

Financing Sustainable Development in Latin America and the Caribbean: Implementing the Sevilla Commitment

27-28 October 2025, Mexico City

REPORT OF THE REGIONAL FORUM



Contents

- I. Executive Summary.....3
- II. Introduction.....5
- III. Regional Forum on Financing Sustainable Development in Latin America and the Caribbean6
 - 1. Financing for Sustainable Development in LAC post-Sevilla: FfD4 Outcomes and the Sevilla Platform of Action 8
 - 2. State of INFFs and Financing Strategies in LAC 11
 - 3. Experiences from Latin America and the Caribbean in Aligning Revenues and Expenditures with Sustainable Development..... 14
 - 4. Operationalizing An Enabling Environment for Climate and Environmental Finance
17
 - 5. Financing gender-equal and inclusive economies 20
 - 6. Innovative Financing in the era of high debt levels: The trends and opportunities, including for thematic bonds and other debt instruments..... 23
 - 7. Unlocking private finance for sustainable development..... 27
 - 8. Anchoring public-private and blended finance use to a sustainable development rationale, including through Country Platforms..... 32
- IV. Reflections and Proposals for a Regional Roadmap for FfD4 follow-up 37

I. Executive Summary

On 27–28 October 2025, the Latin America and the Caribbean (LAC) Forum on Financing for Sustainable Development was held in Mexico City, hosted by the Government of Mexico. Co-organized by the Government of Mexico, through the Ministry of Foreign Affairs and the Ministry of Finance and Public Credit, UNDP and the INFF Facility, the Forum convened more than 70 participants from governments, development banks, international organizations, the private sector, and civil society. The objective was to catalyze implementation of the Sevilla Commitment adopted at the Fourth International Conference on Financing for Development (FfD4) and to accelerate financing for the Sustainable Development Goals (SDGs) across the region.

The forum provided a timely follow-up to the Sevilla Commitment and was part of a broader momentum leading toward COP30. These agendas recognize the need for a renewed global financing framework that makes finance work for human development and a healthy planet.

Countries are integrating financial planning including through Integrated National Financing Frameworks (INFFs) and sustainability planning into their public policy frameworks.

Across Latin America and the Caribbean, countries are putting in place and strengthening national financing strategies and frameworks for sustainable development. Embedded within national institutions, these frameworks are strengthening the integration of sustainable development planning and financing policymaking.

Governments across the region are increasingly adopting innovations such as SDG budget tagging, results-based budgeting, social and fiscal impact evaluations, and participatory budgeting mechanisms. These initiatives demonstrate a broader shift toward transparency, accountability, and people-centered public finance.

Officials shared how Integrated National Financing Frameworks (INFFs) strengthening the integration of national strategies to align planning, budgeting and private investment promotion with the SDGs and the Sevilla Commitment.

Examples in the region include Mexico’s Sustainable Finance Mobilization Strategy, linking sustainable public financial management, SDG budgeting, thematic bond issuance, and capacity building on sustainability and gender equality. The Dominican Republic’s INFF integrates planning and budgeting to support long-term growth objectives, including innovations such as AI-enabled SDG budget tagging and expanded use of alternative financing instruments. Cuba’s INFF enables the coordination of diverse financing sources around national priorities, including green finance, financial inclusion, export promotion, and modernized public financial management. For the region, through institutional innovation, including platforms such as the INFFs are improving fiscal coherence and promoting a modern, inclusive financial architecture adapted to national priorities.

Impact-oriented finance is a driver of progress on climate, environment and gender equality

Latin America and the Caribbean, home to nearly 40% of the world’s biodiversity, faces growing environmental pressures that threaten development and stability. Moreover, the Sevilla and Tlatelolco Commitments call for stronger national gender institutions, predictable financing, and progress on gender-responsive budgeting.

Countries and institutions emphasized the importance of national ownership of climate and biodiversity investment pipelines, and gender-responsive fiscal and banking reforms. Building on this, the link between climate, nature, and gender is giving rise to innovative instruments—such as thematic bonds, sustainable taxonomies, fiscal tagging, and investment platforms—designed to scale resources and strengthen governance. Examples included gender-responsive budgeting and taxation reforms, performance-based instruments, care economy financing, and development of bank strategies that mainstream gender and environmental objectives across operations. These approaches demonstrate how financial systems can be reoriented toward equity, resilience, and measurable impact.

Innovation can make all aspects of public finance work for sustainable development – and catalyze change in the wider financial system

The Forum highlighted how innovation across public finance—on both the revenue and expenditure sides—can generate SDG results and catalyze transformation across the wider financial system. Countries showcased reforms such as progressive taxation, results-based budgeting, fiscal rules, transparent climate and gender budget tagging, and comprehensive public financial management modernization. Innovative debt instruments, including sovereign thematic bonds, debt-for-climate and debt-for-nature swaps, were presented as tools to expand fiscal space while strengthening governance, transparency, and accountability. Participants underscored the importance of flexibility in traditional financing instruments, including the systematic use of disaster and climate resilience clauses, and of a stronger regional voice in dialogue with international financial institutions.

Unlocking private capital through country platforms and innovative financing instruments

Scaling private finance requires trust, clear standards, and investable pipelines anchored in national strategies and country platforms. Across the region, development banks, stock exchanges, financial councils, and regulators are advancing sustainable finance taxonomies, disclosure standards, governance frameworks, and reporting systems to de-risk projects and crowd in private investment. In addition, aligned with the Sevilla Commitment, countries are using blended finance, catalytic funds, guarantees, insurance, and hedging tools to attract investment in priority sectors such as resilient infrastructure, energy transition, biodiversity, circular economy, and care systems. Examples included country investment platforms for climate and nature, development bank financing for energy transition and sustainable value chains, ESG-linked lending models, and capital-market instruments that link profitability with social and environmental impact. Sustainability is central to private banking competitiveness.

A shared vision for regional follow-up on the Sevilla Commitment

Participants agreed that global commitments must translate into concrete national action through INFFs and country platforms, supported by strong coordination among governments, development banks, private sector actors, civil society, and international partners. There was broad support for strengthening south-south exchange and learning, establishing a regional repository to track progress on the Sevilla Commitment, and enhancing coordination on debt, climate finance, taxation, and financial system reform. Speaking with a more unified regional voice was seen as critical to positioning LAC as a key player in reshaping global finance.

The forum was a first regional step toward implementation—aimed at aligning visions, identifying priorities, and strengthening alliances—to ensure that the Sevilla Commitment translates into concrete results that benefit people and protect the planet.

Key next steps identified include:

- Advancing INFFs and country platforms as drivers of financial innovation and investment in sustainable development.
- Systematically documenting and sharing LAC experiences and innovations in financing for sustainable development to support peer learning.
- Strengthening regional follow-up to FfD4 through continued south-south exchange and coordinated advocacy.

II. Introduction

With only 17% of the SDGs on track, the UN Secretary-General has stressed that reforming the international financial architecture is a “game changer” to accelerate progress. The global financing gap for the SDGs exceeds 4 trillion dollars, while meeting the Paris Agreement’s NDCs will require an additional 5.8 trillion by 2030.

The Financing for Development agenda was born in Monterrey in 2002, laying the foundation for two decades of dialogue and cooperation. Today, it has reached a new milestone with the adoption of the [Sevilla Commitment](#) and its [Platform for Action](#) at FfD4 in 2025, which provide a renewed framework to align all flows—public and private, domestic and international—with sustainable development.

Latin America and the Caribbean (LAC) has made significant advances in social inclusion and nature protection, lifting millions of people out of poverty and becoming a global benchmark in biodiversity. In this sense, the challenge ahead is to sustain these achievements in the face of climate change and other external shocks, while mobilizing resources at scale without undermining debt sustainability.

The Sevilla Commitment places equity, resilience, green growth, and justice at the core of the agenda, while calling for the reform of international financial institutions, the strengthening of developing countries’ voice and representation, the deployment of innovative instruments, and investment in gender equality, social protection, and the care economy.

In this way, the Sevilla Platform emerges as an operational agenda with commitments on fiscal capacity, international tax cooperation, concessional finance, and the integration of climate and biodiversity into financial strategies. Within this framework, Integrated National Financing Frameworks (INFFs) have become key tools to translate national priorities into comprehensive financing strategies, aligning public budgets, private investment, and environmental commitments.

Climate finance represents both a challenge and a decisive opportunity. Sevilla called for scaling up resources for adaptation, mitigation, biodiversity, and disaster risk reduction, including the New

Collective Quantified Goal, the Loss and Damage Fund, and the Global Biodiversity Framework. Thus, for LAC, designing ambitious and credible financing strategies will be essential ahead of COP30 in Brazil.

Against this backdrop, the Regional Forum in Mexico City—organized by the Government of Mexico with the support of UNDP and the INFF Facility—gathered more than 70 participants from governments, development banks, international organizations, the private sector and civil society to catalyse implementation of the Sevilla Commitment adopted at the Fourth International Conference on Financing for Development (FfD4) and scale up financing for the Sustainable Development Goals (SDGs).

The main objectives of the regional forum were to:

- Reflect on the results of FfD4 and the adoption of the Sevilla Commitment for the Latin America and the Caribbean region.
- Analyze the role and priorities of Latin American and Caribbean states in implementing FfD4 commitments, including those included in the Sevilla Platform for Action, in light of the region's specific barriers and opportunities, including fiscal reforms, debt sustainability, innovative finance, biodiversity and climate action, and gender equality.
- Deepen collaboration among governments, international partners, development banks, private sector and civil society to scale up sustainable finance aligned with the Sevilla agenda.
- Strengthen countries' financing strategies, platforms and partnerships in support of more ambitious climate and biodiversity commitments and enhancing national capacities to deliver, as they prepare for COP30 in Brazil.
- Exchange best practices in the LAC region in the areas of financing diagnostics and strategies, taxation, progressive public spending, investment for sustainable development, thematic debt, debt sustainability, leveraging and alignment of public and private financing for sustainable development priorities, among others.

III. Regional Forum on Financing Sustainable Development in Latin America and the Caribbean

The regional forum started with a high-level opening segment by the Government of Mexico, UNDP, and the Spanish Agency for International Development Cooperation highlighting the priorities and objectives of the forum. The interventions highlighted the purpose of the forum as a practical bridge between global agreements reached at FfD4 and their application in Latin America and the Caribbean, providing a space to reflect on shared priorities such as fiscal reform, debt sustainability, financial innovation, and cross-cutting objectives including climate action, biodiversity protection, and gender equality. The forum was positioned as especially relevant in the lead-up to COP 30 in Brazil, underscoring the need for stronger and more ambitious regional financing strategies.

Silvia Marimoto, Resident Representative of UNDP Mexico, emphasized the urgency of accelerating progress toward the 2030 Agenda, with fewer than five years remaining and less than 15 percent of the SDG targets currently on track. In Latin America and the Caribbean, the annual financing gap exceeds USD 650 billion and is compounded by interconnected economic, climate, and social crises. At the same time, the region has significant strengths—human capital, natural resources, innovation, and a growing public-private ecosystem—that can be aligned with the SDGs.

Globally there is no shortage of capital: the world has nearly \$300 trillion in financial assets, but less than 3% is invested in infrastructure in developing countries. Therefore, fragmentation and inefficient use of finance calls for a more strategic, inclusive, and sustainable approach to development financing. Through support to the Integrated National Financing Frameworks (INFFs) and diagnostics such as Development Finance Assessments, UNDP supports countries to improve spending efficiency, diversify funding sources, and align fiscal policy with the SDGs, strengthening transparency and accountability.

