15 YEARS EU-LAC FOUNDATION

Innovative Initiatives for Climate Finance in the Cooperation between Latin America and the Caribbean and the European Union



Keith Nurse

President, College of Science, Technology and Applied Arts of Trinidad and Tobago (COSTAATT)

EU-LAC Foundation
Towards The CELAC-EU Summit 2025

Executive Summary

1. Overview and Context

Latin America and the Caribbean (LAC) contribute only 6.7% to global greenhouse gas (GHG) emissions, yet the region is among the most severely affected by climate change. Caribbean Small Island Developing States (SIDS), in particular, face rising sea levels, extreme weather events, and shifting climate patterns thereby undermining development, public health, and fiscal stability. By 2050, the region may face up to USD 22 billion in annual climate-related damages, while per capita income losses could reach 9% due to inadequate adaptation and mitigation.

Despite escalating climate threats, LAC remains critically underfunded. Between 2016 and 2020, only 17% of international climate finance was directed to the region. Annual financing needs for mitigation and adaptation are projected at USD 215–284 billion between 2023 and 2030, yet only 4% of global climate finance flows reached LAC in 2021–2022. Caribbean SIDS, in particular, face additional barriers to accessing climate finance due to complex eligibility criteria, long project preparation timelines, and limited institutional capacity.

2. Key Challenges

A. Climate Vulnerabilities and Economic Impacts
Caribbean SIDS face some of the highest disaster losses relative to their GDP, with nations like Dominica and Haiti experiencing annual losses that exceed 6–9% of their GDP. Climate change threatens to exacerbate this situation by pushing millions into poverty, reducing the region's GDP by up to 23% by 2050, and destabilizing public revenues. Despite these disproportionate impacts, these countries often lack sufficient financial support and access to scalable, adaptive solutions.

B. Financing Gaps and Structural Barriers
Adaptation finance makes up only 12% of climate funding in LAC, falling far short of the region's urgent needs. Caribbean countries often face lengthy delays of two to three years in preparing project proposals, limiting their ability to respond swiftly to climate threats. Beyond financial shortfalls, there are capacity gaps in proposal development, project management, and governance which further hinders access to climate finance and effective implementation. Additionally, despite being preferred climate finance provider, international climate funds like the Green Climate Fund (GCF) impose high transaction costs and complex procedures, with limited success in prioritizing the unique needs of SIDS.

C. The Bridgetown Initiative
To address these systemic and structural financing challenges, initiatives like the Bridgetown Initiative, in Barbados, have been proposed. The Initiative seeks to transform the global financial architecture to better serve SIDS and other vulnerable countries. It calls for mobilizing trillions in private finance through innovative trust mechanisms, expanding concessional finance access, increasing multilateral development bank lending capacity, and embedding shock-absorbing features in lending instruments to protect against climate-induced crises. Though promising, the Initiative's success hinges on strong political commitment from major economies and coordinated international reforms.

3. Innovative Financing Solutions

To address climate risks and financing gaps, the policy brief identifies emerging mechanisms and tools that can be scaled and replicated through EU–LAC cooperation:

A. Parametric Insurance
Risk-pooling tools like the Caribbean Catastrophe Risk Insurance Facility (CCRIF SPC) offer rapid payouts post-disaster, improving fiscal stability and resilience. Since 2007, CCRIF has disbursed USD 390 million, with 62% used for immediate post-disaster recovery.

B. GSSS Bonds and Blended Finance
Green, Social, Sustainability, and Sustainability-Linked Bonds comprise over 35% of foreign bond issuance in LAC. Blended finance solutions, such as those led by the Global Innovation Lab for Climate Finance, have mobilised USD 4 billion, including USD 1.4 billion from the private sector. Jamaica's Blue Green Facility also exemplifies innovative blended finance, combining public and private investments aligned with national climate priorities.

C. Debt-for-Climate Swaps
Barbados' pioneering debt-for-nature swaps have redirected hundreds of millions of dollars toward marine conservation, while Ecuador's $656 million "Galápagos Bond" is channeling funds into biodiversity preservation.

D. Carbon Pricing and Markets

Carbon taxes and emissions trading systems remain underutilised in Latin America and the Caribbean, with only five countries currently implementing carbon pricing schemes. Meeting Paris Agreement targets will require not only broader adoption of these mechanisms but also significantly higher carbon prices ranging from USD 50 to 100 per ton of CO_2 by 2030.

E. Adaptive and Risk-Informed Financing

Integrated approaches such as Multi-Hazard Early Warning Systems (MHEWS) and Integrated National Financing Frameworks (INFFs) can enhance data-driven planning and help align climate goals with both public and private finance. Initiatives like CREWS Caribbean 2.0 are also playing a key role by strengthening the operational capacities of meteorological and disaster risk management services across the region.

4. Strengthening EU–LAC Cooperation

The EU and Latin America and the Caribbean (LAC) have growing opportunities to jointly address climate finance shortfalls. Existing platforms such as EUROCLIMA, the LAGreen Fund, and Team Europe Initiatives offer strong frameworks for enhanced EU-LAC collaboration. Spain plays a key role through the Spanish Fund for Sustainable Development (FEDES), which blends grants, loans, and guarantees to mobilise private investment, complemented by COFIDES' support for blended finance and inclusive climate action. Strengthening the region's ability to attract investment will require the development of aggregated, investment-ready project pipelines. In parallel, advancing sustainability data, harmonizing finance standards, and scaling innovative tools such as blended finance mechanisms and debt-for-nature swaps will further boost climate investments. Finally, targeted capacity building and institutional strengthening are essential to empower SIDS and other vulnerable countries to access, manage, and deploy climate finance effectively ensuring long-term resilience and financial sovereignty.

5. Conclusion

Climate change poses urgent and disproportionate risks to LAC, particularly Caribbean SIDS, which face severe economic and environmental impacts despite low global emissions. Persistent underfunding, structural barriers, and limited institutional capacity hinder the region's ability to meet NDCs, SDGs, and long-term resilience targets. Innovative financial instruments, regional cooperation models, and adaptive strategies, exemplified by the Bridgetown Initiative and MDB-led reforms, offer pathways to strengthen climate finance access and effectiveness.

The upcoming IV CELAC-EU Summit in Santa Marta, Colombia (November 9–10, 2025) provides a pivotal opportunity to strengthen the EU-LAC strategic partnership. Key proposals include transforming global climate finance architecture, scaling up innovative tools (parametric insurance, GSSS bonds, blended finance, carbon pricing), strengthening cooperation frameworks, enhancing institutional and human capacity, promoting regional solutions, and ensuring social equity and just transitions.

By adopting these measures, the Summit can guide concrete commitments and frameworks, advancing a climate-resilient, inclusive, and prosperous future for LAC while reinforcing global climate goals under the 2030 Agenda and 2050 net-zero targets.

TABLE OF CONTENTS

	1
Executive Summary	**2**
1. Overview and Context	2
2. Key Challenges	2
3. Innovative Financing Solutions	2
4. Strengthening EU–LAC Cooperation	3
5. Conclusion	3
Introduction	**5**
Outcomes from FfD4	5
A Way Forward	6
Climate and Economic Vulnerabilities in LAC	**6**
Disaster Losses and Climate Change	6
Economic Impact of Climate Change	8
The Financing Gap	**9**
Climate Underfunding in LAC	9
Caribbean SIDS-Specific Financing Challenges	10
Assessing the Global Climate Finance Framework	**10**
Preferred and Major Climate Finance Providers	10
The Bridgetown Initiative	12
Innovative Financing Tools	**13**
Parametric Insurance	13
Green, Social, Sustainability and Sustainability-Linked (GSSS) Bonds and Blended Finance	13
Carbon Finance and Markets	15
Adaptive Financing: Integrating Risk, Planning, and Capacity	15
Localised and Regional Strategies	**16**
Strategic Opportunities for Regional Cooperation	16
Advancing EU–LAC Cooperation on Climate Finance	**16**
The European Union (EU) and LAC Climate Partnerships	16
Opportunities to Strengthen EU–LAC Climate Finance Cooperation	18
Capacity-Building and Knowledge Partnerships in Higher Education	19
SIDS Implementation Models	20
Conclusion	**21**
References	**23**

Introduction

The countries of the Latin America and Caribbean (LAC) region are estimated to contribute approximately 6.7% of global greenhouse gas (GHG) emissions yet they are experiencing an outsized impact from climate-related disruptions (Zero Carbon Analytics, 2024; Verner, 2011). The LAC region is increasingly exposed to the adverse effects of a wide range of factors such as rising sea levels, wildfires, water-borne pests, more intense extra-tropical and tropical cyclones, rising air and sea temperatures, and shifting rainfall patterns (Kelman et al., 2021; Lewis, 2022). These challenges are compounded by a diversity of country-level vulnerabilities where some face climate-related health impacts, others require urgent adaptation to natural disasters, and many, particularly fossil fuel and agricultural commodity exporters, are increasingly exposed to the risks associated with the global transition to a low emissions economy (Bonato et al., 2024). The Caribbean Small Island Developing States (SIDS) are among the most trade- and tourism-dependent economies in the world. As a result, they are highly vulnerable to environmental impacts as well as the indirect effects of climate mitigation policies and carbon border measures. These policies can significantly affect international trade, particularly industries such as international travel and tourism (Nurse, 2010; Nurse & Edwards, 2019).

By 2050, the LAC region faces economic losses of up to USD 22 billion annually due to climate-related damages (FundsforNGOs, 2025). Additionally, as GHG emissions rise and adaptation lags, per capita income losses might reach 9% in 2050 and 21% in 2100 (Aligishiev et al., 2024). Despite the escalating urgency, the region remains severely underfunded in terms of climate finance. Between 2016 and 2020, the region received an average of 17% of international climate finance every year. Additionally, mitigation and adaptation financing needs equate to an annual flow between USD 215 billion and 284 billion between 2023 and 2030 (Zero Carbon Analytics, 2024).

The evolving context of climate change speaks not only to the convergence of crises, but it also points to the complexities of climate action as the world transitions to a low-carbon economy. From this perspective, climate financing represents a strategic area for development in the LAC region recognizing that business as usual poses a direct threat to poverty reduction, economic growth, and sustainable development. It is also increasingly evident that the LAC region needs to engage more proactively in climate change adaptation and structural economic transformation.

Additionally, the global financial architecture should be aligned with the priorities of climate action and sustainable development. However, there is increasing concern that the existing international frameworks require significant transformation to meet the rising demands of the sustainable development agenda. For instance, The International Commission of Experts on Financing for Development (2025) in their recently published final report argue that:

> *The international financial system has proved to be ill-suited to support the investment needed and drive transformative change, due to its fragmented configuration, its focus on partial and short-term goals, and its limited concern for environmental sustainability and other international public goods – both global and regional (2025, p. 4).*

The report goes on to call for a step-change in financing for development, particularly in relation to climate change. It notes that:

> *The Fourth International Conference on Financing for Development (FfD4) is a unique opportunity to create such a holistic and forward-looking financing agenda for sustainable and more equal development. It must mobilise more and better-quality resources for a massive scaling up of investment to boost economic growth, build resilience, fight poverty and inequalities and support low-carbon and digital transitions (2025, p. 5).*

Outcomes from FfD4

The Sevilla Commitment, a consensus that emerged from the FfD4, outlines a pathway to close the estimated $4 trillion annual Sustainable Development Goal (SDG) financing gap for developing countries. This is a significant outcome as the FfD4 is "the first inter-governmentally agreed financing for development framework since 2015, and a rallying call to overhaul a system that is failing billions of people and pushing global goals further out of reach." [1]

1 https://www.un.org/sustainabledevelopment/blog/2025/07/ffd4-closing-press-release/#:~:text=New%20financing%20mechanisms%20were%20announced,secretariat%2C%20with%20support%20from%20Spain.

The Sevilla Commitment is largely focused on boosting public and private investment for sustainable development, including actions to strengthen tax systems and domestic resource mobilization. New financing mechanisms were announced to tackle unsustainable debt burdens, and additional initiatives aimed to enhance crisis response and climate resilience, expand access to social protection and support local and digital economies, among others. In summary, the Sevilla Commitment charts a path on three key fronts:

1. Catalysing investment at scale for sustainable development
2. Addressing the debt and development crisis
3. Reforming the international financial architecture

A Way Forward

Based upon the above analysis and call to action arising from the FfD4, the aim of this policy brief is to identify existing innovative climate finance initiatives and mechanisms, designed by States, International Financial Institutions, Private and Philanthropical Actors, among others, which are leveraging expertise and resources to implement and accelerate comprehensive solutions that can serve as reference points or best practices for enhancing cooperation between the European Union (EU) and Latin America and the Caribbean (LAC). Particular attention is given to the Caribbean region, which faces unique vulnerabilities to climate change and persistent barriers to accessing international climate finance, especially for adaptation. The policy brief also explores opportunities for scaling-up and expanding these initiatives in the context of the European Union–Community of Latin American and Caribbean States (EU-CELAC) Strategic Partnership. This shall include an assessment of institutional synergies and financing modalities that can contribute to a more equitable and effective climate finance architecture, particularly for the Caribbean, where structural challenges and limited access remain a pressing concern.

