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Mapping of Private Sector Climate Funding Sources in Latin America and the Caribbean

Implemented by

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In collaboration with

NDC PARTNERSHIP

Preface

This deliverable constitutes Deliverable Three (3) of the consultancy titled “Updated Report on Private Sector Financing Sources in Latin America and the Caribbean with a Focus on Climate Change,” under Contract C.83490701, signed between **SURECO & Partners CORP** (consultant) and **Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)** (client). The deliverable consists of a report with the main findings, including a data tool in Excel format with the results of the private sector investment mapping exercise available for climate and biodiversity in the Latin America and the Caribbean (LAC) region, covering the clean energy, sustainable transport, and nature-based solutions sectors. This report was executed primarily based on publicly available secondary information.

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Content

Disclaimer

*This **report** provides an **overview of private sector climate financing sources in Latin America and the Caribbean (LAC).** The information included is primarily based on publicly available secondary sources, complemented by interviews and surveys with key stakeholders. Therefore, the results should be understood as a **representative and referential approximation**, rather than an exhaustive mapping.*

The analysis, conducted in just 3 months, reflects the state of the situation at the time of the study and is subject to change, given the dynamic nature of climate financing and private investments.

In the identification of sources and financial flows, public sources and multilateral climate funds are also included, as their catalytic role is key in mobilizing private capital in the region.

The results are based on the location of the headquarters of each entity, providing an illustrative overview of the geographical distribution. It is assumed that national entities primarily mobilize resources within their own country, without fully reflecting international or regional flows.

While the classification between mitigation, adaptation, and cross-cutting approaches follows an analytical tool, it is recommended to interpret it as a guiding framework rather than a strict delineation.

*This report should be considered as a **robust starting point** for investors, policymakers, and cooperation actors seeking to deepen their understanding of the private sector stakeholder ecosystem in climate financing in the region. It is recommended to complement it with additional analysis, primary data collection, and validation processes to obtain a more complete, updated, and contextualized view of the landscape of private climate financing in Latin America and the Caribbean (LAC).*

1. Introduction

Private sector[1] climate finance in Latin America and the Caribbean[2] has become a key element in bridging the gap between investment needs and available resources for climate action. The region faces high levels of vulnerability to extreme events and, at the same time, is home to ecosystems and strategic sectors that offer a unique opportunity to catalyze transformative investments in the transition to low-emission, resilient, and inclusive development.

In this context, this report updates and expands the Overview of private sector climate finance sources operating in Latin America and the Caribbean, with the aim of building a comprehensive information base that facilitates access to and mobilization of private capital for climate change. This update not only seeks to map the sources, but also to inform and support collective action led by the countries of the region to enhance private sector participation in the regional climate agenda.

The analysis focuses on three priority sectors: **clean energy, sustainable transport, and nature-based solutions (NbS**). Through a secondary review and the application of the previously validated methodology, international, regional, and national **sources of private funding**[3] were identified and classified by type of source and **financial instruments** deployed. The report also includes a specific chapter on private financing sources from the European Union and two case studies—Brazil and Barbados—that illustrate how climate finance is mobilized in different national and sectoral contexts.

In this study, the same categorization of sources and financial instruments[4] used in the previous version has been followed to ensure methodological consistency.

- **Financing Sources Categorization**

Multilateral/Regional Climate Funds	Multilateral Development Finance Institutions (DFIs)	National Development Finance Institutions (DFIs)	Commercial Financial Institutions (FIs)
Pension Funds	Impact Funds	Insurance Companies	Asset Management Companies
Microfinance Institutions	Hedge Funds	Corporations	Capital Providers for Blended Finance
Environmental Funds	Philanthropic Capital (Foundations, NGOs)	Capital providers for private equity, Angel investors (PE) and Venture capital (VC)	

[1] The mapping also includes public sources, due to their role as facilitators and catalysts of private financing, as they structure second-tier instruments and schemes that enable the mobilization of private capital towards,

[2] Includes countries in South America, Central America, the Caribbean, and also includes Mexico.

[3] According to the definition from the previous study, the private sector provides capital to other actors (public or private) for the implementation of mitigation, adaptation, and/or conservation projects, using its own funds or those of third-party investors.

[4] See Annex B for more information.

- **Financial Instruments Categorization**

Grants	Project-level Debt (of which low cost, and of which market rate)	Project-level Equity	Subordinated Debt
Project Finance[5]	Results-based Climate Funding (RBCF)	Blended Finance[6]	Retail Lending
Asset Management vehicles[7]	Innovative Financial Instruments	Guarantees	Insurance
Debt-for-Nature/Climate Swaps	Corporate Lending	Capital Markets (green, blue, thematic bonds)	Balance Sheet

It is important to highlight that this study results from the updating of the Financial Sources Mapping Tool and provides a representative, albeit non-exhaustive, characterization of private funding sources identified at the national, regional, and international levels.

The classification of sources and instruments reflects the definitions adopted by the identified entities themselves and does not correspond to a standardized taxonomy. The study aims to offer an overview of the current state of private climate finance, highlighting relevant examples and key trends that can serve as a basis for future actions and strategies.

[5] *Although "Project Finance" is presented as a separate category in this mapping, it does not represent a financial instrument per se but rather a financing structure that combines project-level equity and debt. Its inclusion reflects how some sources classify and report their financial mechanisms, and should therefore be interpreted accordingly.*

[6] In this study, blended finance mechanisms typically combine instruments such as concessional debt, grants, guarantees, equity, project finance, thematic bonds, RBCF, insurance, and debt-for-nature swaps to mitigate financial and perception risks, enhance project bankability, and mobilize private investment in clean energy, nature-based solutions, and sustainable transport.

[7] *Although asset management vehicles are not financial instruments per se, they are included here to represent the investment structures through which asset managers and institutional owners mobilize private capital toward climate projects. These vehicles typically operate using multiple instruments such as equity, debt, thematic bonds, or blended finance. The category is maintained as reported by the financing sources identified in the mapping, which frequently classify "asset management" as an investment mechanism rather than disaggregating by specific instruments. Its inclusion ensures consistency with the original data and preserves comparability across the database.*

2. General Characterization of Private Funding Sources in Latin America and the Caribbean

Climate finance continues to be an important instrument in Latin America and the Caribbean (LAC) for addressing and preventing the adverse effects of global warming in countries across the region.

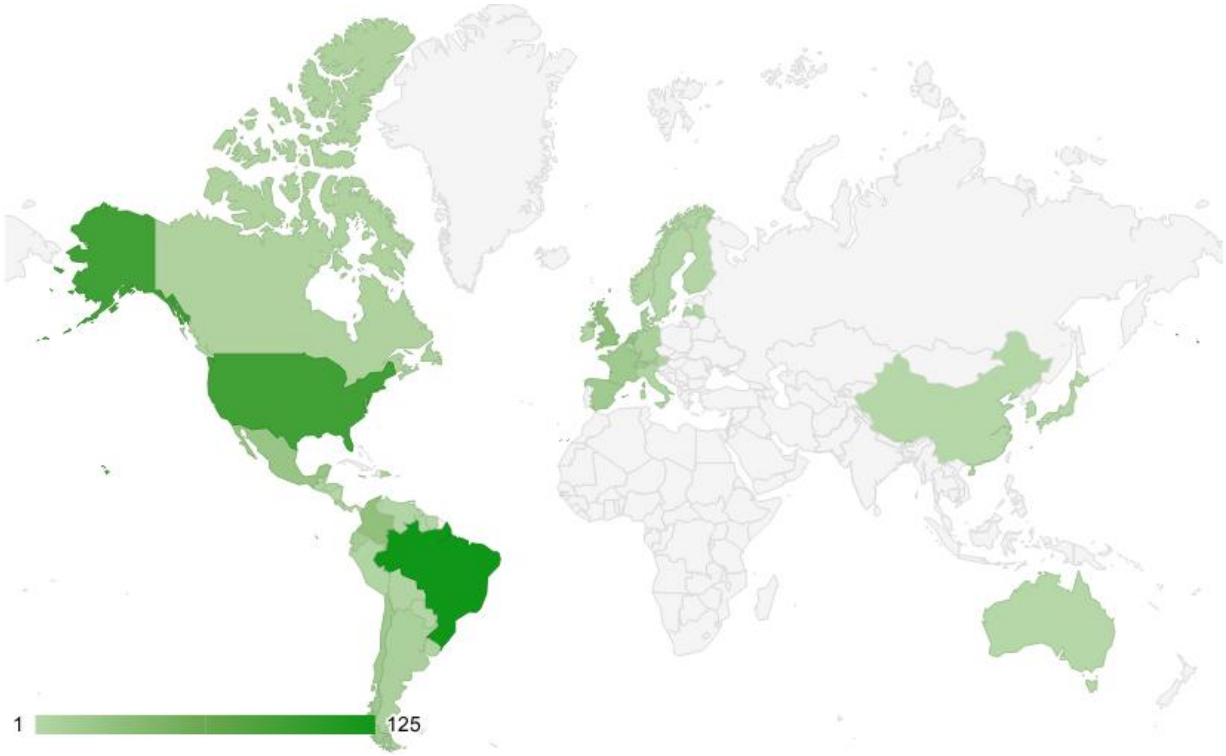
Although the main focus of this study is **private funding sources**, it is important to mention that the analysis also includes **public and mixed sources**[8], as public resources act as **catalysts for private funding**, whether through blended finance schemes, guarantees, or other instruments that unlock investments and leverage the impact of climate initiatives.

2.1. Geographical Origin of Funding Sources

The geographical origin of the funding sources can reveal investment patterns and opportunities for project development in the region. Below is the location of the headquarters of the **590 identified Funding Sources that provide and mobilize climate financing towards Latin America and the Caribbean.**

Figure 1.

Geographic location of private funding sources



Source: Own elaboration, Sureco and Partners (2025)

The mapping conducted shows that in the Americas, the countries with the highest number of financing sources are **Brazil** with **125** and **the United States** with **91** sources. In contrast, **Central America** and several Caribbean states — such as **Barbados** — report a lower number of sources in the mapping, reflecting the lesser geographic concentration of climate

[8] A total of 61 public sources were identified that channel or make financial resources available to the private sector supporting access to funding for climate-related initiatives.

finance mechanisms in these island economies within the region. On the other hand, within the European Union, the **Netherlands** is the country with the most identified sources, with **21 sources**, followed by Spain and France, each with **18 sources**.

In this regard, the percentage of incidence of sources from the **European Union** out of the total 590 identified sources is **17.80%** Meanwhile, sources from the **Americas**[9] represent **70.8%** of the total, the remaining **11.4%** comes from other countries across **Europe, Asia,** and **Oceania**[10]**,** underscoring the global nature of the financial flows toward climate initiatives in Latin America and the Caribbean**.**

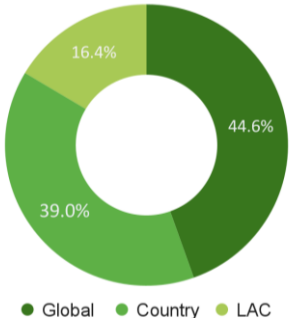
2.2. Orientation of the Destination of Funding Sources

Figure 2 shows the geographic distribution of the 590 identified funding sources.

Of the total mapped sources, **44.6% operate at the global level**[11], while **39% invest at the national level**, corresponding mainly to entities based within Latin America and the Caribbean. Additionally, **16.4% of the sources have a regional focus**, investing across multiple countries in the Latin American and Caribbean (LAC) region.

Figure 2.

Geographic distribution of funding sources[12]



Source: Own elaboration, Sureco and Partners (2025)

Analyzing the information at a specific level, in the case of the **United States**, **96.7%** of the identified sources operate globally, while only **3.3%** focus exclusively on **Latin America and the Caribbean**.

Brazilian sources show a different pattern, with **77.6%** investing only at the country level, **20%** in Latin America and the Caribbean, and only **2.4%** operating globally.

In Central America, **98%** of the mapped sources invest in **LAC**, with a majority (**64.5%**) specifically investing within the **subregion**. Within this context, **Costa Rica** plays a strategic role, with **38.7%** of the identified sources in the subregion.

Regarding **Mexican** sources,**48%** focus their impact within the country itself, while **52%** are deployed at the Latin American and Caribbean level.

[9] North America, Mesoamerica, Central America, South America, Caribbean

[10] Europe: United Kingdom, Norway, Switzerland. Asia: Japan. Oceania: Australia

[11] It is important to note that the 590 identified sources have an impact in LAC countries. However, this number refers to international sources that also operate in other regions.

[12] LAC: Includes countries in South America, Central America, the Caribbean, and also includes Mexico.

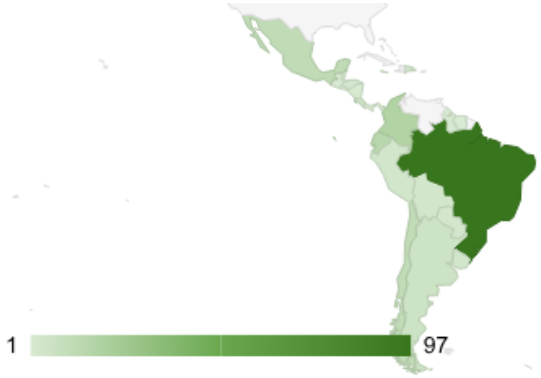
In the **European Union**, **99%** of the sources operate globally, including investments in **Latin America and the Caribbean**, while only **0.95%** focus exclusively on LAC.

These results show that while the United States and the European Union operate mainly through global financing schemes which include investments in LAC they also invest in other regions such as Europe, North America and Asia. In contrast, Funding Sources coming from countries in Latin America and the Caribbean tend to prioritize local and regional investments within their own region.

Figure 3 shows climate finance sources in Latin America and the Caribbean with a national focus. Most of these sources operate exclusively within their countries of origin, with a strong concentration in Brazil **(97)**, followed by Colombia **(18)**, Ecuador **(15)**, and Mexico **(12)**. Regarding Caribbean countries, Barbados leads **(9)**, followed by Jamaica **(5)**. This pattern reveals a marked preference in the LAC region for financing schemes with a primarily domestic reach.

Figure 3.

Funding Sources with a National Focus

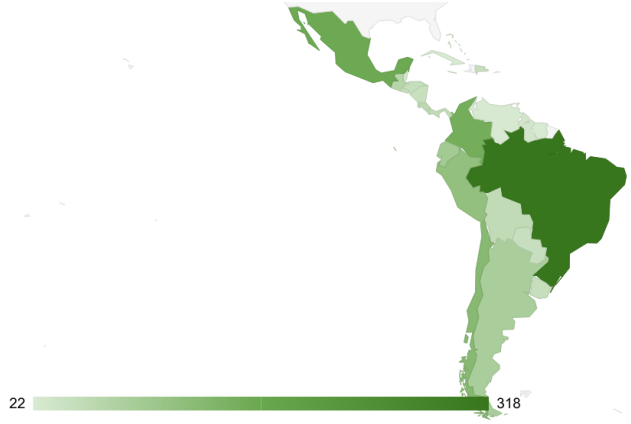


Source: Own elaboration, Sureco and Partners (2025)

The analysis of the destinations has been deepened in this study, considering publicly available secondary information from the sources' websites. However, this does not mean that investments have been effectively consolidated in these countries. The results presented in **Figure 4** show that out of the 590 funding sources, **318** sources list Brazil as an investment destination, **168** Mexico, **158** refer to Colombia, and **131** focus on Chile. Regarding the Caribbean subregion, **53** sources mention Barbados as an investment destination, and **28** mention the Bahamas.

Figure 4.

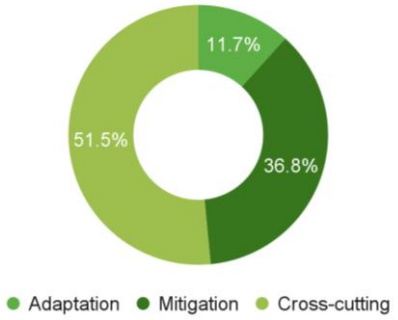
Destination of Funding Sources to LAC Countries



Source: Own elaboration, Sureco and Partners (2025)

Figure 5 shows the distribution of funding sources according to their contribution to mitigation, adaptation, or cross-cutting areas. It can be observed that, out of the total identified sources, **51.5%** are primarily focused on cross-cutting projects, combining both mitigation and adaptation. **36.8**% are concentrated on mitigation (clean energy, sustainable transport), while only **11.7%** are dedicated exclusively to adaptation[13], highlighting a gap in this type of investment.

