

Latin America and the Caribbean **Action Plan**

Towards Climate Resilience
and Neutrality



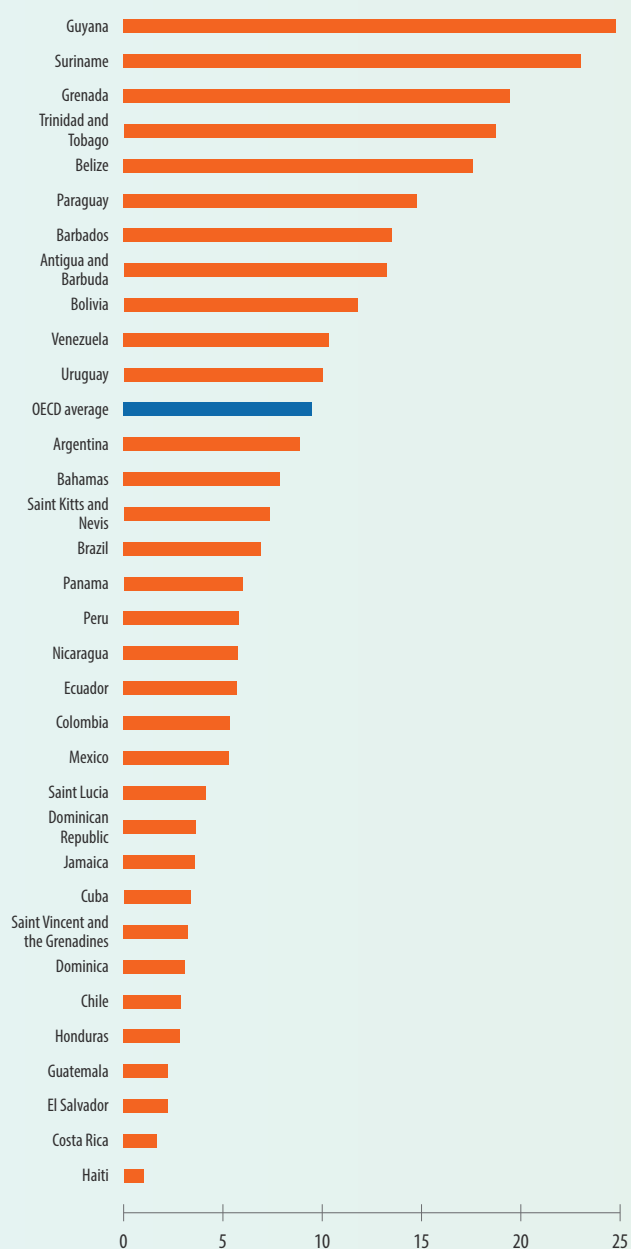
Since the adoption of the Paris Agreement in 2015, and recently within the framework of various regional summits, some Latin American and Caribbean (LAC) countries have reiterated and increased their commitment to achieve climate neutrality and increase climate resilience. At the Summit of the Americas in 2021, LAC countries adopted the documents “Accelerating the Just Transition to Clean, Sustainable, and Renewable Energy” and “Our Sustainable and Green Future”. At the 2023 Ibero American Summit in Santo Domingo they adopted the “Ibero American Environmental Charter”. The EU CELAC Summit held in July 2023 also issued a historic joint declaration, with significant commitments on climate action.

This **Action Plan Towards Climate Resilience and Carbon Neutrality**, proposed by the OECD under its Regional Programme for Latin America and the Caribbean (LACRP) and in collaboration with associated institutions, prioritises the most effective sectoral actions and defines their sequence to act accordingly. It builds on the *OECD Latin American Economic Outlook 2022: Towards a Green and Just Transition* and the discussions at three thematic Regional Policy Dialogues on Environmental Sustainability (November 2021), Mitigation (October 2022), and Adaptation (March 2023). LAC is a territory with abundant natural resources. The multi ethnic and linguistic conditions that characterise LAC are highly relevant to the knowledge, use, and protection of nature; adding cultural richness but also presenting challenges for fair inclusion and equal opportunities for all. In order to achieve the Sustainable Development Goals (SDGs) in the region, it is essential to ensure access to environmental information and justice for all peoples, as well as their active participation in transparent decision making and governance processes.¹