In particular, the policy brief examines the economic impacts of climate change and disaster-related losses in LAC, addresses the climate finance gap, and critiques the effectiveness of global financing mechanisms. The brief also explores innovative and adaptive financial tools such as parametric insurance, green bonds, and blended finance while discussing structural barriers to accessing finance, particularly for Caribbean SIDS. It also evaluates reform initiatives such as the Bridgetown Initiative and emphasises the importance of regionally grounded strategies and EU–LAC cooperation to improve access to funding and strengthen climate resilience.

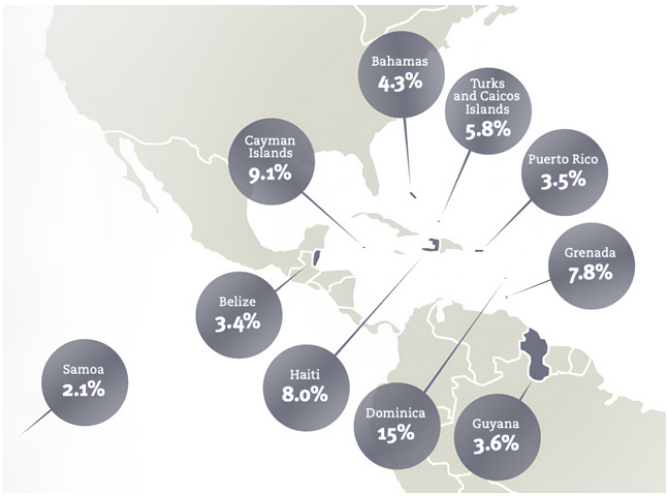
Climate and Economic Vulnerabilities in LAC

Disaster Losses and Climate Change

Small Island Developing States (SIDS) account for 14 of the 20 nations with the highest average yearly disaster losses in relation to gross domestic product (GDP) (Bharadwaj et al., 2023). As shown in Figure 1, disasters between 2000 and 2019 had a disproportionately large economic impact on these states. In the Caribbean specifically, disaster-related losses ranged from 3.4% of GDP in Belize to 15% in Dominica. Additionally, it is important to note that the disaster risk problem extends beyond climate related events to bio-hazards and health issues such as the COVID 19 pandemic (Nurse & Cabral 2020).

This vulnerability is further underscored by the fact that the Caribbean has experienced two-thirds of all 511 natural disasters affecting SIDS globally since 1950 (UN, 2020). Over the past two decades, the region has incurred average annual damages of USD 1.6 billion from meteorological and geological events, leading to increased sovereign debt risk and constrained fiscal flexibility (World Bank, 2018).

Figure 1: Top 10 Small Island & Coastal States by Disaster Losses (% of GDP, 2000–2019)

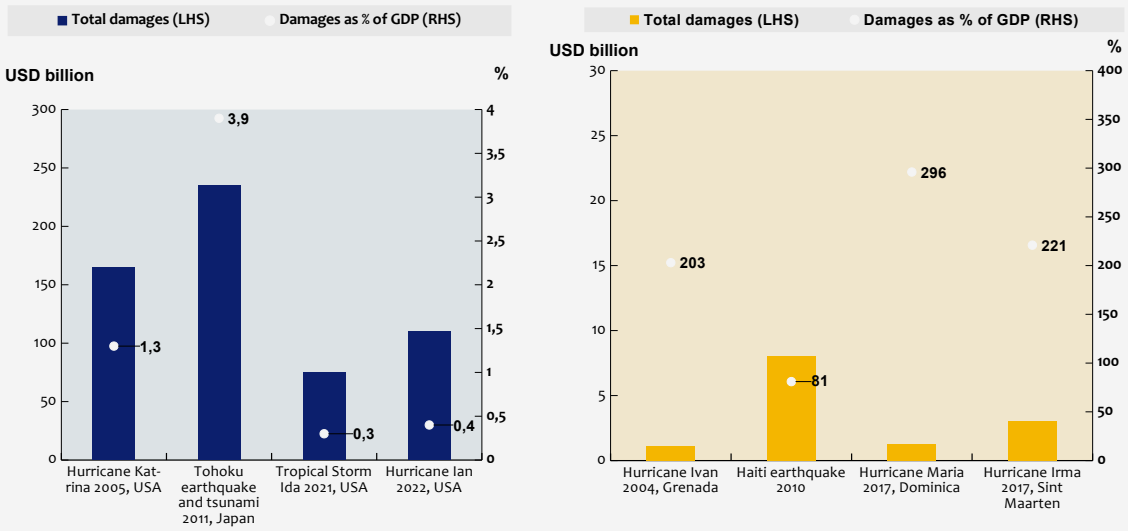


Note. From The Human Cost of Disasters: An Overview of the Last 20 Years (2000–2019) (p. 6), by United Nations Office for Disaster Risk Reduction, 2020, [PDF] https://www.preventionweb.net/files/74124_humancostofdisasters20002019reportu.pdf. Copyright 2020 by UNDRR.

Specifically, while large economies may experience high absolute damages, these often represent a small share of GDP. For instance, the 2011 Tohoku earthquake and tsunami caused USD 241.6 billion in damage, equivalent to only

3.9% of Japan's GDP (see Figure 2). Similarly, Hurricane Ian, which struck the United States in 2022, caused damage totalling just 0.4% of GDP. In contrast, the relative impact of disasters on SIDS is far more severe. Grenada and St. Maarten experienced damages exceeding 200% of GDP during Hurricanes Ivan (2004) and Irma (2017), respectively. In 2017, Hurricane Maria inflicted losses on Dominica equivalent to 296% of its GDP or nearly three times the country's GDP in that year (OECD, 2024a).

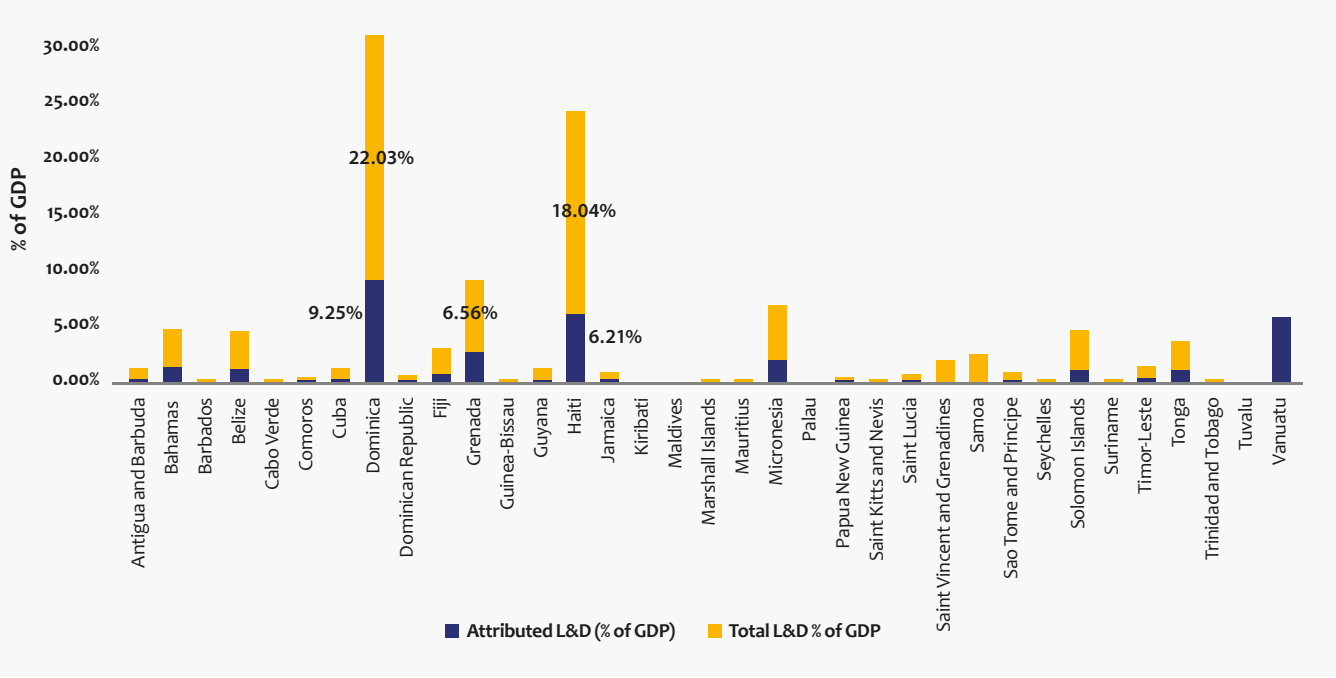
Figure 2: Damages from major disasters in selected economies, 2000-2023



Note. LHS = left hand scale. RHS = right hand scale. From CRED (n.d.), Emergency Events Database (EM-DAT), https://public.emdat.be/; and World Bank (n.d.), World Development Indicators, https://databank.worldbank.org/source/world-development-indicators.

Beyond extreme single-year events, the cumulative burden on SIDS is persistent and financially destabilizing. As shown in Figure 3, Dominica experiences the highest average annual climate-related losses among SIDS, amounting to 9.3% of GDP. Haiti follows closely, facing losses equal to 6.2%. In total, nine SIDS suffer annual losses exceeding 1% of GDP. These losses strain public finances where, on average, climate-related events account for 5.4% of government revenue losses, with Dominica and Haiti losing up to 54.7% and 36.7% of revenue, respectively. Overall, SIDS incur annual economic losses of approximately 2.4% of GDP due to extreme weather, with about one-third directly attributable to climate-related hazards. The broader economic effect includes revenue losses averaging one-third of government income and total economic losses amounting to 14% of sales (Panwar et al., 2025). These recurring and severe disaster-related losses underscore the widespread vulnerability of these nations to climate-related disasters (Panwar et al., 2025).

Figure 3: Average Annual Climate-Attributed Loss and Damage in SIDS, as a Percentage of GDP



Note. From Calculating Loss and Damage from Extreme Weather Events in Small Island Developing States (Article 73), by V. Panwar, I. Noy, & E. Wilkinson, 2025, Regional Environmental Change, 25(2). https://doi.org/10.1007/s10113-025-02408-7. Copyright in 2025 The Authors. Licensed under CC BY 4.0.

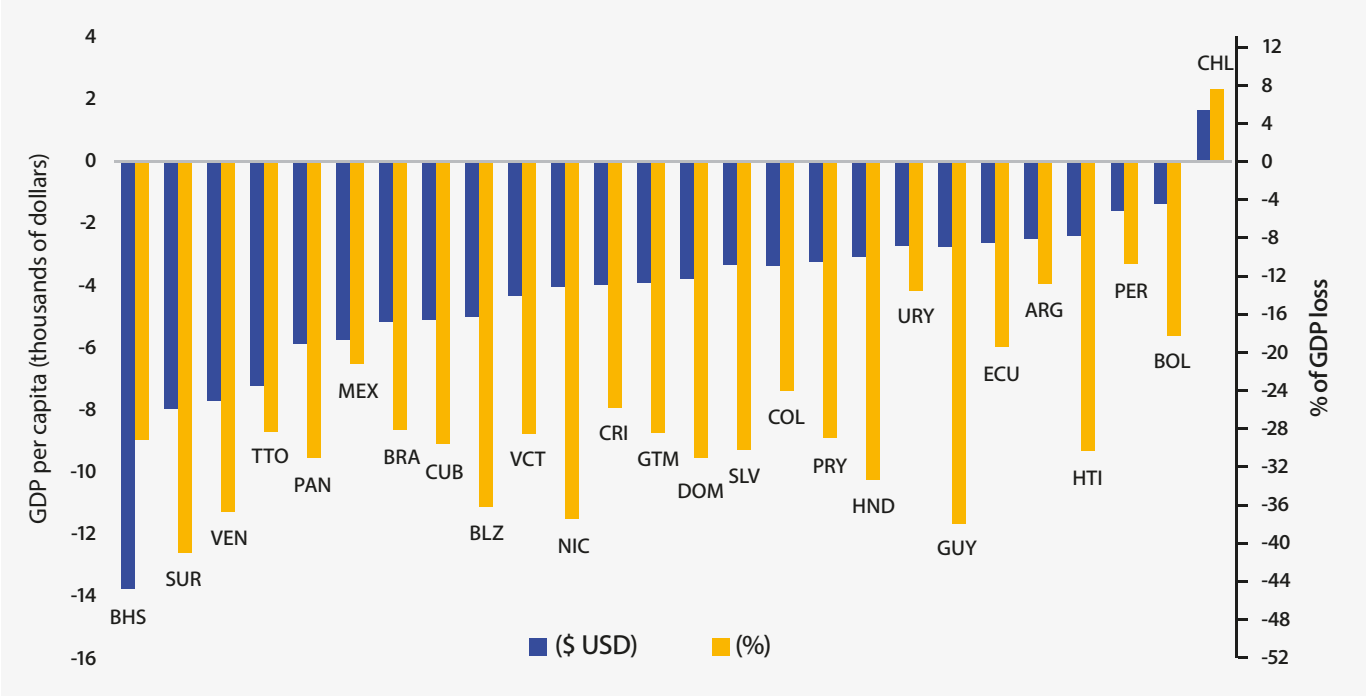
Economic Impact of Climate Change

Climate change is projected to cause USD 100 billion in annual economic damages in LAC by 2050, which is nearly equivalent to Ecuador's GDP. Within this, the Caribbean region, in particular, is expected to incur damages of almost USD 22 billion. The disastrous effects on the economic, cultural, environmental, physical, and social fabric of affected countries will undermine any progress made in development (Giorgi & Torres, 2022).