During FfD4, UNDP, together with partners, launched the [LAC Facility for Financing Resilient Human Development](#), which is a regional multi-stakeholder initiative, part of the Sevilla Platform for Action, to catalyze investment, reduce vulnerabilities, and strengthen national and local resilience. These kinds of efforts reflect a new vision: it's not just about financing projects, but about financing and advancing a just, green, and inclusive transition. UNDP works with countries to strengthen institutional and financial capacities, promote the exchange of experiences, and generate evidence.

Ignacio Ángel Nicolau Ibarra, General Coordinator, Spanish Agency for International Development Cooperation (AECID) Mexico Office, stressed the importance of establishing new agreements and alliances to move towards more equitable development models. He highlighted the Sevilla Commitment, stressing that it promotes the construction of fairer and more progressive tax systems, committed to the sustainable development of countries. He proposed a multidimensional conceptualization of sustainable development, arguing that the traditional metric of GDP is limited and that indicators more in line with the reality of the countries should be established. In this regard, he mentioned Spain's initiatives for Latin America and the Caribbean, focused on promoting a "Global Partnership beyond GDP" and developing new metrics for financing development. He also raised the need to improve debt restructuring mechanisms and incorporate debt service suspension rules or support in debt swaps linked to the SDGs. He stressed the importance of targeting and territorializing public policies, working with local and regional governments to achieve greater impact, and strengthening social protection coverage for people in vulnerable situations.

Regina Rosales Talamas, General Director in charge of International Forums and Sustainable Financing, Ministry of Finance and Public Credit of Mexico emphasized the urgency of coordinated action among governments, the private sector, international organizations, and civil society to respond effectively to interconnected environmental and socioeconomic risks. The Sevilla Commitment was presented as a catalyst for transforming both international and national financial systems by promoting equity, resilience, green growth, and social justice.

Ms. Rosales underscored the importance of mobilizing sustainable finance at scale through innovative financial instruments, responsible investment, transparency in environmental and social impact disclosure, capacity building, and public-private partnerships. She highlighted the financial sector as a key actor with significant potential to channel resources toward sustainable activities and to enhance economic resilience and competitiveness as environmental, social, and governance considerations become increasingly central.

She stressed the need to translate global agreements into concrete national financing strategies and called for open, strategic, and collaborative engagement to define actionable steps that advance sustainable financing and contribute to a more inclusive, resilient, and prosperous future for the region.

Norma Munguía Aldaraca, General Director for Global Affairs, Ministry of Foreign Affairs, Mexico reaffirmed that the Sevilla Commitment represents a renewed multilateral pact that recognizes the risk of the 2030 Agenda remaining unfulfilled without adequate and people-centered means of implementation. She pointed out that this event functions as a bridge between international commitments and national realities, covering topics ranging from fiscal reforms and debt sustainability to financial innovation, climate action, biodiversity and gender equality.

Ms. Munguía highlighted that there are common challenges such as persistent structural inequality gaps but also opportunities for building financial systems that promote equality and justice and for mobilizing sustainable investments for strategic sectors through innovative financial mechanisms and transparent regulatory frameworks. Addressing these constraints requires creativity, cooperation, and strong political will. She called for investing in care to enhance equality, economic growth and social cohesion.

Thomas Beloe, Director of the Sustainable Finance Hub of UNDP, stated that this regional forum is a direct follow-up to the Sevilla commitment—and to the forward-looking agenda emerging in the lead-up to COP30 in Brazil. These agendas recognize the need for a renewed global financing framework that makes finance work for human development and a healthy planet.

Mr. Beloe highlighted that country leadership is a key foundation of this renewed financing framework. The Sevilla Commitment calls for placing [Integrated National Financing Frameworks \(INFFs\)](#) at the center of financing strategies; aligning budgets, tax systems, and development banks with the SDGs; mobilizing public, private, and international capital; strengthening follow-up mechanisms such as the ECOSOC FfD Forum and SDG Investment Fair; and integrating cross-cutting priorities such as climate, gender, biodiversity, food systems, digital and subnational finance. The region is already showing what leadership in this agenda looks like in practice with pioneering examples of sustainable finance strategies and taxonomies, innovative debt instruments, strengthened SDG-aligned budgeting systems, and country platforms, among others.

Mr. Beloe stressed that the success of the Sevilla Platform for Action lies in its ability to translate multilateralism into concrete action. He proposed that one key outcome of the regional forum be developing collectively a regional roadmap on financing for sustainable development that will strengthen peer exchange, shape regional dialogue, and enhance follow-up on financing for sustainable development.

The following sections summarize each panel discussion of the forum, highlighting innovations and experiences from the region and key challenges and opportunities.

1. Financing for Sustainable Development in LAC post-Sevilla: FfD4 Outcomes and the Sevilla Platform of Action

This session examined how the Sevilla Commitment provides a renewed framework for financing sustainable development in Latin America and the Caribbean. The session reflected on the results of the FFD4 and the adoption of the Sevilla Commitment for the Latin America and the Caribbean region; highlighted key priorities of the [Sevilla Platform for Action](#) and discussed how these can be

translated into concrete regional actions; and framed the conversation in subsequent sessions about innovations, initiatives and priorities for countries across the region.

Nergis Gulasan, Regional SDG Finance Advisor, Sustainable Finance Hub, LAC Regional Hub, UNDP started the session with an overview of current trends in financing for development in Latin America and the Caribbean. The economic growth of the region has been modest. Regional GDP is projected to expand by 2.4% in 2025. The medium-term growth outlook (2.5% annually) is close to the low-growth trajectory observed before the pandemic. Annual inflation for the region is on a downward trend (4.3% this year, 3.5 % in 2026) and already fell below the average inflation rate of 4.6 % observed between 2015 and 2020. Public debt in the region remains high and countries face high interest payments and high borrowing costs and tight financial conditions.

Whereas countries of the region have made significant efforts to expand their fiscal capacity, the region's average tax-to-GDP ratio remains around 22 percent, compared to 34 percent in the OECD. There is room to strengthen revenue collection and tackle issues such as tax evasion (equivalent to US\$433 billion) and tax avoidance. Opportunities remain to improve the efficiency and targeting of expenditures. Current inefficiencies in public spending are estimated at 4.6% of regional GDP. Public spending on gender equality averages less than 1% of GDP. Therefore, better aligning expenditures with sustainable development and strengthening fiscal resilience remains a key priority for the region. The region also faces high exposure to climate change, with estimated losses of around 1.7 percent of GDP annually. Proactive investment in resilience can help reduce volatility in public finances, protect development gains, and promote more sustainable and predictable growth.

Total investment corresponds to only 20 percent of GDP. This is partly explained by low public investment and low levels of national savings. The private sector is the largest source of investment in almost every country of the region (78 percent of total investment on average). Private investment remains concentrated in large enterprises. And Foreign Direct Investment levels are below the levels recorded in the 2010s. Despite growing interest in impact investing, adoption rates are low.

Therefore, mobilizing private capital at scale and for impact is a priority within national financing strategies and frameworks. The role of public development banks and the support from the IFIs is critical in these efforts. Across the region, countries are innovating to overcome the barriers to private investment utilizing policy, political and financial de-risking instruments; creating incentives for investment in priority sectors for sustainable development; establishing robust impact frameworks that link investment to development results and developing sustainable finance taxonomies; and building bankable and impactful project pipelines.

Many countries have made notable progress by utilizing innovative financial instruments, including pioneering several types of sovereign thematic bonds. Between 2014 and 2024, the thematic international bond market in the region reached a cumulative value of US\$164 billion. The sovereign sector accounts for more than half of the region's thematic international bond issuances in recent years.

Norma Munguía Aldaraca, General Director for Global Affairs, Ministry of Foreign Affairs, Mexico stated that the Sevilla Commitment should serve as a starting point for a roadmap not only at the national level, but also at the regional level, since the countries of Latin America and the Caribbean share similar realities.

Ms. Munguía stressed the importance of presenting real possibilities and learning from peers, noting that inequality is a common element in the region, reflected in the high levels of poverty, income inequality and gender gaps. She pointed out that the Sevilla Commitment calls for modernizing the international financial system, a necessary challenge that implies strengthening capacities through the Ministries of Finance.

Ms. Munguía highlighted the importance of:

- **Building financial systems that promote fairness and equity**, which requires strengthening institutional capacities, guaranteeing progressive and sustainable revenue collection; that public spending is oriented toward social inclusion, productivity and well-being; tackling tax evasion, illicit flows and inequality in access to credit.
- **Promoting sustainable and innovative investment**, by attracting capital to strategic sectors (such as green infrastructure, digitalization, education and care systems) with the use of innovative financial mechanisms and transparent and reliable regulatory frameworks.
- **Integrating gender equality and environmental sustainability** as central pillars of financing for development. Mexico co-leads the “Investing in Care for Equality and Prosperity” global initiative of the Sevilla Platform of Action, which seeks to mobilize public and private financing for national care systems.

Antonio Freitas, Under-Secretary for International Finance and Economic Cooperation, Ministry of Finance, Brazil described the current context as an environmental, social and political poly-crisis, marked by inequality, high debt levels, high borrowing costs and an environment of conflict and polarization that hinder progress.

Mr. Freitas welcomed the Sevilla Platform for Action and commented on two priorities for Brazil:

- **Debt sustainability:** Brazil supports the SPA initiatives on debt sustainability. Debt swaps can be a useful tool, but require coordination, patience and pragmatism. The Sevilla conference provided a pragmatic approach to move forward specifically on debt issues.
- **Progressive tax systems:** considered it urgent to adopt progressive taxes on profits and beneficial owners to reduce inequality. Brazil is moving towards taxing the richest more and compensating the poorest. Brazil also co-leads the SPA initiative on “[Effective Taxation of High-Net-Worth Individuals](#)” with Spain. Mr. Freitas stressed the need to coordinate positions in the Regional Platform for Tax Cooperation in Latin America and the Caribbean ([PTLAC](#)) and affirmed that tax reforms can transform the economic structure of countries.

Oliver Schwank, Chief, Policy and Analysis Branch, Financing for Sustainable Development Office, United Nations Department of Economic and Social Affairs (DESA) presented the highlights of the Sevilla Platform of Action initiatives under the following headlines:

- **Scaling up public and private investments for sustainable development.** Relevant initiatives include the commitment to triple the lending capacity of multilateral development banks and those related to scaling up blended finance, increasing fiscal capacity, and commitment from major donors to double ODA for domestic resource mobilization (toward achieving the target of 15% tax-to-GDP ratios).

- **Addressing debt challenges**, for instance through state contingent debt instruments such as debt pause clauses, the establishment of the global debt swap hub as well as the borrowers' club.
- **supporting the financial architecture reform, including the initiatives aimed at** making the architecture more effective and inclusive, closing gaps in the global financial safety net and enhancing the voice of developing countries. As to the financial architecture at national level, it's all about country leadership with initiatives on country-led INFFs and country platforms.

Finally, he emphasized the importance of ensuring that countries take the lead in defining their own needs and priorities, keeping the Sevilla Platform active, and guaranteeing that international agreements are integrated into local agendas. The UN Secretariat will invite Member States to communicate national focal points for the FfD4 follow-up at national level. Through INFFs, countries have an opportunity to make sure that the FfD4 agenda is embedded in national policy processes.

Key Takeaways

The session pointed to the need to coordinate regional efforts to strengthen multilateralism, modernize financial systems and make financial institutions fit for purpose to address current challenges. It was emphasized that this responsibility does not fall only on the States, but also on articulation with the private sector.

The participants stressed the importance for LAC countries to seize the Sevilla Platform of Action high impact initiatives to address the region's specific barriers and opportunities. It is a priority to catalyze and scale up public and private investments for development and to mobilize resources that already exist in the region but are not yet adequately allocated for these purposes. The importance of strengthening tax systems, promoting progressiveness and reducing the weight of indirect taxes, which are considered unfair, was underscored.