In LAC 69% of electricity is generated with renewable energy sources (IEA, 2023). However, the economies and the fiscal revenue of the region depend on high-carbon activities such as expansion of the agricultural and livestock sector, export of raw materials, and tourism, all of which have an increasing environmental impact.²

In LAC, 66% of countries have presented clear enough Nationally Determined Contributions (NDCs) to infer targets for 2030 and beyond, only 24% have presented their Long-Term Strategies (LTS), and less than 40% have prepared their National Adaptation Plans (NAPs).

Per capita GHG emissions as tCO₂ equivalent

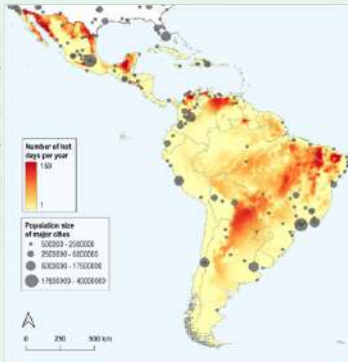


Source: OECD, Environment at a Glance www.oecd.org/environment/environment-at-a-glance/

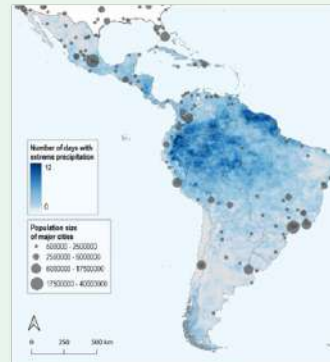
To develop effective policies and strengthen governance in LAC that reduce Greenhouse Gas (GHG) emissions and guarantee the safety and health of the population under rapidly changing climate conditions, it is necessary to set clear goals at the regional level, national policy targets and instruments aligned with international and regional agreements, as well as secure financing tailored to local investment needs.

1. Economic Commission for Latin America and the Caribbean (ECLAC) (2018), Access to information, participation and justice in environmental matters in Latin America and the Caribbean: towards achievement of the 2030 Agenda for Sustainable Development (LC/TS.2017/83), Santiago, 2018.
 2. OECD et al. (2022), Latin American Economic Outlook 2022: Towards a Green and Just Transition, OECD Publishing, Paris, <https://doi.org/10.1787/3d5554fc-en>

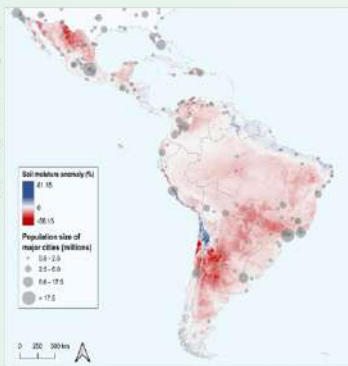
A. Heat stress caused by hot days varies regionally across the LAC region



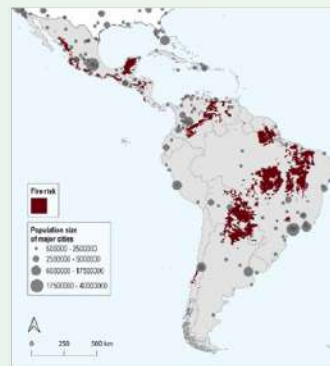
B. Extreme precipitation affects particularly the tropical LAC regions



C. Large swaths of Central and South America are experiencing droughts



D. Wide regions across LAC are exposed to wildfire danger



E. Violent storms mostly affect the Southern Cone, while tropical cyclones affect Central America and the Caribbean



F. Areas in the LAC region prone to river flooding are often sparsely populated



Source: OECD, Environment at a Glance www.oecd.org/environment/environment-at-a-glance/

The LAC region emits approximately 8% of global GHG, a proportion like its population. However, it contributes to carbon sequestration through its extensive and rich biodiversity, despite being a highly vulnerable region. The Americas concentrate 18% of global extreme weather events associated to climate change, whose economic damages represent 45% of global material losses in the last 50 years, according to the World Meteorological Organisation. LAC countries mark the highest number of deaths from such disasters over the same period.³

³ World Meteorological Organization (2021), WMO Atlas of Mortality and Economic Losses from Weather, Climate and Water Extremes (1970 – 2019), https://library.wmo.int/doc_num.php?explnum_id=10989

Sectoral Priorities for Inclusive, Sustainable and Resilient Growth

The Action Plan proposes the following sectoral priority actions to advance...