According to the Economic Commission for Latin America and the Caribbean (ECLAC, 2023), per capita GDP in LAC could decline by 0.8% to 6.3% by 2030, and by as much as 23% by 2050. Van der Borght et al. (2023) further emphasised that temperature increases alone can erode long-term economic growth. In a high-emissions scenario, per capita GDP may fall by 1.3% in 2030 and 3.3% in 2050 compared to a no-warming scenario. These economic losses could also have significant social implications, potentially leading an additional 3.2 million people into poverty across the region (ECLAC, 2022).

Figure 4 reinforces these projections by illustrating the anticipated decline in GDP per capita by 2050 under scenarios with and without climate change. Except for Chile, all LAC countries are expected to experience slower economic growth. The Bahamas (BHS), Suriname (SUR), and Venezuela (VEN) are projected to suffer the greatest per capita GDP losses, both in absolute dollar terms and as a percentage of their GDP (Burke et al., 2015). The non-linear economic impact of temperature rises, identified by Burke et al. (2015), has shown that damages escalate sharply for warmer nations. Consequently, unmitigated warming is predicted to change the world economy by lowering average global earnings by about 23% by 2100 and increasing global income disparity if future adaptation follows the pattern of historical adaptation. Therefore, early policy responses are critical, as they can significantly reduce the worst-case GDP losses projected by climate models (Reuters, 2023). Nevertheless, while the economic consequences of climate change in LAC are increasingly well-documented, the LAC remains financially unsupported to address these challenges.

Figure 4: Difference Between Projected GDP Per Capita in 2050 with Climate Change and Without Climate Change for Countries in Latin America and the Caribbean



Note. From Global non-linear effect of temperature on economic production by M. Burke, S. M. Hsiang, and E. Miguel, 2015, Nature, 527(7577), p. 237. https://doi.org/10.1038/nature15725

The Financing Gap

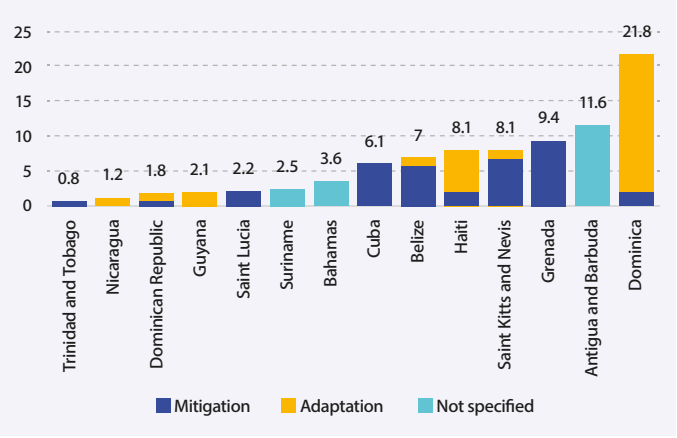
Climate Underfunding in LAC

Climate finance is critical to addressing the climate catastrophe. A recent estimate revealed that annual climate finance flows exceeded USD 1 trillion for the first time in 2021, six years after the Paris Agreement was enacted in 2015. However, to prevent the severe impacts of climate change, these flows must increase at least fivefold annually by 2030 (Climate Policy Initiative [CPI], n.d.). Despite this, from 2021 to 2022, climate finance flows to LAC accounted for only 4% of total climate funding (USD 52 billion). This is remarkably insufficient, given projections suggest that USD 215-284 billion will be required annually from 2023 to 2030 to support the region's low-carbon and resilient economy (Ruiz & Martinez, 2024).

Moreover, Ruiz and Martinez (2024) highlight a significant imbalance between mitigation and adaptation measures in LAC's climate finance allocation, with total finance flows falling far short of predicted needs. Adaptation investment totaled USD 6.1 billion, representing only 12% of the region's climate budget and falling short of the estimated annual requirement of USD 87 billion for 2023-2030. Similarly, mitigation efforts averaged USD 41 billion annually in 2021–2022, below the required USD 162.5 billion per year.

Addressing the climate catastrophe demands substantial annual infrastructure spending of 2% to 8% of GDP, as well as annual social spending of 5% to 11% of GDP. This equates to aligning between 7% to 19% of annual GDP, or USD 470 billion to USD 1,300 billion in infrastructure and social spending in 2030, toward sustainable, resilient, and decarbonised development. The benefits of this realignment are projected to greatly outweigh the costs by averting the detrimental effects of climate change while also providing economic, social, fiscal, and environmental benefits (Galindo Paliza et al., 2022). Consequently, Caribbean SIDS face substantial annual investment requirements, reaching as high as 21.8% of GDP in the case of Dominica (see Figure 5).

Figure 5: Selected LAC Countries: Estimated Annual Financing Needs Outlined in Nationally Determined Contributions (NDCs) Submissions (Percentages of GDP)



Note. From Macroeconomic and fiscal consequences of climate change in Latin America and the Caribbean (Article 145-169), by D. Titelman, M. Hanni, & N. Pérez Benítez, 2024, Journal of Globalization and Development, 15(2). https://doi.org/10.1515/jgd-2023-0100. Data sourced from Climate Change (https://www.climatewatchdata.org)

Caribbean SIDS-Specific Financing Challenges

From 1970 to 2020, SIDS lost USD 153 billion owing to weather, climate, and water-related disasters, which is a large amount given their average GDP of $13.7 billion (WMO, 2020). However, SIDS confront financial issues that limit their capacity to evade and respond to the repercussions of climate change and encounter many obstacles when attempting to acquire or utilise international climate finance (Mohan, 2022; Mohan & Strobl, 2021). Specifically, Atteridge and Canales (2017) analysed climate finance to Caribbean SIDS between 2010 and 2015, revealing that USD 1.477 billion was committed, mainly through targeted projects. The Dominican Republic, Guyana, Haiti, Cuba, and Jamaica received the largest shares. Most funding (48%) focused on mitigation, 32% on adaptation, and 20% on both. However, funding was highly concentrated, with Norwegian support to Guyana and French support to the Dominican Republic dominating flows. The main sectors funded were environmental protection (notably forest protection in Guyana), transport (e.g., metro expansion in the Dominican Republic), and disaster preparedness. In contrast, critical sectors like health and education received no funding, indicating challenges in aligning climate finance with broader development goals.

As such, Tortora and Soares (2016) identified institutional and policy constraints, dependence on a sole financial provider, disorganised climate finance across various projects, sector-wide approaches with limited budgets, funding after large natural disasters when long-term funding is scarce, and complex requirements and processes for accessing finance. According to Hart (2013), SIDS issues and difficulties are insufficiently recognised on a global scale, which is amplified by these nations' lack of a prominent voice in important international financial institution decision-making.

Additionally, SIDS also face urgent human and technical capacity limitations throughout the climate finance project cycle, from proposal development to implementation. These constraints impair their ability to meet donor requirements for proposals and reporting, causing significant delays and reducing the quality of transformational projects. Developing climate finance proposals often takes two to three years, followed by an additional year for legal and implementation arrangements. This slow process jeopardises the timely achievement of SIDS' Nationally Determined Contributions (NDCs) and SDGs by 2030 and undermines their long-term climate targets, including carbon neutrality by 2050 (CFAN, n.d.).

Moreover, SIDS face significant challenges due to ineffective prioritization within the global climate finance architecture. Although policies and guidelines formally recognise the vulnerability of SIDS and include simplified access processes, these measures largely remain ineffective in practice. SIDS projects are assessed through competitive processes designed for larger developing countries, leading to fewer funding opportunities and a tendency for multilateral agencies to deprioritise SIDS proposals (CFAN, n.d.). Many International Access Entities avoid "normal-sized" projects typical for SIDS because of perceived high transaction costs, favouring larger projects elsewhere. Additionally, limited human resource capacity restricts their ability to develop and access finance through their Direct Access Entities. Structural barriers persist, including complex application procedures, limited support from fund secretariats, high preparation costs, and slow fund disbursement. This leaves SIDS at a disadvantage, impeding their capacity to address climate challenges effectively (GCF IEU, 2020, 2021, 2022). Despite these barriers, several global climate finance mechanisms have emerged to support LAC countries, particularly SIDS.

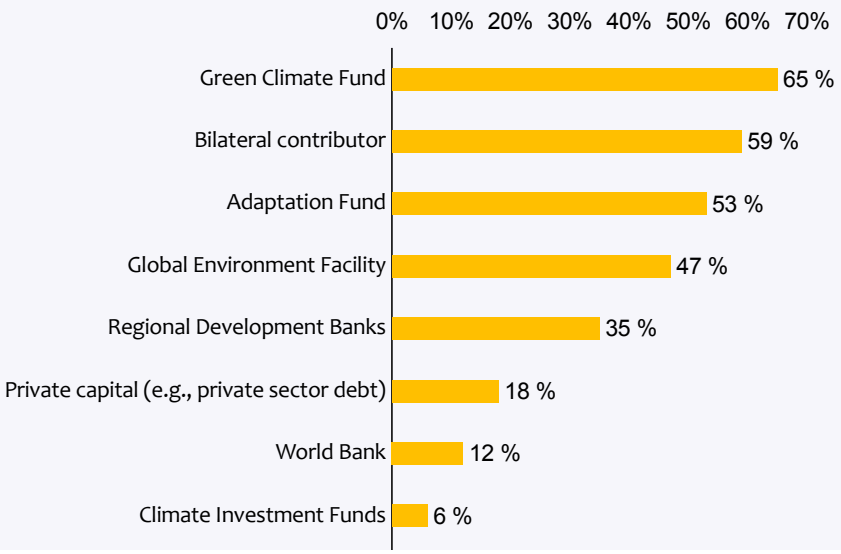
Assessing the Global Climate Finance Framework

Preferred and Major Climate Finance Providers

The Green Climate Fund (GCF) has been the largest contributor to SIDS climate change action, granting USD 600 million since 2015 (Watson & Schlatek, 2019). It is often pre-

ferred due to their grant-based qualifying requirements or highly concessional financing (see Figure 6). SIDS also value the GCF's large-scale funding and country ownership, which supports financing proposals aligned with national priorities. Additional benefits cited include readiness support, project funding, higher finance volumes, and direct access to national and regional partners (Wilkinson et al., 2023).

Figure 6: SIDS Preferred Climate Finance Provider



However, the GCF's project approval process is believed to be more rigorous and time-consuming compared to other funds such as the Adaptation Fund and Global Environment Facility. For example, the Adaptation Fund uses country caps in its allocation process, offering greater certainty than the GCF's 'first-come-first-served' approach. Whereas, the GCF's ad hoc financing approvals make it challenging for SIDS to maintain consistent climate programming. Nevertheless, the GCF remains the preferred choice for many due to its alignment with country-driven priorities and its capacity to deliver large-scale, impactful funding (Wilkinson et al., 2023).

To better understand the role of major climate finance providers in LAC, Table 1 compares four key global funds by highlighting their purposes, relevance to LAC, and structural features. These climate finance mechanisms vary in scope and structure, yet offer critical support tailored to the region's vulnerabilities, ranging from long-term adaptation and mitigation (e.g., GCF, Adaptation Fund) to rapid disaster response and loss compensation (e.g., Global Shield, Loss and Damage Fund).

Table 1: Key International Climate Finance Mechanisms Supporting LAC

FUND	PURPOSE/FOCUS	SUPPORT FOR LAC	KEY FEATURES
Loss and Damage Fund (COP29)	Financial support for countries facing climate loss and damage	Critical for LAC countries facing severe climate impacts	Operational from COP29 (2024); $730M+ pledged; first dedicated fund for loss & damage compensation
Green Climate Fund (GCF)	Mitigation and adaptation finance for developing countries	Major funder of climate projects in LAC, focusing on vulnerable SIDS, and LDCs	Largest global climate fund under Paris Agreement; flexible finance (grants, loans, equity); mobilises $100B/year
The Global Shield Against Climate Risks	Financial protection against climate disasters	Helps vulnerable LAC countries prepare for and recover from disasters	Launched by V20 & G7; provides fast disaster finance; enhances risk reduction and disaster preparedness
Adaptation Fund	Financing adaptation projects addressing climate vulnerabilities in developing countries based on needs and priorities	Direct funding for vulnerable LAC communities	$1.25B committed since 2010; pioneered Direct Access allowing countries to manage funds; focuses on resilience

In response to these financing challenges, innovative reform efforts have been proposed by climate-vulnerable nations. One of the most prominent is the Bridgetown Initiative, which seeks to reshape the global financial architecture in favour of equitable climate resilience.

