FROM COMMITMENT TO ACTION:
Financial Institutions bridging gaps to shape LAC's tomorrow

PREPARED FOR

ERM

UN environment programme | finance initiative

IDB Invest

FEBRABAN

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About ERM

ERM stands as Latin America's leading firm in sustainable finance research and consulting, and globally, it is the largest sustainability-focused consultancy. With a workforce of over 8,000 professionals, ERM has built a long-standing reputation for addressing environmental, social, and governance (ESG) challenges across diverse regions. Its deep and comprehensive expertise enables collaboration with top global organizations to shape a more sustainable future. Guided by a clear purpose, ERM supports major brands in tackling their most pressing sustainability issues.

About IDB Invest

IDB Invest aims to be the partner of choice for the private sector in Latin America and the Caribbean. It finances projects that promote clean energy, modernize agriculture, strengthen transportation systems, and expand access to financing. Like the Inter-American Development Bank (IDB), its commitment is to economic growth and social inclusion, core elements of its identity as part of the IDB Group. However, its focus is specifically on the private sector.

As the private sector arm of the IDB Group, IDB Invest has deep regional expertise. It operates where its clients are located and provides them with customized financing solutions and expert advice tailored to their specific industries and markets.

IDB Invest is owned by its 48 member countries, 26 of which are in the Latin American and Caribbean region. Each country's voting power is proportional to the number of shares it holds in IDB Invest.

About Febraban

Febraban is the leading representative of the country's banking sector. It works to enhance regulatory frameworks, continuously improve financial services, and reduce systemic risks. Additionally, it focuses on expanding access to financial products and services, aiming to foster greater inclusion and participation among the population. The organization believes that a truly strong financial system is built by financially empowered institutions and individuals.

About UNEP FI

For more than 30 years the United Nations Environment Program Finance Initiative (UNEP FI) has been connecting the UN with financial institutions from around the world to shape the sustainable finance agenda. It has established the world's foremost sustainability frameworks, helping the finance industry achieve sustainability goals, address sustainability risks and identify the business opportunities in taking a responsible approach to banking and insurance. Financial institutions work with UNEP FI on a voluntary basis in order to apply the industry frameworks and develop practical guidance and tools to position their businesses for the transition to a sustainable and inclusive economy.

Contents

Acronyms and Abbreviations

ABVCAP - Brazilian Private Equity and Venture Capital Association

AMEC - Brazilian Association of Capital Market Investors

B3 - Brasil, Bolsa, Balcão (Brazilian Stock Exchange)

BVC - Bolsa de Valores de Colombia (Colombian Stock Exchange)

BYMA - Bolsas y Mercados Argentinos (Argentinian Stock Exchange)

CAF - Development Bank of Latin America and the Caribbean

CBD - Convention on Biological Diversity

CEBDS - Brazilian Business Council for Sustainable Development

CNSeg - Brazilian National Confederation of Insurance Companies

Conexsus - Sustainable Connection Institute

COP30 - 30th United Nations Climate Change Conference

CRA - Agribusiness Receivables Certificate

CSO - Civil Society Organization

DFI - Development Financial Institution

ECF - Enabling Conditions Facility

ECLAC - Economic Commission for Latin America and the Caribbean

Embrapa - Brazilian Agricultural Research Corporation

ENCORE - Exploring Natural Capital Opportunities, Risks and Exposure

ESG - Environmental, Social and Governance

FAO - Food and Agriculture Organization

Fasecolda - Colombian Insurers Federation

Febraban - Brazilian Federation of Banks

FIs - Financial Institutions

FPIC - Free, Prior and Informed Consent

FUNBIO - Brazilian Fund for Biodiversity

GBF - Global Biodiversity Framework

GFANZ - Glasgow Financial Alliance for Net Zero

GHG - Greenhouse Gas

GiZ - German Corporation for International Cooperation

GRI - Global Reporting Initiative

GTT-LAC - LAC Sustainable Finance Taxonomy Working Group

ICLF - Integrated Crop-Livestock-Forestry

ICMA - International Capital Market Association

iCS - Institute for Climate and Society

IDB - Inter-American Development Bank

IDB Invest - Inter-American Investment Corporation

IFC - International Finance Corporation

IFRS - International Financial Reporting Standards

ILO - International Labor Organization

IRO - Impacts, Risks and Opportunities

IPs - Indigenous Peoples

ISSB - International Sustainability Standards Board

KPIs - Key Performance Indicators

LAC - Latin America and the Caribbean

LCs - Local Communities

LEAP - Locate, Evaluate, Assess, Prepare

LSTA - Loan Syndications and Trading Association

MSMEs - Micro, Small and Medium-sized Enterprises

NatCat - Natural Catastrophe

NbS - Nature-based Solutions

NDC - Nationally Determined Contribution

NBSAPs - National Biodiversity Strategies and Action Plans

NGO - Non-Governmental Organization

NZBA - Net-Zero Banking Alliance

OBF - Outcomes-based Financing

PACTA - Paris Agreement Capital Transition Assessment

PCAF - Partnership for Carbon Accounting Financials

PES - Payments for Environmental Services

PRB - Principles for Responsible Banking

PSI - Principles for Sustainable Insurance

RRT - Regional Roundtable

RUS - Río Uruguay Seguros

SASB - Sustainability Accounting Standards Board

SDGs - Sustainable Development Goals

SLBs - Sustainability-Linked Bonds

SUSEP - Brazilian Superintendence of Private Insurance

T-MAS - Chilean Taxonomy of Environmentally Sustainable Economic Activities

TCFD - Task Force on Climate-related Financial Disclosures

TFFF - Tropical Forests Forever Fund

TNC - The Nature Conservancy

TNFD - Taskforce on Nature-related Financial Disclosures

TSB - Brazilian Sustainable Taxonomy

UNDP - United Nations Development Programme

UNEP FI - United Nations Environment Programme Finance Initiative

UNEP WCMC - United Nations Environment Programme World Conservation Monitoring Centre

Executive Summary

The report summarizes and complements the main discussions held during the UNEP FI'S **LAC Regional Roundtable (RRT),** presenting a roadmap structured around three strategic pillars: **Prepare**, **Implement**, and **Engage.** It has been designed to guide and strengthen regional efforts towards sustainable finance, mainly in insurance and banking sectors. The format is **action-oriented**, enabling financial institutions (FIs) to explore the themes most relevant to them, while also learning from peers' **case studies**.

The chapters illustrate how strategic intent is being translated into practice across FIs in Latin America and the Caribbean. Chapter 1 outlines how FIs can prepare to advance sustainable finance, emphasizing the importance of capacity-building, the development of regional frameworks, and ESG assessments. Chapter 2 explores how institutions are applying technical tools, innovative models, and partnerships to deliver climate - and nature - aligned financial products. Chapter 3 highlights the role of stakeholder engagement, showing how collaboration with corporate clients, regulators, and civil society can foster inclusive, locally adapted solutions—reinforcing the sector's role in **enabling a just transition**.

PREPARING THE GROUND

- Tackling institutional and regional gaps
- Development of regional frameworks and taxonomies
- Capacity building and internal training
- Impacts, risks and opportunities assessments

ADVANCING IMPLEMENTATION

- Fostering public-private and multilateral partnerships
- Integrating sustainability in financial products
- Monitoring and disclosure of results

ENGAGING FOR SUSTAINABILITY

- Engaging clients and customers
- Advocating with regulators and policy makers
- Taking inputs from civil society and local communities

Below we present the main takeouts of each chapter.

1. Preparing the Ground: Challenges and Solutions to Boost Sustainability in the Financial System

Advancing sustainability in Latin America's financial systems means overcoming regulatory and institutional gaps, building regional frameworks, and fostering inclusive governance. Fragmented ESG standards and limited data, especially among MSMEs and smaller economies, make comparability and risk assessment difficult. On the other hand, regional taxonomies and voluntary frameworks, tailored to local contexts but aligned with global standards, emerge as key tools to guide sustainable finance and attract capital, though they still need to find ways of integrating common difficulties to promote unified solutions.

Actions to prepare the ground:

- Build and participate in forums and platforms that bring together FIs, regulators, and multilateral bodies to make best use of existing reporting standards and reconcile global and local needs.
- Create and join multi-sector collaborative data-collection and data-sharing platforms to fill national and local data gaps.
- Invest in internal capacity-building for core-business staff, as well as C-Suite and supporting areas such as Legal.
- Train relationship managers and commercial teams to act as ESG multipliers, ensuring that sustainability is embedded into client interactions.
- Rely on sector-wide initiatives such as PRB Academy and Journey to COP30 to support learning and practical application.
- Foster and use national sustainable taxonomies as essential tools to guide sustainable finance, ensuring they are based on local realities but compatible with global standards, as mentioned in the **LAC Common Framework of Sustainable Finance Taxonomies.**
- Use of parametric models and quantitative tools and methods for assessing climate physical risks, including stress tests.
- Ensure that environmental, social and climate impacts and risks are assessed and managed in a way that avoid other negative impacts.
- Map opportunities that make sense to the institution's business profile, exploring alternatives such as ecosystem restoration and Payment for Environmental Services (PES).
- Refer to global frameworks, such as the SDGs, the Paris Agreement, ISSB, and the GBF to enable interoperability.
- Adopt recognized tools and methodologies like PACTA, ENCORE, PCAF, TNFD and MapBiomas to analyze IROs as well as to strengthen internal capabilities.

2. Advancing Implementation: Business Models and Partnerships for Sustainability in LAC

Implementation, in turn, depends on financial products and partnerships. With that in mind, blended finance and sustainable products, including but not limited to labelled financial instruments, direct resources to carbon and resource-intensive sectors as well as underserved communities. Partnerships with multilateral institutions also play a facilitating role, serving either as catalytic capital or as providers of technical expertise. Since credibility is essential for the achievement of results, transparency is being reinforced through structured monitoring and disclosure.

Actions to turn planning into action:

- Develop partnerships and mechanisms to consolidate a sustainable finance approach tailored to the national ecosystem. Coordinated approaches among financial institutions, policy makers, multilateral organizations and non-profit organizations.
- Settle multistakeholder partnerships to enhance attractiveness and reduce risks of investments in higher risk projects, enabling impact delivery to typically underserved communities, as seen with the Living Amazon Mechanism.
- Use instruments such as Enabling Facilitating Funds (ECF) as a strategy to scale up Paris-aligned, nature-positive finance.
- Consolidating green, social and sustainable products as the main axis of business, through engagement in labelled debt instruments.
- Connecting products and services about climate and nature, mainly through Nature-based Solutions (NbS) in both urban and rural areas.
- Not all sustainable products must be new – capture opportunities and redesign financial products to integrate climate and nature criteria in a way that matches local market's needs.
- Pair financial solutions with technical assistance - provided by FIs and Insurers - to ensure clients adopt sustainable practices effectively, improving implementation and long-term outcomes.
- Incorporate of environmental, social, and climate key performance indicators (KPIs) into credit, investment, and insurance portfolios, guided by recognized methodologies.
- Assimilate transparency as a cyclical journey of monitoring and disclosure, an ongoing sequence that feeds back into goal setting, product refinement, and risk assessment. The "**Accountability for Nature**" report by UNEP FI and UNEP WCMC can serve as a supporting guide.

3. Engaging For Sustainability: Providing Incentives to Key Stakeholders

Clients and customers are at the end of the line. They need to be convinced to adopt the solutions FIs are offering. That will only happen if ESG communication improves, not only by simplifying terms and concepts, but by clearly showing how these solutions enhance productivity and reduce risks. In this way, the perception is that pairing financial solutions with technical assistance effectively ensures clients' adoption of sustainable practices. Regulatory and policy advocacy is also needed. FIs are working with policymakers to align public and private strategies, contributing to taxonomy development and the just transition structures. Yet, better results in the finish line demand engaging civil society and local communities as main actors in ecosystem protection and tangible outcomes.