Figure 5.
Areas of Impact



Source: Own elaboration, Sureco and Partners (2025)

2.3. Types of Funding Sources and Financial Instruments

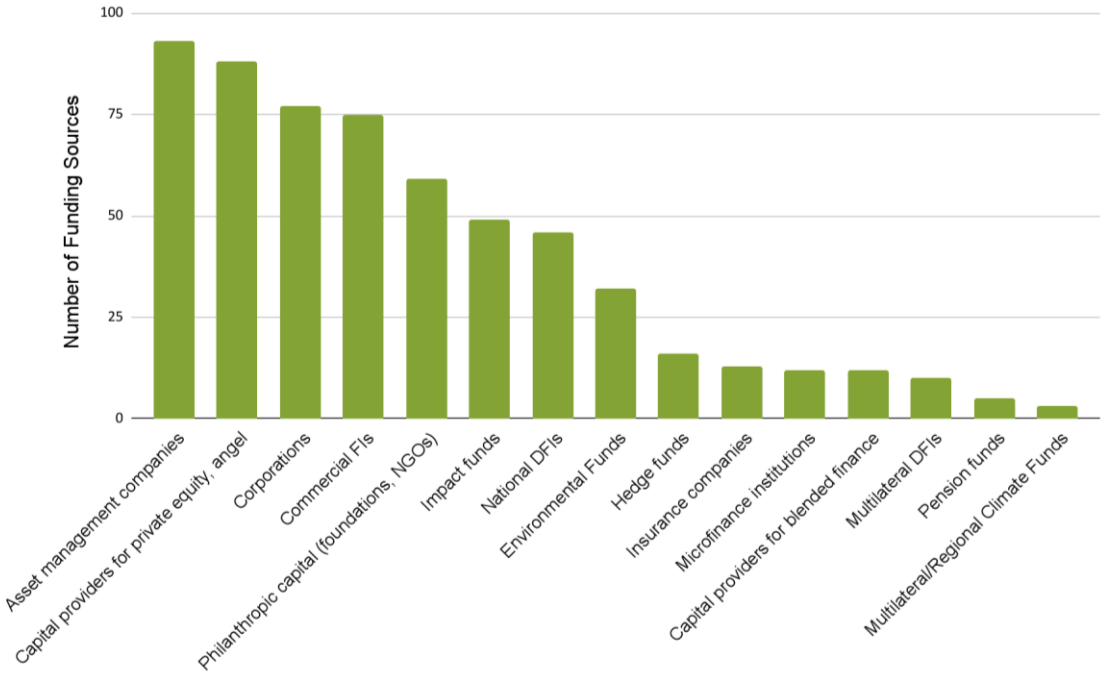
The private financing mapping considers various sources, including both public[14] and private entities. According to Figure 6, among the main sources are **Asset Management Companies** (93), **Private Capital Providers** (88), **Corporations** (77), **Commercial Financial Institutions** (75), **NGOs or philanthropic Capital Institutions** (59), and **Impact Funds** (49). These six types of institutions represent **75%** (441) of the total identified sources.

In this context, there is a high concentration of entities classified as **Asset Managers** and **Providers for Private Equity** (181 in total, 41%), reflecting the growing importance of capital markets and private investment vehicles in channeling resources towards climate projects.

However, the lower participation of **Insurance Companies**, **Hedge Funds**, **Environmental Funds** and Pension Funds reveals an opportunity to collaborate with institutions that can help diversify risks and promote financial coverage mechanisms in the region.

Figure 6.
Funding Sources identified by type of Entity

[13] Mainly linked to the Nature-based Solutions (NbS) sector, particularly related to water and coastal security, and the conservation of biodiversity and ecosystems.
[14] Only public sources that mobilize resources for climate action in the private sector have been mapped.



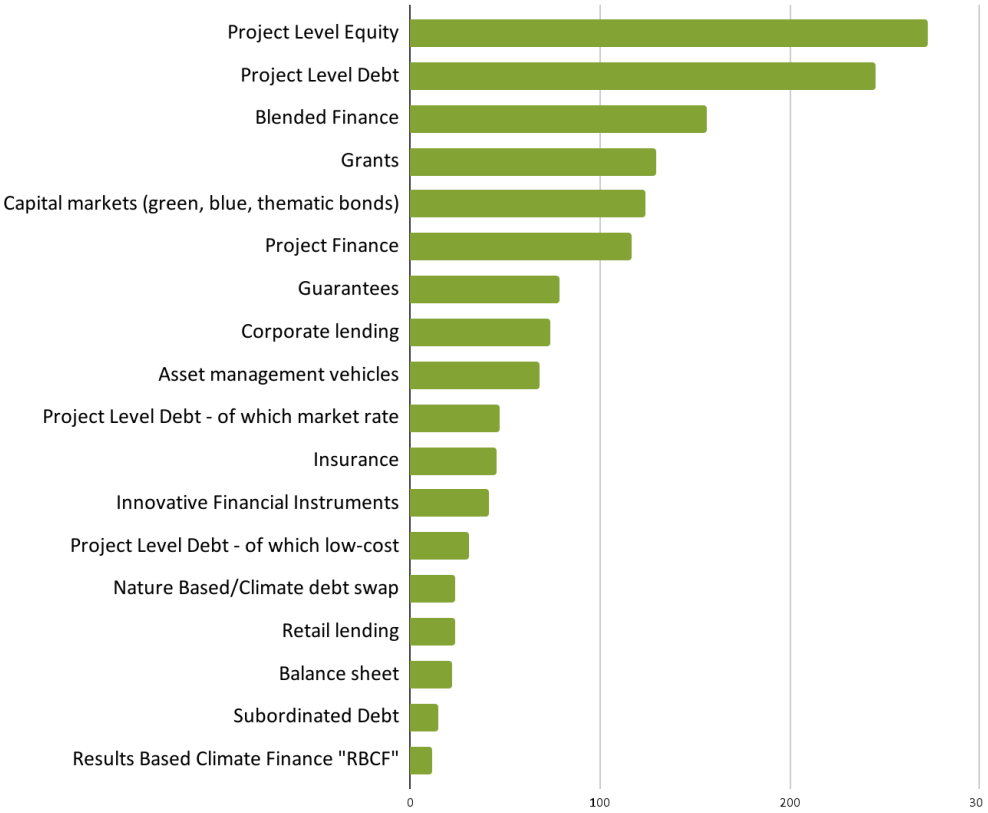
Source: Own elaboration, Sureco and Partners (2025)

Regarding the financial instruments most commonly deployed by sources that provide climate change funding[15] in the LAC region, we can mention the following: **Project-level equity**, **Project-level debt, Blended finance**, **Grants**, **Capital markets**, and **Project finance** (Figure 7).

Figure 7.

Types of Financial Instruments deployed by the identified Sources

[15] It is important to clarify that funding sources deploy different types of instruments. The data correspond to the percentage analysis derived from the chart obtained through the processing of results.



Source: Own elaboration, Sureco and Partners (2025)

*Note: For the graphs related to financial instruments, the numbers on the horizontal axis indicate **how many times each type of instrument appears in the sources recorded** in the study database.*

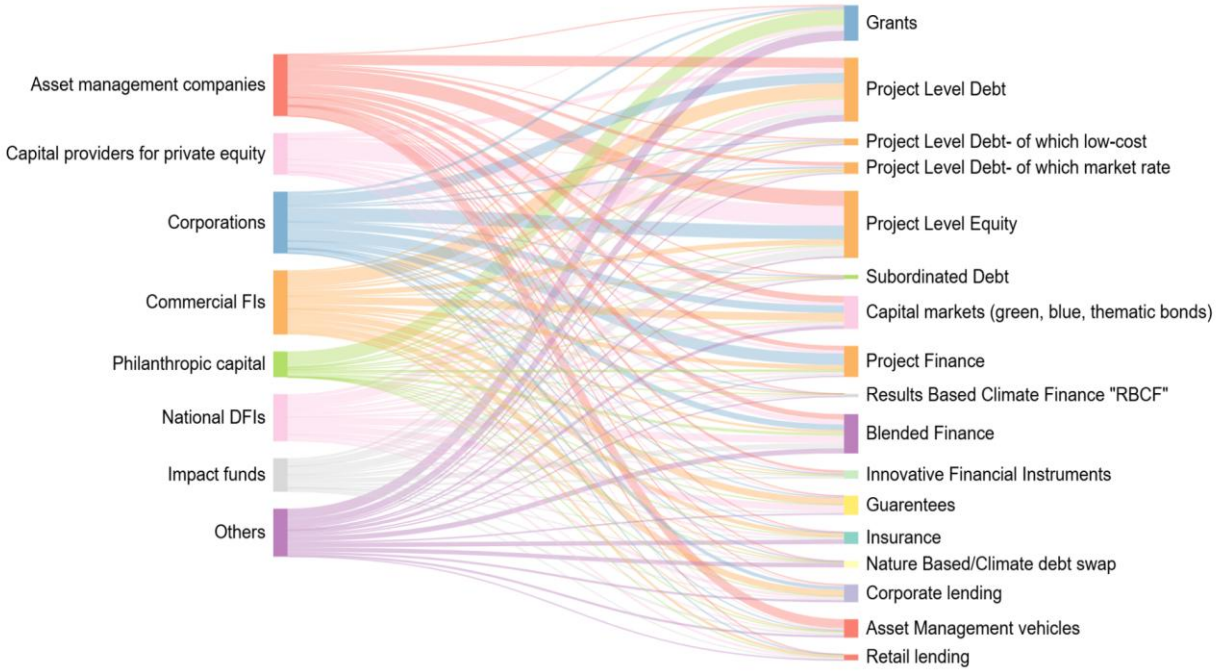
The following chart (Figure 8) shows the relationship between the types of entities and the financial instruments most frequently deployed to channel climate finance in Latin America and the Caribbean.

- **Asset management companies** and **capital providers for private equity** deploy project level equity and project level debt, with a significant participation in capital markets and the issuance of thematic bonds.
- **Corporations** primarily deploy project level debt and guarantees, suggesting their involvement in projects that require flexible financing and long-term incentives, in addition to participating in the structuring of financing for projects.
- **Philanthropic organizations** and **Impact funds** focus on **grants**, **blended finance**, and **Innovative financial instruments**, highlighting their approach to funding projects with significant social and environmental impact.

In summary, the chart shows that global climate finance no longer relies solely on public or multilateral funds. There is a diversified architecture where the combination of private, philanthropic, and public capital is articulated through hybrid instruments (blended finance, guarantees, thematic bonds) that emerge as catalysts for climate finance toward the private sector.

Figure 8.

Most widely deployed Financial Instruments by type of Financial Source at the general level[16]



Source: Own elaboration, Sureco and Partners (2025)

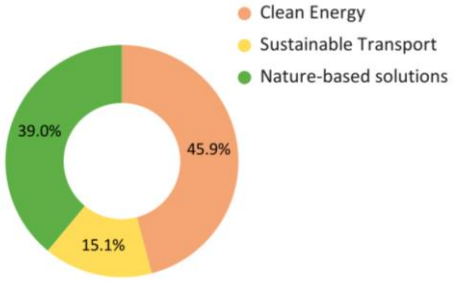
3. Categorization by Sector

Lastly, three strategic sectors were defined for analysis in this study: clean energy, sustainable transportation, and nature-based solutions.

On the basis of the 590 sources mapped, **45.9%** invest in the clean energy sector, **39%** in nature-based solutions, and **15.1%** in sustainable transportation (Figure 9).

Figure 9.

Funding Sources by Sector[17]



Source: Own elaboration, Sureco and Partners (2025)

A more detailed analysis of the three strategic sectors mentioned above and their respective areas of impact is presented below, together with a summary of the results of the bibliographic identification of the sources of funding and financial instruments used in each sector.

[16] Others: Environmental Funds, Hedge Funds, Insurance Companies, Microfinance Institutions, Capital providers for blended finance, Multilateral DFIs, Pension Funds, Multilateral/Regional Climate Funds.

[17] The distribution of Funding Sources by sector reflects the number of actors mapped in each sector, and not the total amount of investment. Many actors focus on or invest in multiple sectors. This distribution highlights the participation of various sectors in the financing landscape, but does not imply that a specific sector receives the highest financial volume.

3.1. Clean Energy

The clean energy sector comprises both renewable energy generation and transmission and distribution, considering its simultaneous contribution to climate change mitigation and energy system adaptation. **Renewable energy generation** includes funding for wind, solar, bioenergy, and small low-impact hydroelectric projects. The **transmission and distribution of renewable energy** includes the expansion of transmission lines to integrate new renewable capacity, as well as the development of smart grids and microgrids in isolated communities. **Biofuel production** includes the use of biomass for electricity generation, liquid biofuels for transportation, biogas, and briquettes and pellets for heating and industrial thermal processes.

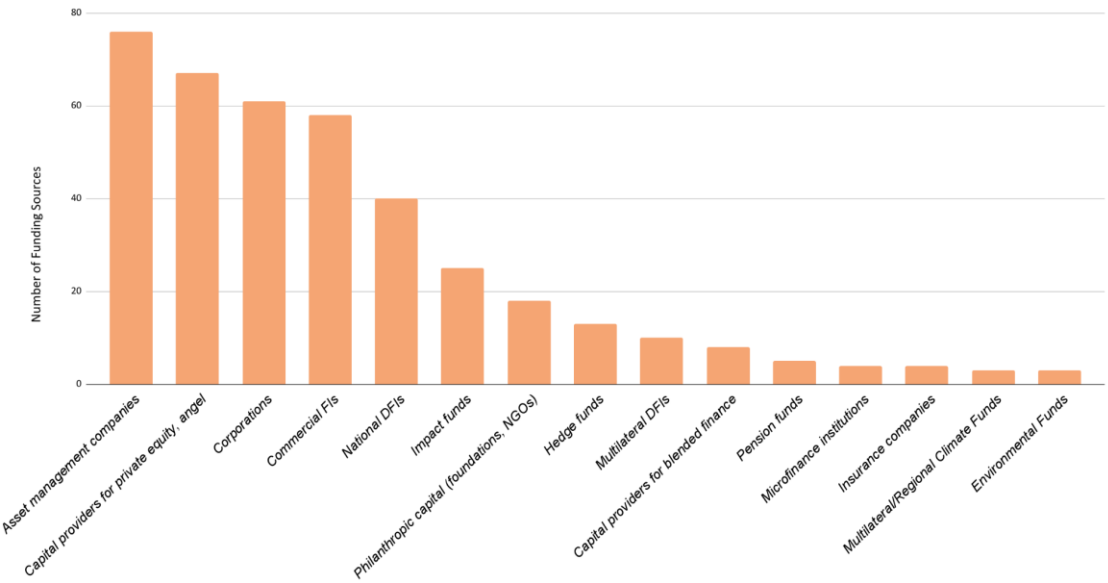
3.1.1. Identification of Funding Sources

Figure 10 highlights the **diversity** of sources providing funding to the clean energy sector in Latin America and the Caribbean. The study identified a total of **395 sources linked to climate funding in this sector**.

Asset management companies lead with 76 appearances (representing 19.2%), followed by **Private equity providers** with 67 appearances, **Corporations** with 61 appearances, and **Commercial Financial Institutions** with 58 appearances, displaying that large companies not only execute projects but also channel resources directly. A second group identified **National development finance institutions (DFIs)**, **Impact funds**, and **Philanthropic capital**. In contrast, sources such as **Multilateral funds**, **Pension funds**, **Microfinance institutions**, **Insurance companies**, and **Environmental funds** have a limited presence in the sector.

Figure 10.

