

1 Action Plan towards Climate Resilience and Neutrality in Latin America and the Caribbean

Latin America and the Caribbean (LAC) countries have committed to achieving climate neutrality and building resilience. To overcome challenges and grasp the opportunities, an Action Plan towards climate resilience and neutrality is proposed. Through a set of 40 key policy recommendations developed through a series of Regional Policy Dialogues and Workshops, LAC countries can prioritise the most effective sectoral and horizontal actions, define their sequence and move towards implementation.

Identifying climate change priorities in Latin America and the Caribbean

Latin American and Caribbean (LAC) countries are among those committed to achieve climate neutrality and increase climate resilience. This report builds upon the input provided in a series of Regional Policy Dialogues and Expert Workshops, during which experts provided analysis of the challenges and opportunities for achieving climate resilience and neutrality in the LAC region. These Regional Policy Dialogues and Workshops were open to LAC country representatives, as well as representatives of OECD members, international organisations active in the region, academia, private sector and non-governmental organisations. Recent analyses by OECD and other international organisations and further exchanges with experts in the region also contributed to the input provided as background information. During the meetings, discussions focused on maximising the potential of a green transition for greater well-being. From a climate change perspective, participants focused on the following issues:

- **Setting the priorities for climate neutrality and resilience.** Participants exchanged on the need to establish a policy and institutional framework specifically for climate mitigation measures. They highlighted the need to integrate climate change into sectoral policies, as well as to align regional and municipal plans and actions with top-down government policies. On climate change adaptation, a key priority for the LAC region, recognising the value of the local, bottom-up approach to addressing adaptation challenges was considered necessary, in addition to risk reduction efforts and social inclusion (including Indigenous people) and poverty eradication. Nature-based solutions (NbS) were highlighted as central to minimising the impacts of climate change and improving resilience, especially in relation to ecosystems and adaptation solutions in urban areas.
- **Enhancing climate finance and promoting technology transfer.** Participants emphasised the need to reform the policy and regulatory frameworks for climate finance, to create the confidence required to stimulate private sector investments. In parallel, efficient monitoring mechanisms of international financial flows should be developed as well as clear green taxonomies to provide clarity and enable further financial flows to the LAC region. Special focus was given to the need for more and better environmental information and data collection, especially on climate change adaptation, capacity building for an effective use of climate and green financing, and for a set of green incentives to allow for technology transfers in LAC. Countries indicated that more needs to be done on the missing climate adaptation and mitigation linkages and the need to break the silos and align policies to guarantee additionality of the introduced measures. The initiatives on developing green taxonomies in the region and the use of blended finance by development banks were acknowledged, as they could strengthen the private sector's financing activities. Finally, government incentives to support climate change mitigation technology transfers to the LAC region, covering access to finance, creating value for innovation and developing technical capacity, could enhance technology transfer in the whole value chain.
- **Addressing climate adaptation.** Identifying and strengthening policy responses to climate risks through mainstreaming climate adaptation in national, local and sectoral policies was acknowledged as a priority for reaching climate resilience. Participants re-iterated the need to map and develop climate scenarios to identify vulnerabilities and losses, and damages and to exploit the untapped potential for investments in climate adaptation after overcoming challenges. Also, considering the differentiated impact of climate adaptation to local communities, vulnerable groups and women was also emphasised. Biodiversity conservation and NbS can also offer multiple benefits in terms of adaptation.

Enhancing green transition in LAC

The report should not be seen as a stand-alone work. It is one of the deliverables for contextualising the newly introduced “environmental sustainability” priority under the OECD Latin America and the Caribbean Regional Programme (LACRP).

