



Landscape of Climate Finance in Latin America and the Caribbean

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CLIMATE
POLICY
INITIATIVE

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CPI is an analysis and advisory organization with deep expertise in finance and policy. Our mission is to help governments, businesses, and financial institutions drive economic growth while addressing climate change. CPI has offices in Austria, Brazil, India, Indonesia, South Africa, the United Kingdom, and the United States.

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RECOMMENDED CITATION

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FOREWORD

Latin America and the Caribbean is not a single climate finance market. Countries in our region are separated by orders of magnitude, from continental economies with deep capital markets to highly climate-vulnerable small island states. Yet we share a common choice as far as investment is concerned: each country is deciding, through the capital it allocates now, which development path it will be able to afford later.

The Glasgow Financial Alliance for Net Zero (GFANZ) is an independent, private-sector-led initiative focused on mobilizing capital and removing barriers to investment in the global transition. In this region, GFANZ works through its Latin America and Caribbean Network and its Caribbean Chapter, guided respectively by an LAC Advisory Board and a Caribbean Consultative Group; we write as their Chairs. It was those bodies that asked for an account and analysis of regional climate finance flows, as CPI has done in other geographies, so that our figures can be compared with other regions' and decisions can be informed by the best available data.

This study is the result: the first comprehensive account of climate finance flowing to and within Latin America and the Caribbean - public and private, domestic and international, tracked from 2020 to 2024, disaggregated by subregion, and measured against what the region needs.

THREE FINDINGS DESERVE PARTICULAR EMPHASIS

First, this region is already attracting higher volumes of capital than others, even if much needs to be done to significantly increase climate finance across all LAC countries. At USD 108 billion in 2024, Latin America and the Caribbean attracted more climate finance than comparable regions: roughly 50% more on a per capita basis than East Asia and the Pacific excluding China, and about three times the level in Africa. The task is to build on that position to achieve the investment at scale needed for transition. In this, composition matters as much as volume. Fossil fuel investment is still roughly double the investment in clean energy systems.

Second, the shortfall is large and unevenly spread. At a region-wide level, climate finance flows doubled between 2020 and 2024, yet CPI estimates they still fall short of the region's needs by at least a factor of four, rising to eight in the high-end scenario. Further, that doubling was uneven. Brazil's flows, growing at 28% a year since 2020, account for more than half the regional total, with the rest of the Americas following at a distance. Flows to CARICOM member states, meanwhile, were growing but comparatively small: from USD 1.6 billion in 2020 to USD 2.3 billion in 2024.

Third, the size of the opportunity is larger still. The co-benefits of the transition - lower energy costs, cleaner air, healthy ecosystems delivering essential services - could reach close to USD 600 billion a year, more than five times what the region currently invests in climate.

This region is not only a destination for climate finance but also a source of it, and in particular home to huge innovation in climate finance. Brazil's Investment Platform (BIP), of which GFANZ is a proud partner, is arguably the world's leading country platform, with public and private finance already flowing to a pipeline of over USD 20 billion of climate projects. Brazil's climate-aligned rural credit shows what directed policy can draw from private balance sheets, and its solar expansion was built substantially on households and retail lending rather than on utility-scale projects alone. Mexico's budget tagging turned public expenditure into a demonstrable pipeline that its sovereign sustainable debt program could bring to market. Uruguay rebuilt its power system to run on 98% domestic renewables in little more than a decade, on competitive auctions and long-term contracts. The world's first regional parametric risk pool and the world's first debt-for-climate-resilience transaction were both built in the Caribbean. The Bridgetown Agenda has driven forward the agenda of modernizing our global financial architecture and Bretton Woods institutions. Most of these were designed against constraints that are not unique to us: small balance sheets, high costs of capital, often compounded by uncertainty around risk profiles, and endemic exposure to climate risks. That is why they are relevant well beyond the region. A good deal of what the world will need in the coming decades has already been prototyped here.

What this study cannot yet tell us is as instructive as what it can. It cannot size adaptation needs or put a figure on the economic exposure that would justify investing to reduce it, because the data is not available for most of the region. For all countries and for the Caribbean especially, where adaptation is less a sectoral consideration than it is a condition of continued development, that absence is itself an important finding and needs to be addressed. Only a handful of the region's countries publish climate-tagged budget data. Costed national needs have been submitted by two-thirds, but these are dominated by mitigation, while adaptation needs remain understudied. This is a solvable problem for the entire region, and it rests principally with ministries of finance, planning agencies, and financial regulators.

Three points from the study stand out for financial institutions in this region, and for international investors weighing whether to enter its markets. First, the study suggests that assumptions about risk and opportunity warrant closer examination. International private finance accounts for just 0.7% of climate finance in CARICOM member states, a figure that owes much to perceived risk, small scale, and compliance costs in the region. The Caribbean, meanwhile, has been a source of innovation in precisely the risk mitigation those concerns call for. Second, the analysis points to the limitations of project-by-project financing and the potential benefits of transactions at a scale at which capital can be deployed efficiently. Third, the study frames climate risk as a feature of existing portfolios, rather than adaptation as a separate asset class yet to be entered.

Two findings speak to the providers of public and concessional finance. Concessional resources account for a broadly similar share of climate finance in markets as different as Brazil, Mexico and the Caribbean, which raises questions about the extent to which allocation reflects differences in need and financial market challenges. Further, international public finance reaches

much of this region as non-concessional lending, at a time when several of our countries are carrying high debt burdens alongside the costs of repeated climate shocks. Concessional capital is scarce and becoming scarcer. The study underscores the importance of considering where markets are thinnest, risks are highest, and fiscal space is smallest when concessional capital is allocated, and of using that scarce concessional capital as catalytically as possible.

We commend this study and its recommendations to governments, investors, and institutions across the region and beyond. It should be read as a starting baseline on which to build, not a conclusion.



Patricia Espinosa Cantellano

Chair, GFANZ Latin America and the Caribbean Advisory Board



Racquel Moses

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EXECUTIVE SUMMARY

Latin America and the Caribbean (LAC) has significant climate investment opportunities and some relatively mature markets, but climate finance remains far below needs and highly uneven across countries, sectors, and climate objectives. Brazil, Mexico, and several larger South American economies have deeper capital markets and larger project pipelines than other countries in the region, along with significant opportunities in renewable energy, industry, and land use. By contrast, other Caribbean, Central and South American countries face smaller markets, high exposure to climate shocks, greater dependence on imported fuels and more constrained fiscal space. The region also has a distinct emissions profile: AFOLU is particularly important in major South American countries, while energy and transport are more prominent in many smaller Caribbean and Central American economies. These differences make granular, subregion- and country-specific analysis essential.

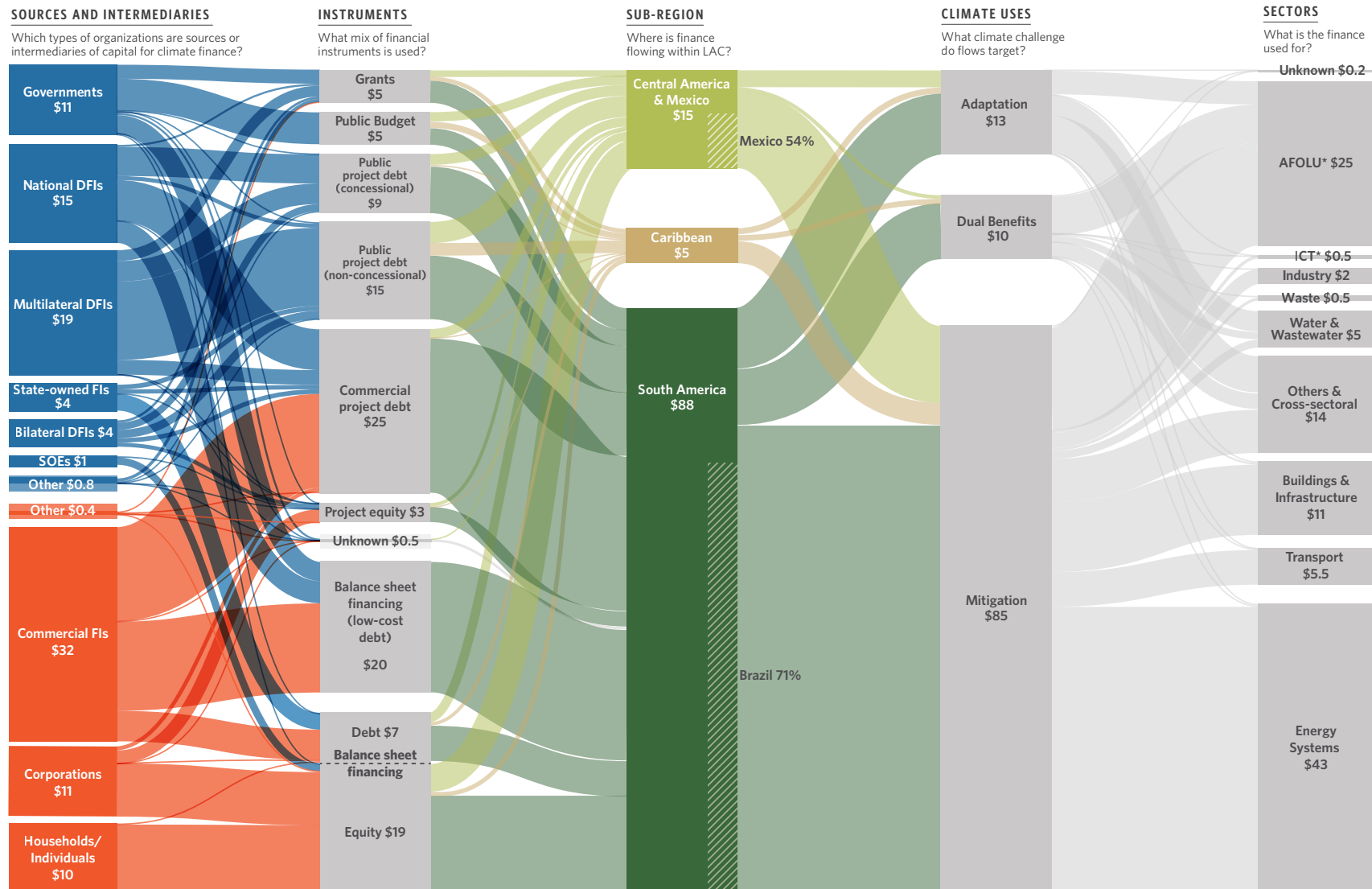
This first Landscape of Climate Finance in Latin America and the Caribbean provides a comprehensive stocktake of climate finance—public and private; domestic and international—flowing in and to the region from 2020 to 2024. It tracks investments across mitigation, adaptation, and dual-benefit activities, mapping flows from sources and financial instruments through to the sectors being financed on the ground. In doing so, it spotlights trends and opportunities, while teasing out key gaps and challenges in the LAC region. Disaggregated subregional analysis adds nuance across the subregions—the Caribbean, Central America and South America—with Brazil and Mexico separated as outliers because of their outsized climate finance flows.

LANDSCAPE OF CLIMATE FINANCE IN LATIN AMERICA AND THE CARIBBEAN 2024

Values are in USD billion



108 BILLION USD
IN 2024



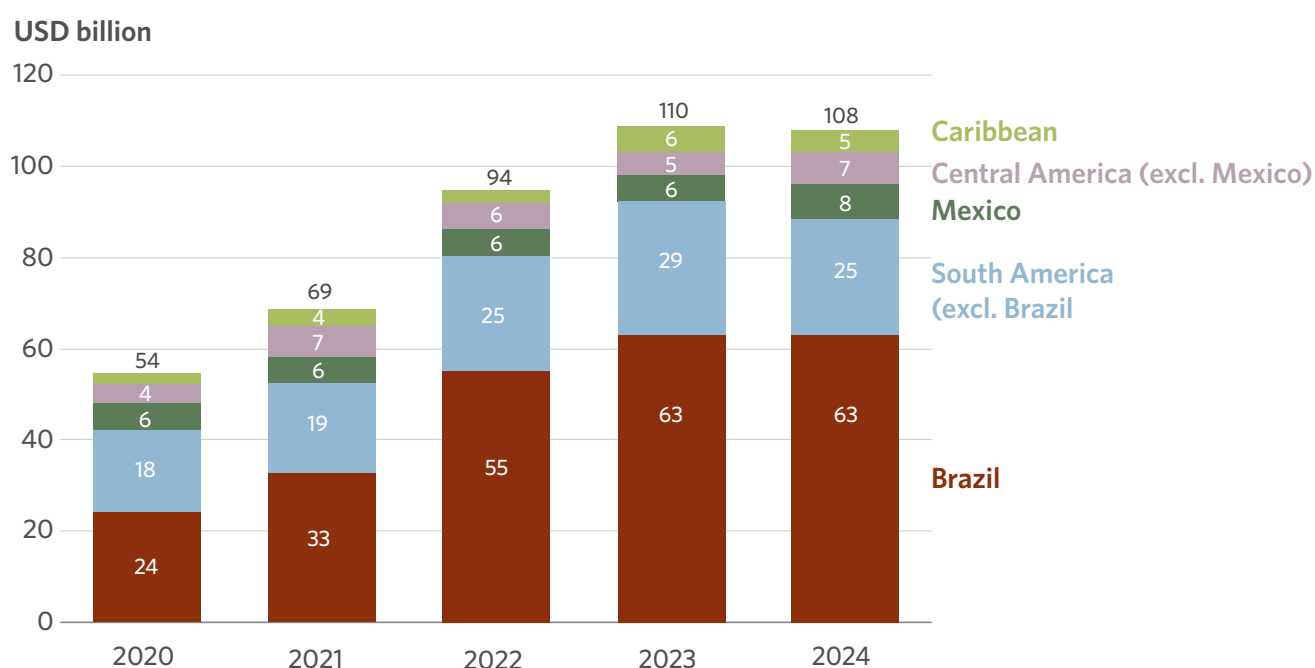
"Other" public sources include export credit agencies and unknown public funds
 "Other" private sources include institutional investors, funds, philanthropies, and unknown

* AFOLU: Agriculture, forestry, other land use, and fisheries.
 * ICT: Information and communication technology.

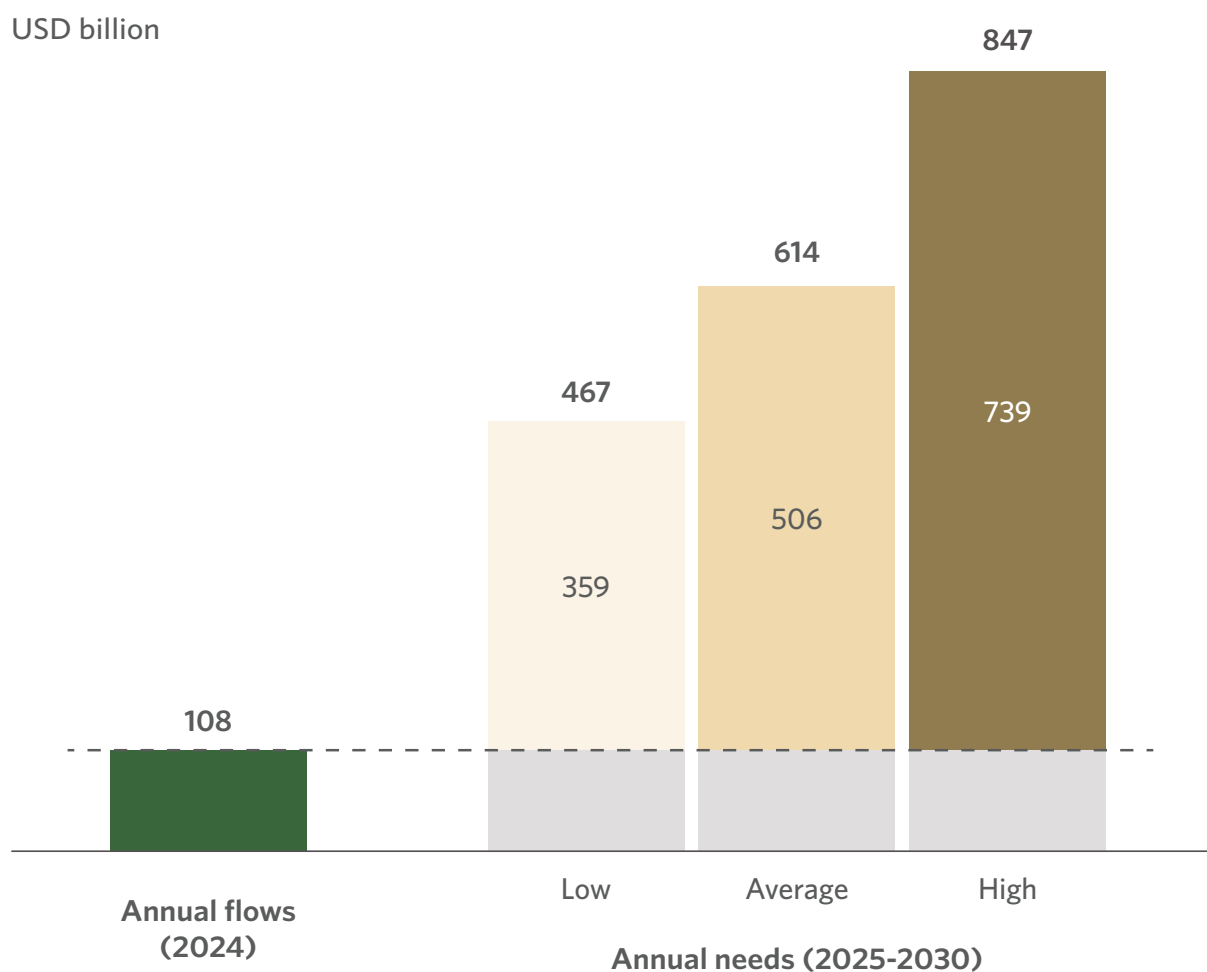
1.1 THE STATE OF CLIMATE FINANCE IN LAC

Climate finance in LAC has doubled since 2020, but momentum has stalled and regional growth masks significant subregional variation. Tracked flows doubled between 2020 and 2024, but overall growth has recently plateaued, with total climate investment slowing from USD 110 billion in 2023 to USD 108 billion in 2024. Brazil accounted for over half of these regional flows in 2024 and recorded a 28% compound annual growth rate (CAGR) since 2020, driven by a boom in solar installations and climate-aligned agricultural activities supported by public policies. The rest of LAC saw more modest growth from a lower base, as shown in Figure ES1, highlighting the need for targeted action to broaden and sustain investment across countries and in critical sectors.

Figure ES1: Climate finance in LAC¹



¹ The climate finance totals for Brazil presented here differ from those presented in CPI's 2025 publication, the [Landscape of Climate Finance in Brazil](#), by a magnitude of approximately USD 5 billion in each year. This is due to: (a) the exclusion of finance for loss & damage in this study; (b) the exclusion of decarbonization credits in this study; and (c) the conversion of figures from 2024 real values into annual nominal values, in order to fairly aggregate with climate finance tracked in other LAC countries.

Figure ES2: Annual climate finance flows (2024) compared to estimated needs across LAC

Annual climate finance falls short of estimated average needs by a factor of five in LAC, widening to a factor of eight under the higher needs estimate. Sector-based modeling shows that the region requires an estimated USD 467-847 billion per year until 2030² to stay on track for internationally defined net-zero pathways.³ The financing gap shown in Figure ES2 does not capture the additional investment needed for adaptation as well as some mitigation sectors where needs estimates are not yet available.⁴ By sector, the greatest annual shortfall (on the basis of average annual needs up to 2030) is for industry, where 26X more investment is needed. Transport also requires 25X more investment. While the gap for AFOLU is over 7X across the region, it rises to 125X when Brazil's large, outlier flows are removed.⁵

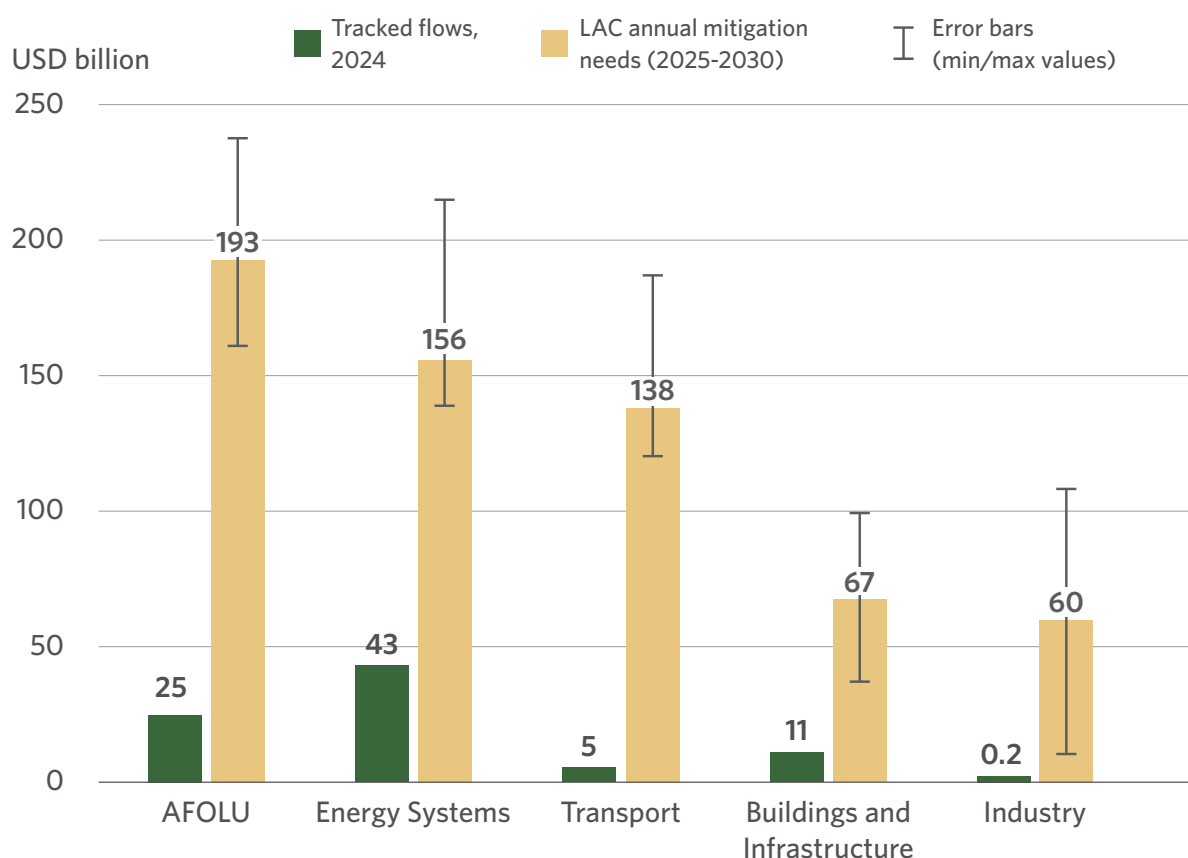
² Analyzing needs 2025-2030 reflects the increasing pressure to scale up climate finance in the short-term.

³ Achieving net zero by 2050 is the most common alignment goal cited within the scenarios which have been used to generate these "top-down" needs estimates (see Table A.1). In addition, some institutions state that their scenarios are aligned with a 1.5°C trajectory, though the feasibility of this pathway has increasingly been questioned in recent years (UNEP, 2026).

⁴ Due to data gaps, needs estimates are not available for the following sectors for which CPI has tracked climate finance flows: waste; water and wastewater; information and communications technology; other and cross-sectoral investments.

⁵ Brazil accounts for 94% of all climate finance flows tracked for AFOLU in LAC, reflecting significant efforts to curb deforestation and support the transition toward a low-emission, climate-resilient agricultural sector.

Figure ES3: Annual climate finance flows (2024) compared to annual (mitigation) finance needs, by sector (USD billion)⁶



Progress on climate finance in LAC is undermined by continued misalignment of other financial flows. Fossil fuel investment remained significant in the region, at around USD 95 billion in 2024 (IEA, 2025), over double the total climate finance tracked for energy systems (USD 43 billion) across LAC in the same year. This highlights that the redirection of existing capital, not only the mobilization of new resources, is central to the transition. At the same time, the potential co-benefits of climate action—including fuel cost savings, the avoidance of pollution, and sustained provision of ecosystem services—are substantial: modeling shows that co-benefits of the climate transition could reach USD 577 billion per year in LAC, over five times the current tracked climate finance flows.⁷

⁶ Building on the work of the different institutions, CPI has compiled and standardized these different estimates into a set of “operational” values for key sectors across LAC. Further information regarding CPI’s methodology to aggregate and standardize these top-down estimates can be found in CPI’s Assessing Top-Down Climate Finance Needs methodology document (CPI, 2024).

⁷ These cost savings are modeled within SISEPUDE, a greenhouse gas emissions, cost, and benefits model which explores the impact of policy transformations across LAC, with the goal of reaching net zero (Kalra et al., 2023).

1.2 AREAS OF MOMENTUM

Several promising climate finance trends have emerged across the LAC region:

- **Governments and development finance institutions (DFIs) have contributed critical market-building activities.** Across LAC, international and domestic public climate finance accounted for a significant portion of the landscape. This ranged from 34% in Brazil up to 77% in Central America (excl. Mexico) in 2023/24.⁸ This partly reflects financing from domestic governments and national DFIs, or via bilateral governments/DFIs, for cross-sectoral policy support, capacity building and early-stage market development where private capital is yet to flow at scale.
- **Domestic climate finance—public and private—is playing a stronger role.** In Brazil and Mexico, domestic actors provided 89% and 64% of total flows in 2023/24,⁹ respectively. Central America saw steep growth from 10% in 2021/22 to 34% in 2023/24, reflecting increasing flows from local banks, public institutions, corporates, and households. This shift matters because domestic capital is generally better placed to support local currency financing, aligning investment with local transition priorities, and is especially timely as the effects of reduced official development assistance from advanced economies transpire.
- **Private finance flows where commercial business models, revenue streams and policy frameworks are well-established.** This included domestic commercial financial institutions (FIs) and corporations investing in renewable energy (primarily solar and, to a lesser extent, wind) and energy-efficient buildings and infrastructure. Indeed, private investment in solar grew across all subregions in the period 2020-2024, with the highest CAGR observed in the Caribbean (31.5%), followed by South America (28%) and then Central America (6%).

Other positive trends are more salient at the subregional level: Countries and subregions within LAC offer complementary lessons on innovation, domestic mobilization, enabling environments, and adaptation and nature, among others. Indeed, despite heterogeneities in geography or country size, common threads across countries – such as tropical forests, or shared climate risks – provide entry points for sharing common solutions and adapting them to the particular subregional context.

In the Caribbean...

- **Mitigation finance grew at a CAGR of 32% between 2020 and 2024, the highest growth rate across all LAC subregions, though starting from a low base and highly concentrated in the Dominican Republic.** Investments in renewables and efficient energy systems—for example, off-grid solar—have significant potential to deliver co-benefits for cost-effective energy security in the Caribbean, improving energy access and resilience while reducing dependence on imported fossil fuels.
- **Innovative financial instruments and mechanisms are helping to unlock fiscal space and manage disaster risk, with the caveat that they do not yet compensate for the observed lack of dedicated adaptation finance.** Disaster risk finance, catastrophe bonds, debt clauses and

⁸ For most analyses, figures are presented using the 2021/22 and 2023/24 biennial averages to minimize the effect of year to year fluctuations.

⁹ Domestic climate figures for Brazil and Mexico are largely on par with the distributions observed in 2021/22.

swaps, and resilience-linked debt instruments have all been tried and tested in the Caribbean, such as the Caribbean multi-guarantor debt-for-resilience initiative, yielding lessons for replication or scale up in other high-risk contexts ([Volz et al., 2025](#)). The challenge now will be scaling finance to meet the subregion's needs, alongside its exposure and vulnerability to climate risk.

- **Intra-regional collaboration is emerging as a means of reducing fragmented project pipelines and small transaction size barriers.** Examples include the Caribbean Climate-Smart Accelerator (CCSA), the Caribbean Regional Platform for Catalyzing Resilience and Climate Action, the Caribbean Catastrophe Risk Insurance Facility (CCRIF) and funds within the umbrella CARICOM Development Fund (CDF). Such initiatives can enable peer learning to address shared climate risks and overcome the fragmentation associated with piecemeal, project-by-project approaches. Intra-regional collaboration can help aggregate projects or transactions to scale climate finance volumes.

In Central America...

- **Domestic finance is increasing, but remains concentrated in more readily financeable sectors.** Domestic climate finance grew from 10% of the subregional total in 2021/22 to 34% by 2023/24. Increasing contributions from national budgets and domestic private balance sheets, specifically in low-emission buildings and renewable energy systems, signal a gradual shift away from dependence on international public finance.
- **Buildings and infrastructure presented the strongest growth story.** Climate flows to the sector more than tripled between 2021/22 and 2023/24, largely due to public and private finance for energy efficiency and urban infrastructure upgrades. In a subregion with high climate risk and rapid urbanization, urban systems, housing, and public services are key entry points for a just and resilient transition, aligning climate investment with the local development priorities that improve people's lives.

In Mexico...

- **Climate finance is anchored by a large domestic and predominantly private financing base,** with domestic sources providing 64% of total climate finance in 2023/24, almost three-quarters of which was from private actors. This means a significant share of Mexico's climate investment—renewable energy and climate-aligned buildings and infrastructure—is already being financed directly by corporations and households/individuals, or through loans held by commercial banks, indicating relatively mature domestic markets and a strong role for private balance sheets.
- **A well-established and credible sovereign sustainable debt program is facilitating climate investment at scale.** Clear budget tagging is also creating a demonstrable pipeline of climate projects which can be brought to capital markets. This demonstrates the use case of a public budget tagging framework, strengthening investor confidence and linking Mexico's thematic bond issuances to identified climate and environmental expenditures.

In South America (excluding Brazil)...

- **Finance that creates adaptation benefits is notable.** Dual-benefit and adaptation finance together accounted for over 25% of all tracked climate flows in 2023/24. These interventions were tracked as cross-sectoral investments—including a mix of biodiversity, land and marine conservation, disaster risk management, and policy support and capacity building. Such finance can deliver multiple benefits for people and the planet, with significant scope to implement nature-based solutions in the subregion.
- **First movers have demonstrated a track record for thematic green bond issuances,** including Chile’s sustainability-linked sovereign bond and Colombia’s issuance of a local currency-denominated sovereign green bond, tapping into domestic and international capital markets to broaden the pool of finance for climate action.

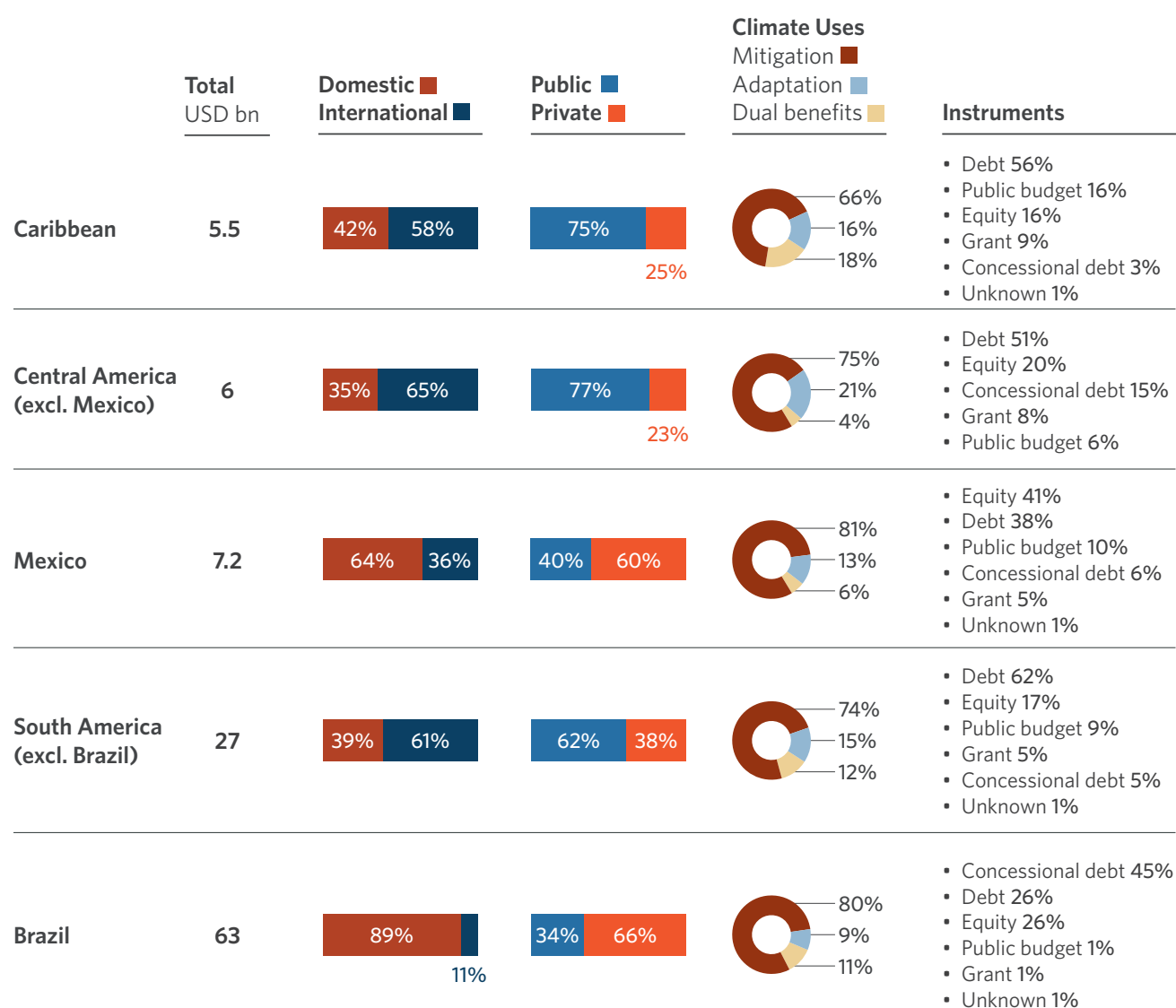
In Brazil¹⁰...

- **Climate finance flows are anchored by a large domestic financing base.** With 69% of domestic climate finance sourced by private actors, this reflects deeper local capital markets and a strong banking system that can finance climate-relevant activities, more so than in many other LAC economies.
- **Climate finance for AFOLU is prominent, making up 40% of tracked flows in 2023/24.** This regional particularity stems from rural credit policies and associated investments that foster private lending from commercial FIs. However, given the *ex-ante* classification of these rural credit flows as ‘climate-aligned’, there is a need for stronger safeguards, monitoring (on the basis of geospatial data), and impact verification that ensures these investments do indeed deliver positive climate- (and nature-) outcomes on the ground ([CPI, 2024](#)).
- **A boom in solar installations between 2020 and 2022 demonstrates the role of households and retail finance in the transition.**¹¹ Rapid uptake of residential installations was financed largely via retail lending and household investment, highlighting how consumer decisions and accessible financing products can complement utility-scale renewables.¹²

¹⁰ Noting that Brazil, which accounts for approximately one-third of GDP in LAC, consistently dominated the landscape of climate finance in LAC between 2020-2024, accounting for approximately half of total tracked climate finance each year.

¹¹ Brazil’s solar boom has largely been driven by strong net metering incentives for small scale installations amid relatively high retail prices for power, with both households and commercial consumers able to claim credit on power generated ([BNEF, 2024](#)). However, in subsequent years, growth began to plateau.

¹² For more information on Brazil see also [Landscape of Climate Finance in Brazil](#).

Figure ES4: Disaggregation of tracked climate finance flows by subregion/country (2023/24 average)

Overall, the composition of climate finance varies sharply across LAC subregions, reflecting differences in market depth, (perceived) risk, and investment needs.

- Brazil stands out for its predominantly **domestic and private** financing base, supported by deeper local capital markets and strong household and corporate investment, while smaller and more risk-constrained markets rely more heavily on **international and public** finance.
- **Mitigation** dominates across all subregions, but adaptation plays a larger role in the Caribbean and Central America, where climate vulnerability and the importance of climate-sensitive sectors such as agriculture, tourism, and coastal infrastructure create greater adaptation needs.
- These structural differences are also reflected in **financial instruments**: market-rate debt dominates in most subregions, while concessional finance is more important in Central America and, through subsidized rural credit, in Brazil.

1.3 PERSISTENT CONSTRAINTS AND COMMON GAPS

Certain gaps and challenges also prevail across the LAC climate finance landscape:

- **Despite being one of the most cost-effective areas to reduce emissions and improve adaptation outcomes, AFOLU is the most underfunded sector across LAC, outside Brazil.** Aggregating across all LAC subregions, excluding Brazil, AFOLU accounted for just 3% of total climate finance in 2023/24.¹³ The AFOLU sector accounts for over half of total emissions produced by LAC countries (54%) ([Climate Watch, n.d.](#)), while the agrifood sector (farm-to-fork) accounts for approximately one-quarter of countries' GDP ([WBG, 2025](#)). Given the sector's outsized contributions to regional emissions, closing this funding gap should be a key priority, with particular attention to forest restoration and conservation, given the region's rapid conversion of forest land into agriculture. Indeed, scaling forest restoration and conservation demands high CAPEX, longer paybacks and therefore longer loan tenures, as well as alternatives to traditional collateral requirements (for example, offtake contracts instead of land titles).
- **Adaptation finance lags mitigation flows and is minimal relative to the extent of climate risk.** Adaptation finance made up just 9% of climate finance in Brazil and 21% in Central America, where it had the highest share. In the Caribbean, adaptation finance grew by just 15%, while mitigation finance more than tripled in the same period (with adaptation accounting for just 16% of the total Caribbean climate finance landscape in 2023/24). Acknowledging enduring limits to tracking private adaptation finance, this imbalance is nonetheless striking in a region highly exposed to droughts, floods, hurricanes and heat stress. Moreover, the size of the adaptation finance gap across LAC and within the subregions remains unknown, given the continued lack of adaptation finance needs data. Aligning with climate resilience needs will require climate-proofing all new and existing investments; assessing, disclosing and incorporating physical climate risk assessments into lending and portfolio management; and developing financial products that incentivize adaptation- and resilience-related goods and services.
- **Outside of Mexico and Brazil, LAC countries still rely heavily on international public climate finance.** Shares range from 47% in South America to 61% in Central America. International public flows are commonly provided as non-concessional lending, with shares ranging from 65% (of total international public finance) in Central America to 79% in South America. Amid shifting donor priorities, declining official development assistance (ODA), and rising debt burdens among LAC countries, the region needs to widen its resource base.
- **Insufficient information, limited business case track records and small transaction sizes, as well as a lack of sufficient risk-mitigation mechanisms, are continued bottlenecks to private climate investment.** The set of (real and perceived) risks at play—including political, currency and credit risks—and high transaction costs, constrains private investment in climate-critical sectors, including AFOLU, buildings and infrastructure, transport, and industry (IDB, 2026), and particularly in fiscally constrained countries. In agriculture, for example, the predominance of smallholder farmers in remote rural areas with limited credit histories and collateral limits the scope to scale investment in low-emission, climate-resilient farming techniques.

¹³ Whereas in Brazil, AFOLU accounted for 40% of all tracked climate finance in 2023/24.

1.4 RECOMMENDATIONS FOR SCALING CLIMATE FINANCE IN LAC

In light of the landscape findings and insights from key stakeholders across the public and private sectors consulted for this research, CPI articulates the following five thematic recommendations for mobilizing further climate finance in the LAC region. The full report maps the key actions therein to relevant stakeholders (from governments and regulators, to DFIs and private sector actors) and provides a more comprehensive inventory of existing good-practice examples across LAC.

RECOMMENDATION 1: PLAN FOR AND ALIGN FINANCE WITH THE CLIMATE TRANSITION

Many LAC countries have clarified their climate ambitions but lack the policy and governance infrastructure to bring these plans to fruition. The result is a persistent gap between ambition embodied in commitments and actual implementation—and associated finance—on the ground. The following actions—mapped to illustrative good-practice examples in LAC—are key to strengthening governance and planning, while aligning public finance with climate goals.