Number of Funding Sources identified by type of Entity - Energy Sector



Source: Own elaboration, Sureco and Partners (2025)

3.1.2. Identification of Financial Instruments

The range of financial instruments used to channel resources into the **clean energy** sector in LAC is broad, although some are much more widely deployed than others. **Project-level**

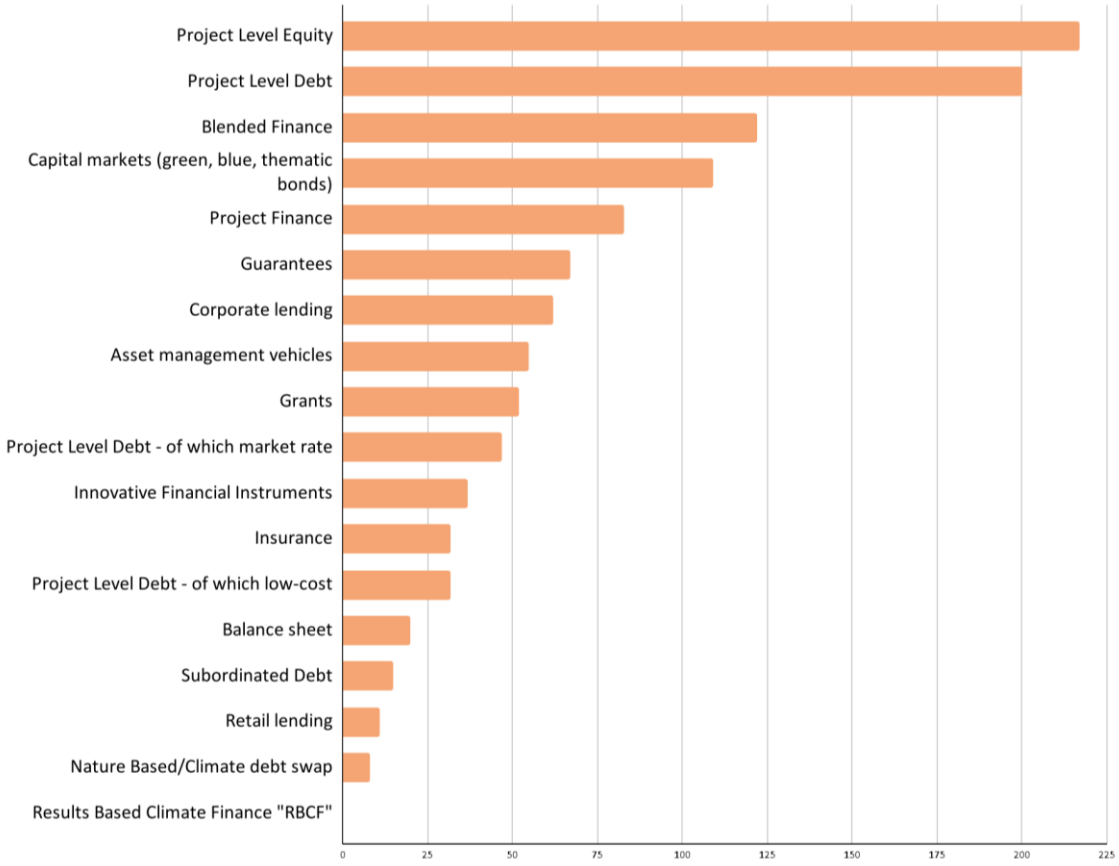
equity and **project-level debt** are the predominant instruments, with a significantly greater presence than the rest.

At a second level, **blended finance**, **thematic capital markets (green, blue, and sustainable bonds)**, and **project finance** stand out, which together evidence a growing trend toward schemes that seek to reduce risks and expand liquidity, thus facilitating the participation of private capital in large-scale projects.

In contrast, other instruments such as **guarantees**, **insurance**, **subordinated debt**, and **debt-for-nature/climate swaps** still have an incipient presence, indicating that their application in the region is in its early stages and has great potential for growth.

Figure 11.

Types of financial instruments deployed by the identified Funding Sources - Energy Sector



Source: Own elaboration, Sureco and Partners (2025)

3.2. Nature-based solutions (NbS)

As their name suggests, NbS are actions taken to address different challenges and rely on the protection, sustainable management, and restoration of natural or modified ecosystems,

while simultaneously providing benefits for human well-being and biodiversity[18]. These actions can contribute not only to **climate change mitigation**, for example through carbon sequestration, but also to **climate change adaptation** by strengthening the resilience of communities and/or ecosystems to extreme events such as floods or droughts.

The following five subsectors within NbS were considered for this study. **Biodiversity and ecosystem conservation**, which includes protection measures such as protected areas and biological corridors, as well as land use regulations to prevent habitat fragmentation; **Biodiversity and ecosystem restoration** encompasses reforestation, wetland and eroded soil restoration, and invasive species control; **Infrastructure and urban development**, which highlights green infrastructure initiatives such as parks and green roofs, along with sustainable urban drainage systems such as rain gardens or artificial wetlands and permeable pavements. The fourth subsector is **agriculture, forestry, and other sustainable land uses**, which comprises practices such as regenerative agriculture, agroforestry, silvopastoral systems, organic agriculture, agroecological pest management, and sustainable forest management. Finally, actions related to **water security and coastal and marine ecosystems** were considered, including the restoration of watersheds and dune ecosystems, protection of springs and recharge areas, rainwater harvesting, restoration and conservation of coral reefs and mangroves, sustainable fishing, and control of invasive marine species, among others.

3.2.1. Identification of Funding Sources

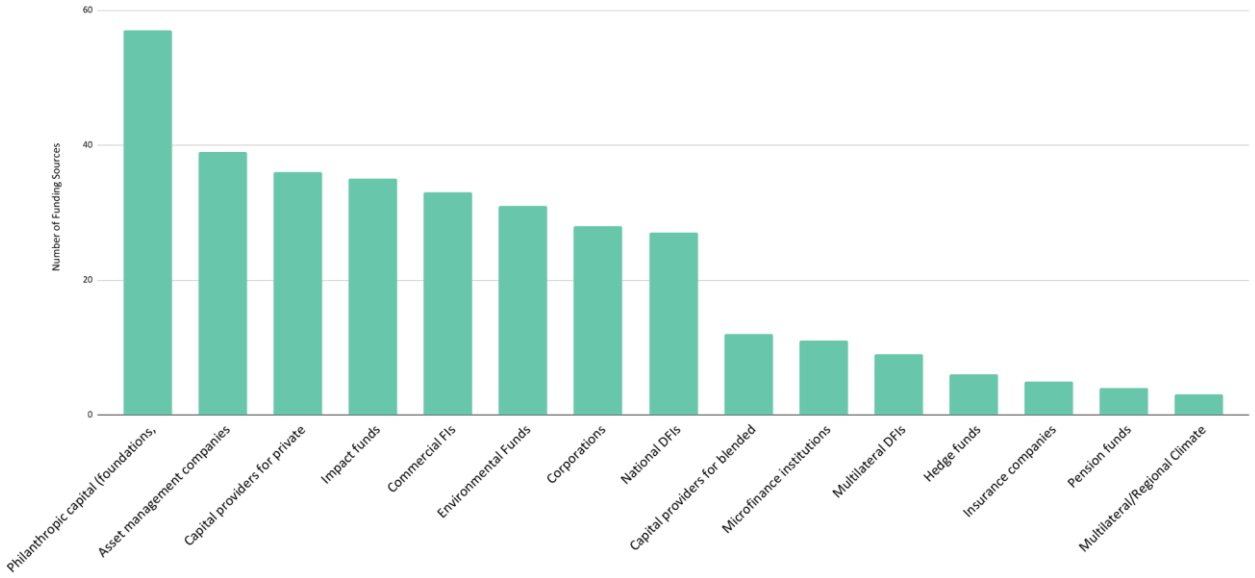
Figure 14 illustrates the **diversity** of entities providing funding to the NbS sector in Latin America and the Caribbean. The study identified a total of **336 entities engaged in climate finance in this sector**.

Philanthropic capital is the source that leads funding in this sector with 57 appearances (representing 17% of the total), followed by a second group of entities that correspond to **Asset management companies**, **Capital providers for private equity**, **angel investors (PE) and Venture capital (VC)**, **Impact funds**, **Commercial financial institutions**, **Environmental funds**[19], **Corporations**, and **National Development Financial Institutions**, which together represent **68% of the total number of entities for the sector (229 entities**). This group reflects a diverse yet relatively homogeneous distribution, with no major disparities between the different types of investors. Finally, institutions such as Private Capital Providers for Blended Finance, Microfinance Institutions, Multilateral Development Funding Institutions, Insurance Companies, among others, have a significantly lower share.

[18] For broader consideration: https://iucn.org/es/nuestro-trabajo/soluciones-basadas-en-la-naturaleza.

[19] It is important to highlight that around 35% of the mapped environmental funds are structured as blended, integrating public and private capital. Likewise, the environmental funds identified in this study mobilize and catalyze financial resources for the private sector.

Figure 14.
Identified Funding *Sources by type of Entity - Nature-Based Solutions (NbS) Sector*



Source: Own elaboration, Sureco and Partners (2025)

The sector plays a significant role **in the region**, as reflected in the mapping, which shows that 57% of the identified entities provide funding for SbN initiatives. Given the breadth of this sector, it is important to recognize that some of the subsectors may generate greater interest depending on the type of entity. In particular, a large proportion of funds is likely to have been directed toward the agriculture, forestry, and other sustainable land-use subsectors. Additionally, **strategic ecosystems such as the Amazon** may also have captured significant attention from the financial community and international cooperation, thus considering this sector a key component in the sustainability and resilience agendas in Latin America and the Caribbean.

3.2.2. Identification of Financial Instruments

As shown in **Figure 15** below, the instruments most commonly used by entities funding SbN are **project-level debt**, **project-level equity**, **grants**, and **blended funding**, each of which appears more than 100 times. In a second group, we find **thematic capital markets (green, blue, and thematic bonds)** and **guarantees**, with an intermediate presence of 67 and 53 occurrences, respectively. The rest of the financial instruments—such as project finance, asset management vehicles, corporate lending, insurance, market debt, debt-for-nature swaps, and innovative instruments, among others—show considerably less use.

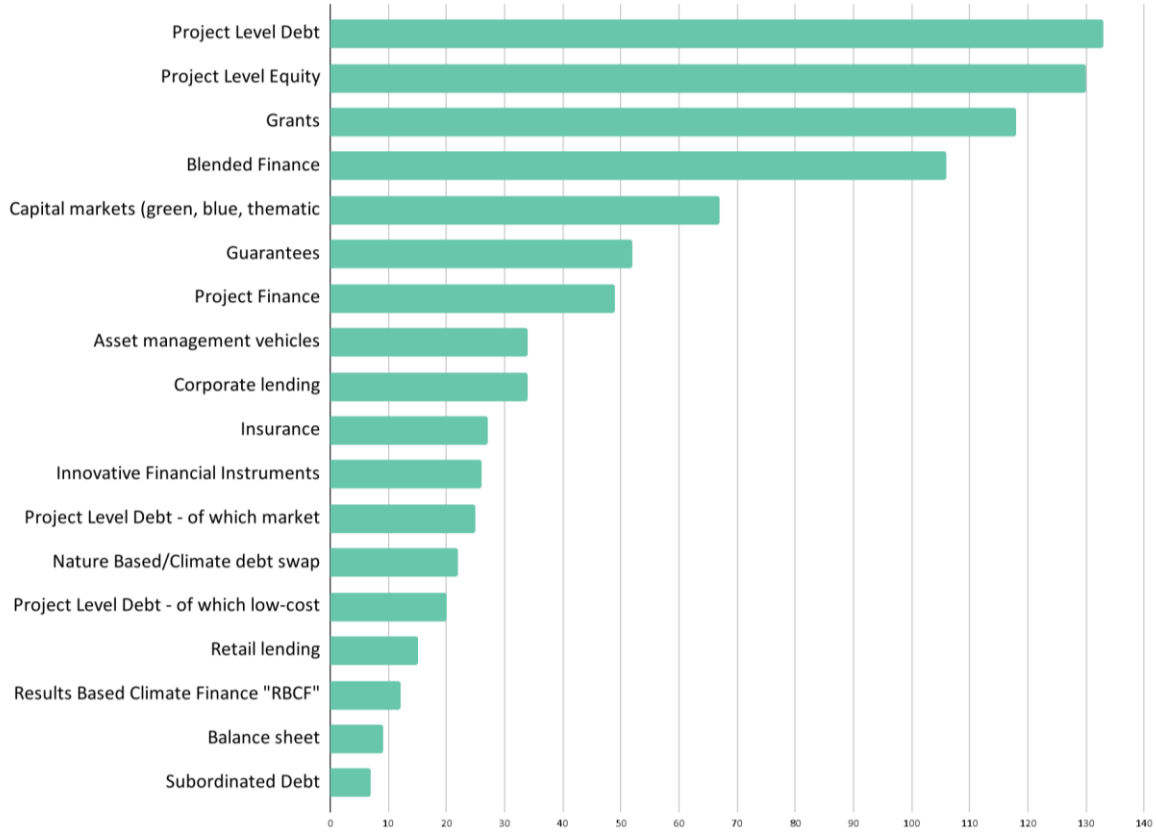
On the one hand, the **high share of grants** reflects the role of Philanthropic Foundations and International Organizations, which channel non-reimbursable resources. On the other hand, the weight of debt and equity at the project level is linked to the actions of **Private Equity (PE) and Venture Capital (VC) providers**, **Commercial and National Development Financial Institutions**, as well as **Asset Management Entities**, which deploy these instruments in investments with expected financial returns.

Overall, the analysis shows that, although there is a **diversity of financial instruments available**, the funding of NbS in Latin America and the Caribbean continues to depend largely

on grants and traditional debt and equity instruments, while more innovative instruments still have a **limited presence in the region**.

Figure 15.

Types of Financial Instruments deployed by the identified Funding Sources - NbS sector



Source: Own elaboration, Sureco and Partners (2025)

3.3. Sustainable Transportation

This sector includes sources that promote the decarbonization of mobility through technological and modal[20] change. To this end, it covers the following subsectors. **Private transportation** (cars) includes the incorporation of private electric vehicles (EVs) and the installation of home and private charging stations; **Public transport** covers electric bus systems; **Urban infrastructure** geared towards sustainable transport includes electric corridors, infrastructure for micro-mobility (bicycles and scooters), urban charging infrastructure, and the promotion of active mobility; **Green hydrogen** for transport includes pilot projects for green hydrogen buses and trucks, as well as refueling stations (hydrogen stations).

[20] It refers to shifting transportation demand toward more efficient and lower-impact modes, such as moving freight from trucks to trains or ships, or encouraging people to replace car trips with public transport, cycling, or walking.

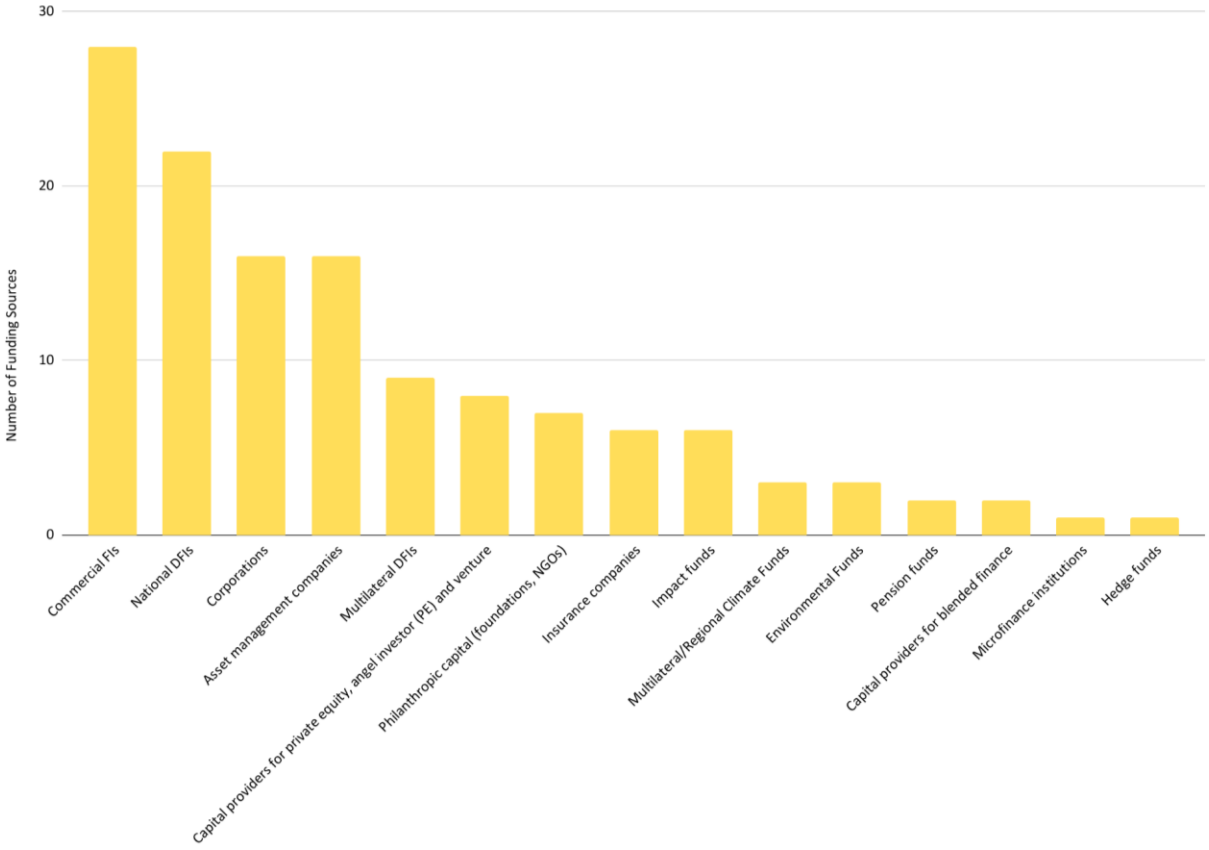
3.3.1. Identification of Funding Sources

The mapping exercise identified **130 sources** that are funding sustainable transport activities, which is equivalent to approximately one in five entities identified in the study.

In terms of distribution, **Commercial Financial Institutions** lead the sector with 28 appearances, followed by **National Development Financial Institutions (NDFIs)**, **Corporations**, **Asset management companies**, and **Multilateral development financial institutions**. Together, these top five categories account for 70% of the identified funding entities. Other sources, such as Philanthropic Funds, Insurance Companies, and Impact Investors, appear next with smaller shares.