The LACRP, with productivity, social inclusion and governance being the three thematic priority areas agreed by countries, serves as a framework under which the OECD works with LAC countries to facilitate policy dialogue and the dissemination of good practices in areas such as investment, education, inclusiveness and good governance. The new fourth priority on environmental sustainability was introduced in 2022 to complement and interact with these other three priority areas. Intrinsicly, the report presents the interlinkages between the four different priority areas of the LACRP, which are especially visible under the analysis on promoting green transition and sectoral integration. This report is one of the main deliverables of the OECD project, with the other two being the [2022 Latin America Economic Outlook](#), and the 2023 [Environment at a Glance in Latin America and the Caribbean: Spotlight on climate change](#). As such, it is intended to serve as Background Document to support the discussions at the 1st OECD LAC Ministerial on Environmental Sustainability, in San José, Costa Rica, on 5 October 2023.

The LAC Action Plan towards Climate Resilience and Neutrality

The report, through mapping the implementation of climate-related policies and examining their trade-offs and complementarities, proposes a set of policy recommendations which can help LAC countries prioritise the most effective sectoral or horizontal actions, define their sequencing and move towards implementation.

The 40 key policy recommendations are presented below, in the form of an Action Plan for the LAC region. Once again, the Action Plan is not exhaustive nor too prescriptive. It points out key policy recommendations, identified through the Regional Policy Dialogue and Workshop discussions under this Project. Their implementation may vary among and within LAC countries, as their starting points are different, and each country will need to adopt its own approach. However, the policy recommendations identified could serve as benchmarking tools, for measuring progress towards climate resilience and neutrality. The Action Plan can also provide useful framework for identifying priority actions and projects for future co-operation between the LAC countries, the OECD and other international organisations, bilateral donors and stakeholders.

LAC Action Plan towards Climate Resilience and Climate Neutrality

15 Key Policy Priorities for building Climate Resilience

Communities

Reducing Vulnerability

1. Develop and progressively update National Adaptation Plans (NAPs) submitted to the United Nations Framework Convention on Climate Change (UNFCCC), and support their implementation through robust legal and regulatory, institutional and financial frameworks.
2. Align regional and urban planning with NAPs and promote an integrated approach to overcome the risk management, capacity and financing gaps.

Early Warning Systems (EWS)

3. Improve early warning systems to ensure that all people, especially those in communities at greater risk of climate-related extreme weather events in LAC, have access to vital information

in real-time, at the individual level, and that local communities participate in the design and implementation of EWS.

4. Strengthen or create civil protection systems in LAC, which are equipped and prepared with supplies, trained personnel, infrastructure and sufficient funds to provide immediate attention, shelter, and comprehensive medical assistance before, during and after natural disasters.

Climate-Resilient Infrastructure

5. Better align infrastructure planning, development, and investments with short- and long-term low emission, climate-resilient and inclusive development strategies at the national level.
6. Enhance an enabling environment for the development of climate-resilient infrastructure to limit vulnerability to climate damages.

Water

7. Improve water demand management to tackle water scarcity and signal the value of water, through reformed water allocation regimes and better use of economic policy instruments.
8. Review the enabling conditions for water financing and sustainable investments in water security.

Biodiversity and Ecosystems

Biological corridors

9. Enhance connectivity of terrestrial and marine Protected Areas (PAs) as it is vital for the conservation of species.
10. Effectively protect, expand and maintain the biological corridors of Mesoamerica, the Caribbean, the Amazon, the Andes, and Patagonia, among others, to reverse degradation and restore the integrity of their natural ecosystems.

Mainstreaming biodiversity

11. Establish policy instruments that regulate the use and intensity of use of natural resources, respecting the natural cycles and promoting the conservation and sustainable use of biodiversity and ecosystems services. These policies could include objectives of reducing ecosystems vulnerability and greenhouse gas (GHG) emissions, thereby increasing resilience to multiple anthropogenic pressures.

Nature-based Solutions

12. Integrate and upscale the use of Nature-based Solutions in policy instruments that address climate change mitigation, adaptation and ecosystem protection.
13. Properly value ecosystem services to generate economic compensation for the use of nature, particularly, to channel the revenues to entities and communities that protect nature.

Land restoration

14. Prioritise land restoration and climate adaptation policies in agriculture and introduce measures that will transform the food systems and improve the health of land and soil.