Actions to engage:

- Simplify language and improve access to ESG-related information, especially for MSMEs that face challenges in understanding and complying with social and environmental requirements.
- Creation of educational materials in accessible language (brochures, infographics, and short videos) designed to explain concepts such as climate risks, or even simple actions that could generate environmental and climate positive outcomes.
- Establish ESG advisory areas as a strategy to strengthen client engagement and capture sustainable business opportunities.
- Actively engage with regulators and policymakers to harmonize sustainability criteria through technical working groups.
- Advocate in all levels of government to ensure policies that promote transition to a low-carbon, nature-positive and socially responsible economy.
- Recognize local leaderships and community-based Non-Governmental Organizations (NGOs) as key actors in ecosystem protection and income generation, engaging with them to create innovative solutions and ensure responsible banking and insuring.
- Require that clients meet Free, Prior and Informed Consent (FPIC) and carry mandatory human rights due diligence for most impactful portfolio sectors.
- Whenever applicable, ensure co-management and benefit-sharing with Local Communities and Indigenous Peoples.
- Join transnational initiatives, such as Amazonia Forever program, to catch up with opportunities for regional cooperation and innovation.

Ultimately, the effectiveness of these efforts depends on **collaborative and technical governance**. As seen during the RRT, LAC is composed of countries, institutions and, at the most fundamental level, individuals capable of being **creative, constructive and innovative**. In this sense, moments like the RRT, when these actors share experiences to build synergies, are unique in their capacity to generate connections. By connecting public, private, and multilateral actions, deploying tailored tools, and engaging all relevant stakeholders, **LAC can position itself where it belongs, at the core of global sustainability commitments and financial expertise that promotes a nature-positive, climate-responsible and just transition**.

1
Introduction

Between April 1st and 3rd, 2025, the United Nations Environment Programme Finance Initiative (UNEP FI) held in São Paulo a broad technical meeting focused on the intersection of climate and nature. This was the **Latin America and the Caribbean (LAC) Regional Roundtable (RRT) of the PRB and PSI**, which brought together representatives from the financial sector, multilateral organizations, and sustainability experts to share experiences and perspectives. The agenda was primarily composed of roundtable discussions and collaborative workshops.

Over 280 people from 20 countries attended the event. They represented 97 institutions, 80 of which were Financial Institutions, and their participation across the event days is shown in Table 2. Brazil had the highest number of participants (246), followed by Colombia (16), Mexico (10), Chile (8), Costa Rica (7), Panama (5), Argentina (4), Bolivia (4), Ecuador (4), El Salvador (3), Peru (3), Paraguay (2), Guatemala (1), Puerto Rico (1), and Venezuela (1). Representatives from UNEP FI and other partner organizations from Spain, the United States, Portugal, and the United Kingdom also attended.

Designed to intensify the environmental, social, and climate agenda in LAC, the meeting addressed progress, achievements, and challenges facing the regional sustainable finance ecosystem. Drawing from the lessons learned in January 2024 at the Bogotá RRT and the G20 process under Brazil's presidency, the discussions also aimed to guide coordinated strategies toward 30th United Nations Climate Change Conference (COP30), to be held in Belém in November 2025.

The 2025 RRT was co-organized by Bradesco, Bradesco Seguros, the Brazilian Federation of Banks (Febraban), Itaú, and Santander Brasil, with the Inter-American Investment Corporation (IDB Invest) as a strategic partner. It was also sponsored by the Brazilian Federal Government, Caixa Econômica Federal, the Central Bank of Brazil, the Ministry of Finance, the National Confederation of Insurers (CNSeg), Porto, and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GiZ), along with the support of the Institute for Climate and Society (iCS) and ERM.

The report aims to systematize and analyze the discussions held, seeking to reflect the richness of the discussions held over the three days, identifying **collaborative action and innovation as central pillars for creating regional solutions to global challenges.** It is divided into three chapters that portray a roadmap to promote a just transition in the region:

Prepare:	Building a clear and consistent environment to catalyze action. This chapter will discuss the actions needed to be developed and adopted by the key actors of the financial ecosystem to create an enabling environment towards implementing action and engagement.
Implement:	Taking action to bring financial flows in coherence with the shared vision of the Paris Agreement and the Global Biodiversity Framework as well as the Sustainable Development Goals (SDGs). This section will discuss taking action to align financial flows and involves shifting those that harm nature, communities and the climate and ensuring more finance for climate adaptation and mitigation, nature conservation and restoration, and supporting nature's stewards.
Engage:	Supporting the mainstreaming sustainability through effective engagement. Finance can be an actor for change: Financial Institutions (FIs) have a unique opportunity to engage their clients in real economic sectors and collaborate with governments to drive nature-positive, just transition outcomes.

By systematizing these debates, we wish to create a robust and lasting legacy of the 2025 LAC RRT and a practical guide for LAC FIs to **align with the SDGs, the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework (GBF) and to prepare for COP 30.**

PRB and PSI Signatory Institutions in LAC

Mexico

PRB: Banco del Bajío | Banco Dondé | Banco Mercantil del Norte | Banco Regional (Banregio) | BBVA México | Compartamos Banco | Grupo Financiero Banamex | Monex Grupo Financiero

PSI: Protección Agropecuaria Compañía de Seguros | Quálitas Compañía de Seguros

Guatemala

PRB: Banco Industrial | Banco Promerica

El Salvador

PRB: Banco Cuscatlán | Banco de Fomento Agropecuario | Banco Hipotecario | Banco Promerica

Dominican Republic

PRB: Asociación Popular de Ahorros y Préstamos | Banco BHD | Banco Múltiple Promerica de la República Dominicana | Banco Popular Dominicano

Nicaragua

PRB: Banpro Grupo Promerica

Costa Rica

PRB: BAC Credomatic | Banco de Costa Rica | Banco Nacional de Costa Rica | Banco Promerica | Grupo Mutual

PSI: Instituto Nacional de Seguros

Trinidad and Tobago

PRB: Republic Financial Holdings Limited

Panama

PRB: Banco General | Banesco | Global Bank Corporation | Multibank | St. Georges Bank

Venezuela

PRB: Bancaribe

Suriname

PSI: FATUM Schadeverzekering N.V.

Colombia

PRB: Bancamia | Banco Agrario de Colombia | Banco AV Villas | Banco Davivienda | Banco de Bogotá | Banco de Occidente | Banco Falabella | Banco Popular | Bancolombia | Grupo Aval

PSI: Seguros Bolivar | Suramericana

Brazil

PRB: Banco Bradesco | Banco BV | Banco Regional de Desenvolvimento do Extremo Sul | Caixa Econômica Federal | Itaú Unibanco

PSI: Bradesco Seguros | Brasilcap | Brasilseg | Caixa Seguridade | CNP Seguros | CAIXA Vida e Previdência | Icatu Seguros | Itau Seguros | MAG Seguros | Porto Seguro | Sompo Seguros | SulAmérica

Ecuador

PRB: Banco Bolivariano | Produbanco | Banco de Machala | Banco del Austro | Banco General Rumiñahui | Banco Guayaquil | Banco Internacional | Banco Pichincha | BanEcuador | Diners Club del Ecuador

Bolivia

PRB: BancoSol

Paraguay

PRB: Visión banco SAECA

Chile

PRB: Banco de Crédito e Inversiones | Cooperativa de Ahorro y Crédito Coopeuch

PSI: AVLA

Argentina

PRB: Banco de Galicia y Buenos Aires | Banco de la Nación Argentina

PSI: Rio Uruguay Seguros

PSI & PRB Members · Only PRB Members · Only PSI Members

The map refers to memberships up to October 2025.

2

Preparing the ground: **challenges and solutions to boost sustainability in the financial system**

This section examines how FIs in LAC have been preparing to absorb climate and nature agendas into their strategies. First, it discusses the main gaps hindering this process — such as governance challenges, coordination among actors, data scarcity, and technical-regulatory barriers. Next, it reviews progress in creating frameworks and taxonomies tailored to the regional context, emphasizing the standardization of criteria and metrics. Finally, it addresses actions aimed at consolidating internal capacities through training, knowledge dissemination, and specialized technical preparation.

2.1 Institutional and regional gaps

Discussions held during the UNEP FI LAC RRT revealed that the growth of climate and nature integration within LAC's financial sector depends on **overcoming significant regulatory and institutional gaps.** One of the most frequently mentioned points was the difficulty of harmonizing the various global, national, and sectoral standards that currently guide practices for ESG disclosure, classification, and risk assessment. Despite the latest efforts, mainly through the creation of the ISSB (International Sustainability Standards Board) and its S1 and S2 standards, a fragmented landscape remains. It is fueled by the coexistence of voluntary frameworks and standards alongside regulatory initiatives under development in countries such as Brazil, Colombia, Mexico, and Costa Rica, creating challenges to compare data and embed sustainability criteria into FIs' corporate governance.

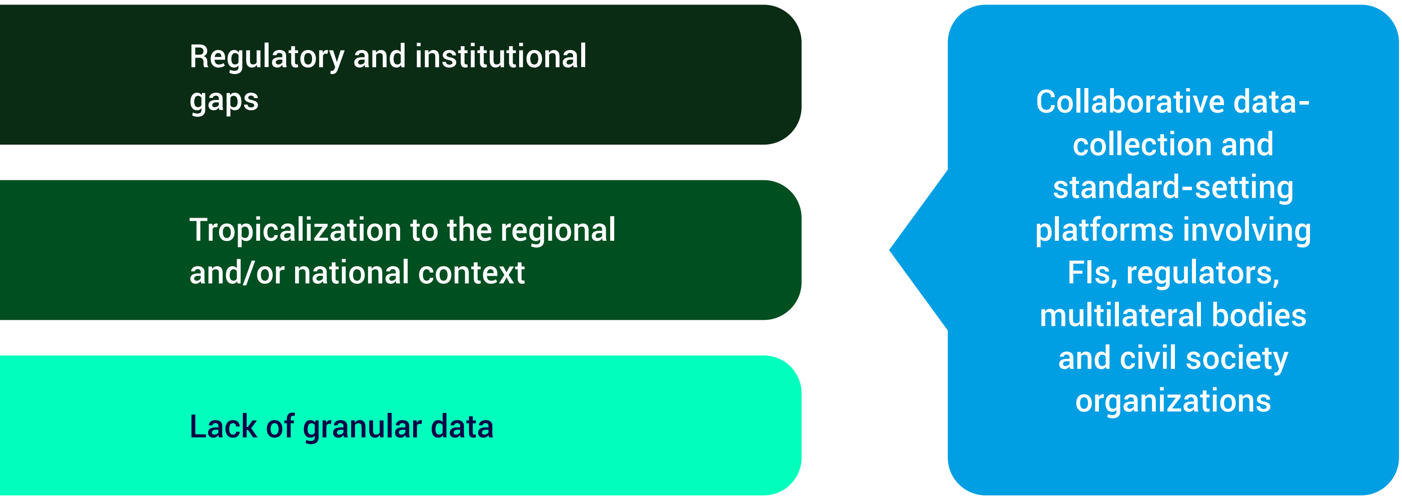
Given this context, **forums that bring together FIs, regulators, and multilateral bodies could map, compare, and reconcile the different disclosure and classification requirements** used in the region. This would facilitate embedding climate-and-nature criteria in business practices and improve the quality of ESG information. By promoting such continuity, LAC's financial sector would be better equipped to contribute systematically to global commitments such as the Paris Agreement and the GBF.