Key action areas	Good-practice regional/country example
Translate (national or subnational) climate plans and policies into actionable, investable and well-coordinated roadmaps , including by costing NDCs and NAPs, institutionalizing climate as a long-term, inter-ministerial agenda and establishing transparent climate tagging in public budgets.	Costa Rica's National Decarbonization Plan aligns sectoral planning with investment pipelines and international finance, identifies investment needs by sector, and details the type of support needed (UNFCCC, 2018).
	Uruguay's integrated climate action framework sits under the National Climate Change Response System, an inter-institutional group coordinated by the Ministry of Environment.
Align fiscal policy with climate- and nature-positive outcomes by reforming climate-misaligned public expenditure (subsidies and incentives) paired with adequate and equitable measures—or safety nets—to address regressive distributional effects.	Ecuador has harnessed data on taxes, fuel use, transit, and social protection to pair fuel subsidy reform with targeted compensation (via public banking), illustrating how “safety nets” can reduce political backlash to climate-aligned policy (CFMCA, 2026).
Create fiscal space and resilience by using financial instruments such as debt-for-climate swaps and debt pauses to unlock much-needed resources, especially for adaptation and nature. Indeed, debt restructuring, refinancing and relief can be linked to credible resilience and nature commitments.	Barbados completed the world's first debt-for-climate resilience transaction, harnessing guarantees from the IDB and the EIB. The resulting fiscal savings of USD 125 million were to be invested in adaptation and resilience (EIB, 2024).
Devise and implement corporate climate and/or sustainability strategies that set the direction for climate-aligned business from the top down, including, for example, articulating net-zero targets and transition plans, managing supply-chain emissions, and disclosing emissions and climate risks, among others.	LAC corporates and financial institutions are translating climate commitments into business and financing decisions: Bancolombia is supporting clients' low-carbon transition while phasing out credit exposure to coal by 2030; Cemex is implementing a roadmap towards net zero by 2050, with interim 2030 targets; Itaú Unibanco annually reports progress against its net-zero target and sectoral decarbonization approaches; and BBVA reports against sectoral net zero (2030) targets while integrating clients' transition plans into credit decisions and compensation.

RECOMMENDATION 2: CREATE MARKETS AND MOBILIZE PRIVATE CAPITAL

While market-building has been a key feature of the LAC public climate finance landscape to date, the region needs to further stimulate demand and supply for climate solutions and move with greater ambition from disclosures to private capital mobilization. This is particularly important in a region where different regulatory frameworks and uneven levels of institutional capacity constrain the ability to aggregate and scale commercially viable climate investment across borders. The following actions—mapped to illustrative good-practice examples in LAC—are key to creating markets and mobilizing different pools of private capital (local and international) at scale.

Key action areas	Good-practice regional/country example
Reduce risk, financing costs and affordability constraints by using suitable financial instruments or structures to lower the private sector's cost of capital (for example: risk-mitigation instruments, including guarantees; foreign exchange hedging; local currency financing). An emphasis on guarantees and risk mitigation can reduce uncertainty and make projects bankable, while avoiding any crowding-out effect by public finance. Relatedly, a continued expansion of balance-sheet optimization measures – including callable and hybrid capital, and portfolio guarantees – can help to scale (MDB) lending capacity.	In Brazil , IDB's foreign exchange hedging mechanism—agreed with the Central Bank—aims to enable up to USD 3.4 billion for sustainable development under Brazil's Eco Invest Program (within the National Climate Fund). The mechanism reduces currency risk for investors, lowering the cost of capital and enabling long-term private investment (IDB, 2025). There is potential to scale similar solutions across the region, particularly for under-funded sectors and climate uses (AFOLU and adaptation).
Design and use green/climate finance taxonomies so actors have a clear, shared understanding of what activities count, informing financial decision-making (including in public financial management systems). Attention should also be paid to interoperability of green taxonomies within and across the LAC region.	Colombia launched the region's first official green taxonomy with a tangible use-case for actors including DFIs, banks, corporates and regulators (GBM, 2026).
	The Common Framework of Sustainable Finance Taxonomies for Latin America and the Caribbean offers guidance to orient member states that are developing, or intend to develop, sustainable finance taxonomies, encouraging compatible and interoperable frameworks to facilitate cross-border markets (UNEP FI, 2023).
Strengthen standards and regulations such that (i) climate disclosures (on emissions and climate risk) become the norm; and (ii) the financial calculus underpinning climate-aligned business practices is improved, altering risk appetites and enabling private financiers to invest in alternative (climate-aligned) assets.	Mexico's updated Circular Única Financiera mandates pension fund managers to integrate ESG considerations into their investment portfolios, with a legal obligation to disclose (STEP, 2024).
	Belize's regulatory framework for electricity generation includes incentives such as preferential tariffs for renewable energy projects (OLADE, 2025) and allows actors to sell their excess renewable generation back to the grid, driving uptake of solar PV (commercial and household) (CDF, 2026).
Design industrial or innovation policies that can lower barriers to innovation in green industry, and build out a domestic business ecosystem for low-emissions, climate-resilient goods and services.	Brazil launched its New Industry (Nova Indústria) Policy in 2024 to reindustrialize the country by enhancing productivity through innovation and sustainability, including a focus on biofuels and EVs (Climate Policy Database, 2026).
Issue blue and green bonds , tapping into (international and local) capital markets to widen the resource base for climate (and nature-positive) action.	Chile , in 2019, became the first sovereign issuer of green bonds in the Americas, financing the country's climate agenda at a lower cost than through traditional sovereign funding and tapping into a larger, more diversified investor base (GJIA, 2023).

Key action areas	Good-practice regional/country example
Aggregate transactions and operations , where relevant, moving from a project-by-project approach to investment-grade portfolios, combining assets to be more investable at scale. Specifically, MDBs can expand originate-to-distribute models to mobilize capital beyond their own balance sheets.	IDB ReInvest+ is an innovative mechanism that connects local climate and development projects with international institutional investors by aggregating small green loans or sustainability assets into larger, standardized, investment-grade portfolios that institutional investors can buy (GFL, 2025).
Standardize and simplify financing processes and transactions across public (concessional) finance providers, reducing fragmented and complex financing processes and enabling easier replication or scale-up of proven financing structures.	The IDB and WBG's newly launched Full Mutual Reliance Framework will allow a single set of operational policies to apply to selected projects co-financed by the two MDBs, reducing duplication and transaction costs, and streamlining processes for project preparation and implementation (WBG, 2026).
Orchestrate the pipeline of quality, bankable projects that can access commercial capital, ensuring adequate matchmaking between project developers and financiers.	The Caribbean Climate-Smart Accelerator seeks to mobilize climate capital in the region, identifying bankable projects, building a pipeline, and providing grant funding to catalyze further investment. It also provides a matchmaking function, connecting entrepreneurs with financiers for blue and green economy projects (CaribbeanAccelerator, 2026).

RECOMMENDATION 3: MAINSTREAM CLIMATE RESILIENCE

Tracked adaptation finance in LAC—only USD 12.5 billion in 2023/24—is grossly insufficient relative to the region's exposure and vulnerability to climate hazards. There is a need to integrate and mainstream climate risk into financial decision-making to ensure business continuity and profitability, while actively investing in adaptation and resilience solutions. The following actions—mapped to illustrative good-practice examples in LAC—are key to mainstreaming climate resilience and scaling associated finance.

Key action areas	Good-practice regional/country example
Climate-proof all new and existing investments , including supply chains, such that they are designed to endure and continue functioning in a future climate shock or stress (whether extreme heat, floods, drought, sea-level rise, or tropical storms, among others).	Central America (regional): CABEL, with grant finance from the GCF, is implementing its CAMBio II program to incentivize adaptation and resilience measures by MSMEs, including promoting resilient agriculture and efficient water management (GCF, 2018).
Assess, disclose and incorporate physical climate risk into lending, investment and portfolio management, re-pricing assets according to exposure and vulnerability to anticipated climate shocks or stresses. At the macroeconomic and sovereign level, climate- and nature-related risks should be incorporated into macro-financial models and sovereign credit ratings.	Banco de México (Banxico) requires commercial banks to price assets exposed to physical climate risks (e.g., flood events or tropical cyclones) accurately and maintain robust capital buffers well above minimum requirements (IMF, 2022).
Develop financial products that incentivize resilience investments such as insurance or resilience-linked credit lines, among others.	The Caribbean Catastrophe Risk Insurance Facility (CCRIF) , the world's first multi-country risk pool (funded by a multi-donor trust fund), limits the impact of extreme climate events in the Caribbean and Central America. When a climate shock triggers an insurance policy, the CCRIF provides short-term liquidity to its members in the region (CCRIF, 2025).

RECOMMENDATION 4: LEVERAGE DECARBONIZATION AND GREEN BUSINESS OPPORTUNITIES

Tracked mitigation finance in LAC more than doubled in the five-year period between 2020 and 2024, reaching USD 85 billion. This momentum reflects the scope for investing in an array of low-emission (and nature-based) solutions across the region, while working to avoid stranded assets in a climate-aligned future. Given the heterogeneity observed within LAC, there is also a need to prioritize key mitigation strategies by major emitting sectors and/or countries. The following actions—mapped to illustrative good-practice examples in LAC—are key to building on, and expanding, the momentum observed in this landscape mapping.

Key action areas	Good-practice regional/country example
Scale investment in renewable energy technologies and clean electrification, energy efficiency (including retrofitting buildings), and grid and storage capacity , benefiting from cost savings over business-as-usual.	Uruguay spearheaded a national renewable energy revolution in just over a decade, transitioning from a reliance on fossil fuel imports to powering 98% of electricity with domestic renewables (SOAS, 2025).
Embrace nature-based solutions (where relevant and feasible), establishing nature as an investable asset class that generates local co-benefits (such as food and livelihood security, regulation of ecosystem services including the water cycle, and improvements to air quality and human health).	Costa Rica's Payments for Ecosystem Services (PES) Program, primarily financed from the proceeds of a fuel tax in the country, incentivizes the protection and maintenance of environmental services by farmers (including supporting natural and planted forests, agroforestry systems, natural regeneration, and sustainable forest management) (FONAFIFO, 2026).
Roll out and invest in low-carbon transport systems , including electrifying public transport and private EV ownership, with parallel investment in the necessary charging infrastructure and networks.	Latin America's electric car markets grew substantially in 2024 to reach a market share of 4%, largely due to government incentives such as tax exemptions for EVs (IEA, 2025).
Promote and implement deforestation-free value chains and low-carbon agricultural practices , including methane abatement measures in livestock management and rice production.	Latin America's transition toward sustainable rice production initiative is being implemented across Brazil, Chile, Ecuador and Uruguay (IICA, 2026). It aims to increase the uptake of methods to mitigate methane emissions from rice that are viable for farmers and easy to scale (IICA, 2026).
Develop sustainable domestic critical mineral value chains that are integral to the green transition, while ensuring responsible extraction and resource management.	The Lithium Triangle —containing some of the world's largest lithium reserves, and spanning Argentina, Bolivia, and Chile—offers potential for intra-regional cooperation to convert critical mineral supplies into high-value, well-integrated supply chains for the green transition (including for EVs and renewable energy generation and storage) (InnovationNewsNetwork, 2023).

RECOMMENDATION 5: STRENGTHEN THE CLIMATE FINANCE ECOSYSTEM

In addition to direct (CAPEX/OPEX) climate investments, complementary interventions are needed to build the institutional infrastructure, partnerships, capacity and data required to deliver systemic change, while shifting the narrative so climate action is recognized as both an opportunity and an imperative across LAC. The following actions—mapped to illustrative good-practice examples in the region—are key to strengthening the climate finance ecosystem.

Key action areas	Good-practice regional/country example
Establish the institutional infrastructure needed to directly access and absorb climate finance and coordinate effective, efficient action across different actors in the ecosystem (including, for example, country platforms).	Brazil: The Climate and Ecological Transformation Investment Platform (BIP), led by the Brazilian Government, is a country platform intended to coordinate action on, and finance for, implementation of the Ecological Transformation Plan (GFANZ, 2024).
Nurture in-country technical capacity , working directly with or alongside domestic actors (public and private) to mainstream climate into policy, planning, operations, and transactions and build the expertise and experience for climate to take off independent of international public climate finance.	IDB Invest, Caribbean Impact Manager Program: This initiative cultivates homegrown fund managers through targeted capacity building and ecosystem building. The emphasis is on providing practical advice and training so these fund managers can later become credible partners for blended climate finance.
Improve the quantity, quality, and accessibility of decision-useful data on GHG emissions accounting, physical climate risk data, and indicators for measuring impact and tracking progress, among others.	CAF, Climate Information and Early Warning Systems (CIEWS): CAF is structuring a regional facility to strengthen data, knowledge, monitoring and forecasting, and warning dissemination or alerts, in relation to natural/climate change-related emergencies (CAF, 2024). The initiative fosters regional cooperation and interoperability of CIEWS across LAC countries to better prepare for and respond to shared climate risks.
Change the narrative from the notion that climate is an add-on or externally imposed cost to an enabler, an imperative, and a domestic opportunity to increase growth and ensure sustainable development.	Brazil: the concept of a bioeconomy has gained relevance in the context of preserving the Amazon rainforest; a paradigm that aligns biodiversity conservation with sustainable resource use, values traditional knowledge and strengthens production models based on biological resources (CPI, 2025).

KEY NUMBERS AND TAKEAWAYS

USD 108 billion

of climate finance flowed in LAC in 2024.

Climate finance in LAC has doubled since 2020, but momentum has plateaued. Tracked flows rose from USD 54 billion in 2020 to USD 108 billion in 2024, however, investment in 2024 remained broadly unchanged from 2023 (USD 110 billion). Brazil accounted for over half of LAC flows, with a CAGR of 28% since 2020 driven by a boom in solar installations and climate-aligned agriculture. The rest of the region grew more modestly and from a lower base.

4-8X

is the magnitude of the climate finance gap in LAC, comparing flows to estimated needs (2025-2030).

With annual mitigation finance needs in LAC estimated at between USD 467-847 billion, tracked climate finance flows fell short of estimated (modelled) needs by a factor of four in the low-end scenario, five on average, and widening to almost eight under the higher estimate.

These estimates derive from climate scenarios and transition pathways rather than countries' stated financing needs. On a sectoral basis, the estimated climate finance gap in LAC is highest in industry (26X current flows), followed by transport (25X), and AFOLU (over 7X regionally, rising to 125X once Brazil's large AFOLU numbers are excluded from the calculation).

USD 95 billion

of fossil fuel investment flowed in LAC in 2024.

Continued fossil fuel investment risks undermining climate progress. At around USD 95 billion, fossil fuel investment was more than double the USD 43 billion in climate finance tracked for energy systems. Redirecting existing capital is as critical as mobilizing new resources for the climate transition. The benefits of climate action far outweigh its costs: modeled co-benefits across all sectors (including fuel cost savings, improved productivity, the provision of ecosystem services, and the avoidance of pollution and associated positive health outcomes) exceed USD 15 trillion to 2050, or roughly USD 577 billion a year—more than five times the tracked climate finance in 2024.

58%

of tracked flows were concentrated in Brazil in 2024.

Climate finance remains highly concentrated in Brazil, even after accounting for economic size.

The country's climate finance was equivalent to 2.9% of GDP and close to USD 300 per capita—nearly twice the regional average. The Caribbean, which accounted for 5% of the regional total, ranked second relative to GDP (2.2%), boosted by concessional inflows and an expanding solar market in the Dominican Republic. Despite accounting for a higher individual share of the regional total (7%), Mexico placed lower in relative terms—climate finance was equivalent to only 0.4% of GDP and USD 61 per capita—despite its relatively more mature financial markets in the region.

~69%

of tracked climate finance in LAC was from domestic sources in 2023/24.

Domestic capital forms the backbone of climate flows in LAC's deeper financial markets, and is gaining ground elsewhere. Domestic sources dominated in Brazil (90%) and Mexico (64%), while international finance had a 40–60% share in other LAC subregions. However, Central America (excl. Mexico) showed a notable shift, where the domestic share of climate flows rose from 10% in 2021/22 to 35% in 2023/24. Scaling domestic capital is important because it can provide local-currency financing, better align investment with national priorities, and reduce dependence on official development assistance (ODA).

60–84%

of climate finance was public, outside Brazil, Mexico, and Chile, in 2023/24.

Private capital leads only in LAC's most mature markets, while public climate finance dominates elsewhere. Public actors provide 60–84% of climate flows outside Brazil, Mexico, and Chile—including in large economies such as Peru, Colombia, and Argentina. Mobilizing private investment remains constrained by smaller market size, high perceived risk (often exceeding actual risk), and the limited or uncertain revenue streams associated with many adaptation investments.

11%

of climate finance in LAC was for adaptation in 2023/24.

Adaptation finance remains minimal relative to the region's exposure and vulnerability to climate hazards. Mitigation absorbed between roughly 65–80% of tracked climate finance in every subregion, reaching USD 85 billion in 2024 and more than doubling since 2020, while adaptation grew slower (increasing only 56% over the same period), up to USD 12.5 billion by 2023/24.

~39%

of climate finance in LAC was provided as non-concessional debt in 2023/24.

Non-concessional debt lending is the most prevalent instrument for financing climate action in LAC. More mature and commercially viable sectors – largely renewable energy systems as well as low-carbon transport and buildings & infrastructure – absorbed the bulk of this non-concessional debt lending. Grants and concessional debt accounted for only around 11% of climate finance in most of subregions. Therein, Brazil was an outlier, with 45% in concessional debt, largely from subsidized rural credit. Central America (excluding Mexico) also received a higher concessional share at 23%. Concessional debt should be calibrated to market conditions, providing better terms in structurally constrained markets and using mobilization-oriented instruments where private capital can readily be crowded-in.

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1. INTRODUCTION

Leveraging climate finance as a core development tool rather than a niche agenda can help LAC countries convert their advantages into inclusive, climate-resilient growth amid a fast-moving global technological transition.

Latin America and the Caribbean (LAC) combine one of the world's cleanest electricity systems with continued dependence on fossil fuels, posing both an advantage and a transition challenge. Renewables account for around 60% of the region's power mix, more than double the global average ([IEA, 2024](#)), with around half of that clean energy coming from hydropower ([OLADE, 2024](#)). This clean electricity base lays a strong foundation for electrification, industrial decarbonization, and the development of broader green industries. Yet, hydropower output is also exposed to droughts and changing temperature and precipitation patterns that can affect water availability for power generation ([IEA, 2024](#); [CPI, 2025](#)). Meanwhile, many LAC countries heavily depend on fossil fuels both in the transport and industrial sectors and as a source of fiscal revenue, for example, reaching 10% in Colombia ([IEA, 2024](#); [IMF, 2025](#)). Fossil fuel subsidies absorbed between 0.6% and 1.3% of LAC GDP between 2015 and 2021 ([UNDP, 2025](#)), generating high fiscal costs and tensions with Nationally Determined Contributions (NDCs).

The region's globally significant natural capital shapes both its emissions profile and its potential climate investment pathways. Across LAC's heterogeneous landscape, forests, biodiversity, freshwater resources, and critical minerals create multiple entry points for green, resilient value chains and sustainable industries. The region's share of greenhouse gas (GHG) emissions (approximately 8%) is broadly proportionate to its share of the global economy and population ([IMF, 2024](#)), though emissions profiles vary across sectors and subregions. Unlike most other global regions, where energy dominates GHG emissions, agriculture, forestry, and other land use (AFOLU) accounts for 55% in LAC ([CPI, 2025](#)),¹⁴ driven mainly by a few large countries: Brazil (38%), Mexico (16%), and Argentina (10%) ([IMF, 2024](#); [Climate Watch, 2021](#)). Land-use-focused emissions profiles underpin substantial potential for mitigation via nature-based solutions and a broader bioeconomy that links forests, biodiversity, and agrifood systems ([Zero Carbon Analytics, 2024](#)). By contrast, emissions from smaller economies in the Caribbean and Central America are dominated by energy and transport, where there is higher dependence on imported fuels.

The LAC region also faces growing climate and environmental pressures, compounded by social vulnerability. Many countries are highly exposed to droughts, floods, hurricanes, and heat stress that threaten agriculture, infrastructure, cities, and public health, with the Caribbean and parts of Central America especially vulnerable. Social vulnerability compounds climate

¹⁴ By contrast, the energy sector is the dominant source of emissions globally, typically contributing between 70%-80% of total emissions ([IMF, 2021](#)).

vulnerability: labor informality is pervasive, with nearly two-thirds of the population in informal and mixed households ([OECD, 2024](#)), and informal settlements concentrated in hazard-prone areas with limited infrastructure and services ([Sandoval et al., 2020](#)). As informality is a major barrier to social protection and insurance ([OECD, 2024](#)), climate shocks fall hardest on those least able to cope. Resilience-building requires not only disaster risk management but also efforts to boost macro-fiscal stability and energy security, alongside adaptation and a just transition.

LAC nonetheless stands out as possessing several conditions that enable climate investments to flow. Some countries—Brazil, Chile, Colombia, Mexico, and Peru—have relatively developed capital markets, supported by domestic institutional investors and efforts toward more integrated stock exchanges such as Nuam (which merges the stock exchanges of Chile, Colombia, and Peru into a single regional market). In addition, progress on enabling policies and regulations has promoted greater disclosure of climate risk management and established a common definition of sustainable activities through national taxonomies (see Box A1), helping deepen market development, expand the pipeline of investable assets, and increase market liquidity ([GlobeNewswire, 2025](#)). Many LAC countries are therefore in a stronger position than comparable peers for scaling green bonds, sustainable lending, and other climate-aligned financial instruments—LAC accounted for about a quarter of emerging-market green bond issuances as of 2024 (around USD 14 billion), led by Chile, Mexico, and Brazil ([IFC, 2025](#)), though depth and access vary across markets and between larger and smaller economies.

At the same time, some structural barriers still hinder the region’s ability to attract and absorb finance at scale, including foreign direct investment (FDI). While international finance is increasingly directed toward renewable energy and critical mineral mining (e.g., for batteries and other clean technologies), these flows remain sensitive to shifting macroeconomic conditions, political instability, changes in global investment strategies (supply-chain resets), higher global interest rates, and intensified competition for capital across emerging markets ([UNCTAD, 2025](#)). Fragmented or volatile governance, inconsistent regulatory frameworks, misaligned fiscal incentives, and high capital costs combined with weak aggregation mechanisms also constrain the region’s ability to absorb available finance (IDB, 2026).

Beyond these macro-level pressures, sector-specific barriers, with an emphasis on enabling infrastructure, also limit the region’s capacity to attract investment. In the energy sector, significant gaps in electricity transmission and distribution networks limit full utilization of installed renewable energy capacity ([IDB, 2025](#)), reflecting limited local manufacturing capacity and value-chain development, although this gap is increasingly attracting foreign manufacturers, such as Chinese firms, to establish local production bases through FDI. Similar gaps affect agriculture, forestry and other land-use value chains, where infrastructure to connect products to markets is missing or underdeveloped, logistical costs rise sharply, and sustainable value chains struggle to remain competitive. The scale of these opportunities and constraints varies substantially across countries and subregions, as does the pace of transition.

1.1 OBJECTIVES AND STRUCTURE

This report presents a deep dive into tracked climate finance to and within LAC between 2020 and 2024. To better manage and strategically direct climate action in LAC, a better understanding of the current state of climate finance in LAC is required. The analysis unpacks flows committed to and within the region, mapping them along their lifecycle from sources and intermediaries (public and private), the financial instruments used to channel funds (grants, debt, and equity), through to how finance is ultimately deployed on the ground (for mitigation, adaptation, or both, and by economic sector).

Its core objectives are to:

1. **Establish a first-of-its-kind, comprehensive baseline** of public and private climate finance flows to and within Latin America and the Caribbean, including subregional disaggregation, and improve understanding of the volume, sources, thematic focus, and sectoral allocation of climate finance in LAC.
2. **Identify entry points, financing gaps, and opportunities** for new climate investments across key sectors such as energy, AFOLU, transport, water, waste, and infrastructure/buildings, with reference to both mitigation and adaptation.
3. **Identify and propose solutions to methodological challenges and data gaps** in tracking climate finance in LAC, including better integration of national and project-level data.
4. **Help public and private financial actors, policymakers and civil society organizations in the region to scale up and better target climate finance**, aligning flows with national development strategies, NDCs/NAPs, and regional cooperation frameworks. This includes highlighting opportunities for collaboration across countries, institutions, and public and private actors in the region.

The report is structured as follows:

- **Section 2** summarizes the underlying methodology, including the scope and coverage of data, and the limitations therein.
- **Section 3** provides a meta-analysis of the range of estimated climate finance needs for LAC, providing the context against which to benchmark tracked flows.
- **Section 4** analyses the tracked climate finance flows in LAC, differentiating by subregions and certain outlier countries (Mexico and Brazil) therein.
- **Section 5** synthesizes key recommendations for scaling climate finance in LAC, structured according to five broad thematic areas.

2. METHODOLOGY

This report applies CPI's established climate finance tracking methodology. This approach has been developed and refined over more than a decade through its Global Landscape of Climate Finance (GLCF) methodology, and adapts it to the LAC context. CPI's GLCF methodology follows the United Nations Framework Convention on Climate Change Standing Committee on Finance's working definition of climate finance:

"Climate finance aims at reducing emissions, and enhancing sinks of greenhouse gases, aims at reducing vulnerability, increasing adaptive capacity, and mainstreaming and increasing resilience of human and ecological systems to negative climate change impacts, and includes financing for actions identified in a country's nationally determined contribution, adaptation communication, national adaptation plan, long-term low-emission development strategy or other national plan for implementing and achieving the goals of the Paris Agreement and the objective of the Convention."

In applying this definition, this report tracks primary capital flows directed toward low-emissions and climate-resilient development, including finance with direct or indirect mitigation or adaptation benefits. It covers domestic and international finance from public and private sources, as well as selected policy-support and capacity-building expenditures that enable climate action. Since CPI gathers and aggregates data from numerous sources, advanced data science methods are employed to identify and eliminate double-counted entries.¹⁵ Further detail on data sources, classification rules, exclusions, and double-counting checks is provided in Annex 1 and in the detailed GLCF methodology (available [here](#)).

To address limited tracking of domestic government climate expenditures, this report includes national government climate budget and expense data, covering 10 of the 33 LAC countries that disclosed this information publicly. Data was collected through targeted searches of official government sources, including national budget documents, budget execution reports, and climate budget reports covering Argentina, Belize, Brazil, Chile, Colombia, the Dominican Republic, Grenada, Honduras, Mexico, and Peru, where information was publicly available. Where possible, expenditure was captured at the highest level of granularity available—project level, sector level, or climate use—and records were classified by use, sector, and subsector.¹⁶ The availability and granularity of information vary considerably across countries with some providing detailed climate budget tagging and sector-level expenditure data while others report more limited or aggregated information. As these estimates are based on publicly available information, they should be interpreted as indicative and likely conservative; they do not replace comprehensive, government-led climate budget tagging exercises.

Investment needs estimates were also incorporated to benchmark the tracked climate finance flows. Two different approaches for aggregating climate finance needs—so-called "top-down"

¹⁵ The principle of avoiding double counting is directly related to certain CPI exclusion criteria. For instance, private research and development of new technologies, as well as investment in sustainable manufacturing, are excluded because related costs are capitalized and factored into the investment amounts at the deployment stage of new projects that implement these technologies, increasing the risk of double counting if the initial investment were tracked separately. Similarly, revenue support mechanisms (e.g., feed-in tariffs) reimburse initial investment costs, so including them would constitute double counting. Thus, we do not track policy-induced revenue support mechanisms whose primary function is to repay initial investment costs. Other checks are performed to eliminate double counting between different datasets, where the same actor or intervention appears twice.

¹⁶ Local currency values were converted using annual average exchange rates, and the resulting data was cross-checked against existing GLCF domestic government data to identify potential overlaps.

and “bottom-up” — were examined. The needs estimates presented in Section 3 are derived from a wide range of sources, including studies from BNEF, IEA and IPCC¹⁷, as well as LAC countries’ own Nationally Determined Contributions (NDCs), where costed needs data has been made available. The most up-to-date set of NDCs (NDC 3.0) have been analyzed for the aggregation of LAC countries’ stated needs (USD 31 billion).

Subregional categorizations applied in this report follow the UN classification for LAC, and group countries into three subregions: the Caribbean; Central America and Mexico; and South America. Mexico is grouped with Central America solely for consistency with the UN classification, notwithstanding its substantially larger economy, population, and distinct climate finance profile. Brazil is presented separately in relevant sections because its scale and more comprehensive data coverage materially influence South American and broader regional results. The analysis in this report is largely structured according to three subregions, as shown in Table 1.

Table 1. Subregional categorizations

Subregion	Countries included	2024 GDP (absolute and % of LAC region)	2024 population (absolute and % of LAC region)	Notes
Caribbean	Antigua and Barbuda, The Bahamas, Barbados, Cuba, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Trinidad and Tobago	USD 229.6 billion (3.4%)	39.7 million (6%)	Exclusion of departments/territories owned by European/ North American countries, consistent with the UN classification
				Exclusion of Guyana and Suriname (classified under <i>South America</i>), and Belize (classified under <i>Central America & Mexico</i>), despite being Caribbean Community members.
Central America & Mexico	Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Mexico	USD 2,246.8 billion (33%)	183.4 million (28%)	Inclusion of Mexico alongside Central America, consistent with the UN classification .
				Mexico notably differs from Central American countries in terms of size of country, economy, population, and international trade, among others. Mexico’s GDP is USD 1,830 billion, and its population is 130.8 million people.
South America	Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay, Venezuela	USD 4,316.4 billion (63.6%)	435.3 million (66%)	Exclusion of French Guiana, consistent with UN classification
				Brazil’s GDP is USD 2,185.8 billion (32% of LAC; 51% of South America); and population is 212 million people (32% of LAC; 49% of South America).

Source: [GDP](#) and [population](#) data are calculated from World Bank data for the most recent year available (2024) [UN classification](#).

¹⁷ Other modelled needs estimates, such as those provided by the SISEPUEDE model were also analyzed, but not included in CPI’s aggregation of top-down needs for this study.

2.1 SCOPE AND LIMITATIONS

- **Limited coverage of domestic government expenditure.** Climate-tagged budget data are unavailable for all LAC countries and where available, vary considerably in granularity, sectoral detail, and mitigation/adaptation classification. Systematic climate budget tagging would improve the tracking and management of public climate expenditures.
- **Incomplete tracking for adaptation.** Adaptation finance is difficult to identify and classify, particularly for private and domestic public actors, owing to methodological challenges, limited disclosure, and the context-specific nature of adaptation action ([CPI, 2023](#)).
- **Exclusion of risk-mitigation instruments.** While essential for catalyzing climate finance, guarantees, insurance, contingent loans, and currency hedging are not tracked because financial outflows are contingent on future events. CPI nonetheless acknowledges their key role in mobilizing climate finance, especially in the Caribbean context. Where relevant, qualitative analysis—such as Mexico’s example of NAFIN’s Eco Crédito Sustentable program—illustrates the value of risk-mitigation instruments.
- **Exclusion of carbon market flows.** Although LAC has relatively well-developed carbon markets, revenues from carbon credits and carbon pricing are not captured, as these represent payments for emissions outcomes rather than tracked project-level investments, and transaction-level disclosure remains limited.
- **Uneven data coverage across countries.** Brazil benefits from a dedicated climate finance deep dive ([CPI, 2025](#)) resulting in more comprehensive coverage than elsewhere in LAC. Brazil is therefore presented separately from the rest of South America, and cross-country comparisons should be interpreted with caution.
- **Limited coverage of some sectors and actors.** Hard-to-abate sectors (e.g. steel, cement, aviation, and shipping), sovereign wealth funds, informal economy actors, and climate-related household investment remain under-represented because of limited disclosures and tracking methodologies.
- **Incomplete coverage of private finance.** Tracked private finance relies on publicly disclosed transactions and may not capture investments made through private funds or undisclosed corporate balance sheets.
- **Data cut-off at 2024.** Tracked figures reflect flows through 2024, while market and policy conditions have continued to evolve since (see 4.1). Historical trends presented in this report should therefore not be read as a description of current market conditions.

3. CLIMATE FINANCE NEEDS IN LAC

3.1 ESTIMATING LAC CLIMATE FINANCE NEEDS

Climate finance needs estimates provide an important benchmark for assessing whether current flows are sufficient to support LAC's climate targets. However, these estimates vary according to their scope and underlying methodology; that is, if they are estimated globally using scenario modeling ("top down"), or directly by the countries themselves ("bottom up").

Estimates show that the LAC region requires between USD 467 and 847 billion annually in mitigation finance from 2025-2030 to stay on track for internationally defined net-zero pathways. These "top-down" estimates are derived using modeling projections developed by institutions such as BNEF, IEA, IRENA and UNEP. Focused primarily on mitigation investment, these scenario-based estimates do not include adaptation needs, illustrating the scale of investment required across sectors to align with net-zero scenarios.

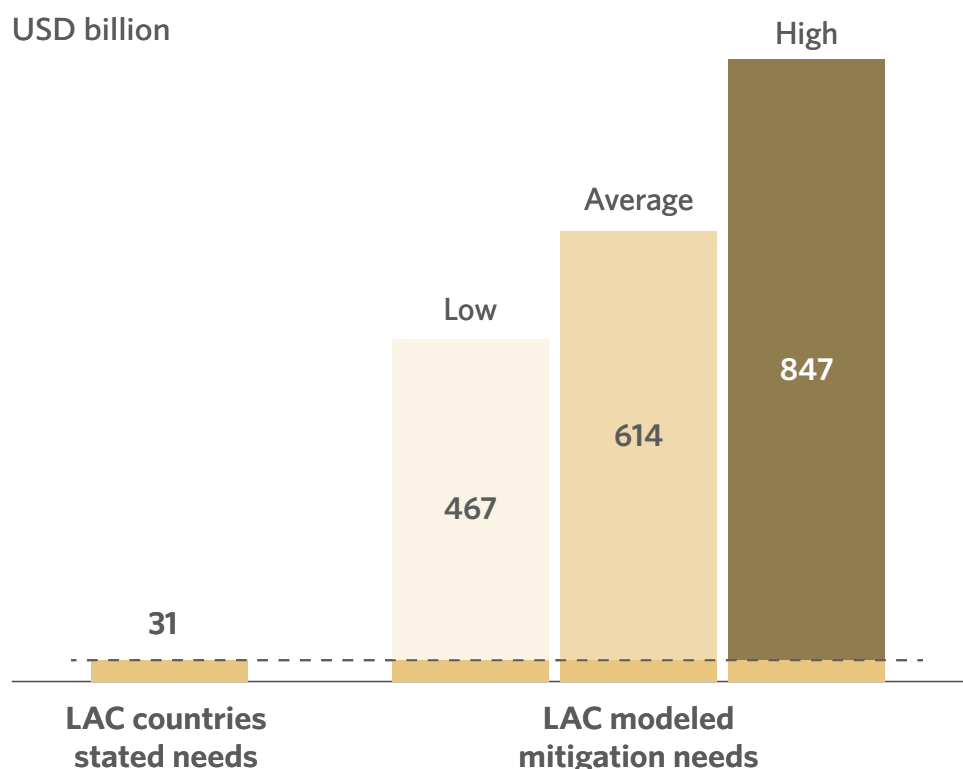
By contrast, LAC countries' own stated climate finance requirements, included in official documents such as NDCs¹⁸, amount to just USD 31 billion annually.¹⁹ These "bottom-up" estimates, drawn from the financing needs that countries themselves identify in Nationally Determined Contributions (NDCs) and other climate-planning documents, are substantially lower than those modeled using global, net zero-aligned pathways. This is in part due to data gaps within country-estimate needs. Only 24 LAC countries have submitted quantified needs estimates to date—and seven of these have submitted only partially costed needs (see Table A.2). This means that countries' available "bottom-up" estimates substantially understate the investment required across the region. The completeness of countries' needs estimates can be influenced by technical capacity and political constraints ([Isah et. al, 2025](#)). A lack of granular data or insufficient modeling techniques can also hinder needs assessment, pointing to opportunities for LAC governments to further develop their climate financing plans. These needs estimates are therefore better suited for examining climate finance (and capacity) gaps at the country level, rather than at the regional level where estimates are aggregated.

Because the "top-down" and "bottom-up" needs estimate approaches rely on different data sources, assumptions, sectoral coverage, time horizons, and choices about which costs to include or exclude, the resulting figures are not directly comparable. Instead, they illustrate complementary perspectives on LAC's climate finance needs, with modelled needs indicating the overall scale of investment needed, whereas bottom-up needs reflect the country's own and current understanding of their needs and sectoral priorities. Figure 1 shows the significant gap which exists between LAC countries stated needs and modeled mitigation needs, which are presented on an annualized basis for the period 2025-2030.

¹⁸ The most up-to-date set of NDCs (NDC 3.0) have been analyzed for the aggregation of LAC countries' stated needs (USD 31 billion).

¹⁹ Quantifying LAC climate finance gap based on these "bottom-up" estimates would erroneously indicate the existence of a climate finance surplus across the region.

Figure 1. LAC countries stated needs (2024 USD billion, annualized for 2025-2030) vs LAC annual mitigation needs (2024 USD billion, annualized for 2025-2030)²⁰



Addressing these gaps requires climate investment planning that translates NDC commitments into costed, prioritized, and sequenced mitigation and adaptation actions.

Stronger investment signals arise where countries quantify climate finance needs at a sufficiently granular level; identify implementation timelines, responsible institutions, and delivery mechanisms; distinguish domestic and conditional finance; and align planned action with wider national and sectoral strategies. CPI's *Assessing the Investment Signals of NDCs 3.0* identifies these elements—including implementation readiness and private-sector mobilization—which are important for demonstrating how climate commitments can be translated into concrete, fundable opportunities (CPI, 2025). Such information may be included within an NDC itself or set out in complementary NDC implementation plans, investment roadmaps, National Adaptation Plans, or sectoral climate finance strategies. Within these, more comprehensive adaptation costing is particularly important, as adaptation needs are less consistently quantified than mitigation needs despite their centrality to LAC's climate priorities. Across LAC, several countries, including The Dominican Republic, El Salvador, Grenada, Jamaica, Saint Kitts and Nevis, and Saint Lucia, have all published their own NDC Implementation Plans (NDC Partnership, n.d.), with many of these integrating climate action and targets within existing policies, national budgets, and sector-specific development strategies. Relatedly, Brazil launched its *Plano Clima* (Climate Plan) in 2026, which outlines the expected contribution of different sectors to the country's 2030 and 2035 NDC targets (Climate Action Tracker, 2026).

²⁰ LAC countries stated needs include finance for both mitigation and adaptation activities.

3.2 SECTORAL NEEDS ACROSS LAC

For the purposes of this report, sectoral needs estimates draw on a range of net zero-compatible scenarios developed by several institutions, with these then aggregated and standardized by CPI.²¹ Table 2 presents these as low, average, and high values to capture variation in the models' assumptions, sectoral scope, and included costs, while providing a consistent basis for comparing investment requirements across sectors.

Table 2. CPI aggregation and standardization of LAC mitigation needs, by sector

Sector	Modeled mitigation needs					
	Annualized for 2025-2030 (2024 USD bn)			Annualized for 2031-2035 (2024 USD bn)		
	Low	Average	High	Low	Average	High
AFOLU	160	193	238	164	200	249
Buildings & infrastructure	37	67	99	38	71	108
Energy systems	139	156	215	168	199	279
Industry	10	60	108	8	58	104
Transport	120	138	187	134	214	275
Total	467	614	847	511	741	1,014

Note: These estimates do not include adaptation needs.²²

At the sectoral level, LAC climate finance needs are primarily concentrated in AFOLU, energy systems, and transport, aligning with LAC's emissions profile. AFOLU—the region's largest emissions source, driven by deforestation, livestock production, and land-use change—requires the most mitigation investment at an average of USD 193 billion per year between 2025 and 2030. Energy systems follows, requiring USD 156 billion annually, largely for renewable energy generation and transmission networks, while transport requires a further USD 138 billion, mainly to electrify vehicle fleets and encourage modal shifts away from private vehicles. Table 3 contextualizes LAC's sectoral climate finance needs and provides examples of key investments required across both mitigation and adaptation.

²¹ At present, these mitigation needs estimates are provided at the LAC regional level only, with additional subregional disaggregation not yet available for the Caribbean, Central America and South America.

²² Along with these mitigation needs, the LAC region must also focus on financing adaptation activities, with the region facing significant climate-related loss and damage each year. Across the Caribbean in particular, losses average approximately 17% of GDP in years where storms strike across (UN, 2026).

