate jobs in the region.

Video 4: Why it is important to promote climate investments in LAC?

DECARBOOST

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Public sector:

The public sector plays a key role in Latin America from the inception of investment projects in strategic sectors to the reduction of existing investment risks and market barriers. In climate finance, the public sector, through multilateral, bilateral and national institutions, supports countries in closing the access gap to international climate funds, providing guarantees for large-scale investments, reducing the risk of green investments and removing barriers in financial markets.

The following are some of the most relevant public sector financial instruments in the region²³:

-  Public budget expenditure. National public funds for project implementation.
-  Traditional loans. Debt financial instruments to be repaid with interest.
-  Mezzanine debt instruments. Hybrid financial instruments that include a combination of debt and private equity.
-  Blended finance. This refers to the use of mixed financing instruments, such as concessional loans, private capital, grants, technical assistance from various sources. They help to reduce financing costs.
-  Concessional and non-concessional loans. Concessional loans have below-market interest rates and more flexible repayment periods.
-  Guarantees and risk mitigation instruments. Flexible financial instruments that cover loan repayment and help mitigate financial risk.
-  Multilateral and bilateral grants. These are economic benefits provided by the government as capital or tax relief.





The public sector, through national development banks, has also been identified as playing a key role in reducing the risk of climate change investment projects. In order to be attractive to investors, infrastructure projects need greater technical capacity or scale to reach the level of an investment portfolio. National and Multilateral development banks provide technical and financial support to manage risks and contribute to the development of climate investment portfolios in countries.

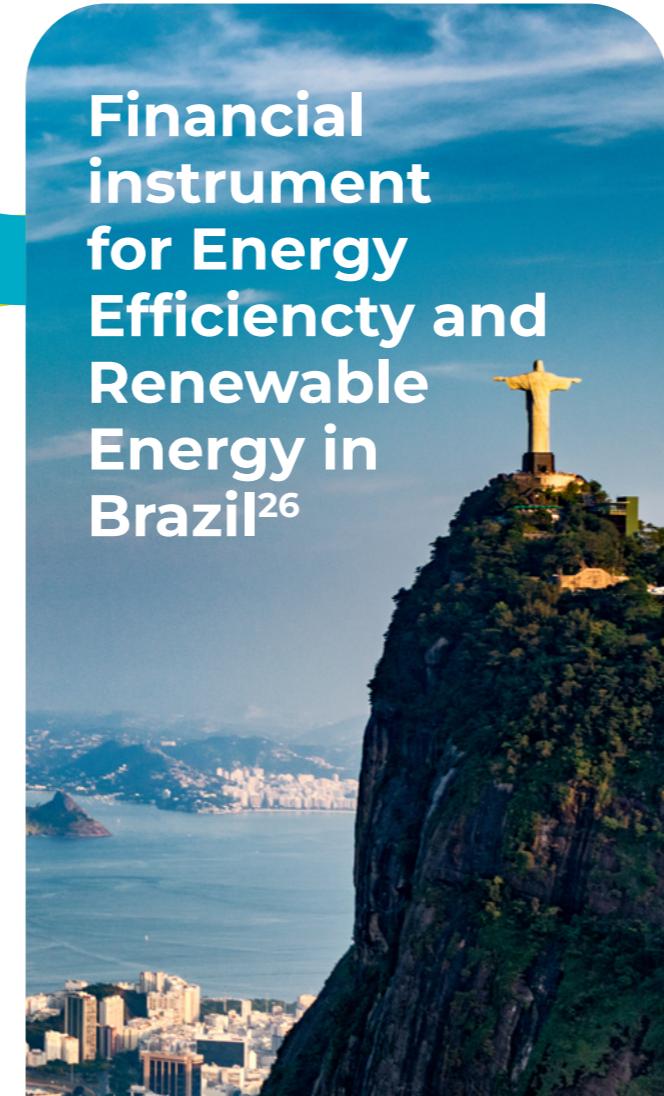
Some examples of innovation in climate finance in the region show experiences in the design and use of financial mechanisms, such as:



Energysavingsinsurance,with examples of implementation in Argentina, Brazil, Chile, Colombia, El Salvador, Mexico, Paraguay and Peru²⁴. This financial instrument lowers energy investment barriers through risk mitigation instruments using energy savings insurance, a standard contract, validation of savings and financing. The idea is to guarantee project execution through a contract backed by an insurance policy in the event of noncompliance in energy savings or generation.