Although there is a growing movement toward adopting international standards like ISSB S1 and S2, SASB (Sustainability Accounting Standards Board), GRI (Global Reporting Initiative), IFRS (International Financial Reporting Standards) and TNFD (Taskforce on Nature-related Financial Disclosures), many guidelines still need **tropicalization to the regional and/or national context**. For example, there is a lack of clarity on how to tailor methodologies for measuring and reporting climate and nature-related risks to LAC's socio-environmental conditions, which involve challenges such as economic informality, cultural and environmental diversity, and the absence of robust, standardized data. Additionally, it was observed that the approach **remains predominantly climate-focused**, overlooking important aspects related to nature-related risks and dependencies, as well as social dimensions.

Beyond the methodological limitations mentioned, another key issue is the **lack of granular data** to assess vulnerabilities in micro and small enterprises, especially within local value chains. Data granularity is also a **big issue in smaller countries** such as Nicaragua. This underscores the need for **collaborative data-collection and data-sharing platforms** involving FIs, regulators and civil society organizations. Such instruments can **enable the creation of a solid evidence database** to guide public policies and business practices aimed at sustainable finance.

"Forums that bring together FIs, regulators, and multilateral bodies could map, compare, and reconcile the different disclosure and classification requirements."

Figure 2. Existing gaps and possible solution



Sectoral institutions such as insurers and bank associations can be a privileged forum for this kind of articulation. In addition, UNEP FI itself serves as a facilitator of initiatives leading to greater concerts of data and regulatory needs.

Nonetheless, the role of regulators and supervisors cannot be overridden. The discussions pointed to some progress in integrating climate, environmental and social concerns into financial sector regulation, but the need for greater regional coordination and coherence remains.

It was noted that measures introduced throughout LAC are still incipient in many countries across the region. **Even in the most prepared contexts, there is a lack of mandatory regulatory tools that incorporate nature-related risks**, such as biodiversity loss, land-use change, and water scarcity, into financial assessments. As a response, a more coordinated effort among the region's regulatory authorities is recommended, with the goal of promoting common models, offering metrics suited to local realities, and stimulating private-sector engagement through participatory agendas.

Despite these weaknesses, gaps were recognized as strategic opportunities. After all, LAC, given its ecological diversity and socio-economic challenges, has the potential to lead the advancement of regulatory and methodological solutions. Investing in local technical capacities, coordinating interinstitutional dialogue, and producing accessible, context-specific tools are ways to strengthen sustainable governance and drive financial flows lined with climate justice and nature conservation. **MapBiomas**, which already covers most of South America and is widely used by Brazilian FIs, is such an example of how diverse institutions can build reliable and granular data for FIs needs.

2.2 Development of regional frameworks and taxonomies

Within the context of the gaps and opportunities, **building regional categorization instruments** emerged as one of the central themes in the discussions. There was a collective understanding that improving the sustainable finance agenda in LAC requires robust classification tools **rooted in local**

contexts yet lined with global frameworks. It was stressed that well-structured taxonomies not only offer clarity to the market but also function as catalysts for transformation by directing capital flows.

Based on this, the importance of collaborative and multisectoral processes to develop these instruments was punctuated, ensuring representation of diverse economic, social, and environmental realities. For example, **Colombia's experience**, published in April 2022, was mentioned as a reference. Its **Taxonomia Verde** involved various institutions and identified seven priority sectors, resulting in criteria for classifying "green activities." **This collaborative approach ensured greater market adherence, expanding its reach and practical utility**.

Meanwhile, in Chile, the Ministry of Finance took the lead in formulating the **Taxonomy of Environmentally Sustainable Economic Activities (T-MAS)**, with the launch in May 2025 of a public consultation and the draft classification framework. As usual, in addition to promoting transparency and comparability of environmental information, the Chilean taxonomy seeks to facilitate the redirection of capital toward sectors and projects that effectively contribute to the transition to a sustainable and resilient economy.

It is worth adding that the discussions also pointed to the need for more **comprehensive taxonomies that integrate environmental, climate, and social criteria**. The **Brazilian Sustainable Taxonomy (TSB)**, to be launched during COP30, is an example in addition to environmental and climate objectives, it combines **key social priorities**, including the creation of decent work, the enhancement of income opportunities and the reduction of socioeconomic, regional, racial, and gender inequalities, while promoting overall quality of life.

This taxonomy is part of a broader effort led by the Brazilian government to reposition the country as a global leader in sustainable development. The Ecological Transformation Plan, launched during COP28 and currently in its second year of implementation, encompasses over 250 strategic actions across sectors such as energy, agriculture, finance, and industry. These actions are designed to foster a low-carbon economy, stimulate innovation, and promote inclusive growth. The collaborative nature of the initiative, involving public institutions, private sector stakeholders, academia, and civil society, has been instrumental in facilitating knowledge exchange and policy integration.

Figure 3. Existing and developing taxonomies serve as inspiration to neighboring countries

Considering the region's particularities, it was suggested that these instruments should incorporate aspects such as biodiversity conservation, financial inclusion, inequality reduction, and the valuing of traditional knowledge. This would imply dynamic matrices **capable of continuous updates** that can guide both voluntary initiatives and public policies or regulatory requirements.

At the same time, the **importance of adhering to global frameworks was reinforced.** Although shaped by local specificities, regional structures must dialogue with international frameworks and standards — such as the SDGs, the Paris Agreement, ISSB, TNFD, and the GBF — to enable interoperability and access to climate and conservation financing sources.

LAC COMMON FRAMEWORK OF SUSTAINABLE FINANCE TAXONOMIES

This regional initiative aims to **guide the formulation of sustainable finance taxonomies across LAC**. Led by the LAC Sustainable Finance Taxonomy Working Group (GTT-LAC), which includes UNEP FI, United Nations Development Programme (UNDP), IDB, Development Bank of Latin America and the Caribbean (CAF), Economic Commission for Latin America and the Caribbean (ECLAC), Food and Agriculture Organization (FAO) and others. This initiative **offers technical criteria and methodological guidance** to help governments and market regulators identify which economic activities qualify as environmentally sustainable.

Structured in two phases, the framework first focuses on **climate-related objectives**, such as **mitigation and adaptation**, prioritizing sectors like energy, transport, agriculture, and construction. The second phase expands the scope to include **biodiversity and other environmental goals**, recognizing the importance of ecosystem protection and sustainable resource use.

To foster capital flows toward sustainable projects and minimize risks like greenwashing, the initiative promotes **interoperability** with international taxonomies. Although voluntary, it serves as a reference point that reflects global standards while being tailored to the region's specific needs and contexts. To illustrate how to integrate nature and finance, the **LEAP cycle (Locate, Evaluate, Assess, Prepare)**, proposed by TNFD, can serve as a guide for enhancing these taxonomies and their disclosure methods:

1 LOCATE

- Identify the areas where the organization interfaces with nature, including territories, biomes and sources of ecosystem services relevant to its activities.
- Map value chains and business units exposed to nature-related risks and opportunities.

2 EVALUATE

- Characterize dependencies and impacts on critical natural assets such as water, soil, forests and pollination.
- Gather qualitative and quantitative data on these interactions, incorporating traditional knowledge and social indicators.

3 ASSESS

- Quantify risks and opportunities using standardized metrics adapted to the regional context, e.g. the economic value of ecosystem services or social vulnerability indices.
- Determine materiality to prioritize the most relevant topics for inclusion in disclosure processes.

4 PREPARE

- Structure policies, define responsibilities and allocate resources to manage nature-related issues.
- Establish short-, medium- and long-term objectives (such as ecosystem restoration or financial inclusion) and define indicators to monitor performance.

Adopting the LEAP cycle in the optimization of regional taxonomies not only enhances the technical rigor of these classifications but also ensures that they are genuinely useful for investors, regulators, and local communities. However, there are some implementation barriers regarding the "Locate" phase, especially for organizations with complex and geographically dispersed operations. The fragmentation and scarcity of detailed data in certain regions hinder the process, particularly for FIs with diversified portfolios. This lack of visibility makes it difficult to map dependencies and impacts on biomes, delaying the integration of nature-related risks into decision-making processes. For multinational companies, the challenge is even greater, given the need to consolidate information from different jurisdictions and suppliers, each with varying levels of transparency and reporting maturity.

Although the establishment of regional approaches to sustainable finance is promising, progress has been uneven. In Colombia, for instance, the green taxonomy published in April 2022 already covers 10% of the insurance market in the country. Otherwise, initiatives like those of Colombian Insurers Federation (Fasecolda) and the Brazilian Superintendence of Private Insurance (SUSEP) in standardizing reports and creating internal norms have served as references for other markets.

In Brazil, **SUSEP** reinforced this movement by publishing standardized tables for the sustainability report, as established in Circular No. 666/2022, setting clear guidelines for the management and disclosure of environmental, social, and climate-related risks by insurers. In Colombia, **Fasecolda** also advanced by releasing the country's first mapping of green insurance, aligned with the Colombian Green Taxonomy, highlighting the sector's role in promoting products with positive environmental impact.

In summary, the debate carried out in the RRT revealed a **clear regional ambition**: to build classification tools that are, at the same time, **contextualized**, **integrated**, and **capable of operating together**, efficiently guiding financial flows toward activities that enable a just, inclusive, and nature-positive transition. This effort is seen as a central foundation to prepare the region for COP30 commitments and to position the LAC financial system as an important actor in implementing global environmental and social goals.

2.3 Capacity building and internal training

FIs in the region have recognized that investing in the training of their staff is an essential step in transitioning their business to a more sustainable economy. This stems from the fact that many organizations struggle to implement social, climate, and nature-related strategies due to the difficulty of convincing internal stakeholders of their importance, given their lack of knowledge on risks, opportunities, impacts and dependencies.

In this regard, **PRB and PSI guidances have provided the foundation for capacity building among senior leadership and commercial teams**, in addition to sustainability personnel. But efforts should not be concentrated only on these high priority internal divisions. Several FIs emphasized the importance of **engaging key decision makers, such as Boards of Directors, CFOs, and legal teams, whose influence is critical to advancing sustainability agendas**. In many cases, they reported internal challenges stemming from political and economic pressures, which further highlight the need for targeted capacity-building at several levels of governance.

Drawing from lessons shared in the RRT, it was possible to build the following step-by-step approach to capacity building, as detailed next.

1 **INTERNAL MAPPINGS TO IDENTIFY THEIR TEAMS' LEVEL OF KNOWLEDGE**

This step is essential for FIs to pinpoint the main knowledge gaps. It consists of delivering questionnaires, conducting interviews, or holding discussion circles to assess teams' familiarity with topics such as climate risks, biodiversity, SDGs, green taxonomies, among others. Each department — such as credit, insurance, or compliance — may have different levels of understanding, and the mapping allows for a **more precise overview of the situation.** For example, a questionnaire might ask whether the team has already applied ESG criteria in credit analyses or whether they understand the concepts of physical and transition risks. Based on this information, it is possible to generate targeted training plans, prioritize critical topics, and create monitoring tools to track knowledge evolution over time.

2 **STRUCTURING LEARNING PATHWAYS THAT PROGRESS FROM BASIC TO ADVANCED CONTENTS**

Based on information collected in the former step, it is possible to generate **targeted training plans and prioritize critical topics**. Several FIs already create **progressive training tracks, preparing employees from foundational concepts to the application of technical tools and methodologies,** such as scenario analysis and risk modeling. Notable initiatives include sustainability literacy programs **adapted to different hierarchical levels**: boards of directors receive strategic workshops, while executives and managers participate in training on integrating ESG criteria to credit and investment decisions.

3 **COMBINING THEORY AND PRACTICE**

It is essential to **translate technical concepts into concrete actions** in teams' day-to-day work. They include local case studies, e.g. demonstrating how climate risks affect specific sectors, and panels with experts who offer insights and practical solutions, **embedding the topic within the organizational culture.** These structures enable teams to understand not only the "what" and "why" of the climate and nature agenda but also the "how" of incorporating these topics into their daily routines.