Figure 2. LAC annual mitigation needs (2024 USD billion, annualized for 2025-2030) and emissions (GtCO₂e, 2023) by sector

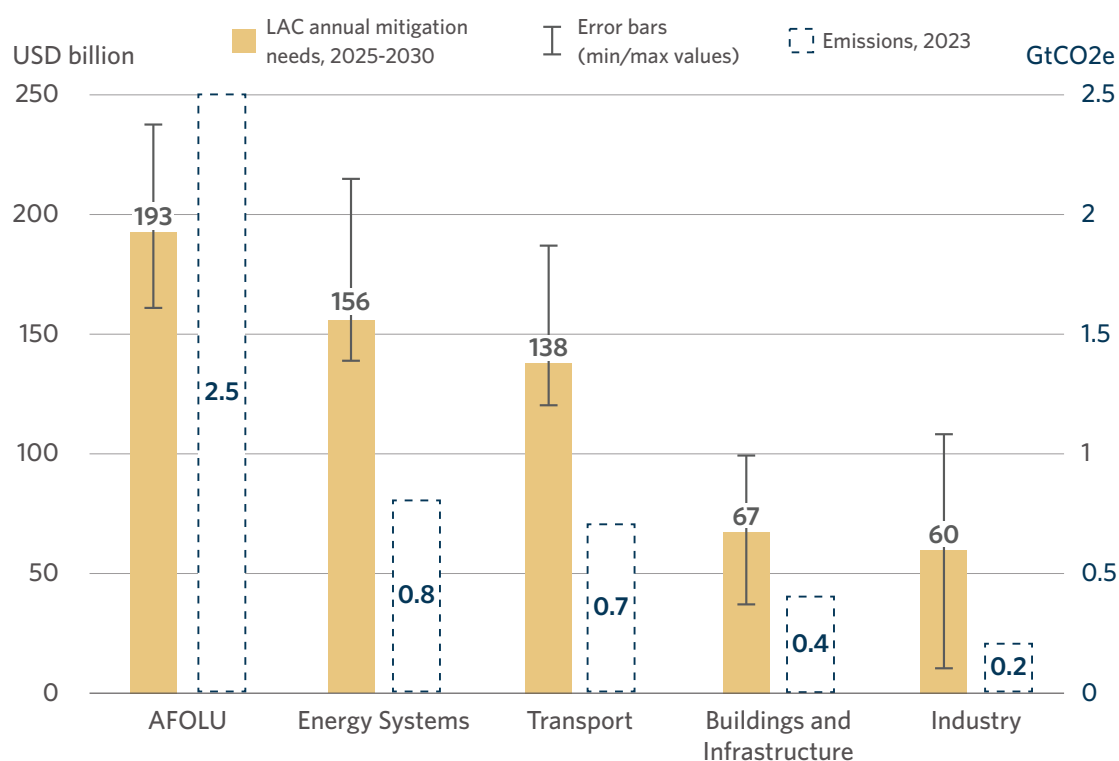


Table 3. Summary of climate finance needs by sector across LAC

Sector	Context and other insights	Technological needs and opportunities
AFOLU	AFOLU is the largest source of emissions across LAC, accounting for approximately 54% of the region's emissions in 2023 (Climate Watch, n.d.). Agriculture is also the largest source of methane in the region, accounting for approximately 69% in 2024 (World Bank, 2026). This is significantly higher than the global average, given the extensive deforestation, livestock production, and land-use changes observed across the Amazon basin, a natural carbon sink (IPCC, 2023). The sector has the highest annual average mitigation needs at USD 193 billion for the period 2025-2030.	Mitigation: The required transformations are numerous and capital-intensive, encompassing halting and reversing deforestation and shifting from an agricultural model driven by expansionist livestock production and monocultures to one centered on regenerative agriculture and tree-based systems. Example technologies include alternative proteins, shade-resistant grasses and technologies that reduce landfill needs, such as Black Soldier Fly (BSF) technology that transforms food waste, agricultural byproducts, and livestock waste into products such as protein-rich larvae for animal feed, insect oil, and frass (organic fertilizer). Forest restoration projects are considered priority investments, with significant mitigation co-benefits observed for such projects across Brazil, Peru, and Colombia (UNDP, 2025).

Sector	Context and other insights	Technological needs and opportunities
		Adaptation: Nature is a core component of the region's productivity and risk profile given LAC's wet and stable climate which supports, not only agriculture, but all productive systems. In particular, so-called "flying rivers" help to transport moisture across South America, with the Amazon predominantly influencing the spatial and temporal distribution of rainfall and its overall volume, which is crucial to counterbalance drought impacts across the region (World Economic Forum 2020; Ferreira et. al, 2026). Investments in ecosystem restoration and natural assets, particularly beaches, coastal wetlands and reefs, as well as nature-based solutions and tree-based/bioeconomy value chains are needed on the conservation side. Technologies such as climate-smart irrigation systems, drought-resistant crops, drone-based reforestation, geospatial technologies for MRV and early warning systems are all also needed.
Energy systems	Energy systems is the second-largest sector by emissions for LAC, accounting for 18% of the region's total emissions in 2023 (Climate Watch, n.d.). Central America and the Caribbean possess similar emissions profiles, with energy systems accounting for 35% of total emissions in each subregion (the largest sector in each case). In South America, by contrast, energy systems account for just 14% of total emissions for the subregion. Mitigation investments in this sector represent one of the most significant decarbonization opportunities for LAC countries, while annual average mitigation needs are estimated at USD 156 billion for the period 2025-2030.	Mitigation: Renewables are the lowest-cost source of new electricity generation in most markets: in 2024, 91% of newly commissioned utility-scale renewable capacity generated power more cheaply than the lowest-cost new fossil fuel alternative (IRENA, 2024). It is therefore crucial to speed up investments in both renewable energy and energy storage systems to match growing demand for this infrastructure. Further, with new data centers set to increase electricity demand across the region, other key areas for investment will include power grid reinforcement and related transmission infrastructure. Adaptation: Hydropower-dependent countries have growing adaptation needs due to changing weather patterns, with droughts and variable precipitation levels threatening the sector's long-term productivity (IEA, 2021). Changes in hydrological regimes because of deforestation have exposed the vulnerability of LAC countries that are dependent on hydropower generation. For instance, the Amazon deforestation is stripping away the "flying rivers" that power Brazil's grid, starving the country's two largest hydroelectric dams of 3,780 GWh of energy and \$200 million in lost revenue every single year (CPI, 2025). Thus, the main adaptation measure here is diversification into solar and wind energy production. Separately, Caribbean states require significant investment in distributed renewables as much of the region's critical energy infrastructure is located in at-risk coastal regions, evidenced by the region ranking significantly higher than the LAC average on the infrastructure vulnerability country index (OECD, 2025). In doing so, the Caribbean will also bolster its energy security, amid historical overreliance on imported fossil fuels (World Bank, 2025).

Sector	Context and other insights	Technological needs and opportunities
Transport	Transport is one of the fastest-growing sources of emissions across LAC (SLOCAT, 2022), accounting for 16% of regional emissions in 2023 (Climate Watch, n.d.). In South America, the uptake of EVs has helped lower transport's share of total emissions amid rapid urbanization, with transport emissions now just 13% of South America's total emissions. Across Central America and the Caribbean, electric vehicle (EV) uptake has been much slower, with transport accounting for 27% and 19% of subregional emissions, respectively. Annual average mitigation needs for the sector are estimated at USD 138 billion for the period 2025-2030.	Mitigation: LAC countries' national decarbonization strategies and NDCs consistently identify EVs (including bus fleets), charging infrastructure, as well as modal shifts toward rail and public transport as priority mitigation investments. One example of a recent successful investment is the Quito Metro system, which opened in 2023.
		Adaptation: Transport networks are critical to the region's economy, and climate-related disruptions can generate significant losses and impede subregional development (Canning House, 2023). Adaptation finance is required to improve the resilience of road infrastructure, upgrade drainage systems across road and rail networks, and climate-proof ports and freight hubs.
Buildings and Infrastructure	Buildings and infrastructure currently accounts for 8% of the region's emissions (Climate Watch, n.d.). Despite producing significantly lower direct emissions than AFOLU and energy systems, the buildings and infrastructure sector still represents a key decarbonization opportunity, particularly given the significant embodied carbon associated with materials such as cement and steel (Carmago-Bertel et. al, 2025). Annual average mitigation needs for the sector are estimated at USD 67 billion for the period 2025-2030.	Mitigation: With rising urbanization across the region, finance is needed to support low-carbon building design, energy efficiency retrofits, electrification of heating and cooling systems, and the adoption of low-emission construction materials.
		Adaptation: LAC cities and infrastructure networks exposed to extreme weather events represent substantial risks to economic productivity and public welfare (IPCC, 2023). For example, across the Caribbean in particular, rising sea levels and extreme events such as storm surges pose significant flood risks to local communities, public infrastructure and tourism developments (Soanes et. al, 2023). Examples of climate-resilient infrastructure investments include flood protection systems, climate-proofing housing programs, urban drainage networks, and adapting critical assets such as hospitals, schools, and transport infrastructure.
Industry	Industry contributes just 4% of total emissions across LAC, yet it represents one of the most challenging mitigation areas due to overreliance on energy-intensive production processes and hard-to-abate fuel sources. According to the IEA (2024), the sector requires some of the largest increases in clean technology investment, particularly after 2030 as low-carbon technologies mature and become commercially viable. Annual average mitigation needs for the sector are estimated at USD 60 billion for the period 2025-2030.	Mitigation: Decarbonizing industry will require substantial investment in energy efficiency improvements, industrial electrification, renewable energy integration and the adoption of circular economy practices.
		Adaptation: Investment opportunities across sectors are closely linked to the region's potential comparative advantage in the production and supply of low-carbon industrial commodities and critical minerals (IDB, 2026). In particular, the resilience of critical supply chains—such as those concerned with electric vehicles and batteries—will require significant investment due to climate-related risks associated with water scarcity and potential weather-related disruptions to logistical networks.

4. CLIMATE FINANCE FLOWS IN LAC

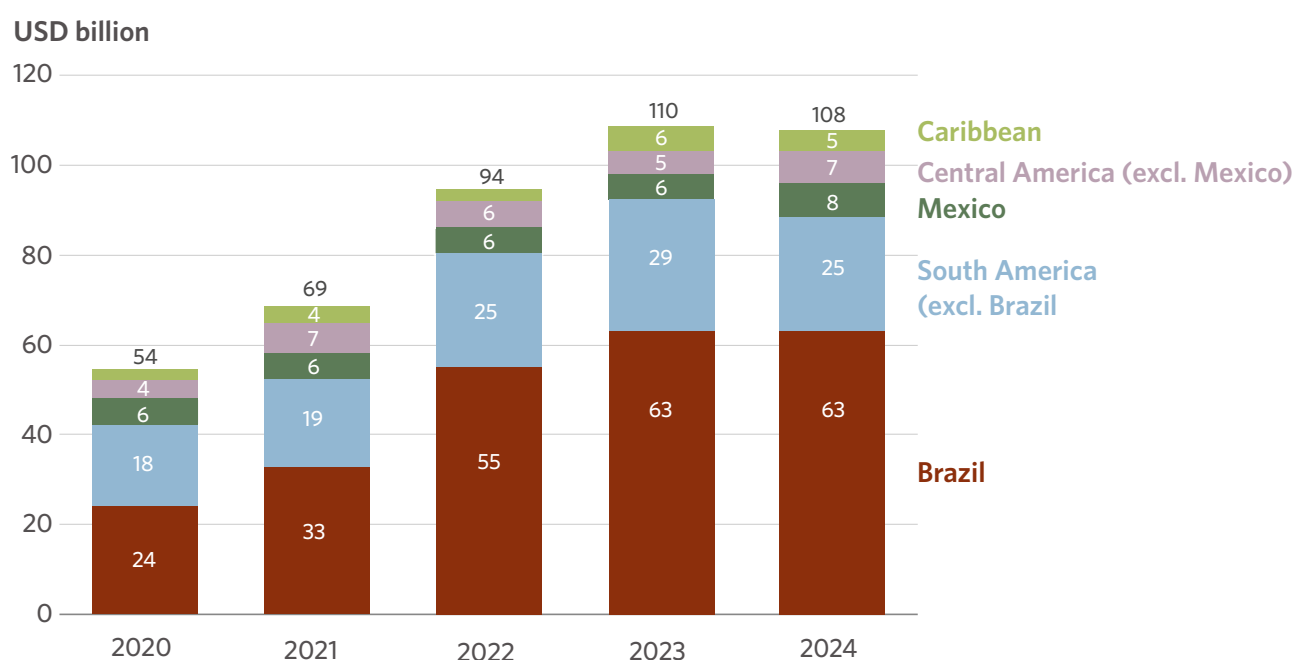
This section unpacks tracked climate finance in the LAC region between 2020 and 2024.

For most analysis, figures are presented using biennial averages for 2021/22 and 2023/24 to minimize the effect of year-to-year fluctuations.²³ Recognizing substantial intra-regional heterogeneity, Section 4.1 offers an overview of overall climate finance in LAC, followed by subregional breakdowns of flows for: (i) the Caribbean in Section 4.2; (ii) Central America and Mexico in Section 4.3, and (iii) South America in Section 4.4. Outlier countries—Mexico and Brazil—are treated independently within their respective sections, given their disproportionate weighting in the subregions.

4.1 REGIONAL OVERVIEW

Tracked climate finance in LAC reached USD 108 billion in 2024, approximately doubling since 2020. However, growth was uneven across subregions and time, with climate investment plateauing between 2023 and 2024.

Figure 3. Evolution of climate finance in LAC (2020-2024)



²³ Noting that 2020 was an outlier year, during which flows were affected by the global COVID-19 pandemic.

Total climate finance in LAC doubled from USD 54 billion in 2020 to USD 108 billion in 2024, but this growth was highly uneven and driven predominantly by Brazil. This growth story largely reflects increasing investments in renewable energy systems, as well as climate-aligned agricultural activities in Brazil, followed by the rest of South America. Other regions saw uneven growth. Solar PV energy in Brazil rose most notably, from USD 4.6 billion in 2020 to USD 20 billion in 2024. These investments were dominated by small-scale solar²⁴, mostly from households (47%) and domestic corporate actors (32%), encouraged by relatively high prices for retail power, net-metering incentives, and the availability of low-cost Chinese solar modules (IRENA, 2025). Solar PV was the dominant renewable energy technology driving market growth across much of the world, including in LAC. On small-scale solar, similar booms have been observed in other EMDEs, such as Pakistan, South Africa, and Lebanon, where rising investment in decentralized solar systems has also largely been led by household funding (IRENA, 2025).

Beyond energy, Brazil's AFOLU climate investment more than doubled from USD 9.9 billion in 2020 to USD 24 billion in 2024, accounting for almost all of LAC's climate finance growth for AFOLU and with most of it funded by domestic commercial financial institutions (FIs) facilitated by public policies.

However, growth showed signs of plateauing by 2024, particularly in Brazil's small-scale solar market. This stagnation can be partially explained by the weakening of several of the conditions that fueled Brazil's small-scale solar boom, including the higher transmission tariffs introduced by the 2022 net-metering reform, delays in obtaining permits from energy distributors, competition from the wholesale power market, and import duties on solar modules (BNEF, 2024), which together have likely contributed to the recent stagnation. In the rest of South America, growth from 2020 to 2024 was spread relatively evenly across sectors.

Regional growth masks more limited progress across other LAC subregions, and is particularly concerning in the context of declining concessional finance. Aside from Brazil and, to a lesser degree, the rest of South America, tracked climate finance increased only modestly across LAC (see Figure 3). At the same time, official development assistance (ODA), a critical source for concessional climate finance for vulnerable countries, saw a 23% decrease globally in 2024²⁵, the largest annual reduction on record and a second consecutive year of decline (OECD, 2026). This is especially concerning since the effects of more recent and substantial cuts to ODA since 2025 are not yet reflected in our tracked climate finance figures. Given its critical role, particularly for adaptation and in smaller, more climate-vulnerable markets, ODA cuts risk weakening flows in subregions where growth has already slowed. There is an urgent need to strengthen investment pipelines and mobilize alternative sources of both concessional and commercial capital to help close the climate finance gap in LAC, especially from domestic investors.

An important caveat is that these tracked figures reflect flows through 2024, while market and policy conditions have continued to evolve since, with the effects of ODA cuts yet to emerge. For example, in **Brazil**, the exceptional growth documented in this report has shown signs of plateauing: the market added an estimated 13 GW of solar in 2025 but faced growing curtailment, grid constraints, and regulatory uncertainty (PV Magazine, 2025). In the **Caribbean**,

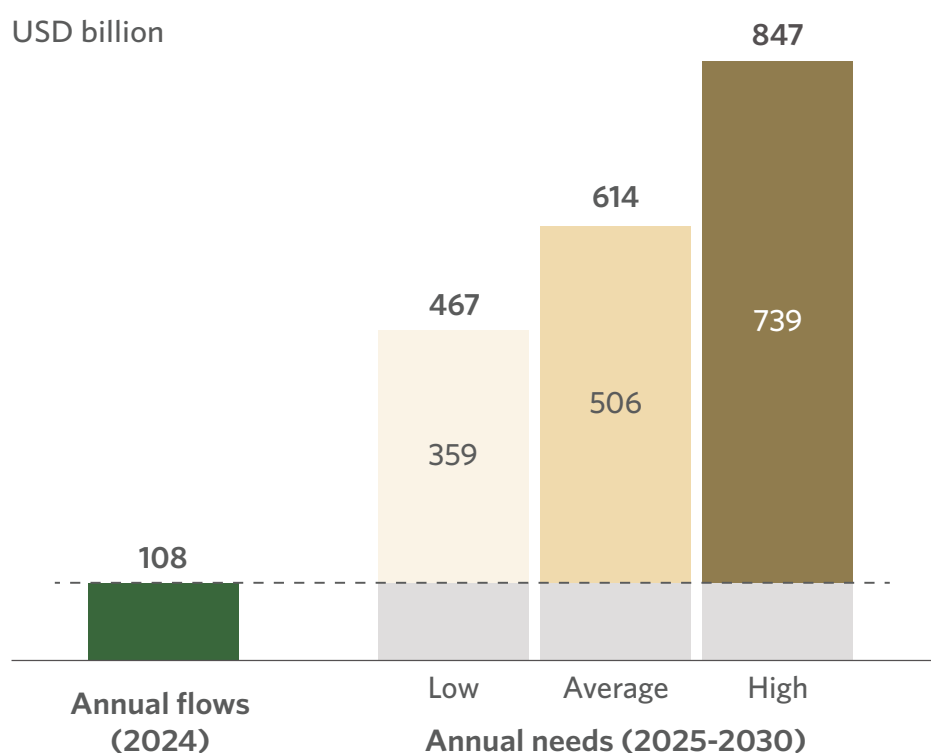
24 Household rooftop solar investment is estimated using BNEF's Small-Scale Renewables dataset and a top-down allocation approach following the GLCF methodology (GLCF 2025). Where BNEF reports country-level investment directly, those figures are used; for remaining countries, the regional residual is allocated in proportion to national small-scale capacity additions. As installed capacity data are unavailable for some countries, not all LAC countries are individually covered — data are concentrated in Brazil, Mexico, Chile, Argentina, and the Dominican Republic, among others, with Brazil having the most comprehensive data coverage.

25 We note that the 23% decrease is for overall global ODA flows, which include but go beyond climate finance for the LAC region.

the Dominican Republic—the subregion’s largest market—added more than 600 MW of clean capacity through 13 new solar and wind plants in 2025, pushing renewable capacity above 2.7 GW ([Strategic Energy](#), 2026). Given the country’s weight in the subregion, the momentum could meaningfully shift the trajectory of tracked investment for the Caribbean as a whole. In March 2025, **Mexico’s** energy reform preserved state-utility dominance and initially raised investor concerns over regulatory transparency and market competition ([ITA](#), 2025); subsequent implementing regulations and tenders have, however, reopened space for private capital through mixed-investment schemes with CFE (Comisión Federal de Electricidad), with the government targeting at least 16 GW of new renewable capacity under such arrangements ([Mexico Business News](#), 2026).

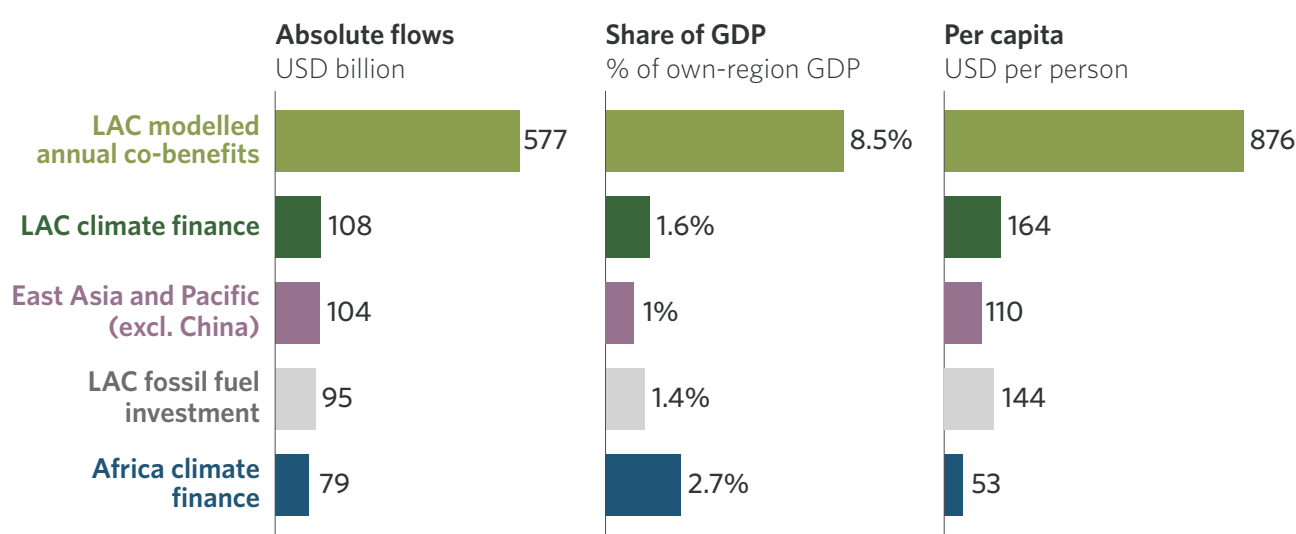
In 2024, climate finance flows in LAC fell short of the estimated annual investment needed through 2030 by a factor of 5 (on average), widening to almost 8X using the higher-range estimate. This highlights the urgent need to scale up climate finance from all sources.

Figure 4. Annual climate finance flows (2024) compared to estimated needs across LAC



Annual climate finance falls short of estimated average needs by a factor of five in LAC, widening to a factor of eight under the higher needs estimate. Sector-based modeling shows that the region requires an estimated USD 467-847 billion per year until 2030²⁶ to stay on track for internationally defined net-zero pathways.²⁷ The financing gap depicted in Figure 4 does not capture the additional investment needed for adaptation as well as some mitigation sectors where needs estimates are not yet available.²⁸ By sector, the greatest annual shortfall (on the basis of average annual needs up to 2030) is for industry, where 26X more investment is needed. Transport also requires 25X more investment. While the gap for AFOLU is over 7X across the region, it rises to 125X when Brazil's large, outlier flows are removed.²⁹

Figure 5. LAC climate finance in context (2024)



Source: CPI, IEA World Energy Investment 2025; IDB/SISEPUDE, 2026; IMF WEO (GDP); World Bank, 2025; UN WPP (population).³⁰ NB: The fossil fuel financing depicted in this graph represents fossil fuels investment numbers from [IEA](#), and should not include subsidies.

LAC's climate finance performance compares favorably with other developing regions, but aggregate figures mask substantial subregional disparities, while fossil fuel investment remains close to the scale of climate finance. Tracked climate finance in LAC (USD 108 billion in 2024) exceeded annual flows in East Asia and the Pacific (excl. China) (USD 104 billion) and Africa (USD 79 billion) (CPI, *forthcoming*). However, weighting by economic size and population reveals a more nuanced picture.

²⁶ Analyzing needs 2025-2030 reflects the increasing pressure to scale up climate finance in the short-term, in addition to 2030 remaining a reference point for the mitigation of global emissions (~45% against 2010 levels).

²⁷ Achieving net zero by 2050 is the most common alignment goal cited within the scenarios which have been used to generate these "top-down" needs estimates (see Table A.1). In addition, some institutions state that their scenarios are aligned with a 1.5C trajectory, though the feasibility of this pathway has increasingly been questioned in recent years ([UNEP, 2026](#)).

²⁸ Due to data gaps needs estimates are not available for the following sectors for which CPI has tracked climate finance flows: waste; water and wastewater; information and communications technology; other and cross-sectoral investments.

²⁹ Brazil accounts for 94% of all climate finance flows tracked for AFOLU in LAC, reflecting significant efforts to curb deforestation and support the transition toward a low-emission, climate-resilient agricultural sector.

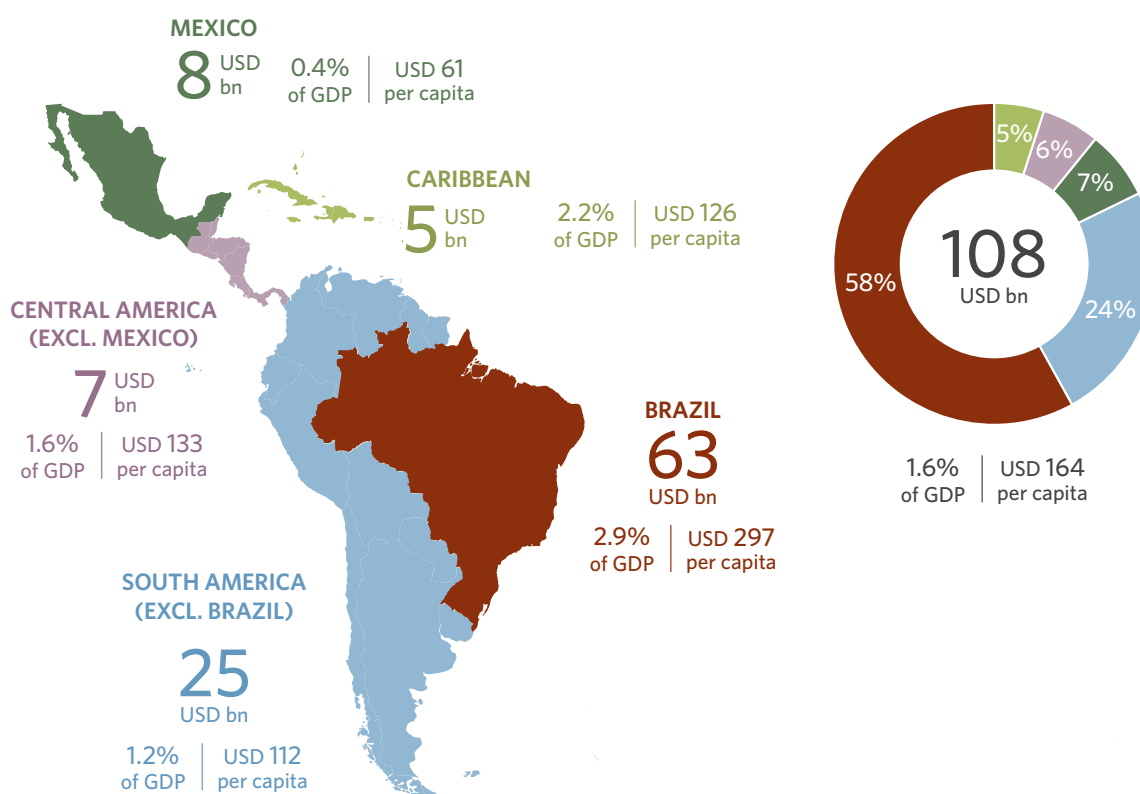
³⁰ See Table 1 (Section 2. Methodology) for population figures by subregion

- **As a share of GDP**, LAC's climate finance (1.6%) is above that of East Asia and the Pacific (excluding China) (1%)³¹ but below that observed in Africa (2.7%).³²
- **On a per capita basis**, the relative magnitude is clearer: LAC receives USD 164 per person, roughly 3.1 times the levels in Africa (USD 53) and 1.5 times the levels in East Asia and the Pacific (excl. China) (USD 110).

Two LAC-specific reference points help to benchmark the total tracked climate finance in the region:

- **First, fossil fuel investment in the region was around USD 95 billion in 2024** (IEA, 2025). This is equivalent to roughly 2.2 dollars for every dollar of tracked climate finance for energy system, or around 1.4% of regional GDP—with Brazil, Argentina, and Mexico accounting for almost 70% of the total (IEA, 2025). This near-parity highlights that the redirection of existing capital, not only the mobilization of new resources, is central to the region's transition.
- **Second, modeled co-benefits of the transition dwarf current flows:** SISEPUEDE³³ estimates cumulative co-benefits exceeding USD 15 trillion across all sectors over the period 2025–2050 (IDB, 2026), far outweighing investment costs. Annualized, this is approximately USD 577 billion per year, over five times current tracked climate finance (8.5% of regional GDP, and USD 876 per capita).

Figure 6. Subregional distribution of climate finance in LAC, with normalizations (2024)



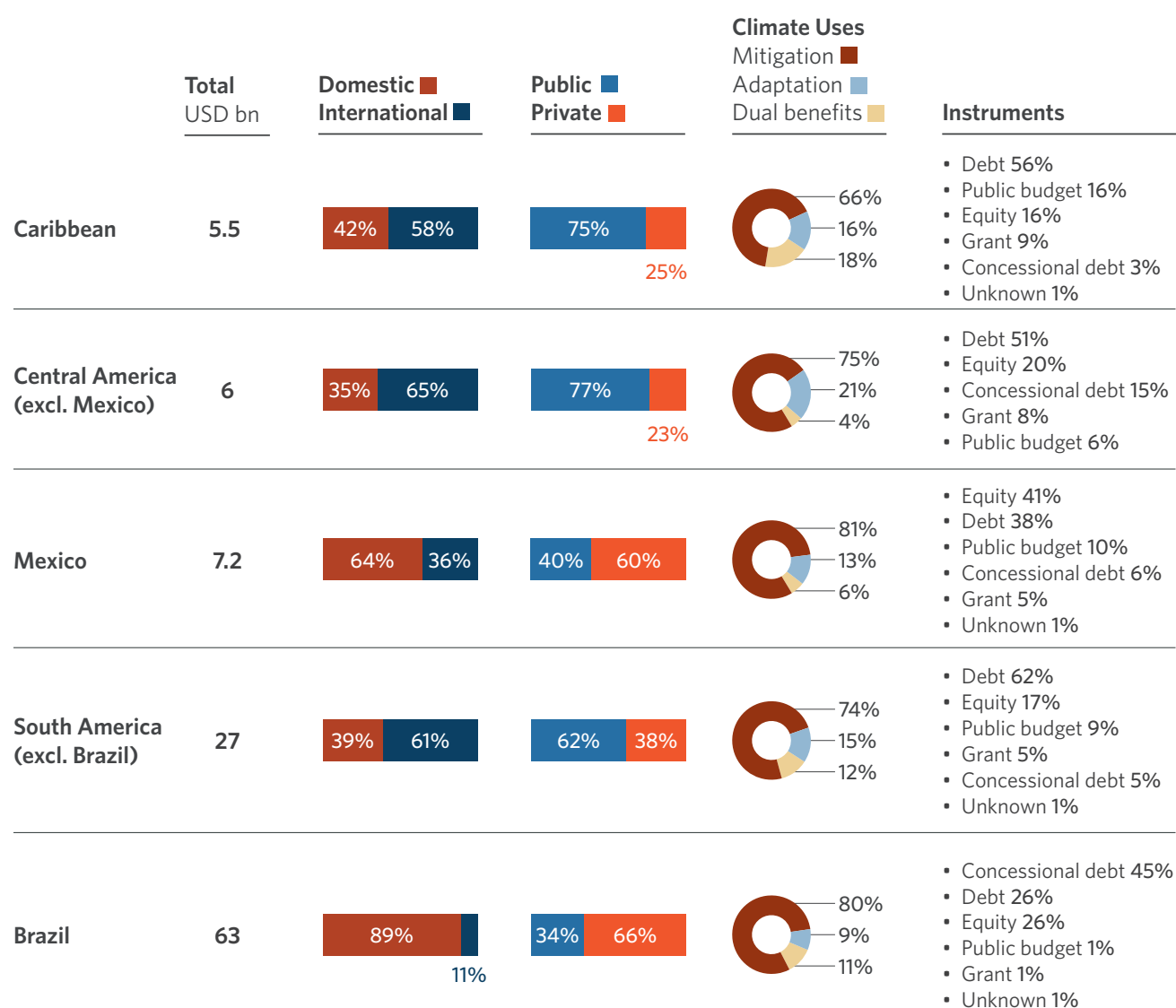
31 China is excluded from the East Asia and Pacific figures for comparability, given its large size and climate finance flows, which make it a regional and global outlier.

32 The latter reflects Africa's smaller economic base rather than the adequacy of climate finance to the continent

33 Simulation of Sectoral Pathways and Uncertainty Exploration for Decarbonization

Brazil dominates the LAC climate finance landscape, accounting for 58% of total tracked flows in 2024. The rest of South America accounted for 24% of LAC climate finance. Central America (excl. Mexico) and Mexico together accounted for 13% and the Caribbean 5%. Normalizing flows by GDP and population reveals a different picture of each subregion's mobilization of investment:

- **Brazil leads the region in both absolute and relative terms**, with climate finance equivalent to roughly 2.9% of GDP and close to USD 300 per capita—nearly twice the regional average (1.6% of GDP and USD 164 per capita).
- **Absolute volumes understate the strategic relevance of smaller subregions:** The Caribbean is the smallest market in absolute terms, but ranks second at 2.2% of GDP and USD 126 per capita. However, this is influenced by the Dominican Republic, which accounted for 64% of subregional investment in 2024 and 54% of subregional GDP. In the Dominican Republic itself, investment amounted to 2.6% of GDP. Excluding the Dominican Republic, investment in the rest of the Caribbean was equivalent to 1.7% of GDP, broadly in line with Central America (excl. Mexico), where investment also stood at roughly 1.6% of GDP and USD 133 per capita. Both cases reflect the important weight of concessional international inflows.
- **Mexico has a distinct financing profile.** The country ranked second by absolute volume of climate finance tracked across LAC. However, flows are equivalent to around 0.4% of GDP and USD 61 per capita—among the lowest levels in the region on both relative measures, and approximately one-quarter of the regional average in GDP terms. This reflects the broader scale of Mexico's economy and suggests considerable scope for greater climate finance mobilization, building on its depth of financial markets, predominantly private and domestic financing structure, and ongoing efforts to strengthen country-level coordination and investment platforms.
- **South America (excl. Brazil) sits below the regional average at around 1.2% of GDP and USD 112 per capita.** This normalized view suggests relatively shallow mobilization in large subregional economies, including Argentina, Chile, and Colombia.

Figure 7. Disaggregation of tracked climate flows by subregion/country (2023/24 average)

DOMESTIC AND INTERNATIONAL FLOWS

The origin of climate finance varies sharply across Brazil and other subregions. In Brazil, nearly 90% of flows are domestic, followed by Mexico (64%), reflecting deeper local capital markets as well as household and corporate investment. Across the rest of LAC, international finance accounts for around 60%. This pattern largely mirrors domestic financial market depth: where local markets are more mature, domestic capital dominates; where markets are smaller and/or perceived risks are higher, international finance is more prominent. Deepening domestic markets is not only a development priority, but also a key determinant of how much climate finance a country can mobilize, from whom, and on what terms. Where domestic financing remains shallow, countries depend more heavily on international flows, with potential implications for financing costs, currency risk, and control over project pipelines. It is worth noting that within international finance, market-rate financing dominates in every subregion (70–87%), though with variation: Brazil shows the highest share (87%), while Central America (excl. Mexico) shows the lowest (70%), where concessional finance accounts for 22% of international flows—the highest among all subregions. Within grants specifically, the Caribbean stands out with the

highest share of international flows (14%), followed by Central America (excl. Mexico) at 8%; the remaining subregions range from 3% to 8%, with Mexico placed lowest.

However, the Caribbean illustrates an important nuance: even where market-level risks are perceived as high, growth can still be driven by mature, proven technologies. Much of the subregion's climate finance increase comes from the Dominican Republic's rapidly expanding solar market (from both international and domestic investors), suggesting that technology maturity, with its well-understood costs and bankable business models, can partially offset perceived risk ([The Renewable Energy Institute](#), 2024).

PUBLIC AND PRIVATE FLOWS

Private capital leads only in the region's two largest markets—Mexico and Brazil—joined by Chile. Everywhere else, public finance still provides 60% to more than 80% of climate finance, including in big economies such as Peru (84%), Colombia (79%), and Argentina (60%). In the rest of Central America and the Caribbean, around three-quarters of flows are public, consistent with smaller market size, higher (perceived) risk and adaptation-heavy investment needs that may generate less secure revenue streams.

CLIMATE USES

Mitigation dominates in all LAC subregions, absorbing roughly 65%-80% of tracked finance.

The Caribbean stands out among the subregions: counting finance that has dual benefits (mitigation and adaptation simultaneously), over a third of its climate finance carries an adaptation component, the highest in the region. South America (excl. Brazil) follows, with 27% of flows containing an adaptation component. The higher share observed in the Caribbean reflects not only its acute exposure to climate change, but also its economic structure and national strategies; for example, local agriculture and tourism-dependent economies rely on natural resources and coastal infrastructure whose protection is an economic imperative, making adaptation a policy priority and financing opportunities rather than a co-benefit only. In Caribbean countries, international actors such as the IMF are a key source of funding for adaptation; for example, IMF is supporting Jamaica's climate and resilience policy reform ([IMF](#), 2024). Brazil sits at the opposite end with the region's lowest adaptation share, with a climate finance landscape dominated by commercial, mitigation-oriented solutions.

FINANCIAL INSTRUMENTS

Market-rate debt is the dominant instrument regionally, except in Brazil. It is used most heavily in South America (excl. Brazil) (~62%), driven by energy systems and other cross-sectoral solutions. Market-level equity plays a meaningful secondary role in all subregions, reaching around 26% of flows in Brazil and 41% in Mexico, and around 16%–20% elsewhere. In most subregions, corporations are the main users of this instrument. Brazil and Mexico are exceptions, where households and individuals account for more than half of market-level equity, largely driven by investment in small-scale solar PV. Finance from public budgets is more prominent in the Caribbean, where it is almost on par with equity, and, together, they account for a sizable non-debt share of total climate finance.

Concessional resources, including grants and concessional debt, account for approximately 10% of climate finance across most subregions. Though grants are minimal, Brazil stands out, with 45% of its financing in the form of concessional debt, 80% of which was provided as rural credit in the agriculture sector and characterized by its subsidized interest rates, treasury-funded interest-rate equalization, and earmarked funding.³⁴ Central America (excl. Mexico) is another exception, where the share reaches around 25%, underscoring the greater reliance on concessional international flows.

The similar shares of concessional finance observed in markets with different levels of maturity and perceived risk suggest that allocations may not align with differences in financing needs, market barriers, and risk profiles. The major concessional finance providers such as DFIs and MDBs should therefore calibrate concessionality to market conditions—directing deeper concessional terms toward structurally constrained markets, while prioritizing mobilization-oriented instruments in more mature markets where private capital can be readily crowded in. In addition, the dominance of market-rate debt across the region, particularly in debt-distressed economies such as those in the Caribbean, raises concerns about debt sustainability.