The Bridgetown Initiative

To address key limitations in mobilizing climate finance for SIDS, like Barbados, Prime Minister Mia Mottley and her climate envoy, Avinash Persaud, launched the Bridgetown Initiative. It was first proposed at COP26 and then further developed with global experts and civil society in Bridgetown in July 2022 (Yue & Wang, 2022).

The Initiative outlines five reforms to address the structural barriers developing countries face in accessing climate finance. First, it proposes mobilizing up to $5 trillion in private finance for climate mitigation through a Climate Mitigation Trust, backed by $500 billion in Special Drawing Rights (SDRs) or donor guarantees. This trust would borrow at low rates on international markets and invest in low-carbon projects, overcoming the high cost of capital in the Global South. Second, the initiative calls for expanding access to concessional finance for climate-vulnerable countries, especially for adaptation projects that lack revenue streams and cannot attract private investment (Persaud, 2022).

Third, it advocates for scaling multilateral development bank (MDB) lending by $1 trillion to increase their risk appetite and allow the use of guarantees and SDRs in calculating lending capacity without requiring large new capital infusions. Fourth, it addresses the growing costs of climate-related loss and damage, proposing $200 billion annually in recovery funding, potentially sourced through a fossil fuel levy or an international carbon border tax. Finally, the initiative calls for making the global financial system more shock-absorbent by including disaster and pandemic clauses in all lending instruments, which would automatically suspend debt payments during crises, thereby freeing up liquidity without penalizing lenders (Persaud, 2022).

However, the Bridgetown Initiative faces key challenges that limit its potential to reform global climate finance. As such, its success depends on strong political commitment and institutional reforms from major economies like the US, Germany, Japan, and France, particularly as key MDB shareholders (Yue & Wang, 2022). Nonetheless, critics highlight the risk that debt-focused solutions may deepen vulnerabilities in low-income countries, while insufficiently emphasizing grant-based finance needed for climate justice (Ghosh et al., 2025; Kuner, 2024). Also, mobilizing adequate finance for SIDS and other developing countries remains difficult due to high perceived risks, limited concessional funding, and persistent gaps between commitments and disbursements (Yue & Wang, 2022; Kuner, 2024). Additionally, many developing nations lack technical capacity and project preparation expertise, limiting their access to international finance (Ghosh et al., 2025). These challenges, alongside slow negotiations and resource shortfalls, question the initiative's timely implementation (Yue & Wang, 2022).

Nevertheless, the Initiative emphasises developing new tools and reforming current organizations to fund climate resilience and the Sustainable Development Goals (SDGs) (Martins, 2023). In line with this, ongoing collaborations have emerged, such as the Memorandum of Understanding (MoU) signed on June 23rd, 2024 at the Summit for a New Global Financing Pact in Paris between Prime Minister Mia Amor Mottley, and Mr. Werner Hoyer, President of the European Investment Bank (EIB). This MoU marked a partnership between the EIB and Barbados to identify priority projects where EIB investment can have a significant impact, such as water and wastewater treatment, clean and renewable energy, and coastline protection. Concurrently, the EIB is exploring ways to scale up climate funding, as outlined by the 2022 Bridgetown Initiative (Directorate-General for International Partnerships, 2023).

Furthermore, The EU and CELAC signed a Memorandum of Understating (MoU) on May 15, 2024 in Bridgetown, Barbados, aimed at strengthening collaboration between the European Union and regional and national actors to support comprehensive disaster resilience. This includes reducing disaster risks through early warning systems and satellite data sharing (United Nations, 2024). The Memorandum of Understanding (MoU) was developed under the leadership of the European Commission's Civil Protection and Humanitarian Aid Operations department (ECHO) with support from the United Nations Office for Disaster Risk Reduction (UNDRR), bringing together key stakeholders to promote integrated disaster risk management. This cooperation complements the Bridgetown Initiative's goal of building economic resilience and stability in vulnerable regions (United Nations, 2024).

As such, there is considerable potential for stronger EU-CELAC engagement to advance the Bridgetown Initiative. The partnership plans to promote investments in renewable energy, electric mobility, and climate adaptation, directly supporting Bridgetown's climate finance agenda, with new commitments expected at the upcoming IV EU-CELAC Summit in Santa Marta, Colombia, in November 2025. Additionally, with over €45 billion committed under the Global Gateway investment agenda, the EU-CELAC framework offers financial resources and mechanisms to support Bridgetown's goals in sustainable economic growth and development (CAF, 2025a).

Beyond large-scale reforms, a range of innovative financing tools are also emerging to support more adaptive, risk-informed, and inclusive climate finance strategies across LAC

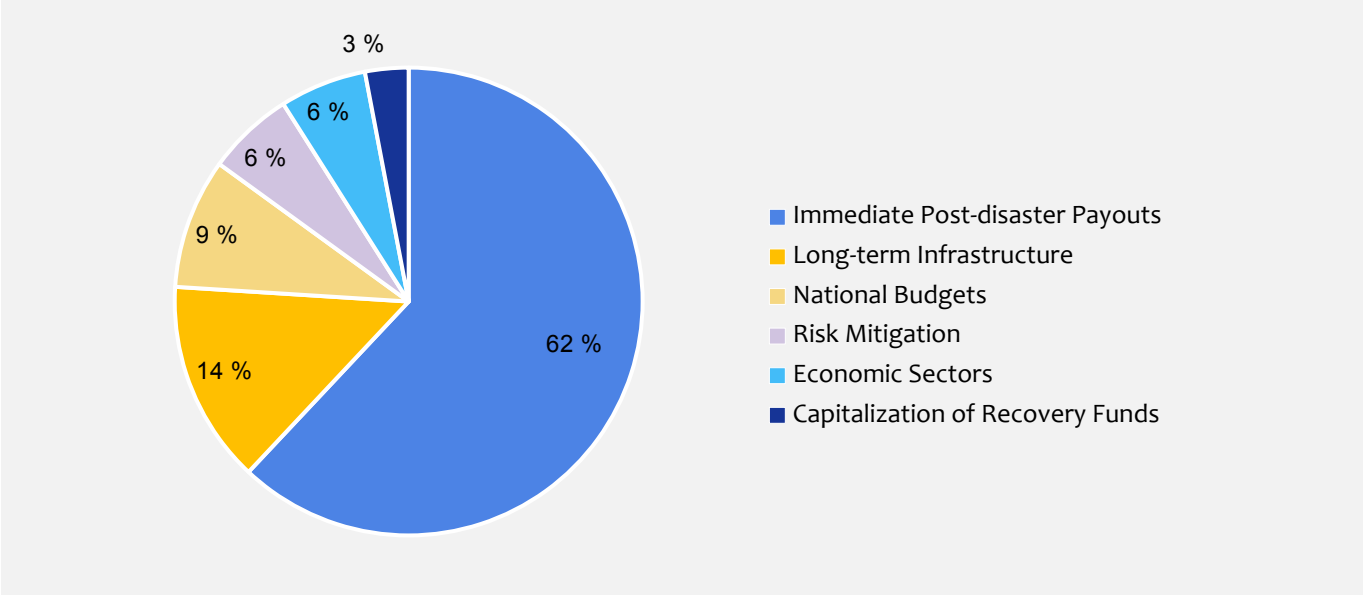
Innovative Financing Tools

Parametric Insurance

Risk pooling can aid SIDS by reducing the financial impact of disasters by distributing high costs across member countries. These insurance arrangements offer immediate access to liquidity after disasters (OECD, 2024a). Parametric insurance is one such mechanism that can provide rapid payouts when specific weather conditions or natural disasters occur, thereby enabling quicker recovery and financial stability. The advances in technology, such as satellite imagery, drones, and modern weather stations, have enhanced real-time monitoring of trigger events. Insurers are able to streamline claims processing, provide real-time alerts and dynamic coverage options, reducing both traveller disruptions and insurer losses (UNDP, 2024).

Accordingly, the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF SPC) is the world's first multi-country, multi-peril parametric risk pool. It provides coverage to Caribbean and Central American governments against natural hazards such as tropical cyclones, excess rainfall, earthquakes, and sector-specific risks in water, electricity, and fisheries. A new product for fluvial flooding is expected in 2025/2026. CCRIF enables rapid disbursement of funds within 14 days post-event helping, member states reduce budget volatility and initiate recovery efforts. Since its inception in 2007, CCRIF has made 79 payouts totaling USD 390 million. Notably, since 2023, USD 4.9 million was disbursed to Antigua and Barbuda, the British Virgin Islands, and St. Kitts & Nevis. Specifically, Figure 7 shows that between 2007 and 2023, 62% of payouts were used for immediate post-disaster needs, 14% for long-term infrastructure, 9% for national budgets, 6% for risk mitigation, another 6% for economic sectors, and 3% for capitalisation of recovery funds (CCRIF, n.d.).

Figure 7: Use of CCRIF Payments 2007 - 2023



Green, Social, Sustainability and Sustainability-Linked (GSSS) Bonds and Blended Finance

GSSS bonds have emerged as key instruments for generating finance in various LAC economies. By 2023, they accounted for over 35% of total bond issuance in foreign markets, up from 9.3% in 2020. These bonds offer multiple benefits, including attracting liquid global capital, diversifying the investor base, channeling funds directly into sustainable activities, and supporting the development of sustainable capital markets aligned with SDGs. Between 2014 and 2023, LAC countries issued GSSS bonds worth USD 131 billion in international markets (OECD, 2024b).

Sovereign issuers dominated this market, accounting for 49.8% of issuance, followed by banking (12.5%), energy (7.5%), agriculture, food, and beverages (6.4%), and forestry and paper (6.4%). While the market was initially limited to sectors such as pulp and paper, food and beverage, and energy, it has diversified significantly since 2019. New sec-

tors entering the market include automotive, technology, chemicals, telecommunications, consumer goods, real estate, transportation, and sugar and ethanol. This evolution reflects growing interest in sustainable debt instruments among a broader range of issuers and investors, particularly in niche and emerging sectors (OECD, 2024b).

Complementing this, blended finance (BF) can combine public and private resources to improve the risk-return profile of projects, encouraging more private investment for high-impact SDG efforts. LAC has spent USD 19.7 billion in BF programs, highlighting its potential for scaling up (Apampa, 2022). While international development financing institutions (DFIs) and multilateral development banks (MDBs) contribute significantly to private capital mobilization through BF, greater commitment and action from these actors is required (Masullo et al., 2024). The Global Innovation Lab for Climate Finance is an example of BF. It is a public-private initiative aimed at driving billions of dollars in private investment into climate change mitigation and adaptation in developing countries by accelerating the development of promising ideas into implementation-ready projects by identifying, developing, and testing transformative climate finance instruments. Since its start in 2014, it has introduced 68 instruments and raised roughly USD 4 billion, including USD 1.4 billion catalysed from the private sector. The Lab's mixed finance solutions aim to lower investment barriers and strengthen the involvement of local institutions in climate financing efforts. In 2024, the new LAC regional program will pilot one mitigation and one adaptation instrument with the potential to raise much-needed climate money for the region (Ruiz & Martinez, 2024).

Barbados' implementation of two landmark debt-for-climate swaps, supported by a mix of public, private, and transnational sector entities, is a notable example of innovative sovereign-level finance. Through these instruments, the country has successfully redirected debt savings toward marine conservation and climate resilience (Welch-Phillips, 2025; see Case Study 1).

Case Study 1: Barbados

The first, **a debt-for-nature swap** finalised in September 2022, involved the refinancing of USD 150 million of external debt through a Blue Bond arrangement. Facilitated by the Inter-American Development Bank (IDB) and supported by global environmental NGO The Nature Conservancy (TNC), the deal was arranged by Credit Suisse and CIBC Caribbean. It enabled Barbados to reduce its debt burden while committing USD 50 million over 15 years to marine conservation. This included the creation of new marine protected areas and the development of a sustainable fisheries plan.

The second, **a debt-for-climate swap** announced in 2023, built on the first transaction's success. It refinanced an additional USD 250 million in sovereign debt under similarly structured terms, again blending philanthropic contributions, private sector investment, and public risk guarantees.

These transactions emphasise how multi-stakeholder collaboration can drive sustainable outcomes. The U.S. Development Finance Corporation (DFC) provided credit enhancements to reduce investor risk, while the TNC offered technical expertise. The Government of Barbados ensured policy coherence and implementation.

A similar model has been applied at larger scale in Latin America, most notably in Ecuador's 2023 debt-for-nature transaction (Welch-Phillips, 2025; see Case Study 2).

Case Study 2: Ecuador

In 2023, Ecuador executed the largest transaction of its kind, converting USD 1.6 billion of sovereign debt into a USD 656 million **"Galápagos Bond"** to finance marine conservation in one of the world's most biodiverse regions.

The deal was led by Credit Suisse and supported by a diverse set of public, private, and multilateral actors. The U.S. Development Finance Corporation (DFC) provided critical political risk insurance, while international conservation organizations helped structure and monitor the conservation commitments.