4 **MONITORING PROGRESS**

Creating monitoring tools to track knowledge evolution over time is key to measure effectiveness of the learning journey. Yet, capacity building monitoring shall not compete with monitoring of environmental, climate and social targets, since the achievement of these is a proxy for effective know how generation. Therefore, monitoring should keep identifying gaps that could be recognized going back to step 1.

It is key that **training is based on recognized methodologies and tools**, such as PCAF, PACTA (Paris Agreement Capital Transition Assessment), Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE), among others. Otherwise, there is a risk of not creating value for internal as well as external stakeholders. It is important to highlight that, by working with recognized methodologies, FIs increase the credibility of their analyses, improve the consistency of risk and impact assessments, and align their practices with global expectations of transparency and accountability in sustainable finance.

In this sense, training should be **delivered by specialized technical teams and external consultants** with practical experience in the sector, ensuring that the content is **up-to-date, relevant, and directly applicable** to participants' working landscape. Collective initiatives have played a key role in advancing capacity-building across the region. The **PRB Academy** offers structured learning paths for professionals at different levels, including senior executives and board members. Similarly, the **Journey Towards COP30**, developed by **Febraban**, **ANBIMA**, and **CNSeg** in Brazil, has fostered cross-sector collaboration through workshops and training sessions that engage strategic personnel.

2.4 Impacts, risks and opportunities assessments

Mapping climate-, social- and nature-related risks and opportunities has become a critical axis for the financial sector in LAC. It involves **not only identifying physical and transition risks but also improving existing products and processes to promote positive impacts**. In addition to that, acknowledging impacts generated by operations and products is key to designing effective mitigation measures.

Tools and methodologies have been developed for the analysis of physical and transition risks, as well as for assessing impacts and dependencies, and they are at the core of preparation and monitoring of the just transition. These may result from interinstitutional cooperation or be conceived independently by a financial institution based on recognized sources.

Banorte Financial Group, for example, has presented a **case study of hurricane Otis in 2022 which is based in a proprietary methodology**. Interested in the impacts and disruptions generated in Acapulco and in the Mexican state of Guerrero , the Financial Group outlines in the annex to Banorte's TCFD report a plan of integrating climate-related risks and opportunities into its financial decision-making. Through the OTIS methodology, Banorte evaluates the resilience of its credit portfolio under several climate scenarios, featuring the importance of transition and physical risks. The report emphasizes how the bank leverages data-driven insights to assess sectoral vulnerabilities and identify opportunities for sustainable financing.

Still in the climate field, **CNSeg and PSI** partnered to design, with technical support from ERM, a **heatmap capable of projecting the frequency and severity of extreme climate events**, such as floods, droughts, and landslides, based on medium- and long-term climate outlooks. Concentrating in a few Brazilian strategic regions, but available to replicate in other geographies, the tools strengthen underwriting processes, premium review, and disinvestment strategies in vulnerable assets. In addition, they are being incorporated into institutional stress tests, allowing simulation of financial impacts from extreme events on institutional stability.

PCAF AS THE KEY FOR CLIMATE TRANSITION RISK ASSESSMENT AND IMPACT MANAGEMENT

The Brazilian financial conglomerate Porto offers an example of integration has positioned itself as a pioneer among Brazilian insurers by adopting the PCAF (Partnership for Carbon Accounting Financials) methodology to measure its insured and financed emissions. This move represents a significant step forward in managing climate risks, opportunities and impacts of its business, as 99% of Porto's emissions are in Scope 3, and 63% of them fall under Category 15 (financed and insured emissions).

PCAF's methodology has been applied across a broad range of products: auto insurance, commercial property insurance, vehicle financing, corporate loans, and investments managed by the Group's asset manager. Business in Brazil and Uruguay have been covered. PCAF assigns a data quality score from 1 (highest quality) to 5 (lowest). In 2024, Porto achieved an average score of 1.88 for its invested emissions, reflecting the company's transparency and robust data infrastructure.

Between 2023 and 2024, the gross result of invested emissions (financed and insured) in Brazil increased by 7.7%, accounting for 68% of the total emissions in Category 15. Monitoring these emissions allows Porto to better understand its exposure to climate transition risks and uncover opportunities for developing products aligned with a low-carbon economy. In addition to that, it opened opportunities for engaging portfolio companies, in asset management, insurance and banking businesses, encouraging them to quantify their emissions and establish climate mitigation targets.

After completing the first phase of financed emissions quantification, Porto started building an engagement strategy across its value chain. The goal is to use this data to design a program that actively promotes GHG reduction. Using PCAF score, it is possible to assess each company's data quality and climate maturity, then guiding a more targeted and effective engagement approach.

Meanwhile, in the nature realm, **the ENCORE tool** has been mentioned several times during the RRT. It is a widely recognized resource developed through a collaboration between the Natural Capital Finance Alliance (NCFA) and UNEP's Finance Initiative and World Conservation Monitoring Centre (WCMC), with technical support from Global Canopy. The tool helps institutions **identify and manage nature-related risks and dependencies** across sectors and geographies and positions itself as a practical solution for them to be consistent with the recommendations of the TNFD.

Even though a few tools and methodologies have been mentioned, there are several others which are used by the LAC banking and insurance sectors, which also play a role in risk and impact assessment. It should also be noted that Impacts, Risks and Opportunities (IRO) management can be conducted in an integrated manner, ensuring optimization of teams and time. Tools and metrics that serve for risk management can be used for impact management as well, as examples presented in Figure 4. Financed emissions is a case which measure both transition risks and climate impact.

Figure 4. Tools for IRO assessments in the nature realm

In the insurance sector there is a **rising use of parametric models and quantitative tools for assessing physical risks.** One example is the NatCat Model (“Natural Catastrophe Model, which is built on historical data and scientific projections to estimate future economic losses in residential, condominium, and commercial insurance portfolios, especially given the increasing likelihood of urban flooding. These estimates help insurers set risk appetite limits by geographies and align their objectives with financial resilience to extreme events.

Moreover, **opportunity mapping** has also advanced. Some institutions are adopting integrated approaches that consider the financial benefits of activities such as biodiversity conservation, ecosystem restoration, and sustainable use of natural resources. Analyses of biodiversity hotspots are being conducted, combining ecological relevance, anthropogenic pressure, and potential to generate sustainable financial solutions.

Ecosystem restoration is one of the main opportunities discussed throughout the RRT. Although there is no doubt about their contribution to the climate and nature-positive agenda, there are significant challenges, such as the long timeframe required for them to become profitable. Some of the measures mentioned to mitigate this delay in financial returns include the following:

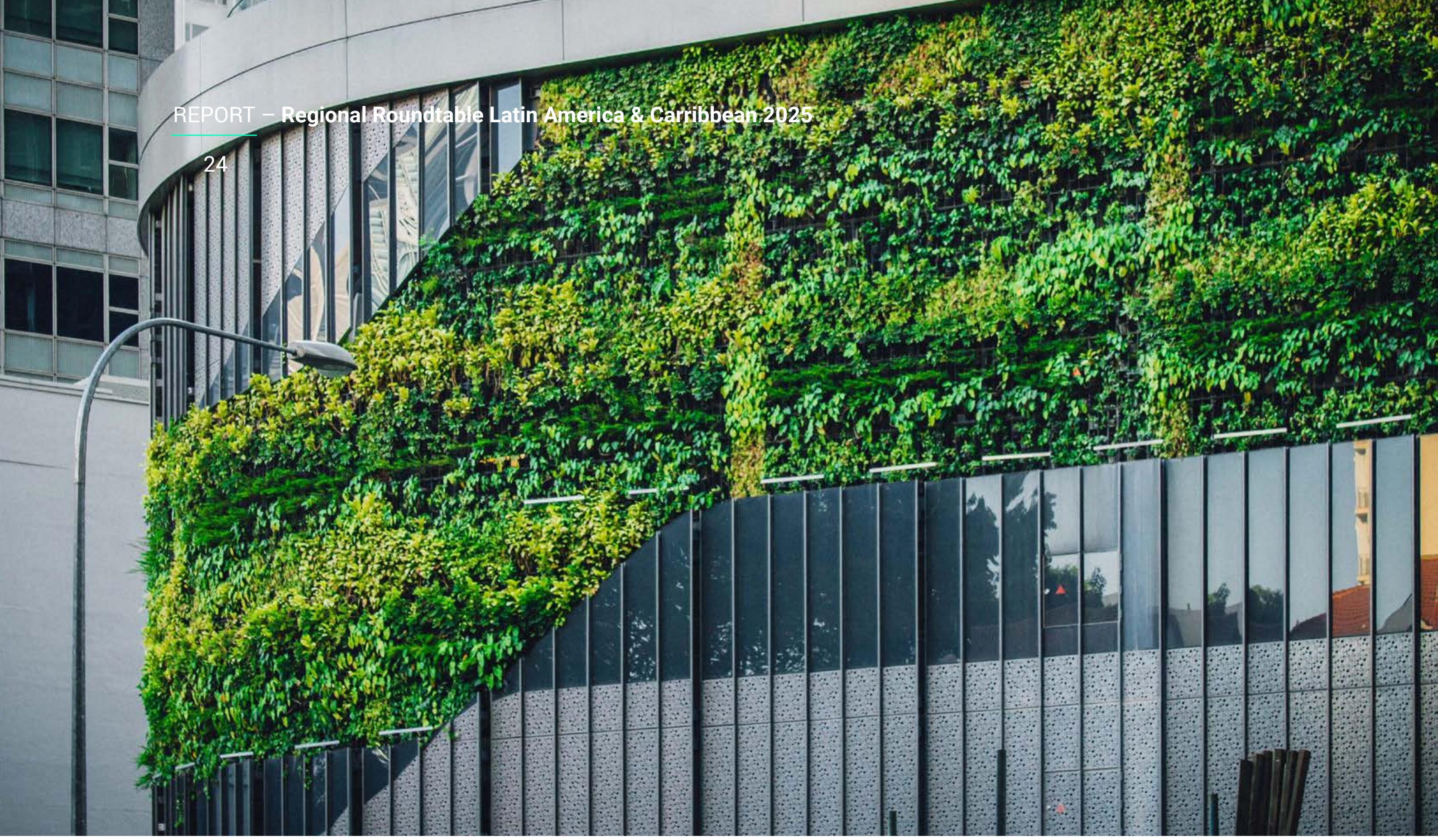
- **Signing a carbon credit contract from the start of the project;**
- **Partnering with real economy companies to ensure scalability; and**
- **Providing forest fire insurance to mitigate risks.**

ADVANCING SUSTAINABLE AGRICULTURE AND LAND RESTORATION

The Reverte Program is an initiative led by Itaú BBA, in partnership with Syngenta, the state-owned Brazilian Agricultural Research Corporation (Embrapa), and The Nature Conservancy (TNC), aimed at restoring degraded pasturelands and promoting sustainable agricultural practices across Brazil, with a primary focus on the Cerrado biome. The program is grounded in socio-environmental criteria, including a prohibition on the conversion of native vegetation post-2018. It also integrates technical assistance, agronomic protocols, and environmental monitoring systems to ensure the effectiveness and sustainability of land recovery efforts.

Launched in 2021, the program seeks to regenerate 600.000 hectares of degraded land by 2030. Until the present moment, Reverte has successfully restored 270 hectares – proving that partnering with a diversity of other institutions is key to thrive. By fostering collaboration between the financial sector, scientific institutions, and rural producers, Reverte stands as a replicable and scalable model for sustainable land use and a key contribution to Brazil’s climate and environmental commitments.