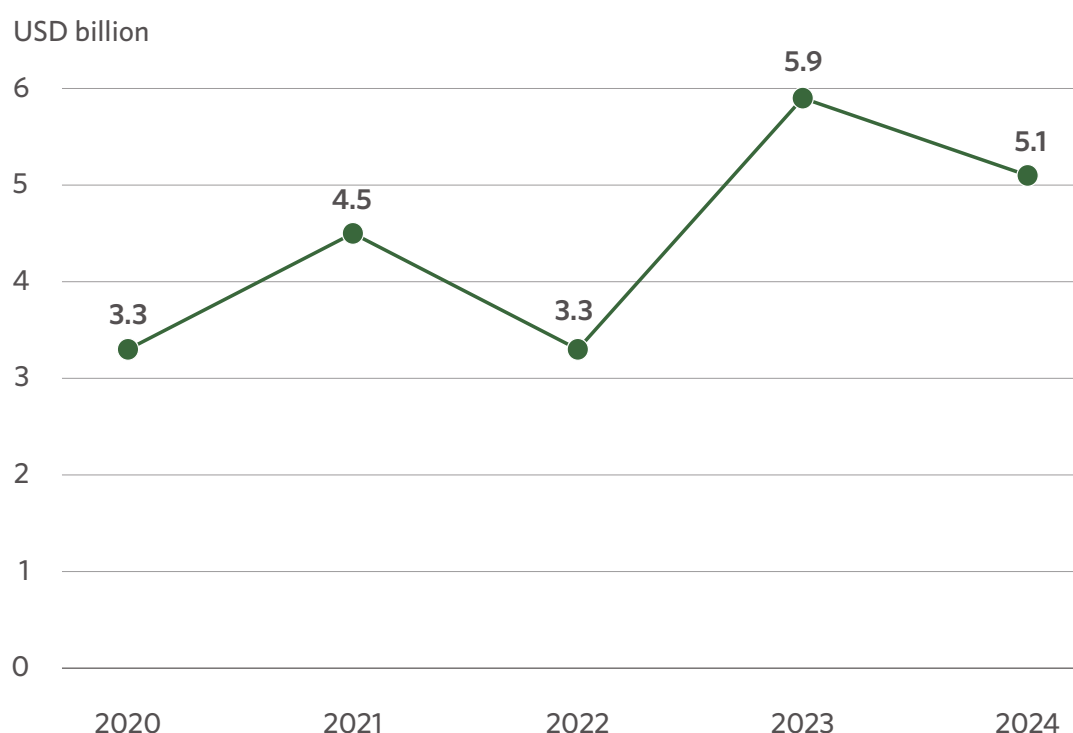
4.2 THE CARIBBEAN

Climate finance for the Caribbean is dominated by public investment. Multilateral DFIs and governments (both domestic and international) mainly finance energy systems, cross-sectoral programs and, increasingly, climate-aligned water and wastewater infrastructure. While domestic private investment is growing, scaling investments across the subregion will require adequate project pipelines, the aggregation of projects and financial transactions to move beyond small transaction sizes, and financing structures that can preserve fiscal space or lower the cost of capital. This is essential for supporting the development of local private climate investment markets and attracting international private capital to highly vulnerable small island developing states (SIDS).

4.2.1 EVOLUTION OF CLIMATE FINANCE IN THE CARIBBEAN (2020-2024)

Caribbean climate flows grew unevenly from a low base between 2020 and 2024, both in absolute terms and as a share of GDP. Annual changes should be interpreted carefully, given the small populations of many Caribbean SIDS and the concentration of climate finance in a limited number of large, mainly public transactions. Additionally, in smaller economies, total flows may remain modest even when per capita flows are relatively high. This concentration is also geographic: **in 2023/24, just under 60% of total Caribbean climate finance was in the Dominican Republic, with the next largest concentration in Jamaica (14%), while all other countries accounted for less than 6%.** While this partially reflects data availability (specifically, the prevalence of domestic public climate budgets in Dominican Republic), other factors underlying this geographical concentration are explored in Box 1.

³⁴ These figures should be approached with due caution. Previous research indicates that investments designated as climate finance upfront may not ultimately generate the anticipated climate benefits. This issue is especially pronounced in the agricultural sector, which demands a robust periodic monitoring and verification system with geospatial data, which public and private actors have only recently started to fully implement.

Figure 8. Evolution of climate finance in the Caribbean³⁵

4.2.2 SOURCES AND INSTRUMENTS IN THE CARIBBEAN

International public actors provided the majority of Caribbean climate finance in 2023/24, relying on non-concessional debt. Private flows were concentrated in energy systems and mainly deployed through balance sheet financing.

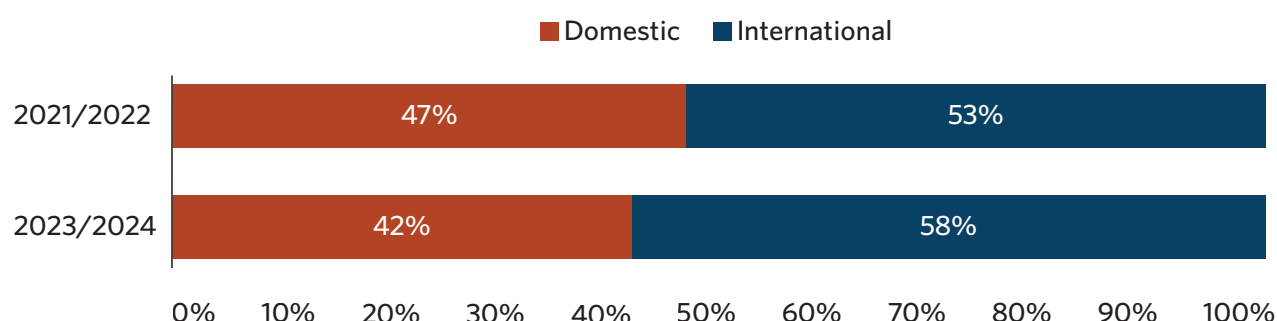
Reliance on international climate finance in the Caribbean reflects the subregion's limited domestic financial depth and fragmented investment landscape. International flows averaged USD 3.2 billion annually in 2023/24 (58%), compared with USD 2.3 billion (42%) from domestic sources.³⁶ This pattern in the Caribbean is linked to its large number of SIDS, as these small economies tend to have limited fiscal space, smaller domestic capital markets, and limited capacity to develop and structure projects. Climate investment needs are substantial, but potential projects are often small, spread across multiple countries, and not sufficiently developed or structured to secure financing. This fragmentation makes it difficult to combine

³⁵ At present, needs estimates are provided at the LAC level only, with additional subregional disaggregation not yet available for the Caribbean, Central America and South America.

³⁶ Climate finance to the CARICOM classification of the subregion was 74% international over 2023/24, see Box 2 for more detail.

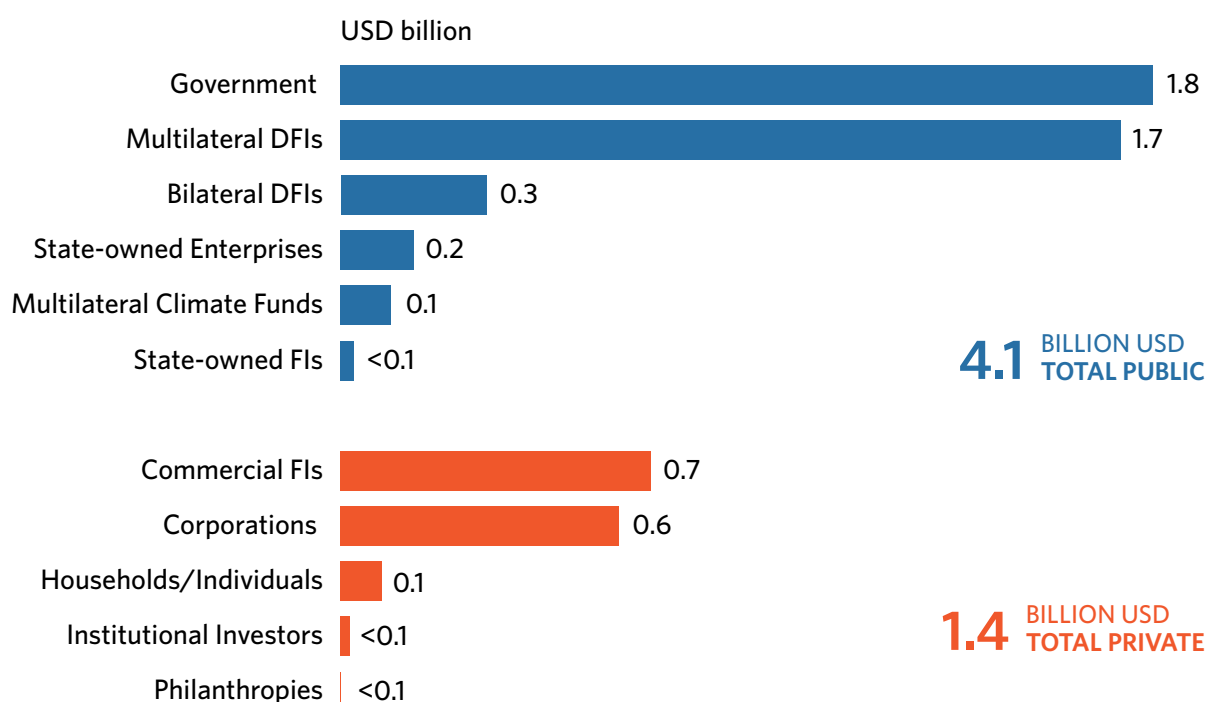
projects into transaction sizes that can attract investors, increasing the need for concessional public capital and project preparation support.

Figure 9. Climate finance in the Caribbean, international-domestic split (2021/22 vs 2023/24)



Expanding domestic finance will require stronger capacity across governments, local FIs, and fund managers. Governments and ministries need support to identify, prioritize, prepare, and coordinate climate-aligned investments, while local FIs and fund managers need the tools and structures to develop and finance them. Several regional initiatives are beginning to address these constraints. IDB Invest’s Caribbean Impact Manager Program provides training and investment support to local fund managers ([IDB Invest, 2025](#)). The Caribbean Climate-Smart Accelerator’s project preparation programs help develop the regional pipeline ([Caribbean Climate-Smart Accelerator, 2024](#)), while CDB’s Climate Change Project Preparation Fund also supports countries to develop bankable projects and access concessional finance ([CDB, 2025](#)). The ECCB–World Bank RREIIF is an aggregator for renewable energy projects across the Eastern Caribbean, as well as building institutional capacity and supporting private finance mobilization through risk-sharing mechanisms ([World Bank, 2025](#)). Additionally, CARICOM’s green finance taxonomy work and resilience-focused investment platforms (see Box 2) are also working toward common definitions and coordination mechanisms.

Regional institutions are also building capacity to access and deploy climate finance. The Caribbean Community Climate Change Centre (CCCCC) and Organisation of Eastern Caribbean States (OECS) Commission support governments with climate finance access and project development, while the Caribbean Centre for Renewable Energy and Energy Efficiency (CCREEE) strengthens capacity to develop and finance renewable energy and energy efficiency investments ([CCCCC, 2025](#); [OECS, 2025](#); [CCREEE, n.d.](#)). Experiences from other small island regions could be relevant for replication: for example, the Pacific Climate Change Centre, where public officials are trained for accessing climate finance, as well as planning and managing projects, could generate relevant approaches and learnings for Caribbean countries.

Figure 10. Public and private climate finance in the Caribbean, with actor breakdown (2023/24)

This reliance on international finance is reflected in the Caribbean's public-led climate finance mix. Public actors—domestic and international—provided 75% of Caribbean climate finance in 2023/24; or USD 4.1 billion of the total USD 5.5 billion. Given the Caribbean's stage of market development, governments (both domestic - USD 1 billion; and international - USD 783 million) and multilateral DFIs were the largest public providers, underscoring the central role of public actors in financing across the subregion, while barriers to private participation persist.

However, public climate finance was dominated by public budgets (21%) and non-concessional project debt (57%), rather than grants or concessional instruments. The Dominican Republic dominated public budget financing (see Box 1). Non-concessional project-level public debt averaged USD 2.4 billion in 2023/24. Multilateral DFIs, which supported the broadest range of sectors, provided 75% of all their finance through non-concessional project debt. Bilateral DFIs also relied on project debt, mainly for transport, water, and energy. While this financing approach may suit revenue-generating energy projects, it is less appropriate for debt-constrained countries and sectors such as adaptation and agrifood systems. Grants and concessional public debt represented just 16% of public climate finance in the Caribbean (USD 0.5 bn and USD 0.15 bn, respectively). The multilateral climate funds provided 67% of their finance through grants and concessional debt.

Figure 11. Public climate finance by instrument in the Caribbean (2023/24)

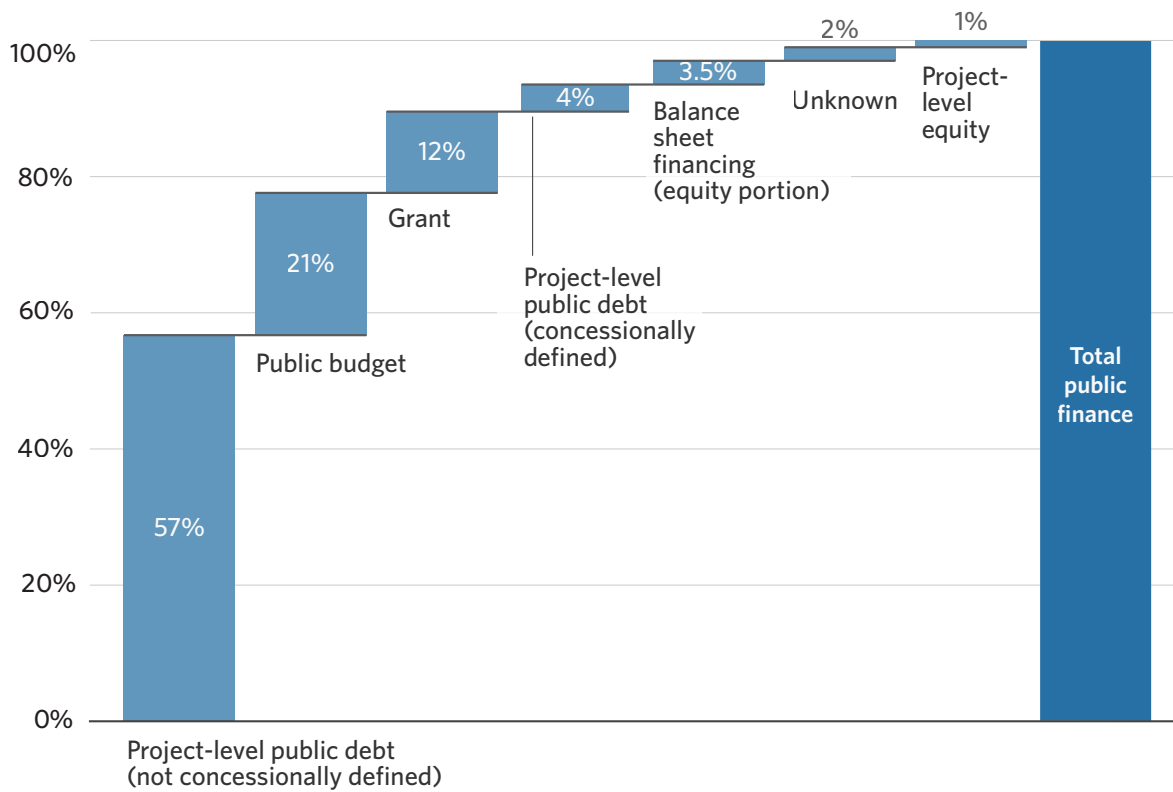
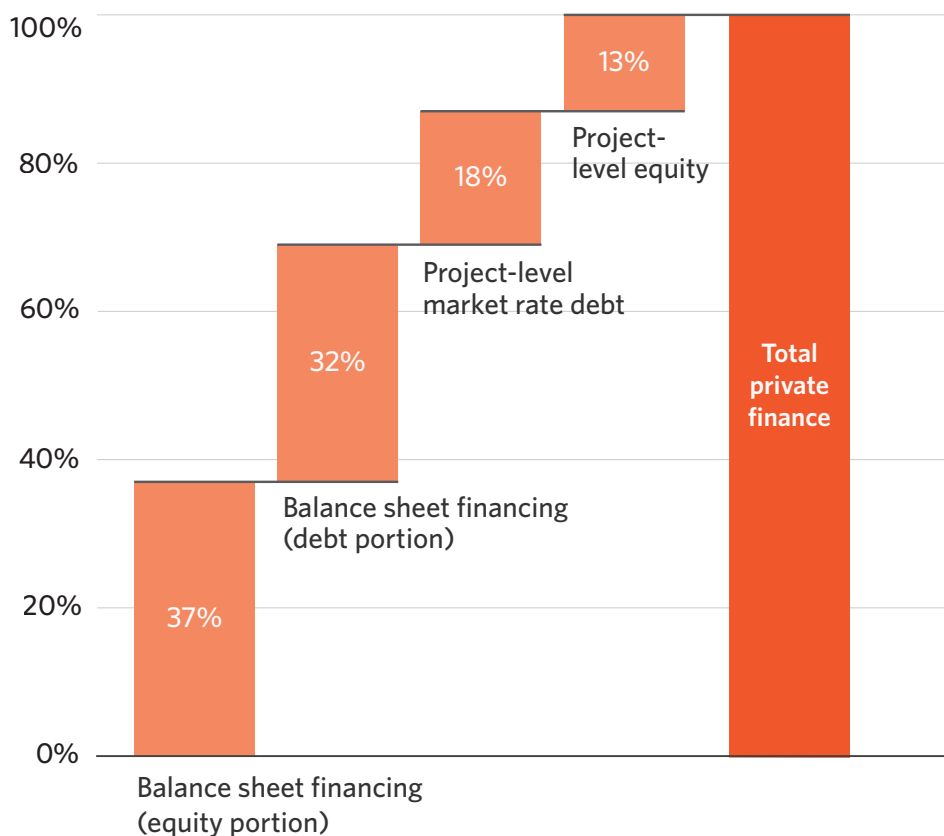


Figure 12. Private climate finance by instrument in the Caribbean (2023/24)



Private climate finance in the Caribbean is concentrated in established, energy-related investments, evenly divided between debt and equity, differing from the more debt-led pattern in other subregions. Commercial FIs and corporations were the dominant private actors in 2023/24. Commercial FIs directed 92% of their finance toward energy, mainly as debt, while corporations also prioritized energy, followed by industry, and provided most of their finance as equity. Household finance was directed entirely toward small-scale solar PV through balance sheet equity. Overall, equity represented 50% of private flows, unlike the more debt-led pattern observed in other LAC subregions. In 2023/24, corporations provided a large share of such financing (84%), followed by households (13%), largely reflecting self-financing rather than institutional equity investment. However, 69% of private finance was deployed through balance sheets, indicating that investment is largely confined to actors with internal resources, while smaller developers and emerging projects—which could rely on external capital—face limited financing channels.

Box 1. Country Spotlights for the Caribbean

Dominican Republic

The Dominican Republic absorbed 65% of multilateral DFIs' climate finance to the Caribbean in 2023/24. This dominance likely reflects this upper-middle-income country's market maturity and scale. Investor confidence is reinforced by the economy's leading GDP growth in the subregion, which accelerated to 5% in 2024 ([IMF, 2025](#)). This is also demonstrated by the observation that 87% of multilateral DFIs' climate finance to the Dominican Republic was non-concessional project-level debt.

Well-established policy and institutional frameworks laid the groundwork for attracting climate finance from major providers to the Dominican Republic. More than a decade of sustained institution-building has included the Plan for an Economic Development Compatible with Climate Change in 2011 and the National Climate Change Policy in 2015. The country also mainstreamed climate adaptation as a cross-cutting policy within its National Development Strategy 2030 and approved the National Plan for Climate Change Adaptation 2015–2030 ([NDCP, 2023](#)). Institutional maturity is a key criterion for MDBs when assessing whether a country can absorb and deploy finance.

In addition, the Dominican Republic accounted for 95% (USD 952 million) of total domestic government climate finance tracked across the Caribbean, largely deployed via public budgets.

Jamaica

Jamaica received 87% of its climate finance flows from international governments in 2023/24, almost entirely as non-concessional project-level debt. The prominence of non-concessional debt is notable as, despite significant progress, Jamaica's public debt burden remains large, and continued reliance on non-concessional lending raises concerns over debt sustainability ([IMF, 2025](#); [World Bank Group, 2022](#)). Among other initiatives, this reflected investments in the Resilience and Sustainability Facility, arranged with the IMF ([IMF, 2023](#)).

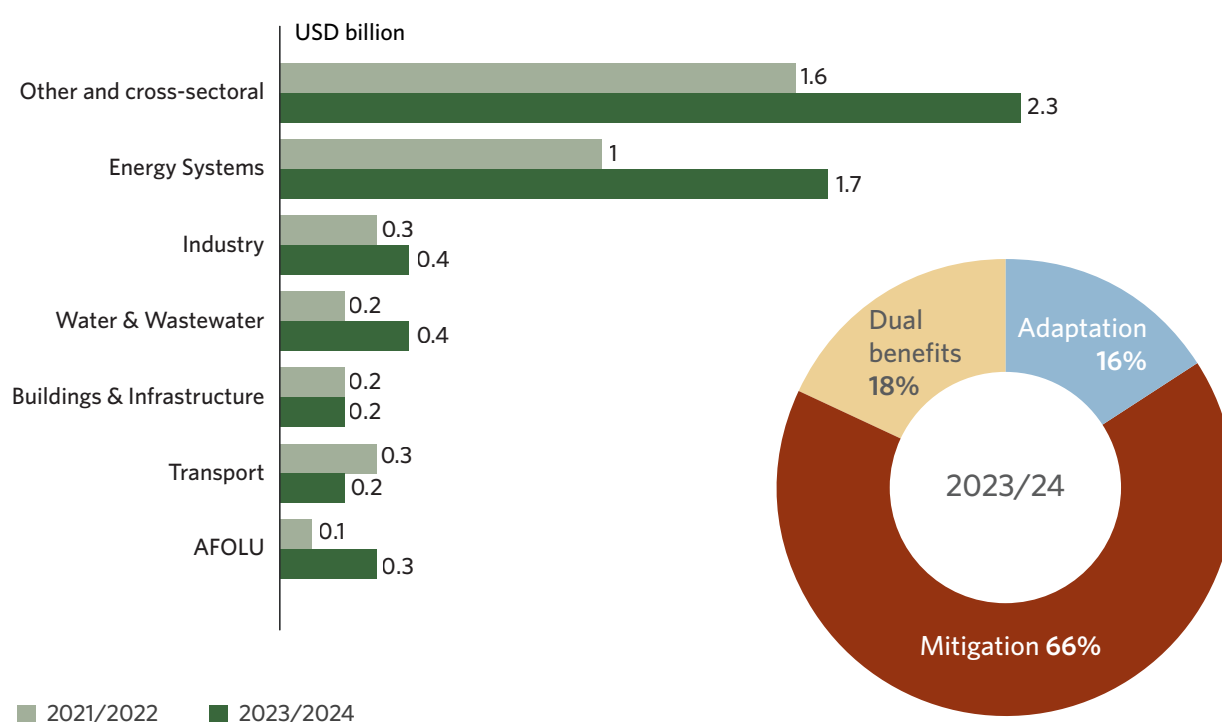
Jamaica's electricity market structure appears as a key driver of mitigation finance. As one of the earliest and most liberalized markets in the Caribbean to open to independent power producers (IPPs), the country's strong IPP participation and a single-buyer system provide investor certainty, with a focus on contractual and pricing risk within long-term PPAs ([Energy for Growth Hub](#), 2026).

Jamaica's depth of financial market infrastructure is also prominent in the Caribbean. The Jamaica Stock Exchange (JSE) is a mature exchange that delivered cumulative returns of over 200% in the five years before the pandemic, among the strongest-performing markets globally over that period ([Bloomberg](#), 2018), and by 2019 already hosted listed clean energy companies such as Wigton Wind Farm ([Jamaica Information Service](#), 2018). In 2024, the JSE launched its Green Bond Plus platform ([JSE Green Bond](#), 2024) for issuing and trading green, social, and sustainability-linked bonds.

4.2.3 USES OF CLIMATE FINANCE IN THE CARIBBEAN

The majority of Caribbean climate finance is provided for mitigation, with a focus on cross-sectoral activities and energy systems, while adaptation investment lags.

Figure 13. Climate finance in the Caribbean by sector (2021/22 vs 2023/24), with climate finance use (2023/24)

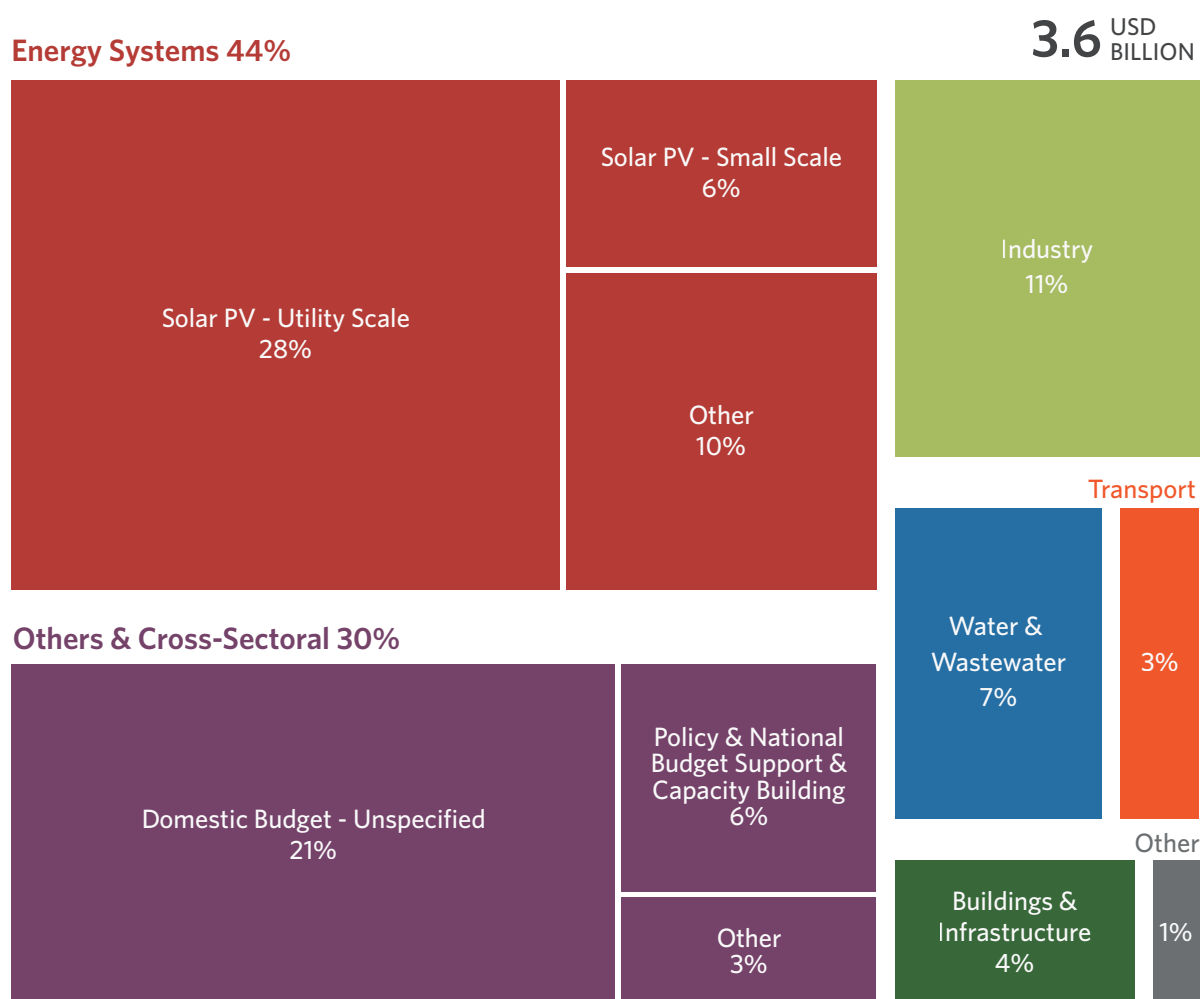


Climate finance in the Caribbean is largely concentrated in so-called other and cross-sectoral projects. Of the USD 2.3 billion tracked in this category in 2023/24, policy support and capacity building received USD 692 million, and disaster risk management (DRM) USD 314 million. A large amount of these flows (USD 851 million) was from climate-tagged national budget expenditure targeting cross-sectoral measures in the Dominican Republic (see Box 1).

Mitigation projects dominated Caribbean climate finance in 2023/24, receiving 66%. This includes many activities that yield energy security and resilience benefits. Clean energy and energy efficiency are important for the subregion, given countries' dependency on imported fossil fuels. Clean energy can lower exposure to fuel price volatility, reduce fiscal vulnerability, and strengthen energy security ([ECCB](#)), while enhanced energy efficiency in end-use sectors such as buildings and infrastructure and industry can further reduce this reliance. Although clean energy continues to attract finance, existing and emerging fossil fuel resources can create competing incentives for governments seeking to scale clean energy investment ([Driver](#), 2024).

Caribbean countries' high climate vulnerability creates urgency for adaptation finance, but growth has not kept pace with mitigation. Acute exposure to climate risk through hurricanes, flooding, drought, sea-level rise, and water stress makes adaptation and resilience immediate investment priorities. In years when storms strike Caribbean SIDS, losses average around 17% of GDP ([UN, 2026](#)). The CDB estimates extreme weather can cause damages ranging from 50 to over 200 percent of GDP, with adaptation needs sat at around 5-10% of GDP ([CDB, 2026](#)). Compared to Latin America as a whole, the Caribbean also has both higher infrastructure vulnerability, and prevalence of food insecurity ([OECD/IDB, 2024](#)). Since 2020, adaptation flows have grown by just 15%, while mitigation finance has more than tripled.

MITIGATION FINANCE

Figure 14. Mitigation finance in the Caribbean by sector and key solutions (2023/24)

Mitigation finance for energy systems leads climate finance in the Caribbean. This largely reflects solar PV investment, which more than doubled between 2021/22 and 2023/24, reaching USD 1.2 billion. In addition to financing electricity generation, increased renewable energy capacity will require grid and storage expansion, as well as expanded capacity of utility regulators and institutions. Other and cross-sectoral activities also accounted for a substantial share of mitigation finance, reflecting the importance of enabling measures alongside sector-specific investment. This category includes policy support and capacity building, disaster risk management, and climate-tagged national-budget expenditure in the Dominican Republic.

Mitigation finance for water and wastewater was predominantly for wastewater treatment (USD 228 million in 2023/24). Wastewater systems can be significant emitters of super pollutants³⁷, from both methane (short-lived) and nitrous oxide (long-lived) emissions. Wastewater treatment plants can reduce emissions and recover resources such as energy and nutrients ([CCAC](#)). Sanitation projects can yield both environmental and public health benefits

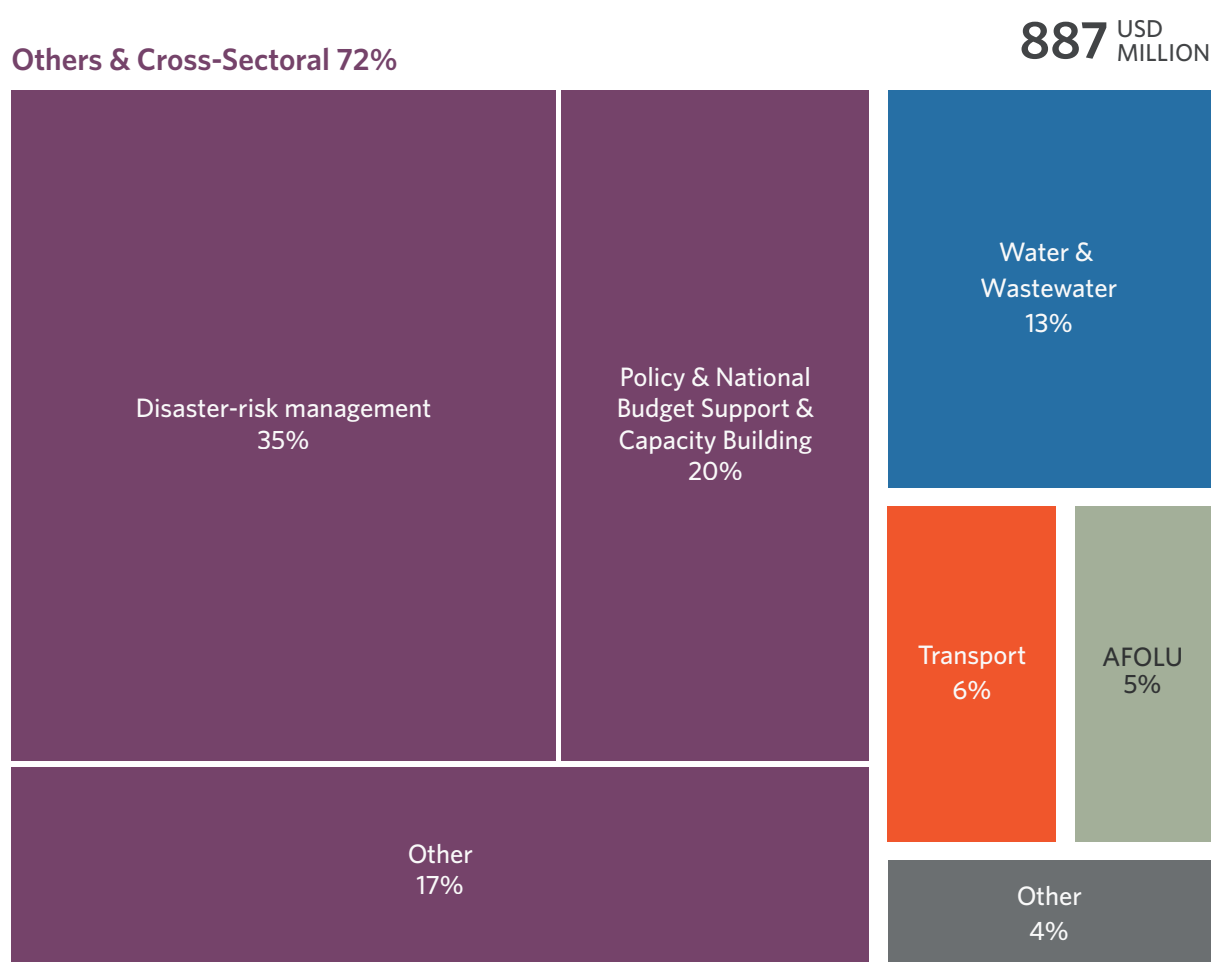
37 Pollutants with strong warming potential and significant impacts on health and the environment.

by expanding the efficient collection and treatment of wastewater, such as the Dominican Republic's *Universal Sanitation Program in Coastal and Tourist Cities* ([IDB, 2024](#)).

The traditionally dominant sectors of transport and buildings and infrastructure struggled to attract climate finance in 2023/24, as well as historically, receiving just USD 149 million and USD 103 million, respectively. Transport and buildings offer strong emissions mitigation potential, however, mitigation investment requires strong enabling conditions including standards, regulation, consumer demand, government incentives, as well as coordination between public agencies, developers, utilities, and FIs, potentially limiting historic finance flows. While the maritime sector presents large opportunities for investment in resilient infrastructure and decarbonization technologies in ports ([GHG Smart](#), [IMO](#)), negligible waterway transport financing was tracked in the Caribbean.

ADAPTATION FINANCE

Figure 15. Adaptation finance in the Caribbean by sector and key solutions (2023/24)



AFOLU: Agriculture, Forestry, Other land uses and Fisheries

Disaster risk management (DRM) flows have been relatively static since 2020, despite the high vulnerability of Caribbean SIDS. Investment totaled USD 309 million annually in 2023/24. DRM finance flowed largely to Jamaica, where international FIs have strengthened cooperation on resilience and sustainability ([IMF](#)), as well as in The Bahamas, where an IDB-funded policy strengthening project aimed to enhance natural disaster risk governance ([IDB](#)).

Water and wastewater adaptation finance is critical for resilient water supply and

decentralized sanitation projects. USD 120 million in adaptation finance was mobilized for water and wastewater in 2023/24. Projects range from integrated water resource management in the Eastern Caribbean ([Government of Canada, 2025](#)) to public-private investment in potable water supply in Jamaica ([Proparco, 2024](#)).

Adaptation finance is harder to scale because revenue streams are often less clear, benefits are harder to monetize, and impact measurement is more complex. In the Caribbean, small and dispersed markets can increase project preparation and transaction costs, while limited technical capacity can constrain governments' abilities to develop and co-finance pipelines. Adaptation finance can be mobilized more effectively when resilience outcomes are linked to dedicated funding mechanisms, or when climate risks are integrated into productive assets, essential services, or value chains. For example, agriculture, tourism, real estate, water and wastewater systems, ports, and resilient logistics are all central to regional productivity and growth and have identifiable revenue streams that are exposed to climate risk, creating clear opportunities to integrate adaptation measures into underlying investments.

Innovative mechanisms are attracting capital for adaptation throughout the Caribbean, though risk mitigation instruments are not included in the tracked finance totals. Project financing instruments such as debt-for-resilience and debt-for-climate swaps or conversions are emerging as important tools by establishing a link between debt relief or fiscal savings and resilience investments. Barbados's 2024 debt-for-climate-resilience operation generated USD 125 million in fiscal savings for water, sewage, food security, and resilience investments ([IDB, 2024](#)). Additionally, risk mitigation instruments such as catastrophe bonds and debt clauses can provide rapid liquidity and protect fiscal space in the aftermath of shocks. For example, Jamaica's 2024 World Bank catastrophe bond renewed USD 150 million of hurricane coverage for four hurricane seasons ([World Bank, 2024](#)), while CCRIF's 2024/25 annual reporting notes USD 84.5 million in payouts after Hurricane Beryl to seven members, including governments, utilities, and a tourist attraction ([CCRIF](#)). CPI does not track risk mitigation instruments as climate finance, as flows are based on the occurrence of uncertain events and payouts are not guaranteed (see Section 2.1).

There is scope to build regional resilience across Caribbean countries through joint responses to common climate risks. Box 2 spotlights existing initiatives, platforms and funds that aim to build effective coordination to mobilize climate finance, particularly for adaptation, and overcome capacity constraints and aggregation barriers.

Box 2: Regional initiatives for building climate resilience in the Caribbean**(i) Caribbean Regional Platform (C-RP) for Catalyzing Resilience and Climate Action.**

Launched in June 2025 by the Barbados Prime Minister, the regional resilience platform seeks to accelerate domestic and international investment in regional and nationally implemented projects ([GCF, 2025](#)). The pioneering approach is being developed in collaboration with the Green Climate Fund, with support through the UK-Brazil-led Global Clean Power Alliance. This support will focus on scaling up investment in three thematic areas: energy, transport, and cross-cutting capacity building (including education) ([UK Government, 2026](#)), via:

- Private finance capacity building: dedicated locally supported private finance experts will work within C-RP structures
- Project readiness and bankability support: support to identify and develop a regional investment plan, supporting project aggregation as a key priority.
- Technical assistance: support the C-RP to access and coordinate technical assistance and address barriers that prevent projects from becoming investment-ready or bankable.

(ii) Caribbean Catastrophe Risk Insurance Facility (CCRIF)

The CCRIF is a Caribbean-owned and operated risk-pooling facility established by Caribbean governments with World Bank and donor support ([World Bank, 2013](#)). It was the world's first regional fund to use parametric insurance for hurricanes and earthquakes. This approach gives governments rapid liquidity when a policy is triggered ([UNFCCC, 2021](#)). Regional risk-pooling lowers costs and speeds up payouts for small, highly exposed states, making it a strong example of cooperation that can be replicated in other disaster-prone regions.

(iii) CARICOM Development Fund (CDF) - managed funds

The Caribbean Community Resilience Fund (CCRF) is the CDF's adaptation-focused blended finance vehicle, launched with USAID and structured as a dual equity-debt fund. It is designed to finance resilience-building across certain priority sectors (agriculture; housing; infrastructure, including ICT; water; and energy), while using embedded technical assistance to help build an investment-ready pipeline. The aim was to structure a fund that was commercial enough to attract the returns needed by prospective investors on the basis of either debt or equity.

The Green, Resilient and Sustainable Facility (GRSF) is a more recent fund within the CDF, intended to expand access to blended concessional finance for resilience, sustainability and economic adaptability, with a particular emphasis on adaptation-oriented public infrastructure. The facility is being developed with the support of Afreximbank, directly complementing the CCRF, with an expected launch in 2026. The facility aims to finance more 'public-good' type interventions, such as ports, seawalls, water infrastructure and other public-sector adaptation assets, where the challenge is avoiding putting further pressure on already-stretched domestic public balance sheets.