The resulting fund is expected to generate over USD 450 million for conservation over the next two decades, including efforts to combat illegal fishing, protect marine ecosystems, and support sustainable livelihoods for local communities.

Blended finance tools, supported by MDBs and EU-LAC partnership initiatives, can effectively de-risk climate and sustainable investments, making them more attractive to risk-averse private investors. When applied to GSSS bonds, these tools enable more innovative financing structures, improve creditworthiness, reduce borrowing costs, and help

scale investments, especially in countries or projects with limited access to capital markets, while mobilizing public and private resources to support sustainable projects in the region.

Carbon Finance and Markets

Carbon pricing is widely recognised as a more cost-effective approach for reducing emissions than regulations or subsidies, as it internalises the social cost of carbon and incentivises reductions to socially optimal levels. Expert analyses recommend specific price ranges to meet climate targets. As such, the High-Level Commission on Carbon Prices suggests USD 40–80/tCO_2 by 2020 and USD 50–100/tCO_2 by 2030 to align with the Paris Agreement (Stern & Stiglitz, 2017), while IPCC (2022) recommends USD 60–120/tCO_2 to limit warming to 2°C and UD$ 170–290/tCO_2 for the 1.5°C target by 2030.

The International Monetary Fund (IMF) has proposed a differentiated international carbon price floor by income levels, with USD 75/tCO_2 for advanced economies, USD 50/tCO_2 for middle-income countries, and USD 25/tCO_2 for low-income countries (Parry et al., 2021). Despite this, current global carbon prices remain mostly below these thresholds, with few prices consistent with the Paris Agreement goals.

Carbon pricing systems provide multiple benefits, including internalizing emissions costs, reducing emissions, and generating revenue to support national budgets and social programs. These funds can finance climate actions like accelerating clean energy adoption and modernizing transport systems. However, concerns about distributional impacts, competitiveness, employment, and economic growth pose challenges to political acceptance (de Miguel et al., 2025).

In practice, the design of carbon taxes must consider national and local factors, such as NDC commitments, competitiveness, equity impacts, alignment with other policies, and political feasibility (Pizarro, 2021). In LAC, carbon taxation is still emerging since Mexico, Chile, Colombia, Argentina, and Uruguay are the only countries that currently implement carbon taxes (de Miguel et al., 2025).

Emissions Trading Systems (ETSs) are another carbon pricing approach that limits total emissions and allocates tradable permits to emitters, ensuring certainty in emissions reductions by limiting total emissions such as 10% below 2010 emission levels by 2050 (Truong, 2003). Unlike carbon taxes, ETSs fix the emissions outcome but allow the cost to vary, typically enabling reductions at the lowest market cost (de Miguel et al., 2025).

Adaptive Financing: Integrating Risk, Planning, and Capacity

Adaptive financing in LAC relies on the seamless integration of risk modelling, strategic planning, and institutional strengthening. With 20% of regional crises being predictable (OCHA, 2025), risk modelling and early warning systems enable proactive financing approaches that prioritise prevention over costly response. For instance, the CREWS Caribbean 2.0 project is a three-year initiative aimed at strengthening multi-hazard early warning systems (MHEWS). The project focuses on enhancing the operational capacities of National Meteorological and Hydrological Services (NMHSs) and National Disaster Risk Management Offices (NDRMOs) through improved governance, forecasting, risk knowledge, and community-level early action. Special emphasis is placed on inclusive, gender-responsive systems that reach vulnerable populations.

The initiative aligns with broader global frameworks such as the Sendai Framework, SDGs, Paris Agreement, and Early Warnings for All (EW4All) (WMO, 2024). However, LAC faces major obstacles such as outdated infrastructure, poor data systems, fragmented governance, and limited funding. For this to be effective, MEWS must be accompanied by resilient infrastructure (e.g., flood control, communications, land-use planning) and ongoing community education (López Lamia & de Barros Torres, 2025).

Complementing this, since almost 75% of LAC nations are developing or have implemented climate financing strategies (Jaramillo et al., 2024), Integrated National Financing Frameworks (INFFs) can assist countries in linking climate goals to both public and private finance. This provides a comprehensive framework for aligning financial policies and mobilizing resources for sustainable development, including climate action. INFFs collate diverse sectors, funding policy areas, and stakeholders to promote policy coherence, risk management, and increased investment in climate goals (United Nations Department of Economic and Social Affairs, 2022).

Crucially, building institutional capacity and resilience through improved governance, technical skills, and cross-sector coordination can ensure that these financial strategies are effectively implemented, fostering adaptive systems that respond dynamically to climate risks. This is because it enables governments to understand the qualifying criteria for various funds, prepare strong project proposals, and negotiate with donors on an equal level (Pinotti, 2024). However, tackling climate finance challenges in LAC also requires regional coordination and tailored responses.

Localised and Regional Strategies

Strategic Opportunities for Regional Cooperation

By 2100, climate change is projected to cost between USD 1.6 trillion and 2.4 trillion per year across LAC (Oxfam Sweden, 2025). These escalating threats expose a significant finance gap, where current funding levels are insufficient to support effective mitigation and adaptation efforts. To address this shortfall, opportunities to expand loss and damage compensation, parametric insurance, GSSS bonds, blended finance, carbon finance/markets and risk modelling are essential. However, regional collaboration is equally vital, since it fosters coordinated strategies, resource sharing, and collective resilience. Specifically, pool resources enhance regional coordination and strengthen collective bargaining power in accessing and managing climate finance via the Caribbean Community Climate Change Centre (CCCCC) and the Caribbean Development Bank (CDB). Moreover, improving access to climate finance facilitates direct access to global climate funds and improves alignment with national and regional development goals via CARICOM–GCF partnership, IMF Resilience and Sustainability Trust (IMF RST), Adaptation Fund, and the Organisation of Eastern Caribbean States (OECS).

Furthermore, institutional and technical capacity strengthens governance, and project preparation for climate finance in Caribbean countries via Integrated National Financing Frameworks (INFFs), Caribbean Development Bank (CDB), and Caribbean Natural Resources Institute (CANARI). Additionally, innovative financing regionally can mobilise climate bonds, leverage carbon markets, and attract private capital for climate-related investments using EUROCLIMA, Caribbean Catastrophe Risk Insurance Facility (CCRIF SPC), and Caribbean Climate-Smart Accelerator (CCSA).

Together with this, the Inter-American Development Bank (IDB) is advancing three major initiatives to support resilience and development in the Caribbean region. First, it is providing $283 million in grants to support Haiti's 2025–2030 Recovery Plan, funding projects such as school meal programmes, hospital renovations, and infrastructure improvements (IDB, 2025). This effort is being coordinated with Haitian authorities, the United Nations, the European Union, and the World Bank, with a focus on fostering economic development outside Port-au-Prince. Second, they are leading a regional debt-for-resilience swap initiative. This program is designed to alleviate fiscal pressure on small island states, boost climate and economic resilience, and finance regional public goods through a standardised and transparent approach. Lastly, under the ONE Caribbean program, the IDB has launched a Caribbean Multi-Donor Trust Fund to promote resilience, citizen security, private sector development, and food security. The fund begins with $13 million in contributions from Canada and the United Kingdom, with invitations extended to countries such as Brazil to join the effort (IDB, 2025).

Thus, development banks such as the IDB and CDB further de-risk these investments by structuring innovative instruments like debt-for-resilience swaps, pooling resources regionally, coordinating with governments and partners, and strengthening institutional and technical capacity to make projects more attractive to private investors. This cooperative approach leads to a broader call to stakeholders including governments, financial institutions, businesses, and communities to engage in a unified action. Without this continued commitment, climate-related risks will only become more severe, reinforcing the urgency of breaking the cycle through proactive investment and collaboration. In light of this, several implementation models already in use across Caribbean SIDS, demonstrate how locally embedded institutions and international partnerships can unlock access to climate finance and build long-term resilience.

Advancing EU–LAC Cooperation on Climate Finance

The European Union (EU) and LAC Climate Partnerships

In 2025, CAF (Development Bank of Latin America and the Caribbean) approved a historic USD 5.2 billion in credit operations to finance infrastructure, climate action, human development, urban mobility and energy transition projects across LAC. It also plans to expand its membership to Guatemala and St. Lucia, convert Barbados to a member country and increase the capital of Antigua and Barbuda (CAF, 2025b).

Specifically, CAF's approved funds will be allocated to advancing climate finance and sustainability across LAC. This includes a USD 150 million loan to modernise the sustainable aqueduct system in Argentina's Chubut Province and USD 110 million for Bolivia's Chichas Solar Power Plant to support renewable energy and the energy transition. In the Bahamas, USD 100 million will modernise electricity infrastructure and expand renewables, while Colombia received USD 350 million to bolster climate action, biodiversity protection, and sustainable finance efforts. Additionally, Panama secured USD 300 million to enhance sustainable forest management and ecosystem conservation. CAF also

approved a USD 250 million credit line to support sustainable infrastructure, circular economy initiatives, and green businesses region-wide. Costa Rica received the bank's first green liquidity credit line of USD 500 million, marking a milestone in green financing. Finally, a USD 500 million loan was granted to expand access to cleaner natural gas in Lima and Callao, Peru, contributing to energy transition objectives. These initiatives collectively reinforce the bank's commitment to sustainable development and climate resilience in the region (CAF, 2025b).

Furthermore, Sebastian Nieto Parra (OECD Development Centre), in his presentation at the side event titled "Innovative Initiatives for Climate Finance: Reshaping Climate Finance Architecture for Latin America and the Caribbean" that was organised by the EU-LAC Foundation, on 30 June, 2025, in the context of the 4th International Conference on Financing for Development (FfD4), highlighted four key opportunities for advancing EU–LAC climate finance cooperation (see Box 1).

Box 1: Key Opportunities from Strengthening EU–LAC Climate Finance Cooperation

- **Building Investment-Ready Project Pipelines:** Aggregating well-structured, scalable projects attracts international capital by enhancing financial viability, lowering transaction costs, and increasing visibility.
- **Advancing Data and Metrics:** Expanding sustainability data and improving pricing transparency for GSSS bonds helps track progress and build investor confidence.
- **Harmonizing Standards and Strengthening Oversight:** Consolidated national strategies and robust monitoring prevent greenwashing, ensure market transparency, and align with global frameworks.
- **Scaling Innovative Finance via International Cooperation:** EU leadership, through initiatives like the Global Green Bond Initiative and LAGreen Fund, provides vital funding and technical assistance to strengthen local capacities and promote best practices.

Together with this, Monica Corrales (AECID) in her presentation prepared for same side event hosted by the EU-LAC Foundation at the FfD4, showed how Spain also works within this broader European framework, forming alliances and leveraging European instruments to enhance climate action in the region (see Box 2).

Box 2: Spain's Role in EU–LAC Climate Partnerships

- **EUROCLIMA (€55M):** Spanish Agency for International Development Cooperation (AECID) co-financing €11.8M (2023–2025) to support climate governance, water management, and mitigation projects.
- **LAIF Programme (€15.3M):** Focused on water and sanitation in Latin America as part of climate adaptation strategies.
- **Team Europe Initiatives (TEI):** Spain contributes to €370M in active regional climate projects, integrating EU priorities into local action.
- **Global Gateway Initiative:** Spain contributes to the EU's €300B infrastructure plan in areas like climate, energy, transport, and health.

Edwards (2025) also explored the EU and LAC (Colombia and Chile) partnerships and efforts to strengthen cooperation on climate change and the just energy transition. For instance, in February 2022, the EU and Colombia signed a Joint Declaration on Environment, Climate Action, and Sustainable Development, emphasising biodiversity conservation, disaster risk reduction, deforestation, circular and blue economies as well as plastic pollution. This supports Colombia's transition to sustainable and inclusive development in line with the EU's Global Gateway Strategy. The EU is also aiding Colombia in developing a taxonomy for environmentally sustainable economic activities and improving access to finance through the Global Green Bonds Initiative. Regarding transport, EU investments include the Bogotá Metro Line 2 extension and an electric bus manufacturing plant. Additionally, in October 2024, the European Investment Bank (EIB) alongside Enel and the Italian Export Credit Agency (SACE), provided a US$300 million loan to Enel Colombia for power grid development, renewable energy projects, and e-mobility infrastructure.

As it pertains to Chile, in December 2023, the EU and Chile signed an Advanced Framework Agreement and an Interim Trade Agreement focusing on joint commitments to sustainable mining, environmental impact assessments for energy and raw materials projects, and research and innovation in green energy and sustainable raw materials. The EU is also supporting Chile's green hydrogen development through the Team Europe Initiative, which aligns with Chile's national hydrogen strategy to generate green jobs and foster business opportunities for both Chilean and European companies. As part of this effort, the EU launched the Global Gateway Renewable Hydrogen Fund to help build a domestic and export-oriented green hydrogen market. In July

2023, the European Investment Bank (EIB) approved a €100 million loan to advance these initiatives. Additionally, in July 2023, the EU and Chile signed a Memorandum of Understanding to deepen cooperation on sustainable raw materials value chains, which sought to develop a competitive and sustainable mining industry with local value addition, quality employment, and economic growth benefiting both countries (Edwards, 2025).