The need to support the reform of the architecture of the financial system to make it more inclusive, equitable and effective was also emphasized. The central role of cross-cutting issues, such as gender equality and climate change, in defining development policies was recognized. Finally, it was concluded that innovative solutions to indebtedness should be promoted and countries that implement good practices and responsible fiscal policies should be rewarded.

2. State of INFFs and Financing Strategies in LAC

When UN member states adopted the Addis Ababa Action Agenda in 2015, the Integrated National Financing Frameworks (INFFs) were introduced as a conceptual reference — a promising but still undefined mechanism to strengthen country leadership in mobilizing and aligning financing for sustainable development. Ten years later at Sevilla, Member States adopted the Compromiso de Sevilla, expanding their commitment to INFFs, recognising their role as central for financing sustainable development.

Today integrated, country-led approaches to financing sustainable development are rapidly scaling: over 85 countries and regions are designing these country-led frameworks, with over 25 of them having an operational financing strategy. These countries are implementing financing reforms as

part of these INFF processes. More than 200 financing reforms are already underway globally, touching on both public and private finance systems.

Countries across Latin America and Caribbean Region are active in advancing government-led INFFs with strong ownership and diverse focus—ranging from SDG budget tagging, sovereign bond frameworks, and subnational financing strategies to climate risk insurance and innovative instruments like debt-for-nature swaps. The **Dominican Republic**, for example, is aligning public and private finance with SDGs through SDG budgeting. Countries like **Mexico, Colombia, and Uruguay** are mobilizing billions through thematic bonds and other innovative financing instruments, while **Cuba and Belize** are building foundational governance structures and exploring new sources of development finance.

This session offered an opportunity to hear directly from country leaders about how they are designing, implementing, and learning from the INFF approach—and what this means for advancing sustainable development financing and delivering FfD4 outcomes across the region. It provided a basis for understanding the holistic, integrated approach that countries across the region are building.

The participants shared national experiences and reflected on the main challenges to mobilize resources to meet the Sustainable Development Goals, as well as on the reforms needed to strengthen coherence between public policies, financial systems and climate action.

The presentations by Mexico, the Dominican Republic and Cuba illustrated complementary approaches to move towards a more inclusive, innovative and sustainable financial architecture. In all cases, the central role of Ministries of Finance as articulators of sustainable development policy, the importance of integrating planning and budgeting efforts, and the need to create synergies between the public and private sectors were highlighted.

Regina Rosales Talamas, Director General in charge of International Fora and Sustainable Finance, Ministry of Finance, Mexico explained that Mexico's [Sustainable Finance Mobilization Strategy](#) began with the measurement and diagnosis of the financial gap needed to meet the SDGs, which amounts to 13.6 trillion pesos between 2023 and 2030, equivalent to a mobilization of 5% of GDP. This analysis led to the creation of a guide to transform the Mexican financial system, with the purpose of mobilizing resources and incorporating sustainability into public finances.

The strategy is structured in three pillars:

- **Sustainable Public Financial Management (PFM):** integrating sustainability into public finances. Since 2017, the Federal Expenditure Budget has been mapping budget lines with the SDGs, making it possible to identify and orient public spending towards the sustainable development goals.
- **Mobilization of financing:** Involves both the public and private, financial and non-financial sectors. It includes the issuance of thematic bonds and SDG bonds, which are based on budget mapping with the SDGs. This issuance framework has become a benchmark for the Mexican debt market, establishing interest rates that serve as a guide for public companies.
- **Cross-cutting activities:** Capacity building and education in sustainability, with special emphasis on how gender equality permeates financial and sustainability decisions.

Ms. Rosales explained that the strategy is an inter-institutional coordination exercise, which included the participation of government entities, international cooperation, civil society and the financial sector. Online public consultations, sectoral dialogues, and meetings with financial and environmental guilds were held to create synergies between sustainability goals and the functioning of the financial system.

The lessons learned include:

- The need to clearly define national priorities and understand counterpart priorities to seek complementarities.
- Institutional coherence is key; the necessary regulatory adjustments must be made to generate compatible information and speak the same technical language.
- It is essential to maintain a constant inter-institutional and multilateral dialogue, creating channels of communication that avoid duplication of efforts.
- Ongoing training is essential for both public officials and citizens to understand and actively participate in sustainable financing processes.

Perla Soto, Manager of the Sustainable Development Department, Ministry of Finance and Economy, Dominican Republic shared the Dominican Republic's experience in building an integrated approach to financing sustainable development through the INFF, initiated two years ago. She explained that previously the ministries of planning and finance functioned separately, and that unifying them was key to align planning and budgeting and link resources with national public policy priorities.

The country has set out to double its GDP by 2036, and in this framework the INFF has become a central instrument for aligning and prioritizing resources. With the support of the United Nations, good regional practices were identified, taking as a reference the cases of Mexico and Colombia, to generate "early victories" in implementation.

The first phase consisted of aligning the budget with the SDG targets, which made it possible to clearly define the objectives towards which resources were directed. This process, currently manual, is planned to be automated using artificial intelligence tools to improve the identification of flows and resource mobilization.

Another key component was the identification of international cooperation flows, distinguishing between *stock* and resource *flows*, as well as the identification of the main donors. In addition, a mapping of alternative financing mechanisms was prepared and linked to the budget earmarking exercise, which made it possible to detect gaps, such as the lag in education due to weaknesses in programmatic design, or the need for greater investment in energy.

These tools strengthen evidence-based decision making, providing inputs to define concrete actions, an investment map and inclusive insurance strategies. Currently, the main priority is the development of a national financing strategy, which aims to mobilize resources from different sources and promote innovative financing mechanisms.

Adriano García Hernández, Economic Policies Expert, Ministry of Economy and Planning, Cuba explained that Cuba's financing system is limited and unsophisticated, partly due to restrictions on access to international financing. However, he stressed that the approach taken has been holistic

and inclusive, with the support of UNDP and the Joint SDG Fund. This work was a milestone in identifying unsustainable resource flows and a reduced source landscape.

The design of the INFF sought to rethink the political strategy of financing, with the aim of diversifying and optimizing sources of resources, both public and private, national and international. In this process, 24 strategic documents were prepared, which facilitated the alignment of financing sources with development priorities, the calculation of financial gaps and the adjustment of national objectives to existing economic restrictions.

Several strategic pillars were identified:

- Export promotion with a development focus.
- Attraction and formalization of remittances.
- Better allocation of budgetary resources.
- Design of microfinance and financial inclusion.
- Exploration of alternative sources of financing, including regional and subregional development banks, as well as green financing.
- Modernization of public financial management.

The objective is to integrate innovative mechanisms and alternative sources in high-impact sectors and move towards an energy transition strategy that will increase the sustainability of development.

Key Takeaways

Country leadership and ownership is the fundamental driver for success on INFFs across LAC, with diverse entry points and strong inter-ministerial collaboration in countries like Mexico, the Dominican Republic, and Cuba. INFFs are catalyzing concrete financing reforms, from SDG-aligned budget systems and sovereign bond issuances to impact measurement and market intelligence. Countries are leveraging INFFs to engage the private sector and build more resilient financial systems, and crowd in international and domestic investment aligned with national development priorities.

The session highlighted a common thread: the need to tell the stories of sustainable financing both individually and collectively to reflect the region's progress. The INFFs are consolidated as key tools to stimulate concrete reforms aligned with the SDGs, leverage resources for sustainable development and foster dialogue between countries facing similar challenges, strengthening regional cooperation and coherence in financial policies for development.

3. Experiences from Latin America and the Caribbean in Aligning Revenues and Expenditures with Sustainable Development

This session focused on how countries across Latin America and the Caribbean are aligning revenues and expenditures to advance the SDGs. Fiscal policy is one of the most powerful tools governments have to reduce inequality, drive inclusion, and strengthen resilience. Yet, achieving these goals requires greater coherence between how resources are raised and how they are spent.

In recent years, many governments have taken important steps forward, for instance through the introduction of SDG budget tagging, results-based budgeting, green and gender-responsive fiscal policies, and fiscal transparency reforms. These innovations are helping connect national budgets with long-term sustainability outcomes and the implementation of the Sevilla Commitment, which calls for stronger fiscal capacity, improved spending quality, and coherence between economic, social, and environmental policies.

The session focused on analyzing how fairer fiscal systems, efficient public spending and transparency can contribute to rebuilding trust between the State and citizens, thus strengthening the social contract. The participants agreed that the legitimacy of the tax system is not built solely through revenue collection, but through consistency between what is promised and how public spending is executed.

The speakers emphasized that States must act as enablers of the participation of different actors - the private sector, civil society and international organizations- to build consensus on financing for development. It was also emphasized that the modernization of tax, accounting and budgetary systems, accompanied by a solid political and technical vision, is key to moving towards a more transparent, efficient and results-oriented use of public resources.

María Cecilia Facetti, Technical Coordinator, General Budget Directorate, Ministry of Economy and Finance, Paraguay presented the processes of transformation, strengthening and the challenges faced by Paraguay to improve the quality of public spending and the traceability of resources.

She explained that the country has initiated a process of institutional renewal aimed at ensuring that each resource invested generates the greatest possible value for the citizens. The accounting, budget and public procurement systems, which used to operate in isolation, are being integrated into a unified results-oriented system. In addition, work is being done to modernize fiscal rules, simplify tax administration and strengthen the efficiency of public spending.

She stressed that these reforms require not only legal and procedural changes, but also a new way of planning, allocating and using public resources. She stressed the importance of strengthening the tax system to make it more efficient and progressive, along with combating tax evasion. Increasing revenues, he said, is not enough: public money must be used efficiently, timely and effectively reach citizens.

She mentioned the implementation of performance budgeting and a multi-year framework that projects revenues and expenditures aligned with the SDGs. This approach includes spending labels linked to different social, economic and environmental dimensions, which makes it possible to identify how and on what is spent, thus strengthening traceability and accountability.

She also highlighted the integration of the public procurement system within the budgetary and accounting management system, under the value-for-money methodology, guaranteeing transparency in the dialogue with the public.

Even so, she acknowledged that institutional bottlenecks and cultural challenges persist, so that change requires not only technical reforms, but also a transformation in the mentality of the institutions. Completing this process and fully integrating the systems will be essential to achieve the objectives set.

Perla Soto, Manager of the Sustainable Development Department, Ministry of Finance and Economy, Dominican Republic focused her presentation on fiscal and budgetary innovations that have allowed progress towards better alignment between revenues, public spending and the SDGs. She explained that since 2016 the country has been working with results-oriented budget programs, which has strengthened the connection between strategic planning and resource allocation.

She indicated that this approach is reflected in both the Medium-Term Expenditure Framework (MTEF) and the annual budget, both aligned with the National Development Strategy. Among the most important advances, he highlighted the creation of a climate change classifier, a gender classifier and the framework for the issuance of green, social and sustainable bonds.

She noted that the Dominican Republic is using SDG labeling as a "super classifier", which groups social, economic and environmental issues under a common and coherent narrative, thus facilitating the monitoring of the commitments undertaken.

At the regional level, she underscored the promotion of sustainable development-oriented debt management, including the issuance of bonds and debt swaps as mechanisms for financing development objectives. This approach seeks to promote integrated strategies that align government priorities with sources of financing and the budget.

Finally, she emphasized that the implementation of the INFF must be led by governments, with the Ministries of Finance as the articulating axis of public policies that link revenues, spending and sustainable development objectives.

Jaime Alejandro Urrego, Development Economist, UNDP Colombia approached the question of aligning revenues and expenditures from a governance perspective, placing legitimacy at the center of fiscal policy. He argued that progressive taxation and equitable spending are mutually reinforcing, but that both depend on citizens perceiving the fiscal system as fair, transparent, and purposeful.

