



TAKING ACTION

ON CLIMATE CHANGE IN LATIN AMERICA AND THE CARIBBEAN





A DEFINING CHALLENGE

In a partnership spanning more than five decades, the Inter-American Development Bank (IDB) and its member countries in Latin America and the Caribbean (LAC) have invested heavily in economic and social development. The gains have been substantial; among them, higher standards of living, reduced poverty, improved infrastructure, and stronger institutions. But climate change now threatens at least some of these advances.

In the coming years, the IDB and its member countries will deepen their partnership to address the challenges of climate change. With the Bank's support, LAC countries are designing strategies for adapting to different climate change scenarios, applying new technologies to reduce emissions of greenhouse gases (GHGs), and redoubling efforts to achieve sustainable development.

The IDB is prepared to meet LAC's growing demand for climate change support interventions. These include providing more knowledge to the region's policymakers, strengthening institutions with responsibilities in this area, and

mainstreaming climate change mitigation and adaptation measures in IDB operations.

Threats to the region

Less-developed countries and communities are already suffering from the impact of climate change. In LAC, these impacts are likely to reduce agricultural productivity, water availability, and biodiversity; increase vulnerability to natural disasters; and destabilize the physical and socio-economic conditions of entire populations.

Vulnerability and adaptation to climate change in LAC

The danger that climate change poses to LAC's long-term efforts to achieve sustainable development makes **adaptation** a key priority for the region. In particular, climate change threatens progress the region has made in meeting the Millennium Development Goals by exacerbating



EFFECTS OF CLIMATE CHANGE IN LAC

- Significant drop in agricultural productivity in some regions, with adverse impacts on food security and export revenues.
- Decreased water quality, quantity, and availability for human consumption, agriculture, and energy generation.
- Increased intensity and frequency of extreme events such as hurricanes and tropical storms, as a result of higher sea surface and air temperatures. Climate-related natural disasters are currently responsible for a 0.6 percent decrease in real GDP per capita in affected countries.¹
- The disappearance of glaciers in the Andes, which will affect at least 77 million people as early as 2020, according to a recent World Bank estimate.
- Damage to coastal areas due to rising sea levels, which would cost LAC between 0.54 percent and 1.30 percent of GDP for a one-meter rise and a five-meter rise, respectively.²
- Widespread dieback of coral reefs causing high economic costs, particularly in the Caribbean.
- Significant biodiversity loss through species extinction in most tropical areas and loss of ecosystem services.
- Gradual replacement of tropical forest by savanna in the Amazon, resulting in a potential loss of 20 to 80 percent of the Amazon rainforest under a 2–3°C temperature increase.³

existing vulnerabilities, especially for the poor. Priority sectors for adaptation action include the following:

Agriculture. Climate change in LAC could significantly threaten the region's agricultural productivity through desertification and salinization of soils in some places,⁴ in addition to altered precipitation and transpiration regimes. Most directly affected will be LAC's 58 million rural poor, who make up nearly half of the rural population. Particularly vulnerable are the small-scale farmers who depend on rain-fed agriculture and generally lack access to drought-resistant livestock or seed varieties, or crop insurance.

Forestry. There are no technologies capable of reducing the vulnerability of tropical forests to climate change. At the same time, forests play a major role in safeguarding environmental services from the effects of climate change by helping to regulate flows of water, reduce erosion, and generally maintain the health of ecosystems. Therefore, forest protection and the implementation of sustainable forest practices are critical.

Water resources. Many rural communities in the region depend on freshwater resources subject to periods of drought. Increased water scarcity could affect between 12 million and 81 million people by 2020, and between 79 and 178 million people by 2050.⁵ The problem will be compounded by growing demand for water, reduced glacial melt water, increased contamination, and salinization.

Energy. Reduced precipitation in the Andes, Central America, and the Caribbean would reduce reservoir storage capacity for hydropower plants. Sea level rise in the Caribbean could damage electricity infrastructure.⁶ Less rainfall and increasing soil acidity would reduce the productivity of feedstock crops for biofuels production and energy cogeneration.