Hence, these initiatives show how EU–LAC partnerships, through CAF and EIB, advance equitable energy transitions and climate-smart trade. It shows how mobilization of large-scale financing, provision of concessional credit lines, and the leverage of blended and structured finance instruments, can help de-risk investments, making climate and sustainability projects more attractive to private investors.

Opportunities to Strengthen EU–LAC Climate Finance Cooperation

To build on current efforts, EU and LAC can work together to deepen climate finance partnerships through practical mechanisms that support equitable transitions, institutional capacity, and scalable finance. Edwards (2025) suggested the establishment of a structured dialogue on phasing out fossil fuels, grounded in equity and shared responsibility. This could build on efforts by Costa Rica, Chile, and Colombia and explore how these regions can support just energy transitions, including financial assistance and trade realignment.

Olivié et al. (2024) also suggested the EU Global Gateway strategy, which can surpass traditional development aid tools like European Fund for Sustainable Development Plus (EFSD+), since it only targets a limited number of eligible countries. This requires new financial modalities, including stronger collaboration with export credit agencies and the establishment of a working group between development finance institutions (DFIs) and export credit agencies (ECAs). This can boost EU foreign direct investment (FDI), encourage technology transfer, and increase geopolitical influence in the region. A key principle is to coordinate development aid and commercial investments. EFSD+ should focus on challenging countries and sectors through blended finance, guarantees, and debt swaps, while FDIs target more mature markets with stronger private sectors. Also, by leveraging the Global Gateway approach, it can help Colombia and Chile advance flagship policies on clean energy, job creation, and coal phase-out (Edwards, 2025).

To maximise the impact of EU-LAC financial cooperation, Olivié et al. (2024) suggested that EU investments should align with LAC countries' development agendas and priorities, identifying promising sectors such as tourism, services, and critical raw materials. The EU can leverage its leadership in green and sustainable finance to help develop sustainable finance taxonomies that support the issuance of GSSS bonds, facilitate debt-for-nature swaps, and support the development of carbon markets. Moreover, the EU can coordinate with other development agencies, such as the United Nations, World Bank, IDB, and EIB, to reduce fragmentation and enhance the impact of investments. Additionally, mobilizing technical assistance and capacity-building can provide knowledge-sharing and strengthen capabilities that financial investments alone cannot achieve, thereby multiplying the overall effectiveness of development efforts (Edwards, 2025).

Moreover, greater regional cooperation among multilateral and national development banks, particularly to improve access to finance for small and medium-sized enterprises (SMEs), is vital for achieving positive social and environmental outcomes in the region. Given the fiscal constraints and sovereign debt challenges faced by some LAC countries, increasing concessional finance and local currency lending should be a priority to help reduce debt vulnerabilities (Olivié et al., 2024). The EU can also play a key role by leveraging its experience in greening capital markets, providing blended finance and guarantees, supporting investments that foster job creation, and encouraging partnerships between MDBs and local/regional development banks to overcome market failures, particularly in financing MSMEs and climate adaptation sectors. Additionally, Monica Corrales, in her presentation prepared for the FfD4 side event, demonstrated several innovative financial instruments and partnerships, led by Spain through mechanisms like FEDES and COFIDES, illustrate practical examples of blended finance and reimbursable cooperation that strengthen EU–LAC climate finance efforts (see Box 3).

Box 3: Spain's Role in Enhancing Climate Finance in LAC

- Spain's Fondo Español para el Desarrollo Sostenible (FEDES) or Spanish Fund for Sustainable Development can boost sustainable development in Latin America and the Caribbean (LAC), especially in clean energy and climate resilience projects.
- FEDES combines grants, loans, and guarantees, maximizing impact by attracting private investment and enabling co-financing with regional, European, and multilateral institutions like the World Bank and IDB.
- Collaboration with Compañía Española de Financiación del Desarrollo (COFIDES) or the Spanish Development Finance Company channels Official Development Assistance into impactful investments that generate local employment and promote gender equality.

- Innovative blended finance projects like the Huruma Fund (€120M) and Kuali Fund (€200M) improve rural financial inclusion and support climate change adaptation and mitigation.
- Other initiatives (FCAS, PROTEC, Arauclima, Euroclima) contribute to water sanitation, circular economy, drought resilience, and regional climate strategies.
- Strengthening these partnerships and expanding blended finance instruments offer significant opportunities to accelerate climate action and sustainable development in the EU–LAC region.

Furthermore, cooperation on tax reforms is crucial to mobilise domestic revenues while fostering compliance, job creation, entrepreneurship, and green standards. Ultimately, the EU and LAC should jointly advocate in global forums, such as the SDG Summit and International Monetary Fund discussions, to accelerate sustainable development financing, expand support for middle-income countries, and improve debt treatment frameworks (Edwards, 2025).

Thus, this section highlights that by building on existing instruments such as the Global Gateway, the EU and LAC can deepen climate and development partnerships to support energy transitions, climate-smart trade, and sustainable investment, while coordinating with multilateral and regional development banks to de-risk projects and mobilise private finance.

Capacity-Building and Knowledge Partnerships in Higher Education

In addition to financial mechanisms and innovative instruments, strengthening knowledge, research, and institutional capacity is essential for accelerating the transition to a green economy and improving access to climate finance. EU–LAC tertiary institutions play a critical role in this process by fostering education, research collaboration, and innovation in sustainability-related fields. Several programmes exemplify these opportunities (see Table 2).

Table 2: EU-LAC Initiatives for Green and Sustainable Development

PROGRAMME	RELEVANCE TO GREEN ECONOMY	EU-LAC RELATIONSHIP	DURATION
AL-INVEST Verde (AL-INVEST Verde, n.d.)	These programmes support the transition to a low-carbon, resource-efficient, circular economy: Innovation and Green Transition of SMEs: Funds EU–LAC partnerships to promote sustainable business practices (Sequa & European Commission). Technical Assistance to the Public Sector: Supports Latin American institutions in developing sustainable value chains (FIAP & IILA). Intellectual Property for Sustainable Development: Uses IP rights to drive green innovation and protect SME value creation (EUIPO).	Funded by the European Union for promoting sustainable growth and job creation in Latin America	October 2021 to September 2026
Erasmus+ Capacity Building Strand 2 (Erasmus+ Programme Guide, n.d.)	Supports the development of curricula and skills for green jobs and sustainability-focused sectors. Promotes innovation and research in environmentally sustainable practices. Strengthens HEIs' capacity to drive low-carbon, resource-efficient, and socially responsible initiatives in their communities.	Transforming higher education institutions (HEIs) in LAC by supporting collaborative projects between EU and LAC HEIs, focusing on innovation, institutional reform, and societal impact.	Projects normally last 24 or 36 months (Extensions are possible, if duly justified and through an amendment).
MSCA-DN 'Understanding Latin American Challenges in 21st Century (LAC-EU) PhD Fellowship (LAC-EU, n.d.)	Research themes includes sustainability and green finance; provides research and policy insights to support sustainable development and equitable green transitions in LAC.	Funded under the European Union's Horizon Europe - Marie Skłodowska-Curie Actions - Doctoral Networks.	Four (4) years (Feb 2024 – Jan 2028)

These initiatives demonstrate that by strengthening research, education, and innovation through EU–LAC tertiary institutions, the programmes not only build a green knowledge economy but also complement financial and policy mechanisms, enabling more effective climate finance, sustainable investments, and equitable energy transitions across the region.

SIDS Implementation Models

SIDS face significant challenges in obtaining necessary climate finance due to the burden of meeting donor eligibility and governance requirements (Treichel et al., 2024). This triggered the formation and fast expansion of climate finance support programmes (Wilkinson et al., 2025) such as the Caribbean Community Climate Change Centre's (5Cs) Small Island Developing States Capacity and Resilience SIDAR, the Antigua and Barbuda Sustainable Island Resource Framework (SIRF) Fund, the Climate Finance Access Network (CFAN) and the Commonwealth Climate Finance Access Hub (CCFAH). The Caribbean Community Climate Change Centre's (5Cs) SIDAR program aims to boost CARICOM states' capacity to access climate finance. It trains technical staff in project development and funding mobilisation, helping identify gaps, generate ideas, and prepare proposals. 5Cs advisers support government officials in planning, proposal writing, and forming cross-sector groups to gather data and engage stakeholders. The goal is to align projects with national priorities and involve private and bilateral partners in design and development (Wilkinson et al., 2025).

The SIRF Fund aims to finance the efficient and cost-effective implementation of the Environmental Protection and Management Act (2019). The program provides climate funding to government, business sector, non-governmental, and community organizations for environmental activities through loans, grants, and other means. The SIRF Fund connects finance firms and climate finance beneficiaries, ensuring compliance with international finance rules. (Wilkinson et al., 2025). Moreover, since 2021, the Global Green Growth Institute (GGGI) in the Pacific and the Rocky Mountain Institute (RMI) in the Caribbean have implemented the Climate Finance Access Network (CFAN). Using a decentralised model, CFAN places advisers in government agencies or direct access entities. These advisers, employed by GGGI or RMI, support project planning, finance structuring, and proposal development. They also provide training, mentoring, and network coordination, while helping to overcome barriers to accessing climate finance (Wilkinson et al., 2025).

Additionally, the CCFAH supports small and vulnerable Commonwealth countries in accessing climate finance by embedding national and regional advisers within government ministries. These advisers assist with grant applications, project development, capacity building, policy support, and knowledge sharing. Operating through a 'hub-and-spoke' model, the CCFAH fosters collaboration among advisers, regional counterparts, and its central hub. The Hub helps countries build institutional and human capacity, develop project pipelines, and implement climate-related projects. Notable achievements include supporting Barbados, Grenada, and Jamaica in mobilizing millions in climate finance for sectors such as agriculture, energy, gender, and health. CCFAH has contributed to national strategies, such as Jamaica's Gender and Climate Change Action Plan, and facilitated the development of a USD 22.6 million regional Green Climate Fund project benefiting Antigua and Barbuda, Dominica, and Grenada (The Commonwealth, n.d.).

A further example of regional implementation innovation is the Caribbean Development Bank's (CDB) newly approved programme under the Green Climate Fund (GCF), titled "Scaling up the Deployment of Integrated Utility Services (IUS) to Support Energy Sector Transformation in the Caribbean (Phase 1)." This initiative will provide USD 26.7 million in GCF financing, complemented by over USD 42 million in co-financing, to support clean energy transformation in Barbados, Belize, and Jamaica. It represents the first GCF-approved programme implemented by CDB, and leverages the Bank's upgraded accreditation status, which now allows it to manage projects of up to USD 250 million. The six-year Phase 1 programme will help establish utility-led models to reduce financial and technical barriers to sustainable energy adoption. Utilities that are participating will offer customer service, including installation, maintenance, and operation of renewable energy and efficiency technologies. The programme is expected to benefit 40,700 people and is designed for scalability through a Phase 2 expansion to other Caribbean states (Caribbean Development Bank [CDB], 2025).

Moreover, Wayne Henry (Panning Institute of Jamaica) in his presentation at the side event titled "Innovative Initiatives for Climate Finance: Reshaping Climate Finance Architecture for Latin America and the Caribbean" organised by the EU-LAC Foundation, on 30 June, 2025, in the framework of FfD4), revealed how Jamaica offers a strong example of national-level innovation, combining blended finance, risk assessment tools, and strategic alignment with donor support to enhance climate finance access (see Box 4).

Box 4: Climate Finance Innovations in Jamaica

- Policy and Institutional Frameworks: Jamaica has aligned national policies such as Vision 2030, Climate Change Policy Framework, updated NDCs, and the International Climate Finance Strategic Framework (2024–2027) to guide climate action and financing.
- Blue Green Facility: A blended finance mechanism by the Development Bank of Jamaica and FCDO, targeting USD 500 million over five years in climate-resilient investments for MSMEs and vulnerable communities.
- Climate Risk Prioritization Tool – J-SRAT: The Jamaica Systemic Risk Assessment Tool (J-SRAT) maps and ranks climate risks to identify and prioritise bankable projects, supporting pre-investment planning and blended finance opportunities.
- Capacity Building and Access Support: Through partnerships with initiatives like CFAN and CCFAH, Jamaica has gained support for proposal development, strategy implementation, and capacity building.
- Tailored Instruments for SIDS Contexts: Jamaica advocates for concessional finance, grants, and guarantees adapted to SIDS realities, including regional risk-pooling mechanisms like catastrophe bonds and climate insurance.

These implementation models demonstrate how regional development banks and climate finance support programmes can effectively de-risk investments through technical assistance, blended finance, and institutional capacity building. At the same time, by promoting clean energy adoption, supporting sustainable infrastructure, and fostering knowledge and innovation in climate-related sectors, these initiatives contribute to equitable energy transitions and climate-smart development. Collectively, they illustrate that combining financial innovation with regional cooperation and capacity strengthening is essential for scaling climate finance and achieving sustainable development goals across LAC.