Drawing on Colombia's experience, he emphasized that making tax and spending data explicit—who pays, how much, and for what purpose—has already triggered significant internal government discussions and broadened participation to include the private sector, civil society, and international partners. These deliberative processes themselves have become a source of legitimacy, helping to reframe fiscal policy as a collective social pact rather than a purely technical exercise.

Mr. Urrego highlighted Colombia's 2022 tax reform as a concrete example of how this legitimacy can translate into policy action. The reform, one of the most progressive in decades, focused on higher-income individuals and large firms while introducing compensatory measures for lower-income groups. He stressed the importance of continuous transparency, feedback, and signaling to citizens about how their taxes are used.

He also stressed that effective alignment of revenues and expenditures requires engaging the private sector in impact investment and blended finance, integrating public and private resources, and ensuring that fiscal policy delivers visible results, especially for the most vulnerable and geographically excluded populations, thus reinforcing the legitimacy required to sustain fiscal and development reforms over time.

Key Takeaways

The session reinforced that the countries in Latin America and the Caribbean are making important strides toward building more inclusive, transparent, and sustainable fiscal systems. Across the region, countries are finding practical ways to link how resources are raised with how they are spent — creating stronger connections between fiscal policy and the SDGs.

The discussion highlighted that coherence across taxation and spending management is not just a technical aspiration but a practical pathway to enhance equity, resilience, and public trust. The innovations such as SDG budget tagging, results-based budgeting, and green and gender-responsive fiscal policies are helping governments translate fiscal planning into tangible development results. These efforts are helping make budgets more transparent, more targeted, and more responsive to both people and the planet.

The Sevilla Commitment provides a shared regional framework to take these innovations further — to strengthen fiscal capacity, improve the quality of spending, and promote policy coherence that brings together economic, social, and environmental priorities.

4. Operationalizing An Enabling Environment for Climate and Environmental Finance

Latin America and the Caribbean (LAC) is home to nearly 40% of the world’s biodiversity and hosts key ecosystems vital to climate regulation, water conservation, and livelihoods. However, the region faces growing environmental pressures—such as climate change, biodiversity loss, and pollution—that threaten development, equity, and democratic governance.

In the lead-up to COP30 and the implementation of the Global Biodiversity Framework, there is increasing recognition that environmental financing must be at the core of national development strategies. The Sevilla Commitment provides a renewed framework to align public, private, and international financial flows with sustainability goals, calling for greater resource mobilization to address climate and ecological challenges.

The session explored how LAC countries are integrating climate and biodiversity priorities into their financing strategies; analyzed the use of public resources, international cooperation, and private investment to advance environmental agendas and mobilize domestic resources; and explored how green finance can drive a sustainable, inclusive, and competitive economic transformation.

Antonio Freitas, Under-Secretary for International Finance and Economic Cooperation, Ministry of Finance, Brazil stressed that no transformation will be possible without active engagement of Finance Ministers. Hence in the lead-up to COP30 in Belem, Brazil established the Circle of Finance Ministers that recently published its [report](#) with recommendations in priority areas for expanding climate finance.

In preparation for COP30, Mr. Freitas outlined a set of **four flagship initiatives** designed to translate ambition into concrete delivery and advance ecological transformation through innovative financing mechanisms. Central among these is the [Tropical Forests Forever Facility](#), a novel investment-based

approach to forest protection that moves beyond traditional grant financing. Structured as an investment fund, the facility allocates capital to low-risk assets and channels returns exceeding benchmark yields to developing countries for tropical forest conservation.

A second initiative focuses on the integration of global carbon markets through the [Open Coalition on Compliance Carbon Markets](#). is a collaborative initiative for exchange on carbon pricing mechanisms, Monitoring, Reporting and Verification systems, carbon accounting methodologies, and rules on the potential use of high integrity offsets, when applicable.

Third, Brazil is advancing international interoperability of sustainable finance taxonomies through a [super taxonomy initiative](#), building on its newly approved national sustainable taxonomy to provide greater clarity and consistency on what qualifies as sustainable investment across jurisdictions.

The fourth initiative centers on [country investment platforms](#) as tools to coordinate and mobilize finance for high-impact climate and nature-related projects. In this context, Brazil is advancing its own [Brazil Investment Platform for Climate and Ecological Transformation](#) (BIP) as a mechanism to link priority projects with public and private capital. Together, these initiatives form the Ministry of Finance's action agenda for COP30 and are embedded within Brazil's broader [Ecological Transformation Plan](#), aimed at fulfilling Brazil's NDCs, underscoring the opportunity for convergence between national actions and collective international efforts in the lead-up to COP30 in Belém.

Laura Ripani, Representative of the Inter-American Development Bank (IDB) Group in Mexico presented key initiatives the IDB Group launched at FfD4. The first initiative is called [Financial Instruments for Ready and Resilient \(FIRRe\)](#), which is a resilience-focused financing initiative that aims to expand disaster and climate risk coverage by USD 2 billion through innovative financial instruments such as climate resilience debt clauses, contingency credit lines, and programs to strengthen private-sector resilience.

The second initiative, [FX EDGE](#), a foreign-exchange risk mitigation program. It builds on Brazil's successful [Eco Invest](#) program, which is a pioneering collaboration between the Brazilian government and the IDB that has already mobilized more than US\$12 billion and with upcoming operations including dedicated support for biodiversity in the Amazon.

The third initiative is a pioneering [Amazonia bond](#) program designed to mobilize significant resources for forest protection, local economic development, and community strengthening, supported by a green bond platform.

Ms. Ripani emphasized that climate and environmental policies are not an add-on to development but a central pathway to achieving it, and that ambition must be matched by concrete policy and budgetary instruments. Countries across the region are increasingly adopting tools such as green budgeting, climate budget tagging, and sustainable finance taxonomies to better align public spending with climate objectives, improve spending efficiency, and facilitate access to international climate finance. These practices are also helping to strengthen fiscal resilience, enhance accountability, and create clearer signals for mobilizing private investment.

Ms. Ripani highlighted strengthening collaboration between IDB Group's sovereign and private-sector arms as a priority to better link public policy reforms with private investment and co-financing opportunities. IDB aims to further integrate resilience and sustainability into national and sectoral

strategies, mobilize public and private resources at scale, and continue generating practical solutions that translate commitments into improved lives and a more sustainable and resilient region.

Alton Best, Fiscal Risk Specialist, Ministry of Finance, Barbados stressed that for SIDS like Barbados financing climate risk is a strategic necessity. To address climate risks and fiscal challenges, Barbados has adopted innovative, financing strategies, and policy reforms aimed at supporting two pillars: Debt reduction in line with the national target of achieving a 60% debt-to-GDP ratio by 2035 and also to increase the primary surplus to over 4%.

One of these key pillars is the [Barbados 2035: Plan for Investment in Prosperity and Resilience](#), which was developed by the Bridgetown Initiative Unit. This plan accounts for \$11.7 billion and is a strategic roadmap for national development through 2035. This plan provides a framework for inclusive climate growth, have a pipeline of projects that cover climate resilience, economic diversification, infrastructure and housing, education and health and social protection. The energy transition investment plan, which is the roadmap to achieving 100% renewable energy by 2035, is also embedded in the plan.

Barbados is also leading the way in financial innovation for climate, linking these initiatives to a broader program called **Roof to Reef program**, which integrates climate resilience across all sectors and marine ecosystems.

Barbados is pioneering the use of debt swaps. **Debt for climate swap** restructured Barbados' \$592 million in Barbados dollars in domestic debt into more favorable terms and generated \$125 million in fiscal space for investing in climate resilience infrastructure. Barbados also implemented a **debt for nature swap** which supports marine conservation and sustainable development. With this arrangement Barbados received financing over a 15-year period and the savings generated from the debt for nature swap are allocated to Barbados' [Environmental Sustainability Fund](#), which provides grants for conservation initiatives. Barbados is currently pursuing a **debt for social swap**, which focuses on enhancing health and wellbeing and aims to strengthen social resilience a response to challenges posed by aging demographic. Barbados also adopted climate linked debt instruments, such as **debt pause clauses**, providing up to two years of fiscal flexibility in the event of a climate shock.

Along with other partners in the region, Barbados is also establishing a **Blue Green Bank**, which is designed as a regional platform to mobilize climate finance and promote sustainable development. It will serve the broader Caribbean region, addressing shared climate vulnerabilities and bridging financing gaps. Additionally, it will offer blended finance solutions to support a diverse portfolio of projects linked to environmental sustainability and climate resilience.

Barbados also implemented **green budgeting framework**, which ensures that public expenditure is aligned with environmental goals, embed climate adaptation and mitigation into sectoral allocations.

Despite these commendable efforts, however, SIDS continue to grapple with climate finance challenges, establishing resilience, mitigation, and adaptation frameworks. Mr. Best stressed the need to recalibrate and scale up climate financing instruments to remain responsive and effective in addressing the unique vulnerabilities faced by Latin America and the Caribbean. This need has

been strongly advocated in Barbados' [Bridgetown initiative](#) which calls for a comprehensive reform of the global financial institutions to better support climate vulnerable nations.

Erika Casamadrid, National Coordinator of the Biodiversity Finance Initiative (BIOFIN), UNDP called for aligning international cooperation with national priorities, ensuring that countries have projects defined and ready to access global resources. She emphasized the need for leadership by the Ministries of Finance, in addition to those of the Environment, to achieve systemic changes. She stressed the importance of harmonizing reporting frameworks and metrics and moving forward with the private sector in a coordinated manner.

She highlighted the role of the Biodiversity Finance Initiative ([BIOFIN](#)) methodology to support countries in identifying and quantifying their biodiversity finance needs aligned with national biodiversity and climate change strategies; analyzing existing expenditures, and identifying opportunities to mobilize additional resources. This process ensures that biodiversity conservation is integrated into national planning, economic decision-making, and fiscal frameworks, fostering long-term sustainability.

Key Takeaways

The session underscored that integrating climate and biodiversity priorities into national financing strategies is now a core economic and fiscal issue for Latin America and the Caribbean, not a sectoral add-on. A central takeaway was the critical leadership role of Ministries of Finance in driving transformation, aligning budgets, debt management, tax systems, and investment policies with climate and nature objectives.

As countries prepare for COP30, there is growing recognition that sustainable development outcomes depend on moving from high-level commitments to coordinated, country-led financing strategies that combine public resources, international cooperation, and private investment at scale. Multilateral development banks are playing a catalytic role through new instruments that expand climate and disaster risk coverage, reduce foreign exchange risk, and mobilize resources for biodiversity and forest protection, while also strengthening the integration between sovereign lending, policy reform, and private-sector investment.

In climate-vulnerable countries, especially small island developing states, climate risk financing is a macro-critical necessity. Concrete examples from Barbados demonstrated how debt swaps, climate-linked debt instruments, green budgeting, and long-term national investment plans can simultaneously improve debt sustainability, create fiscal space, and finance resilience and biodiversity outcomes.

5. Financing gender-equal and inclusive economies

The session focused on how to advance gender equality through sustainable finance and fiscal and budgetary management reforms in Latin America and the Caribbean. Panelists highlighted the role of fiscal policy, budget systems and development banking as key levers to reduce gender gaps and promote inclusive economic growth. National experiences from Honduras, Paraguay and Mexico were presented, with innovative tools such as gender budgeting, progressive fiscal reforms with a

gender lens and financial instruments for women entrepreneurs. The importance of the care economy as a central axis and the need to understand gender equality as an accelerator were emphasized. Overall, the interventions underscored the need for deep institutional transformation, strengthening cross-sectoral partnerships and ensuring coherence between fiscal policies and gender equality objectives.