Transportation. Increased climatic variations will increase the vulnerability of LAC's transport infrastructure. Particularly worrisome are increased stresses from flooding, erosion, and tidal and storm surges. Adaptation measures, designed to protect or enhance resilience of a transport facility or network, could include changing the location of key facilities and transport hubs and improving the design of facilities.

Tourism. Climate change will present a serious challenge to LAC countries that rely heavily on tourism, such as in the Caribbean, where the sector contributes 14.8 percent of GDP.⁷ In extreme cases, some tourism infrastructure (hotels, ports, airports, utilities, access roads, etc.) will become unusable for significant periods of time as a result of increased frequency of extreme weather events and rising sea level.

Urban Development and Housing. Vulnerability to climate change is especially acute for coastal communities, where some 80 percent of LAC's urban areas with populations greater than five million are located.⁸ High-altitude cities will become



SOARING COSTS OF DISASTERS

Climate-related disasters, such as storms, floods, droughts, landslides, extreme temperatures, and forest fires, cost the region US\$81.4 billion between 1970 and 2008, according to a recent study by the Economic Commission for Latin America and the Caribbean (ECLAC). New ECLAC estimates released earlier this decade predicted that if LAC does not address climate change impacts in the coming decades, these same kinds of disasters could cost the region up to US\$300 billion per year.⁹

CLIMATE CHANGE MODELING FOR LAC

Policy makers need information to design adaptation and mitigation programs to meet climate change. In an IDB-financed project, the U.S. National Center for Atmospheric Research (NCAR) is helping LAC institutions and their staffs to develop the skills and tools needed to assess climate data, climate-system models, and vulnerabilities in their countries. The three-part project will also foster communication between the scientific community and government policy makers.

In the Central American Probabilistic Risk Assessment (CAPRA), NCAR will help to assess future changes in the region's vulnerabilities from extreme climate events, changes in mean climatic conditions, and climate variability, including estimates of possible increases in heavy rainfall events and changes in the characteristics of hurricanes. In a second initiative, staff from government, research organizations, and educational institutions will learn to assess climate change impacts through high-resolution climate system models. Finally, in Peru, planners will be trained to create scientifically-sound and easy-to-use decision support tools for climate change assessment.



THE IDB AND RENEWABLE ENERGY

Since 2000 the IDB has financed more than US\$2.1 billion in renewable energy projects in LAC, including hydropower, wind power, and geothermal, in addition to improved energy efficiency in power transmission. Financing has been extended to both the public and private sectors. Since 2005, the Inter-American Investment Corporation, an IDB Group member, has financed more than 10 renewable energy projects, including hydro, biofuels, and landfill methane. The Bank's Multilateral Investment Fund has provided funding for renewable energy and invested in four clean-energy venture capital funds.

increasingly vulnerable to extreme weather events such as floods and landslides.

The challenge and opportunities of low carbon growth in LAC

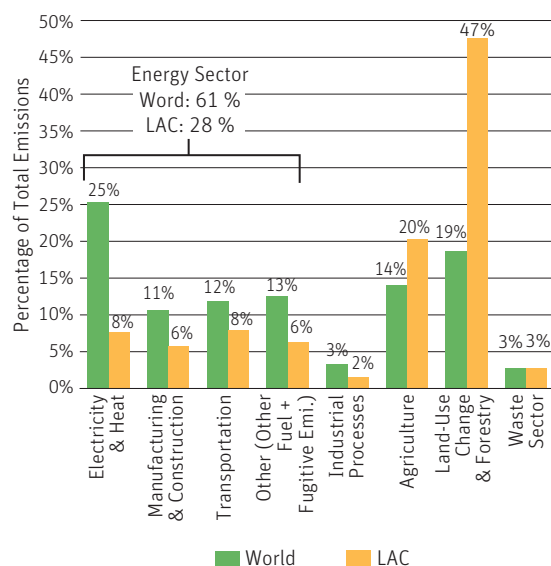
Looking at relatively low LAC levels of GHG emissions, it is clear that the region may not play a major role in reducing GHG emissions worldwide.