Conclusion

Climate change remains one of the greatest challenges facing LAC, particularly for Caribbean SIDS that experience some of the highest climate-related losses relative to GDP globally. Despite the region's relatively low contribution to global greenhouse gas emissions, LAC suffers disproportionately from extreme weather events, rising sea levels, and related economic disruptions. The region continues to face critical underfunding in climate finance, compounded by structural barriers such as complex funding procedures, limited institutional capacity, and prolonged project preparation timelines. These obstacles hinder the achievement of Nationally Determined Contributions (NDCs), Sustainable Development Goals (SDGs), and long-term climate resilience targets.

In response, innovative financing solutions such as parametric insurance, green and sustainability-linked bonds, blended finance mechanisms, debt-for-climate swaps, and carbon pricing, have emerged within the region. Additionally, regional cooperation models, capacity-building partnerships, and adaptive financing strategies improve access to and effectiveness of climate finance. The Bridgetown Initiative and efforts by multilateral development banks exemplify transformational approaches to reform the global climate finance architecture for better equity and resilience.

The upcoming IV CELAC-EU Summit, to be held in Santa Marta, Colombia, in November 9-10, 2025 offers a platform to negotiate and deepen the strategic partnership between the EU and CELAC countries. Therefore, proposals toward advancing EU-CELAC cooperation at the Summit include:

Transforming the global climate finance architecture by advocating the Bridgetown Initiative reforms, mobilizing SDR- or donor-backed trust mechanisms, expanding concessional finance, increasing MDB lending capacity with risk-tolerant instruments, and embedding shock-absorbing clauses in lending.

Scaling up innovative financial tools, including parametric insurance (CCRIF), GSSS bonds, blended finance, debt-for-climate swaps, nature-based solutions, carbon pricing mechanisms, and adaptive financing approaches like Multi-Hazard Early Warning Systems (MHEWS) and Integrated National Financing Frameworks (INFFs).

Strengthening the EU–LAC cooperation frameworks via EUROCLIMA, LAGreen Fund, Team Europe, and the Global Gateway strategy, supporting sustainable infrastructure, renewable energy, climate adaptation, aggregated investment-ready pipelines, harmonised finance standards, and technical assistance to build local capacities.

Enhancing institutional and human capacity by prioritizing SIDS-targeted programmes, fostering EU–LAC tertiary knowledge partnerships, and strengthening regional institutions such as CCCCC, CDB, CFAN, CCFAH, and SIDAR for improved climate finance coordination and resilience.

Promoting regional cooperation and customised solutions through pooled approaches (insurance, debt-for-resilience swaps), local/regional climate finance instruments tailored to SIDS, and multi-stakeholder collaborations blending public, private, and philanthropic capital.

Ensuring social equity and just transitions by embedding inclusive principles into climate finance mechanisms, aligning with broader development goals such as poverty reduction, gender equality, and social protection.

By collectively embracing these proposals, the EU-CELAC partnership can chart a course toward a climate-resilient, inclusive, and prosperous future for LAC, while reinforcing global climate goals under the 2030 Agenda and the 2050 net-zero target. The Santa Marta Summit can be the catalyst for concrete frameworks and commitments that translate vision into action.

References

AL-INVEST Verde. (n.d.). About the programme. AL-INVEST Verde. https://alinvest-verde.eu/en_gb/acerca-de-al-invest-verde/

Aligishiev, Z., Stepanov, I., & Garza Escamilla, D. (2024). Online annex 6: Economic losses from slow-onset climate events in Latin America and the Caribbean. In *Regional economic outlook: Western Hemisphere* (International Monetary Fund, October 2024). International Monetary Fund.

Apampa, A. (2022, September 28). *Can blended finance help to address Latin America's development challenges?* Convergence Finance. https://www.convergence.finance/news-and-events/news/45fkxIORuITCWXb0WznrqZ/view

Atteridge, A., & Canales, N. (2017). *Climate finance in the Pacific: An overview of flows to the region's Small Island Developing States* (Working Paper 2017-04). Stockholm Environment Institute. https://mediamanager.sei.org/documents/Publications/Climate/SEI-WP-2017-04-Pacific-climate-finance-flows.pdf

Bharadwaj, R., Mitchell, T., Karthikeyan, N., & Kumar, B. A. (2023). *Sinking islands, rising debts: Urgent need for new financial compact for Small Island Developing States.* International Institute for Environment and Development (IIED). https://iied.org/21606iied

Bonato, L., Kostroch, D. C., & Lin, H. (2024). Chapter 1: Climate change challenges in Latin America and the Caribbean. In A. Ivanova, J. A. Kozack, & S. Muñoz (Eds.), *Climate change challenges and opportunities in Latin America and the Caribbean* (pp. 1–20). International Monetary Fund. https://doi.org/10.5089/9798400240577.071

Burke, M., Hsiang, S. M., & Miguel, E. (2015). Global non-linear effect of temperature on economic production. *Nature, 527* (7577), 235–239. https://doi.org/10.1038/nature15725

CAF. (2025a). *EU and CELAC strengthen strategic partnership to face global challenges* [News announcement]. CAF – Development Bank of Latin America and the Caribbean. https://www.caf.com/en/currently/news/eu-and-celac-strengthen-strategic-partnership-to-face-global-challenges/

CAF. (2025b). *CAF approves USD 5.2 billion for sustainable development and incorporates two new countries* [News announcement]. CAF – Development Bank of Latin America and the Caribbean. https://www.caf.com/en/currently/news/caf-approves-usd-52-billion-for-sustainable-development-and-incorporates-two-new-countries/

Cárdenas, M., & Cazzola, P. (2023). *Joint climate action between Europe and Latin America and the Caribbean: A common agenda for development (LAC-EUROPA Series).* CAF – Development Bank of Latin America and the Caribbean. https://scioteca.caf.com/bitstream/handle/123456789/2104/CAF%20-%20LAC%20UE%20AMBIENTAL%20-%20ENG.pdf

Caribbean Catastrophe Risk Insurance Facility (CCRIF). (n.d.). Home. https://www.ccrif.org

Caribbean Development Bank. (2025, July 31). *CDB secures landmark Green Climate Fund resources for energy sector transformation in Barbados, Belize, and Jamaica* [News release]. Caribbean Development Bank. https://www.caribank.org/newsroom/news-and-events/cdb-secures-landmark-green-climate-fund-resources-energy-sector-transformation-barbados-belize-and

Climate Finance Access Network (CFAN). (n.d.). *Accessing climate finance: Challenges and opportunities for Small Island Developing States*. United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS). https://www.un.org/ohrlls/sites/www.un.org.ohrlls/files/accessing_climate_finance_challenges_sids_report.pdf

Climate Policy Initiative. (n.d.). *Annual finance for climate action surpasses USD 1 trillion, but far from levels needed to avoid devastating future losses* [Press release]. Climate Policy Initiative. https://www.climatepolicyinitiative.org/press-release/annual-finance-for-climate-action-surpasses-usd-1-trillion-but-far-from-levels-needed-to-avoid-devastating-future-losses/

Corrales, M. (2025, June 30). *Innovative initiatives for climate finance: Reshaping climate finance architecture for Latin America and the Caribbean* [Conference presentation]. Presented at the Seville 2025 Conference, Seville, Spain.

CRED. (n.d.). *Emergency events database (EM-DAT)*. Université catholique de Louvain. https://public.emdat.be/

de Miguel, C., Lorenzo, S., Ferrer, J., Gómez, J. J., & Alatorre, J. E. (2025). *Economic policy and climate change: Carbon pricing in Latin America and the Caribbean* (Project Documents No. LC/TS.2024/58). Santiago: Economic Commission for Latin America and the Caribbean (ECLAC). https://repositorio.cepal.org/server/api/core/bitstreams/9f1b7b53-161c-40ba-bfd1-0c07fe51fea2/content

Directorate-General for International Partnerships. (2023, June 23). *Global Gateway: EIB and Barbados commit to closer cooperation, including a further €10 million for healthcare resilience* [News announcement]. European Commission — International Partnerships. https://international-partnerships.ec.europa.eu/news-and-events/news/global-gateway-eib-and-barbados-commit-closer-cooperation-including-further-eu10-million-healthcare-2023-06-23_en

Economic Commission for Latin America and the Caribbean (ECLAC). (2023). *The economics of climate change in Latin America and the Caribbean, 2023: Financing needs and policy tools for the transition to low-carbon and climate-resilient economies* (LC/TS.2023/154). United Nations. https://www.cepal.org/en/publications/68712-economics-climate-change-latin-america-and-caribbean-2023-financing-needs-and

Economic Commission for Latin America and the Caribbean (ECLAC). (2022). *Towards transformation of the development model in Latin America and the Caribbean: Production, inclusion and sustainability* (LC/SES.39/3-P). United Nations. https://www.cepal.org/en/publications/48305-towards-transformation-development-model-latin-america-and-caribbean-production

Edwards, G. (2025). *Exploring where and how to strengthen EU-LAC cooperation on climate action and the just energy transition: A focus on Colombia and Chile*. Elcano Royal Institute. https://www.realinstitutoelcano.org/en/analyses/exploring-where-and-how-to-strengthen-eu-lac-cooperation-on-climate-action-a-focus-on-colombia-and-chile/#_ftn1

Erasmus+ Programme Guide. (n.d.). *Capacity building in higher education*. European Commission. https://erasmus-plus.ec.europa.eu/programme-guide/part-b/key-action-2/capacity-building-higher-education

FundsforNGOs. (2025, June 13). *UN report: Caribbean could face $22 billion in annual damages by 2050.* FundsforNGOs. https://news.fundsforngos.org/2025/06/13/un-report-caribbean-could-face-22-billion-in-annual-damages-by-2050/

Galindo Paliza, L. M., Hoffmann, B., & Vogt-Schilb, A. (2022). *How much will it cost to achieve the climate goals in Latin America and the Caribbean?* [Working paper]. Inter-American Development Bank. https://doi.org/10.18235/0004021

Ghosh, E., Shawoo, Z., & Nazareth, A. (2025). *Decolonial climate finance in practice: Assessing proposed reforms*. Stockholm Environment Institute. https://doi.org/10.51414/sei2025.003

Giorgi, J., & Torres, I. (Eds.). (2022). *Climate change impacts in Latin America and the Caribbean* [eBook]. Latinoamérica21; Inter-American Institute for Global Change Research. https://latinoamerica21.com/wp-content/uploads/2022/11/EN_Climate-change-impacts-in-Latin-America-and-the-Caribbean.pdf

Green Climate Fund Independent Evaluation Unit. (2020). *Independent evaluation of the relevance and effectiveness of the Green Climate Fund's investments in Small Island Developing States* (Evaluation Report No. 8). Songdo, South Korea: Author.

Green Climate Fund Independent Evaluation Unit. (2021). *Independent evaluation of the adaptation portfolio and approach of the Green Climate Fund* (Evaluation Report No. 9). Songdo, South Korea: Author.

Green Climate Fund Independent Evaluation Unit. (2022). *Independent evaluation of the relevance and effectiveness of the GCF's investments in the LDCs* (Final report). Songdo, South Korea: Author.

Hart, S. (2013). *A regional perspective on climate finance: The Caribbean Community. Presentation at the Second Meeting of Experts on Long-Term Finance, Bonn, Germany.* United Nations Framework Convention on Climate Change (UNFCCC). https://unfccc.int/files/cooperation_support/financial_mechanism/long-term_finance/application/pdf/001.pdf

Henry, W. (2025, July). *Innovative initiatives for climate finance: Reshaping climate finance architecture for Latin America and the Caribbean* [Conference presentation]. Presented at the 4th International Conference on Financing for Development, Seville, Spain.

Inter-American Development Bank. (2025, June 13). *IDB creates fund to strengthen Caribbean integration, provides R$1.6 billion to Haiti in grants, and prepares an unprecedented multi-country debt exchange.* https://www.iadb.org/en/news/idb-creates-fund-strengthen-caribbean-integration-provides-r16-billion-haiti-grants-and-prepares

Intergovernmental Panel on Climate Change (IPCC). (2022). *Climate change 2022: Mitigation of climate change* (P. Shukla et al., Eds.). Cambridge University Press.

Jaramillo, M., Delgado, R., Talbot-Wright, H., Torres, D., Gonzáles Carrasco, L., Ruíz, U., Rosales, R., & Hernández, Y. (2024). *Climate finance strategies: Analysis of international experiences.* Inter-American Development Bank.