Karina Michelle Sánchez, Legal Advisor and Coordinator of International Taxation, Ministry of Finance, Honduras presented the normative advances in Honduras, highlighting that the gender approach was incorporated into the budget regulations in 2017, establishing a full gender budgeting cycle. Three key pillars of gender budgeting included: (1) institutional governance, (2) the regulatory framework, and (3) technical capacities.

Ms. Sánchez outlined Honduras's approach to gender-responsive budgeting and accountability, emphasizing the integration of gender tagging into the national public financial management system. Gender-related programs are identified through programmatic budget classifications, approved as part of the annual national budget submitted to Congress, and monitored through a public online platform that tracks execution. Transparency and accountability are reinforced through periodic public hearings focused on gender expenditure, citizen budget documents that include dedicated gender annexes, and growing efforts to institutionalize gender reporting in mid-year and end-of-year budget execution reports. Coordination mechanisms—through technical and high-level interinstitutional committees—support decision-making, track the allocation of gender-related resources across institutions, and strengthen governance around gender budgeting. She highlighted the creation of the Secretariat for Women's Affairs and the development of the new Gender Equality and Justice Plan 2023-2033.

Ms. Sánchez described the tax reform underway. Despite advances in gender-responsive programming, Honduras faces limited fiscal space due to low tax revenues and a regressive tax system. The current reform agenda seeks to rationalize extensive tax exemptions concentrated among a small number of economic groups, strengthen tax justice, and align with international standards on transparency and beneficial ownership. These reforms are presented as essential not merely to increase revenue, but to ensure that those with greater capacity to pay contribute more, enabling the financing of social policies, gender equality programs, and care-related investments that are otherwise difficult to implement at scale.

Ms. Sánchez also commented on how gender equality is being mainstreamed within the tax administration itself. The revenue authority is undergoing a Gender Equality Seal process with UNDP support and has established an internal gender unit, complaint mechanisms for harassment and gender-based violence, and new labor policies, including maternity-related accommodations, lactation spaces, menstrual leave, and leave for domestic violence survivors. Capacity-building initiatives and planned training on tax justice and feminist economics further reinforce this institutional transformation. Together, these efforts demonstrate how gender-responsive budgeting, progressive fiscal reform, and internal organizational change can reinforce each other to advance equality, care systems, and more sustainable development outcomes.

Stella Guillén, President, Development Finance Agency - AFD, Paraguay highlighted the role of AFD as a second-tier development bank as a connector between public actors, private financial institutions, and development priorities, emphasizing that achieving gender equality requires not just financial “innovation,” but structural transformation.

This transformation began internally at AFD, through a strong institutional commitment to gender equality reflected in a gender policy and internal practices and then extended outward into financing operations. Drawing on extensive evidence of gender finance gaps and risk misperceptions, the institution translated this knowledge into gender-responsive financial products, particularly for micro, small and medium enterprises (MSMEs), where women are highly represented but face compounded barriers due to informality, limited collateral, and perceived higher risk.

A central pillar of this approach has been the use of targeted guarantee mechanisms to de-risk lending to women-led MSMEs. AFD's Guarantee Fund for Women ([FOGAMU](#)) successfully leveraged a US\$5 million grant into US\$30 million in loans. FOGAMU is an instrument designed to de-risk lending to women entrepreneurs and encourage private financial institutions to provide credit. It demonstrated strong repayment performance and negligible losses. This experience helped dismantle two persistent myths: that women borrowers are riskier, and that MSMEs do not repay loans. Based on demonstrated results, the guarantee fund has been expanded, and its success has provided empirical evidence to support scaling gender-responsive financial instruments without diverting resources from other development priorities.

Beyond the financial instrument itself, Ms. Guillén underscored the importance of changing incentives and mindsets within private financial institutions. Initially, banks were reluctant to promote women-focused facilities, even when they were more attractive, highlighting the need for active engagement and “financial literacy” on gender equality at the institutional level. Over time, this led to the creation of comprehensive women-focused programs by multiple private banks, combining guarantees, tailored credit, financial education, and technical assistance. The experience demonstrates that guarantees and blended finance can effectively mobilize private capital at scale, lower access barriers for women entrepreneurs, and embed gender equality as a viable, profitable, and sustainable component of financial systems—fully aligned with the spirit of the Sevilla Commitment.

Carlos Ernesto Rodríguez Gómez, Deputy Director General of Sectoral Intelligence, FIRA (Trust Funds for Rural Development), Mexico explained that Mexico's rural context—where development finance focuses on agriculture, food systems, fisheries, and rural development—gender inequalities are particularly severe, with rural women facing significantly higher poverty rates and much lower access to financial services than their urban counterparts. A well-capitalized and influential development bank can therefore play a critical catalytic role, using its market position not to exclude conventional lending, but to introduce positive incentives that encourage financial intermediaries to support sustainability and social inclusion, particularly for women and environmental outcomes.

Mr. Gómez highlighted the use of gender social bonds to mobilize capital for women-led enterprises. Through four issuances to date, these bonds have been strongly oversubscribed, signaling clear market demand. The underlying approach combines targeted guarantees, clear eligibility criteria (focused on women borrowers, women-led enterprises, or intermediaries with a high share of lending to women), and portfolio tagging that allows the institution to define, track, and classify women-focused financing within its internal taxonomy. Beyond the financial resources mobilized, the bond issuance process itself—through roadshows, investor engagement, and media visibility—creates a powerful demonstration effect, raising awareness and anchoring gender inclusion as a credible and attractive investment theme.

Mr. Gómez stressed the importance of aligning these instruments with international standards and taxonomies, supported by robust monitoring, reporting, and verification systems to ensure credibility and transparency. The same model has already been applied successfully beyond gender bonds, including sustainable bonds, climate adaptation and resilience bonds, and a blue bond focused on sustainable fisheries and coastal livelihoods. Building on this experience, work is underway to develop a biodiversity bond in partnership with UNDP. Together, these experiences illustrate how development banks can leverage capital markets, policy alignment, and international cooperation to scale finance for social inclusion, environmental sustainability, and resilient rural development.

Key Takeaways

Financing for sustainable development must recognize that the care economy is the backbone of progress. Moving towards gender equality is not only a matter of social justice, but a smart economic strategy: closing gender gaps generates a cascade of positive effects on productivity, well-being and social cohesion. However, less than 1% of regional public spending is oriented toward gender equity. There is an urgent need to strengthen fiscal and budgetary systems with a gender perspective, ensuring that resources are planned, allocated and evaluated with criteria of inclusion and sustainability.

The region's finances are not gender neutral; transforming them is key to accelerating sustainable development. A collective commitment is required between governments, development banks, the private sector and international cooperation agencies to expand women's access to financing, especially in rural areas and in MSMEs led by women. Experiences such as the guarantee funds exclusively for women demonstrate that investing in women is a profitable and low-risk decision. A strengthened development bank with a gender focus can catalyze alliances, finance care systems and translate equity into tangible drivers of sustainable development.

The participants highlighted the importance of:

- Strengthening regional cooperation and the exchange of experiences, especially in gender budgeting, progressive fiscal reforms and inclusive finance.
- Developing information systems and metrics to quantify the impact of fiscal and financial policies on gender equality.
- Expanding the use of gender bonds and guarantee mechanisms to mobilize private investment in the care economy and women-led micro, small and medium enterprises.
- Strengthening institutional capacities in ministries of finance, tax administrations and development banks to integrate gender analysis throughout the policy cycle.
- Promoting inter-institutional coordination and peer learning, with support from UNDP and strategic partners, to consolidate progress and monitor collective results in the region.

6. Innovative Financing in the era of high debt levels: The trends and opportunities, including for thematic bonds and other debt instruments

In recent years, global public and private debt levels have risen due to interconnected health, climate, geopolitical, and financial crises. Latin America and the Caribbean are no exception:

following the pandemic, public debt in the region remains high, limiting fiscal space and constraining social, environmental, and productive investment.

The Sevilla Commitment recognizes debt sustainability as a cornerstone of sustainable development. It calls for reforming the international sovereign debt architecture to make it fairer, more transparent, and responsive to the structural vulnerabilities of developing countries.

It also promotes the use of innovative financial instruments that balance fiscal stability with development and climate goals, including:

- Thematic sovereign bonds (green, social, sustainable and sustainability-linked) aligned with national priorities and the SDGs;
- Debt-for-nature or debt-for-development swaps, directing savings from debt relief to climate adaptation, conservation, or social inclusion;
- State-contingent clauses, such as “disaster clauses,” that allow temporary suspension of debt service during crises to enhance fiscal resilience.

Between 2014 and 2024, the thematic international bond market in Latin America and the Caribbean (LAC) reached a cumulative value of USD 164 billion. The sovereign sector accounted for 59% of the region’s total thematic international bond issuances in 2024, continuing a four-year trend in which the sovereign share has been above 50%.

Many LAC countries have made notable progress by utilizing innovative financial instruments, including pioneering several types of sovereign thematic bonds. For instance, in 2020 Mexico issued the world’s first sovereign SDG bond. Sovereign sustainability-linked bonds, as pioneered by countries such as Chile and Uruguay, integrate Key Performance Indicators directly linked to Nationally Determined Contributions (NDCs).

Several LAC countries in debt distress also undertook debt swap operations, especially debt-for-nature swaps, with new proposals emerging, particularly among Caribbean countries. The region has pioneered reforms such as new-generation collective action clauses, disaster-related payment suspension mechanisms, and debt buybacks for environmental purposes.

While challenges remain—particularly the diversity of creditors—these innovations demonstrate Latin America and the Caribbean’s capacity to offer creative solutions. The session presented the experiences of the Dominican Republic, Chile and Barbados in issuing debt instruments and debt swaps to finance development.

Catalina Ortíz, Finance and International Affairs Advisor, Ministry of Finance, Chile highlighted [Chile’s experience with thematic sovereign bonds](#) as a key tool for advancing sustainable development and reforming the country’s financial architecture. Since launching its green bond framework in 2019 with support from the Inter-American Development Bank, Chile has progressively expanded its approach—from green bonds focused on environmental projects to social bonds, sustainable sovereign bond, and most recently sustainability-linked bonds. This evolution reflects a growing understanding that climate, social, and gender objectives must be pursued in an integrated manner, aligned with the Sustainable Development Goals and national development priorities.

In 2022 Chile pioneered the [world’s first sovereign sustainability-linked bond](#) (SLB). A central feature of Chile’s SLB framework is the use of concrete and measurable key performance indicators (KPIs). These include targets on greenhouse gas emissions, renewable energy generation, women’s access to management positions, and, most recently, [biodiversity](#). The biodiversity KPI introduced in 2024

is particularly innovative, as it incorporates both penalties for non-compliance and rewards for over-performance, while also requiring a practical review of protected areas through a newly created biodiversity and adaptability service. This approach ensures that sustainability commitments move beyond legal or theoretical targets to tangible, verifiable outcomes.

Ms. Ortíz emphasized that while thematic bonds offer clear benefits—such as diversified investor bases and the ability to finance priorities related to climate, social inclusion, gender equality, and biodiversity—they also demand strong governance and transparency. Developing robust frameworks, ensuring annual reporting, securing external verification, and maintaining clear accountability are resource-intensive processes. However, these efforts are essential, as they underpin market confidence and favorable financing terms, reinforcing thematic bonds as credible and effective instruments for sustainable, transparent, and development-oriented public finance.

Melissa Paulino, Director of Credit Negotiations, Ministry of Finance and Economy, Dominican Republic underscored the strategic role of thematic bonds as instruments inherently designed to channel financing toward priority development projects. The Dominican Republic issued [its first sovereign green bond](#) in 2024, which also marked the first such issuance in the Caribbean. This transaction achieved favorable financial conditions, including an estimated 15-basis-point reduction compared to traditional bonds, while also helping to diversify the investor base and positively impact overall debt management. Dominican Republic’s [Green, Social and Sustainability Bond Framework](#) will allow the country to issue different types of thematic bonds to invest in specific projects linked to sustainable development priorities.