By transforming low-productivity areas into fertile, productive farmland, Reverte contributes to climate mitigation, reduces pressure on native ecosystems, and supports rural economic development. To support this transformation, the program provides long-term financing solutions for rural producers, with credit lines of up to 10 years and grace periods of up to 3 years. Since its inception, more than BRL 2 billion (USD 385 million) has been financed.



However, significant gaps persist. A deficit has been identified in the collection and standardization of information on nature-related vulnerabilities compared to climate risks. There is a lack of consistent historical series on ecosystems at the municipal scale and difficulty in integrating ecological variables into conventional financial models. The pricing of biodiversity-related risks is still incipient, limiting its incorporation into credit and underwriting processes.

Compatible interfaces and data sharing protocols within and between financial institutions enable climate and nature information to be systematically incorporated into IRO management and underwriting and credit approval processes. This operational setup strengthens the link between financial operations and sustainability targets. Therefore, the importance of **preparing methodologies that combine climate and nature data is key, allowing a comprehensive view of risks and opportunities in territories.**

In LAC, with its megadiversity and marked socioeconomic asymmetries, this approach is expected to guide decisions that foster a just transition. IDB's report "**Just Transition for Latin America and the Caribbean**." reveals that only four LAC countries mentioned just transition goals in their Nationally Determined Contributions (NDCs) back in 2023. Even though the figure had a slight increase since then, it shows that financial institutions have to look after international references when faced with national constraints.

A forthcoming report developed by UNEP FI in collaboration with banks, insurers, and industry associations, scheduled for release at COP30, will provide practical approaches for a just transition in LAC, therefore serving as a regional reference for financial institutions. The lead-up to COP30 is also marked by growing mobilization around the concept of a just transition among LAC governments. Financial institutions can leverage this momentum to align with climate finance targets and the Tropical Forests Forever Fund (TFFF).

3

Advancing implementation: **business models and partnerships for sustainability in LAC**

The implementation stage is when ambition becomes practice. In LAC, this sequence of actions has been optimized through collaboration among public and private sectors, as well as national and multilateral institutions, as presented in the first section. The chapter also works on the growing integration of ESG criteria into financial decisions, providing innovative practical business solutions to do so. Finally, the importance of monitoring and transparent disclosure of results is highlighted as a key element to consolidate a culture of environmental and social responsibility within the financial sector. All these initiatives point to a dynamic scenario, in which cooperation and pragmatism work together to build a just transition.

3.1 Public-private and multilateral partnerships

Institutional partnerships and financial mechanisms were recognized in the LAC RRT as fundamental to enable climate- and nature-related solutions in LAC. In that sense, participants stressed the need for integrated approaches to address cross-sectoral and transboundary environmental challenges. It requires **coordinated approaches among FIs, public-policy makers, multilateral organizations, non-profit organizations and civil society**.

The speeches showcased ongoing **collaborations between Development Financial Institution (DFIs) and commercial institutions** in the region. The importance of **blended finance** has also been on stage: the strategic use of public or philanthropic capital to attract or protect private investment into riskier projects that deliver social or environmental impact is seen as a mechanism for both risk mitigation and impact scalation. One example mentioned in the RRT stood out, whose details are shown in Table 1. The mechanism developed by Natura, acting both as an investor and off taker, may appear modest in scale. However, despite the relatively small amount disbursed so far, it represents a significant achievement in terms of innovation and coordination. The instrument was co-designed in partnership with local producers, carefully considering their needs and traditional knowledge. **Its importance also arises from its scalable model to the extent that other companies working on the Amazon may use it as well**, in addition to provide an example which can inspire FIs operating in other Amazonian countries such as Colombia, Ecuador and Peru.

Table 1. Multilateral initiatives to leverage sustainable finance

INITIATIVE	LIVING AMAZON MECHANISM
Issuer	VERT Securitizer
Investor	Natura and IFC
Enabling Facilitating Fund (ECF)	Facilitating Fund, managed by the Brazilian Fund for Biodiversity (FUNBIO)
Main Objective	Financing cooperatives and associations working with sociobiodiversity in the Brazilian Amazon
Total Initiative Value	BRL 5,5 million (approx. USD 1 million)
Financial Instrument	Agribusiness Receivables Certificate (CRA) for producers + non-reimbursable contributions via ECF
Target Sector	Cooperatives, associations, and sociobiodiversity-based entrepreneurs in the Amazon
Expected Impacts	Promotion of sustainable bioeconomy, financial inclusion, and strengthening of local value chains

GET TO KNOW MORE

The "**Revenues for Nature Guidebook Series**" publication details how the Living Amazon Mechanism works, including how to replicate it in other countries.

Santander Brasil has also a blended finance case worth mentioning. **In partnership with Gaia Group, Belterra Agroforestry, and the Sustainable Connection Institute (Conexsus)**, it has structured a financial operation through the issuance of a **Green CRA to support bioeconomy development**. Valued at BRL 17 million (USD 3.16 million), the operation aims to provide **working capital to community-based enterprises and small and medium impact businesses**, directly benefiting 4,500 producers who **traditionally lack access to formal credit**.

The operation follows a blended finance structure, comprising three investment tiers: senior, mezzanine, and subordinate. The subordinated tranches were acquired by Conexsus and Belterra, with support from Fundo Vale and the Good Energies Foundation. This structure enabled more accessible interest rates for producers — starting at 12% per year — making credit viable for community-based businesses operating in the bioeconomy sector.

The funds are allocated to activities such as agroforestry systems, restoration of degraded lands, sustainable forest extraction, and family farming. These initiatives have a strong presence in the Amazon region and extend across five Brazilian biomes.

Both cases spotlight the importance of inter-institutional coordination efforts, as mentioned in the former chapter. These collaborations have enabled the structuring of products that combine clear environmental targets with terms adapted to local borrowers' profiles. Besides ecosystem restoration, credit lines for MSMEs, and promotion sustainable agro-industrial value chains, innovations can also cover parametric insurance and financing for climate-resilient urban infrastructure, among other themes. Examples of IDB Group projects in LAC in collaboration with national FIs are presented ahead, illustrating not only successful partnerships, but also open new possibilities for innovation and scaling similar models across the region.

IDB PROJECTS IN LATIN AMERICA AND THE CARIBBEAN

Chile – Creditú: Democratizing Access to Financing for Homeownership in Chile

Sector:
Financial Markets

Subsector:
Financial Inclusion

Instrument:
Social Entrepreneurship Program & Small Projects

Total Cost:
USD 5,000,000.00

Summary:
Expands access to social housing for lower-middle-income and vulnerable households in Chile by financing the mortgage down payment required to access a mortgage loan for social housing

El Salvador – Access to Credit Program for Micro, Small and Medium-Sized Enterprises (MSMEs)

Sector:
Financial Markets

Subsector:
Banking Market Development

Instrument:
Investment Loan

Total Cost:
USD 100,000,000.00

Summary:
Supports the growth of Salvadoran MSMEs by financing BANDESAL's second-tier credit lines to expand medium- and long-term productive credit access

Colombia – Program to Support Access to Sustainable and Inclusive Productive Credit for Colombian MSMEs

Sector:
Financial Markets

Subsector:
Banking Market Development

Instrument:
Investment Loan

Total Cost:
USD 200,000,000.00

Summary:
Promotes sustainable growth of Colombian MSMEs by financing investments that improve productivity, modernization and environmental sustainability

Paraguay – Prester: Promoting Financial Inclusion in Paraguay through Alternative Scoring

Sector:
Financial Markets

Subsector:
Financial Inclusion

Instrument:
Social Entrepreneurship Program & Small Projects

Total Cost:
USD 1,500,000.00

Summary:
Builds Prester's portfolio to establish credit histories for women, informal workers and rural populations lacking formal credit access

Mexico – Support for the Development of Rural Climate Change Adaptation Projects

Sector:
Financial Markets

Subsector:
Financing for Environmental Sustainability

Instrument:
Investment Loan

Total Cost:
USD 100,000,000.00

Summary:
Channels credit through FIRA's intermediaries to finance sustainable adaptation and resilience projects in high-risk agricultural sectors and agrobusiness MSMEs

Brazil – Fostering Renewable Energy Integration Projects through Banco do Nordeste

Sector:
Financial Markets

Subsector:
Banking Market Development

Instrument:
Technical Cooperation

Total Cost:
USD 1,500,000.00

Summary:
Strengthens BNB's Project Factory with feasibility studies and institutional capacity building to integrate variable renewable energy into Brazil's grid

Peru – Supporting the Digital and Sustainable Transformation of Banco de la Nación

Sector:
Financial Markets

Subsector:
Banking Market Development

Instrument:
Technical Cooperation

Total Cost:
USD 200,000.00

Summary:
Strengthens Banco de la Nación's institutional capacity in Peru to accelerate digital transformation, develop a GHG decarbonization plan and improve financial inclusion

Brazil – BB Amazônia: Bioeconomy Program IDB-Banco do Brasil

Sector:
Financial Markets

Subsector:
Capital Market Development

Instrument:
Investment Loan

Total Cost:
USD 250,000,000.00

Summary:
Promotes sustainable development in the Brazilian Legal Amazon by expanding credit access for local bio-businesses and sustainable infrastructure projects

Brazil – PRO-AMAZÔNIA: IDB-BNDES Access to Credit Program for MSMEs and Small Entrepreneurs

Sector:
Financial Markets

Subsector:
Capital Market Development

Instrument:
Investment Loan

Total Cost:
USD 900,000,000.00

Summary:
Increases financing availability for MSMEs' productive investments in the Amazon Region to strengthen productivity and job creation

Public and development banks also play a structuring role by offering credit targeted at green initiatives, contributing to the formulation of regulatory guidelines or even acting as an ECF. **Instruments such as ECFs or guarantee funds have proven to be a promising strategy to scale up Paris-aligned, nature-positive investments.** They reduce risks by offering partial guarantees, mitigating risks and enabling greater private sector participation and fostering local initiatives that face financing challenges.

Also noteworthy is the importance of collaborative arrangements at different levels of governance, **linking local, national, and multilateral agendas**, such as **Landscape and Jurisdictional Approaches.** The creation of regional platforms for sharing best practices, standardizing metrics, and harmonizing incentives is seen as essential to consolidate a sustainable financial ecosystem in the region. Such collaborative arrangements and instruments pave the way for practical cases of integrating nature and climate into financial decisions, as we will detail next.

3.2 Integrating sustainability in financial products

The effective absorption of climate and nature agendas into financial decisions in LAC countries may be challenging, but has been driven by several cases of products and services. During the event, various examples illustrated how institutions have incorporated environmental considerations into investments, credit and insurance criteria.

Prominent among these examples are microcredit and rural-finance lines aimed at regenerative agriculture and ecosystem restoration. In these cases, credit access is conditioned upon the adoption of practices such as sustainable soil management, restoration of native vegetation (in legally protected areas or not), or environmental certification. In many instances, the distinguishing feature is the joint offering of technical assistance — thereby ensuring not only financing but also effective implementation by beneficiary communities.

Products responding to global society targets, such as the SDGs, the GBF and the Paris Agreement, can **acquire multiple forms. Green, social and sustainable bonds and sustainability-linked bonds (SLBs) have been the preferred vehicles** and have comprehensive tracks and guidelines, as defined by the International Capital Market Association (ICMA and the Loan Syndications and Trading Association (LSTA). **Yet, it does not mean that traditional products cannot be sustainable. By incorporating impact-driven considerations** into traditional products and directing them to clients' transition, **any product can become sustainable.**

Through targeted incentives, such as promoting attractive credit conditions for the development of activities, infrastructure improvements, and changes in production processes, transformations can be incorporated into the real economy. In this way, the role of FIs is understood to be broader than simply financing the creation of new products and services; they can also promote the revision of existing ones, fostering the cyclical replacement of the traditional structure.