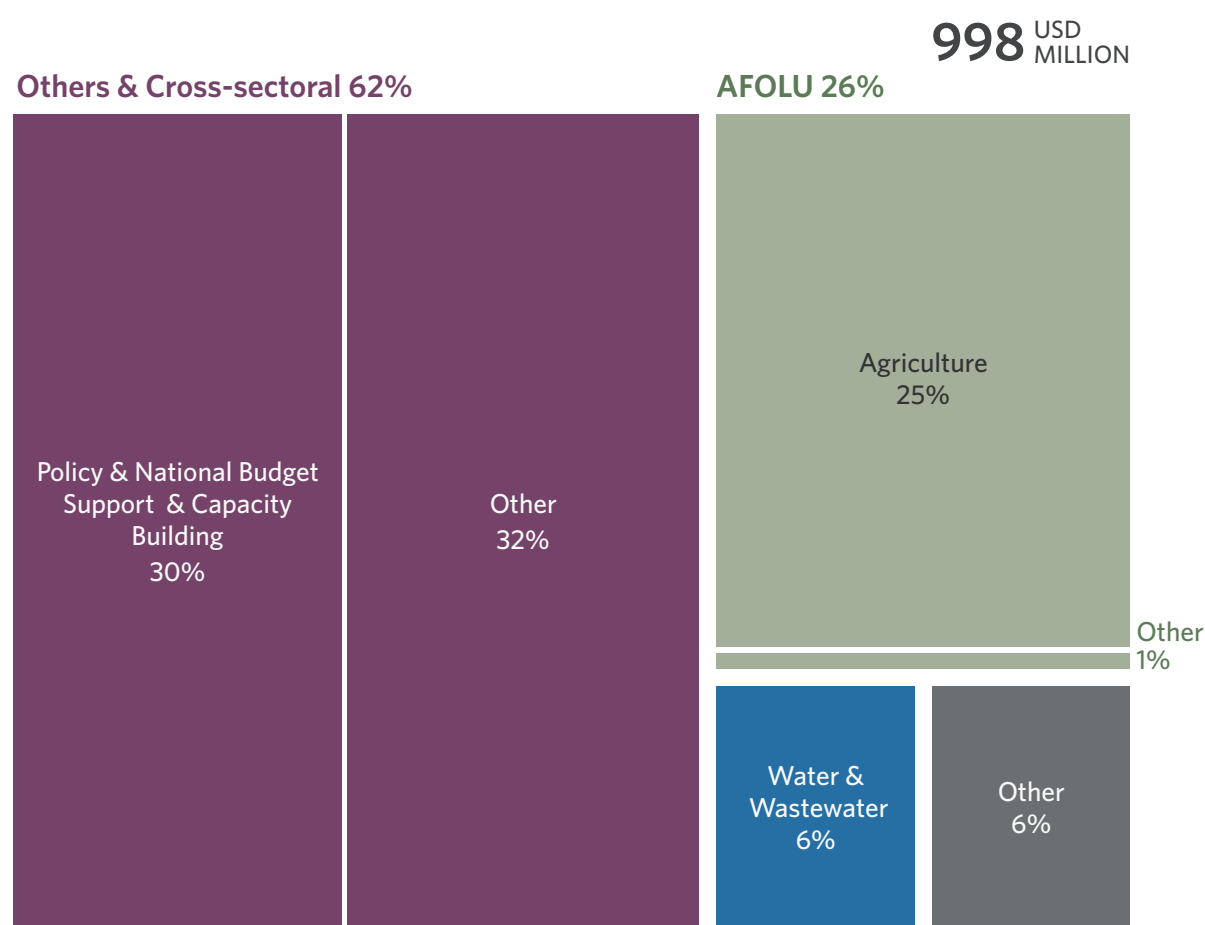
(iv) Caribbean Debt-for-Resilience Joint Initiative

A result of collaboration between the IDB, CAF and the CDB, this multi-guarantor initiative seeks to create fiscal space for Caribbean countries to invest in priority resilience measures and regional public goods ([IDB, 2025](#)). It aims to scale up the size and number of debt-for-resilience swaps by making it easier to bring in new and multiple guarantors into the swap as well as maximize the complementarity and interoperability of different guarantees to increase the benefit to the borrower of multiple guarantors. This initiative does so by establishing processes that make it easier to coordinate, identify and jointly solve structural or logistical challenges to piecing different guarantees together.

DUAL-BENEFIT FINANCE

Assessing dual-benefit finance is particularly important in the Caribbean subregion as many investments cannot be understood as purely mitigation or adaptation. For example, water and wastewater investments can be key for methane emission reductions, as well as supporting resilience and health; climate-smart agriculture can improve food security while reducing emissions; and tourism, ports, and maritime infrastructure are central to emissions, economies, and disaster response.

Figure 16. Dual-benefit finance in the Caribbean by sector and key solutions (2023/24)



AFOLU: Agriculture, Forestry, Other land uses and Fisheries

Climate-smart agriculture emerged as a notable opportunity for yielding dual benefits in the Caribbean. Dual-benefit finance in the AFOLU sector totaled USD 257 million in 2023/24 – that is, 26% of all dual benefit finance tracked in the Caribbean over the period. Climate-smart agriculture is a particularly important opportunity that can deliver adaptation, food security, productivity, and mitigation outcomes, especially where climate shocks threaten farmers, supply chains, and food import dependence. However, uptake may remain limited where projects are small, dispersed, or not yet framed in terms of productivity, income stability, and resilience for farmers and agribusinesses.

Box 3: CARICOM climate finance

This report disaggregates climate finance across the LAC region using the [UN classification](#) of the subregions: the Caribbean; Central America; and South America. As such the analysis reports on climate finance in the Caribbean including the Dominican Republic while excluding Belize, Guyana and Suriname; a categorization which is at odds with that of the member states of the Caribbean Community (CARICOM). This box provides key figures and data cuts of climate finance tracked to and for CARICOM member states specifically (see Annex 2 for the full data summary table).

Climate finance in CARICOM member states largely stagnated over the period 2020-2024: from USD 1.55 billion in 2020 to USD 1.62 billion by 2024, with a temporary peak to USD 3 billion in 2023 largely due to funding in Jamaica unlocked by the IMF's Resilience and Sustainability Facility ([IMF, 2023](#)). This is a notably lower base than the climate finance numbers to the Caribbean reported in Section 4.2, reflecting the outsized dominance of the Dominican Republic in those aggregated flows.

The majority of climate finance in CARICOM member states represented international flows, at 74% of the total in 2023/24 (down slightly from 78% in 2021/22). Therein, public international finance dominated, accounting for almost all international flows in 2023/24, much of which was from multilateral development finance institutions (including the Caribbean Development Bank, the Inter-American Development Bank, and the Development Bank of Latin America). The absence of international private finance is notable: in CARICOM member states, international private flows accounted for just 0.7% of total climate finance. Across LAC more broadly, the Caribbean records the lowest private finance share of any subregion, at around 5%, compared with 7-10% in Central America and South America. This low share may partly reflect the legacy of the longstanding correspondent banking withdrawal, driven by high compliance costs and perceived risk, with the Caribbean the most severely affected region globally ([World Bank, 2015](#)). The loss of correspondent relationships raised the friction costs of cross-border payments and related financial transactions into and out of the subregion.

In terms of financing instruments, in 2023/24, climate finance in CARICOM member states was largely issued as debt (62% of the total), only 10% of which was concessional lending. Equity accounted for 18% of the landscape, followed by grants (17%), with minimal public budget finance (1%), related to the lack of public climate budget tagging coverage among member states. However, this is a higher level of concessional instruments than under the UN classification of the Caribbean.

Of particular note, in 2023/24, adaptation finance accounted for a quarter of total climate finance in CARICOM member states, significantly higher than the 16% reported for the Caribbean subregion, using the UN classification. Combined with the 21% of total climate finance delivering dual benefits, climate finance that yields adaptation and resilience benefits is – in quantitative terms – close to par with mitigation finance in CARICOM member states. Therein, almost one-third of tracked adaptation finance had disaster risk management objectives, with another third for policy support and capacity building. This included, for example, funding to assess fiscal risks associated with climate change in Jamaica ([IMF, 2024](#)) as well as a contingent loan to respond to natural disasters and public health emergencies in The Bahamas ([IDB, 2023](#)).

Taken together, CARICOM member states illustrate the central climate finance access and affordability challenge: the subregion's most climate-vulnerable economies receive largely non-concessional finance, which has been stagnating to date, with a notable absence of private capital. Accordingly, the case for vulnerability-based allocation of concessional resources—and for instruments suited to small, high-risk markets—is highly pertinent in the CARICOM context.

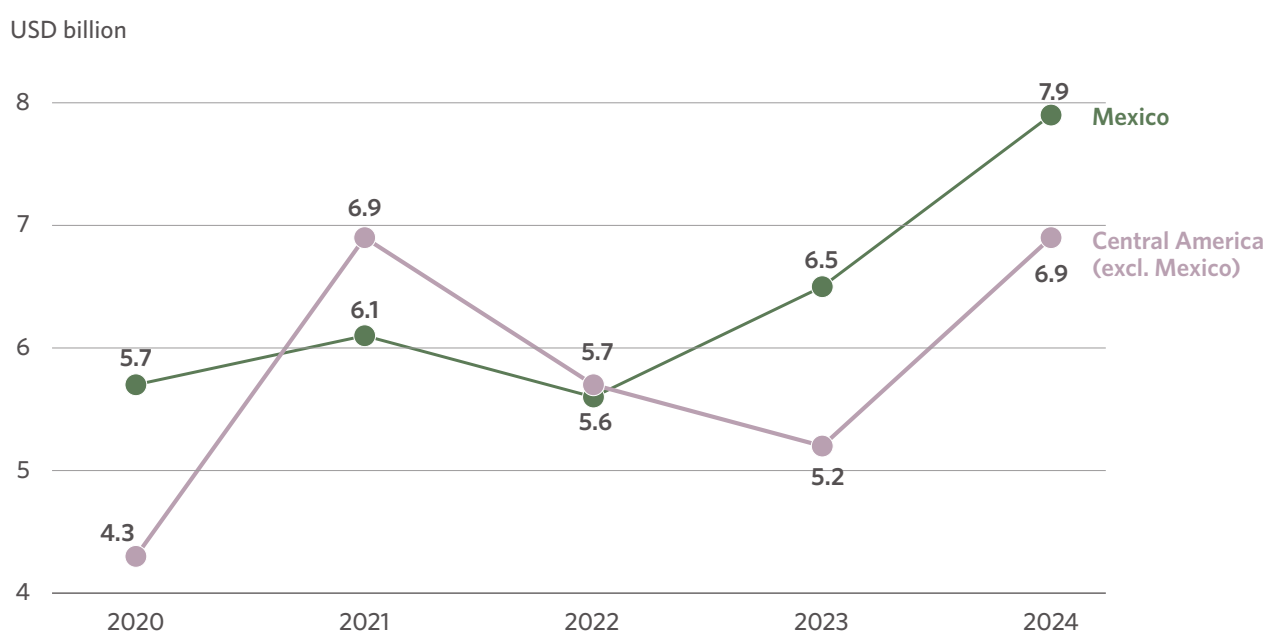
4.3 CENTRAL AMERICA AND MEXICO

Central America's climate flows are anchored in international public finance. Investment is concentrated in renewable power generation, policy and institutional support, and disaster risk management. There is also growing energy efficiency-related investment in buildings and infrastructure. **Mexico, an outlier in the subregion, increasingly mobilizes domestic public and private capital through mature commercial markets,** primarily for renewable energy systems and low-emissions buildings and infrastructure, with emerging growth in adaptation-related water investments.

4.3.1 EVOLUTION OF CLIMATE FINANCE IN CENTRAL AMERICA AND MEXICO (2020-2024)

Climate finance in Central America rose from USD 4.3 billion in 2020 to USD 6.9 billion in 2024, with growth driven by spending on policy support, capacity building and disaster risk management. This reflects a strengthening enabling environment for climate flows. Mexico's growth—from USD 5.7 billion to USD 7.9 billion—was led by investment in mature mitigation sectors (energy systems, and buildings and infrastructure), supported by a deeper domestic financial market and access to sovereign and corporate bonds.

Figure 17. Evolution of climate finance in Central America and Mexico (2020-2024)



Central America's climate finance has seen fluctuations. A spike in 2021 reflected a one-off influx of international private finance (largely related to the completion of Belize's debt conversion to support marine conservation), returning to less notable levels in 2022 and 2023. International public finance, on the other hand, remained the backbone of climate finance in the subregion throughout the period. A recovery to 2021 levels in 2024 was driven primarily by a sharp increase in domestic finance, led by governments, households, commercial FIs, and state-owned entities.

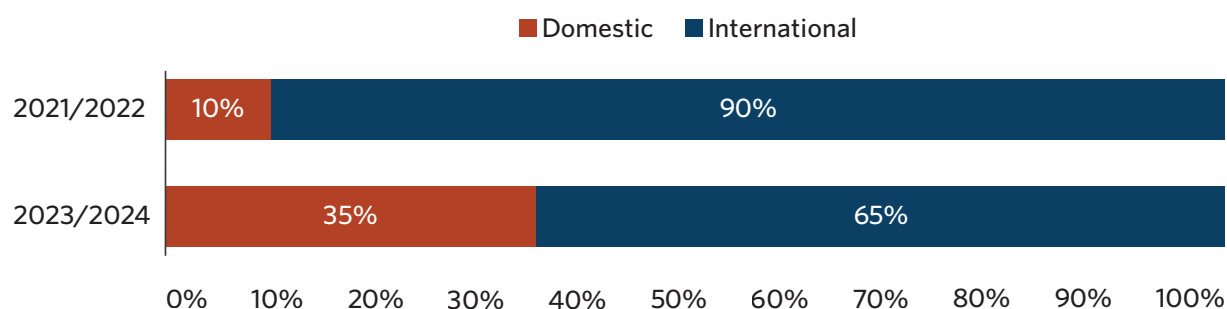
Mexico's recent growth reflects a balanced uptick across both domestic and international sources. After a decline in 2022 due to lower international flows (public and private) and reduced commercial lending, renewed international public finance drove a recovery in 2023. Growth picked up in 2024, led by domestic private investment in energy. As a result, Mexico's climate finance reached USD 7.9 billion in 2024, 40% above its 2020 level.

Compared with the rest of Central America, Mexico's larger FIs, corporate base, and household market allow climate investment to be mobilized through a wider mix of domestic public and private channels. Given these differences, Section 4.3.2-4.3.3 analyzes climate finance in Central America excluding Mexico, and Section 4.3.4 examines climate finance in Mexico separately.

4.3.2 SOURCES AND INSTRUMENTS IN CENTRAL AMERICA (EXCL. MEXICO)

Domestic climate finance in Central America more than tripled between 2021/22 and 2023/24. However, international sources still provided 65% of the total in 2023/24.

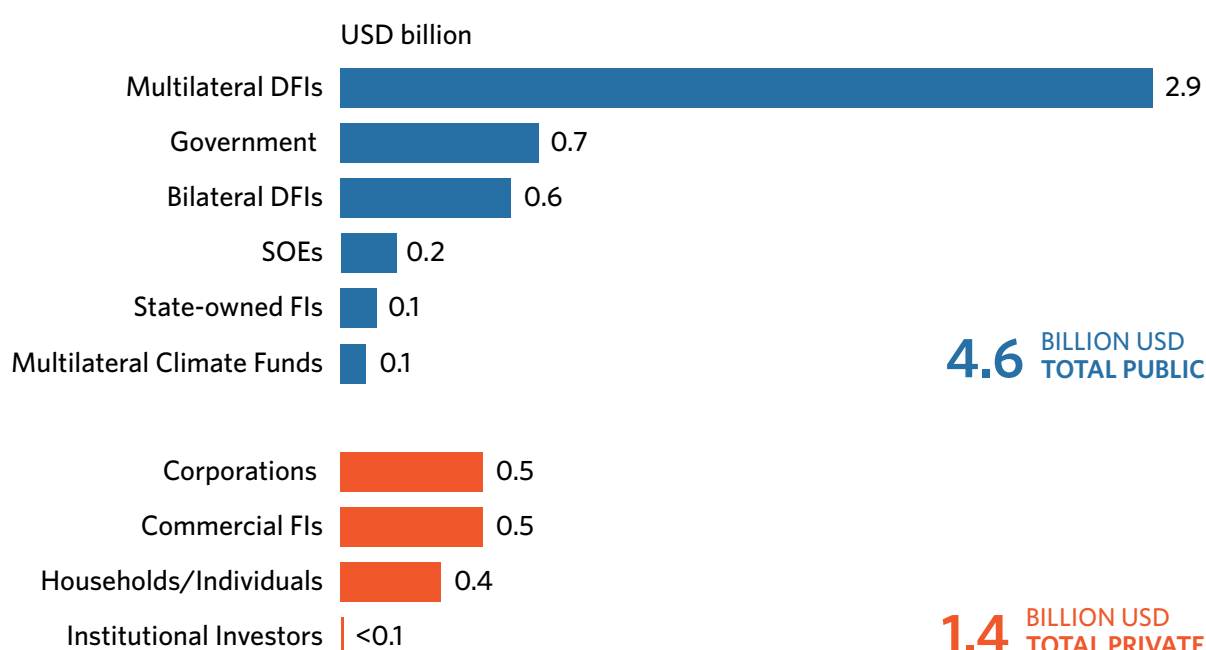
Figure 18. International-domestic split in Central America (excl. Mexico) (2021/22 vs 2023/24)



In Central America (excl. Mexico), domestic and international finance stories are tightly linked: local investment is building on foundations laid by international public flows. Domestic climate flows grew from USD 645 million in 2021/22 to USD 2.1 billion in 2023/24. This broad-based growth is driven by climate-aligned buildings and energy investments increasingly financed through national budgets and domestic private balance sheets. Meanwhile, enabling environment programs are supported primarily through national budgets, alongside continued

contributions from DFIs and other external partners. International finance still provided 65% of the subregion's climate finance in 2023/24. These flows are predominantly public financing for infrastructure and energy, alongside support to create enabling conditions to scale up domestic and private investment. These functions are important given the limited project preparation capacity, fragmented pipelines, and relatively high transaction costs that constrain investment across many Central American markets. Sustaining this momentum will require stronger domestic ecosystems that can originate projects and complement—rather than rely on external capital.

Figure 19. Public and private climate finance in Central America (excl. Mexico), with actor breakdown (2023/24)



Multilateral development finance institutions (DFIs) are central to the deployment of public climate finance in Central America (excl. Mexico). They provide large scale, long-term capital while also helping to build the enabling conditions for investment. They provided USD 2.9 billion in 2023/24, half of which supported other and cross-sectoral activities, particularly policy and national budget support, capacity building, and disaster risk management—rather than individual sectors. This allocation pattern reflects the importance of establishing policies, expenditure frameworks, monitoring systems, and institutional capacity needed to enable climate (and nature) investment. Multilateral DFI finance also went to energy, transport, and buildings and infrastructure, together representing approximately 41% of their investment. These sectors align with Central America's expanding development needs and are well-suited to the instrument DFIs typically provide: long-term, project-level debt, extended predominantly on non-concessional terms.

Governments were the second-largest provider of finance, with domestic governments accounting for 72% and foreign governments for 28%. Domestic government finance was directed primarily to energy systems (36%), cross-sectoral activities (27%), and buildings

and infrastructure (23%), and was channeled largely through public budgets (72%), with the remainder provided as grants (28%). Climate finance from foreign governments followed a different pattern: grants made up 81% of flows, with the rest delivered as project-level equity, and more than 60% supported cross-sectoral activities—including policy and national budget support and capacity building—while a further 28% went to the AFOLU sector.

Public climate finance in Central America (excl. Mexico) was largely delivered as non-concessional project-level debt (USD 2.5 billion, or 55%) followed by concessional debt (USD 910 million, or 20%) and grants (USD 469 million, or 10%). Multilateral DFIs alone accounted for 87% of non-concessional debt; together with bilateral DFIs, they provided almost all concessional lending. Grants were mainly government funded (64%).

Non-concessional debt primarily financed large energy, transport, and building investments. Concessional debt was concentrated in transport and programs pursuing dual climate objectives, while grants supported enabling activities and smaller-scale solutions in energy efficiency, resilient infrastructure, sustainable agriculture, and forest conservation. This indicates a clear division of roles: debt financed major public investments, while grants targeted activities with greater preparation needs or weaker commercial returns.

Figure 20. Public climate finance by instrument in Central America (excl. Mexico) (2023/24)

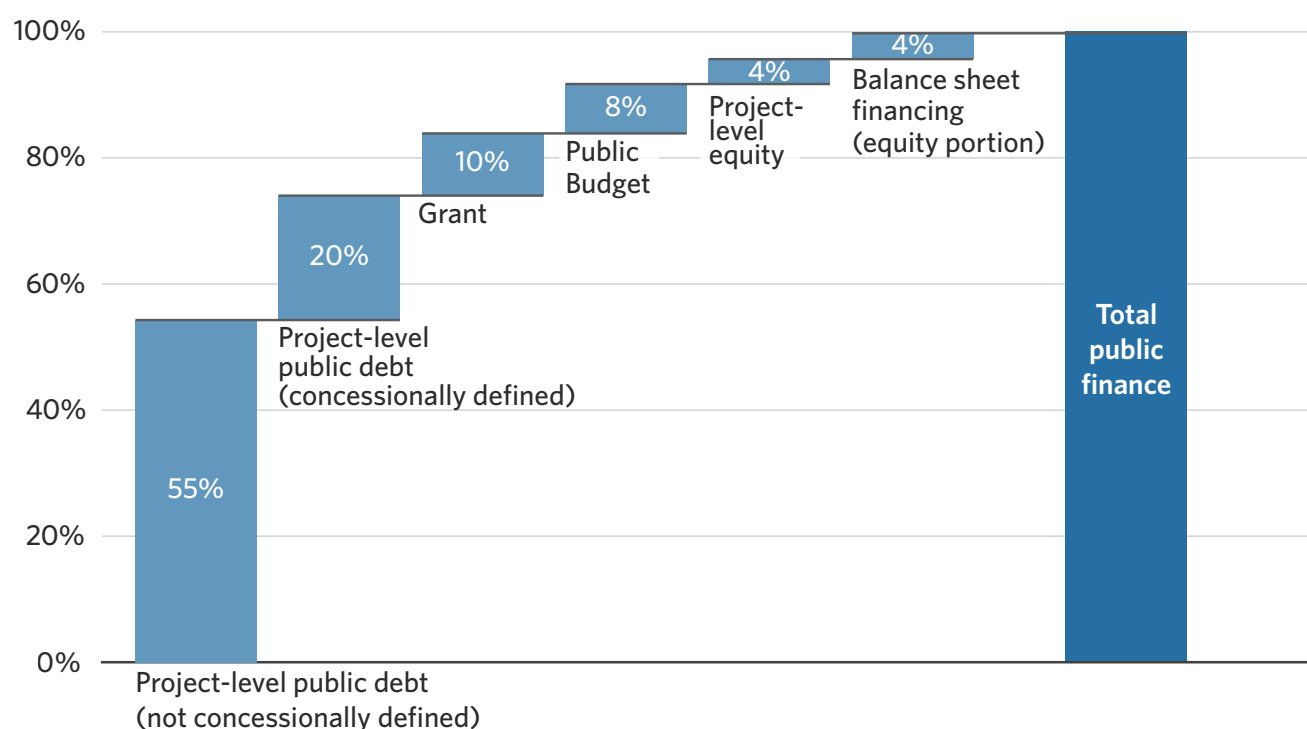
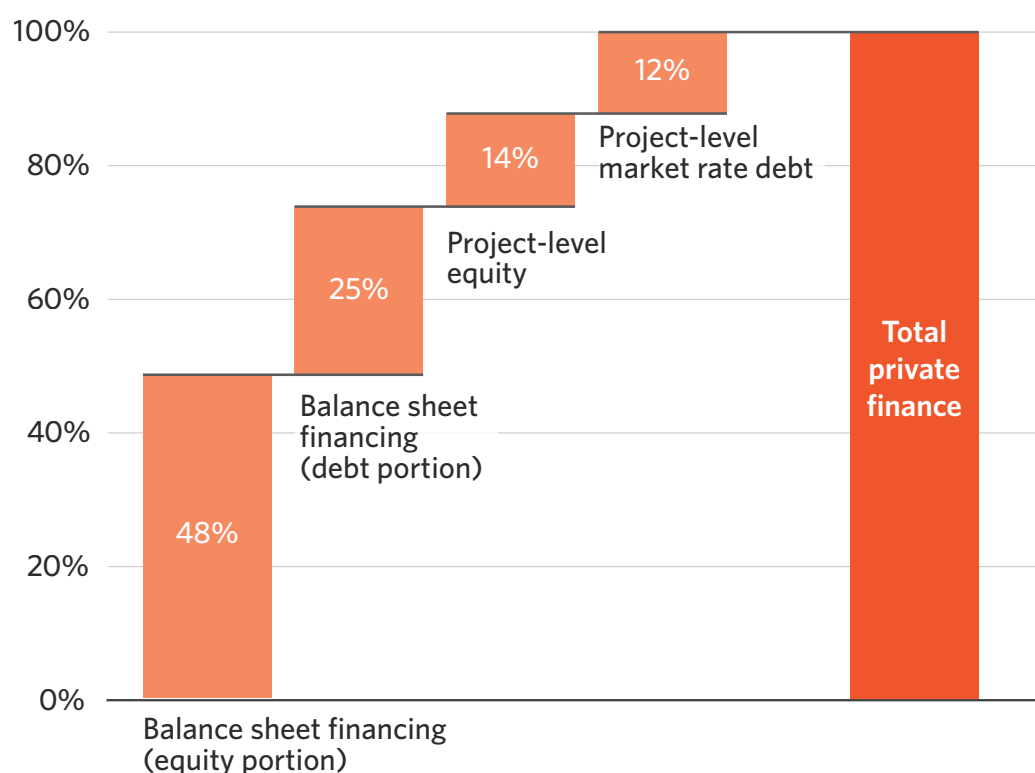


Figure 21. Private climate finance by instrument in Central America (excl. Mexico) (2023/24)

Private climate flows were smaller and more concentrated than public investments with total flows in 2023/24 remaining broadly similar to those recorded in 2021/22. Corporations (37%), commercial FIs (36%), and households (25%) were the key private actors, with investment concentrated in energy, buildings, and industry.

Approximately 73% of private flows was provided through balance sheet financing through both equity and debt. This reflects the role of commercial banks in providing climate-related lending, and the role of corporations and households in financing assets from their own balance sheets. Private capital therefore mainly supported familiar technologies, identifiable assets, and comparatively predictable revenue or cost-saving models. Commercial FIs directed finance primarily through balance sheet lending, while corporations relied mainly on balance sheet and project-level equity. Household finance was almost entirely balance sheet equity, primarily for residential rooftop solar installations and energy efficiency improvements, such as home retrofits. This pattern highlights the importance of local financial institutions, which are well placed to assess borrowers and originate smaller transactions, while also suggesting that further market development will require mechanisms to help mobilize private capital beyond established, balance sheet-financed activities.

In 2023/24, nearly 90% of climate finance in Central America (excl. Mexico) went to four countries: Costa Rica (33%), Panama (24%), Honduras (19%), and El Salvador (12%). There was a shift in the balance between international and domestic sources in the subregion between 2021/22 and 2023/24 (see Figure 18). Costa Rica was the biggest driver, with domestic finance growing from USD 86 million in 2020 up to USD 1.8 billion by 2024, followed by Honduras, where domestic flows increased from USD 40 million to USD 765 million.

Box 4. Country Spotlights for Central America**Costa Rica**

Costa Rica's growth in domestic climate finance was driven by the private sector, whose share rose from 20% to 67% between 2021/22 and 2023/24—particularly households and commercial FIs investing in energy efficiency technologies.

Costa Rica has made notable progress on enabling green finance. In 2023, it launched the project “Aligning the Financial Flows of the Costa Rican Financial Sector with the Climate Change Objectives of the Paris Agreement” (UNEP, 2023). In 2024, it became the third Latin American economy to publish a green taxonomy, after Colombia (2022) and Mexico (2023) (Green Central Banking, 2024). This policy orientation has helped enable sustainable investments, including for energy efficiency.

ESG regulation has also played a role. In October 2023, the four financial superintendencies jointly issued a Statement of Commitment for a more Sustainable and Resilient Financial System to address Climate Change, and Superintendencia General de Entidades Financieras (SUGEF) subsequently issued the Regulation on ESG and Climate Risks Management with corresponding guidelines (SBFN, 2025). This embedded climate considerations into banking supervision, giving FIs a regulatory incentive to expand green lending.

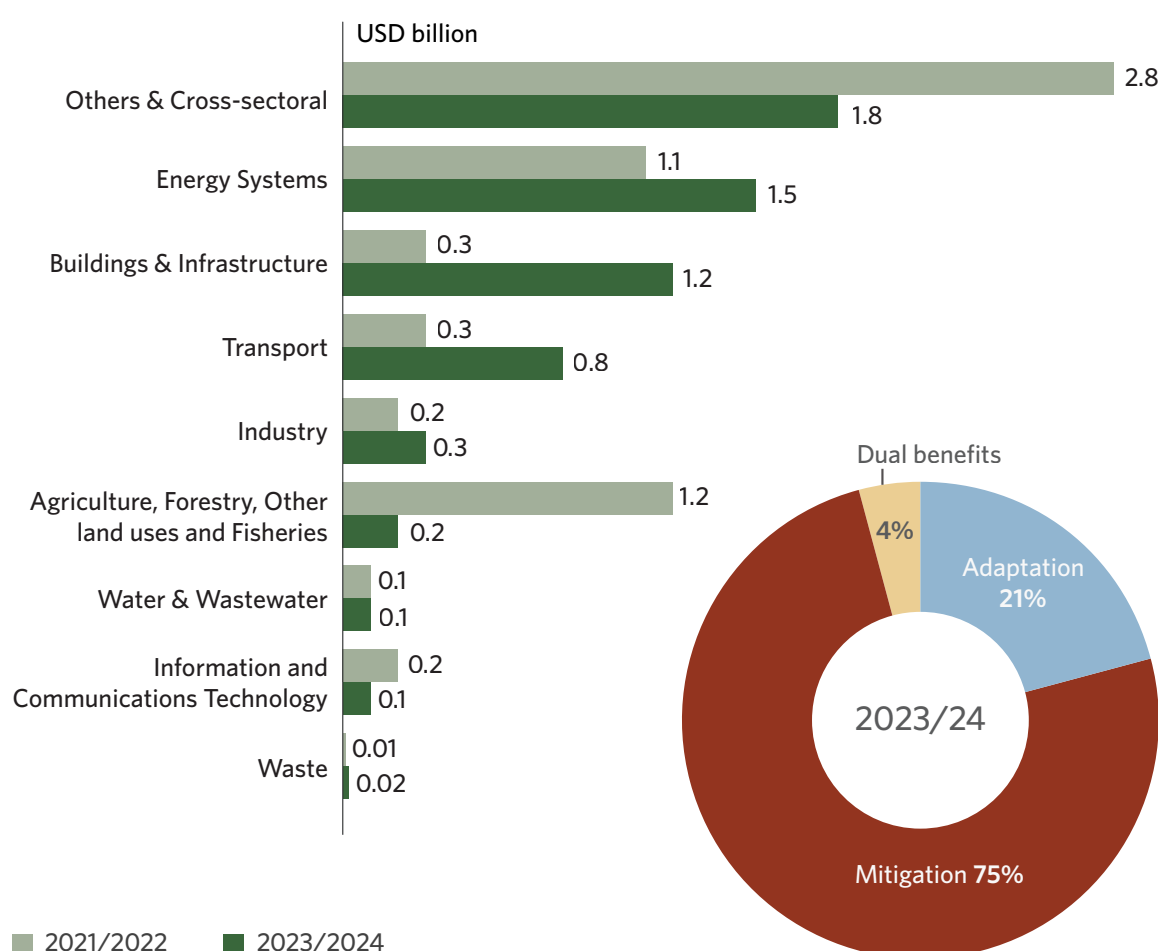
Honduras

In Honduras, 75% of domestic finance came from the government's public budget, accounting for nearly all of the public budget flows tracked under domestic government finance in this subregion. Honduras is one of only three countries in the subregion (including Guatemala and Nicaragua) with a climate budget tagging mechanism (IDB, 2020), reflecting its outlier nature in the Central American climate finance database.

4.3.3 USES OF CLIMATE FINANCE IN CENTRAL AMERICA (EXCL. MEXICO)

In 2023/24, 75% of Central America's climate finance was mitigation-focused. Buildings and infrastructure was the strongest growth sector, more than tripling between 2021/22 and 2023/24, and attracting a fairly even mix of public and private investment.

Figure 22. Climate finance by sector in Central America (excl. Mexico) (2021/22 vs. 2023/24) and by use (2023/24)

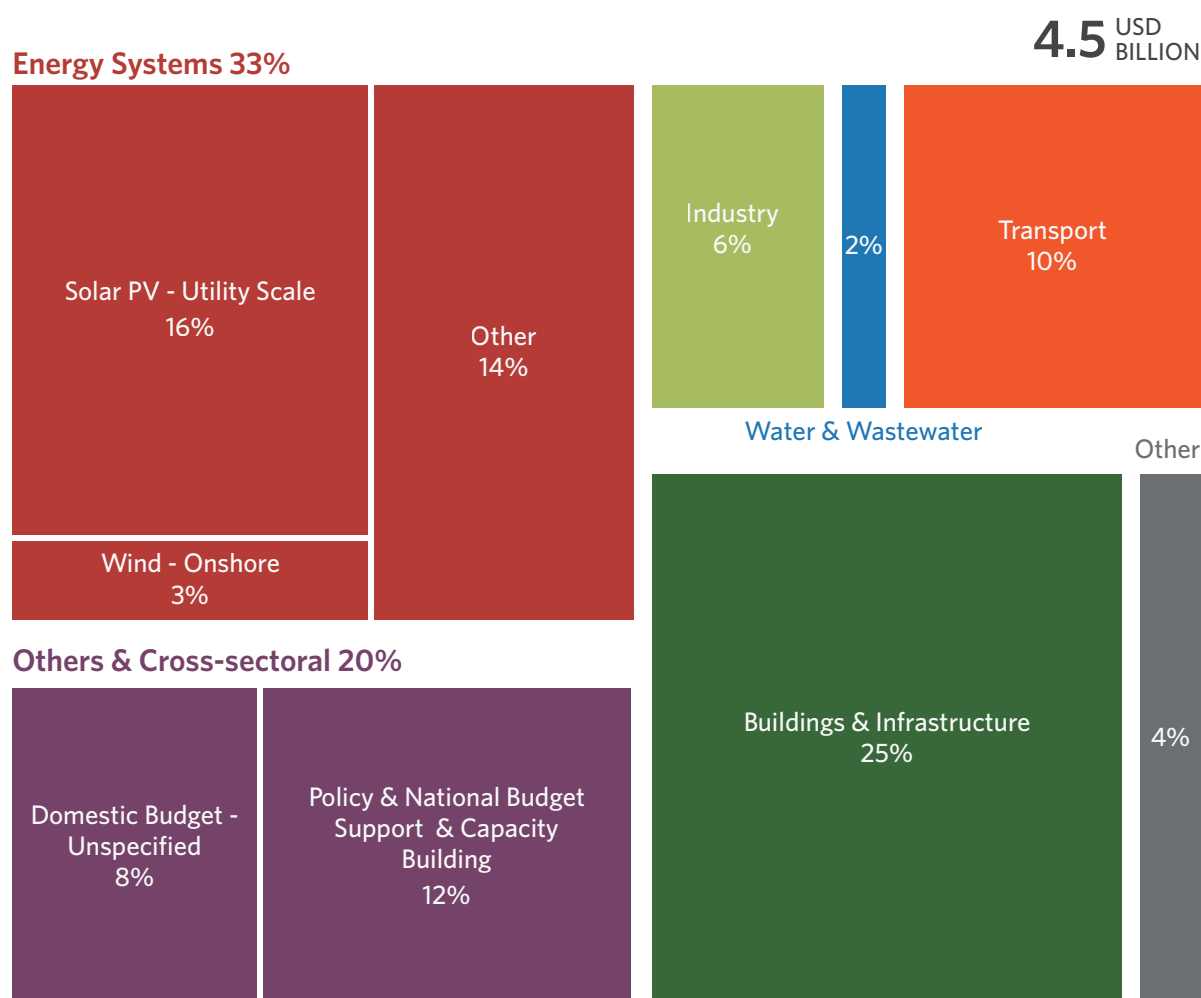


Climate finance in Central America (excl. Mexico) is increasingly directed toward physical projects and infrastructure, rather than policy support and capacity building. Other and cross-sectoral activities remained the largest category but declined from USD 2.8 billion in 2021/22 to USD 1.8 billion in 2023/24. This category included programs supporting disaster risk

management and early warning systems, institutional capacity building for climate finance and green growth, and the development and implementation of climate policies. While the decline coincided with increased finance for buildings, energy, and transport, it may reflect the timing of large public and DFI-supported programs rather than a permanent change in priorities.

MITIGATION FINANCE

Figure 23. Mitigation finance in Central America (excl. Mexico) by sector and key solutions (2023/24)



Mitigation was the dominant climate objective in Central America (excl. Mexico), with investment concentrated in energy, buildings, and publicly financed transport. It received USD 4.5 billion in 2023/24, equivalent to 75% of total climate finance with energy systems as the largest recipient (USD 1.5 billion). Public actors provided 57% of energy finance, while commercial FIs and corporations accounted for most of the private share. Solar PV accounted for approximately 49% of energy finance, followed by onshore wind at 10%, hydropower at 5% with Off-grid renewable, biofuels and biomass, and unspecified technologies accounting for the rest.

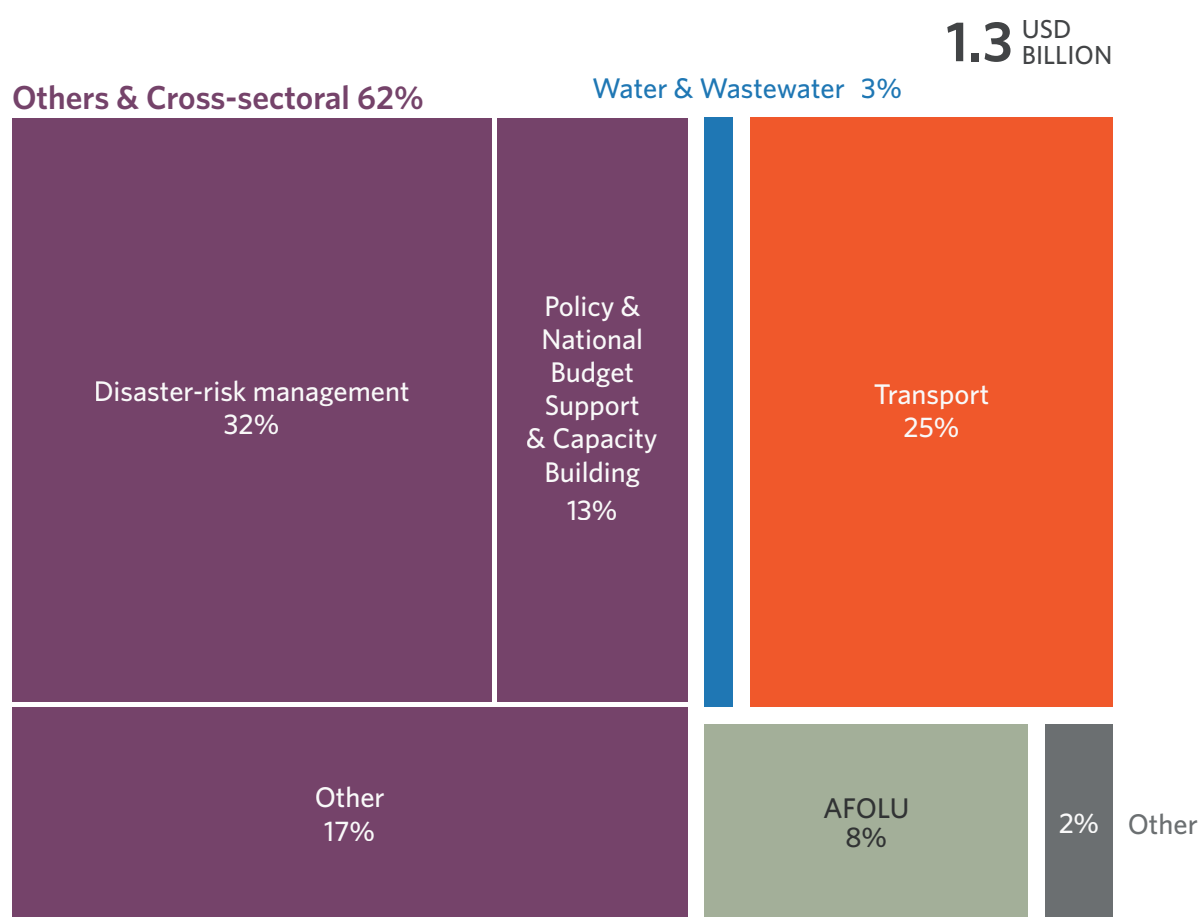
Energy systems and buildings and infrastructure attracted 59% of mitigation finance, reflecting the greater commercial maturity of their underlying solutions. Energy efficiency received an annual average of USD 1.1 billion, while solar PV attracted USD 0.7 billion; together, they accounted for around 40% of mitigation finance. Costa Rica received three-quarters of

mitigation finance for buildings, predominantly for energy efficiency, while Panama accounted for around 40% of energy system finance and most transport mitigation investment.