Beyond cost and market benefits, Ms. Paulino stressed that thematic bonds bring strong commitments to transparency, accountability, and reporting. Unlike conventional debt instruments, these bonds are tied to clearly defined project portfolios and require regular disclosure to investors, aligning with the broader commitments on governance and transparency agreed in Sevilla. In parallel, the Dominican Republic is working with international financial institutions such as the Inter-American Development Bank and the World Bank to introduce greater flexibility into traditional financing instruments, particularly through clauses that allow for debt service relief or payment adjustments in the event of natural disasters—a critical need for highly climate-vulnerable Caribbean countries.

Ms. Paulino emphasized the importance of regional coordination and collective advocacy to ensure consistent flexibility and support from international partners. They noted that fully operationalizing the Sevilla platform—through clearer roles for governments, civil society, academia, and the private sector, as well as public awareness and capacity building—would be key to translating commitments into action. While innovative instruments such as debt swaps are still under exploration, the country’s Integrated National Financing Framework (INFF) has already helped identify financing gaps and align new tools with national sustainable development priorities, supported by framework that the country aims to institutionalize through future thematic bond programs.

Alton Best, Fiscal Risk Specialist, Ministry of Finance, Barbados highlighted how limited fiscal space in small, disaster-prone economies—particularly in the Caribbean—is driven by frequent natural disasters, high recovery and construction costs, restricted access to affordable financing, and high debt burdens exacerbated by global volatility and elevated interest rates. These constraints significantly reduce countries’ ability to invest in resilience and sustainable development. In this

context, he emphasized the need to move beyond traditional financing options and explore innovative mechanisms.

Mr. Best drew particular attention to Barbados' experience with debt swaps that helped restructure existing debt on more favorable terms, including lower interest rates and longer maturities. By freeing up fiscal space without increasing debt levels, these instruments allowed Barbados to reinvest savings directly into climate resilience, conservation, and sustainable development. In Barbados, this approach is being used to address priority vulnerabilities, such as water scarcity through water reclamation projects, as well as strengthening marine and critical infrastructure systems. The emphasis is on proactive investment in resilience, which is far more cost-effective than repeated post-disaster recovery.

Mr. Best also highlighted complementary tools such as contingency borrowing and state contingent debt clauses that allow debt service to be deferred or rescheduled after a major shock, helping preserve macroeconomic stability without compounding debt distress. These measures align with Barbados' broader objectives of reducing public debt to 60 percent of GDP, achieving a primary surplus of 4 percent, and strengthening climate resilience. In line with the Sevilla Commitment, Mr. Best stressed that successfully deploying innovative finance requires robust regulatory frameworks and strengthened institutional capacity, enabling countries across Latin America and the Caribbean to manage a diversified set of financial instruments in support of long-term resilience and sustainable development.

The forum participants also shared additional experiences from the region such as [sovereign sustainability-linked bonds](#) issued by **Uruguay**, [sovereign sustainable bond](#) issued by **Honduras**, as well as debt for nature swaps by **Ecuador** for [Galapagos](#) and the Ecuadorian [Amazon](#) region.

Key Takeaways

The session presented the experiences of the Dominican Republic, Chile and Barbados in issuing debt instruments and debt swaps to finance development. One key message was that innovative financing instruments are most effective when paired with strong governance, clear objectives, and sustained capacity building.

The participants emphasized that while early green bond issuances benefited from a clear “greenium,” market conditions have changed, and the true value of thematic bonds now goes well beyond pricing advantages. The panelists underscored the importance of well-designed bond frameworks, with clear objectives, strict project selection criteria, and robust means of verification to ensure credibility, compliance, and effective use of proceeds. The speakers spoke of the positive spillover effects of these instruments that lead countries to adopt a more integrated approach to development, taking into account social, environmental and sustainability aspects.

The panelists also emphasized that debt swaps must be highly targeted and supported by strong governance arrangements to be effective. Successful swaps require clearly defined objectives—such as water security, coastal and marine resilience, or social resilience—alongside tangible financial benefits like lower interest rates or extended maturities to create fiscal space. Equally important is institutional readiness: countries must have the regulatory frameworks, monitoring systems, and technical capacity in place to ensure transparency, accountability, and proper tracking of resources.

The panelists also called for having a common voice as a region to promote flexibility in the international financial ecosystem to ensure that countries, especially those facing vulnerability to disasters, can manage their debt well without defaulting. To this end, debt instruments should include clauses for the suspension of payments in the event of natural disasters. LAC countries should promote this flexibility from the international financial institutions.

7. Unlocking private finance for sustainable development

The annual financing gap to meet the SDGs is estimated between USD 650 billion and 1.34 trillion for Latin America and the Caribbean, equivalent to 5–11 percent of regional GDP. In the context of limited fiscal space, high public debt, and increasingly tight international financial conditions, relying solely on traditional public finance mechanisms is no longer viable.

The Sevilla Commitment recognizes that mobilizing private capital is a key pillar for advancing more equitable, resilient, and sustainable economies. It underscores the importance of engaging the private sector as a driver of sustainable growth and productive innovation, and of fostering enabling environments that integrate sustainability into both macroeconomic policies and economic decision-making. It also calls for responsible financial innovation and stronger public–private collaboration as essential means to align investment flows with the SDGs.

Countries and financial institutions are increasingly deploying innovative instruments to attract private investment, including sustainable-finance taxonomies, catalytic funds, blended-finance schemes, and de-risking mechanisms such as guarantees, insurance, and hedging facilities that reduce perceived risks and improve project bankability. These tools aim to maximize the impact of public spending and international cooperation by leveraging private investment toward sectors with high transformative potential.

Across the region, there is growing momentum in developing green regulatory frameworks, financial incentives, and national sustainable-investment strategies, particularly in areas such as resilient infrastructure, energy transition, biodiversity, circular economy, and care systems.

This session examined how governments, financial institutions, and private actors can mobilize private capital more effectively to accelerate sustainable development, building on the innovations inspired by the Sevilla Commitment and strengthening the region’s economic and social resilience.

Stella Guillén, President, Agencia Financiera de Desarrollo (AFD), Paraguay emphasized that the cornerstone for mobilizing private capital toward development, sustainability, and resilience is trust. She framed this as a fundamentally macro-level issue, rooted in stable rules, sound macroeconomic management, and clear and predictable regulatory and legal frameworks. Investors’ confidence, she noted, depends on the credibility of institutions over time. In this context, Paraguay’s recent achievement of investment-grade status—mirrored by [AFD](#) as a second-tier development bank—was presented as the result of more than two decades of sustained efforts to build transparent, reliable, and well-governed public and financial institutions.

Building on this foundation of trust, Ms. Guillén highlighted the role of development banks in fostering effective public–private partnerships. As a second-tier institution that works primarily

through private banks, AFD was created explicitly to catalyze private sector participation. This is achieved through innovative financial instruments, including the use of catalytic funds and guarantee mechanisms to derisk investments and share risk with private lenders, especially in sectors perceived as high-risk. Through this approach, development banks help pave the way for private capital to enter markets where it might otherwise be reluctant, while maintaining coherence with principles of efficient resource management, transparency, and accountability.

Responding to a question on sectoral focus, Ms. Guillén illustrated AFD's impact through the housing sector, which was its original priority. When AFD was established, mortgage financing in Paraguay was virtually inaccessible due to prohibitively high interest rates and extremely short loan maturities. By introducing long-term financing at more favorable and stable rates, AFD enabled the development of a viable mortgage market. Over time, this intervention successfully built confidence and capacity within the private financial system, which now finances more than half of the housing portfolio at significantly lower and stable rates. Rather than competing with private banks, this outcome represents a core measure of success for development banking.

Ms. Guillén explained that this dynamic approach allows AFD to continually evolve. As private financial institutions take ownership of previously underserved markets, development banking naturally shifts toward new priority areas where catalytic intervention is still needed. Today, AFD's focus includes forestry development, energy efficiency, and electromobility, reflecting emerging national and sustainability priorities. This progression underscores how trust, regulatory stability, and innovative public-private financial instruments can work together to sustainably scale private investment in support of long-term development goals.

Valeria Cantú de Leon, Vice President of Sustainable Finance, HSBC México outlined the bank's strategic vision and commitments around sustainable finance. Since 2020, HSBC has committed to becoming a [net-zero bank by 2050](#), covering both its own operations and its financed emissions, alongside a pledge to mobilize between USD 750 billion and USD 1 trillion in sustainable financing. Achieving these goals has required substantial internal work, particularly the establishment of governance structures and the development of a broad suite of sustainable finance products, including green, social, and sustainability-linked loans, trade finance instruments, guarantees, and labeled bonds.

Ms. Cantú de León emphasized that strong governance is essential to ensuring credibility and avoiding greenwashing or social washing. HSBC relies on clear taxonomies and internationally recognized frameworks to guide its sustainable financing decisions, including the European taxonomy, Mexico's recently launched sustainable taxonomy—which integrates both environmental and social dimensions—and other reference frameworks from the [Climate Bonds Initiative](#) and the [International Energy Agency](#). These frameworks help define eligibility criteria, ensure consistency across markets, and support transparent reporting, thereby strengthening investor and stakeholder confidence in sustainable finance products.

Addressing mechanisms for derisking and blended finance, she shared concrete examples from the region. One highlighted initiative was [Brazil's Eco Invest](#) program, a government-led platform designed to mobilize private and foreign capital for green projects through the combination of catalytic public capital with private investment. The program targets sectors such as renewable energy, energy efficiency, bioeconomy, green infrastructure, and the circular economy, and offers derisking tools such as liquidity support, foreign exchange hedging, and project structuring

assistance, with a goal of mobilizing USD 5 billion in its first phase. HSBC has already participated in Eco Invest transactions related to biofuels. She also cited a guarantee from MIGA of the World Bank Group, which enabled HSBC to unlock regulated capital in Mexico and redirect it toward climate finance, with a target of mobilizing USD 15 million.

Responding to a question on project availability, Ms. Cantú de León noted a growing pipeline of bankable green and social projects across Mexico and the wider Latin American region, including Brazil, Chile, and Uruguay. While capital markets activity and labeled transactions have slowed due to current market conditions, HSBC has observed growth in other sustainable finance instruments such as bilateral loans, guarantees, trade finance, and letters of credit linked to sustainability objectives. This diversification underscores both increasing demand for sustainable financing and the adaptability of private banks in supporting development and climate goals through a wider range of financial tools.

Alba Aguilar, Chief Executive Director, Mexican Sustainable Finance Council reflected on nearly a decade of work to promote best practices in sustainable finance across Mexico's financial system. She highlighted the [Council's](#) role as a convening platform that integrates banks, institutional investors, stock exchanges, service providers, and public actors to transform traditional finance into a more resilient and sustainable system that generates shared benefits. Over time, collective awareness has grown around the idea that climate, social, and governance risks are also financial risks, marking a transition from an initial phase of awareness-raising to a more advanced stage focused on coordinated action and implementation.

Ms. Aguilar emphasized the importance of alignment between private-sector initiatives and national public policy. A key milestone in this process was the creation of Mexico's [Sustainable Finance Committee](#), led by the Ministry of Finance and supported by the Bank of Mexico, which helped ground sustainable finance efforts in a national agenda. One of the committee's most significant achievements has been the development of [Mexico's sustainable taxonomy](#), which provides a common language for defining, measuring, and reporting sustainable economic activities. Covering more than 120 activities across sectors and incorporating cross-cutting gender and equity considerations, the taxonomy supports product development, impact measurement, and more consistent and comparable disclosures, and is already enabling new instruments such as green mortgages and labelled loans.