"By incorporating impact-driven considerations into traditional products and directing them to clients' transition, any product can become sustainable."

PROMOTING SUSTAINABILITY IN EXISTING CREDIT LINES

Caixa, Brazil's leading home financing institution, restructured an existing credit line to enable residential retrofitting and reuse of infrastructure. The initiative promotes circular economy practices in construction, extending asset life, reducing resource consumption, and fostering social inclusion.

A landmark example is the Castro building in Cubatão (SP), the first retrofit project approved under this model. Built in 1973 and abandoned since the 1990s, the building is being transformed to house 81 vulnerable families — such as women in situations of violence, families with young children, and renters. The BRL 10.8 million (approx. USD 1.75 million) investment preserves its historical architecture while upgrading it to modern housing standards.

In addition to that, Caixa has the "Selo Casa Azul" (Blue House Seal), its own method of ESG classification of housing ventures. By recognizing sustainable best practices such as water and energy efficiency, use of resources and integration into the urban fabric, the seal allows for a wide range of clients, including small- and medium-sized ones, to integrate best practices – without the need for strict rules such as LEED's. One key benefit is access to preferential financing conditions, including lower interest rates for compliant projects, benefiting both developers and end users.

Since its launch in 2009, as the first seal adapted to the reality of Brazilian construction, more than BRL 23 billion have been allocated to financing real estate projects, contributing significantly to the achievement of several goals of the 2030 Agenda.

SUSTAINABLE SOLUTIONS IN INSURANCE SECTOR

At Bradesco Seguros Group, sustainability is present in strategic decisions and this is reflected in the products and services offered. This is the case with their ESG-based pension plans, which are registered as sustainable according to Brazilian regulation and invest in funds that use ESG criteria to allocate resources. In December 2024, the net assets of these pension funds totalled more than R$ 688 million invested.

An important driver for the company is financial inclusion and the democratization of access to insurance products. Bradesco Microsseguro Residencial, for example, can be purchased starting at BRL 13.99 (USD 2.61) per month, offering various home coverages (Theft, Fire, Lightning and Explosion, Windstorms, Frost, and Family Civil Liability) and 24-hour home assistance (locksmith, electrician, glazier and plumber).

Another outstanding case is the Sustainable Claims Project, which focuses on the structured management of waste resulting from Auto and Home claims. It aims to ensure environmentally and socially responsible disposal of damaged goods through recycling, reuse, and remanufacturing processes. In 2024 the initiative recycled 202.28 tons of waste, representing a 7,2% increase compared to the previous year.

The workflow includes direct scheduling with policyholders for item collection. Post-collection materials are sorted and allocated to certified recycling cooperatives and social organizations for repurposing or resale. In line with circular economy principles, it reintegrates waste into productive chains and ensures the environmentally responsible disposal of waste generated from insurance claims, preventing unusable items — such as household appliances and automotive parts — from reentering the market improperly.

As in Bradesco Seguros's case, a solution that has been gaining track is the expansion of **microinsurance**, mainly in peripheral urban areas, **where access to financial protection is limited. It promotes insurance inclusion and strengthens socioeconomic resilience, presenting promising prospects all over LAC.** Simultaneously, parametric insurance has been gaining ground as an alternative to traditional protection models. Unlike conventional insurance, which requires proof of losses to trigger coverage, this modality operates on predefined indices, such as rainfall volume, temperature, or soil moisture. When these indicators exceed contractually established thresholds, the indemnity payment is made automatically, eliminating the need for on-site assessments and expediting compensation.

THE CASE FOR PARAMETRIC INSURANCE

Beyond speed, another advantage of this model is its versatility in covering diverse extreme-event risks—such as insufficient or excessive rainfall, high solar irradiation, or prolonged droughts. For this reason, insurers have been exploring the potential of parametric insurance through pilot projects, especially in the rural sector. The intention is to deploy customized and adaptable solutions for different value chains and regional contexts.

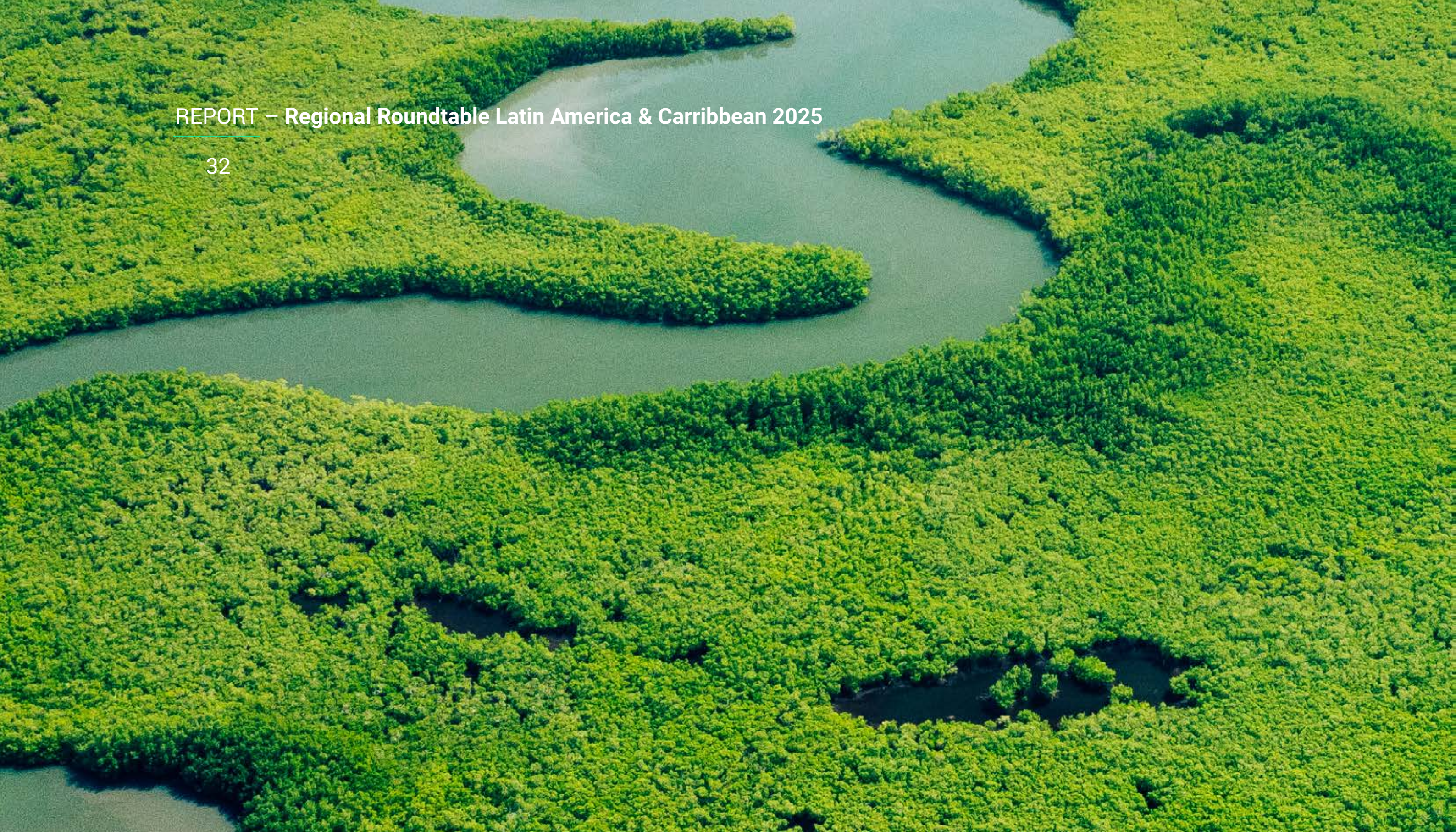
Concrete examples of this trend are already emerging in LAC. In Brazil, a parametric insurance product was implemented for **cocoa production in Amazonian farming communitie**s, with parameters defined based on historically expected rainfall volume. Similarly, Río Uruguay Seguros (RUS) launched a **parametric coverage for rice crops in Argentina, modeled on the region's climate risks**. These initiatives demonstrate how adapting existing business models to local realities increases the effectiveness of the solutions — especially in contexts with low penetration of traditional insurance.

In Mexico, **Grupo Financiero Banorte partnered with the government of Quintana Roo to implement a parametric insurance policy** that provides up to MXN 42.5 million (approx. USD 2 million) **per hurricane event to quickly restore beaches and coral reefs** across several municipalities. The Group advertises that even in different countries, the fundamentals of the model are similar: parametric insurance offers coverage against catastrophic risks based on event intensity (for example, wind speed, earthquake magnitude, or precipitation volume) or on predefined models that estimate losses. **Unlike traditional insurance, which requires on-site evaluation, the parametric model uses exogenous variables** — for both the insured and the insurer — making it a promising tool in climate-resilience strategies in LAC.

It follows, therefore, that as the market matures, progressive growth in understanding, trust, and adoption of parametric insurance — particularly by sectors most vulnerable to climate change — is expected. This modality offers greater predictability, transparency, and efficiency—essential attributes considering the intensification of extreme events.

When talking about financial solutions to global, regional and national problems, **FIs should also prioritize connecting climate and nature.** The main way of doing so is through **Nature-based Solutions (NbS),** which can happen in rural areas, e.g. ensuring that ecosystem services keep being delivered, as well as in urban areas, e.g. financing and insuring resilient urban infrastructure. Projects concentrated on **clean mobility, nature-based stormwater management, and Integrated Crop-Livestock-Forestry (ICLF) systems.**

In cities, NbS are trending because of their contributions to climate adaptation, biodiversity, and quality of life, bringing benefits such as reducing heat island effects and improving soil permeability. In this regard, **BBVA Colombia**, in partnership with the IFC and IDB Invest, has showcased a relevant initiative: in June 2024, **issued a biodiversity bond raising USD 70 million** to channel resources into reforestation, the regeneration of natural forests on degraded land, mangrove conservation or restoration, climate-smart agriculture, and wildlife habitat restoration, among other initiatives addressing the main drivers of biodiversity loss.



Beyond its financial contribution, the IFC will provide advisory services to help define eligibility criteria and sustainability indicators, thereby enhancing the technical capacities of both BBVA and its clients. In parallel, IDB Invest provided technical assistance to support BBVA in defining nature-related risk management model and shaping its biodiversity strategy. This issuance represents a significant advance in mobilizing private capital for NbS, introducing an innovative instrument that combines financial returns with measurable socio-environmental impact in Colombia.

From Mexico to Argentina, the **Jaguar Impact Initiative**, launched by the IDB and its innovation arm, IDB Lab, presents a compelling business opportunity by leveraging **outcomes-based financing (OBF)** to advance biodiversity and climate initiatives across Latin America. By engaging in a diverse network of public and private funders, impact investors, and local service providers, the initiative fosters partnerships that connect financial returns with measurable environmental outcomes. With an initial funding commitment of $4 million and a core on scalable, results-driven ecosystem regeneration, the initiative opens new markets for sustainable and profitable environmental solutions in the region.

Jaguars are also at the center of a partnership between the UNDP, the government of Misiones province, the insurer Río Uruguay Seguros, and local Non-Governmental Organizations (NGOs). They have structured the “**Jaguar Protection Insurance**” which provides financial compensation to producers whose animals are attacked, thereby removing the incentive for retaliation where farm and forests meet . Due to habitat loss, jaguars are increasingly coming into contact with human populations, which has led to livestock attacks, impacting farmers income and prompting retaliatory hunting.

