



## Regional implications of the AGF recommendations: Latin America and Caribbean region

This précis is a summary of the report *Regional implications of the AGF recommendations: Latin America and Caribbean region*, produced by Vivid Economics and funded by the Climate and Development Knowledge Network (CDKN). Members of the AGF requested this analysis to help developing country decision-makers respond to their recommendations.

Full copies of the Vivid Economics - CDKN report are available from [www.cdkn.org](http://www.cdkn.org)

Summary written by:  
Sam Fankhauser, director, Vivid Economics,  
and John Ward, principal, Vivid Economics.  
Research assistance by Michael Griebe.

The United Nations Secretary's High-Level Advisory Group on Climate Finance (AGF) recently reported on ways to raise US\$100 billion per year for climate change investment in developing countries by 2020. This summary details the key implications of this report for the Latin America and Caribbean (LAC) region.

- Resources for climate compatible development in the LAC region are desperately short of what will be required. The AGF report outlines several credible, reliable ways for narrowing this gap.
- The LAC region has a unique emissions profile, with the proportion of emissions from land-use change (predominately deforestation) four times the global average. This demands special attention. Progress on a framework to facilitate investment to reduce these emissions has been slow to date, although momentum is growing. Overcoming these barriers is crucial in generating low-carbon investment in the region.
- The region should build on the AGF's recommendation that the public sector catalyses private investment to achieve 'transformational investments'. Given the success of the region in attracting foreign direct investment, these mechanisms are exciting. A priority is to identify how the public sector can encourage private-sector investment — for example by forestry and agribusiness companies — in projects that reduce emissions from deforestation. These often have a unique risk profile, due to the very long life of the assets.
- Although the region will have concerns about the report's emphasis on raising money from levies on international transport, the AGF recognises the need to provide compensation for any negative impacts. LAC countries will want to engage further in discussions about this issue, to better understand and mitigate these impacts. Given that the region accounts for only a small (albeit growing) proportion of global trade, it should be possible to provide sufficient compensation and retain substantial resources for climate finance.
- The region will wish to ensure that its investment requirements are not overlooked in international negotiations. This is particularly important for climate change adaptation; the region's adaptation needs per person are almost twice as high as Africa's, and three times that of Asia's. This will need to be reflected in the disbursement of adaptation resources; the LAC region could be left with insufficient resources if existing patterns of official development assistance are replicated.

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