

## **Fourteenth session of the IRENA Assembly**

### **Side Event**

**17 April 2024, 13:00 – 14:30 GST**

**St. Regis Hotel, Saadiyat Island, Abu Dhabi**

### **High Level Dialogue on Energy Transition in Latin America and the Caribbean: A Regional Pathway**

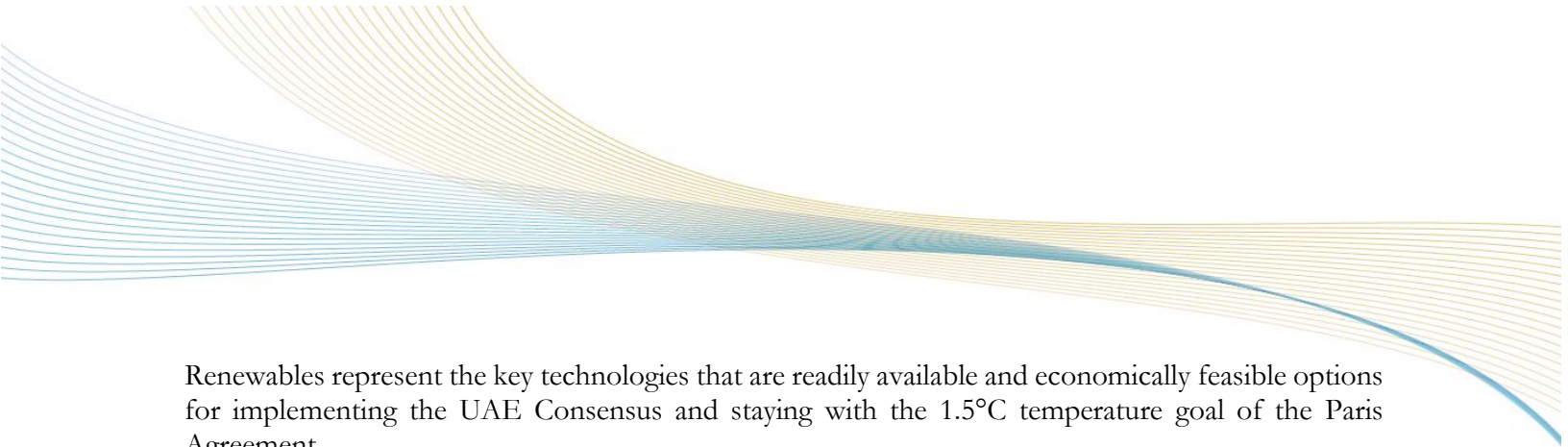
#### ***Background***

Guided by the World Energy Transitions Outlook (WETO), IRENA supports and closely works with different regions to chart and implement decarbonisation pathways tailored to regional needs and priorities aligned with the 1.5°C temperature goal of the Paris Agreement and the region's sustainable development ambitions. The series of Regional Energy Transition Outlooks (RETOs) aims to provide a regional pathway for Members in the region to achieve net zero emissions as per the Paris Agreement goals.

The WETO suggests that to keep the 1.5°C target within reach, both scale-up and re-allocation of investment in transition technologies are needed. Compared with the existing energy plans, the scenario aligned with the 1.5°C climate objective requires additional capital spending of USD 47 trillion, for investments totalling USD 150 trillion, and redirecting about USD 26 trillion in fossil fuel technologies towards transition technologies and infrastructure over the period to 2050. The report also elaborates that the share of renewables in the global energy mix must rise from 16% in 2020 to 77% by 2050.

The UAE Consensus adopted at COP28 also called on countries on tripling renewable energy capacity by 2030 and transitioning away from fossil fuels in energy systems. The COP28 Global Renewables and Energy Efficiency Pledge offered a new specific target of tripling renewable power capacity and doubling energy efficiency by 2030, which was also reflected in the adopted UAE Consensus. IRENA, in collaboration with the COP28 Presidency of the United Arab Emirates (UAE), engaged with Latin America and the Caribbean (LAC) countries in the consultation on the Pledge towards COP28, convincing countries that scaling and enhancing of renewables is the single most important action to be taken by 2030 in order to achieve net zero by 2050 and keeping 1.5°C consistent with the Paris Agreement goal.