Scaling up of private investments in mini-grids and renewable energy generation in isolated off-grid areas²⁵. This is an IDB and Bancoldex project that seeks to finance private investments in off-grid areas using mini-grid innovation in Colombia. Work is also being done to build national technical capacities.



Financial instrument for Energy Efficiency and Renewable Energy in Brazil²⁶

A renewable energy and energy efficiency financing project are being developed to assess market opportunities and investment barriers through the Brazilian National Development Bank (BNDES). The project supports BNDES in the evaluation of investments and helps to generate and meet the financing demand for small and medium-sized enterprises (SMEs), generating strategies to support potential investors in low-carbon technologies.

Within the public sector in the LAC region, the need for technical cooperation support and knowledge generation for access to climate finance is still recognized. These include:



Development of regulations, e.g. decree to incentivize green bonds²⁷). In Brazil, it was decreed that environmentally sustainable infrastructure projects will be incentivized in order to obtain green financial resources. The aim is to stimulate national and international private investments in addition to the issuance of green bonds for infrastructure projects.



Capacity building, e.g. pension funds in Chile. A commitment was made to incorporate good environmental and social investment (ESG) practices in pension funds in Chile. In addition, the funds will consider climate risks and there will be capacity building in this area.



Generation of strategic alliances, e.g. GIZ in Mexico and Brazil. Strategic alliances were created by GIZ in both countries. In the case of Mexico, the energy alliance aims to support the expansion of renewable energies and the development of national capacities in the sector.

Private sector:

The private sector has a key role to play in investment through developing project portfolios in priority decarbonization sectors. Capital allocation by the financial sector is key to overcoming large-scale investment barriers. In addition, managing long-term physical and transitional climate risks has become an urgent action by financial institutions.

In order for the private sector to have the necessary infrastructure to make climate investments, it is important that markets have the capacity and access for innovative instruments such as green and thematic bonds. It has also been identified that financial transparency in terms of sustainable and climate practices, such as ESG criteria, is an area that needs capacity building and sharing of experiences in different countries. The private sector has the tools to trigger climate investments, but it needs to work hand in hand with the public sector to create a balance in the markets and outline portfolios of infrastructure investment projects of interest to the countries.

Among the best practices in the region are the following innovative examples that have catalyzed private investments to solve climate problems:



Decarbonization financial package in Chile - ENGIE²⁸

In Chile, a USD 125 million financial package was created in order to accelerate the decarbonization of the electricity matrix. It consists of a USD 74 million loan from IDB Invest, USD 15 million in blended finance from the Clean Technology Fund (CTF) and USD 36 million from the Chinese fund for the private company Energía Chile (ENGIE).

The aim is to structure a pilot financial instrument to monetize the actual displacement of GHG emissions avoided by the closure of thermoelectric power plants. In addition, a floor price will be established for emissions that will be compensated through a lower cost of financing by the CTF.



In Colombia, the financial sector through BBVA Bank is innovating through a USD 90 million green guarantee mechanism to build electric public transport that supports the low-emission economy.



In Brazil, the BV bank, a commercial bank, issued the first green bond in the financial sector in 2020, in order to support renewable energy projects and assets.



The private sector has the tools to trigger climate investments, but it needs to work hand in hand with the public sector...

Public-private partnerships also play an important role in the region, given their ability to leverage private investments, reduce risks and contribute to the high initial capital needed for low-carbon infrastructure investment projects.



The role of public-private partnerships in catalyzing investments²⁹

It is important to emphasize the role of public-private partnerships (PPPs) in the success of large-scale climate infrastructure projects, given the current barriers faced by the private sector in the region.

For example, in Argentina, a PPP model is being used for a 1,000 MW renewable electricity generation project.

The government's Renewable Energy Auction (RenovAr) agency is collaborating with the World Bank in developing a bidding process to achieve national targets.

