

Executive Summary

As elsewhere, countries in Latin America and the Caribbean need to take decisive and urgent action on climate change. While many countries in the region have committed to achieving climate neutrality and building resilience, further efforts are needed. This involves, for instance, better management of increasing risks from climate change and climate variability, but also mitigating greenhouse gas (GHG) emissions and promoting innovation and green investments. Achieving these goals requires comprehensive long-term strategic and financial planning, a more integrated and inclusive approach, which better aligns adaptation and mitigation policies and measures across different sectors, albeit at a differentiated level.

The LAC region is highly vulnerable to climate change. Climate events are already impacting ecosystems, food and water security, human health and poverty as well as urban areas, agricultural productivity, hydrological regimes, coastal livelihoods and biodiversity. These vulnerabilities to climate change have a direct impact on national and local economic development and sectors in the region. While adaptation to climate change is a key policy priority for the region, each country's national circumstances, vulnerabilities and needs will require differentiated policy approaches.

Targeted planning for climate adaptation policies is urgently needed to increase countries' climate resilience. Linking climate change adaptation and disaster risk reduction interventions, such as early warning systems and civil protection systems, can improve countries' ability to reduce economic, environmental and social impacts of extreme climate events. Integrating climate considerations in long-term strategic infrastructure planning could support investments in climate-resilient infrastructure. Good water demand management is crucial for the region and requires a combination of water allocation regimes and economic instruments. Combating biodiversity loss can also play a key role in limiting climate change impacts. Addressing climate adaptation and biodiversity challenges, through an integrated approach which mainstreams biodiversity considerations in economic sectors and the wider adoption and implementation of Nature-based Solutions, would be an opportunity for LAC governments to reinforce the policy measures and increase efficiency of responses.

Taking ambitious mitigation actions in economically important sectors, from renewable energy to sustainable transport, urban development and tourism, is vital to combat climate change. Many LAC countries have made significant progress in developing renewable energy markets and diversifying their energy mix to reduce reliance on fossil fuels and enhance their climate resilience. However, more needs to be done to develop and implement energy plans that prioritise the deployment and utilisation of renewable energy sources, phase-out fossil fuel exploration and production, and improve energy efficiency. Action is also needed to promote sustainable transport. High urbanisation rates have resulted in increased demand for transport, particularly using private vehicles, leading to higher GHG emissions, air pollution and traffic congestion. Promoting sustainable tourism development and management presents an ongoing challenge, given the considerable variations in issues and impacts across different destinations, and long-term strategic planning is necessary to contribute to climate-resilient development. Mitigation strategies should be designed to promote equitable outcomes, addressing existing inequalities within the LAC region while creating green jobs. In this context governments should align environmental

and health policies to protect the environment and public health, while considering synergies between emission reduction and broader well-being objectives.

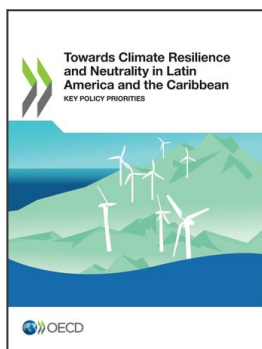
LAC countries should align their mitigation and adaptation objectives and measures while considering and addressing potential conflicts, trade-offs, synergies, and co-benefits. Integrated mitigation and adaptation actions can help achieve a coherent and co-ordinated approach to addressing climate change, and create long-term impacts and broad political support. This facilitates the development of common objectives and goals for efficient resource allocation and more effective outcomes. Developing integrated plans that take into account sustainable energy, food security, and bioeconomy that promote the use of renewable energy, sustainable agricultural practices, food waste reduction, and technological innovation with a resilience perspective should help to address the negative effects of climate change in the region.

Climate change is a complex issue that requires creating a knowledge base and engaging citizens. Collecting environmental data and information is necessary to help countries establish clear priorities and targets, make informed policy choices to address the climate change challenges, and follow progress towards achieving their international and national climate commitments. There is also a need to strengthen climate governance (coherent institutional, legal and regulatory policy frameworks) and planning through an increased use of strategic environmental assessments and transparency in decision-making.

Scaling up finance for climate action from a wide array of sources (domestic, international, public and private) is necessary for countries to move towards a net-zero economy and reach their international climate commitments. LAC economies must better use existing domestic resources and mobilise additional public and private resources for investment that help to meet environmental goals. The use of carbon pricing and carbon markets are important approaches in this regard. Ensuring a better use of international climate finance to scale up climate action and better mobilise international private finance could further accelerate the net-zero transition in the region.

Productivity and competitiveness in the LAC region could improve with technology transfer and innovation. The transition towards a resource efficient, circular economy can help improve material use, and environmental, economic and social outcomes. The same applies for implementing policies for a sustainable ocean economy, such as promoting marine spatial planning, expanding marine protected areas, tackling marine plastic pollution and promoting sustainable fishing. Achieving climate resilience and neutrality will not lead to a net-zero economy without social factors that can reduce inequalities and improve productivity, such as green jobs, gender equality and environmental education.

This report captures the outcomes of the OECD project “Enhancing Green Transition in LAC: From Commitments to Action”. It identifies LAC countries’ main climate change policy priorities, which were discussed through a series of Regional Policy Dialogues and Expert Workshops carried out in 2022-23, and complements these with findings of recent analyses by the OECD and other international partners. The 40 key policy recommendations, in the form of an Action Plan presented in this report, provide a framework for prioritising future climate action by countries in the LAC region, in co-operation with OECD and other actors in the region.



From:

Towards Climate Resilience and Neutrality in Latin America and the Caribbean Key Policy Priorities

Access the complete publication at:

<https://doi.org/10.1787/278e52e8-en>

Please cite this chapter as:

OECD (2023), "Executive Summary", in *Towards Climate Resilience and Neutrality in Latin America and the Caribbean: Key Policy Priorities*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/31481e3f-en>

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