LAC accounts for only 12 percent of global GHG emissions.

Compared to the world as a whole, LAC generates more GHG emissions (as a percentage of its total GHG emissions) in two sectors: **land use change** (47 percent in LAC, compared with 19 percent globally), as a result of CO₂ emissions from intensive deforestation; and **agriculture** (20 percent in LAC, compared with 14 percent globally), mainly from intensive and inefficient use of fertilizers and methane emissions from cattle raising. GHG emissions from electricity and heat production, manufacturing, transportation and other sources account for a significantly smaller percentage of LAC's total GHG emissions: 28 percent in LAC compared with 61 percent globally.

Energy generation at present accounts for a relatively low proportion of CO₂ emissions in LAC, owing to the region's heavy dependence on hydroelectricity compared with coal-fired plants. But in the future, the region is likely to shift more

Figure 1. GHG Emissions by Sector as Percentage of Total Emissions—LAC vs World (2000)
(CO₂, CH₄, N₂O, PFCs, HFCs, SF₆)



Source: Climate Analysis Indicators Tool (CAIT) Version 6.0. (Washington, DC: World Resources Institute, 2009).



toward natural gas and coal. This trend, coupled with a projected 75 percent increase in LAC's energy needs between now and 2030, could boost the region's per capita energy-related emissions by 10 percent in 2005–2015 and by 33 percent during the period 2005–2030, according to the International Energy Agency.

LAC has excellent opportunities for improving its energy matrix and environmental sustainability. For one, the region has considerable potential for meeting more of its energy needs through **renewable energy sources**. New hydro-power could represent 28 percent of total energy generation by 2015 and 36 percent by 2030. Wind power is already a part of the energy mix in 11 countries in the region. Small-scale solar energy has proven its efficiency in rural electrification projects. Large-scale solar is being developed successfully in countries like Argentina, with a new solar energy project. The formerly prohibitive costs of geothermal technology are now dropping. LAC's abundance of land, water, and sun is already making it a world leader in bioenergy. During 2008, ethanol production in Brazil increased to 27 billion liters from 18 billion liters two years earlier.¹⁰

Substantial untapped **energy efficiency potential** in LAC could help reduce the region's carbon footprint at a relatively low cost. Energy efficiency programs would reduce energy demand in the short term, delay construction of new power generation capacity, increase market competitiveness, and lower fossil fuel consumption.

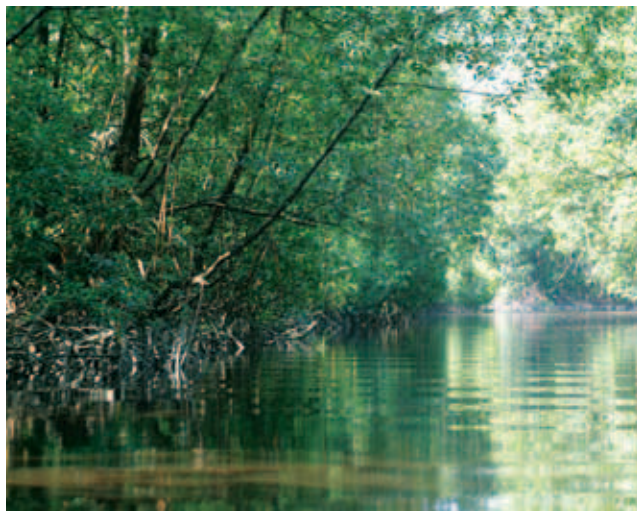
According to a recent analysis, investments in energy efficiency could cut energy consumption in LAC by 10 percent over the next decade, saving US\$37 billion in deferred investments in new power generation. The savings alone from using more efficient lighting would equal 6 percent of total 2006 costs of electricity generation.¹¹

An urgent need to save forests

The **conversion of forests**, particularly to agriculture, is a major source of GHG emissions across the world, and particularly in LAC. From 2000 to 2005, the region lost 4.5 million hectares of forest cover per year,¹² or some 2.5 percent of LAC's total forested area. Despite this trend, reducing emissions from deforestation and