Figure 12.

Number of Funding Sources identified by type of Entity - Sustainable Transportation Sector



Source: Own elaboration, Sureco and Partners (2025)

3.3.2. Identification of Financial Instruments

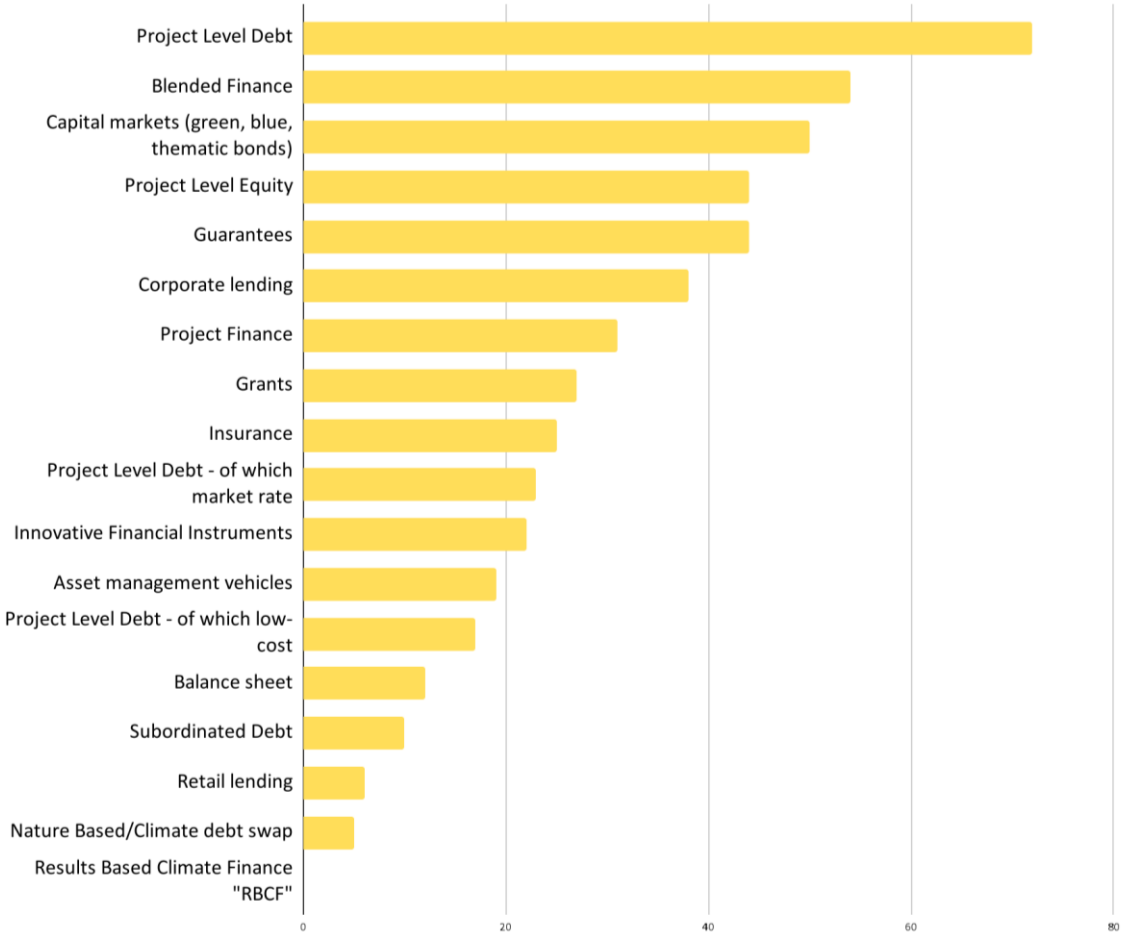
The analysis of financial instruments in the **sustainable transportation** sector reveals a **clear concentration on project-level debt**, which is the main financial instrument. At a second level, **blended funding (blended finance)** and **thematic capital markets (green, blue, or sustainable bonds)** stand out, closely followed by **project-level equity** and **guarantees**, which shows limited diversification towards schemes designed to reduce risks and attract private capital.

Beyond these predominant instruments, others such as **insurance**, **grants**, **innovative financial instruments**, **subordinated debt**, and **retail lending** have an incipient share, while

instruments such as d**ebt-for-nature/climate swaps** and **results-based climate finance (RBCF)** are marginal.

Figure 13.

Types of Financial Instruments deployed by the identified Funding Sources - Sustainable Transportation Sector



Source: Own elaboration, Sureco and Partners (2025)

3.4. Key findings

The following section illustrates the relationship between funding sources and financial instruments deployed in the clean energy, sustainable transportation, and nature-based solutions sectors.

The integrated analysis of the **clean energy** sector (see Figure 16) shows that:

- The mapping shows that the main private Funding Sources — particularly **asset managers**, **private equity funds**, **corporations**, and **commercial banks** — are mostly deployed with **equity** and **project-level debt** in the energy sector. This reflects investors' preference for clear and replicable structures in the renewable sector, where power purchase agreements (PPAs) and technical bankability are key factors.
- **Commercial banks** also play a central role, primarily directing resources towards **project-level debt** and **capital markets**, with a complement in **blended finance**.

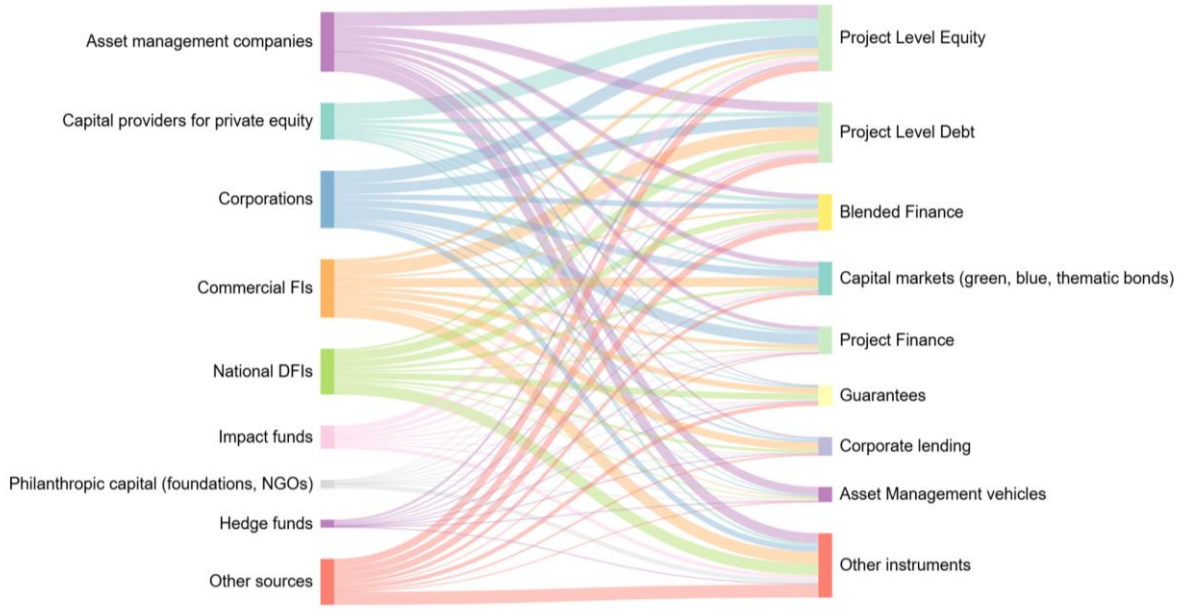
- **National development banks** channel resources mainly towards **project-level debt** and **blended finance**.

- **Impact funds**, although with a smaller share, contribute through **grants** and **blended finance**, while **Multilateral financial institutions** diversify their actions between **guarantees**, **corporate lending**, and **project finance**, playing a catalytic role in attracting private investment.

- The analysis also shows that philanthropic actors, impact funds, and certain banks see **blended finance** as a way to participate in the energy transition, with a smaller share compared to traditional instruments.

Figure 16

Main Financial Instruments deployed by the identified Funding Sources - Energy Sector[21]



Source: Own elaboration, Sureco and Partners (2025)

Regarding to **Nature-Based Solutions** (Figure 17), the Sankey diagram shows that:

- **Asset management Companies** also deploy a large variety of financial instruments, utilizing diverse mechanisms across different areas of the sector.

- **Commercial financial institutions** mainly channel resources in the form of **project-level debt** and through **capital markets**.

- **National development finance institutions** deploy numerous instruments, with **project-level debt** being the most prevalent.

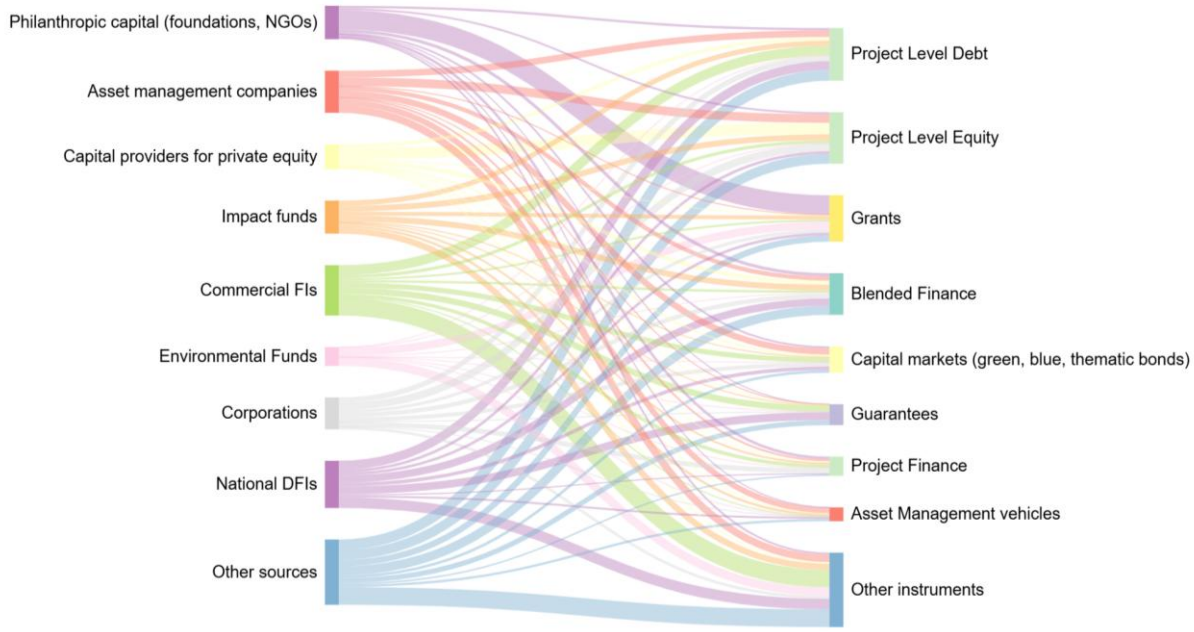
[21] Other sources: Multilateral DFIs, Capital providers for blended finance, Pension funds, Microfinance institutions, Insurance companies, Multilateral climate funds, Environmental funds.
Other instruments: Grants, Project level debt, Innovative financial instruments, Insurance, Balance sheet, Subordinated debt, Retail lending, Nature based swaps, Result based climate finance.

- In the case of **Multilateral development finance institutions, project-level debt** and **blended finance** instruments are mainly used.
- **Philanthropic capital entities** mainly channel grants as financial resources.
- Finally, **Impact funds** channel resources through **blended finance**, **project-level equity**, and **project-level debt.** This diversity of entities participating in the funding of SbNs in the region displays a pluralistic environment with different motivations.

This sector has gained relevance in recent decades thanks to its **multisectoral nature**, which has increased the interest of various actors in supporting initiatives in this field. However, there is a high aversion to risk and a dependence on concessional funds that limits the scale of funding and raises the challenge of strengthening hybrid and innovative mechanisms that allow long-term private capital to be mobilized towards NbS in the region.

Figure 17

Main Financial Instruments deployed by the identified Funding Sources - Nature-based Solutions Sector[22]



Source: Own elaboration, Sureco and Partners (2025)

Finally, with regard to the **sustainable transportation sector** (Figure 18), the integrated analysis of the financial instruments deployed by the sources shows that:

[22] Other sources: Capital providers for blended finance, Microfinance institutions, Multilateral DFIs, Hedge funds, Insurance companies, Pension Funds, Multilateral/Regional Climate Funds.
Other instruments: Corporate lending, Insurance, Project Level Debt – of which market rate, Innovative Financial Instruments, Nature Based/Climate debt swap, Project Level Debt – of which low-cost, Retail lending, Results Based Climate Finance "RBCF", Balance sheet, Subordinated Debt

- **Commercial FIs** and **National development DFIs** mainly channel **project-level debt,** supplemented to a lesser extent by **blended finance** and **capital markets**.

- **Corporations** provide significant resources by combining **equity** and **project-level debt**, displaying their dual role as investors and project executors.

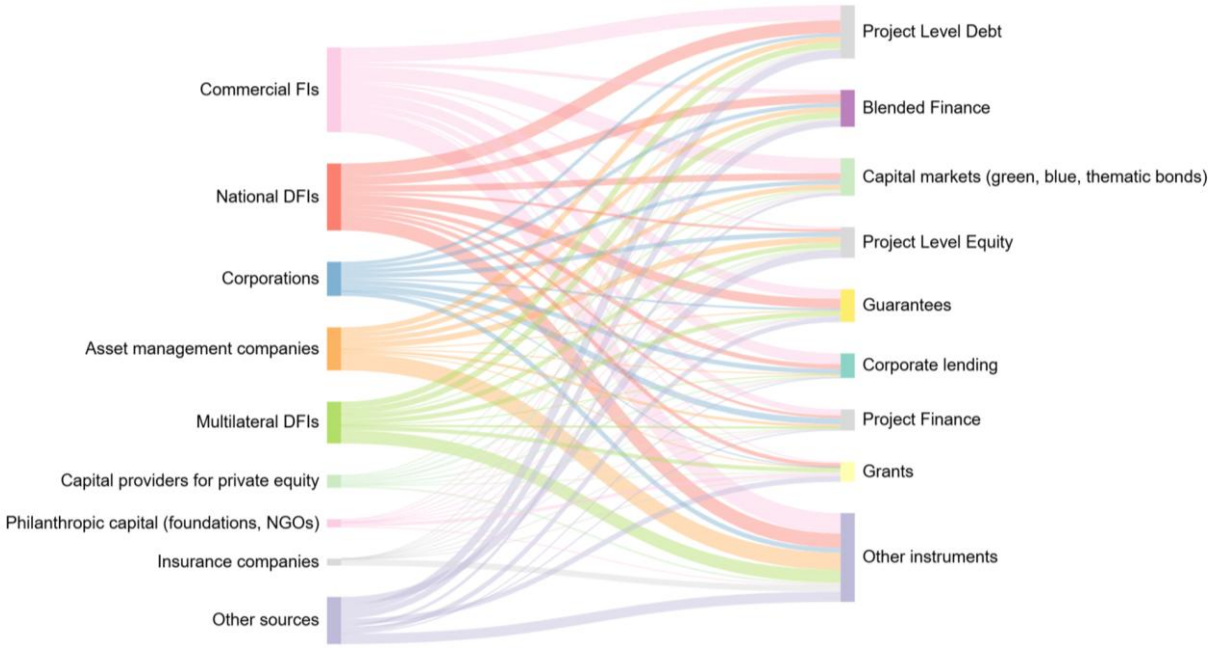
- **Multilateral financial institutions** and **Asset management companies** deploy a more diversified portfolio, engaging with **guarantees**, **blended finance**, **project funding**, and **capital markets**.

A large portion of the funding sources (commercial banks, DFIs, and corporations) are channeled towards **Project Level Debt** and **Corporate Lending**, which shows that sustainable transport is primarily financed through traditional debt instruments. This highlights the importance of structuring projects with stable income streams and repayment capacity (e.g., transportation fees, public service contracts, or concessions) that ensure their bankability.

There is also a flow directed towards **Blended Finance** and **capital markets** (green, blue, thematic bonds), reflecting the incorporation of innovative schemes that reduce risks and attract institutional capital.

Figure 18

Main Financial Instruments deployed by the identified Funding Sources - Sustainable Transportation Sector[23]



Source: Own elaboration, Sureco and Partners (2025)

[23] Other sources: Impact funds, Multilateral/ Regional Climate Funds, Environmental Funds, Pension Funds, Capital providers for blended finance, Microfinance institutions, Hedge Funds.
Other instruments: Insurance, Project Level Debt- of which market rate, Innovative Financial Instruments, Asset management vehicles, Project Level Debt- of which low-cost, Balance sheet, Subordinated Debt, Retail lending, Nature Based/Climate debt swap, Results Based Climate Finance "RBCF.