EXPLORING LOCAL CLIMATE FINANCE INNOVATIONS ACROSS LATIN AMERICA

Cities across Latin America are increasingly turning to sustainable finance instruments to address climate and social challenges through innovative urban solutions. Green and social bonds issuances not only mobilize capital for infrastructure and inclusion but also demonstrate how financial institutions can partner with local governments to promote resilience and inclusion.

Mexico City was the first Latin American city to issue municipal green bonds, launching two rounds in 2016 and 2017/2018. The proceeds were directed toward **climate mitigation and adaptation** projects, including water and wastewater infrastructure, energy-efficient public lighting, and improvements to the Metro system. The bonds received a second party opinion and were 2.5 times oversubscribed, reflecting strong investor confidence.

Bogotá pioneered the use of social bonds at the municipal level in 2021. The city issued public debt on the BVC (Colombian Stock Exchange) to fund the **"Jóvenes a la U"** program, which provides tertiary education access to low-income youth. The issuance was nearly twice oversubscribed, and the funds are expected to provide 20,000 scholarships by 2024. This initiative directly addresses social inequality and promotes long-term economic inclusion, advancing the broader goals of a just transition.

In **Córdoba**, Argentina, the city issued its first green bond in 2022 to finance **urban sustainability projects**. The ARS 2 billion (USD 12.5 million) issuance promoted the installation of LED street lighting, solar panels, and sanitation infrastructure. Organized by Santander, verified by a third part and listed on Argentina's Stock Exchange (BYMA) sustainable panel, the bond followed ICMA's Green Bond Principles. The upgrades contributed to energy efficiency, public health, and climate resilience in underserved urban areas.

Mendoza, Argentina, followed with a green bond in 2024, raising approximately USD 540,000 to install small photovoltaic modules on public buildings and spaces. **The initiative attracted demand from insurance companies, mutual funds, and banks, showcasing growing interest in local climate finance.** The project promotes clean energy generation and reduced municipal energy costs, while also serving as a **replicable model** for other mid-sized cities.

In all cases, **financial institutions played a key role**—acting as underwriters, verifiers, and distributors. Their participation ensured compliance with international standards and built investor trust.

3.3 Monitoring and disclosure of results

Organized monitoring and transparent disclosure of environmental, social and climate outcomes are foundations for a truly SDG-aligned financial agenda. In the LAC context, FIs have been entering this area significantly **turning declared commitments into performance evidence**. Both the PRB and PSI contribute to this transparency journey by providing guidance and templates.

The incorporation of environmental, social, and climate key performance indicators (KPIs) into credit, investment, and insurance portfolios should be guided by existing methodologies and reference standards, such as the ones mentioned in section 2.4**. Once IROs are assessed and targets are set, FIs should start observing progress.**

The discussions indicated that **monitoring and disclosure of results should not be viewed as the last step in the sustainable finance journey, but rather as an ongoing sequence that feeds back into goal setting, product refinement, and risk assessment.** This cyclical approach reinforces the role of measurement as crucial for the integrity and scalability of climate- and nature-aligned finance.

In this sense, the importance of dialogue between climate, social and nature monitoring systems was highlighted, claiming to assimilate them into evaluation and disclosure processes. In many cases, advances in this direction have been made possible through alliances with civil society organizations, universities, and multilateral institutions, which provide technical support, monitoring tools, and geospatial information. Such cooperation has been especially relevant for enabling the measurement of indirect impacts — such as a project's contribution to ecological connectivity or the regeneration of ecosystem services. This engagement ecosystem is what we are going to talk about next.

REPORTING FRAMEWORKS

Reporting frameworks can be bewildering. This is what the report "**Accountability for Nature**" by UNEP FI and UNEP World Conservation Monitoring Centre (WCMC) aims to solve BY:

- Providing a **comparative analysis of seven major nature-related assessment and disclosure systems**, including CDP, ESRS, GRI, ISSB, and TNFD.
- Highlighting common methodological trends and conceptual differences, reflecting the **varied purposes of these initiatives** — ranging from impact assessment to target-setting and financial disclosure.
- **Including pollution-related financial risks**, emphasizing their growing relevance in regulatory and economic contexts.

The report also notes **a shift from voluntary to mandatory nature-related disclosures** across jurisdictions, underscoring the need for financial institutions to integrate nature and pollution risks into decision-making.

4

Engaging for sustainability: **providing incentives to key stakeholders**

This section analyzes the engagement mechanisms adopted by the financial sector in LAC to enhance coordination with key stakeholders - companies, policymakers, and civil society organizations - in pursuit of a just, nature-positive and low carbon economy. As already seen in former chapters, a successful sustainability journey depends on collaboration tailored to local contexts. Therefore, we will detail how it can occur, and which can be the priorities.

The content is organized along the following axes: (I) the relationship with clients, mainly through initiatives that expand financial inclusion and access to sustainable credit; (II) dialogue with regulators and policymakers, aimed at building norms coherent with climate and biodiversity goals; and (III) cooperation with communities and civil society organizations, highlighting solutions adapted to the regional context.

4.1 Clients and customers

The relationship with the real economy - especially with most carbon and nature-intensive sectors - has been identified as a critical axis for advancing sustainable finance in the region. Event participants reinforced that many FIs still face **structural challenges** when incorporating climate and nature considerations into their relationship models, **particularly in the case of companies with low sustainability maturity and MSMEs**.

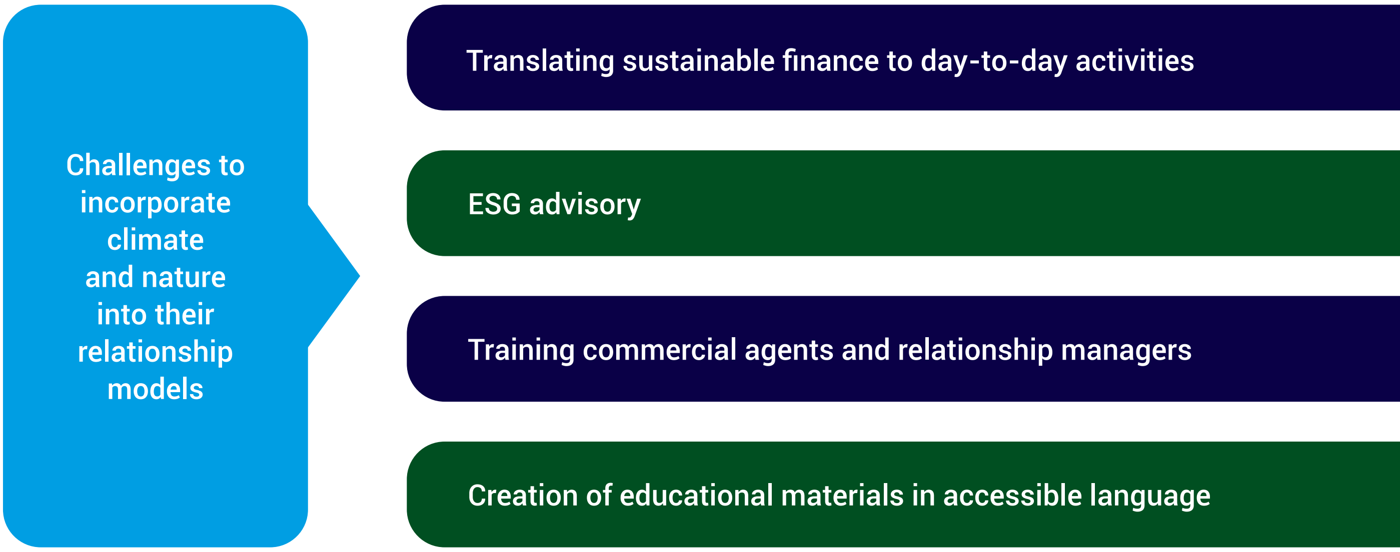
Indeed, the lack of accessible information, knowledge barriers to meeting environmental requirements, and the misalignment of financial products with these companies' profiles contribute to a scenario of limited engagement. In response, various institutions reported efforts aimed at **simplifying language and democratizing access to sustainable financing.**

Translating sustainable finance to day-to-day activities is a solution to overcome initial barriers. An agribusiness company, for instance, might not understand how NbS operate, but they understand that lack of rainfall is prejudicial to its activities. Similarly, an industry might not be interested in energy efficiency unless it understands how it affects its operating costs and access to markets.

ESG advisory has also been spotlighted among banks. It means that banks are providing professional services – often in partnership with expert consultants – to its clients so that they can understand which sustainable opportunities they could capture. It generates market knowledge and allows banks to sell loans and bonds suitable to these clients. Banks which already use this proposal commented that clients using these services really value the relationship, generating a virtuous cycle of new business with the bank, besides reputational gains. No insurer has brought a similar case, but it is definitely a path forward.

Among the strategies shared, particular note was made of **continuous training for commercial agents and relationship managers** to act as multipliers of the ESG agenda, especially in most impactful areas and sectors. Alongside this strategy should be the **creation of educational materials in accessible language** (such as brochures, infographics, and short videos) designed to explain concepts such as "nature-positive," "climate risks," and "green finance", or even simple actions that could generate environmental and climate positive outcome, to make it more concrete for clients. **Data intelligence should back these kinds of efforts**, ensuring they match clients' needs.

Figure 5. Key Actions to drive effective engagement with corporate clients



Inclusive investment vehicles targeting historically marginalized groups also received special mention. Credit lines directed at women entrepreneurs in rural areas, financing for agroecological practices, and microfinance solutions illustrate how it is possible to set social, economic, and environmental objectives through financial innovation. Microinsurance, as mentioned in section 3.2, plays an important role as well. In many cases, these products are developed in partnership with cooperatives and community organizations, it will be the core of section 3.3.

All these experiences point towards treating opportunities as the main axis of client engagement, given that they often see risk approaches as limiting. Financial products mentioned in section 3.2, when combined with translation efforts, ESG advisory, training and inclusion mentioned in this section, will certainly generate effective achievements for responsible insurers and banks.

Within this context of fostering inclusion, the discussion revealed that more than normative guidance is required. It demands instruments adapted to the operational reality and technical capacity of businesses, as well as active listening to their challenges. Strengthening trust, institutional proximity, and clarity of expectations between insurers, lenders and clients emerge as a precondition for the success of truly just and inclusive transition strategies.

> **"Translating sustainable finance to day-to-day activities is a solution to overcome initial barriers."**

GET TO KNOW MORE

The "**Guidance on Client Engagement**" can be consulted to understand how an effective engagement cycle looks like.

ENGAGING BANKING CLIENTS AND GROWING SUSTAINABLE BUSINESS

Bradesco has implemented a comprehensive set of strategies to engage its clients and expand its sustainable business portfolio, resulting in a 34% growth in these activities between 2023 and 2024. With sustainability embedded in its strategic approach and a target to allocate BRL 350 billion to sustainable businesses by December 2025, the bank reinforces its commitment to generating positive impact. In addition to credit lines, Bradesco offers more than 20 solutions with social and environmental benefits — including productive microcredit, environmentally focused products, and customized financing options.

Bradesco's Sustainable Finance team supports clients through all stages - from identifying opportunities to preparing documentation and providing guidance throughout the evaluation process - ensuring adherence to recognized market standards and eligibility criteria for labeled bonds and loans. This effort is complemented by ongoing engagement with clients and commercial teams to integrate environmental, social, and climate-related aspects as competitive differentiators and expand the pipeline of sustainable operations. Challenges such as limited awareness or technical complexity are addressed through capacity-building initiatives, sectoral events, targeted training, and collaborative discussions.

Within its ESG-focused operations division, Bradesco monitors market trends and analyzes its client portfolio to proactively identify opportunities for structuring financial instruments with environmental, social, and sustainability attributes — in line with each client's context and strategic priorities. This approach translates into concrete results: in 2024, Bradesco structured 41 ESG-labeled transactions totaling BRL 12.3 billion, including BRL 10.5 billion in bonds and BRL 1.75 billion in loans.