IDB SUPPORT FOR ENERGY EFFICIENCY

IDB public sector operations are supporting energy efficiency projects in Peru, Chile, Barbados, the Bahamas, Chile, the Dominican Republic, Jamaica, Mexico, and Peru, with investments over US\$100 million. The Bank's private sector operations are financing significant energy efficiency investments in heavy industry and agribusiness. The Bank's private sector department has partnered with UNDP and the Global Environment Facility (GEF) to create guarantee mechanisms for developing and stimulating energy efficiency investments in commercial buildings in Brazil.



THE IDB AND FOREST MANAGEMENT PROJECTS

The IDB has channeled technical assistance to several forest management projects and initiatives, including: the assessment of climate change impacts and ecosystems services in Iwokrama, a forest reserve in Guyana; the creation and development of economic incentives for Reduced Emissions from Deforestation and Forest Degradation REDD; mainstreaming biodiversity conservation through avoided/reduced deforestation in the Andean-Amazon piedmont of Colombia; a Maya biosphere reserve environmental services program in Guatemala; and sustainable forestry in protected areas in Guyana.

forest degradation is a cost-effective and readily available option for climate change mitigation in the region. According to a recent report by the Intergovernmental Panel on Climate Change (IPCC), LAC could reduce up to two billion tons of CO₂ emissions by 2030 by avoiding deforestation. The cost for doing so would be less than US\$20 per ton of CO₂, while the revenues generated in the voluntary markets, and possibly under a pro-



spective regulated market, are likely to exceed this cost. Other studies indicate that a 50 percent reduction in deforestation could generate economic benefits for LAC ranging from US\$5 billion to US\$9 billion dollars per year.¹³

Slowing the pace of deforestation will require renewed efforts in environmental governance: monitoring and enforcement, management of protected areas, and establishing stronger property rights, along with the promotion of sustainable forest management, new technology to increase land productivity, and the creation of markets for sustainable forest products (timber and non-timber) and ecosystem services, including biodiversity and carbon storage.

Strategies for reducing LAC's carbon footprint

Energy use in **buildings** (office, commercial and housing) is on the rise as cities grow and more people attain higher standards of living. The largest potential for reducing CO₂ emissions from residential and commercial buildings comes from applying energy saving measures, such as more efficient lighting, appliances, and water heating, and better building materials and construction

designs. Better urban planning schemes, such as sustainable transport, will produce further gains.

The **transportation** sector, which accounts for 8 percent of total GHG emissions in LAC, plays an important role in the region's climate mitigation agenda. CO₂ emissions from transport have increased more rapidly than from any other energy consuming sector as a consequence of rapid urbanization, increased vehicle ownership, an aging vehicle fleet, and fuel combustion patterns. This could change as LAC cities promote bus rapid transit (BRT) projects as an alternative to private transport, coupled with better land use, transport planning, and management of transport demand.

Most CO₂ emissions from **industry** in LAC result from the production of iron and steel, non-ferrous metals, and chemicals and fertilizers, as well as from petroleum refining, mineral products (cement, limestone, glass, and ceramics), and pulp and paper industries. Mitigation measures include the use of efficient electric motors, turbines to recover the energy contained in gas from furnaces, and efficiency improvements in operating procedures.

Emissions from **agriculture and animal husbandry** account for 20 percent of the region's GHG emissions. Most result from production and use of fertilizers, which emit nitrous oxide, the use of fires for land clearing equipment in intensive agriculture, which emit CO₂, and meat and dairy production, which produce methane. Technologies for methane capture and biofuels production on farms are available, but problems remain to be resolved concerning their application and long-term sustainability. Commercial transactions of emission reduction in the carbon markets generate revenues that could help provide sustainability to methane recovery operations.