4. General Characterization of Private Funding from the European Union

Out of the **590 Funding Sources** identified**, 105 originate from the European Union** to mobilize resources in the three priority sectors for Latin America and the Caribbean (LAC).

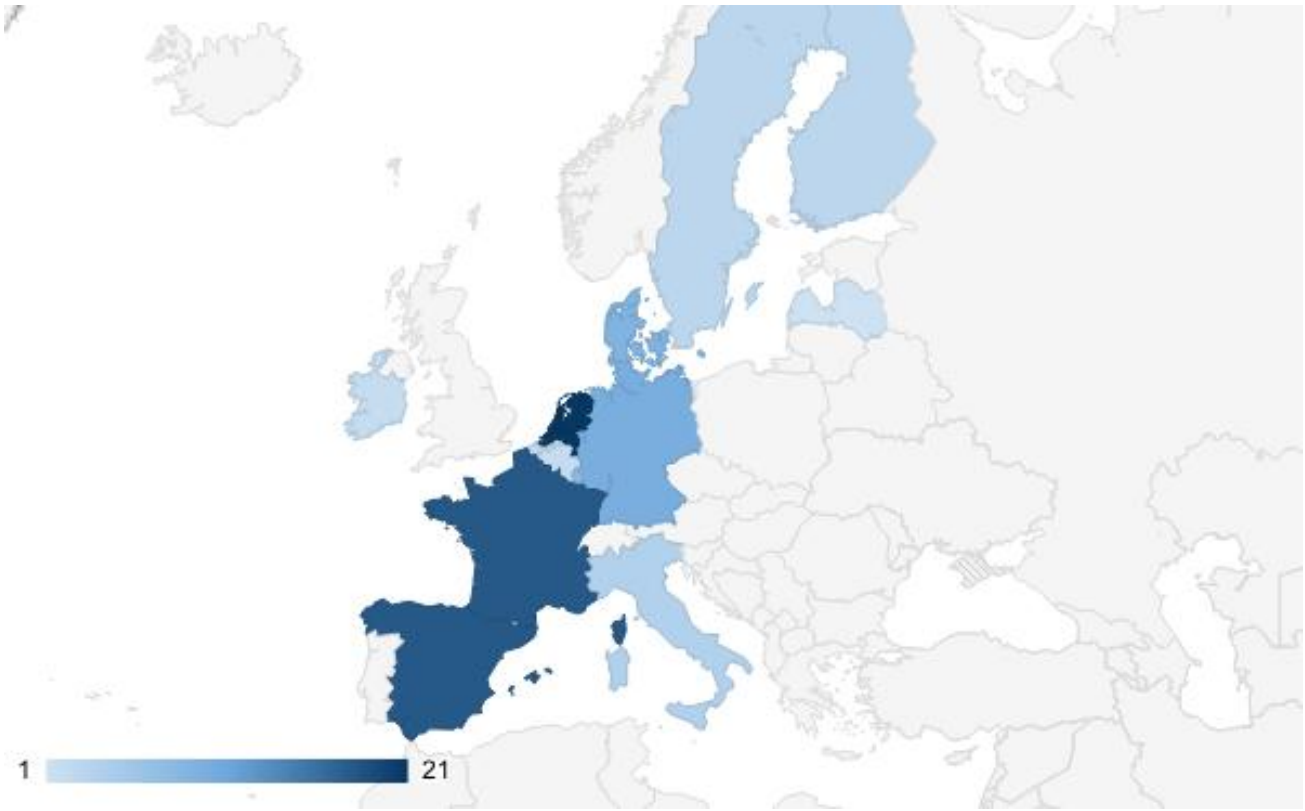
The 105 sources of funding identified come from 14 **European Union** countries, with a high concentration in the **Netherlands**, **France** and **Spain**, which stand out as the main sources of this type of funding.

At a second level are countries such as **Germany**, **Denmark**, and **Luxembourg**, which, although they have fewer entities, carry significant weight due to the magnitude of the resources they channel and their specialization in innovative financial instruments, impact funds, and blending mechanisms.

Other countries such as **Austria**, **Italy**, **Sweden**, **Finland**, **Belgium**, and **Ireland** have a smaller share, which shows a more focused or niche contribution in specific sectors such as renewable energy, energy efficiency, or nature-based solutions.

Figure 19.

Geographical Location of Private Funding Sources from the European Union

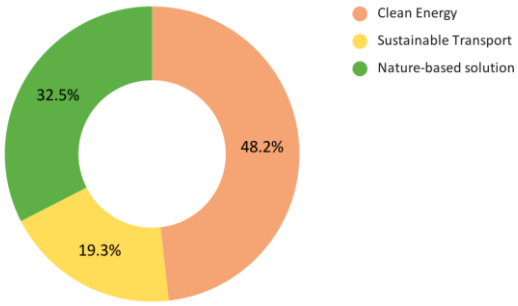


Source: Own elaboration, Sureco and Partners (2025)

From the **105** sources of funding from the European Union that were mapped, **48.2% invest in the clean energy sector**, **32.5% in nature-based solutions**, and **19.3% in sustainable transportation**. Compared to the global distribution of actors (see Figure 8), European sources show a greater presence in sustainable transportation and a smaller presence in nature-based solutions.

Figure 20.

EU Funding Sources by Sector



Source: Own elaboration, Sureco and Partners (2025)

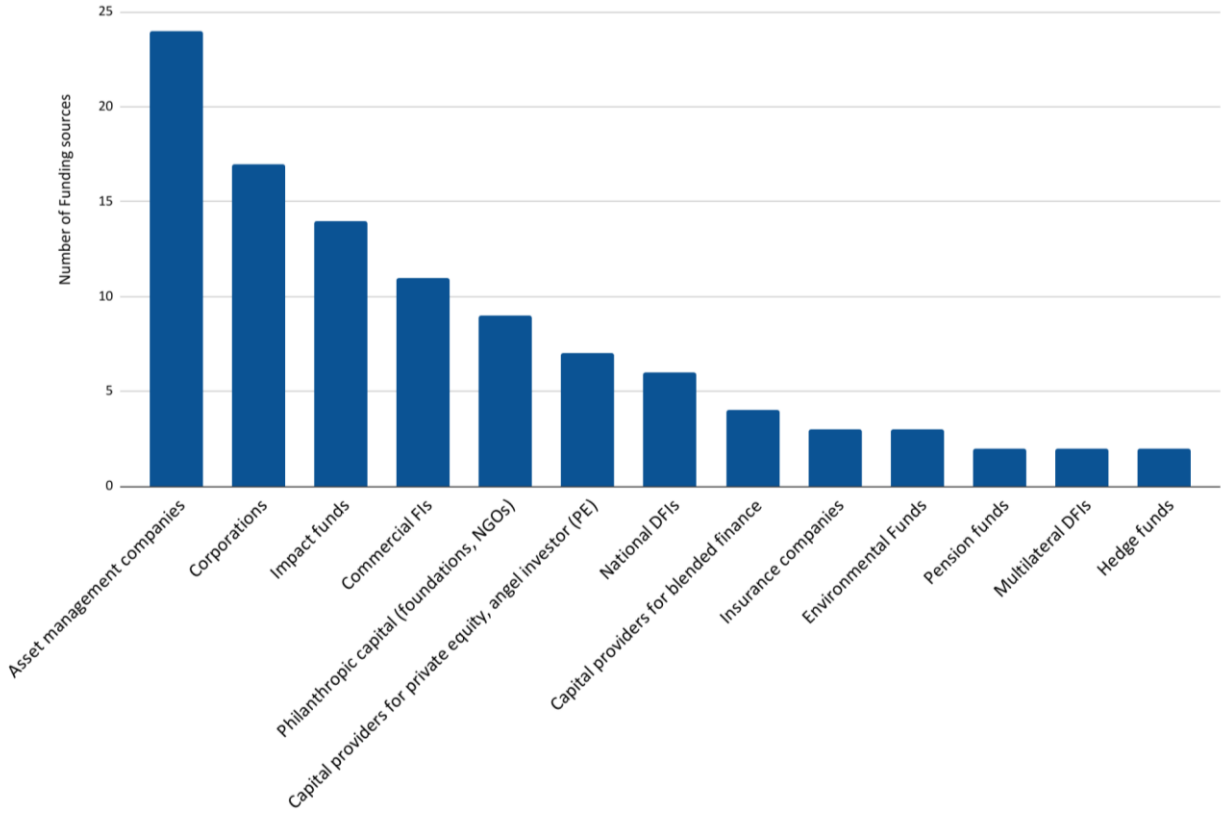
4.1. Identification of Funding Sources

According to the mapping conducted, the sources that mobilize financial resources from the European Union to Latin America and the Caribbean are diverse. These include: **Asset management companies** (24), **Corporations** (17), **Impact funds** (14), **Commercial financial institutions** (11), **Philanthropic capital organizations** (9), **Private capital providers** (7), and **National development financial institutions** (6) (Figure 20).

Together, these seven types of institutions represent 84% (88) of the total sources identified. Other sources with a smaller share but equal relevance were identified, such as Insurance Companies, Environmental Funds, and Providers of Capital for Blended Finance Schemes.

Figure 21

Funding *Sources identified by type of Entity - European Union*



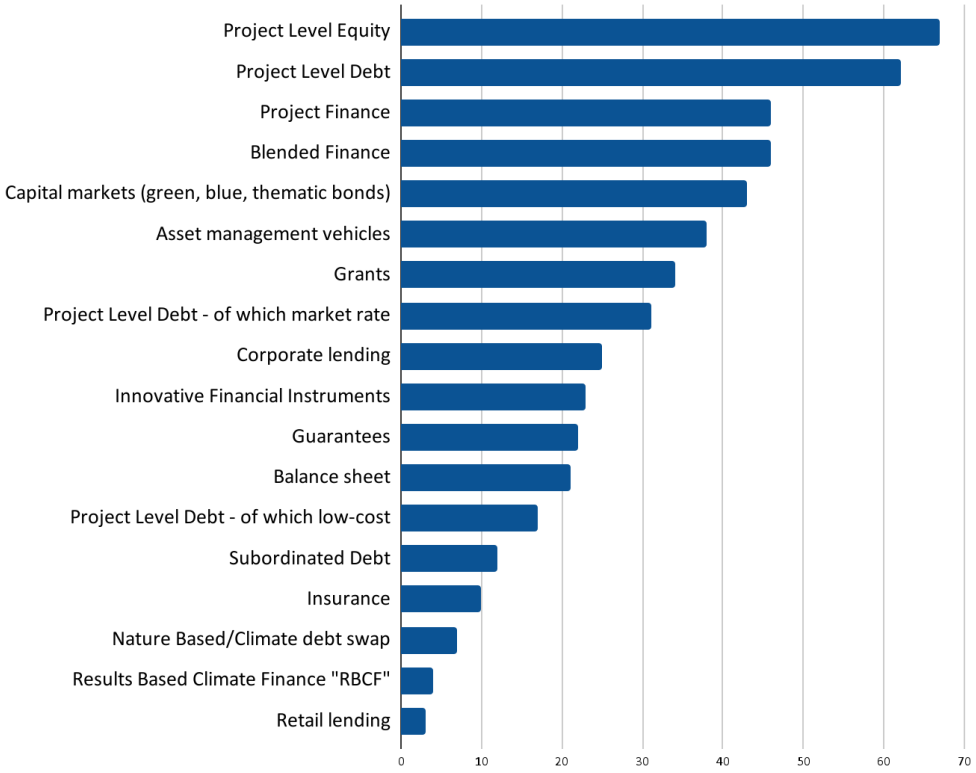
Source: Own elaboration, Sureco and Partners (2025)

4.2. Identification of Financial Instruments

The financial instruments most deployed by European Union funding sources that channel resources to Latin America and the Caribbean are: **project-level equity capital**, **project-level debt**, **project funding**, **blended finance**, **capital markets**, **asset managements vehicles**, **grants**, **project-level debt at market rates**, and **corporate lending**.

Figure 22

Types of Financial Instruments deployed by the identified Funding Sources - European Union



Source: Own elaboration, Sureco and Partners (2025)

4.3. Key findings

The analysis of financing sources from the **European Union** shows that the supply of financing is distributed across **project-level equity**, **various forms of debt, blended finance**, **capital markets**, and **grants**, reflecting a strategy of lower concentration and greater flexibility. This implies that European sources take on different risk profiles and combine concessional and market-based approaches, which potentially broadens access opportunities for sustainable transition projects in the region.

This outlook confirms that private financing from the European Union to LAC is concentrated in a limited group of countries with robust financial systems, yet with sufficient diversity to cover different types of instruments (green bonds, blended finance, equity, guarantees, among others). Moreover, it highlights the importance of the EU as a strategic partner in mobilizing climate capital, complementing the efforts of multilateral institutions and regional sources.

5. Conclusions and Recommendations

5.1. Conclusions

General Conclusions

- Although this study is not exhaustive and is based primarily on publicly available information, it constitutes a representative contribution to identifying and characterizing the private climate finance ecosystem in Latin America and the Caribbean (LAC), with emphasis on three priority sectors: clean energy, nature-based solutions (NbS),and sustainable transport.

- Six types of institutions account for 75% of the identified private funding sources: asset management companies, private equity providers, corporations, commercial banks, philanthropic organizations (NGOs/foundations), and impact funds.

- Private climate finance is mainly concentrated in the clean energy sector, which registers the highest number of identified funding sources in the database. Nature-based Solutions (NbS) emerge as the second most important sector, mainly because this category, according to the mapping methodology, groups multiple subsectors, including agriculture, forestry, conservation, and other land uses (AFOLU), which together encompass a wide range of investment opportunities and types of financing entities. In contrast, sustainable transport shows a smaller share in the mapping, as it corresponds to a more specific group of actors and financial instruments, reflected in a lower number of identified sources.

- A global scope (44.4%) predominates among funding sources, reflecting international investment strategies rather than specific commitments to the region. Only 1 from 5 sources (16.6%) has an explicit focus on LAC, while 39% operate at the national level.

- The funding sources with the strongest regional focus on Latin America and the Caribbean (LAC) are primarily based in the European Union (17%), notably in countries such as the Netherlands (20%), France (17%), and Spain (17%). By contrast, only 5% of U.S.-based sources identified in the mapping explicitly target the region of LAC.

- At the country level, the largest concentrations of identified sources were found in Brazil (125), the United States (91), the United Kingdom (31), Colombia (30), and Mexico (25).

- Within Latin America, Brazil hosts the highest number of funding sources, though most are domestically oriented (78%). Mexico (52%) and Costa Rica (42%) show a stronger regional orientation, followed by Colombia (30%) and Chile (28%).

- The financial instruments most commonly used to mobilize private climate finance are Project-level equity, Project-level debt, and Blended finance, followed by intermediate instruments such as Grants, Capital markets, and Project funding that are also relevant. In contrast, innovative instruments (Insurance, Debt swaps, Results-based payments) still show low penetration among the identified financing sources in LAC.

- Overall, the mapping reveals a concentration of private climate finance sources in global institutions, alongside a limited number of regionally focused entities, underscoring the importance of strengthening regional mechanisms and enhancing the visibility of LAC-based actors within the global climate finance landscape.

Conclusions by Sector

- The private climate finance ecosystem in Latin America and the Caribbean is mainly focused on cross-cutting projects (adaptation and mitigation) and especially on mitigation projects. Adaptation receives a limited share of attention, confirming the need to rebalance investments to strengthen the region's climate resilience.

- The clean energy sector is the most attractive for private investment, concentrating the largest number of identified sources. However, financing relies mainly on traditional instruments (equity and debt), highlighting the need to diversify options and foster greater innovation.

- The nature-based solutions (NbS) sector shows a growing diversity of sources and instruments but remains highly dependent on grants.

- The sustainable transportation sector is the least dynamic, with a strong concentration in project-level debt and low instrument diversification.

Methodological Conclusions

The study revealed methodological limitations: fragmentation, heterogeneity, and low data availability, particularly regarding the destination of financing sources. This underscores the importance of strengthening information systems and implementing regular verification processes to better track the role of the private sector in climate finance.

5.2. Recommendations

Considering both the results and the limitations identified during the elaboration of the study, areas of opportunity have been identified to promote the mobilization of climate finance to LAC, as well as to improve the quality of reporting on this type of information:

General and Geographic Level

- Collaborative regional initiatives, such as data platforms or observatories, should be strengthened to regularly track and verify private climate finance flows to Latin America and the Caribbean (LAC). These initiatives should help differentiate global, regional, and domestic investments and facilitate the identification of their potential links with national climate policies and targets.

- Transparency and access to information on private climate finance flows, deployed financial instruments, and investment outcomes should be enhanced through voluntary or associative reporting initiatives led by private entities and Development Finance Institutions (DFIs). These efforts should build on existing regional platforms and bi-regional networks, such as the European Union–LAC partnership, to promote data comparability, accountability, and shared learning across the region.