Case study of the DECARBOOST *country approach*

Case: Peru - Climate finance instruments



Context

Peru is working on updating its climate policy instruments to meet its NDC targets. The country is updating its **National Climate Change Strategy** (Estrategia Nacional de Cambio Climático, ENCC), which has a long-term vision to 2050 to achieve carbon neutrality. The Climate Finance Strategy (Estrategia de Financiamiento Climático) is also being developed, which will clearly identify the economic resources needed to achieve the country's commitments to reduce emissions and adapt to climate change. **Given that Peru's climate investment finance targets do not depend solely on public financing, urgent action by companies and the financial sector in low-carbon investments is a priority for achieving national commitments.**

Description

The DecarBOOST Project in Peru seeks to promote actions within the framework of a green economic recovery that contribute to achieving the new goal of increased ambition and long-term decarbonization. Specifically, it seeks to **achieve greater ambition in mitigation and adaptation investment strategies**, as well as the design of public and **private financial instruments and the development of investment portfolios for NDC implementation**.



Results/Progress

The project has contributed to the discussion on carbon pricing at the political level, which will continue with the generation of inputs to strengthen the implementation of an internal carbon price by private companies.

In the coming months, the project will focus on the development of an investment portfolio, as well as proposals for financial mechanisms and regulatory changes to contribute to the green reactivation in Peru.

Key messages

fact

on how to catalyze private investment

Given the urgency of achieving the Paris Agreement goals, it is essential to mobilize the required climate finance and seek mechanisms to catalyze low-carbon investments in priority sectors. However, there are still significant climate finance gaps in the region that require the support of public sector financial instruments to reduce the risk perception of these investments in financial markets and promote private sector participation. In this way, projects can be jointly generated in sustainable and resilient business models that offer long-term solutions to the region's problems.

The conclusions are as follows:



International donors and funds remain critical to the implementation of NDCs in the region, as well as encouraging the use of new low-carbon technologies. We need to reach the scale of investment commitments in the trillions of dollars. **For accessing these international climate funds, innovative financial solutions** that consider leveraging private sector resources (for instance, Green Climate Fund, NAMAs, IKI, etc.) must be designed.



There is no unique solution in terms of financial instruments or mechanisms. The financial and non-financial conditions of each country and/or sector must always be understood in order to not only support the needs, but also to promote more resilient development investments within much greener economies and with a high impact on decarbonization. It is therefore **important to combine various sources of financing** that reduce perceptions of technological risk; market risk, and/or mechanisms

that allow for increased access to resources in capital markets, or by promoting incentives and opportunities for participation in public-private partnerships (PPPs), among others.



Countries need to be empowered so resources are directed towards national priorities. In this regard, governments need to generate opportunities to work and exchange ideas with financial institutions and the private sector so low-carbon investments can be incorporated into the



country's policies and regulations, thus generating the credibility of long-term participation in their development economies.

It is very important to promote collaborative action between public and private actors, prioritizing efforts in specific initiatives and projects with a high impact on emissions reduction and that promote a green and sustainable economic recovery (for example, electromobility, solar projects, circular economy, nature-based solutions).

Figure 2: Summary of the session “Financial solutions to catalyze low-carbon investments in LA” **Authors:** DecarBOOST and CCAP



Click to zoom

CHAP 03

From knowledge
to action



The CoP seeks to promote collaborative work among different stakeholders in order to design instruments and outline pathways to overcome investment barriers.

The Investment and Climate Community of Practice (CoP) was created in 2021

as part of the DecarBOOST project and aims to raise awareness of opportunities and actions in Latin America to invest in the transition to decarbonization. In addition, the CoP seeks to promote collaborative work among different stakeholders in order to design instruments and outline pathways to overcome investment barriers.

Therefore, the CoP provides a collaborative and inter-learning forum between the Finance, Investment, Banking and Insurance community and experts from the Climate Community through the exchange of new knowledge to strengthen capacities and promote work, in order to contribute to the future design of instruments and transformation pathways that will help overcome specific financing and investment barriers and take advantage of opportunities in a specific economic sector.

The following figure shows the benefits of being part of the Investment and Climate Community of Practice.

Figura 3: Benefits of being part of the Community of Practice



Applied inter-learning between peers and experts in climate, finance and investment, from Latin America and the world.

Access to relevant content in nexus+1 news: webinars, information repository, dashboards, databases, infographics, etc.

Positioning as opinion leaders through nexus+1 news. Dissemination of your work in interviews and webinars.