Kelman, I., Ayeb-Karlsson, S., Rose-Clarke, K., Prost, A., Ronneberg, E., Wheeler, N., & Watts, N. (2021). *A review of mental health and wellbeing under climate change in small island developing states (SIDS).* Environmental Research Letters, 16(3), 033007. https://doi.org/10.1088/1748-9326/abe57d

Kuner, L. (2024, March 19). *Bridgetown Initiative: Reforming financial markets, reducing risks, recycling rotor blades.* Table.Briefing. https://table.media/en/climate/professional-briefing/bridgetown-initiative-reforming-financial-markets-reducing-risks-recycling-rotor-blades/

LAC-EU. (n.d.). *Call for PhD researchers.* LAC-EU. https://www.lac-eu.network/callforphdresearchers

Lewis, C. T. (2022). *Climate change and the Caribbean: Challenges and vulnerabilities in building resilience to tropical cyclones.* Climate, 10(11), 178. https://doi.org/10.3390/cli10110178

López Lamia, A., & de Barros Torres, G. (2025, June 25). *Multi-hazard early warning systems: A lifeline for Latin American and Caribbean cities.* Inter-American Development Bank. https://blogs.iadb.org/ciudades-sostenibles/en/multi-hazard-early-warning-systems-a-lifeline-for-latin-american-and-caribbean-cities/

Martins, M. C. C. (2023, December 18). *Renewing the relationship between the European Union and Latin America and the Caribbean: Towards a joint agenda for multilateral and interregional change?* EU-RENEW. https://eu-renew.eu/blog-renewing-the-relationship-between-the-european-union-and-latin-america-and-the-caribbean-towards-a-joint-agenda-for-multilateral-and-interregional-change

Masullo, D., Valverde, M. J., Vignoli, F., Kramer, V., Formigoni, L., Rego, D. da C., Konig, M., Bertello, M. G., & Gorini, M. (2024). *Blended finance: A capital-catalyzing tool for financing SDGs in Latin America and the Caribbean* (LAC) (T20 Brazil Policy Brief TF03_ST_05). T20 Brasil. https://t20brasil.org/media/documentos/arquivos/TF03_ST_05__IBlended_Finance66e1c83ddef4f.pdf

Mohan, P. (2023). *Financing needs to achieve Nationally Determined Contributions under the Paris Agreement in Caribbean Small Island Developing States.* Mitigation and Adapta-

tion Strategies for Global Change, 28(5), Article 26. https://doi.org/10.1007/s11027-023-10062-9

Mohan, P. (2022). *Implementing nationally determined contributions under the Paris Agreement: An assessment of climate finance in Caribbean Small Island Developing States.* Climate Policy, 22(9–10), 1281–1289. https://doi.org/10.1080/14693062.2022.2101978

Mohan, P., & Strobl, E. (2021). *The impact of tropical storms on the accumulation and composition of government debt.* International Tax and Public Finance, 28(5), 483–496. https://doi.org/10.1007/s10797-020-09622-5

Nieto Parra, S. (2025, July). *Innovative initiatives for climate finance: Reshaping climate finance architecture for Latin America and the Caribbean.* Presentation at the 4th International Conference on Financing for Development, Seville, Spain.

Nurse, K. (2010). International transport, tourism and services. In K. Gueye, M. Sell, & J. Strachan (Eds.), Trade, climate change and sustainable development: *Key issues for small states, least developed countries and vulnerable economies (pp. 49–58).* Commonwealth Secretariat.

Nurse, K., & Edwards, D. (2019, January). *Climate impact and action: The travel and tourism industry in the Caribbean and Small Island Developing States* (Sustainable Futures Policy Brief, Issue 3). SALISES, University of the West Indies. https://uwi.edu/salises-mona/sites/salises-mona/files/Policy%20Brief%20PDF/SALISES-PolicyBriefJan2019-Issue3_0.pdf

Nurse, K & Cabral, M. (2020, December) *"Disaster risk reduction and the Caribbean private sector: The Role of the Telecommunications Sector in the context of COVID-19,"* UN Office for Disaster Risk Reduction, Panama. https://www.undrr.org/publication/disaster-risk-reduction-and-caribbean-private-sector-role-telecommunications-sector

OECD. (2024a). *Fostering catastrophe bond markets in Asia and the Pacific* (The Development Dimension). OECD Publishing. https://doi.org/10.1787/ab1e49ef-en

OECD. (2024b). *The surge of green, social, sustainability and sustainability-linked (GSSS) bonds in Latin America and the Caribbean: Facts and policy implications* (OECD Development Policy Papers, No. 56). OECD Publishing. https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/11/the-surge-of-green-social-sustainability-and-sustainability-linked-gsss-bonds-in-latin-america-and-the-caribbean_c05e8147/f1c893a3-en.pdf

Olivié, I., Santillán O'Shea, M., Karaki, K., & Bilal, S. (2024). *Strengthening EU-LAC relations through financing for development. In A common future for Europe, Latin America and the Caribbean* (ETTG Collective Report 2/2024). European Think Tanks Group. https://ettg.eu/wp-content/uploads/2024/03/ETTG_EU-LAC-RELATIONS.pdf

Oxfam Sweden. (2025, April 10). Fair finance for loss and damage: The case of Latin America and the Caribbean and Sweden's responsibility. Oxfam. https://oxfam.se/wp-content/uploads/2025/04/Rapport-Fair-finance-for-loss-and-damage1.pdf

Panwar, V., Noy, I., & Wilkinson, E. (2025). *Calculating loss and damage from extreme weather events in Small Island Developing States.* Regional Environmental Change, 25(2), Article 73. https://doi.org/10.1007/s10113-025-02408-7

Parry, I. W. H., Black, S., & Roaf, J. (2021). *Proposal for an international carbon price floor among large emitters* (Staff Climate Notes No. 2021/001). International Monetary Fund. https://doi.org/10.5089/9781513583204.066

Persaud, A. (2022, November 15). The Bridgetown Initiative, explained. UN Climate Summit News. https://unclimatesummit.org/opinion-the-bridgetown-initiative/

Pinotti, T. (2024, October 28). *The missing piece: Why capacity building must be an integral part of climate finance negotiations.* UN System Staff College. https://www.unssc.org/news-and-insights/blog/missing-piece-why-capacity-building-must-be-integral-part-climate-finance

Pizarro, R. (2021). *Sistemas de instrumentos de fijación de precios del carbono en América Latina y jurisdicciones de las Américas relevantes* (Project Documents No. LC/TS.2021/41). Economic Commission for Latin America and the Caribbean (ECLAC).

Reuters. (2023, March 6). *Climate change could cost Latin America 16% of GDP this century, says Moody's. Financial Post.* https://financialpost.com/pmn/business-pmn/climate-change-could-cost-latin-america-16-of-gdp-this-century-says-moodys

Ruiz, M., & Martinez, G. (2024, April 10). *Latin America and the Caribbean: A key region for climate action lags on finance.* The Global Innovation Lab for Climate Finance. https://www.climatefinancelab.org/news/lac-region-lags-climate-finance/

Stiglitz, J., Stern, N., Duan, M., Edenhofer, O., Giraud, G., Heal, G., La Rovere, E., Moyer, E., Pangestu, M., Shukla, P., Sokona, Y., & Winkler, H. (2017). *Report of the High-Level Commission on Carbon Prices.* Carbon Pricing Leadership Coalition & World Bank. https://doi.org/10.7916/d8-w2nc-4103

The Commonwealth. (n.d.). Commonwealth Climate Finance Access Hub. https://thecommonwealth.org/our-work/commonwealth-climate-finance-access-hub

The International Commission of Experts on Financing for Development. (2025, February). *Financing a sustainable future: Proposals for a renewed global development finance agenda – Final report of the International Commission of Experts on Financing for Development.* https://financing.desa.un.org/sites/default/files/2025-02/ICE_Final%20Report.pdf

Titelman, D., Hanni, M., & Pérez Benítez, N. (2024). Macroeconomic and fiscal consequences of climate change in Latin America and the Caribbean. Journal of Globalization and Development, 15(2), Article 145-169. https://doi.org/10.1515/jgd-2023-0100

Tortora, P., & Soares, R. R. (2016). *Climate and disaster resilience financing in small island developing states.* Organisation for Economic Co-operation and Development & World Bank. https://doi.org/10.1787/9789264266919-en

Treichel, P., Robertson, M., Wilkinson, E., & Corbett, J. (2024). *Scale and access to the Green Climate Fund: Big challenges for small island developing states.* Global Environmental Change, 89, 102943. https://doi.org/10.1016/j.gloenvcha.2024.102943

Truong, T. P. (2003). Global warming and emission trading. In D. A. Hensher & K. J. Button (Eds.), *Handbook of transport and the environment* (Vol. 4, pp. 615–631). Emerald Group Publishing Limited. https://doi.org/10.1108/9781786359513-034

UN Office for the Coordination of Humanitarian Affairs (OCHA). (2025, February 19). *Scaling up anticipatory action in Latin America and the Caribbean* [Analysis]. ReliefWeb. https://reliefweb.int/report/guatemala/scaling-anticipatory-action-latin-america-and-caribbean

United Nations. (2020). *Vulnerability of Eastern Caribbean countries.* United Nations in Barbados and the OECS. https://reliefweb.int/sites/reliefweb.int/files/resources/Vulnerability%20of%20EC_FS_4_5_20.pdf

United Nations. (2024, May 15). *Landmark regional agreement with the EU strengthens disaster risk management in Latin America and the Caribbean [Story].* United Nations Barbados and the Eastern Caribbean. https://easterncaribbean.un.org/en/268774-landmark-regional-agreement-eu-strengths-disaster-risk-management-latin-america-and

United Nations Department of Economic and Social Affairs. (2022, December). *INFFs and climate finance: Guidance note* (Version December 2022). https://inff.org/assets/DESA_deep_dives/inff-and-climate_final.pdf

United Nations Development Programme (UNDP). (2024). Parametric insurance to build financial resilience. https://www.undp.org/sites/g/files/zskgke326/files/2024-

United Nations Office for Disaster Risk Reduction (UNDRR). (2020). *The human cost of disasters: An overview of the last 20 years* (2000–2019) (CRED Crunch, Issue No. 61) [PDF]. PreventionWeb. https://www.preventionweb.net/files/74124_humancostofdisasters20002019reportu.pdf

Van der Borght, R., Samaniego, J., Galindo, L. M., & Alatorre, J. E. (2023). *Los efectos del cambio climático en la actividad económica de América Latina y el Caribe: Una perspectiva empírica* (Project Documents No. LC/TS.2023/83). Economic Commission for Latin America and the Caribbean (ECLAC). https://www.cepal.org/es/publicaciones/67979-efectos-cambio-climatico-la-actividad-economica-america-latina-caribe

Verner, D. (2011). *Social implications of climate change in Latin America and the Caribbean* (Economic Premise No. 61). World Bank. http://hdl.handle.net/10986/10084

WelchPhillips, R. (2025). *Climate financing: The Caribbean at a unique crossroads – A multistakeholder approach to sovereign refinancing for climate impact.* Linkage Magazine. American Chamber of Commerce of Trinidad and Tobago. Retrieved from https://www.amchamtt.com/LinkageQ22025/ClimateFinancing

Wilkinson, E., Manley, M., Lindsay, C., Bishop, M., Smith, S., Habsburg, J. and Corbett, J. (2025). *Fit for size: rethinking capacity strengthening in Small Island Developing States.* London: ODI Global. https://media.odi.org/documents/Fit_for_size-_rethinking_capacity_in_SIDS.pdf

Wilkinson, E., Treichel, P., & Robertson, M. (2023). *Enhancing access to climate finance for Small Island Developing States: Considerations for the Green Climate Fund* (GCF) Board (Policy brief). ODI. https://www.odi.org/en/publications/enhancing-access-to-climate-finance-for-small-island-developing-states

World Bank. (2018). *Disaster risk management in the Caribbean: The World Bank's approaches and instruments for recovery and resilience.* World Bank Group. https://www.gfdrr.

org/sites/default/files/publication/WBG%20Caribbean%20DRM%20Engagement_web.pdf

World Bank. (n.d.). World Development Indicators. https://databank.worldbank.org/source/world-development-indicators

World Meteorological Organization [WMO]. (2020). *2020 state of climate services: Risk information and early warning systems* (WMO-No. 1252).

World Meteorological Organization [WMO]. (2024, May 2). New funding approved to strengthen Multi-Hazard Early Warning Systems in the Caribbean. https://public.wmo.int/en/media/news/new-funding-approved-strengthen-multi-hazard-early-warning-systems-caribbeanhttps://library.wmo.int/idurl/4/57191

Yue, M., & Nedopil Wang, C. (2022, December 18). B*ridgetown Initiative: A transformation of development finance system for improved climate adaptation and resilience in emerging economies?* Green Finance & Development Center. https://greenfdc.org/bridgetown-initiative-a-transformation-of-development-finance-system-for-improved-climate-adaptation-and-resilience-in-emerging-economies/

Zero Carbon Analytics. (2024, November 11). *Promises and reality of climate finance flows in Latin America and the Caribbean.* Zero Carbon Analytics. https://zerocarbon-analytics.org/archives/economics/promises-and-reality-of-climate-finance-flows-in-latin-america-and-the-caribbean

EU-LAC Foundation
ABC-Strasse 2
20354 Hamburg
Germany
+49 40 806 011 450
info@eulacfoundation.org

For more information visit:
eulacfoundation.org

Follow us on:
@eulacfoundation