ADAPTATION to protect the population, strategic infrastructure, and ecosystems, creating conditions of resilience against climate change

COMMUNITIES

Reducing vulnerability

- 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.
- 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)*

- 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.
- 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.

*Paris Agreement (art. 8) and COP 27 "Early Warnings for All - Executive Action Plan 2023-2027"

CLIMATE-RESILIENT INFRASTRUCTURE

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

WATER

- 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.
- Review the enabling conditions for water financing and sustainable investments in water security.

ENERGY

Scaling up renewable energy in productive, service and residential sectors

- Develop and implement energy plans that prioritise the deployment and utilisation of renewable energy sources, while considering expanding affordable and reliable access to electricity.
- 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.
- Adopt low-cost sustainable technologies for clean energy used in electricity production, water heating, cold chains, air conditioning and heating.

Energy efficiency

- 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

- 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

- 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

- 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

- Implement public policies aiming to decarbonise freight and passenger transport. Expand non-motorised transport infrastructure such as bike lanes and pedestrian paths.
- 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.

MITIGATION to achieve climate neutrality of greenhouse gas emissions and short-lived climate forcers with public health effects

BIODIVERSITY AND ECOSYSTEMS

Biological corridors*

- Enhance connectivity of terrestrial and marine Protected Areas (PAs) as it is vital for the conservation of species.
- 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

- 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

- Integrate and upscale the use of Nature-based Solutions in policy

*Goal 2030 Kunming-Montreal of the CBD COP15

instruments that address climate change mitigation, adaptation and ecosystem protection.

- 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

- 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

- 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.

RESILIENCE

CITIES

Sustainable construction

- 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

- 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.
- 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

- 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

- 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.
- 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.

NET ZERO

10 Cross Cutting Priority Areas of Resilience and Climate Neutrality

The Action Plan proposes also horizontal, cross-cutting priority policy actions as follows:

1. Climate Governance

- **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 National Adaptation Plans (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.

2. Comprehensive Planning and Strategic Environmental Assessment (SEA)

- **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.

3. Environmental Information

- **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.

4. Carbon Pricing, Climate Finance and Green Investment

- **Adopt green fiscal policies to generate domestic public resources to support climate action and carbon mitigation approaches, and develop innovative finance.** Reform, redirect and progressively eliminate fossil fuel subsidies and establish carbon pricing through taxes and levies, which can also incentivise the net-zero transition.
- **Align and mobilise private investment and 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 concerns and priorities and be coherent with public and private opportunities.

5. Technology Transfer

- **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.

6. Green Jobs

- **Establish investment and policy frameworks that promote the creation of green jobs.** Ensure the implementation of coherent labour market policies, relying on effective social dialogue, to facilitate a just transition into new, formal, high-quality green jobs and strengthen the social protection systems to support both workers and entrepreneurs in transitioning to a net-zero economy.

7. Circular Economy

- **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.

8. Sustainable Ocean Economy

- **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.
- **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.

9. Gender Equality

- **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.

10. Environmental Education

- **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.

This Action Plan is proposed by the OECD under its Regional Programme for Latin America and the Caribbean (LACRP). It has benefited from the inputs and comments of the following institutions, which along with the OECD offer their tools and capacities to support LAC countries willing to implement it. The Action Plan does not necessarily reflect the views of these institutions.



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This action plan is based on the publication *Towards Climate Resilience and Neutrality in Latin America and the Caribbean*. Scan the QR code above to read the full publication.



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BETTER POLICIES FOR BETTER LIVES

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