The COP28 Pledge has been endorsed by over 130 countries across the globe, including 14 countries from Latin America. The next seven years are critical for bringing the world back on track towards the 1.5°C temperature goal.



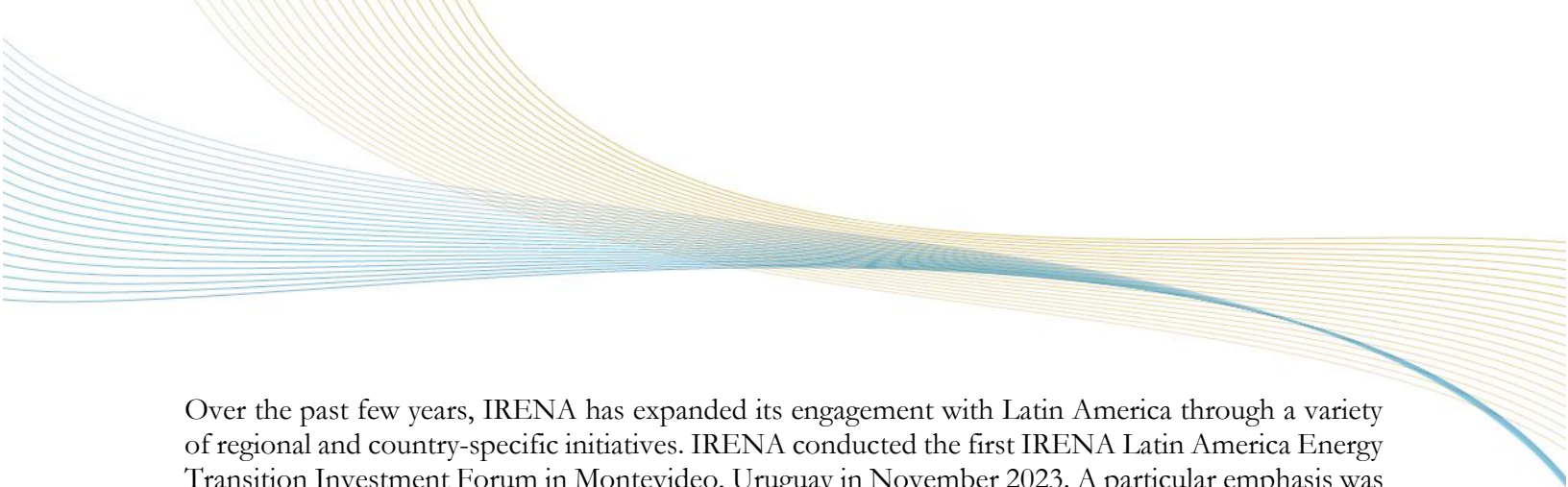
Renewables represent the key technologies that are readily available and economically feasible options for implementing the UAE Consensus and staying with the 1.5°C temperature goal of the Paris Agreement.

While needs and priorities will vary across regions and countries, governments across Latin America have started to explore ways in which they can decarbonise their economies and scale up the use of renewable energy while ensuring a just energy transition. The Latin American energy sector is among the more advanced energy systems on track to achieve net-zero by 2050. However a significant level of investments is required to achieve the required pace and depth of decarbonisation by 2030, and subsequently, net zero by 2050. IRENA's assessment of the global landscape of renewable energy finance shows that the region received only 4% of the total global investment in renewables in 2022, and the investment is concentrated in limited countries in the region.

Member States of the Caribbean Community (CARICOM) have set a regional target of 47% renewable energy contribution to total electricity generation by 2027. Caribbean Islands will need to add 4 GW of renewable energy capacity, requiring approximately USD 9 billion in additional investments to comply with their NDCs. To accomplish this, the region requires an investment environment that is conducive to furthering the energy transition and access to affordable finance that would allow governments to implement renewable technologies projects.

IRENA's Renewable Energy Roadmap for Central America revealed that transforming the energy systems of countries in the region requires both national and coordinated international efforts through integrated regional planning, which plays a vital role in emission reductions and energy transition efforts. The decarbonisation strategy focuses on the electrification of the transport fleet and an increasing penetration of renewables, that can reduce fossil fuel consumption in the power sector by 90% and 65% in the end-use sector by 2050. This can be supported by fully harnessing the renewable energy potential in the regional power system, estimated to be around 180 GW, and the corresponding expansion and reinforcement of regional and national transmission and distribution grids. To achieve this high renewable share, annual investment of USD 3.5 billion in new installed capacity (74%) and grids (26%) will be needed, corresponding to 1.6% of the region's gross domestic product (GDP) in 2018. Plans and strategies will require regional joint efforts and the updating and execution of policies and regulations to achieve their international and regional climate commitments.