Effective control and zero tolerance for illegal trade of species

15. Combat illegal extractive activities and trade of threatened wildlife species by making greater multilateral efforts, co-ordinating between international and national authorities, and supporting local authorities, given the association of this activity with criminal groups.

15 Key Policy Priorities for addressing Climate Neutrality

Energy

Scaling up renewable energy in productive, service and residential sectors

16. Develop and implement energy plans that prioritise the deployment and utilisation of renewable energy sources, while considering expanding affordable and reliable access to electricity.
17. Establish and implement phase-out plans for fossil fuel exploration and production infrastructure, including policies aiming to re-direct public funding towards developing low-carbon alternatives.
18. Adopt low-cost sustainable technologies for clean energy used in electricity production, water heating, cold chains, air conditioning and heating.

Energy efficiency

19. Intensify targeted policies, programmes and institutional frameworks to improve energy efficiency. Apply standards and labelling programmes to deliver energy efficient products such as air conditioning and electric motors.

Green and Low-Carbon Hydrogen

20. Implement policies to create and scale up the necessary demand for green and low-carbon hydrogen as feedstock and alternative fuel, creating a virtuous circle between decarbonisation efforts and sustainable industrial development.

Sustainable mining for the green transition

21. Ensure that the growing demand for critical minerals, used to develop low-carbon energy technologies, along with the region's strategic position, allows for an integral model of sustainable mining, with low environmental impact, well-being for local communities, and linkage in regional value chains that enable their transformation and the production of high-value-added final goods.

Transport

Regional production of zero-emission transport modes

22. Strengthen the application of policy instruments to acquire the industrial capacity needed to promote net-zero emissions modes of transport for 2050, including the local production and use of biofuels and low-carbon synthetic fuels and electric vehicles.

Zero-emission mobility infrastructure

23. Implement public policies aiming to decarbonise freight and passenger transport. Expand non-motorised transport infrastructure such as bike lanes and pedestrian paths.
24. Introduce stringent emission standards and targets for public transport vehicles. Promote clean fuels and common fuel standards that reduce sulphur levels to ultra-low levels. Establish complementary programmes to reduce emissions from older diesel vehicles, focusing on urban fleets.

Cities

Sustainable Construction

25. Establish credible frameworks, standards and policies that promote sustainable buildings and construction practices in cities, thereby recycling materials and reducing GHG emissions associated with construction.

Regulatory frameworks for emission reductions

26. Improve regulatory frameworks for GHG and Short-Lived Climate Pollutants (SLCPs) emissions, with particular attention to methane and f-gases, setting sectoral, national and local targets.
27. Aim for co-benefits of reducing air pollution with regulating climate mitigation by aligning environmental and health policies and diseases associated with environmental risks.

Agriculture, forestry and land-based sectors

28. Develop and implement integrated plans for sustainable energy, food security and bioeconomy, considering the use of renewable energy sources and sustainable practices in agriculture, food waste minimisation, and the promotion of technological innovations with a resilience perspective.

Sustainable Tourism

29. Develop comprehensive long-term strategies for sustainable tourism, supported by action plans. Promote the green tourism transition by leading through governmental example and ensure that all publicly funded or procured tourism infrastructure adheres to the highest environmental standards, contributing to climate-resilient development.
30. Promote the certification of sustainable tourism businesses based on internationally agreed standards, as a tool to mainstream sustainable practices, reduce the negative impact on the environment, meet national sustainable development goals and encourage more sustainable consumer choices and behaviour.

10 Cross-cutting policy priority areas

Climate Governance

31. **Progressively revise and update national regulatory frameworks.** Consider the benefits and challenges of top-down and bottom-up approaches. Updating national laws and regulations aligned with Nationally Determined Contributions (NDCs) updates, as well as the establishment of NAPs and Long-Term Strategies (LTS), are essential to achieving global commitments established in the Sustainable Development Goals (SDGs) and the three UN environmental conventions (climate change, biodiversity, and desertification), while maintaining science-based policy decisions.