- Coordination and partnerships among governments, private investors, and regional financial institutions should be fostered to promote greater geographic diversification and increase the number and diversity of financing sources operating in LAC.

- The study highlights that most identified financial instruments are traditional (project-level debt and equity), while innovative instruments are still limited. Therefore, efforts should focus on scaling up the use of existing mechanisms—such as green and blue bonds, blended finance, results-based finance (RBCF), debt-for-nature swaps, and climate insurance—that have proven effective in reducing risks and mobilizing private capital.

- Finally, blended finance should continue to be promoted as a key vehicle to catalyze private investment in emerging sectors, building on the experiences identified in the mapping and ensuring the efficient and transparent use of public and philanthropic resources to leverage private capital.

Sectorial Level

- **Clean Energy:** Strengthen the utilization and expansion of financial instruments already applied in the sector, such as thematic bonds, risk-sharing mechanisms, and green guarantees, as identified in the mapping. It is recommended to promote the replication of these experiences across energy markets in Latin America and the Caribbean (LAC), supported by regional collaboration and technical assistance.

- **Nature-Based Solutions (NbS):** Leverage the opportunities identified in the mapping to mobilize greater private capital toward NbS, by expanding the use of results-based and performance-linked financial mechanisms already observed among funding sources. The study shows that the NbS sector remains largely dependent on grants and traditional debt and equity instruments, highlighting the need to strengthen hybrid and innovative mechanisms, such as blended finance and thematic bonds, to gradually reduce this dependency and attract long-term private investment.

- **Sustainable Transportation:** Strengthen the mobilization of private finance for sustainable transport by expanding the use and scaling up of financial instruments already identified in the mapping—mainly project-level debt, blended finance, and thematic bonds—which have shown potential to support low-emission mobility and infrastructure projects. The study highlights the limited diversification of instruments in this sector, underscoring the need to build on existing mechanisms and enhance coordination among financial and operational actors to gradually increase private investment in sustainable transport.

Methodological Level

- Regional and national stakeholders, with the support of multilateral organizations and international cooperation, should establish collaborative reporting and validation

frameworks for private climate finance. These frameworks would enable more transparent, comparable, and regular tracking of private investments related to climate action across Latin America and the Caribbean (LAC).

- Common standards for classifying funding sources and financial instruments should also be developed and adopted, addressing the fragmentation and heterogeneity identified in this study and facilitating comparability with other regions, while strengthening the credibility of LAC markets among global investors.

- Efforts should be made to build institutional and technical capacities within financial institutions, regulators, and private sector actors to consistently apply classification and reporting criteria and to design, implement, and disclose climate finance instruments in a more transparent and coherent manner.

- Regional partners should foster knowledge exchange and the dissemination of successful experiences, highlighting innovative cases that can inspire scaling up of effective approaches across the region.

- Finally, analytical work should be deepened to better understand the destination, composition, and flows of private climate finance, generating evidence to inform investment decisions and policy design at both national and regional levels.

ANNEX A

CASE STUDIES

Disclaimer

*The information presented in the case studies responds to data collected through the **Mapping of Private Funding Sources** tool developed in this study and provides an approximation of the overall landscape in the selected countries, both in **Latin America** and the **Caribbean**. It is important to emphasize that the results do not include with certainty all private sector entities involved in climate financing in each country, as this would require a specific and detailed analysis for each national context. However, the studies offer an expanded reference analysis, based on the identified sources and financial instruments, which helps illustrate relevant trends and dynamics in the prioritized sectors.*

*It should also be clarified that the study delves into the international sources investing in **Brazil** and **Barbados**, as these were analyzed individually to verify whether they were indeed operating in these countries.*

*Additionally, some of the information was complemented through interviews with key stakeholders. These contributions should be understood as **qualitative perceptions** and not as a statistically representative sample. The responses and comments gathered do not necessarily reflect official institutional positions but rather insights derived from the direct experience of the interviewees in their interactions with the private sector, from both public and private perspectives.*

Brazil Case Study

1. Introduction

The objective of this section is to describe the landscape of private funding sources in **Brazil** with a focus on **climate change**. For this purpose, several private sources were identified that invest in the country, both international and national, as well as the main financial instruments they use. This analysis takes into account the three prioritized sectors in the study: **clean energy**, **sustainable transport**, and **nature-based solutions**. Brazil concentrates the majority of the climate financing sources identified in the study, positioning it as a financial hub in the region and a reference market for investors and project developers. Additionally, Brazil is a **megadiverse country**, with the majority of the Amazon (the largest tropical forest and a critical carbon sink) located within its territory, which gives it a very relevant role in the development of nature-based solutions.

It is important to note that this study does not constitute a detailed and exhaustive analysis of the Brazilian market, given its magnitude and complexity. The information presented is primarily based on the private sector funding source mapping tool for **Latin America and the Caribbean (LAC)**, complemented by interviews and specific documents related to the country.

2. Characterization of Main Funding Sources

2.1. Main Funding Sources

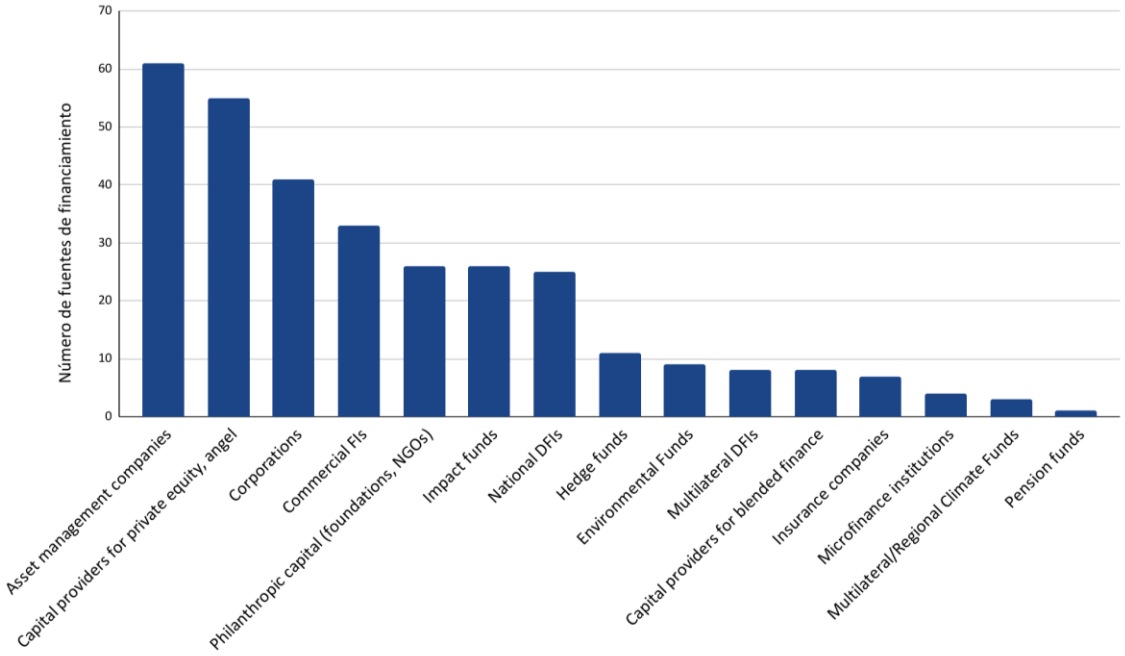
In Brazil, a total of **318 climate financing sources** were identified as operating in the country. Within this financial ecosystem, the participation of **asset managers**, **private equity providers (PE)**, and **corporations** stands out, with a share of **49.37% (157 sources)**. This implies that projects must be well-structured and demonstrate profitability and scalability in order to attract capital. Within this ecosystem, **corporations**, with over **40 identified sources**, emerge as a key player, closely tied to their decarbonization commitments.

Commercial banks and **philanthropic capital** play an intermediary role, while **impact funds** and **national DFIs** present moderate participation. This shows that traditional banking is still not the main driver of climate finance, and that philanthropic capital plays a catalytic role, but is limited in volume.

However, there is low participation from specialized actors such as **hedge funds**, **environmental funds**, **insurance companies**, **microfinance institutions**, and **pension funds**, suggesting that Brazil has yet to develop a deep market for **climate risk coverage**, **green insurance**, or **sustainable retirement instruments**.

Overall, the landscape indicates that Brazil has a significant base of climate capital, but still needs to expand and diversify its financial ecosystem to accelerate the transition to a low-carbon economy.

Figure 23
Number of identified Funding Sources by type of Entity - Brazil



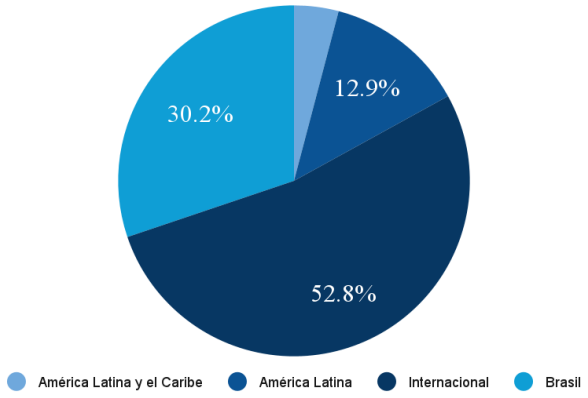
Source: Own elaboration, Sureco and Partners (2025)

2.2. Geographical Incidence of Funding Sources

Of the total **318 climate financing sources** investing in Brazil, more than half (≈53%, 169 entities) come from **international actors**, including the European Union (25%, 81 entities). Therefore, a considerable share of funding is provided by external flows, which can be a strength in terms of capital volume, but also a vulnerability to regulatory changes or shifting priorities in international markets.

In contrast, nearly a third (≈30%) of the sources operate **exclusively at the domestic level**, reflecting Brazil's capacity to mobilize **internal resources** for climate projects. However, only **13%** of the sources have a **regional reach** to **Latin America and the Caribbean**[24].

Figure 24
Geographical Distribution of Funding Sources that mobilize resources to Brazil



[24] These include Brazilian funding sources

Source: Own elaboration, Sureco and Partners (2025)

3. Main Financial Instruments deployed in Brazil

The climate financial ecosystem in Brazil utilizes various financial instruments, but it primarily relies on traditional instruments, uses intermediaries as a bridge for diversification, and has begun to explore innovative instruments.

Approximately half of the ecosystem (52%) is concentrated in **Project Level Debt**, **Equity**, and **Grants**, which reaffirms that climate financing in Brazil follows a conventional, banking-driven pattern, where projects must demonstrate bankability and clear returns.

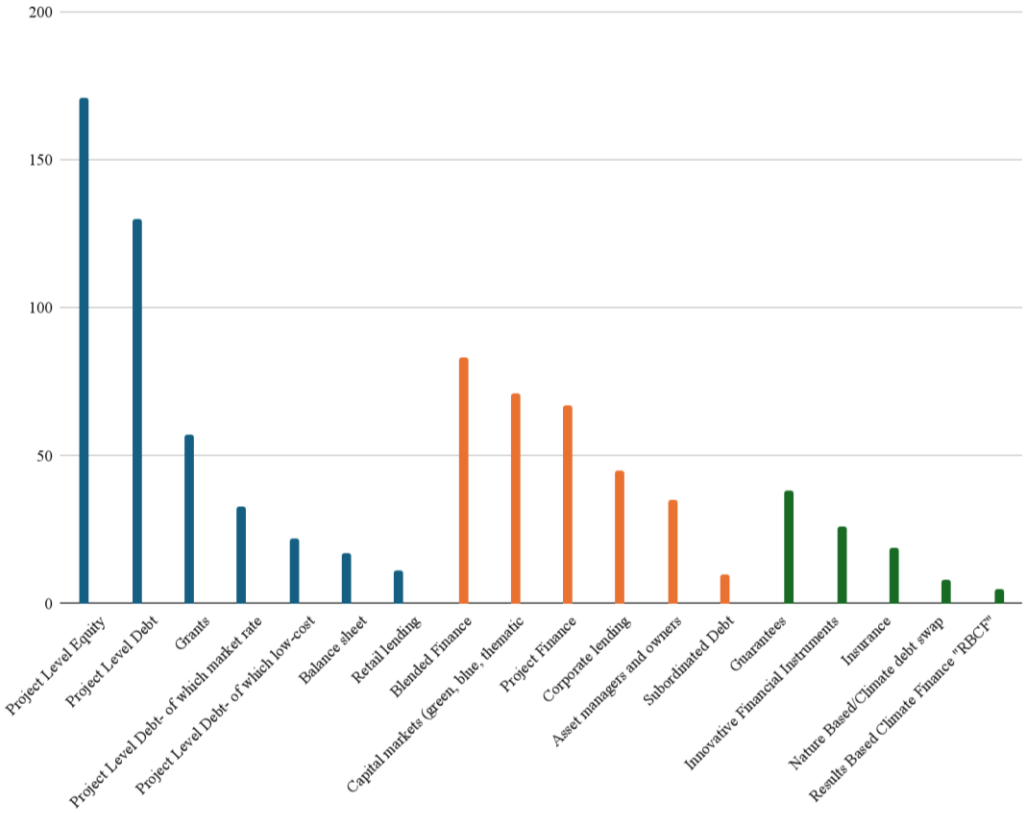
Intermediate instruments represent 37% and include instruments such as **blended finance**, **capital markets** (green, blue, thematic bonds), and **project finance**, which play a relevant role as catalysts to reduce risk and enable the entry of private capital.

Innovative financial instruments — such as **results-based finance**, **debt-for-nature swaps**, and **insurance** — still represent only **11%** of the ecosystem, but they constitute an opportunity to scale actions connected to **adaptation** and/or **mitigation** of climate change at the territorial level.

This analysis can be observed in the table and chart below.

INSTRUMENT		#	%
Traditionals	Project Level Equity	171	52%
	Project Level Debt	130	
	Grants	57	
	Project Level Debt- of which market rate	33	
	Project Level Debt- of which low-cost	22	
	Balance sheet	17	
	Retail lending	11	
Intermediates	Blended Finance	83	37%
	Capital markets (green, blue, thematic bonds)	71	
	Project Finance	67	
	Corporate lending	45	
	Asset managers vehicles	35	
	Subordinated Debt	10	
Innovatives	Guarantees	38	11%
	Innovative Financial Instruments	26	
	Insurance	19	
	Nature Based/Climate debt swap	8	
	Results Based Climate Finance "RBCF"	5	

Figure 25
Financial Instruments deployed in Brazil



Source: Own elaboration, Sureco and Partners (2025)

4. Innovative Experiences with Pioneering Financial Instruments in the Region

In addition to the instruments identified in the **Private Sector Mapping** analysis tool, three innovative financing initiatives are included here. These have been selected for being recent initiatives and first of their kind, with the potential to enhance climate financing for the private sector, and with the capacity to be adopted and scaled.

The initiatives are: the **Eco Invest program**, the **BIP platform**, and the **NIL lab**. They are briefly described below.

➔ ➔External Private Capital Mobilization and Exchange Rate Protection Program (Eco Invest Brasil)[25]

Eco Invest Brasil is a Brazilian government initiative created to promote sustainable foreign private investment, reducing risks through instruments such as blended finance, exchange rate protection mechanisms, and support for structuring long-term projects in green sectors (energy transition, bioeconomy, circular economy, and green infrastructure). Although only two transactions have been completed so far, the program is attractive because of the type of

[25] Eco Invest Brasil — Tesouro Nacional, Visualização de PDF

actors involved and its potential for evolution. In this initial stage, implementation has been channeled through national and international public and private banks (such as **Itaú, HSBC, Santander, Bradesco, Citi, Caixa, Banco do Brasil, BNDES, and Safra**), which shows the financial sector's coordination around blended finance instruments. In addition, the program is intended as a platform to progressively involve private investors, particularly in future rounds aimed at attracting equity and financing projects in the Legal Amazon.

➔ Brazil Platform for Climate Investment and Ecological Transformation (BIP)[26]

Launched in 2024 by the federal government, the BIP seeks to attract financing for the ecological transition by connecting national projects with investors in three strategic sectors: nature-based solutions, energy, industry, and mobility.

It functions as a public-private coordination space. It is led by the Ministry of Finance, together with the Ministries of Environment, Industry, Trade, and Energy. Operational management is carried out by the **BNDES**. Private sector actors are part of the network: banks, investment funds, and companies. In its first phase, it supported the following 16 projects: Acelen Renewables, Ambipar Environment and IPÊ, Atlas Agro, Biomas, Banner – Centaurus, Casa dos Ventos, Circlua, Fortescue, Meteoric Resources, New Ag, Refiaria de Petróleo Riograndense, SerraVerde, Stegra, Vale, The Green Branch, Future Climate Group. These projects were linked to green hydrogen plants, sustainable biofuel production, restoration in the Amazon and Atlantic Forest, low-carbon steel, aluminum, and cement industries, and the development of low-emission strategic minerals, among others.