4.2 Regulators and policy makers

Dialogue with regulators and public policy makers has become one of the pillars for enabling the systemic integration of finance, climate, and nature in LAC. Despite heterogeneous levels of openness of regulators, governments and legislators in each jurisdiction, during the event participants enhanced that **progress toward a sustainable economy requires not only voluntary initiatives from the financial sector** but also a cohesive, predictable regulatory framework aligned with international commitments undertaken by the countries in the region.

Experiences from various jurisdictions show important improvements. **Sustainable taxonomies** mentioned in section 2.2 **are a key opportunity to engage regulators**, which generally open them to public consultation. In these, financial institutions and their associations should contribute providing input on the use it could make, aiming at increasing sustainable portfolios. When it comes to other kinds of policy and regulation, **technical working groups** convening central banks, supervisory bodies, finance ministries, and financial sector representatives were highlighted during the RRT, with the aim of harmonizing sustainable criteria or generating incentives to a nature-positive economy, resilient to climate change. **Such cross-sectoral coordination also strengthens countries' ability to access international climate and environmental financing** by demonstrating consistent commitments to global frameworks such as the GBF and the Paris Agreement.

The need to incorporate biodiversity indicators into climate stress tests coordinated by regulators has also been identified, in order to more comprehensively capture the systemic risks associated with ecosystem degradation. In this context, fostering closer alignment between climate, environmental and economic planning enables a more efficient and coherent allocation of public and private resources, helping to avoid contradictions between investments aimed at economic growth and those focused on environmental conservation.

Furthermore, **convergence between diverse actors facilitates monitoring and measuring outcomes and impact,** allowing environmental progress to be concretely absorbed into economic and social targets. By advocating dimensions such as a just transition, bioeconomy, and climate resilience with sectors they operate, FIs can create business while benefiting society, nature and climate.

4.3 Civil society and local communities

Finally, collaboration with civil society and local communities is indispensable. The discussions in the LAC RRT punctuated that it is **impossible to advance sustainable financial solutions without recognizing the leading role of local communities and MSMEs** in income generation, environmental protection and ecosystem regeneration. It is essential to note that the GBF marks a significant step forward in embedding rights-based and inclusive approaches in global biodiversity policy.

The GBF recognizes Indigenous Peoples (IPs) and Local Communities (LCs) as essential partners in biodiversity conservation, identifying their rights, traditional knowledge, and roles in sustainable use and governance of biodiversity. Key targets promote equitable participation (Target 22), respect for land and resource rights in protected areas (Target 3), recognition of customary sustainable use (Target 9), and benefit-sharing from genetic resources and traditional knowledge (Target 13). Equity, gender equality, and inclusive decision making are present throughout the framework, supported by indicators to monitor IPs and LCs involvement and rights recognition.

Therefore, FIs should engage civil society to ensure that its business and its finance are directed responsibly. **Requiring that clients meet Free, Prior and Informed Consent (FPIC)**, as demanded by IFC Performance Standards and International Labor Organization's (ILO) 169 Convention, is only the first step. Clients should also consider impacts in local communities affected by projects and operations, while **FIs themselves can select specific communities for engagement to generate positive impacts** in their territories. Besides that, **human rights due diligence** should be mandatory for most impactful portfolio sectors.

Another important way of engaging with civil society is through NGOs. On the one hand, it is possible to use data and tools provided by them. Mapbiomas and ENCORE are already mentioned examples which have CSOs involved in its development, but other initiatives could be mentioned as well, such as **Trase.earth** and **SPOTT**, which focus on key commodities. **On the other hand, sitting on the table with such organizations can bring important insights into local-level priorities** and mitigation measures, on social, climate and environmental realms.

Experiences led by governments, multilateral bodies and local communities in the **Pan-Amazon region** were also presented in the RRT, showing that many of the **challenges and solutions are transnational in nature, and they lay especially at the intersection of sustainable finance, social justice, and environmental conservation.** A notable example is the "Amazonia Forever" initiative, launched in 2023 by the IDB, which seeks to scale up investments, promote knowledge exchange, and foster collaboration among the eight Amazonian countries.

Valuing traditional knowledge and empowering local governance structures are essential conditions for ensuring lasting impacts. However, these **initiatives require more than symbolic consultation: they demand co-management mechanisms and equitable benefit distribution**, without which their continuity and credibility are compromised. The same applies to PES and carbon market opportunities.

> **“It is impossible to advance sustainable financial solutions without recognizing the leading role of local communities and MSMEs”**

GET TO KNOW IDB’S AMAZONIA FOREVER INITIATIVE

The initiative concentrates on the following priority areas:

1. **Local people**: emphasis on including women, Indigenous peoples, Afro-descendants, and local communities.
2. **Sustainable agriculture and forestry**: promotion of low-carbon agricultural and forestry practices.
3. **Bioeconomy**: support for alternative and sustainable economic activities.
4. **Infrastructure**: enhancement of resilient and sustainable infrastructure.
5. **Sustainable cities and connectivity**: promotion of sustainable urbanization and improved connectivity in the region.

Since its launch in 2023, the program has directed **USD 2.8 billion to sustainable projects in the Amazon, of which USD 1 billion is currently under implementation**. In total, 27 projects have regional reach, predominantly attentive on technical cooperation. By 2024, IDB Invest reported **those transactions in the USD 455 million in investment directed to the Amazon, in addition to USD 28 million in blended finance.** Among the supported projects figures the **first gender social bond in Bolivia, issued by BancoSol, amounting to USD 30 million**.

5
Concluding remarks

Over the course of this report, structured around three strategic pillars — **Prepare, Implement** and **Engage** — it has become evident that the establishment of a sustainable financial system in LAC relies on coordinated actions among public, private and multilateral actors. Besides that, several examples have been shown, demonstrating that effective solutions are already taking place and many of them are scalable and replicable.

Key institutional and regional gaps were identified, revealing fragmented ESG disclosure standards, a lack of granular data and an urgent need for regional frameworks and taxonomies aligned with local realities and interoperable with global norms. The necessity of strengthening internal capacities through continuous training programs, conducting robust IRO assessments, and investing in data management via connected platforms for monitoring of emissions, social and nature indicators has also been illuminated.

Subsequently, it was shown how these preparatory measures enable the **implementation of concrete solutions**: formation of public-private and multilateral partnerships for bioeconomy and adaptation projects, and practical examples of climate-nature integration in financial decision-making. Emphasis was placed on monitoring, reporting and verification systems to ensure credibility, as well as the exploration of blended finance mechanisms to reduce risk and attract capital, particularly in environments where perceived risks are higher.

Engagement mechanisms necessary to strengthen synergies between the financial sector and its stakeholders were then examined. These include development of accessible products and channels for corporate clients and MSMEs, establishment of a dialogue with regulators to harmonize regulations, and engagement with civil society and local communities that leverage traditional knowledge. Finally, the role of multi-level and cross-sector governance in promoting sustainable finance was underlined.

Nevertheless, **challenges remain**, such as scaling sustainable business models, attracting philanthropic capital for blended finance solutions, and managing data. **Still, progress is noteworthy,** with a financial system capable of connecting diverse perspectives and the creating of instruments that bring together different actors and languages in a single dialogue. This is the case of several examples mentioned throughout the report.

This systemic vision reinforces that a **just transition in LAC requires** a **combination of regulatory coherence, technical capacity building, financial innovation and inclusive participation**. By synthesizing efforts across these axes, the 2025 UNEP FI LAC RRT and this report aimed to prepare LAC FIs to direct capital toward global commitments (SDGs, the Paris Agreement, the GBF) and to lead constructive debates at COP30.

Building on lessons learned, strengthened institutional frameworks, and an expanding ecosystem of stakeholders committed to allocating capital toward sustainable solutions, **COP30 represents a historic opportunity for Latin America and the Caribbean to assume a leading role in sustainable finance.** This leadership is not only reflected in **showcasing regional innovations and collaborations**, but also in guiding global conversations on how financial systems can foster inclusive, climate-responsible and nature-positive development.

However, this journey does not end in Belém. Rather, it marks the beginning of a new chapter for sustainable finance in Latin America and the Caribbean. It evolves into a new phase of action, in which the foundations laid by the initiatives mentioned throughout this report and by the UNEP FI LAC RRT must be replicated and deepened. **Bold leadership, regional solidarity, and continued investment in technical capacity and data infrastructure will be essential.**

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GLOSSARY

Biodiversity Hotspots

Geographic regions with high biological diversity and a high concentration of endemic species, subject to intense degradation pressure from human activities (deforestation, urbanization, mining). They are prioritized for conservation and environmental restoration actions. Examples: Atlantic Forest (Argentina, Brazil, Uruguay, Paraguay), Tropical Andes (Colombia, Ecuador, Peru, Bolivia, Venezuela), Caribbean Islands.

Blended finance

Financing structures that mobilize private capital toward development and environmental objectives by layering concessional public or philanthropic capital with commercial capital to improve the risk-return profile for investors. Typical instruments comprise first-loss/subordinated tranches, partial risk guarantees, concessional loans and technical assistance facilities.

Climate Heatmap

A tool that projects the frequency and severity of extreme events (floods, droughts, landslides) based on medium- and long-term climate scenarios. Example: a heat map developed by CNSeg in partnership with experts to assess physical risks and support underwriting, premium-setting, and divestment strategies.

Enabling Facilitating Fund (ECF)

A grant-based or blended finance fund that provides technical, institutional, and/or policy support rather than direct project financing. Its goal is to remove barriers, build capacity, and create conditions that make it easier for governments, companies, or financial institutions to access and implement climate or sustainable finance.

Green Taxonomy

A classification system of economic activities that defines technical criteria for what can be considered “green” or “sustainable” in a given country. For example, Colombia’s Green Taxonomy (April 2022) identified priority sectors and criteria for “green activities.” In Brazil, the Sustainable Taxonomy also incorporates social and gender aspects and is coordinated by the Ministry of Finance and the Ministry of Women.

Just transition

Process to align decarbonization and broader environmental transformations with the protection of livelihoods, rights and well-being of affected workers and communities by combining decent-work policies, targeted reskilling/upskilling, social protection mechanisms and stakeholder participation in governance.

National Biodiversity Strategies and Action Plans (NBSAPs)

National instruments, mandated by the Convention on Biological Diversity (CBD), to plan, implement, and monitor biodiversity-conservation actions, the sustainable use of its components, and fair benefit-sharing. They must reflect the targets of the Kunming-Montreal Global Biodiversity Framework, adapted to each country's realities, priorities, and capacities. NBSAPs are essential for integrating biodiversity into sectoral policies and sustainable-development strategies.

Nature-positive

A term used to describe actions, strategies, and/or outcomes that enhance the health, abundance, and resilience of nature, rather than merely minimizing harm. In essence, it means going beyond "do no harm" to actively restore and regenerate natural ecosystems.

Payments for Environmental Services (PES)

A financial mechanism that compensates rural producers, family farmers, traditional communities, and Indigenous peoples for the environmental services they provide (e.g., water conservation, carbon sequestration). It aims to incentivize sustainable practices that benefit society.

Scopes 1, 2, and 3

Within the context of emissions accounting standard provided by the GHG Protocol:

- **Scope 1:** Direct emissions generated by the institution itself.
- **Scope 2:** Indirect emissions from purchased energy.
- **Scope 3:** Indirect emissions across the institution's value chain/products.

Sociobiodiversity

A concept that connects biological diversity with cultural and social diversity, therefore referring to the set of biological resources (plants, animals, microorganisms, ecosystems) that are managed, used, and conserved through popular knowledge. It highlights the interdependence between nature and human societies, especially traditional and local communities.

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