Space for the presentation of cases to be attended in the Community of Practice.

Access to a network of climate and investment specialists open to collaboration.

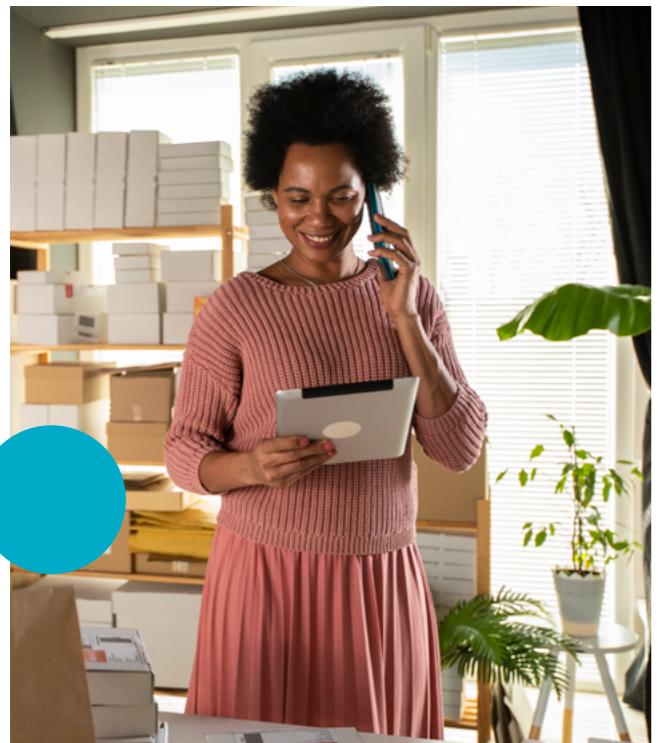
One of the main questions asked by the CoP during 2021 was: How do we raise awareness of opportunities and actions in LAC among international investors,

business groups and other financial actors likely to have an interest in investing in the transition to decarbonization and resilience in the region?

Thus, during the collaborative actions of the COP, the experiences of specific cases of climate finance and the promotion of sustainable investments in the region were shared:

Case 1:

Investment and Foreign Trade Bank of Argentina (Banco de Inversión y Comercio de Argentina - BICE). BICE's experience in the development of sustainable financial instruments and solutions was emphasized, such as the issuance of sustainable bonds and the credit line granted by the Green Climate Fund (GCF) and channeled by the IDB. This financial instrument promotes investments by SMEs in renewable energy and energy efficiency projects. In addition, an analysis was made of the ESG criteria for the evaluation of the project portfolio and the creation of BICE's Gender, Diversity and Sustainability Committee; these actions made it possible to leverage new sustainable business opportunities and support the transformation to a low-carbon economy.



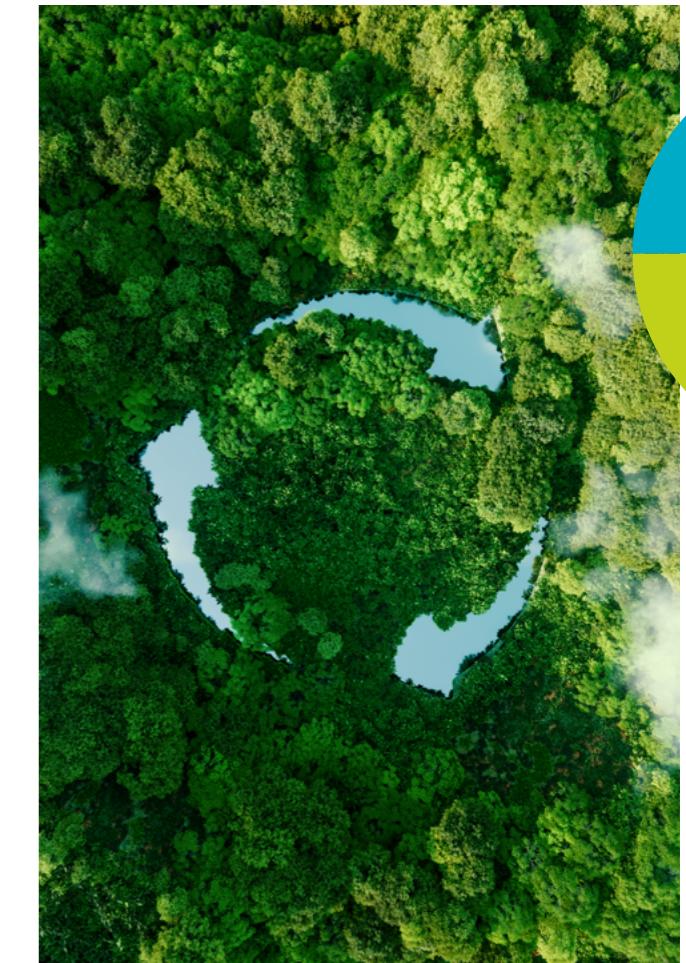
Case 2:

Green bond transparency platform (Plataforma de Transparencia de Bonos Verdes – PTBV). The Green Bond Transparency Platform (PTBV), an initiative developed by the IDB, promotes the harmonization and standardization of information and reporting of green bond issuers in Latin America and the Caribbean, increasing the confidence of international investors in the region. The need has been identified for financial instruments that reduce climate risks and can be aligned with international ESG standards. In addition, the sustainable financing market context is setting the trend for greater participation of green and sustainable bonds for climate infrastructure projects in sectors relevant to the countries. These instruments are not only supported by governments, but also by the financial sector and private investors.

Case 3:

NAMA Circular Economy in Peru.

CCAP / ImplementaSur. The Nationally Appropriate Mitigation Action (NAMA) is a project that seeks to accelerate the implementation of the circular economy in organic waste in Peru. This program, supported by successful experiences in several countries of the region, such as Argentina, Chile and Colombia, seeks to provide technical and financial assistance to accelerate the implementation of landfill gas capture projects and diversion of organic waste to circular treatments, such as anaerobic digestion or composting in Peru.



Case 4:

Models of sustainable management of secondary forests and their link with private financing.

The fund mobilization mechanism that CATIE ACTIVA is using in the context of sustainable management of secondary forests has managed to leverage resources and link sustainable forest management with opportunities to generate profitable, green and inclusive businesses. In this way, a dynamic incentive for conservation and rational use of secondary forests and landscape restoration is achieved. As a lesson learned from the private sector, the need for financial risk mitigation instruments was identified to provide companies with a better investment environment for forestry projects.

From the presentation of these cases, four themes were identified and developed in the form of findings:



Investment barriers: There are regulatory and public policy barriers to incentivize green and sustainable bond markets and investments in low-carbon technologies. In addition, technical and institutional capacities in priority sectors for climate investments are still low and need cooperation or concessional support from development and promotion agencies (e.g. IDB, CAF, others). Barriers have also been found in the value that sustainable investments can add to business models. Several participants in the events have shared that there is a need for greater engagement of the private sector with climate and sustainable financial instruments.



Investment opportunities: The main investment opportunities identified during 2021 are the use of international climate funds to leverage private financing at preferential rates, take advantage of waste business opportunities, circular economy for sustainable projects, use sustainable debt financial instruments to finance large-scale projects.



Enabling conditions: Institutional capacity building is paramount for advancing climate and sustainable regulations in both the public and banking sectors. It has been identified that greater access to sustainable and profitable investments requires a greater number of public-private partnerships, improved socio-environmental regulatory frameworks to incentivize the low-carbon economy, among other enabling conditions.



Specific needs of the CoP: During 2021, needs have been identified such as the relevance of having greater access to information on sustainable finance taxonomies, having a wider network of experts to share experiences, organizing training events specifically on green finance, and achieving regional efforts involving more organizations.

Finally, through working groups, the members of the CoP proposed solutions with action items for the four cases presented that contribute to decarbonization in LAC:

BICE. sustainable financial instruments and solutions	Green Bonds Transparency Platform	NAMA Peru circular economy in organic waste	Sustainable forest management and private financing
To generate instruments for private sector involvement	To increase LAC's participation in the global green bond market.	To boost financing capacity. To map and disseminate experiences in the region ³⁰ .	Demonstrative cases evidencing bankability, for instance, to highlight the role of public and private banking, risk, investment, guarantees, collateral, etc.
To make sustainable finance issues visible and disseminate them, making them accessible to the public at large.	To promote financial instruments to reduce financing risks	To support the private sector.	To train investors on rural and forest issues, to understand how to analyze this type of project ³¹ . To motivate the financial sector.
To develop bankable projects.	To understand investor needs ³² , alignment with ESG standards, at the budgetary level, and responding to market sophistication.	Citizen participation in national policies, prioritizing sustainable projects.	To learn about concrete experiences such as payment for environmental services, its development and implementation.