The platform seeks to expand private sector participation by attracting private equity and venture capital, leveraging existing concessional debt (e.g., Eco Invest), creating catalytic capital instruments, promoting the voluntary carbon credit market, and expanding guarantee schemes to improve debt conditions.

➔ Nature Investment Lab (NIL)[27]

NIL is a collaborative initiative promoted by the private sector with the aim of catalyzing investments in Nature-Based Solutions (NbS) in Brazil. Its focus is on mobilizing capital towards projects that promote biodiversity, regenerate ecosystems, and contribute to social and environmental well-being. It is led by actors such as **Banco do Brasil, BNDES, GFANZ, iCS, and Itaúsa Institute**, and is technically coordinated by Climate Ventures Institute and Impacta Sustainable Finance. The laboratory works through three interdisciplinary task forces—policy and regulation, innovative transactions, and costs/impacts—that address the main barriers to scaling NbS.

To date, it has supported the financial structuring of five Brazilian companies linked to the bioeconomy, restoration, and regenerative agriculture: Caaporã, Camocim Organic, INOCAS, Radix Florestal, and S.Oleum. These five companies were selected from a total of 86 applications. Also, the NIL seeks to consolidate regulatory recommendations, scalable business models, and replicable financial solutions that will enable greater private sector participation in the transition to a sustainable economy

[26] Brazil Climate and Ecological Transformation Platform - BIP — Ministério da Fazenda

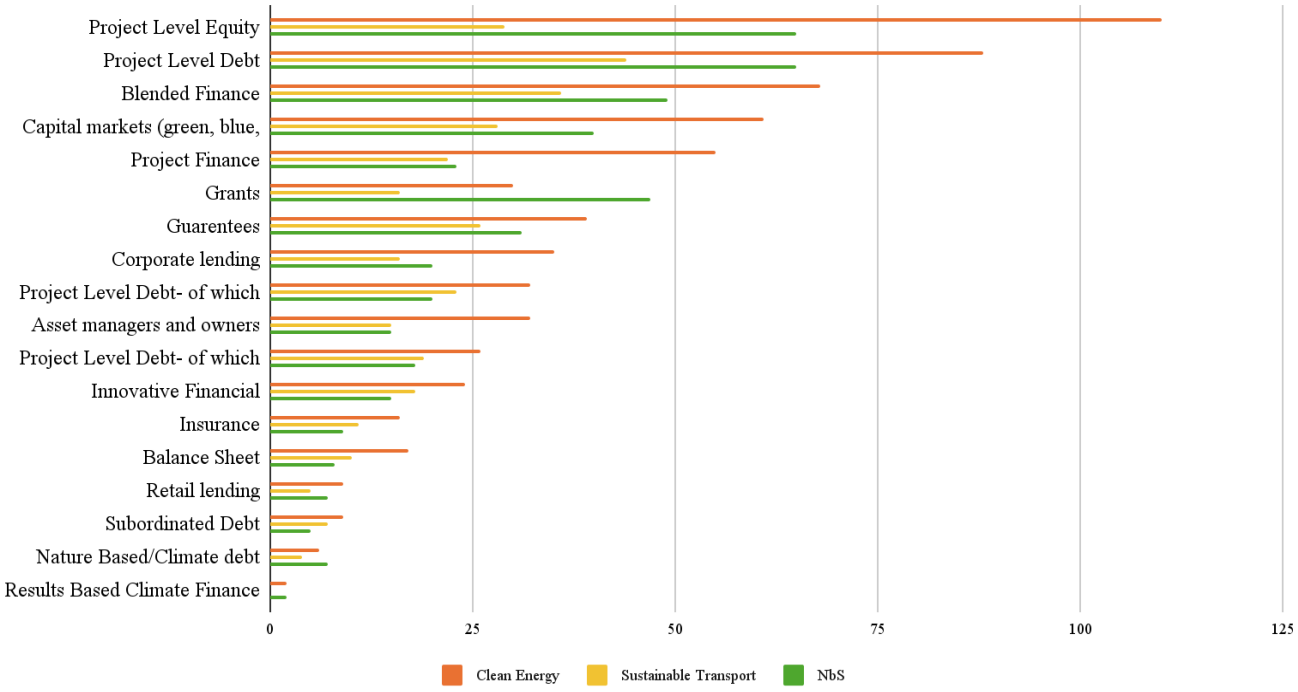
[27] https://natureinvestmentlab.org/

5. Analysis for Priority Sectors

Based on the mapped private sector actors, the largest number of financial sources are concentrated[28] in the field of clean energy (243), followed by those linked to nature-based solutions (168) and, to a lesser extent, sustainable transport (83).

Finally, in terms of the instruments used by sector, equity is the most widely used instrument in clean energy and SbN, while in the case of sustainable transport, debt is the predominant instrument. See chart below.

Figure 26.
Type of Financial Instruments deployed per Sector - Brazil



Source: Own elaboration, Sureco and Partners (2025)

6. Key findings

- **Brazil** concentrates 318 funding sources, making it a regional hub for climate financing and a key player due to its biodiversity and the Amazon.
- Nearly half of the climate financing sources are **asset managers**, **private equity**, and **corporations**, requiring bankable and scalable projects.
- More than half climate financing sources (169 entities) come from **international actors**, including the European Union (81 entities), while 30% of the sources operate

[28] It is important to clarify that various sources invest in more than one sector. These sources may provide financing across multiple areas, reflecting their diversified approach to supporting climate-related projects in different sectors simultaneously.

exclusively at the domestic level.

- **Traditional instruments** dominate, accounting for **52%** (equity and debt), while **innovative instruments** (11%), such as **insurance**, **debt swaps**, and **RBCF**, remain marginal but strategic.

- The **clean energy sector** attracts the most financing, while the **sustainable transport sector** lags behind.

- **Pioneering initiatives** such as **Eco Invest**, **BIP**, and **NIL** demonstrate Brazil's potential to catalyze climate financing for the private sector.

Case study Barbados

1. Introduction

This section identifies the main private sector actors financing and supporting climate initiatives in Barbados across the three priority sectors, as well as the financial instruments deployed by international, regional, and national sources. While Barbados has a limited number of climate finance sources, it has established itself as a hub for financial innovation in the Caribbean, driven by pioneering mechanisms such as instruments like debt for climate or Climate related Funds.

The information presented is primarily based on the LAC private sector source mapping tool, supplemented by interviews and publicly available documents.

2. Identification of Main Sources

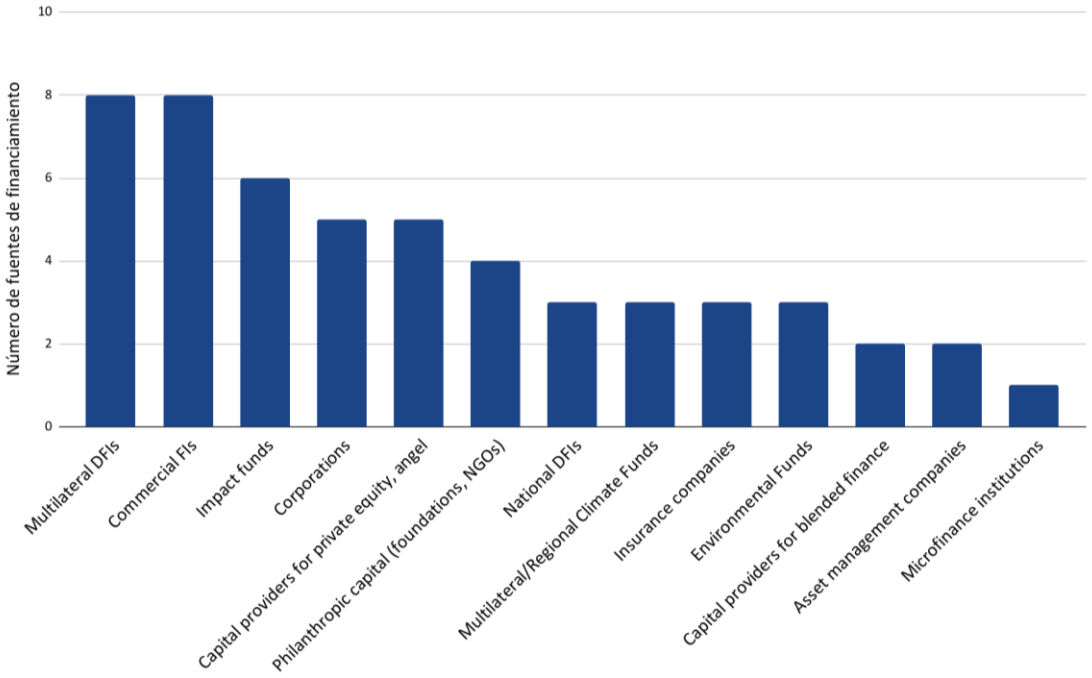
2.1. ain Funding Sources

The mapping identified **53 climate financing sources** investing in **Barbados**, of which **11** are European institutions. Despite their smaller number, these institutions have significant influence, as they include **Development Banks**, **Multilateral Funds**, and **Asset Managers**, capable of mobilizing financing volumes far exceeding the average.

Climate financing in Barbados comes from a diverse base of actors, with varying weight depending on the type of institution. **Commercial and investment financial institutions** stand out, representing a significant fraction of the sources and showing the growing integration of **climate criteria** into traditional banking and capital markets. This is followed by **multilateral development financial institutions** and **international climate funds**, whose strategic role is to catalyze investment and reduce risks, thereby paving the way for private capital participation in priority climate sectors.

At a second level, there is an increasing participation of **Impact Funds** and **Corporations**, along with the interest of **Private capital Providers** and **venture capital**. These actors reflect the progressive diversification of financial instruments in the country, where businesses and institutional investors are seeking to align their **decarbonization commitments** with direct investments in high-impact climate projects.

Figure 27
Number of Funding Sources by type of Entity - Barbados



Source: Own elaboration, Sureco and Partners (2025)

The mapping of **Barbados** reveals a relatively small but diverse ecosystem, with a predominance of **Multilateral DFIs** and **Commercial FIs** (8 each), followed by **Impact Funds** (6) and **Corporations** (5). These actors concentrate the largest number of sources and reflect **Barbados' dependence** on external capital and traditional banking to finance climate projects.

In terms of instruments, **Multilateral DFIs**, **National DFIs**, and **Multilateral/Regional Climate Funds** stand out for offering the most financial instruments, which gives them greater flexibility to cover various sectors (clean energy, sustainable transport, and nature-based solutions). In contrast, more **local actors** such as **Insurance Companies**, **Environmental Funds**, **Philanthropic Capital** offer a much more limited range of instruments, which reduces their potential impact in terms of scaling up.

2.2. Geographical Incidence of Funding Sources

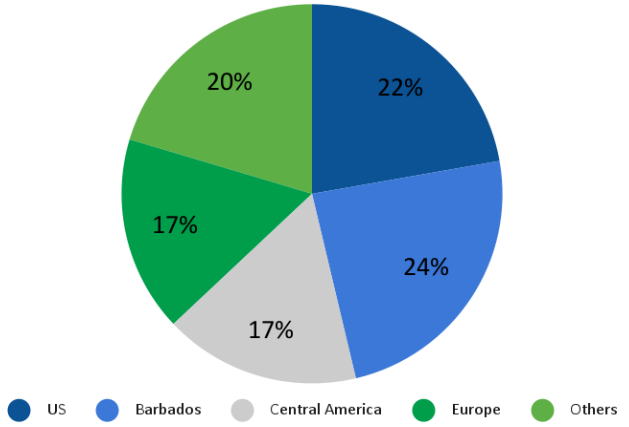
The observed correlation between **incidence scale** and the **variety of instruments** confirms that the more global the actor, the greater their capacity to finance projects across the three prioritized sectors. On the other hand, local institutions tend to be more specialized and have less multisectoral reach.

From a geographical perspective, the majority of financing sources in **Barbados** come from the region (≈63%), with significant contributions from **Central America**, **the United States**, and the country itself. Meanwhile, about a third of the sources come from **Europe** and other international markets. Furthermore, **59%** of the institutions have a **local/regional** scale, and

only **39%** operate globally, confirming the relevance of regional financing but also limiting the attraction of more diversified international capital.

Figure 28

Geographic Distribution of Funding Sources that mobilized resources to Barbados



Source: Own elaboration, Sureco and Partners (2025)

3. Main Financial Instruments deployed in Barbados

Climate financing in **Barbados** is channeled through a variety of instruments. The most commonly used are **project level debt**, **project level equity**, and **blended finance**, followed to a lesser extent by **Grants**, **Capital Markets**, and **Guarantees**.

This reveals that **debt-based** and **project-level equity** instruments currently have a larger presence compared to more innovative instruments, which are used more sparingly in the market.

The following table and chart present the distribution of financing instruments and their categorization into **traditional**, **intermediate**, and **innovative** instruments.

Climate financing in Barbados is strongly dominated by **traditional instruments** (47%), primarily **Project Level Debt** and **Equity**, reflecting a use of conventional structures associated with **project bankability** and clear **financial returns**. This concentration in debt and equity indicates that the ecosystem is oriented towards proven mechanisms, although with limitations in addressing more complex risks and innovation needs.

Intermediate instruments (38%), led by **Blended Finance**, **Grants**, and **Guarantees**, play a strategic role as **catalysts**. They help reduce perceived risks and attract private capital, especially in sectors with higher uncertainty, such as emerging renewable energies or **nature-based solutions**. These instruments are, in practice, the gateway to more sophisticated climate financing schemes.

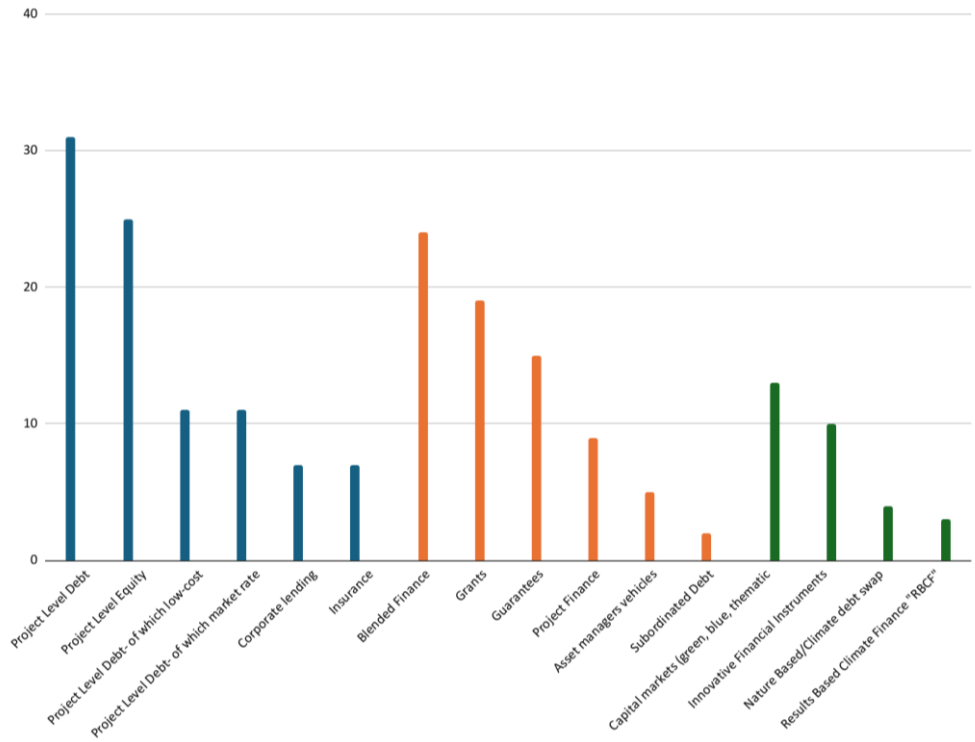
In contrast, **innovative instruments** (15%) — such as **thematic bonds**, **debt-for-nature swaps**, and **Results-Based Climate Finance (RBCF)** — still have a low presence. However, they represent a strategic opportunity to connect **Barbados** with international **capital** and **carbon markets**, diversifying financing sources and aligning the country with global sustainability trends.

INSTRUMENT		#	%
Traditional	Project Level Debt	31	47%
	Project Level Equity	25	
	Project Level Debt- of which low-cost	11	
	Project Level Debt- of which market rate	11	
	Corporate lending	7	
	Insurance	7	
Intermediate	Blended Finance	24	38%
	Grants	19	
	Guarantees	15	
	Project Finance	9	
	Asset management vehicles	5	
	Subordinated Debt	2	
Innovative	Capital markets (green, blue, thematic bonds)	13	15%
	Innovative Financial Instruments	10	
	Nature Based/Climate debt swap	4	
	Results Based Climate Finance "RBCF"	3	

Traditional instruments lead the majority of financing, accounting for 47% of the total, with **project-level debt and equity** being the dominant instruments. Intermediate instruments represent 38% and primarily include blended finance, grants, guarantees, and project finance. Innovative instruments account for the remaining 15%, with capital markets and other innovative financial instruments standing out.