Investment in buildings and infrastructure more than tripled and attracted an unusually balanced mix of public and private capital, while transport finance more than doubled. Finance for building and infrastructure increased from USD 340 million in 2021/22 to USD 1.2 billion in 2023/24. Private actors provided 53% of these flows, with a significant participation from households, commercial FIs, and corporations. Transport, which doubled to reach USD 441 million, was almost entirely publicly financed, with growth driven primarily by government and DFI-supported projects, including incentives for lower-pollution private vehicles. Industry received only 6% of mitigation finance, or USD 274 million.

ADAPTATION FINANCE

Figure 24. Adaptation finance in Central America (excl. Mexico) by sector and key solutions (2023/24)



AFOLU: Agriculture, Forestry, Other land uses and Fisheries

Adaptation finance in Central America (excl. Mexico) remained considerably lower than mitigation finance and depended overwhelmingly on public actors. It averaged USD 1.3 billion annually in 2023/24, equivalent to 21% of total climate finance. Disaster risk management received USD 393 million, while transport-related adaptation averaged USD 317 million, largely

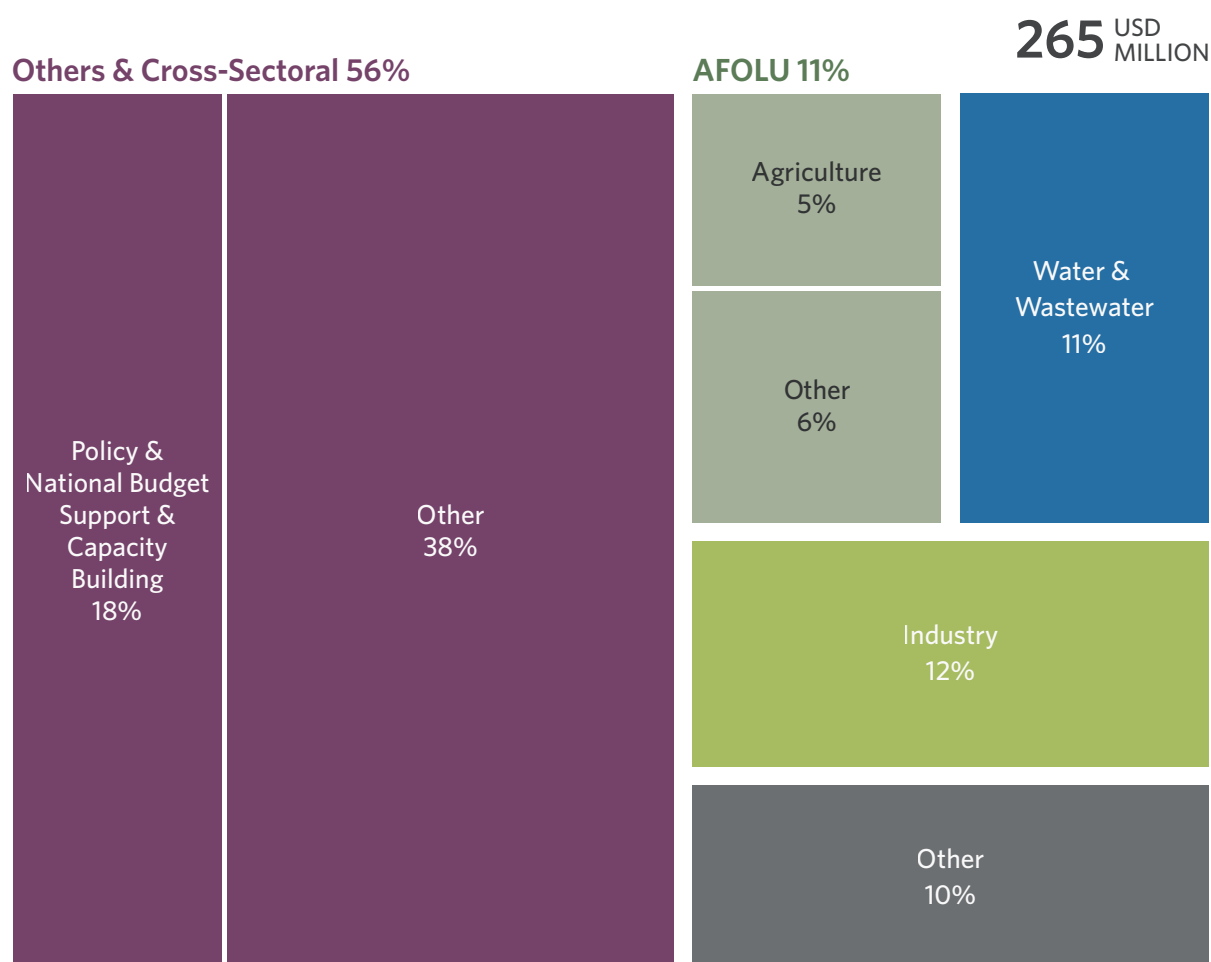
reflecting a major program in Honduras. AFOLU received USD 100 million and water and wastewater only USD 43 million.

Examples included resilient transport infrastructure in Belize, climate-resilient buildings and public assets in Honduras and Costa Rica, water infrastructure in El Salvador, and nascent financial services for sustainable production, commercialization, storage, and processing.

The sharp decline in AFOLU finance relative to 2021/22 is concerning, given Central America's exposure to drought, flooding, food-system disruption, and ecosystem degradation. The scale of climate risk in Central America underlines the need for more and better adaptation action: Hurricanes Eta and Iota caused an estimated USD 2.16 billion in damages and losses in Honduras and USD 772 million in Guatemala in 2020. More recently, drought-related water restrictions reduced deep-draft transits through the Panama Canal by 21% in 2024.

DUAL-BENEFIT FINANCE

Figure 25. Dual-benefit finance in Central America (excl. Mexico) by sector and key solutions (2023/24)



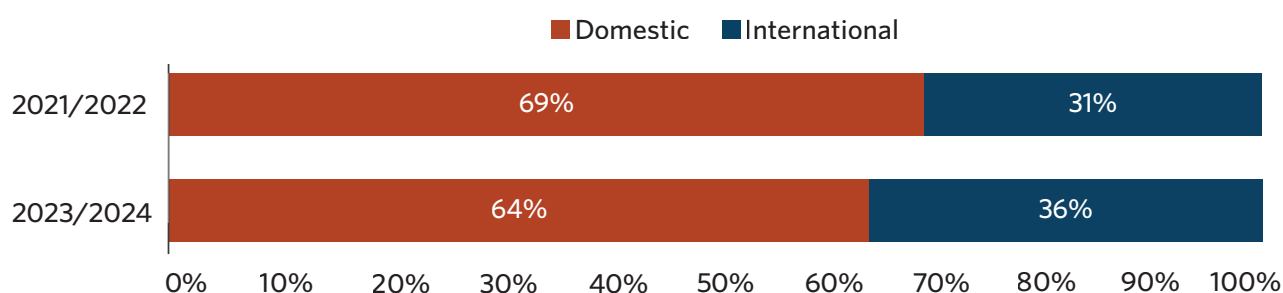
AFOLU: Agriculture, Forestry, Other land uses and Fisheries

Finance integrating both mitigation and adaptation objectives remained marginal. It averaged USD 265 million annually in 2023/24, equivalent to 4% of Central America's climate finance, compared with approximately USD 1.5 billion (24%) in 2021/22. More than half was recorded

under programs spanning several sectors or without a single sectoral allocation. Examples include forest conservation projects; sustainable crop, agroforestry, and livestock production; water infrastructure and recycling and waste-management infrastructure. However, these examples remained small and fragmented, with no identified solution averaging more than USD 12 million annually.³⁸

4.3.4 MEXICO

Figure 26. International-domestic split in Mexico (2021/22 vs 2023/24)

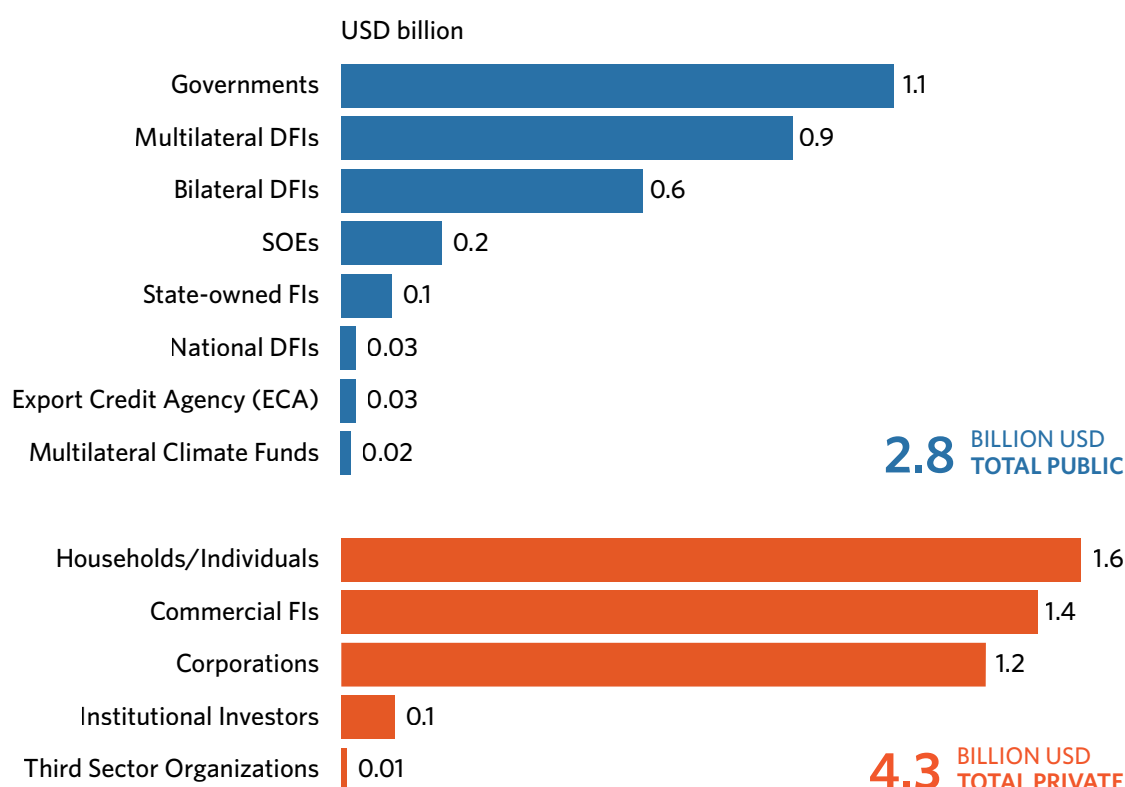
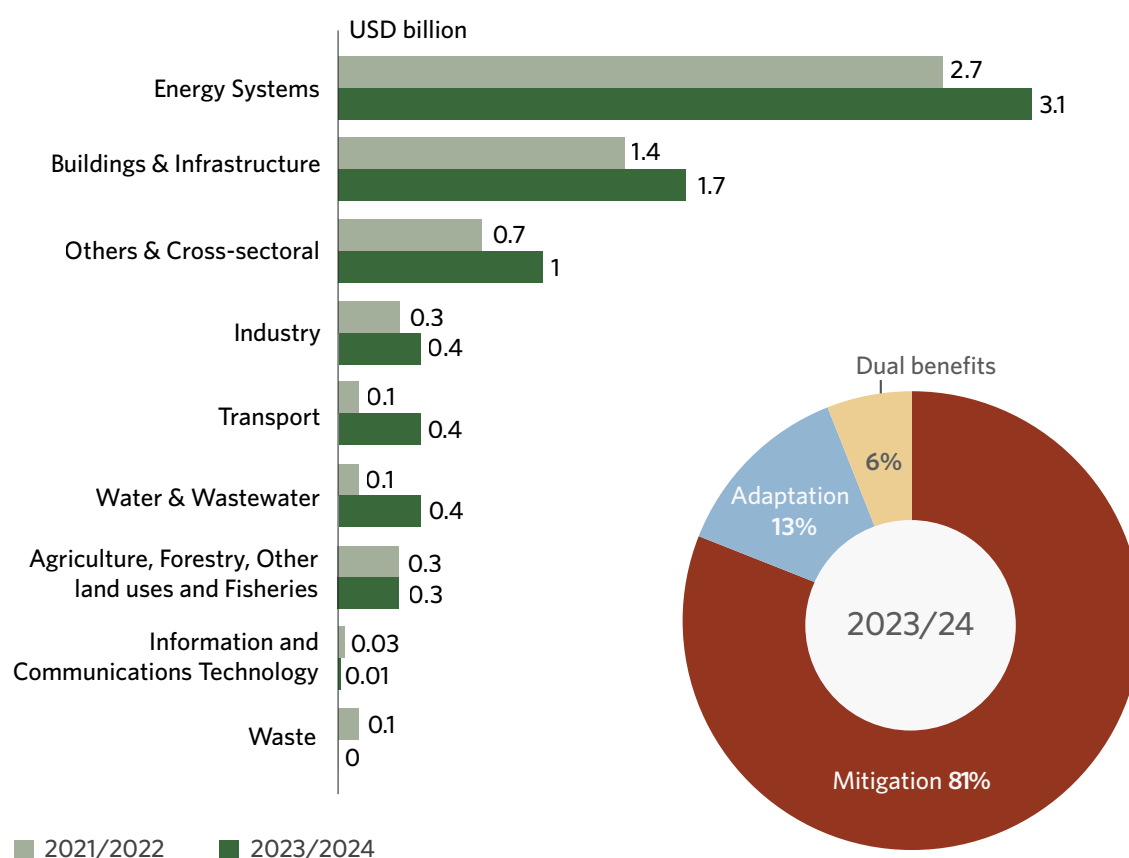


Mexico's climate finance is underpinned by a strong domestic market, which provided almost two-thirds of average annual flows in 2023/24. Total climate finance averaged USD 7.2 billion, 23% above the USD 5.9 billion recorded in 2021/22. Domestic sources provided USD 4.6 billion, or 64% of total finance, while international sources contributed USD 2.6 billion, or 36%.

Private actors provided USD 4.3 billion, equivalent to 60% of total climate finance, with approximately three-quarters originating domestically. Households contributed USD 1.6 billion, followed by commercial FIs at USD 1.4 billion and corporations at USD 1.2 billion. This reflects the capacity of households, banks, and companies to finance established climate investments through their own resources and commercial lending.

Public actors provided USD 2.8 billion, split relatively evenly between domestic and international sources. Finance from governments averaged USD 1.1 billion (92% of which came from domestic public budgets and 8% of international), while multilateral and bilateral DFIs contributed USD 1.5 billion.

³⁸ Central America's low share contrasts with the Caribbean, where larger dual-benefit flows in agriculture, water, and cross-sectoral programs reflect greater overlap between resilience and mitigation objectives.

Figure 27. Public-private split of climate finance in Mexico, with actor breakdown (2023/24)**Figure 28.** Climate finance in Mexico by sector (2021/22 vs. 2023/24) and use (2023/24)

Mitigation accounted for 81% of climate finance in Mexico, totaling USD 5.8 billion in 2023/24.

Within mitigation, energy systems received USD 3.1 billion while buildings and infrastructure received USD 1.7 billion, together accounting for 67% of total finance.

A change of roles between public and private actors was observed between 2020 and 2024.

Government climate investment remained limited and focused mainly on agriculture and infrastructure, with very limited public tenders also held for large-scale renewable generation. By contrast, renewable energy investment was increasingly private. Corporations and households financed grid-connected solar installations to reduce electricity costs, supported by net-metering arrangements. Energy efficiency improvements in residential, commercial, and industrial buildings offered similar cost-saving opportunities. As the momentum for renewable energy tenders increases again in Mexico, reflecting renewed engagement by the Ministry of Energy ([IIR Energy, 2026](#)), investment in larger-scale generation could increase, although public planning continues to cover both renewable and conventional (fossil fuel) capacity.

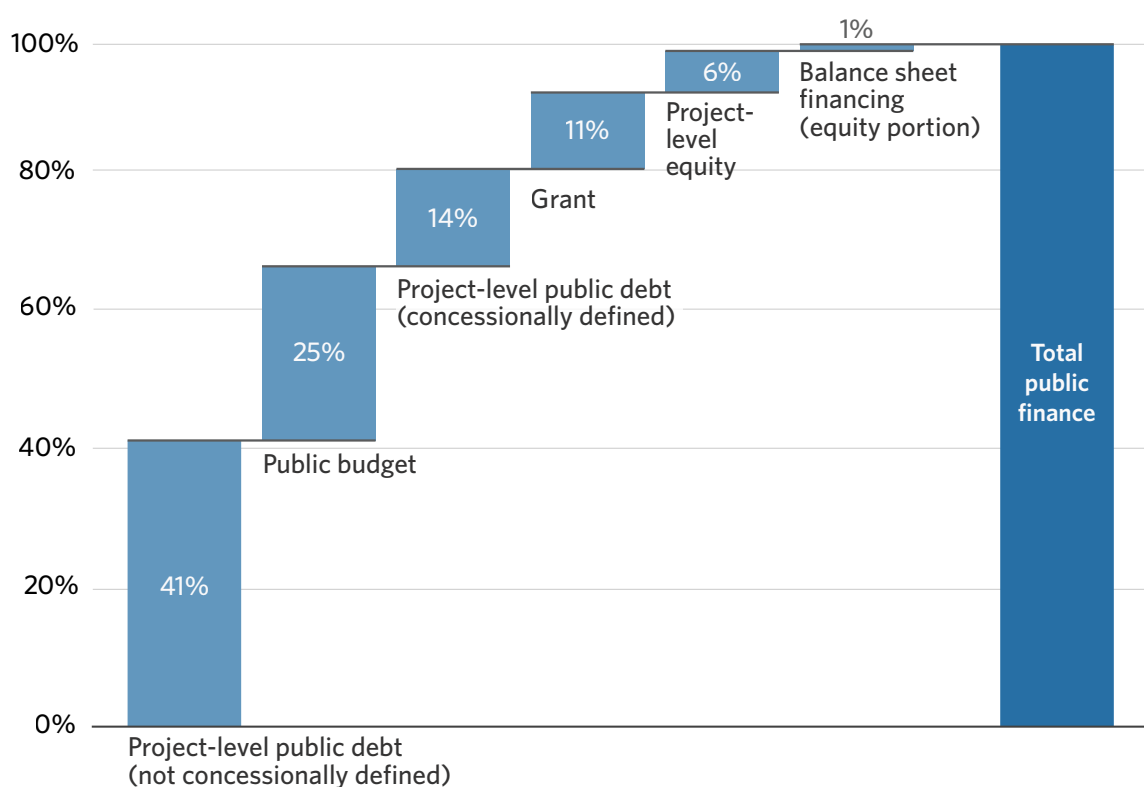
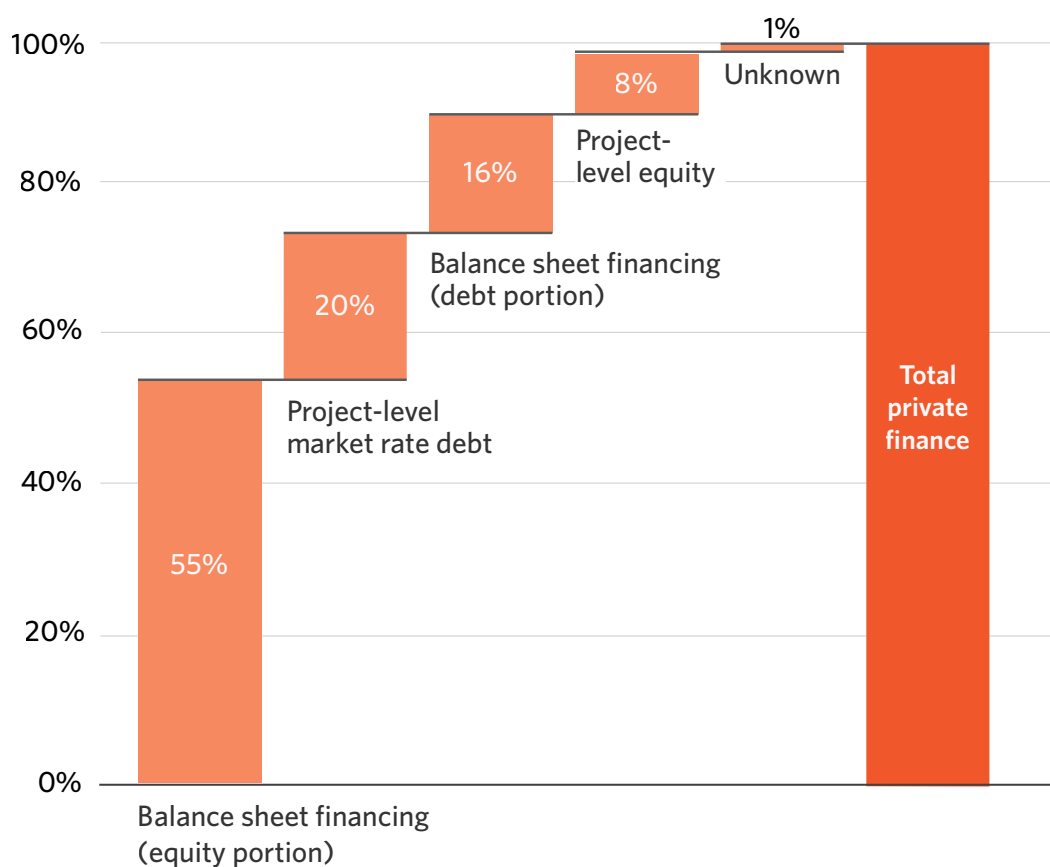
Transport and industry present important financing gaps relative to their contribution to Mexico's emissions.

Transport investment increasingly includes EV purchases by households and the electrification of corporate distribution and delivery fleets. However, limited public charging infrastructure in public spaces constrains wider rollout and adoption. Industrial decarbonization also has significant potential, but investment requires clearer public direction and financing mechanisms for larger capital expenditures.

Adaptation finance increased from 9% to 13% of total flows between 2021/22 and 2023/24.

Investment focused on institutional strengthening, climate-resilient agriculture, biodiversity conservation, and water supply and sanitation. Water conservation is an increasing priority, with measures encouraging more efficient use, reuse, and treatment by hotels and corporations. These areas remain more dependent on public and international finance because their benefits are often realized over the long term and/or do not generate predictable revenue streams. Dual-benefit projects, delivering both mitigation and adaptation benefits, contributed a further USD 444 million, or 6%.

Mexico's climate finance instrument mix reflects the private-public ratio. Balance sheet equity was the largest channel, averaging USD 2.6 billion annually, or 36% of total flows, and was provided overwhelmingly by private actors. Project-level public debt contributed USD 1.6 billion, or 22%, while market-rate project debt and balance sheet debt provided USD 857 million (12%) and USD 711 million (10%), respectively. Grants totaled USD 326 million, or only 5% of total flows. In addition, Mexico has shown regional leadership on thematic bond issuances. For example, Mexico City was the first Latin American city to issue a green bond ([CCFLA, 2023](#)) while the national government implemented sustainability tagging into its budget and debt management system, enabling sustainable sovereign bond issuances (see Box 5).

Figure 29. Public climate finance by instrument split in Mexico (2023/24)**Figure 30.** Private climate finance by instrument split in Mexico (2023/24)

As Mexico's domestic climate finance market matures, public and concessional finance has a role in catalyzing investment in sectors where commercial models are less established.

NAFIN's Eco Crédito Sustentable program provides a model for this approach by combining concessional lending, guarantees for participating FIs, support for energy audits, and independent technical validation ([OECD, 2025](#)). By reducing both credit risk and uncertainty around projected energy savings, the program enables commercial banks to finance energy efficiency and renewable energy investments by SMEs and is designed to support more than 9,000 projects. Similar guarantee and technical assistance structures could support industrial decarbonization, electric commercial fleets, water reuse and treatment, climate-smart agriculture, and nature-based solutions. This would allow Mexico to use limited public resources to expand private investment beyond traditional mitigation sectors.

Box 5: Scaling sustainable sovereign finance through budget tagging in Mexico

Mexico has developed one of the region's most established sovereign sustainable debt programs by integrating sustainability tagging into its budget and debt management systems. In 2020, the country issued the first sovereign bond explicitly linked to the UN Sustainable Development Goals (SDGs), subsequently expanding issuance across euro, dollar, yen, and domestic peso markets.

At the core of the program is Mexico's SDG budget tagging system. Federal budget programs are mapped against specific SDG targets and screened to identify eligible sustainable expenditures. This creates a recurring and traceable pool of eligible expenditures rather than identifying projects only after a bond has been issued.

By linking sovereign issuance to established public financial management systems, Mexico has been able to scale thematic debt across currencies and markets while providing investors with greater transparency on the allocation and impact of proceeds. Its experience shows that a credible sustainable label depends not only on the bond itself, but also on the budget tagging, targeting, monitoring, and reporting architecture underpinning it.

Mexico's experience shows how budget tagging can serve as core market infrastructure for sovereign sustainable finance. By embedding the identification of eligible expenditure into routine budget processes, it creates a demonstrable pipeline for issuance across currencies and maturities while strengthening the consistency of allocation and impact reporting. This offers a replicable approach for countries seeking to move from one-off thematic bonds toward sustained sovereign issuance.

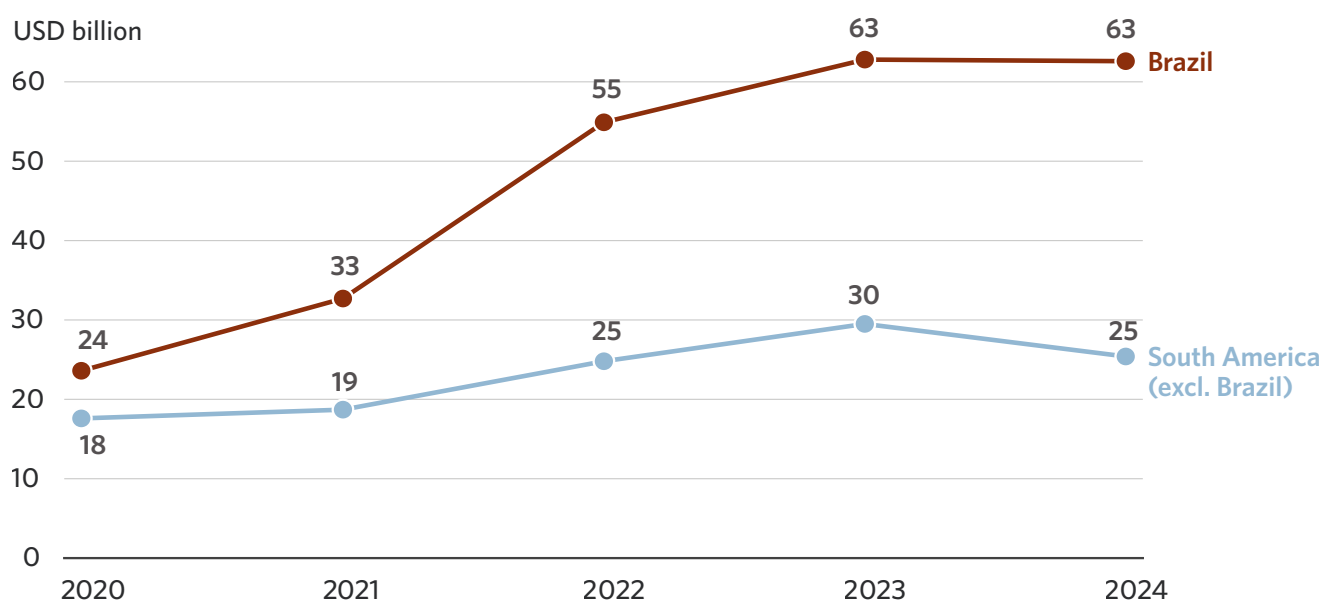
4.4 SOUTH AMERICA

Climate finance in South America (excl. Brazil) was primarily provided by international public actors, followed by domestic private actors. Within public finance, multilateral DFIs and governments led with investments in policy support and capacity building, as well as disaster risk management. Private investment in energy systems (primarily among commercial FIs followed by corporations) showed growth, with the majority of mitigation finance concentrated in solar PV and wind energy as well as energy storage solutions. **Separately, Brazil stood out within South America for having a strong domestic climate finance base**, the majority of which was private and concentrated in the energy and AFOLU sectors.

4.4.1 EVOLUTION OF CLIMATE FINANCE IN SOUTH AMERICA (2020-24)

Climate finance in South America (excl. Brazil) reached USD 25 billion by 2024, peaking in 2023 due to a spike in international private finance for renewable energy. In Brazil, flows reached USD 63 billion in 2024, with steep growth between 2020 and 2022 reflecting a boom in residential solar.

Figure 31. Climate finance for South America, disaggregated for Brazil (2020-24)



Mitigation investments drove climate finance growth in South America (excl. Brazil) between 2020 and 2024. Across the period, flows to mitigation projects increased from USD 14 billion to USD 20 billion, or growth of more than 40%. Chile led the increase in mitigation finance, with growth from USD 5.2 billion to USD 7.6 billion, followed by Argentina (rising from USD 0.6 billion to USD 3.9 billion) and Peru (USD 0.6 billion to USD 3.2 billion). The expansion in Chile's renewable energy sector follows the implementation of a Long-term Energy Planning policy instrument, to guide the deployment of renewables at scale over a 30-year time horizon ([Climate Policy Database, 2025](#)). In Argentina, mitigation investments were increasingly concentrated in power and heat generation and capacity building projects, while Peru saw significant increases in mitigation finance for rail and public transport projects, with this finance concentrated in a small number of large-scale projects. Together with Chile, these three countries accounted for 70% of all mitigation finance tracked across the subregion. By contrast, Colombia's mitigation investment dropped by more than half, from USD 5.3 billion in 2020 to less than USD 2.5 billion by 2024, with this primarily due to a decline in buildings and infrastructure investment.

Many other countries saw little-to-no increase in climate finance over the period. Guyana, Suriname, and Venezuela ranked lowest in terms of subregional climate flows, together accounting for just 1% of the total in 2023/24, while facing different socio-economic realities. Venezuela, for instance, is experiencing an ongoing economic and political crisis against the backdrop of trade sanctions, while Guyana's status as one of the world's fastest growing economy is being driven by its recent oil boom. All three countries are located in a so-called petro-state corridor, with large oil reserves, high climate vulnerability, and parts of the Amazon within their borders. They are comparatively smaller economies in the subregion, with higher political risk or governance challenges that inhibit their ability to absorb international climate finance.

Significantly surpassing the rest of South America, climate finance in Brazil more than doubled between 2020 and 2024. While investment plateaued between 2023 and 2024, flows had increased by an average of 40% per year until that point, predominantly driven by significant increases in mitigation investments. Across the period, AFOLU and energy systems investments dominated, accounting for over 80% of Brazil's climate investments each year. Brazil's high proportion of investments in climate-aligned AFOLU (via rural credit) makes it an outlier across LAC, with strong government support through systems such as Plano Safra (The Brazilian Agricultural Plan).

Given structural market differences between Brazil and the rest of South America, Section 4.4.2-4.4.3 analyzes climate finance in South America excluding Brazil, while Section 4.4.4 examines Brazil separately.³⁹

³⁹ The climate finance totals for Brazil presented here differ from those presented in CPI's 2025 publication, the [Landscape of Climate Finance in Brazil](#), by a magnitude of approximately USD 5 billion in each year. This is due to: (a) the exclusion of finance for loss & damage in this study; (b) the exclusion of decarbonization credits in this study; and (c) the conversion of figures from 2024 real values into annual nominal values, in order to fairly aggregate with climate finance tracked in other LAC countries.

Box 6. Country Spotlight: Chile

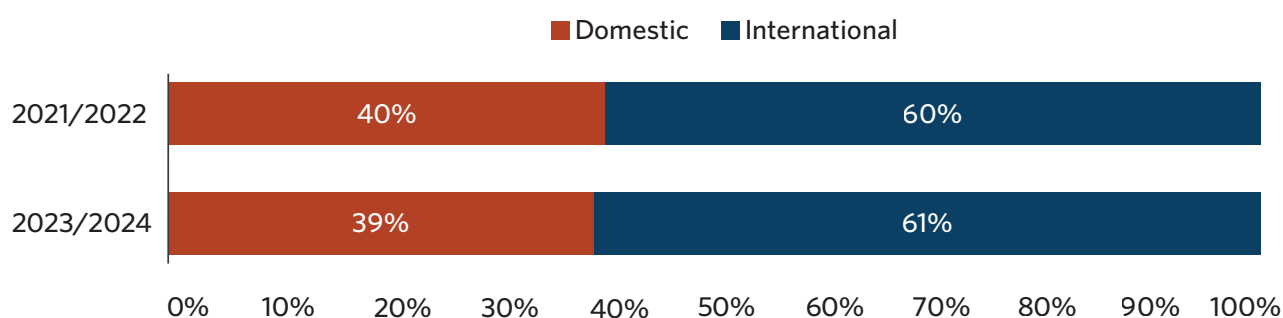
In Chile, observed growth in climate finance was notable between 2021/22 and 2023/24 (27%). At the same time, there was a shift in the international-domestic split. The international share grew from 27% to 46% over the period, driven by international commercial FIs, around 43% of whose investment went into efficient large-scale infrastructure, a marked shift from 2021/22 when 77% went to solar PV.

Several factors may explain the growing appetite of international banks and this sectoral pivot. Chile's solar rollout has run ahead of its grid capacity: transmission congestion has left renewable generators unable to sell power to the network ([EMBER, 2025](#)), shifting the investment frontier from new generation toward transmission, storage, and enabling infrastructure. International commercial banks have also been active in Chile—for example, BBVA, Crédit Agricole CIB, and SMBC participated in a CAF-led green A/B loan structure, financing ENGIE Chile's solar, wind, and battery storage (BESS) program ([CAF, 2025](#)). More structurally, Chile was the first sovereign to issue sustainability-linked bonds, and sustainability-linked lending with ESG-tied terms ([S&P, 2022](#)).

4.4.2 SOURCES AND INSTRUMENTS IN SOUTH AMERICA (EXCL. BRAZIL)

International sources provided the majority of climate finance in South America (excl. Brazil) in 2023/24, mostly from public actors. Private finance accounted for 38% of the subregional total, concentrated among commercial FIs and corporations.

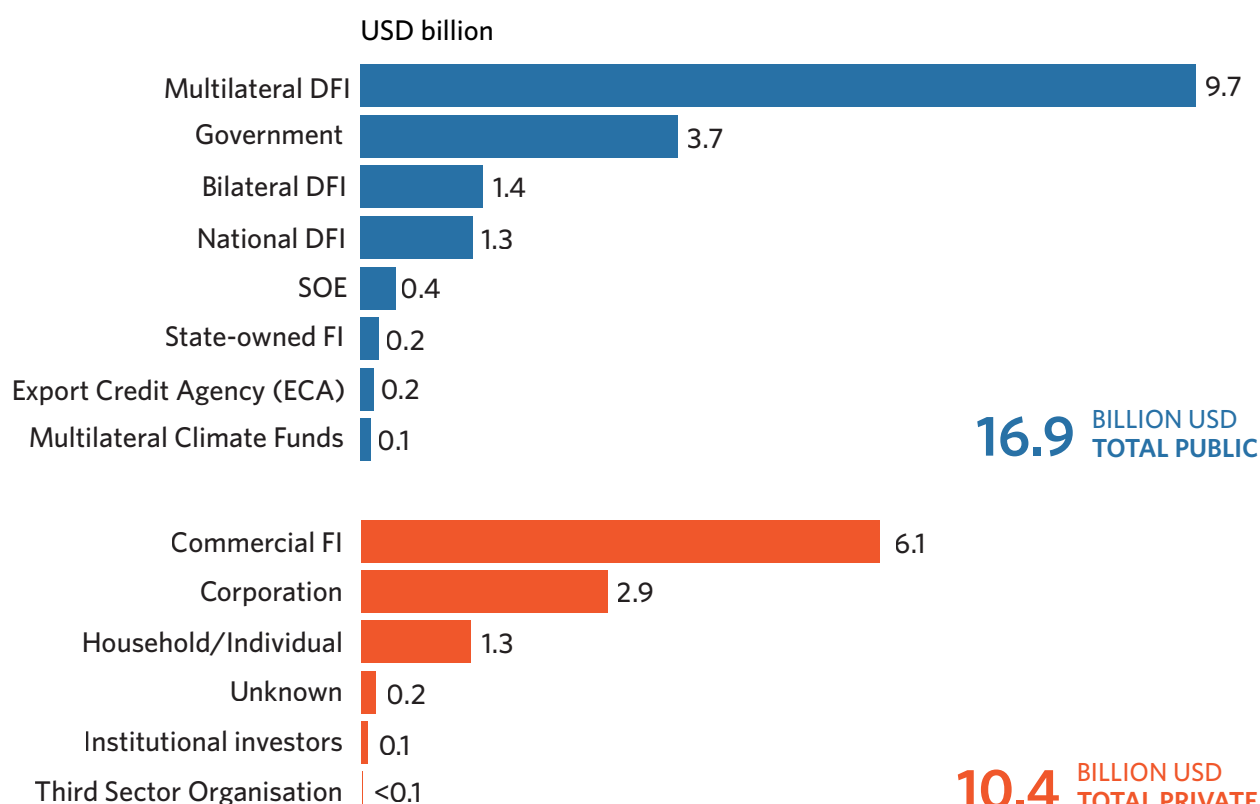
Figure 32. Domestic-international split for South America (excl. Brazil) (2021/22 vs 2023/24)



The domestic-international split across South America (excl. Brazil) remained steady between 2021/22 and 2023/24, with international flows accounting for the majority. In absolute terms, international climate finance increased by USD 3.8 billion between 2021/22 and 2023/24, and domestic finance increased more modestly by USD 1.9 billion. Within international finance, market-rate financing dominates—accounting for 84% of all flows—followed by concessional finance at 8% and grants at 6%⁴⁰, which is the lowest share across the three subregions. International public actors were persistently the largest source of climate finance in South America (excl. Brazil). International public flows accounted for just under half of climate finance tracked in the subregion in 2023/24. An overreliance on this source could expose the subregion to shifting donor priorities and volatile funding streams during periods of geopolitical instability ([Le, 2026](#)).

Within domestically raised finance in South America (excl. Brazil), private actors accounted for the majority. Private actors accounted for 62% of all domestic climate finance in South America, reflecting a mix of commercial FIs and corporations investing in solar PV and wind, and households/individuals investing in energy efficiency measures.