Sanitation and solid-waste services make a relatively small contribution to the region's GHG emissions. The largest GHG source is methane emitted by landfills, followed by wastewater methane and nitrous oxide. The rate of landfill



GREAT POTENTIAL OF SUSTAINABLE TRANSPORT

BRT projects in Curitiba, Bogotá, Cali, Lima, Quito, Santiago, Rio de Janeiro, São Paulo and a growing number of other LAC cities have the potential to reduce emissions between 60 percent and 80 percent . However, to produce such results, BRT projects must be accompanied by measures to promote the transfer of passengers to mass transit, including the construction of cycle paths and pedestrian spaces for nonmotorized transport, traffic control systems, and technologies to ensure improvement in the performance of BRT systems.

methane emissions is expected to increase in LAC due to inappropriate solid waste, wastewater, and human sewerage disposal. Proper waste management practices (from waste collection to final disposal and treatment), will greatly increase prospects for controlling methane emissions and energy co-generation, provided that adequate regulatory measures and economic incentives are put in place. Carbon finance also has the potential for greater use in this sector.

GEF ACTIVITY IN IDB FOR CLIMATE CHANGE MITIGATION

Having obtained status as a GEF Execution Agency since 2004, the IDB has increased the amount of grant resources going to LAC for enhancing capacity to maintain and generate global environmental goods. The current IDB-GEF portfolio/pipeline amounts to US\$106 million in high-quality projects, some of which are acknowledged as best practice and recognized for their innovative design. Climate Change Mitigation projects correspond to 29 percent of the total portfolio, primarily supporting energy efficiency and renewable energy investments, technology transfer and enabling policy and regulatory frameworks throughout the region. This US\$25 million portfolio leverages more than US\$100 million from IDB loans and other related sources.

THE ADAPTATION FUND

The Adaptation Fund was established to finance adaptation projects and programs in developing country parties to the protocol, in particular those that are particularly vulnerable to the adverse effects of climate change. It is financed by a 2 percent levy on certified emissions reductions (CERs) issued for CDM projects, and other sources. Since this fund was established in 2007, it has focused on establishing operational procedures. The level of funding mobilized for adaptation through this levy is estimated at approximately US\$100 million per year until 2012, and could exceed US\$500 million annually afterwards. However, this source of funding will depend on the continuation of the CDM, other carbon market mechanisms and the level of demand in the carbon market, and/or other sources of funding.

MOBILIZING RESOURCES FOR ACTION

The countries of LAC participate in the United Nations Framework Convention on Climate Change (UNFCCC). At the UN's 2007 conference in Bali, delegates launched several measures of potential importance to LAC, including an Adaptation Fund, a framework to support technology transfer, a process to reduce deforestation, and guidance for the Clean Development Mechanism. These longer-term measures will require financing on the order of tens to hundreds of billions of dollars annually.

Under the UNFCCC and its Kyoto Protocol, financial assistance for these and other mechanisms would be provided through bilateral, multilateral, or regional channels, and through the following:

- ▶ The GEF as an operating entity of the financial mechanisms of the Convention.
- ▶ The Adaptation Fund, under the Kyoto Protocol, to finance adaptation projects and programs in developing countries, especially those that are particularly vulnerable to the adverse effects of climate change.
- ▶ The Clean Development Mechanism (CDM), established under the Kyoto Protocol to help developed countries meet emission reduction commitments during the period 2008–2012, while supporting sustainable development in developing countries.

Climate Investment Funds. Towards the end of 2008, two new Climate Investment Funds (CIF) were created to support climate change-related investments in low-carbon technology. The Clean Technology Fund (CTF) will provide concessional financing to implement low-carbon development



plans, strategies, policies, and programs, through leveraging and scaling up public and private investment, including from the carbon market. The Strategic Climate Fund (SCF) will seek to integrate climate change into national development planning. In September 2008, potential donors pledged US\$6.2 billion to these funds. The IDB and five other Multilateral Development Banks (MDBs) are implementing agencies of the new funds.