Figure 29

Financial Instruments deployed in Barbados



Source: Own elaboration, Sureco and Partners (2025)

4. Innovative Experiences with Pioneering Financial Instruments in the Region

In addition to the instruments identified in the tool, below are some innovative experiences with pioneering financial instruments in the region, which combine public leadership with active private sector participation. These cases demonstrate how climate finance can go beyond traditional solutions, bringing together commercial banks, multilateral organizations, international funds, and civil society actors around sustainability. Barbados' experience demonstrates how the involvement of the private sector—as structuring agents, guarantors, or investors—is key to mobilizing large-scale resources and channeling them toward climate action.

➔ Barbados and the first debt conversion for climate resilience

In 2024, Barbados implemented the world's first climate-resilience debt swap, establishing itself as an innovative benchmark in climate finance. This transaction enabled the repurchase of domestic bonds, replacing existing high-interest debt with more favorable financing terms, unlocking US$125 million in fiscal savings for water security projects.

The initiative was structured as a Sovereign Sustainability-Linked Loan, the first such loan focused on water security. The designer's instrument avoided increasing the public debt burden while channeling resources toward investments in climate change adaptation.

This innovative instrument involved coordination between different actors and levels within the financial system. A central feature of this transaction was the active participation of the private sector. **CIBC Caribbean** took the lead as the main arranger of the transaction, with **Scotiabank** and **RBC Royal Bank** as co-lenders. **Sustainalytics**, as the second-party

reviewer for sustainability-linked financial instruments, evaluated the financing framework, concluding that it aligns with international best practices.

The transaction was supported by US$300 million in guarantees, provided in equal parts by the Inter-American Development Bank (IDB) and the European Investment Bank (EIB), within the framework of the European Union's Global Gateway initiative. In addition, the IDB and the Green Climate Fund (GCF) contributed US$110 million in initial financing, including a US$40 million grant from the GCF.

➔ Barbados and debt-for-nature conversion

In September 2022, Barbados completed a debt-for-nature swap under the Blue Bonds for Ocean Conservation program. This transaction, backed by a US$150 million guarantee between the IDB (US$100 million) and **The Nature Conservancy** (US$50 million), an international nonprofit organization dedicated to biodiversity conservation, enabled the country to buy back debt and improve its financing conditions, generating approximately US$50 million in savings. These funds will be allocated over 15 years to a marine conservation fund, ensuring long-term investments in biodiversity protection and climate resilience.

The transaction was designed and executed in collaboration with various private stakeholders. **Credit Suisse** acted as global lead arranger for the Blue Loan, contributing its expertise in structuring innovative financing solutions, and **CIBC FirstCaribbean** acted as domestic lead arranger, bridging the gap between the local and international markets. Additionally, both **Credit Suisse** and **CIBC Capital Markets** participated as joint managers for the repurchase of Barbados' sovereign bonds.

This alliance between multilateral institutions, environmental organizations, and national and international private banks allowed Barbados not only to reduce its debt under more favorable terms, but also to free up resources to protect and manage up to 30% of its marine waters.

➔ Caribbean Community Resilience Fund

The Caribbean Community Resilience Fund (CCRF) is a blended finance facility with over $135 million, created to catalyze private sector participation in six strategic sectors for the Caribbean: renewable energy, clean transportation, the blue economy, sustainable agriculture, information technology, and financial services.

Its main objective is to channel capital to small and medium-sized enterprises (SMEs) in projects that contribute to climate change mitigation and adaptation in the region. This approach is particularly relevant given that SMEs often face significant limitations in accessing traditional financing, and even greater limitations when it comes to climate finance.

The CCRF also combines concessionary capital with a dedicated fund for technical assistance, improving beneficiary companies' preparedness to attract and manage investment.

Launched in Barbados in 2024, this fund has no concrete implementation cases yet. However, this initiative could have significant innovative potential in the future by providing climate financing targeted at SMEs, a segment that is still underdeveloped.

5. Analysis for Priority Sectors

In sectoral terms, according to the **Private Funding Source Mapping** tool, the largest number of sources is concentrated in **nature-based solutions** (37) and **clean energy** (37), followed by **sustainable transport** (22).

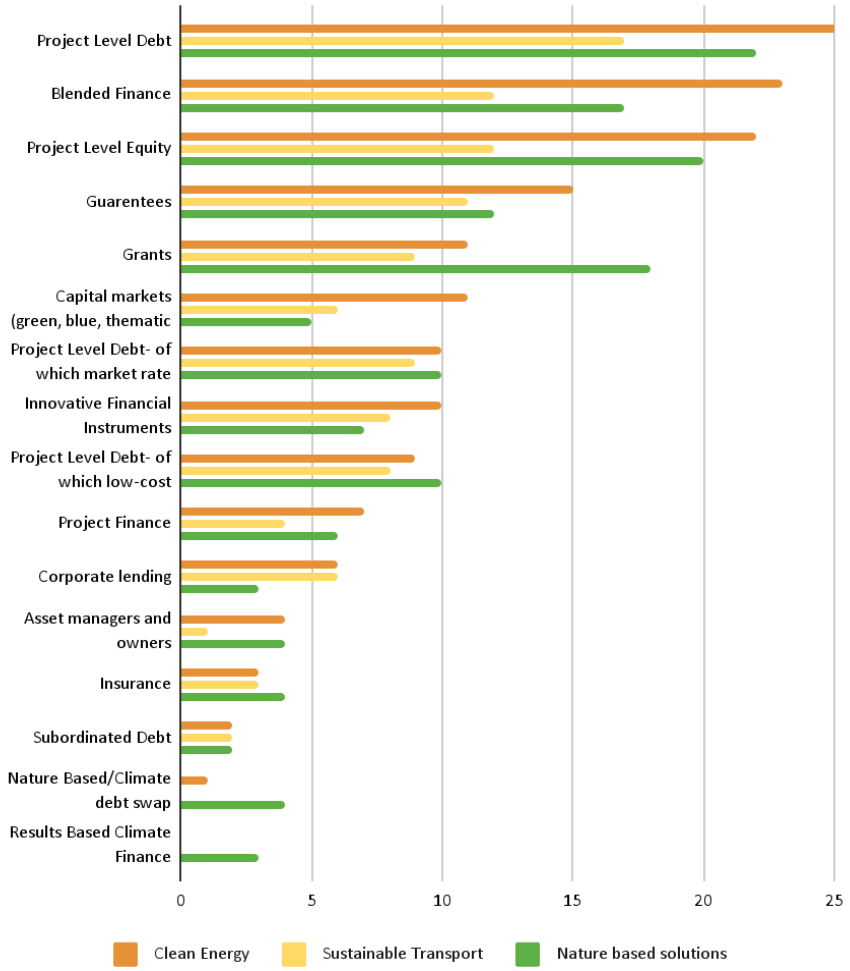
The analysis highlights clear differences in the financial instruments used by sector. While **Project-Level Debt**, **Blended Finance**, **Project-Level Equity**, **Grants**, and **Guarantees** are the most predominant instruments across all three sectors, there are sector-specific differences in their use.

Although **traditional instruments** (project-level debt, equity) and **intermediate instruments** (blended finance, grants, and guarantees) predominate in all three sectors, the **clean energy** sector demonstrates the greatest diversity in the financial mechanisms used, confirming its financial maturity. This sector not only mobilizes debt and equity at large scale but also incorporates **blended finance**, **insurance**, and **capital markets** (thematic bonds), reinforcing its ability to attract both **public** and **private** investment to meet the goal of a 100% renewable energy matrix and **emission neutrality by 2030** (Olade, 2024).

In contrast, the **sustainable transport** sector follows a more conservative pattern, with a predominance of **project-level debt** and **equity**, and a limited presence of innovative instruments. This reflects its dependence on traditional instruments, given the enormous challenge of electrifying one-third of the vehicle fleet and transforming infrastructure and mobility logistics in the medium term (Olade, 2024). The limited diversity of instruments suggests the need to design **public-private partnership schemes** and **blended finance** models to accelerate the transition.

Nature-based solutions (NbS) stand out not only for the number of sources mobilized but also for their use of differentiated instruments, such as **low-cost project-level debt**, **blended finance**, and **results-based climate finance (RBCF)**. This reflects that, given Barbados' vulnerability as a small island, the NbS sector is moving toward innovative schemes that align financial flows with measurable environmental outcomes.

Figure 27
Type of Financial Instruments deployed per sector - Barbados



Source: Own elaboration, Sureco and Partners (2025)

6. Key Findings

- Barbados presents a strong reliance on international sources and a high thematic concentration in adaptation, resilience, and energy transition.
- There is a concentration of financing in debt and equity at the project level, indicating a predominance of investments directly linked to concrete projects.
- Access to climate capital largely depends on global and regional sources, particularly from the European Union, United States, and development banks.
- Although still marginal, Barbados has begun to utilize innovative instruments such as debt-for-climate swaps and Results-Based Climate Finance (RBCF).
- The clean energy and nature-based solutions sectors show the most dynamism and diversity in the financial instruments used.
- Barbados has a strong capacity to implement debt-for-climate and nature swaps and has the potential to become a model for replicable financial instruments in other islands and emerging economies.

Global Gateway

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ANNEX B

GLOSSARY OF ACTORS AND FINANCIAL INSTRUMENTS

Euroclima

cooperación alemana
DEUTSCHE ZUSAMMENARBEIT

giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

NDC PARTNERSHIP

This appendix presents a table listing the group of actors identified for this study, along with their classification by type and a brief definition. The second table also shows the types of financial instruments through which resources are directed to the Latin American and Caribbean region. It is worth mentioning that both the types of actors and the types of financial instruments established in the previous study have been maintained for the present study.

Group of Actors	*Type of Actors*	*Definition*	*Source of Definition*
Financial Institutions	Multilateral/Regional Climate Funds	We include commitments from DFIs' own resources only and exclude the following: external resources that DFIs manage on behalf of third parties; governments' contributions to DFIs or Climate Funds; bilateral Climate Funds' commitments; DFIs' contributions to projects reported in BNEF (2021a) to avoid double counting.	https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/
Financial Institutions	Multilateral Development Finance Institutions (DFIs)	Development Finance Institutions chartered by multiple countries.	https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/
Financial Institutions	National Development Finance Institutions (DFIs)	Development Finance Institutions where a single country owns the institution. They are distinct from State Owned FIs in that they have a specific development mandate in their operations.	https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/
Financial Institutions	Commercial Financial Institutions (FIs)	Providers of private debt capital (and occasionally other instruments), including commercial and investment banks.	https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/
Financial Institutions	Pension Funds	A pension fund is a type of investment fund that is set up to provide retirement benefits to plan participants. It is a pool of money that is accumulated through regular contributions made by employers, employees, or both. The funds are then invested in various financial instruments, such as	https://www.investopedia.com/terms/p/pensionplan.asp

Group of Actors	Type of Actors	Definition	Source of Definition
		stocks, bonds, and real estate, with the goal of generating returns and ensuring there will be enough money to cover the pensions of employees after their retirement.	
Financial Institutions	Impact Funds	Investment vehicles made into companies, organizations, and funds with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return.	https://www.investopedia.com
Financial Institutions	Insurance Companies	Insurers invest the premiums collected through life and non-life insurance policies. They are constrained in their investment by international and national financial regulators.	https://www.investopedia.com
Financial Institutions	Asset Management Companies	Institutions that oversee and invest the funds of the asset owners that include individuals, companies and governments.	https://www.investopedia.com
Financial Institutions	Microfinance Institutions	Microfinance is a way to provide small amounts of financing, savings, insurance, and other related financial services to underbanked working individuals or families, entrepreneurs, and small businesses that do not have access to traditional sources for such financial services.	https://www.investopedia.com
Private Investors	Hedge Funds	Limited partnership of private investors whose money is managed by professional fund managers who use a wide range of strategies, including leveraging or trading of non-traditional assets, to earn above-average investment returns. These are considered a risky alternative investment choice.	https://www.investopedia.com
Private Investors	Capital providers for private equity, Angel investor (PE) and Venture capital (VC)	PE investments are made into companies or assets that are not available on listed exchanges. PE investments can be made at different stages of a firm's maturity, ranging from very early stage to mature profitable companies. VC is done in very early-stage companies with or without demonstrated profitability. VC helps proving and scaling innovative technologies and	https://www.investopedia.com

Group of Actors	Type of Actors	Definition	Source of Definition
		business models across all industries.	
Private Investors	Capital providers for Blended Finance	Every blended finance structure has both concessional and commercial capital providers (e.g., commercial banks) By combining commercial and catalytic capital, blended finance structures enable organizations, with different financial, social and environmental objectives to invest alongside one another in the same transaction. They help demonstrate sustainable investment models.	https://www.investopedia.com
Private Investors	Environmental Funds	Organizations created to address global or regional environmental challenges.	https://www.climatefundsupdate.org
Private Investors	Philanthropic Capital (Foundations, NGOs)	This capital is charitable contributions for specific purposes that can be used in a variety of ways given its flexible nature. In some cases is used to invest in early stage technologies or as grants together with loans to cover.	https://www.greenfinanceinstitute.com
Private Investors	Corporations	Corporations, which can have activities in the energy sector, in other sectors, or in both (e.g. a large water utility company installing both hydropower generation and water treatment facilities).	https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/

Glossary of Financial Instruments

Type of Financial Instrument	*Definition*
Grants	Transfers made in cash, goods or services for which no repayment is required.
Project level Debt	A debt evidenced by a note which specifies, in particular, the principal amount, interest rate, and date of repayment.
- of which low-cost	Loans extended at terms preferable to those prevailing on the market. This category can also include concessional and ODA loans, for example, loans extended on terms substantially more generous than market loans. The concessionality can be achieved either through interest rates below those prevailing on the market or longer maturity or grace periods, or a combination of those. Concessional loans typically have long grace periods. According to the OECD, the 'grant element' of ODA loans is at least 25%.
- of which market rate	Loans extended at regular market conditions.
Project level Equity	A stock or any other security representing an ownership interest.
Subordinated Debt	A debt owed to an unsecured creditor that can only be paid after the claims of secured creditors have been met.
Capital Markets (green, blue, thematic bonds)	As for example: CBI Climate bonds or Green bonds with proceeds designated for markets green activities.
Project Finance	Is the financial anayslis of the complete life cycle of a project and the funding with non or limited recourse financial structure. Although “Project Finance” is presented as a separate category in this mapping, it does not represent a financial instrument per se but rather a financing structure that combines project-level equity and debt. Its inclusion reflects how some sources classify and report their financial mechanisms, and should therefore be interpreted accordingly.
Results-based Climate Funding (RBCF)	Payments made when results have been met: carbon credits, Biocredits, ecosystem services, among others.

Type of Financial Instrument	*Definition*
Blended Finance	Blended finance involves combining public and private funds to support climate change projects. It aims to leverage private sector investment by providing concessional finance, guarantees, or other financial instruments to reduce risks and attract private capital. In this study, blended finance mechanisms typically combine instruments such as concessional debt, grants, guarantees, equity, project finance, thematic bonds, RBCF, insurance, and debt-for-nature swaps to mitigate financial and perception risks, enhance project bankability, and mobilize private investment in clean energy, nature-based solutions, and sustainable transport.
Innovative Financial Instruments	These instruments include crowdfunding, securitization of climate-related assets, debt-for-nature swaps, and other mechanisms that aim to mobilize investment for climate adaptation.
Guarantees	A formal agreement or assurance that conditions will be fulfilled and/or debt will be repaid.
Insurance	A contract, represented by a policy, in which a policy holder receives financial protection or reimbursement against losses from an insurance company.
Debt-for-Nature/Climate Swaps	A debtor country is able to negotiate part of its debt in more favorable terms whilst committing to invest in nature /climate initiatives.
Corporate Lending	Green loans with proceeds designated for lending green activities, as for example, climate and transition.
Asset Management vehicles	Climate-focused funds that invest in low-carbon managers of climate technology. Green minus brown tilt funds that prioritize so-called green investments over brown. Although asset management vehicles are not financial instruments per se, they are included here to represent the investment structures through which asset managers and institutional owners mobilize private capital toward climate projects. These vehicles typically operate using multiple instruments such as equity, debt, thematic bonds, or blended finance. The category is maintained as reported by the financing sources identified in the mapping, which frequently classify “asset management” as an investment mechanism rather than disaggregating by specific instruments. Its inclusion ensures

Type of Financial Instrument	*Definition*
	consistency with the original data and preserves comparability across the database.
Retail Lending	Loans to small and micro-enterprises focused on greenhouse gas emission mitigation activities (e.g., solar panels).