Ms. Aguilar also highlighted Mexico's [Sustainable Financing Mobilization Strategy](#) as a critical forward-looking tool. The strategy identifies the scale of resources required to meet Mexico's 2030 goals, calling for the mobilization of approximately MXN 1.7 trillion per year through a combination of public resources, private capital, development banking, and sovereign issuances.

Ms. Aguilar outlined the rapidly evolving regulatory landscape that is reinforcing sustainable finance in Mexico. Key developments include mandatory sustainability reporting by pension funds (Afores), forthcoming regulations for investment funds aligned with ESG and taxonomy criteria, enhanced sustainability disclosure requirements for listed issuers aligned with [IFRS/ISSB standards](#) (S1 and S2), and new sustainability indicators introduced by the Mexican Financial Reporting and Sustainability Standards Board ([CINIF](#)) for non-listed companies, particularly SMEs. Together, these measures aim to improve transparency, comparability, and access to sustainable finance across the economy. Ms. Aguilar noted that while regulation is essential, market forces—driven by

investors, banks, and other financiers—have already played a decisive role in pushing companies to transform their business models in recent years.

María José Berrueta, Sustainability & ESG Listings, Bolsa Institucional de Valores (BIVA), Mexico highlighted the role of Mexico’s second stock exchange [BIVA](#) as a driver of innovation, inclusion, and sustainable finance. Established seven years ago, BIVA was created with a strong focus on democratizing access to capital markets, particularly for small and medium-sized enterprises that traditionally viewed market access as unattainable. Sustainability has been a core pillar of this mission, with BIVA actively supporting companies through training and capacity-building so they can integrate sustainability practices and ultimately access financing through thematic instruments.

Ms. Berrueta underscored BIVA’s leadership in sustainable capital markets by pointing to several landmark issuances carried out on the exchange. These include the world’s first post-COVID recovery bond, Mexico’s first gender-focused social bond aligned with the national taxonomy, the region’s first forestry bond, and the country’s first green housing bond. These transactions reflect years of ecosystem-building work and position BIVA as a platform that connects issuers, investors, regulators, and development partners. She further noted BIVA’s participation in a [High-Level Expert Group](#) convened by the European Commission to scale up sustainable finance in low and middle-income countries. Through this engagement, BIVA seeks to channel existing private capital toward emerging markets, positioning Mexico as a leading destination for sustainable investment.

Ms. Berrueta commented on the role of innovative instruments—such as blended finance, catalytic capital, and derisking mechanisms—in bridging purpose and profitability. While sustainability is sometimes perceived as conflicting with financial returns, these instruments address investors’ concerns by improving risk-adjusted returns and building confidence, particularly in contexts where company size or perceived geopolitical risk may constrain investment. Berrueta explained that such tools respond simultaneously to issuer needs for capital and investor needs for certainty, thereby unlocking private resources for impactful projects without sacrificing profitability.

Ms. Berrueta addressed progress on impact measurement and transparency, emphasizing that Mexico has moved from a phase of identifying challenges to one of concrete advancement. New mandatory sustainability disclosure requirements for issuers, aligned with IFRS-based standards, will take effect from 2025, helping standardize reporting and align Mexico with global practices. While regulatory in nature, these requirements are also an incentive for companies to integrate sustainability into financial decision-making. Berrueta stressed that impact measurement should not be siloed from financial reporting: “what is measured can be managed, and what is managed can be scaled”. Strong, consistent measurement and disclosure are essential to attracting financing, scaling successful projects, and reinforcing sustainable growth across the Mexican economy.

She also stressed the importance of including small producers and companies in the value chain, developing a pipeline of bankable projects that integrate sustainability from their design. The private sector can play a decisive role in building and scaling sustainable projects, working hand in hand with the State and development banks. She pointed out that training programs in sustainable finance (e.g., BIVA Impulsa program) is essential, especially for small and medium-sized enterprises, which need to learn how to access markets and connect with investors. To achieve this, it is essential to maintain a frank and constant dialogue between the public and private sectors, create structured

dialogue platforms and review the fiscal and financial incentives that favor or limit sustainable investment.

Key Takeaways

Closing the SDG financing gap in Latin America and the Caribbean is impossible without large-scale private investment. A central prerequisite for mobilizing this capital is institutional trust, built through macroeconomic stability, credible regulation, and transparent governance.

Private banks have assumed an increasingly active role, recognizing their capacity to generate positive impact. Public development banks play a critical role by de-risking, crowding in, and preparing markets where private finance is initially reluctant to enter. Instruments such as guarantees, catalytic funds, blended finance, and long-term financing can demonstrate viability, after which private banks can scale independently.

Robust governance frameworks—anchored in sustainable finance taxonomies, standardized disclosures, and international benchmarks—are essential to avoid greenwashing, define eligibility, and build market confidence. Mexico's experience shows that common definitions and mandatory disclosure can accelerate product innovation, improve impact measurement, and align private finance with national development goals, while market forces often move faster than regulation alone.

While capital appetite for sustainable finance is growing, the binding constraint is increasingly the availability of bankable, scalable projects, especially involving SMEs and small producers. Training, capacity building, blended finance, and structured market platforms (stock exchanges, development banks, supply-chain finance) are vital to convert sustainability ambitions into investable projects. Including SMEs in value chains is not optional—it is becoming a condition for market access and financing.

The region is moving from awareness to execution. Unlocking private finance now requires credible public policy, catalytic public finance, strong governance standards, and systematic project development, with sustained public–private collaboration at its core.

It was emphasized that public–private dialogue and policy coherence should be strengthened by establishing structured, ongoing dialogue between finance, environment, energy, and economy ministries, financial institutions and investors. Regulatory certainty, fiscal incentives, guarantees, and well-designed subsidies can significantly reduce risk for private capital to participate in projects with a positive environmental, social and economic impact.

The region has the knowledge and drives financial innovation. What is needed is to learn how to combine the "ingredients" to create "new recipes".

8. Anchoring public-private and blended finance use to a sustainable development rationale, including through Country Platforms

Countries across Latin America and the Caribbean have a wealth of assets to build on: a robust network of national and subregional development banks, a growing landscape of financial innovation, and regulatory frameworks that are increasingly aligned with sustainability. Yet with high financing gaps, the region must lean into what works and find new ways to leverage private and blended capital at scale.

The Sevilla Commitment challenges us to turn assets across the region into measurable results; mobilizing resources from all sources to meet this financing gap and ensuring that every investment advances the SDGs. The Sevilla Commitment also emphasized the need to deepen partnerships across government, private sector, development institutions, financial institutions, civil society and others.

UNDP came together with a coalition of development institutions and finance institutions to launch the [Global Financing Playbook](#). This emphasizes four strategic pillars – policy de-risking; pipeline development; financial de-risking; and embedding impact – across which we can work together. Through the global [INFF Facility](#) and the regional [LAC Facility for Financing Resilient Human Development](#), UNDP is also working to deepen partnerships and advance implementation at the country level.

The session explored how Latin America and the Caribbean can leverage innovation, partnership, and policy coherence to ensure that every mobilized dollar truly advances sustainable development. A central theme of the discussion was on country platforms which we are defined as platforms for mobilizing investment in high priority pipelines – embedded in national development banks and ministries of finance, and with mechanisms to coordinate an ecosystem of actors to unlock the required capital.

The panel brought together representatives from Latin American development banks to reflect on how to mobilize sustainable investments, strengthen public-private collaboration and generate enabling conditions for development with equity and resilience. The panelists discussed innovations that are leveraging investment and impact at scale; on the specific roles that development banks and country platforms can play in crowding-in private capital; and about the policy tools and standards that are needed to enable scale and replication across the region.

Marcelo Miterhof, Advisor to the Managing Director, BNDES, Brazil presented an overview of Brazil's National Development Bank ([BNDES](#)), emphasizing its long-standing role as a cornerstone of long-term financing for the Brazilian economy. With 73 years of history and assets of over USD 100 billion, BNDES remains central to addressing Brazil's structural challenge of high interest rates and limited access to long-tenor financing. Although the bank now relies less on subsidized or concessional resources, its ability to provide long-term funding continues to be a critical differentiator in supporting investment and economic development.

Mr. Miterhof outlined Brazil's distinctive position in the global energy transition. While Brazil is the world's fifth-largest carbon emitter, its emissions profile differs markedly from global norms: roughly

half of national emissions stem from deforestation, while the energy sector accounts for only 17 percent, compared to a global average of 76 percent. This creates a clear national priority—ending deforestation, particularly illegal deforestation by 2030, and tightening restrictions on legal deforestation. However, as stopping deforestation does not in itself generate sufficient economic activity, Brazil must also leverage its substantial comparative advantages, including abundant water resources, high biodiversity, and strong potential in nature-based solutions and clean energy.

To address this challenge, Mr. Mitherhof described the [Brazil Climate and Ecological Transformation Investment Platform](#) (BIP) as a country platform designed to align public and private efforts and translate Brazil’s productive potential into scalable investment pipelines. Launched one year ago, the BIP’s initial focus has been on institutional set-up, inter-ministerial coordination, and strategic alignment across the Ministries of Finance, Industry and Trade, Mines and Energy, and Environment. BNDES acts as the platform’s secretariat and principal financier. To date, the BIP has identified 15 priority projects representing approximately USD 22 billion in potential investments.

Mr. Mitherhof highlighted two concrete outcomes from the BIP’s first year. The first was the launch of [Brazil’s sustainable taxonomy](#) by the Ministry of Finance, supported by the BIP’s coordination role and informed by international experience, including Mexico’s taxonomy’s emphasis on gender equality. Brazil further expanded this framework to address racial inequality. The second was a major BNDES-led initiative to mobilize private capital through dedicated funds for nature-based solutions and energy transition projects. Under this program, BNDES will commit nearly USD 1 billion, aiming to crowd in an additional USD 2–3 billion from private investors. Strong interest from domestic and international funds indicates that this mechanism can effectively convert Brazil’s environmental and energy transition opportunities into well-structured, large-scale investment chains in the years ahead.

Stella Guillén, President, Agencia Financiera de Desarrollo (AFD), Paraguay described the Development Finance Agency of Paraguay (AFD) as a second-tier development bank with a clear mandate to create long-term financing conditions in an environment characterized by high interest rates and increasingly scarce concessional resources. Although AFD is a relatively young institution at 20 years old, she underscored that development banks in the region play a critical role in complementing the private financial system, particularly by extending loan tenors rather than relying solely on preferential interest rates.

Ms. Guillén emphasized that AFD’s contribution goes beyond traditional financing lines to include non-financial support mechanisms that are increasingly essential for unlocking private investment. These include technical assistance, capacity building, and the use of guarantees to mitigate risks that private lenders are often unwilling to assume. Together, these elements help improve project viability and facilitate greater participation by commercial banks in priority sectors.

Ms. Guillén outlined AFD’s core toolkit, which consists of three main instruments that can be flexibly combined to drive financial innovation. First, AFD provides **targeted lines of financing** for housing, green investments, gender-focused initiatives, education, and broader human capital development. Second, it operates a range of **guarantee facilities**, originally aimed at microenterprises but now expanded to include specialized funds such as the [Women’s Guarantee Fund](#) (FOGAMU), and guarantees for higher education and housing, with a forestry guarantee fund currently under development. These guarantees are explicitly designed to support sectors perceived as high risk by the private financial system. Finally, she highlighted **trust funds** as a key mechanism through which

AFD can integrate financing, guarantees, and non-financial services. Acting as trustee, AFD manages catalytic funds backed by institutional investors and open to private national and international capital. A flagship example targets small producers by combining technical assistance, tailored financing through a fund structure, guarantees, and financial education. Ms. Guillén concluded that this integrated approach—bringing together multiple instruments within a single structure—is enabling AFD to achieve meaningful financial innovation and expand access to sustainable finance in Paraguay.