Figure 33. Public and private climate finance in South America (excl. Brazil), with actor breakdown (2023/24)

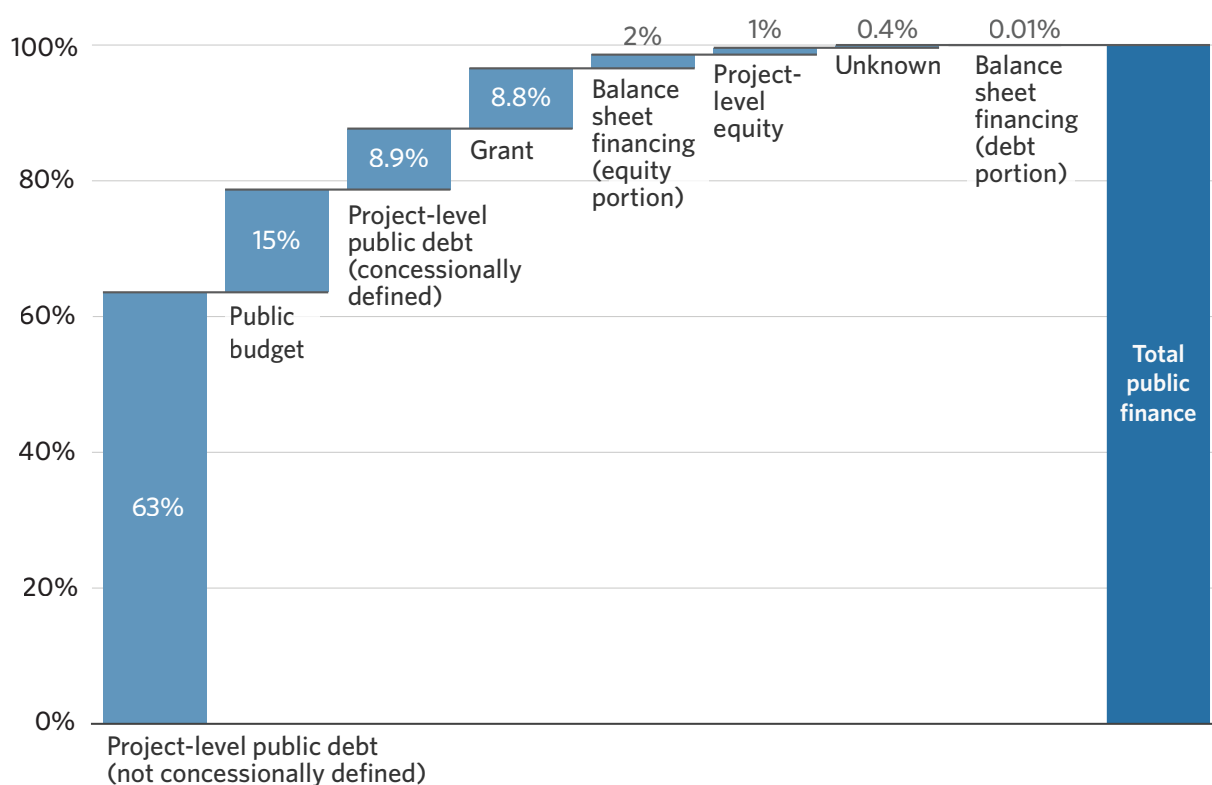


40 A further ~1% of international finance in South America (excl. Brazil) was tracked with its use classified as 'unknown'.

Public climate finance was largely driven by multilateral DFIs, which accounted for 57% in 2023/24. Between 2021/22 and 2023/24, finance from these actors increased by 21% reaching USD 9.7 billion. These flows were provided for large-scale infrastructure projects across energy systems, transport, and buildings and infrastructure, as well as for capacity building and creating the enabling conditions for additional climate investment to flow. A notable project was the *Empresa de los Ferrocarriles del Estado* rail network in Chile, funded by the Development Bank of Latin America and the Caribbean (CAF), intended to strengthen Chilean rail infrastructure, in turn reducing carbon emissions and road congestion (thereby improving air quality) and fostering better connectivity for freight transportation ([CAF, 2025](#)).

Governments followed multilateral DFIs as the next highest contributor to public climate finance at USD 3.7 billion (22% of the public total) in 2023/24. Domestic governments provided 83% of this, with the remainder from international governments.

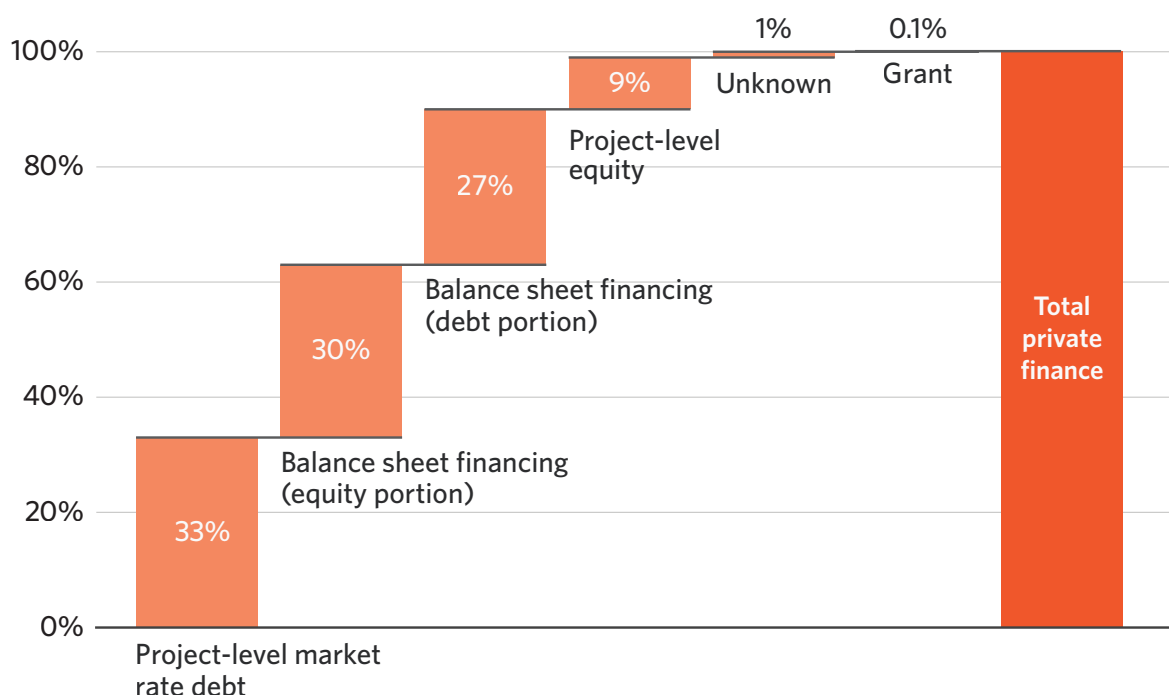
Figure 34. Public climate finance by instrument split across South America (excl. Brazil), 2023/24



The dominance of project-level public debt from multilateral DFIs (USD 8.4 billion) and public budget finance from governments (USD 2.6 billion) suggests a rising reliance on debt-based instruments for climate action across South America (excl. Brazil). In 2023/24, the majority of public finance was provided at near-market-rate terms. Concessional finance accounted for just 17% of flows, predominantly for cross-sectoral and energy systems projects. Key mitigation solutions that rely on concessional financing and de-risking instruments include early-stage geothermal developments and large-scale concentrated solar power plants. For example, the Climate Investment Fund (CIF) has been working to de-risk geothermal and large-scale solar, stimulating market development of these renewable solutions ([CIF, 2025](#)).

Across South America (excl. Brazil), commercial FIs, corporations, and households/individuals together account for 98% of private climate finance. Investments from commercial FIs and corporations broadly reflect the climate finance profile of the subregion, with both focusing on larger, mitigation-focused commercial investment (e.g., solar PV, onshore wind, and energy efficiency improvements/retrofits). In addition, households/individuals provided USD 1.3 billion, reflecting residential investments in energy efficiency retrofits and new construction.

Figure 35: Private climate finance by instrument in South America (excl. Brazil) (2023/24)



Private finance across the subregion was driven by established FIs, with almost 60% of flows derived from balance sheet financing in 2023/24. Commercial FIs and corporations dominated, accounting for USD 2.8 billion and 1.8 billion of balance sheet financing respectively. Most of this capital was for large-scale energy systems and buildings and infrastructure projects. Balance sheet finance is also used by households/individuals for self-purpose investments, including residential solar PV, heat pumps and energy efficiency measures.

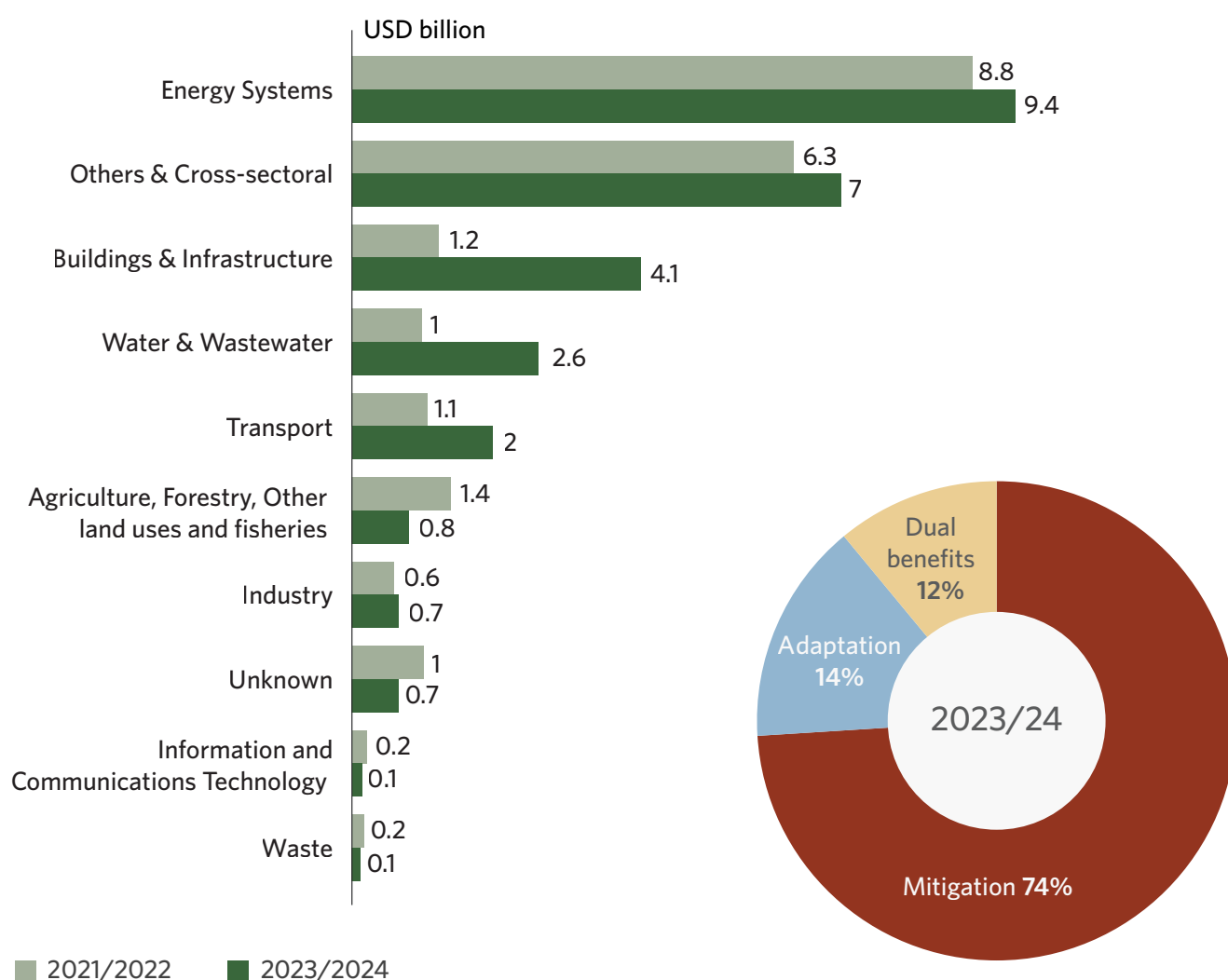
Project-level market-rate debt was the second most-used instrument, accounting for 33% of the total, with USD 3.3 billion (94%) of this provided by commercial FIs. A prominent example in Argentina was the Genneia green bond, with its proceeds used to finance onshore wind and grid-scale solar PV projects ([Genneia, 2021](#)). Overall, the financing mix in South America (excl. Brazil) indicates relatively limited use of blended finance, constraining the proliferation of early-stage projects that require more risk tolerance from investors.

4.4.3 USES OF CLIMATE FINANCE IN SOUTH AMERICA (EXCL. BRAZIL)

Climate finance in South America (excl. Brazil) flowed largely as mitigation investment in renewable energy, as well as other and cross-sectoral investments for mitigation and adaptation.

Together, dual-benefit finance and dedicated adaptation finance accounted for 26% of flows.

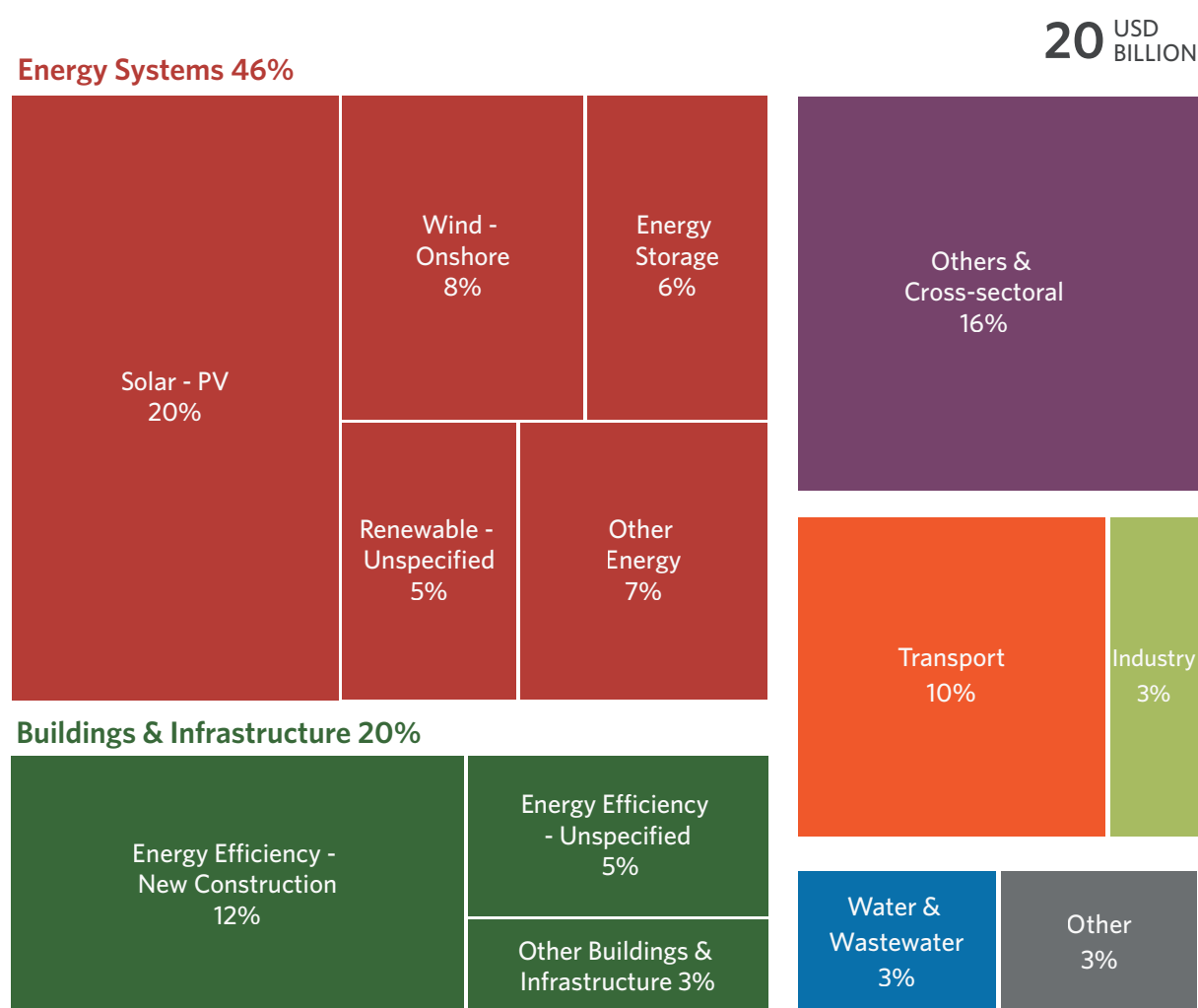
Figure 36. Climate finance by sector (2021/22 vs. 2023/24) and by use (2023/24)



Mitigation flows dominated the climate finance landscape in South America (exc. Brazil). In 2023/24, mitigation flows reached their highest share of climate finance in the period (74%). Adaptation finance accounted for USD 4 billion (14%), and finance for climate projects with dual (adaptation and mitigation) benefits stood at USD 3.2 billion (12%). Within mitigation finance, the share going to energy systems and buildings and infrastructure continued to increase, suggesting that more of the subregion's climate flows are going to commercially viable projects such as solar PV and energy efficiency.

MITIGATION FINANCE

Figure 37. Mitigation finance by sector for South America (excl. Brazil) (2023/24)



Renewable energy continues to present investment opportunities for developers across South America. Over 90% of the USD 9.3 billion going to energy systems across the subregion in 2023/24 was for power and heat generation. Chile led the way with investments of USD 3.5 billion, including those for large-scale energy storage facilities such as the *Atlas Sol del Desierto* project, which accounted for the majority of its mitigation investments ([CJR Renewables, n.d.](#)) following the passing of Chile's energy storage and electromobility bill in late 2022 ([AMI, 2024](#)). Elsewhere across South America, finance increased for other commercially mature renewable solutions, including solar PV and onshore wind.

Far lower shares of mitigation finance went to transport (USD 2 billion, or 10%) and industry (USD 0.6 billion, or 3%) in 2023/24. Within mitigation finance for transport, Peru led with USD 0.9 billion in 2023/24, a significant amount represented investments in rail infrastructure. Colombia alone accounted for almost a quarter of all climate-aligned industry investments with a focus on energy efficiency improvements. Across the subregion, just USD 0.3 billion went to AFOLU mitigation (just 1%) despite the sector accounting for almost 40% of the subregion's emissions in 2023 ([Climate Watch, n.d.](#)). No single project in this sector attracted more than USD 20 million in mitigation finance. This low absolute amount is consistent with the reality that most agricultural activity across the subregion is undertaken by smallholders and pastoralists. The perceived high financial risks—including insufficient credit histories and currency and price volatility—associated with these actors limits their access to climate finance ([CPI, 2025](#)).

Box 7: Financing methane abatement in Latin America – initiatives across South America

Separately, CPI has tracked finance for methane abatement regionally across Latin America & Caribbean (CPI, forthcoming) and conducted research which examines methane treatment business models and key emissions sources across the waste and agriculture sectors ([CPI, 2025](#); [CPI, 2026](#)). In 2023, tracked finance for methane abatement projects in Latin America reached USD 368 million, split across the agriculture and waste sectors.

Investments in waste accounted for 75% of all tracked methane abatement finance, with investments primarily concentrated in improved wastewater access and management practices, increasing separation and recycling, and minimizing emissions from solid waste at landfill sites.

The agriculture sector accounted for the remaining 23% of the regional flows, with around 95% of this finance for projects which focus on improving livestock productivity for smallholders and pastoralists.

Methane abatement finance continues to be provided mainly through a combination of international public sources, including multilateral climate funds and DFIs, with around 10% of finance originating from domestic sources in 2023.

South American countries are developing policies and initiatives that can help create the enabling conditions for greater methane abatement investment. Brazil's National Zero Methane Program ([Government of Brazil, 2022](#)) promotes the production and use of biomethane and biogas, while Colombia has developed a national methane reduction roadmap ([CCAC, 2026](#)) and introduced regulations for methane emissions from oil and gas operations ([IOGP, n.d.](#)).

Brazil and Colombia, alongside other countries in the subregion—including Argentina, Ecuador, Peru and Uruguay—participate in the Global Methane Pledge⁴¹ and have also engaged with international initiatives, including the [Global Methane Initiative](#), [United Nations Environment Programme's International Methane Emissions Observatory](#), and

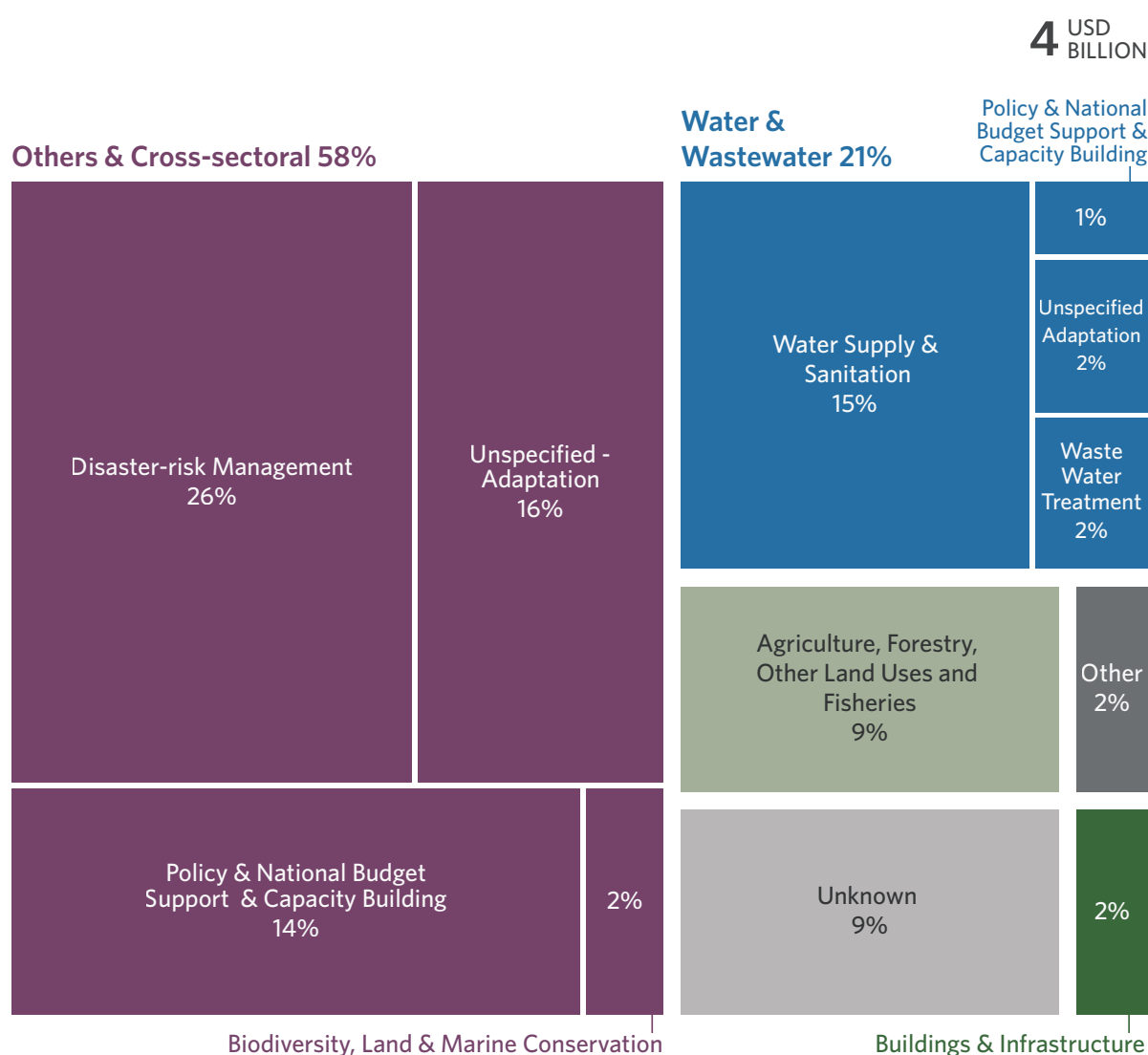
41 Participants joining the Pledge agree to take voluntary actions to contribute to a collective effort to reduce global methane emissions at least 30 percent from 2020 levels by 2030. This is a global, not a national reduction target.

the [World Bank's Global Flaring and Methane Reduction Partnership](#), to strengthen emissions monitoring, reduce flaring and venting, and improve regulatory frameworks.

Across the waste sector, which accounts for approximately 21% of methane emissions in the LAC region ([World Bank, 2026](#)), the Inter-American Development Bank's [Too Good to Waste initiative](#) provides capacity building, project preparation and investment support to advance methane mitigation and circular economy approaches. Together, these initiatives demonstrate emerging pathways for translating methane commitments into investable projects, although stronger project pipelines, investment disclosure and access to finance will be needed to scale deployment.

ADAPTATION FINANCE

Figure 38. Adaptation finance by sector for South America (excl. Brazil) (2023/24)



Adaptation investments across South America are highly concentrated in projects with cross-sectoral characteristics, such as those relating to disaster risk management and policy support and capacity building. Of the total USD 4 billion in tracked adaptation finance, 58% financed cross-sectoral projects, largely via loans from the Inter-American Development Bank for natural disaster and public health emergencies. Sector-specific adaptation investments are lacking in tracked figures, with just USD 0.8 billion provided for projects in the water and wastewater sector and USD 0.4 billion for AFOLU. In addition, the transport and energy systems sectors each received less than USD 40 million in adaptation finance in 2023/24.

Given South America's dependence on climate-sensitive sectors which underpin economies—such as AFOLU and industry—greater emphasis should be placed on scaling adaptation finance. The subregion's increasing exposure to extreme weather events is having a disproportionate impact on vulnerable populations ([WMO, 2025](#)), with large-scale displacements seen in recent disasters such as the Valparaíso wildfires in Chile in 2024 ([The Guardian, 2024](#)). The need to scale up adaptation finance across the subregion is further reinforced by the ranking of South American countries on climate vulnerability indexes. For instance, Venezuela, Bolivia and Ecuador all rank poorly on Columbia University's Climate Finance Vulnerability Index (CliF-VI), which aims to shed light on the compound effects of high physical climate risk exposure and low access to capital ([NCDP, 2026](#)).

DUAL-BENEFIT FINANCE

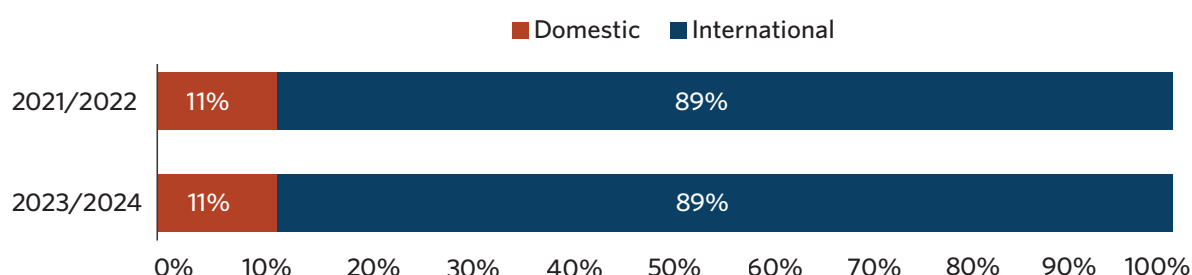
Dual-benefit finance accounted for 12% of climate finance in South America (excl. Brazil).

Other and cross-sectoral investments dominated these flows (46%), including biodiversity, and land and marine conservation activities, mostly in Colombia. This included domestic public budgets—from municipalities and departments—supporting biodiversity and conservation-related activities. Water and wastewater followed as the next highest sector for dual benefits finance (39%), which included efficient water supply and sanitation infrastructure, primarily in Chile.

With agricultural land and forests accounting for over two-thirds of the total land area in South America (excl. Brazil) ([FAOSTAT, 2026](#)), there is a unique opportunity for countries to target dual-benefit investments in AFOLU, particularly ecosystems conservation and restoration which can deliver substantial climate, economic, and health resilience benefits. In 2023/24, dual-benefit finance for AFOLU amounted to just USD 166 million. Given the subregion's economic dependence on this sector, scaling finance for projects which can generate emissions reductions while also building resilience, supporting local livelihoods and achieving biodiversity objectives offers a key investment opportunity. Nature-based solutions such as agroforestry systems and sustainable forest management practices are two tried-and-tested examples, with interventions such as the agro-silvopastoral systems of the Andes demonstrating that innovative forestry projects are viable across the subregion ([Solarte et al., 2023](#)).

4.4.4 BRAZIL

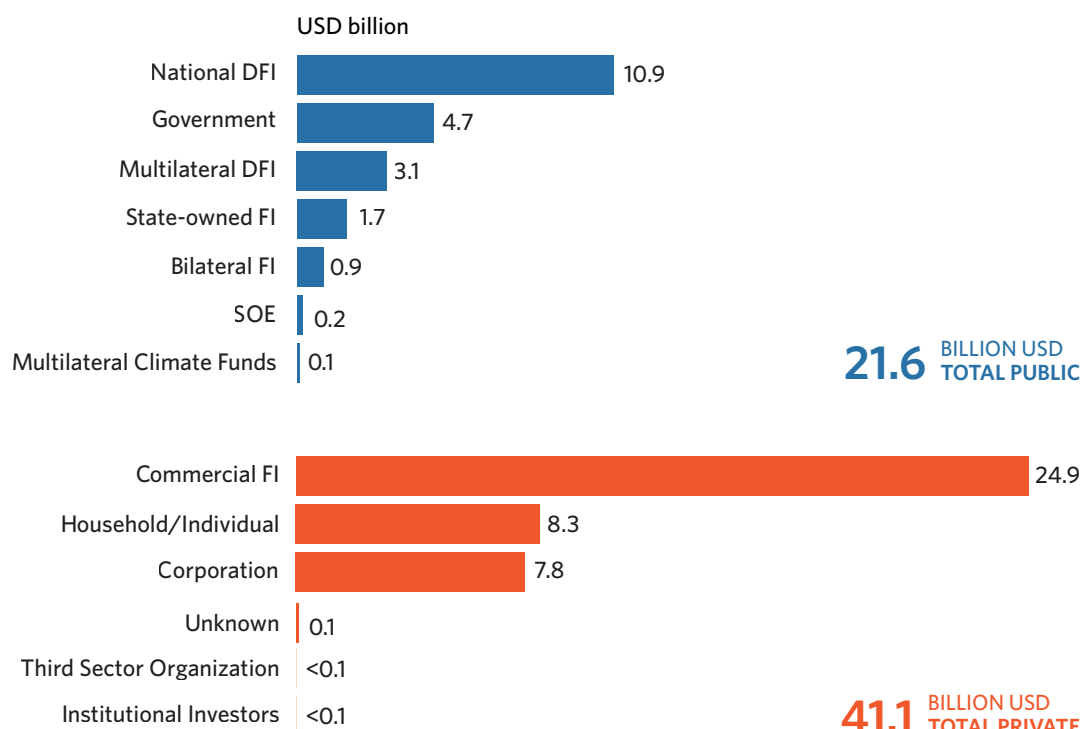
Figure 39. Domestic-international finance for Brazil (2021/22 vs 2023/24)



The dominance of domestic sources in Brazil makes the country an outlier across LAC. In 2023/24, domestic climate finance accounted for USD 55 billion of flows in Brazil, compared to USD 7 billion of international climate finance, split between market-rate (87%), concessional (4%), and grant (8%) finance.⁴² By contrast, the domestic-international split observed across the rest of South America is on par with that of the Caribbean and Central America.

Agriculture projects, as well as those in renewable power and heat generation, consistently received the majority of domestic finance. Investments in these sectors accounted for over 87% of Brazil's domestic flows in 2023/24. International finance, on the other hand, was spread across sectors and solutions, with flows going to water and wastewater, disaster risk management, and policy support and capacity building.

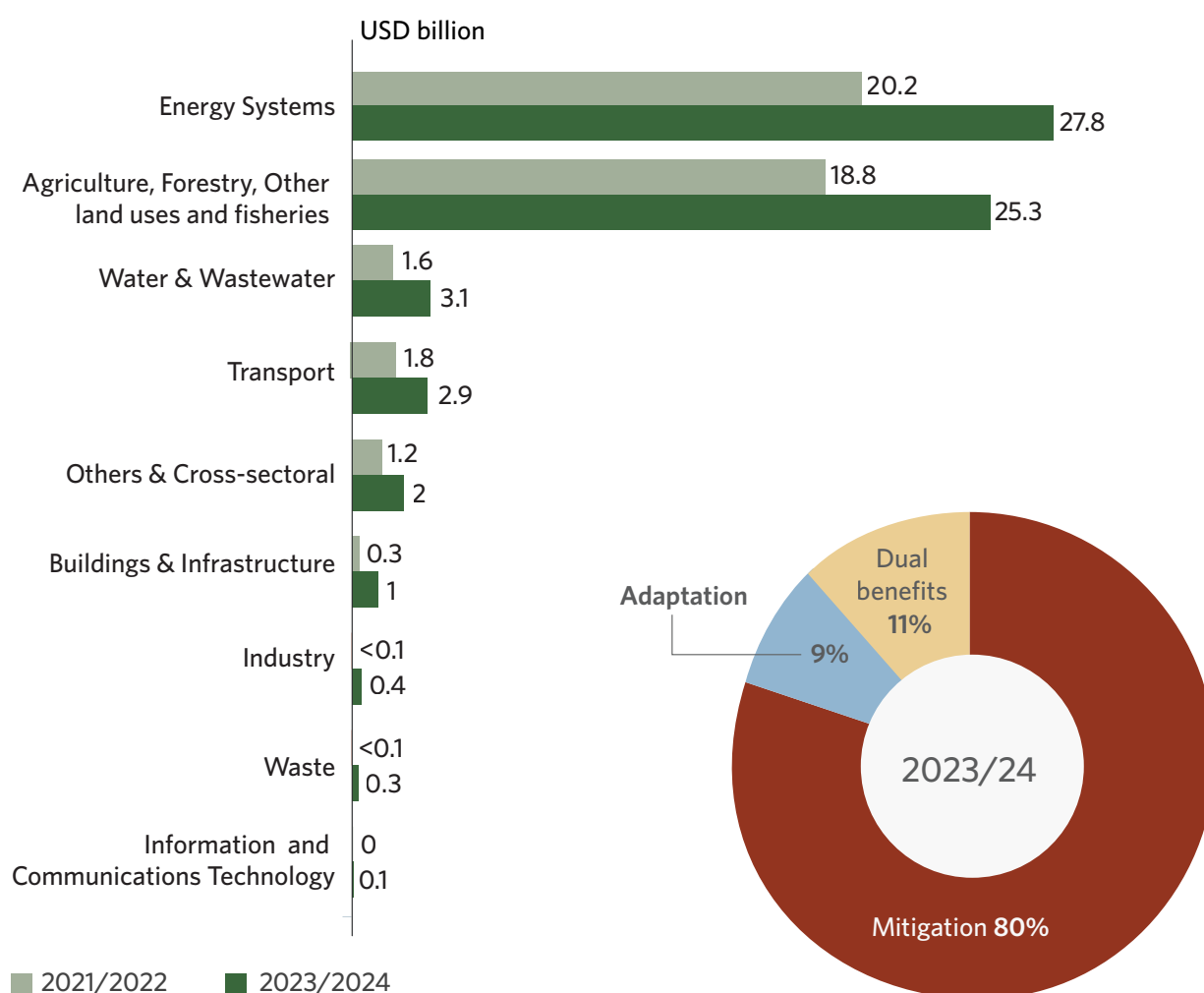
Figure 40. Public and private climate finance by actor type for Brazil (2023/24)



⁴² A further ~1% of international finance in Brazil was tracked with its use classified as 'unknown'.

Brazil's financing mix indicates a mature climate finance market. Private institutions provided 66% of flows in 2023/24 (USD 41 billion), compared to 34% from public institutions (USD 22 billion). Commercial FIs provided over 60% of private finance, relying primarily on balance sheet financing (low-cost debt) and project-level market rate debt for agriculture and energy systems projects. Corporations and households/individuals also relied heavily on balance sheet financing for projects across several sectors (88% of their total). In terms of public actors, national DFIs provided 50% of all public finance, relying on a more balanced mix of market-rate and concessional instruments, with project-level market rate debt (USD 6.2 billion) and concessionally defined project-level public debt (USD 4.9 billion) the two most dominant. Furthermore, USD 5.9 billion of balance sheet financing (low-cost debt) was exclusively provided by national DFIs and governments for agricultural projects. Though grants are minimal, Brazil stands out with 45% of its financing in the form of concessional debt, 80% of which was provided as rural credit in agriculture sector.

Figure 41. Climate finance by sector, 2021/22 vs. 2023/24 and by use (2023/24)



Brazil's climate finance landscape differed significantly from the rest of South America.

In absolute terms, the country's flows were greater than all other countries in the subregion combined, and account for 70% of the tracked total across the whole of South America.

In 2023/24, mitigation finance reached USD 50.4 billion, with adaptation finance at USD 5.4 billion and dual-benefit finance at USD 6.8 billion.⁴³ The concentration of climate finance in AFOLU was also a particularity in the broader LAC perspective. The significant share of Brazilian climate finance in AFOLU is promising, given that the country accounts for approximately 66% of the subregion's AFOLU-derived emissions ([Climate Watch, n.d.](#)) and the sector has strong mitigation potential.

Climate action in Brazil is largely a story of decarbonizing agriculture and livestock management, while also protecting the Amazon ecosystem in the context of an emerging bioeconomy. Achieving this will require greater mobilization of finance in the country's most emissions-intensive industries as well as continued development of innovative mechanisms to reduce investment risk and improve project preparation. The establishment of [Brazil's Climate and Ecological Transformation Investment Platform \(BIP\)](#) in 2024 demonstrates the government's accelerating efforts in this area. By connecting public and private financiers and global FIs, the platform links climate planning to investment opportunities, while predominantly featuring projects validated by Brazil's National Development Bank (BNDES).

Box 8: Rural credit finance in Brazil

Brazilian agriculture systems are primarily financed using rural credit, with this financing announced annually by the federal government through various programs including, ABC+ Plan, the Amazon Fund, and BNDES Climate Fund. The ABC+ Program, for instance, includes rural credit lines for climate-smart agriculture and other low-carbon practices targeting mitigation and adaptation benefits, with the climate relevance of these credit lines determined by the provisions of the Brazilian Central Bank's Public Consultation no. 82 ([CPI, 2024](#)). In this report's methodology, rural credit lines for agriculture and forestry projects from the Central Bank of Brazil's (BCB) Rural Credit and Proagro Operations System (SICOR) are classed as "balance sheet financing (low-cost debt)," reflecting the subsidized rate at which these credit lines are provided.

Rural credit instruments constitute a core pillar of Brazil's climate finance landscape, accounting for 92% (USD 23.1 billion) of climate flows to the Brazilian agricultural sector in 2023/24. Through these instruments, financial resources are channelled toward agricultural practices that enhance productivity and support environmental sustainability. More specifically, by lowering the cost of capital, these instruments enable farmers to invest in practices, machinery and technologies that would otherwise remain financially inaccessible, particularly for small and medium-sized operations. It is worth noting, however, that these figures should be interpreted with caution, as investments classified *ex ante* as climate finance do not necessarily deliver the intended climate

⁴³ The climate finance totals for Brazil presented here differ from those presented in CPI's 2025 publication, the [Landscape of Climate Finance in Brazil](#), by a magnitude of approximately USD 5 billion in each year. This is due to: (a) the exclusion of finance for loss & damage in this study; (b) the exclusion of decarbonization credits in this study; and (c) the conversion of figures from 2024 real values into annual nominal values, in order to fairly aggregate with climate finance tracked in other LAC countries.

outcomes. This concern is particularly relevant in the agricultural sector, which demands a complex and constant monitoring and verification system with satellite data. Despite the increasing finance, over the past decade deforestation has remained a significant source of emissions in Brazil, while livestock-related methane emissions continued to increase ([Changing Markets Foundation, 2025](#)). As found in a recent analysis, 36% of the subsidized rural credit in Brazil contracted between 2020 and 2024 was allocated to properties that had recorded deforestation since 2009, underscoring the need for stronger safeguards, monitoring, and impact verification ([CPI, 2024](#)).

5. RECOMMENDATIONS FOR SCALING CLIMATE FINANCE IN LAC

This Landscape study has provided a first-of-its-kind, comprehensive baseline of climate finance – public and private; international and domestic – flowing in and to the LAC region. Combining estimates of climate finance needs (Section 3) with analysis of climate finance flows (Section 4), the study highlights the size and nature of the climate finance gap in LAC, exploring the heterogeneity between the Caribbean, Central America and Mexico, and South America (particularly Brazil therein).

Closing the climate finance gap in LAC will require coordinated and strategic action among the various actors in the space: governments; international public climate finance providers; regional and (sub)national DFIs; and the private sector (from MSMEs to large corporations and institutional investors). To that end, CPI articulates the following five thematic recommendations for mobilizing further climate finance in the region, with key action areas mapped to relevant stakeholders:

1. **Plan for and align finance with the climate transition:** Strengthening climate governance and planning, while aligning public finance with climate goals.
2. **Create markets and mobilize private capital:** Stimulating demand and supply for climate solutions, while mobilizing different pools of private capital (local and international)
3. **Mainstream climate resilience:** Integrating climate risk into financial decision-making to ensure business continuity and profitability, while actively investing in adaptation and resilience solutions.
4. **Leverage decarbonization and green business opportunities:** Investing in low-emission and nature-based solutions, while avoiding stranded assets.
5. **Strengthen the climate finance ecosystem:** Developing the institutional infrastructure, partnerships, capacity and data needed for systemic change, while changing the narrative.