Proposed actions for the decarbonization of LAC from the CoP



The CoP has identified key activities for the future, including additional training efforts in the business sector on green and sustainable bonds, climate risks and investment strategies for sustainable projects. One of the main needs for the future is to seek constant communication and collaboration among the different stakeholders to facilitate climate finance training and the exchange of experiences in the region.

The need to mobilize key climate finance leaders and stakeholders in each country is an opportunity for the COP to reach out and organize strategic facilitation and capacity building sessions on climate investments.

It is important for the COP to have a strategy for systematizing experiences and products that contribute to the discussion of decarbonization and climate investments among the countries of the region. In addition, the exchange of best practices in the public and private sectors is a key activity in the future.



¹ Center for Clean Air Policy, <https://www.ccap.org> – Climate finance technical advisor for the knowledge component of the DecarBOOST Project.

² CCAP, 2021. <https://hexosmasuno.pe/descarbonizacion-respuesta-sostenible-inclusiva-covid19/>

³ <https://openknowledge.worldbank.org/handle/10986/31805>

⁴ IDB and the International Labour Organization, 2020. <https://publications.iadb.org/publications/spanish/document/El-empleo-en-un-futuro-de-cero-emisiones-netas-en-America-Latina-y-el-Caribe.pdf>

⁵ In the case of Costa Rica, the net impacts of decarbonization have been shown to amount to \$41 billion over 30 years. This means numerous opportunities for private sector investments; for example, \$19 billion of opportunities for the future. A similar analysis was recently completed in Peru, which resulted in \$140 billion of benefits over time. This type of analysis is expected to continue, given the advantages that decarbonization is bringing to the future investment landscape in the countries of the region.

⁶ IDB,2020. <https://publications.iadb.org/publications/spanish/document/El-empleo-en-un-futuro-de-cero-emisiones-netas-en-America-Latina-y-el-Caribe.pdf>

⁷ IDB 2020. <https://publications.iadb.org/publications/spanish/document/Rutas-de-descarbonizacion-profunda-en-America-Latina-Desafios-y-oportunidades.pdf>

⁸ IDB's analysis of the costs and benefits of decarbonization in Peru shows comparable results to Costa Rica. Barbados' roofs-to-reefs plan will ensure the long-term resilience of communities, from their homes to their cities to their natural capital.

⁹ <https://publications.iadb.org/publications/spanish/document/Costos-y-beneficios-de-la-carbono-neutralidad-en-Peru-Una-evaluacion-robusta.pdf>

¹⁰ Main sources of information: 2050 Pathways Platform, <https://2050pathways.org/> and Deep Decarbonization Pathways in Latin America | IDDRI <https://www.iddri.org/en/project/deep-decarbonization-pathways-latin-america>

¹¹ Messages from PRI's intervention: Principles for Responsible Investment: Race to Zero Campaign, global climate action aims to increasingly influence decision-makers at the private sector level.

¹² <https://www.iigcc.org/resource/global-investor-statement-to-governments-on-the-climate-crisis-2021-update/>

¹³ <https://racetozero.unfccc.int/>

¹⁴ <https://www.gfanzero.com/press/amount-of-finance-committed-to-achieving-1-5c-now-at-scale-needed-to-deliver-the-transition/>

¹⁵ This shows the relevant progress of the technical support to countries under the DecarBOOST Project: "Climate Finance Mechanisms and Instruments".

¹⁶ Se refiere a billones de dólares en español.