Iván Vicente Cornejo Villalba, National Coordinator, ALIDE, Mexico, explained the role of the Latin American Association of Development Finance Institutions ([ALIDE](#)) as the regional network that brings together development banks across Latin America and the Caribbean. He emphasized the diversity of development banking models in the region, ranging from large, multisector institutions such as Brazil’s BNDES, to sector-specific development banks, and to institutions that are fully public, mixed public–private, or even fully private. This diversity, he stressed, is a strength, as it enables ALIDE to foster the exchange of experiences and solutions that can be adapted across countries with different institutional realities.

Mr. Cornejo highlighted ALIDE’s efforts to systematize and share knowledge through a [digital platform](#) that consolidates data from its member institutions. This has allowed ALIDE to observe how development banking in the region has professionalized and evolved over time. Whereas many development banks were initially focused almost exclusively on agriculture or a single dominant sector, they have progressively expanded into infrastructure, productive development, support for small and medium-sized enterprises, services, and more recently digital services. This evolution reflects the changing development needs of Latin American economies and the capacity of development banks to adapt their financial products accordingly.

Mr. Cornejo underlined that, in the context of the Sevilla Commitment, the region has moved beyond diagnosis and analysis and is now at a stage that requires concrete action. Development banks are already engaging with sustainable finance and development challenges, but further progress depends on the enabling frameworks that allow them to mobilize available sustainable resources. In this regard, regulatory and policy alignment across countries was identified as a central issue.

In particular, he stressed the importance of interoperability in sustainable finance tools, especially taxonomies. Harmonized definitions across countries—such as Brazil, Colombia, Mexico, and others—would allow projects to be consistently classified as sustainable throughout the region, improving credibility and facilitating access to international capital. He concluded that regional platforms should serve both to attract investment and to generate robust data on development impact. Through knowledge sharing and dissemination of best practices, ALIDE seeks to ensure that proven solutions in one country can be replicated and scaled across Latin America.

Ismael Villanueva Zúñiga, Head of Emissions and International Relations Unit, NAFIN, Mexico, outlined the role of Mexico’s development banks—Nacional Financiera (NAFIN) and Banco Nacional de Comercio Exterior (Bancomext)—as key financial instruments for implementing the Mexico Plan ([Plan México](#)), which sets national development objectives to be achieved by 2030.

He explained that both banks are actively mobilizing sustainable financing through domestic and international markets using environmental, social, and governance (ESG) frameworks. These mechanisms provide confidence to investors that resources are being allocated to genuinely sustainable projects. This approach is aligned with Mexico’s sustainable finance mobilization

strategy and is supported by a structured sustainability framework that includes measurable indicators of economic, social, and environmental returns. Within this framework, NAFIN and Bancomext have developed several financial products specifically designed to support sustainable development.

Among the priority sectors highlighted were sustainable transportation and electromobility, particularly in public and cargo transport, as a preventive measure to address future environmental challenges. He also described sustainable eco-credit programs aimed at improving industrial energy efficiency, including the installation of solar panels, which enhance productivity while reducing energy costs. Gender equality was identified as another strategic pillar, with targeted financing programs—such as [Mujeres Bancomext](#)—designed to support women-led enterprises and promote women’s economic empowerment, in line with Mexico’s sustainable taxonomy.

Additionally, Mr. Villanueva emphasized support for local supply chains, particularly small and medium-sized enterprises involved in export-oriented value chains. Development banks assist these firms in integrating ESG criteria throughout their governance, production, logistics, and energy use, thereby strengthening their competitiveness and sustainability. Beyond financing, both institutions provide extensive technical assistance and training programs for financed and non-financed companies alike, as well as internal capacity-building. He concluded that through this combination of financial products, technical support, and capacity development, Mexico’s development banks are well positioned to catalyze sustainable economic growth and contribute to a more resilient future.

Key Takeaways

The session underscored that Latin America and the Caribbean possess strong foundational assets for scaling sustainable finance, including well-established development banks, growing financial innovation, and regulatory frameworks increasingly aligned with sustainability objectives. However, persistent financing gaps and high capital costs mean that these assets must be used more strategically. Anchored by the Sevilla Commitment, participants emphasized the need to mobilize all sources of finance—public, private, and blended—while ensuring that every investment delivers measurable progress toward the SDGs. Central to this effort is deeper collaboration across governments, development banks, private finance, civil society, and international partners.

The experiences of Mexico, Brazil and Paraguay showed that development banks are key players in channeling resources to sustainable projects, fostering financial innovation and strengthening gender, technological and territorial inclusion. The session highlighted the importance of moving from diagnostics to action, through greater regional coordination and the exchange of experiences. Aligning development bank strategies with national sustainability and green transition plans will help consolidate a shared vision of development, positioning the region as a more solid player in the eyes of international organizations.

The importance of country platforms as practical vehicles for translating national development priorities into bankable investment pipelines was highlighted. These platforms, typically embedded in ministries of finance and national development banks, provide a coordination mechanism across public and private actors, reduce fragmentation, and help crowd in private capital at scale. The discussion highlighted the need to progress on four mutually reinforcing pillars: policy de-risking, pipeline development, financial de-risking, and embedding impact. Together, these pillars offer a structured approach for linking investment mobilization with sustainable development outcomes.

Brazil's experience with the Climate and Ecological Transformation Investment Platform (BIP) illustrated how country platforms can function in practice.

Interoperable regulatory frameworks—especially sustainable taxonomies—are critical to ensuring credibility, reducing transaction costs, and facilitating access to international capital. The discussion reinforced that development banks and country platforms are central to anchoring blended finance in a clear sustainable development rationale, turning policy ambition into investable, high-impact outcomes across the region.

IV. Reflections and Proposals for a Regional Roadmap for FfD4 follow-up

The final session provided space for all participants to take stock of the topics discussed over the two-day regional forum, reflecting on key takeaways and shaping actions for follow-up after the event. The participants reflected on priorities to take back to their countries and organizations; identified opportunities for deeper partnership and collaboration to support FfD implementation; and considered follow-up actions for continued exchange and collaboration on financing for development across countries and partners in the region.

The priorities identified for strengthening FfD4 follow-up in Latin America and the Caribbean include:

1. Political Leadership and Country Ownership

A central and cross-cutting message from all break-out groups was the **critical importance of strong political will at the highest level** to advance the Sevilla Commitment. Participants emphasized that financing for development reforms—particularly sensitive areas such as taxation, debt restructuring, and private capital mobilization—require clear political backing to remain on national agendas and be implemented effectively. At the same time, global commitments must be **translated into nationally led and locally grounded action**, with national governments, subnational authorities, and local actors playing a decisive role in implementation.

Country ownership was repeatedly highlighted as foundational. The Sevilla Commitment should operate as an **umbrella framework** under which countries align reforms, financing strategies, and stakeholder coordination, while remaining attentive to national contexts and differing levels of capacity. Regional cooperation was seen as a way to reinforce this ownership—not as a substitute—but **through peer learning, shared tools, and coordinated advocacy at the global level**.

Participants also stressed the need to **defend and strengthen multilateralism** in a context of growing geopolitical fragmentation. Regional alignment around Sevilla was viewed as essential to preserve international commitments on development finance, climate, health, and equality, and to ensure that Latin America and the Caribbean maintain a strong, coordinated voice in global fora.

2. Mobilizing and Aligning Finance: Private Sector Engagement and Role of Development Banks

Across all discussions, there was broad consensus that the challenge is **not only the availability of capital, but its alignment and deployment** toward sustainable development objectives.

A key priority is **deepening private sector engagement**, moving beyond philanthropic narratives toward a clear framing of sustainable development finance as **profitable, investable, and scalable**. Participants emphasized the importance of creating enabling frameworks—regulatory clarity, pipelines of bankable projects, taxonomies, and risk-sharing instruments— and enabling private actors to participate meaningfully in Integrated National Financing Frameworks (INFFs) and national financing strategies. Blended finance was highlighted as a practical mechanism to combine public objectives with private capital, particularly through public–private partnerships in climate-related sectors.

Public and national development banking emerged as another cornerstone for strengthen FfD4 follow-up. Groups stressed the need to strengthen development banks' mandates, governance, and instruments so they can play a catalytic role—crowding in private finance, providing concessional and countercyclical funding, and helping to reduce overall debt vulnerabilities. Some participants noted the potential to use development banks strategically to rebalance debt portfolios, combining concessional financing with private participation to ease fiscal pressures.

3. Addressing Debt Challenges

Debt-related issues were a major concern across groups. Participants underlined that many countries remain constrained by **legacy debt stock**, which limits fiscal space and cannot be resolved through economic growth alone. There was strong interest in advancing **debt restructuring, debt swaps, climate-resilient debt clauses, and innovative instruments** under the Sevilla Commitment, and in using a collective regional voice to engage creditor institutions and global forums. The risk of over-indebtedness associated with expanded multilateral lending was raised, reinforcing the need for careful debt sustainability management alongside financing expansion. The need for a common voice as a region was highlighted to promote flexibility in the international financial ecosystem to ensure that countries, especially those facing vulnerability to disasters, can manage their debt well without defaulting. LAC countries should promote this flexibility from the international financial institutions.

4. Fiscal Reform, Equity, and Cross-Cutting Priorities

Fiscal policy was identified as a transformational lever for implementing the Sevilla Commitment. **Taxation and revenue mobilization** were highlighted as priorities—focusing not only on efficiency and productivity, but on **equity and progressivity**, including addressing tax avoidance by high-wealth individuals and corporations. Participants noted growing political and civil society momentum in the region around fair taxation, which could serve as a unifying entry point for reform.

Participants also emphasized that financing for development must systematically integrate **cross-cutting priorities**, including climate change, gender equality, biodiversity, food systems, digitalization, and subnational finance. The application of **sustainable finance taxonomies** at the national and regional level was seen as a practical step to guide markets and align investments with these priorities, while improving transparency and accountability.

Gender mainstreaming and robust **monitoring and accountability mechanisms** were repeatedly mentioned as essential to ensure that financing reforms translate into inclusive and measurable results. Participants stressed the importance of learning not only from successful experiences, but also from challenges and failures, as part of a mature and honest regional dialogue.

5. Proposals for a Roadmap for Regional Follow-Up

➤ To strengthen FfD4 follow-up at country level:

Advancing Integrated National Financing Frameworks (INFFs) will be essential to ensure FfD4 agenda is embedded at national level. The UN Secretariat will request each Member State to assign national focal points for the implementation at country level.

The importance of **coordination among international organizations and partners** was emphasized to avoid fragmentation of support at the country level and to ensure alignment behind nationally defined priorities. In this regard, country platforms will be essential as drivers of financial innovation and investment in sustainable development.

➤ **To strengthen FfD4 follow-up at regional level:**

First of all, participants highlighted the need for **continuity between regional efforts and global follow-up processes**, including Financing for Development Forums, COP processes, and UN-led debt and tax negotiations. The need for a common regional voice in relevant fora with the International Financial Institutions was also highlighted.

A major convergence point across groups was the call to **strengthen regional platforms and networks** to support implementation of the Sevilla Commitment. Rather than creating entirely new structures, participants suggested building on and interconnecting existing regional platforms (e.g. on climate finance, public investment, taxation, and development banking). Key proposals included:

- Establishing a **regional repository or knowledge hub** to share tools, financial innovations, and country experiences related to Sevilla implementation.
- Supporting **peer exchange and communities of practice** among governments, development banks, private sector actors, and international organizations.
- Developing **periodic regional follow-up and monitoring mechanisms**, which can be organized by thematic area, to track progress, identify bottlenecks, and adjust strategies over time.