1. Plan for and align finance with the climate transition: Strengthening climate governance and planning, while aligning public finance with climate goals.

Key action areas	Main actor(s)	Good-practice regional/country examples
Translate (national or subnational) climate plans and policies into actionable, investable and well-coordinated roadmaps , including by costing NDCs and NAPs, institutionalizing climate as a long-term, inter-ministerial agenda, and establishing transparent climate tagging in public budgets.	Governments (national and subnational)	Costa Rica's National Decarbonization Plan aligns sectoral planning with investment pipelines and international finance, identifying investment needs by sector, with details on type of support needed—financial or otherwise (UNFCCC, 2018 ; IDB, 2026).
		Uruguay's integrated framework for climate action sits under the National Climate Change Response System, an inter-institutional group coordinated by the Ministry of Environment. The system drives climate commitments across the National Climate Change Policy; NDCs; Long-Term Climate Strategy; NAPs; National Care System (including protocols for responding to climate shocks); and Gender and Climate Change Action Plan (IDB, 2024).
		Colombia's National Planning Department and the Financial Management Committee of the National Climate System cooperate on green budget tagging for national, regional, and local expenditures across sectors most linked to mitigation and adaptation efforts (OECD, 2020).
Align fiscal policy with climate- and nature-positive outcomes and create fiscal space , by reforming climate-misaligned public expenditure (subsidies and incentives) paired with adequate and equitable measures—or safety nets—to address regressive distributional effects.	Governments (national)	Mexico's carbon pricing—a carbon tax adopted in 2013 and an emissions trading scheme launched in 2020—combined with the removal of fuel subsidies, has seen statistically significant emissions reductions (Coelho Junior & Pereda, 2026).
		Ecuador harnessed data on taxes, fuel use, transit, and social protection to pair fuel subsidy reform with targeted compensation (via public banking), illustrating how “safety nets” can reduce political backlash to climate-aligned policy (CFMCA, 2026 ; IDB, 2026).
Create fiscal space and resilience by using financial instruments such as debt-for-climate swaps and debt pauses to unlock much-needed resources, especially for adaptation and nature. Indeed, debt restructuring, refinancing and relief can be linked to credible resilience and nature commitments.	Governments (national); International public climate finance providers	Barbados completed the world's first debt-for-climate resilience transaction using guarantees from the IDB and the EIB. The resulting fiscal savings of USD 125 million were to be invested in adaptation and resilience (EIB, 2024).

Devise and implement corporate climate/sustainability strategies for climate-aligned business from the top down, including articulating net-zero targets and transition plans, managing supply-chain emissions, and disclosing emissions and climate risks, among others.	Private actors	Bancolombia's Sensitive Industries to Climate Change policy sees the bank (1) advise clients in cement, energy, oil and gas, steel, etc. on low-carbon transition; and (2) commit to having zero credit portfolio exposure in coal mining /power generation by 2030 (Bancolombia, 2020). Mexico's Cemex, a multinational construction materials company, has a net-zero by 2050 target, with interim 2030 goals. The company has a roadmap for achievement and works with partners to validate and endorse commitments and progress (Cemex, 2026). Brazil's Itaú Unibanco reports on progress on its net-zero target by 2050 in an annual climate report, disclosing information on governance, strategy, climate risks, metrics and sector-specific decarbonization approaches (Itaú Unibanco, 2024). BBVA annually publishes its intermediate sectoral net-zero targets by 2030 and its performance against those targets. It also discloses how it assesses clients' transition plans with the Transition Risk Indicator, and how it integrates these targets into its admission credit processes and compensation schemes (BBVA, 2025).
2. Create markets and mobilize private capital: Stimulating demand and supply for climate solutions, while mobilizing different pools of private capital (local and international)		
Key action areas	Main actor(s)	Good-practice regional/country examples
Reduce financing cost and affordability constraints by using suitable financial instruments or structures to lower the cost of capital (for example: risk-mitigation instruments; foreign exchange hedging; and local currency financing). An emphasis on guarantees and risk mitigation can reduce uncertainty and make projects bankable, while avoiding any crowding-out effect by public finance. Relatedly, a continued expansion of balance-sheet optimization measures – including callable and hybrid capital, and portfolio guarantees – can help to scale (MDB) lending capacity.	International public climate finance providers; Regional and (sub)national DFIs	In Brazil, IDB's foreign exchange hedging mechanism—agreed with the Central Bank—aims to enable up to USD 3.4 billion for sustainable development under Brazil's Eco Invest Program (within the National Climate Fund). The mechanism reduces currency risk for investors, in turn lowering the cost of capital, enabling long-term private investment in areas such as renewable energy, the bioeconomy, resilient infrastructure and sustainable land use (IDB, 2025). In Colombia, IDB Invest's issuance of a USD 20m sustainability bond denominated in Colombian pesos (COP) protects local borrowers from foreign currency fluctuations, facilitating COP-denominated loans for green mobility and solar power projects, while making debt repayments less volatile and more sustainable (IDB Invest, 2023).
Design and use green/climate finance taxonomies, such that actors have a clear and shared understanding of what activities count, informing financial decision-making (including in public financial management systems). Attention should also be paid to interoperability of green taxonomies within and across the LAC region.	Governments; International public climate finance providers; Regional and (sub)national DFIs; Private actors	Colombia launched the region's first official green taxonomy. This emphasizes interoperability with the EU taxonomy and defines eligible activities and technical screening criteria across climate mitigation, adaptation, and environmental objectives. DFIs, banks, corporates and regulators can use this to screen and label assets; quantify the extent of green activities; design green finance products; and align risk management with climate targets (GBM, 2026). The Common Framework of Sustainable Finance Taxonomies for Latin America and the Caribbean offers guidance to orient LAC member states that are developing, or intend to develop, sustainable finance taxonomies, encouraging compatible and interoperable frameworks to facilitate cross-border markets (UNEP FI, 2023).

Strengthen standards and regulations such that (i) climate disclosures (on emissions and climate risk) become the norm; and (ii) the financial calculus underpinning climate-aligned business practices is improved, altering risk appetites and enabling private financiers to invest in alternative (climate-aligned) assets.	Governments (regulatory authorities/bodies)	Chile has mandated the adoption of IFRS Sustainability Disclosure Standards S1 and S2, requiring companies to disclose sustainability-related risks and opportunities that could reasonably affect their cash flows, access to finance, and/or cost of capital (IFRS, 2025).
		Mexico's updated Circular Única Financiera mandates pension fund managers to integrate ESG considerations into their investment portfolios, with a legal obligation to disclose the sustainability performance of their portfolios (STEP, 2024).
		Belize's regulatory framework for electricity generation includes incentives such as preferential tariffs for renewable energy projects (OLADE, 2025) and allows actors to sell their excess renewable generation back to the grid, driving uptake of solar PV (commercial and household) (CDF, 2026).
Design policies that lower barriers to innovation in green industry, and build out a domestic business ecosystem for low-emissions, climate-resilient goods and services.	Governments (national)	Brazil launched its New Industry (Nova Indústria) Policy in 2024 to reindustrialize the country by enhancing productivity through innovation and sustainability, including reducing GHG emissions intensity per product; increasing the share of biofuels and EVs in transportation; and directly reducing GHG emissions in national industry (Climate Policy Database, 2026).
Issue blue and green bonds , tapping into (international and local) capital markets to widen the resource base for climate (and nature-positive) action.	Government (national and subnational); Regional and (sub)national DFIs; Private actors (corporates; FIs)	Chile , in 2019, became the first sovereign issuer of green bonds in the Americas to finance the country's climate agenda at a lower cost than through traditional sovereign funding, tapping into a larger and more diversified investor base (GJIA, 2023).
		Bogotá, Colombia , in 2025 became the first LAC city to issue a green bond in international capital markets (for USD 600m). Proceeds are to finance clean transport projects. It received demand 1.3x beyond what was originally expected (GGGI, 2025).
		Brazil's SABESP (Companhia de Saneamento Básico do Estado de São Paulo), the country's largest water and sanitation utility, issued the largest corporate blue bond in LAC in 2026, with structuring support from IDB Invest. The bond mobilized USD 1.35 billion from global institutional investors (IDB Invest, 2026).
Aggregate transactions and operations , where relevant, moving from a project-by-project approach to investment-grade portfolios, combining assets to be more investable at scale. Specifically, MDBs can expand originate-to-distribute models to mobilize capital beyond their own balance sheets.	International public climate finance providers; Regional and (sub)national DFIs; Private actors	IDB Reinvest+ is an innovative mechanism that bridges local climate and development projects to international institutional investors by aggregating small green loans or sustainability assets into larger, standardized and investment-grade portfolios that institutional investors can buy (GFL, 2025). The mechanism fosters vertical alignment from local banks up to larger FIs and global investors (IDB, 2025).
		The Caribbean Resilient Renewable Energy Infrastructure Investment Facility is designed to increase the share of utility-scale renewable energy generation in the subregion, aggregating renewable projects across Caribbean countries to reduce costs, increase scale and attract private sector developers (ECCB, 2025).
Standardize and simplify financing processes and transactions across public (concessional) finance providers, reducing fragmented and complex financing processes and enabling easier replication or scale-up of proven financing structures.	International public climate finance providers; Regional and (sub)national DFIs	The IDB and WBG's newly launched Full Mutual Reliance Framework will allow a single set of operational policies to apply to selected projects co-financed by the two MDBs, reducing duplication and transaction costs, and streamlining processes for project preparation and implementation (WBG, 2026).

Orchestrate the pipeline of quality, bankable projects that can access commercial capital, ensuring there is adequate matchmaking between project developers and financiers.	International public climate finance providers; Regional and (sub)national DFIs	The Caribbean Climate-Smart Accelerator, funded by international public providers, philanthropies and private actors, seeks to mobilize climate capital in the region, identifying bankable projects, building a pipeline, and providing grant funding to catalyze further investment. It also provides a matchmaking function, connecting entrepreneurs with financiers for blue and green economy projects (CaribbeanAccelerator, 2026).
		The Latin America Catal1.5t Initiative, funded by IKI (Germany), is an acceleration and investment program that provides seed finance, investment-readiness support and climate impact assessments to early-stage ventures (Catalyst1.5T, 2026).
		In Latin America , the C40 Cities Finance Facility is a project preparation facility working to build the pipeline of bankable climate projects—across energy & buildings; mobility; waste; and nature-based solutions—at the subnational level. To date, cities in Mexico, Colombia, Ecuador, Peru, and Brazil have benefited (C40 CFF, 2026).

3. Mainstream climate resilience: integrating climate risk into financial decision-making to ensure business continuity and profitability, while actively investing in adaptation & resilience solutions.

Key action areas	Main actor(s)	Good-practice regional example
Climate-proof all new and existing investments , including supply chains, such that they are designed to endure, and continue functioning during, a future climate shock or stress (whether extreme heat, floods, drought, sea-level rise, or tropical storms, among others).	International public climate finance providers; Regional and (sub)national DFIs; Private actors (MSMEs, corporations, institutional investors)	Latin America (regional): CAF—based on proceeds from a dedicated resilience bond of USD 100 million, CAF partnered with the UN Office for Disaster Risk Reduction to finance resilient infrastructure across member countries, reducing vulnerabilities to climate hazards and ensuring continuity of services during a shock or stress (CAF, 2025).
		Central America (regional): CABEL, with grant finance from the GCF, is implementing its CAMBio II program to incentivize adaptation and resilience measures by MSMEs, including promoting resilient agriculture and efficient water management (GCF, 2018).
		Usina Santa Adélia , a private sugar and ethanol company in Brazil was supported by the IFC to invest in a comprehensive reform of its sugarcane production, climate-proofing plantations against droughts (including by efficient drip irrigation and using satellite imagery to monitor weather and adjust planning and production accordingly) (IFC, 2022).
Assess, disclose and incorporate physical climate risk into lending, investment and portfolio management, re-pricing assets according to exposure and vulnerability to anticipated climate shocks or stresses. At the macroeconomic and sovereign level, climate- and nature-related risks should be incorporated into macro-financial models and sovereign credit ratings.	Private FIs Governments (incl. regulatory authorities/bodies)	Banco de México (Banxico): requires commercial banks to accurately price assets exposed to physical climate risks (e.g., flood events or tropical cyclones) and maintain robust capital buffers well above the minimum requirements (IMF, 2022)

Develop financial products that incentivize resilience investments such as insurance or resilience-linked credit lines, among others.	International public climate finance providers; Regional and (sub)national DFIs; Private FIs	The Caribbean Catastrophe Risk Insurance Facility (CCRIF), the world's first multi-country risk pool (funded by a multi-donor trust fund), limits the impact of extreme climate events in the Caribbean and Central America. When an insurance policy is triggered by a climate shock, the CCRIF provides short-term liquidity to its members: Caribbean governments; Central American governments; electric utilities; water utilities; and one tourist attraction (CCRIF, 2025). Financoop, Ecuador: a financial cooperative institution for agricultural cooperatives in Ecuador, Financoop offers credit lines for climate-smart techniques that conserve soil, reduce water usage and protect crops against droughts and extreme weather (Financoop, 2020).
4. Leverage decarbonization and green business opportunities: investing in low-emission and nature-based solutions, while avoiding stranded assets.		
Key action areas	Main actor(s)	Good-practice regional example
Scale investment into renewable energy technologies and clean electrification, energy efficiency (including retrofitting buildings) and grid and storage capacity, benefiting from cost savings over business-as-usual.	Governments; International public climate finance providers; Regional and (sub)national DFIs; Private actors	Uruguay spearheaded a national renewable energy revolution in just over a decade, transitioning from a reliance on fossil fuel imports to powering 98% of electricity with domestic renewables. The scale up of renewables (primarily wind, but also hydroelectric, biomass and solar) was achieved based on competitive auctions, long-term (20+ year) power purchase agreements (PPAs) and political and regulatory stability, with most of the generation infrastructure developed by the private sector (SOAS, 2025). Mexico's EcoCasa Program, funded by a mix of international climate finance providers and the Mexican government, has increased both the production of low-carbon (energy efficient) housing and the supply of mortgages for low-carbon housing, with material emissions mitigation (UNFCCC, 2013). The Bahamas: as part of the Coral Harbour Solar Facility, and with support from the IDB as well as other international climate finance providers, the private developer Eco Energy Bahamas Ltd. developed a 5 MW Battery Energy Storage System (BESS) to support renewable power integration and reduce the frequency of blackouts (Government of The Bahamas, 2024).
Embrace nature-based solutions (where relevant and feasible), establishing nature as an investable asset class, that generates local co-benefits (such as food and livelihood security, regulation of ecosystem services including the water cycle, and improvements to air quality and human health).	Governments; International public climate finance providers; Regional and (sub)national DFIs; Private actors	The Belize Government, with support from The Nature Conservancy and political risk insurance from US DFC, completed a USD 364 million debt conversion for marine conservation in 2021, reducing Belize's debt by 12% of GDP while creating the long-term finance for ocean conservation measures. The credit enhancement from US DFC facilitated uptake of the bond by institutional investors with higher ESG appetite (TNC, 2022). Costa Rica's established Payments for Ecosystem Services (PES) Program, administered by the National Forest Financing Fund (FONAFIFO), and primarily financed from the proceeds of a fuel tax in the country, incentivizes the protection and maintenance of environmental services by farmers (including supporting natural and planted forests, agroforestry systems, natural regeneration, and sustainable forest management) (FONAFIFO, 2026).

Roll out and invest in low-carbon transport systems, including electrification of public transport and private EV ownership, with parallel investment into the necessary charging infrastructure and networks.	Government (subnational) (with support from: international public climate finance providers; regional and (sub)national DFIs) Households/ individuals	Santiago, Chile is a global leader in e-bus adoption, home to the largest electric bus fleet outside of China, and electrifying 68% of the city's bus fleet. The transition to zero-emission buses in Santiago is supported by the ZEBRA partnership, co-led by C40 Cities and the International Council on Clean Transportation (ICCT), and hinges on the work of Centro Movilidad Sostenible (CMS), a Chilean non-profit which provides technical assistance, develops bidding guidelines for EVs, evaluates electrification potential of individual fleets and provides training on, with a view toward implementing, zero-emission buses (Global Drive to Zero, 2025). Latin America's electric car markets grew substantially in 2024 to reach a market share of 4%, in large part due to government incentives such as tax exemptions and reduced traffic exemptions for EVs. Brazil led, with nearly 125,000 electric car sales, more than double that observed in 2023. Costa Rica, Uruguay, and Colombia recorded sales shares of approximately 15%, 13% and 7.5%, respectively (IEA, 2025).
Promote and implement deforestation-free value chains and low-carbon agricultural practices, including methane abatement measures in livestock management and rice production.	Governments; International public climate finance providers; Regional and (sub)national DFIs; Private actors (household farmers; agri-SMEs)	Brazil's Plan for Adaptation and Low-Carbon Emissions in Agriculture (Plano ABC+) is the country's flagship strategy for climate-smart agriculture. It aims to reduce up to 1 billion tCO₂e, via techniques including rehabilitation of degraded pastures; integrated crop, livestock and forest systems; agroforestry; and animal waste management (BrazilianFarmers, 2024). Plano ABC+ works to substantially mitigate methane, a highly potent GHG and a major contributor to Brazil's emissions profile (CPI, 2026). Latin America's transition toward sustainable rice production initiative, a technical cooperation project between the Inter-American Institute for Cooperation on Agriculture (IICA) and the Global Methane Hub, is being implemented across Brazil, Chile, Ecuador and Uruguay. It aims to increase the uptake of methods to mitigate methane emissions from rice that are viable for farmers and easy to scale via technological innovation, emissions measurement, public policy advocacy and access to finance (IICA, 2026).
Develop sustainable domestic critical mineral value chains that are integral to the green transition, while ensuring responsible extraction and resource management.	Governments; (supported by international public climate finance providers; regional and (sub)national DFIs; private actors)	The Lithium Triangle —containing some of the world's largest lithium reserves, and spanning Argentina, Bolivia, and Chile— offers potential for intra-regional cooperation to convert critical mineral supplies into high-value, well-integrated supply chains for the green transition (including for EVs and renewable energy generation and storage (InnovationNewsNetwork, 2023). Governments and international climate finance providers/ regional and (sub)national DFIs can work to build out sustainable extraction and processing toward regionally integrated value chains in the broader green transition.

5. Strengthen the climate finance ecosystem: Developing the institutional infrastructure, partnerships, capacity and data needed for systemic change, while changing the narrative.

Key action areas	Main actor(s)	Good-practice regional example
Establish the institutional infrastructure needed to directly access and absorb climate finance and that can coordinate effective, efficient action across the different actors in the ecosystem (including, for example, country platforms).	Governments (with support from international public climate finance providers; regional and (sub)national DFIs)	Brazil: the Climate and Ecological Transformation Investment Platform (BIP), led by the Brazilian Government, is a country platform intended to coordinate action on, and finance for, implementation of the Ecological Transformation and Climate transition Plans (GFANZ, 2024). The BIP convenes a range of actors – public and private – to expand the pool of capital available for projects across three main sectors: nature-based solutions and bioeconomy; industry and mobility; energy (Government of Brazil, 2026).
		Caribbean Debt-for-Resilience Joint Initiative: a result of collaboration between the IDB, CAF and the CDB, this multi-guarantor initiative seeks to create fiscal space for Caribbean countries to invest in priority resilience measures and regional public goods. By establishing common principles for guarantee terms and defining shared taxonomies and KPIs for resilience investments, the initiative seeks to streamline and scale the implementation of debt swaps in the region (IDB, 2025).
		Regional Climate Change Platform of Economy and Finance Ministries: brings together 26 borrowing member countries of the IDB in a collaborative network that enables discussion of, and knowledge sharing on, region-specific climate risks and practical fiscal solutions that can address those risks, reducing vulnerability to climate change (IDB, n.d.).
Nurture in-country technical capacity, working directly with or alongside domestic actors (public and private) to mainstream climate into policies, planning, operations and transactions, and build the expertise and experience for climate to take off independent of international public climate finance.	International public climate finance providers (with, or alongside: governments; regional and (sub)national DFIs; private actors)	IDB Invest, Caribbean Impact Manager Program: this initiative cultivates homegrown fund managers through targeted capacity building and ecosystem building (for example, engaging governments, regulatory authorities and industry associations). The emphasis is on providing practical advice and training so these fund managers can later become credible partners for blended climate finance.
		The IFC Green Banking Academy provides banks in LAC with specialized advice and training to accelerate their green transformation. Beneficiaries range from banking professionals to executives, credit and risk officers and sales force. KPIs to date include: >5,000 bankers trained; >500 scholarships; and >80 banks and FIs advised (IFC, n.d.).
		Transforma (supported by the Global Capacity Building Coalition (GCBC) Accelerator) has pioneered climate risk disclosure in Colombia, Mexico, and Peru, providing training and technical assistance to various financial institutions such that climate risk can be embedded into financial decision-making (CCG, 2025).

Improve the quantity, quality, and accessibility of decision-useful data, in relation to GHG emissions accounting, physical climate risk data, and indicators for measuring impact and tracking progress, among others.	International public climate finance providers (with, or alongside: governments; regional and (sub)national DFIs; private actors)	CAF, Climate Information and Early Warning Systems (CIEWS): together with the UNDRR and co-finance from the GCF, CAF is structuring a regional facility to strengthen data, knowledge, monitoring and forecasting, and warning dissemination or alert, in relation to natural/climate change-related emergencies (CAF, 2024). The initiative fosters regional cooperation and interoperability of CIEWS across LAC countries to better prepare for and respond to shared climate risks.
Change the narrative, moving from the notion that climate is an add-on, or externally imposed cost, to an enabler, an imperative, and a domestic opportunity to increase growth and ensure sustainable development.	All stakeholders	GFANZ, Net-Zero Data Public Utility (NZDPU): aims to address the limited availability and variable quality of decision-critical climate data for the net-zero transition, encouraging company-level, consistently reported and transparent emissions data (across Scope 1, 2 and, possibly, 3 emissions). Chile: the National Green Hydrogen <i>Strategy</i> positions green hydrogen as a new and profitable national industry for Chile; simultaneously a source of economic competitiveness while marking 'a profound transformation of the country's productive identity' (Government of Chile, 2020). Brazil: the concept of a bioeconomy has gained relevance in the context of preserving the Amazon rainforest; a paradigm that aligns biodiversity conservation with sustainable resource use, while valuing traditional knowledge and strengthening production models based on biological resources (CPI, 2025). Efforts are underway to restore ecosystems at scale, while simultaneously enabling new nature-based value chains (WEF, 2026).

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ANNEX 1: METHODOLOGY

A.1.1 REPORT LIMITATIONS

Limitations in tracking domestic government expenditure. This report includes country-level government budget data obtained through reviews of individual national budget documents and publicly available fiscal reporting for the following countries: Argentina; Belize; Bolivia; Brazil; Chile; Colombia; Dominican Republic; Grenada; Honduras; Mexico; and Peru.

However, many countries do not publish climate-tagged budget data. Where such data is available, the level of granularity varies: some countries report climate-specific expenditure, while others embed climate-related spending in broader environmental or infrastructure budget lines. In addition, available data does not always distinguish between mitigation and adaptation objectives. Systematic climate budget tagging—based on robust and interoperable taxonomies—is essential for measuring and better managing (national or subnational) government climate expenditures (see Box A1).

Insufficient tracking of adaptation finance. Monitoring adaptation finance from the private sector and domestic governments is fragmented due to systemic tracking challenges. These include the context-specificity of what counts as adaptation, the complexity of linking climate risks with adaptation measures, the absence of clear impact metrics, and confidentiality concerns. In addition, unlike mitigation finance, adaptation finance is usually counted as incremental or proportional relative to total project costs, especially by international public climate finance providers ([CPI](#), 2023).

Risk-mitigation tools such as contingent loans, currency hedges, guarantees, and insurance are not tracked in this report. CPI recognizes the important role of financial risk management instruments in mobilizing private climate finance, particularly in sectors and geographies with high (real or perceived) risk. Guarantees in particular are increasingly deployed to mobilize and crowd in private capital across the region. Indeed, based on Green Guarantee Group’s Guarantee Directory, guarantees have unlocked USD 17 billion in private finance globally in 2023 alone ([GGG](#), n.d.). However, they are excluded from GLCF data given that realized financial outflows are contingent on the occurrence of uncertain future events ([CPI](#), 2025).

Potential uneven granularity between Brazil and other subregions and countries. Tracking data for Brazil was derived through a dedicated deep-dive study (CPI, forthcoming), resulting in more comprehensive coverage than other LAC countries. As a result, Brazil’s climate finance figures may not be directly comparable, especially for smaller countries or regions, where thinner data coverage makes tracked totals more likely to understate actual flows. Brazil is, thus, presented separately from the rest of South America throughout the report. This separation also reflects Brazil’s disproportionate size compared to other LAC countries, ensuring that subregional aggregates and comparisons are not skewed by a single market. Readers should exercise caution when making cross-country comparisons, as the differences may partly reflect variation in the depth of data collection.

Limited coverage of hard-to-abate sectors. Climate finance tracking is unevenly distributed across sectors. Hard-to-abate sectors such as steel, cement, aluminum, aviation and shipping are under-represented in the underlying climate finance databases. This under-representation

may also reflect the practical challenges of decarbonizing these sectors, such as the lack of cost-effective solutions, limited regulatory frameworks, and insufficient policy incentives ([EY, 2025](#)).

Some actors integral to climate action are not covered in the database. This includes sovereign wealth funds, whose climate activities go largely untracked due to limited disclosure requirements, as well as informal economy actors. In addition, climate-relevant investment by informal enterprises and households—e.g., in distributed energy or resilient housing—is undocumented and not tracked in this analysis.

Coverage of private actors' climate transactions may also be incomplete. Tracked private flows rely on disclosed transactions, and investment channeled through private funds or held on undisclosed corporate balance sheets may not be captured.

Box A1: Developing climate-compatible financial systems

Sustainable finance taxonomies and climate budget tagging can help LAC countries advance the tracking, classification, and monitoring of climate finance.

Sustainable finance taxonomies

Several LAC countries have developed national sustainable finance taxonomies to guide and direct capital, including Colombia, Brazil, Costa Rica, Chile, and Panama ([UNEP, n.d.](#)), Mexico ([Gobierno de Mexico, 2024](#)), and the Dominican Republic ([SIMV, 2024](#)). Others, including Peru, are in the process of developing them ([CBI, 2022](#)).

Country taxonomies need to tailor classification systems to local contexts. For example, those developed in Colombia, Mexico, Chile, and Brazil vary in their sectoral scope ([IBRAM, 2025](#)), and Brazil's applies stricter emissions thresholds than others, including the EU taxonomy ([Responsible Investor, 2025](#)).

While localization is necessary, taxonomies must also be interoperable to facilitate cross-border sustainable investment flows, both in LAC and across other global markets. To support greater alignment, the United Nations Environment Programme (UNEP) Common Framework of Sustainable Finance Taxonomies for Latin America and the Caribbean ([UNEP, 2023](#)) serves as a reference for countries developing sustainable finance taxonomies, particularly for enhancing interoperability.

Climate Budget Tagging

Climate budget tagging (CBT) is used to identify, monitor, and track climate-related expenditures in national budget systems. It provides comprehensive information on climate-relevant accounts ([NDCP, n.d.](#)).

Tagging transactions as climate-related requires a robust methodology to accurately identify climate-related expenditures and revenues; link them to specific activities; and determine how they contribute to climate policy objectives ([IDB, 2021](#)). A few LAC countries are already implementing climate/green budget tagging. In 2022, five of 12 countries (Chile, Colombia, the Dominican Republic, Honduras, and Mexico) in an OECD

survey had adopted green budgeting mechanisms, while another five were considering implementation ([OECD, 2024](#)).

Across LAC, there are opportunities for improvement. First, CBT adoption still lags behind OECD countries, where 67% have implemented green budgeting mechanisms. Second, while most OECD countries have complemented green budgeting with transparency and accountability measures, many LAC countries have yet to do so ([OECD, 2024](#)).

Advancing CBT can improve the *ex-post* identification and monitoring of climate-related expenditures and better inform budget allocation, policy prioritization, and fiscal decision-making to address climate change challenges.

A.1.2 NEEDS METHODOLOGY

I. LAC ANNUAL MITIGATION NEEDS

The annualized mitigation needs used throughout this report reflect a “top-down” approach where needs are modeled as the climate finance required across sectors to follow net zero-compatible pathways. These needs are typically calculated using predictive scenario-based models for different sectors, which are developed by different institutions including BNEF, IEA, IRENA and UNEP (see Table A.1). Since each institution adopts its own data sources, model assumptions and sectoral scope, the resulting needs estimates are not always directly comparable with each other. For instance, the emissions trajectory of one scenario may rely on an energy mix which includes fossil fuel power generation with carbon capture and storage technologies, versus another with an energy mix predicated on 100% renewable technologies.

Given the respective variability and uncertainty across these sources, the needs estimates highlighted throughout this report should be considered separately and not directly compared.

Building on the work of the different institutions, CPI has compiled and standardized these different estimates into a set of “operational” values for key sectors across LAC⁴⁴, in order to provide an indicative understanding of the magnitude of climate finance required for the LAC region. CPI’s “top-down” approach does not provide a split between mitigation, adaptation and dual-benefit financing needs, since the sources analyzed to compile the estimations only cover mitigation needs (see Table A.1).

It should also be noted that estimated top-down needs reflect investment in terms of capital expenditure (CAPEX) only, with operational costs for different sectors rarely modeled within climate scenarios. The resulting annual needs estimates may, therefore, be far lower than the actual annual cost of implementing the required sectoral interventions under a given climate scenario. In addition, top-down models may also ignore preparatory action such as R&D and venture capital ([UNFCCC, n.d.](#)), as well as other key interventions such as behavioral changes and policy measures, which are often not accounted for in the final needs values ([CPI, 2025](#)).

44 Further information regarding CPI’s methodology to aggregate and standardize these top-down estimates can be found in CPI’s *Assessing Top-Down Climate Finance Needs* methodology document ([CPI, 2025](#)).

Table A.1 below highlights the sources which were used to produce the standardized annual mitigation needs estimates for LAC, with technologies and solutions that are not considered climate finance excluded during the standardization process (e.g., fossil fuel power generation, nuclear power).

Table A.1: Summary of different sources used to develop LAC annual mitigation needs estimates

Source	Publication	Sectors	Regional granularity	Climate objective	Time horizon	Notes
BNEF	New Energy Outlook, 2025	Buildings & Infrastructure, Energy Systems, Industry, Transport	Brazil, Other Latin America (+Rest of World which contains few countries part of LAC but not used for the aggregated estimate in K)	Mitigation	2050	Includes climate, nuclear, and fossil fuel technologies. For CPI's standardized top-down needs, all nuclear and fossil fuel technologies are removed to ensure accurate comparisons with CPI's flows data.
IEA	World Energy Outlook, 2025	Buildings & Infrastructure, Energy Systems, Industry, Transport	Latin America and the Caribbean (LAC): Central and South America regional grouping and Mexico	Mitigation	2035	Includes climate, nuclear, and fossil fuel technologies. For CPI's standardized top-down needs, all nuclear and fossil fuel technologies are removed to ensure accurate comparisons with CPI's flows data.
IRENA	Regional Energy Transition Outlook South America, 2025	Buildings & Infrastructure, Energy Systems, Industry, Transport	South America	Mitigation	2050	Includes climate, nuclear, and fossil fuel technologies. For CPI's standardized top-down needs, all nuclear and fossil fuel technologies are removed to ensure accurate comparisons with CPI's flows data. Focuses entirely on supply-side physical infrastructure and upstream asset development required until 2050. North and Central American and Caribbean countries are not included in the regional classification.
McKinsey	The net-zero transition; what it could cost and what it could bring, 2022	Buildings & Infrastructure, Energy Systems, Industry, Transport, AFOLU	Latin America & the Caribbean	Mitigation	2050	Includes climate, nuclear, and fossil fuel technologies. For CPI's standardized top-down needs, all nuclear and fossil fuel technologies are removed to ensure accurate comparisons with CPI's flows data.
NGFS GCAM	NGFS Phase 5 Climate Scenarios, 2024 (Technical Documentation)	Energy Systems	Argentina, Brazil, Colombia, Central American and the Caribbean, Mexico South America - Northern, South America - Southern	Mitigation	2100	Includes climate, nuclear, and fossil fuel technologies. For CPI's standardized top-down needs, all nuclear and fossil fuel technologies are removed to ensure accurate comparisons with CPI's flows data.

Source	Publication	Sectors	Regional granularity	Climate objective	Time horizon	Notes
NGFS Message	NGFS Phase 5 Climate Scenarios, 2024 (Technical Documentation)	Energy Systems	Latin America and the Caribbean	Mitigation	2100	Includes climate, nuclear, and fossil fuel technologies. For CPI's standardized top-down needs, all nuclear and fossil fuel technologies are removed to ensure accurate comparisons with CPI's flows data.
NGFS Remind	NGFS Phase 5 Climate Scenarios, 2024 (Technical Documentation)	Energy Systems	Latin America and the Caribbean	Mitigation	2100	Includes climate, nuclear, and fossil fuel technologies. For CPI's standardized top-down needs, all nuclear and fossil fuel technologies are removed to ensure accurate comparisons with CPI's flows data.
UNEP	UNEP - State of Finance for Nature 2023	Agriculture protection, Sustainable Land Management and Restoration of degraded ecosystems	Latin America and the Caribbean (LAC): Central and South America regional grouping and Mexico	Mitigation	2030	Nature-based solutions (NBS) investment needs by region need by 2030 (US\$billion), Rio-aligned scenario. Rio-aligned scenario represents a policy and investment path that meets the targets of the three Rio conventions: limiting global warming to 1.5 degrees, biodiversity loss and land degradation neutrality by 2030. Nature-based solutions are solutions to protect and restore ecosystems and provide biodiversity benefits; categorized into Protection, Sustainable Land Management and Restoration. Report was updated in 2026 but no regional breakdown was provided.

II. LAC COUNTRIES STATED NEEDS

LAC countries stated needs reflect a “bottom-up” approach where needs represent the climate finance needs declared by countries themselves to reach their national climate targets, as stated in official documents such as NDCs⁴⁵. Costed from a country-level perspective, and reflecting government priorities, these needs are typically derived from a list of costed climate finance projects, which can cover both mitigation and adaptation activities. These needs usually include both the finance required to be raised domestically and the financial support required from international (public and private) sources.

The estimates in Table A.2 represent the quantified needs estimates from 22 LAC countries which have been submitted as part of these countries’ most up-to-date NDCs. The values of the resulting estimates can vary significantly between countries, given the lack of a standardized methodology for countries to adopt when costing these needs (Pauw et al., 2019). This is compounded by differences in coverage across the climate objective, with some countries costing their needs for just one, rather than both, climate objectives (mitigation and/or adaptation). However, even needs which are costed for both climate objectives may not represent a comprehensive assessment of a particular country’s climate finance requirements. This is because only partially costed data may have been available. In total, 6 out of the 22 LAC countries submitted partially costed data within their NDCs, for which only certain sectors or projects have been costed.

Table A.2: LAC countries stated needs

Country	Scope	Climate Objective ⁴⁶	Annualized Needs, 2025-2030 (USD billion)	Needs as % of GDP ⁴⁷
Antigua and Barbuda	Fully costed	AD, MI	0.14	6.9%
Bahamas	Fully costed	AD, MI	0.39	2.6%
Barbados	Fully costed	AD, MI	0.31	4.3%
Belize	Fully costed	AD, MI	0.13	4.4%
Bolivia (Plurinational State of)	Fully costed	AD, MI	0.52	1.0%
Chile	Fully costed	AD	0.10	0.03%
Colombia	Fully costed	AD, MI	3.45	0.9%
Dominican Republic	Fully costed	AD, MI	2.28	1.9%
Ecuador	Fully costed	AD, MI	0.53	0.4%
El Salvador	Fully costed	AD, MI	0.49	1.5%
Grenada	Fully costed	MI	0.11	8.4%

⁴⁵ Quantified needs may also be submitted in other documents such as countries’ National Adaptation Plans (NAP) and National Communications, but only NDCs were examined for the purpose of this report.

⁴⁶ Climate objectives are indicated as: AD – Adaptation, MI – Mitigation

⁴⁷ GDP data was extracted from the World Bank DataBank, see: <https://databank.worldbank.org/home>

Country	Scope	Climate Objective ⁴⁶	Annualized Needs, 2025-2030 (USD billion)	Needs as % of GDP ⁴⁷
Guatemala	Fully costed	AD, MI	1.65	1.6%
Haiti	Fully costed	AD, MI	2.23	11.4%
Mexico	Fully costed	MI	18.03	1.0%
Saint Kitts and Nevis	Fully costed	AD, MI	0.09	8.4%
Saint Lucia	Fully costed	MI	0.05	2.1%
Trinidad and Tobago	Fully costed	MI	0.20	0.01%
Brazil	Partially costed	MI	0.32	0.01%
Cuba	Partially costed	MI	0.01	0.01%
Dominica	Partially costed	AD, MI	0.16	23.5%
Panama	Partially costed	MI	0.21	0.002%
Saint Vincent and the Grenadines	Partially costed	AD, MI	0.03	2.5%
Suriname	Partially costed	AD, MI	0.06	1.9%
Venezuela (Bolivarian Republic of)	Partially costed	MI	0.01	0.01%
Argentina	No needs quantified	N/A	N/A	N/A
Costa Rica	No needs quantified	N/A	N/A	N/A
Guyana	No needs quantified	N/A	N/A	N/A
Honduras	No needs quantified	N/A	N/A	N/A
Jamaica	No needs quantified	N/A	N/A	N/A
Nicaragua	No needs quantified	N/A	N/A	N/A
Paraguay	No needs quantified	N/A	N/A	N/A
Peru	No needs quantified	N/A	N/A	N/A
Uruguay	No needs quantified	N/A	N/A	N/A

 needs are fully costed
  needs are partially costed
  no needs costed

Conditionality and sectoral coverage are other important characteristics which should be considered when assessing the completeness of LAC countries' stated needs estimates.

These needs may be classed as either conditional or unconditional, whereby conditional needs reflect finance which will be raised from international sources (both public and private), while unconditional needs reflect finance that will be raised from domestic resources ([CPI, 2025](#)). The vast majority of costed needs have been submitted without their conditionality being specified. For the period 2025-2030, 88% of the 24 LAC countries' costed annual needs do not have their conditionality specified, compared to 9% of needs which are classed as conditional and 2% which are classed as unconditional. Of the 89% of needs which are classed as unspecified, it is likely that a significant proportion of this would be classed as conditional, given countries'

existing financial barriers and debt distress. Separately, approximately 64% of these costed needs are for projects where the sector has also not been specified (see Table A.3).

Table A.3: LAC countries stated needs split by sector

Sector	Annualized Needs, 2025-2030 (USD billion)	% of Total
Unspecified	20.15	64%
Others & Cross-sectoral	2.91	9%
Energy Systems	2.67	8%
Agriculture, Forestry, Other Land Uses and Fisheries	2.67	8%
Water & Wastewater	1.38	4%
Transport	1.16	4%
Buildings & Infrastructure	0.46	1%
Waste	0.05	0.2%
Industry	0.04	0.1%
Information and Communications Technology	0.004	0.01%

The completeness of countries' needs estimates can be influenced by several factors including technical capacity and political constraints ([Isah et. al, 2025](#)). For instance, it may not have been possible for a country to accurately quantify needs for each sector, due to either a lack of granular data or insufficient modeling techniques. Separately, NDCs may form the basis of states' negotiating positions in international interactions across key economic sectors ([Leinaweaver and Thomson, 2021](#)), meaning complete needs estimates may only be more forthcoming when there is strong political buy-in and policy traction, both domestically and internationally ([Isah et. al, 2025](#)).

ANNEX 2: CARIBBEAN CLIMATE FINANCE

Table A.4: UN-defined Caribbean climate finance flows compared to CARICOM climate finance flows.

	Caribbean	CARICOM
Total annual climate finance, USD		
2021/22	3.87 billion	1.6 billion
2023/24	5.5 billion	2.3 billion
Public/private, 2023/24		
Private	25%	14%
Public	75%	86%
Domestic/ international, 2023/24		
Domestic	42%	16%
International	58%	74%
Adaptation/ Mitigation, 2023/24		
Adaptation	16%	25%
Mitigation	66%	55%
Dual Benefits	18%	21%
Concessional, 2023/24		
Grants	9%	17%
Concessionally defined debt	3%	10%

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