¹⁷ https://www.ifc.org/wps/wcm/connect/59260145-ec2e-40de-97e6-3aa78b82b3c9/3503-IFC-Climate-Investment_Opportunity-Report-Dec-FINAL.pdf?MOD=AJPERES&CVID=IBLd6Xq

¹⁸ <https://www.ifc.org/wps/wcm/connect/3e794608-cc7d-4499-9b6f-5342d7b6ddbc/LAC+1Trillion+6-13-16+web+FINAL.pdf?MOD=AJPERES&CVID=Imsl-Rx>

¹⁹ <https://flagships.iadb.org/en/MacroReport2019/Building-Opportunities-to-Grow-in-a-Challenging-World>

²⁰ Full video of the event: <https://www.facebook.com/watch/?v=2921761711417542>

²¹ <https://hexosmasuno.com/instrumentos-financieros-innovadores-descarbonizacion-latam/>

²² <https://hexosmasuno.com/instrumentos-financieros-innovadores-descarbonizacion-latam/>

²³ <https://hexosmasuno.com/instrumentos-financieros-innovadores-descarbonizacion-latam/>

²⁴ <https://greenfinancelac.org/es/nuestras-iniciativas/mecanismos-financieros-para-energias-sostenibles/>

²⁵ <https://greenfinancelac.org/es/recursos/videos/zonas-no-interconectadas-el-compromiso-de-la-banca-publica-y-los-bancos-privados-en-el-financiamiento-de-energias-renovables-en-colombia/>

²⁶ https://www.bnDES.gov.br/SiteBNDES/bnDES/bnDES_es/Institucional/Responsabilidad_Socioambiental/programa_fondo_clima.html

²⁷ In Portuguese, it is translated as debêntures verdes. These are incentives to boost low-carbon investments in Brazil.

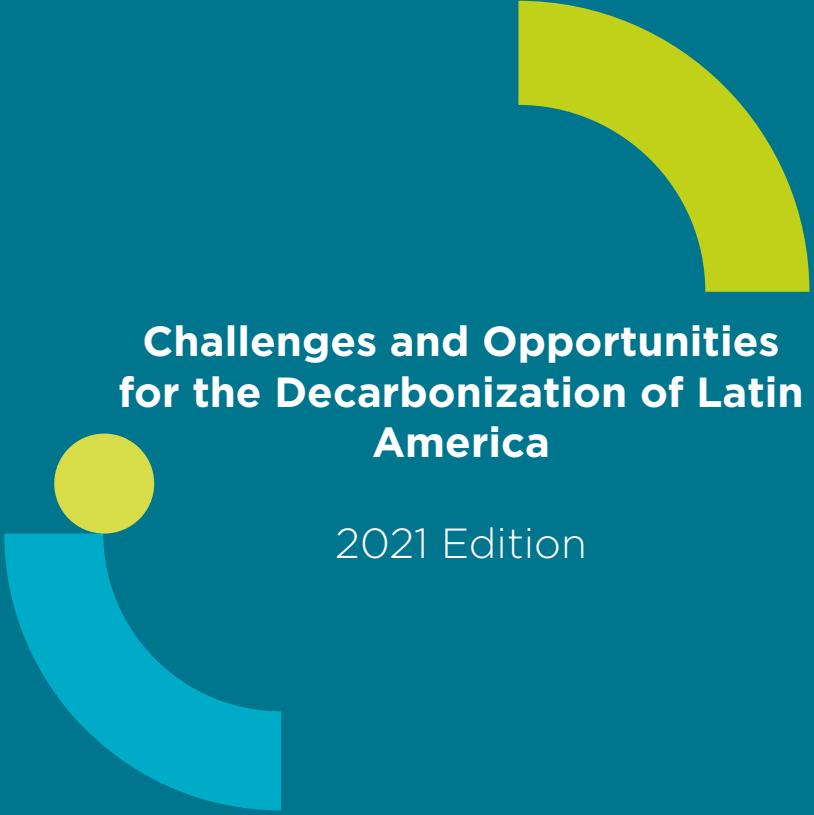
²⁸ <https://www.idbinvest.org/es/medios-y-prensa/bid-invest-y-engie-chile-cierran-el-primer-proyecto-piloto-del-mundo-para-monetizar-el>

²⁹ <https://www.argentina.gob.ar/economia/energia/energia-electrica/renovables/renovar>

³⁰ Replicating experiences such as The White Paper on the Circular Economy is proposed.

³¹ In addition to motivating this type of projects.

³² For example, transparency, use of resources, knowing the type of investors, etc.



Challenges and Opportunities for the Decarbonization of Latin America

2021 Edition