Comprehensive planning and strategic environmental assessment (SEA)

32. **Agree on long-term strategies, plans and programmes.** Increase the use of SEAs to promote sustainable decision-making in plans, programmes and policies. Transparency and periodic strategic evaluation will also contribute to compliance regarding Measurement, Reporting and Verification (MRV) commitments established in the UNFCCC instruments.

Environmental Information

33. **Collect more and better information on climate change.** Increase standards in non-statistical offices and establish a robust co-ordination mechanism to capture existing data. Prioritise the development of new data collection efforts especially on climate change vulnerability and biodiversity. Invest in reliable data collection methods and information technologies while creating accurate indicators to assess the complexity of mitigation and adaptation policies.

Carbon Pricing, Climate Finance and Green Investment

34. On carbon pricing, climate finance and green investment:

- i. **Adopt green fiscal policies to generate domestic public resources to support climate action and carbon mitigation approaches.** Reform, redirect and progressively eliminate fossil fuel subsidies and establish carbon pricing through taxes and levies, which can also incentivise the net zero transition.
- ii. **Align and mobilise private investment support through innovative financing strategies and instruments,** such as blended finance aligned with Environmental, Social and Governance (ESG) objectives, innovative debt instruments, and by developing regional and national green taxonomies for mitigation and adaptation projects. These should respond to local priorities and concerns and be coherent with public and private investment opportunities.

Technology Transfer

35. **Support industrial development and promote innovation.** Undertake a green industrialisation pathway by promoting local production of environmentally friendly clean technologies and innovation. This may include manufacturing electric vehicles, wind turbines, batteries, and solar heaters. It could support the region to reduce public debt, boost economic resilience, create job opportunities, and promote more equitable income distribution.

Green Jobs

36. **Establish investment and policy frameworks that promote the creation of green jobs.** Ensure the implementation of active labour market policies, relying on effective social dialogue, to facilitate the transition of workers into new, formal, high-quality green jobs and strengthen the social security system to support both workers and entrepreneurs in transitioning to a low-carbon economy.

Circular Economy

37. **Advance with sectoral roadmaps.** Achieving a circular economy requires a state policy on Extended Producer Responsibility (EPR) and modification of unsustainable consumption practices. Productive sectors, commerce, and society at large should assume their role in the efficient use of materials and resources through their entire lifecycle, waste minimisation, recycling and re-use as an intrinsic component to market rules.

Sustainable Ocean Economy

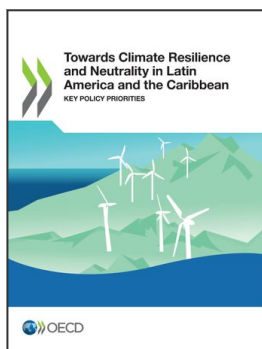
38. For a sustainable ocean economy:
 - i. **Implement policies promoting marine spatial planning and expanding marine protected areas.** These measures can help reconcile ecological, economic, and social objectives. Reach the 2030 marine protected area target of the Global Biodiversity Framework.
 - ii. **Promote sustainable fishing.** Introduce or further improve sustainable fisheries management and practices to combat illegal fishing activities. Include ocean sustainability as a target in market-based instruments.

Gender Equality

39. **Pursue green growth through gender equality.** Acknowledging the differentiated impact of climate change on women and men, and adopting an integrated policy framework to reach gender equality and empower women, can support achieving a just and green economic transition. Gender equality and women's economic empowerment can be achieved through gender-sensitive and gender-responsive climate policies, instruments and measures, as well as gender-disaggregated environmental information.

Environmental Education

40. **Promote equitable and green education.** Establish an active environmental education strategy, formal and informal, to induce a behavioural change in society, creating awareness, sensitivity and responsibility towards environmental-sustainability and climate change. Education systems, from early childhood, must ensure that future generations shift individual behaviours and preferences away from the current unsustainable methods of production and consumption. Environmental knowledge and green skills should be part of the curricula across all components of the educational systems.



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