IDB's pivotal role in addressing climate change

The IDB addresses climate change issues both by helping its LAC member countries adopt mitigation and adaptation measures and as a member of the global community's efforts to set policy and mobilize new sources of financing. Through policy dialogues, policy-based loans for climate change, and technical cooperation, the IDB also works with national finance and planning ministries to set national priorities for action and assess needs for financial and technical assistance. The IDB supports public and private clients in developing CDM projects, considering programmatic approaches, and exploring the use

PROGRESS IN ADVANCING THE CDM

The CDM has grown rapidly and is now a significant market and source of additional finance for supporting renewable energy and energy efficiency investments in developing countries. In LAC, 446 CDM projects have been registered (as of Nov. 2009), representing 23 percent of total CDM projects worldwide, with emission reductions of 53 MtCO₂ (15 percent of total reductions from CDM projects worldwide), mainly in projects related to energy generation from biomass, hydropower, landfill gas capture, and methane avoidance (Source: UNFCCC, CDM Statistics).

MEXICO'S CIF INVESTMENT PLAN

Mexico was the first country to submit an Investment Plan to CIF's Clean Technology Fund (CTF). The plan was prepared jointly by the IDB, World Bank, and International Finance Corporation (IFC). It outlines how US\$500 million of CTF concessional finance is being used to leverage US\$6.2 billion of investments in Mexico. The plan estimates annual reductions of 95 million tCO₂eq. The IDB is accessing US\$200 million for programs in renewable energy and energy efficiency, both through the public and private sectors. These programs are building upon existing IDB financing and technical assistance to Mexico, including the Policy-based Loan (PBL) in support of Mexico's climate change agenda. The concessional finance from the CTF is leveraging further financial and technical assistance from the IDB, as well as other multilateral and bilateral sources and the private sector, including carbon finance.

IDB LAUNCHES PROCESS TO LIMIT CLIMATE IMPACT OF ITS PROJECTS

The Inter-American Development Bank has begun an unprecedented process to limit the greenhouse gas emissions of projects it finances by issuing a set of guidelines for coal-fired power plants.

The new guidelines are the first in a series that will set clear limits and apply consistent standards and criteria to allowable climate impacts of IDB-financed projects. Project areas include manufacturing, agriculture, oil and gas industries.

The Bank chose to adopt specific emission thresholds—instead of a more general parameter—in order to provide clarity and offer transparent criteria to governments and investors who seek IDB financing. These thresholds are likely to be raised as new technology becomes available that enables all kinds of power plants to operate with lower climate impacts.

of voluntary markets for certain lending operations. The Bank also provides technical support to countries to assess vulnerability and potential adaptation for agriculture and water and how to develop programs and budgets. At the global level, the IDB has joined a group of multilateral development banks (MDBs) in creating a Clean Energy Investment Framework (CEIF) to scale up investments in renewable energy and energy efficiency, strengthen adaptation measures to increase resilience to climate change, ensure that operations financed by MDBs are responsive to climate change considerations, and develop approaches for reporting on GHG emissions.

Participation in the Climate Investment Funds (CIF) has provided the IDB with further opportunities to collaborate with its partner institutions and very importantly a means for attracting other sources of multilateral, bilateral, commercial, including carbon finance and domestic finance for scaling-up of investments in countries. Through its various public and private sector win-

IDB PARTNERS IN WIND POWER

With wind power's expansion in LAC and around the world, the Brazilian company Tecnologia e Sistemas Avancados Ltda (TECSIS) was seeing orders increase for its custom turbine blades. The company needed to expand its production capacity, but the resources it had available were already earmarked for short- and medium-term obligations.

The company approached the IDB for help in refinancing these obligations, which totaled some US\$75 million. In 2008, the Bank extended a US\$120 million non-sovereign guarantee loan to TECSIS for the refinancing and to cover a portion of the company's 2009 working capital requirements.

The operation helped to pave the way for future Bank-financed wind power projects. The loan structuring process included an IDB-financed market study on the global wind power sector, industry trends, and the company's competitiveness in the sector. Additional data was produced by an evaluation of the environmental and social impacts associated with the company's current operations and facilities.



SCORING BIOFUELS

Recent years have seen growing interest in the role biofuels can make to strengthen energy security, mitigate greenhouse gases (GHG) in the transport sector, and stimulate rural economies.