The preliminary findings of IRENA's upcoming Renewable Energy Roadmap for South America reveal that the direct use of modern renewables such as solar thermal, biofuels and sustainable biomass, as well as specific applications with green hydrogen, show great potential to help reduce the use of fossil fuels throughout end-use sectors and could represent almost a third of the final energy consumption by 2050, while also doubling the share of electricity. The region also carries a vast potential to further develop renewables for electricity generation; increasing investments in infrastructure and grid development would also strongly contribute to decarbonisation targets of countries across the region.



Over the past few years, IRENA has expanded its engagement with Latin America through a variety of regional and country-specific initiatives. IRENA conducted the first IRENA Latin America Energy Transition Investment Forum in Montevideo, Uruguay in November 2023. A particular emphasis was placed on the need to provide enabling conditions to facilitate energy transition investments and provide innovative, low-cost finance to support energy transition investment and regional integration. Latin America is also scheduled to host the UNFCCC COP30 in Belem, Brazil during 2025, by which time updated NDCs in response to the UAE Consensus are expected to be submitted.

IRENA's regional work has led to the establishment of a strong framework to build technical knowledge and capacity, as well as more conducive investment environments for renewables by:

- a. Providing technical knowledge through analysis and assessments, including [Firm capacity in Central America: Definitions and implications for variable renewable energy](#), [Renewable Energy Roadmap for Central America: Towards a Regional Energy Transition](#), [Scenarios for the Energy Transition: Experience and Good Practices in Latin America and the Caribbean](#), [Renewables Readiness Assessment: Honduras](#), Renewable Energy Roadmap for South America (upcoming).
- b. Building capacity and providing a knowledge sharing platform, including the workshops on [Sustainable Bioenergy Pathways in South America: Fostering investment and sustainability in the bioenergy sector](#), [Potentials and Opportunities of Bioenergy based on Agriculture Residues in Latin America](#), and the preparatory work for the Renewable Energy Roadmap of the Caribbean.
- c. Stimulating investments and finance for renewables-based energy transition, including through [Latin America Energy Transition Investment Forum](#) and IRENA's project facilitation platforms, the Climate Investment Platform and the Energy Transition Accelerator Financing Platform.

### ***Objectives***

The High-Level Dialogue will provide a platform for an exchange on scaling up renewables-based energy transition in Latin America and the Caribbean while discussing how the COP28 Pledge of Tripling Renewable Energy by 2030 can be put into action in the region, with a view to supporting its ambitions to achieve inclusive and sustainable growth and transition away from fossil fuels. The session is expected to identify immediate opportunities to achieve the energy sector transformation in the region and identify the technology, finance and policy choices countries in the region need to make. The session gathers guidance in formulating the next phase of IRENA's engagement in the region to contribute to triple renewables by 2030 globally.

### ***Guiding Questions***

- *What are the main challenges that countries in Latin America and the Caribbean face in their efforts to contribute to the COP28 Pledge of Tripling Renewable Energy by 2030? How can countries in the region benefit from doubling energy efficiency?*
- *What are the main hurdles to obtain the needed financing towards an accelerated adoption of renewable technologies? How do those challenges differ from Latin America countries to Caribbean countries?*
- *Which end-use sectors and technologies will countries prioritize to increase energy efficiency and further decarbonise their economies?*
- *How can IRENA help promote a just and inclusive energy transition moving forward that supports national efforts and is consistent with climate objectives?*
- *What is the national and regional inclination for furthering efforts towards a more in-depth energy integration?*

### ***Associated Publications***

[Firm capacity in Central America: Definitions and implications for variable renewable energy](#) (2023)

[Renewable Energy Roadmap for Central America: Towards a Regional Energy Transition](#) (2022)

[Sustainable bioenergy potential in Caribbean small island developing states](#) (2024)

[Sustainable bioenergy pathways in Latin America: Promoting bioenergy investment and sustainability](#) (2024)

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