But biofuels production also has the potential for contributing to environmental problems and reducing food security by taking land out of food production. In order to address these risks, the IDB created a Biofuels Sustainability Scorecard to be used for screening potential IDB-financed projects, and then during the project's lifecycle to identify problems that need correction and to measure the impact of changes.

The scorecard addresses 23 key environmental and social issues such as food security, greenhouse gas emissions, water management, land use change, biodiversity, and poverty reduction. Beyond its value for individual projects, the scorecard will increase knowledge about the relationship between biofuels production and land use changes and compare fuel chain GHG emissions of current and potential future biofuel systems.



dows, the Bank supports CIF objectives through investment loans, technical co-operations, investment grants, knowledge and capacity-building products, and climate change policy-based loans. CIF concessional finance enables the IDB to leverage its own finance, for example conditional credit lines for investment projects and private sector instruments such as loans, guarantees, and other risk-sharing mechanisms, to assist countries in accelerating and scaling-up of investment for implementation of their climate related strategies, plans and programs.

Endnotes

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THE ROLE OF SECCI

A key trigger for the IDB's involvement in the climate change agenda was the approval by its Board of Directors, in March 2007, of the Sustainable Energy and Climate Change Initiative (SECCI). SECCI's objectives are to foster renewable energy sources, energy efficiency technologies and practices, and carbon finance in the region, as well as to promote and finance climate change adaptation strategies that reduce the region's climate vulnerability. The main sources of financing for these activities are the SECCI IDB and SECCI Multi-Donor Funds. A total of 63 technical cooperations have been approved since 2007 under the two SECCI funds, for a total of US\$35.1 million. (www.iadb.org/secci)



SCIENCE AND FOREST CONSERVATION

Unlike many countries in the humid tropics, Guyana has managed to preserve a large part of its forest resources. Today, forests still cover some 85 percent of the nation's territory, leaving 90 percent of the country's population concentrated along the Atlantic coast.

But future climate change now threatens Guyana's forests, and along with them, one of the country's key economic sectors. For this reason, the government is taking steps to position Guyana as a leader in climate change mitigation and adaptation.

The IDB is supporting Guyana's efforts by helping to finance a science-based research program for the Iwokrama forest. In the program, research will be carried out to help reduce Iwokrama's vulnerability to climate change while demonstrating how forests can be used sustainably to generate income for the government and local communities. The program is being carried out by the Iwokrama International Rainforest Centre.

The Guyana research could have global significance in demonstrating new approaches to conserve forests, whose disappearance is estimated to be contributing as much as 20 percent to the world's carbon emissions.

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DRAWING LESSONS FROM IDB'S SUPPORT TO THE REGION

- Base policy decisions on **scientific knowledge**, including adequate baseline data and periodic GHG inventories and vulnerability assessments. Analytical tools to assess opportunities must be integrated to be effective.
- Consolidate **institutional frameworks** for climate action: mainstream climate mitigation and adaptation decision-making in sectoral policies, and engage finance ministries and support from executive branches.
- Turn **strategic objectives into actual programs** by providing adequate funding and assistance to government agencies and incentives to public and private actors.
- Adopt **regulatory frameworks** that promote public and private investment for climate change adaptation and GHG emissions mitigation.
- Provide **financing for public and private sector** projects that demonstrate the potential of a given technology, resource, or financial instrument, thus encouraging improvements in regulations and laws.
- Improve development and transfer of **renewable energy and energy efficiency technologies** and adapt them to local conditions.
- Develop new approaches to financing, including **national appropriate mitigation actions**, resulting in sustainable development plans and strategies.
- Make available **new mitigation instruments** for sectors with significant emission reductions potential, such as land use change/deforestation and energy efficiency across the economy.
- Support LAC's **participation in carbon markets** by widening support for public and private entities that incorporate carbon finance and pilot relevant approaches in the context of a long-term climate change framework.
- Support **dialogue and outreach** activities to better respond to the priorities of IDB member countries and stakeholders.



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