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FEATURED Q&A

Did Latin America and the Caribbean Do Well at COP27?



The United Nations Climate Change Conference COP27 closed Monday with what organizers called a "breakthrough agreement" to provide "loss and damage" funding for vulnerable countries hit hard by climate disasters. // Photo: United Nations.

Q The 27th annual United Nations Climate Change Conference, or COP27, was held in Egypt on Nov. 6-18. The world's largest climate event with more than 190 participating countries, it brought together heads of state, ministers, civil society, and private sector representatives to discuss mitigation efforts and adaptation to climate change. What are the biggest takeaways from COP27 for Latin America and the Caribbean? What new climate mitigation innovations and financing mechanisms have the most promise for helping nations in the Western Hemisphere that are struggling with climate change? How much of a voice was Latin American and Caribbean nations given in leading the international negotiations?

A Daniela Stevens and MK Vereen, director and assistant, respectively, in the Inter-American Dialogue's Energy, Climate Change & Extractive Industries Program: "At COP27, Latin America rallied around increased adaptation finance and Amazon conservation but remained split regarding the future of fossil fuels. In a historic win for adaptation, wealthy nations agreed to establish a 'loss and damage' fund to compensate vulnerable countries' climate-linked losses. While details of the deal will not be finalized until the next COP, the decision is a lifeboat especially for Small Island Developing States, many of which are in the Caribbean. Member states also called on Multilateral Development Banks (MDBs) to alleviate climate impacts and debt burdens in developing countries by providing loans at lower interest rates, pausing debt repayments for poorer nations hit by climate disasters, and expanding and standardizing debt for nature

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TODAY'S NEWS

ECONOMIC

Ecuador Budget Sees Higher Oil Output for '23

Ecuador will need to produce 35,000 more barrels of oil per day in order to meet the state budget's expectations for next year.

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POLITICAL

Peru Offers to Host Rescheduled Pacific Alliance Summit in Dec.

Peruvian President Pedro Castillo said Tuesday his nation would welcome hosting the Summit of the Pacific Alliance countries that had been scheduled this week in Mexico, due to his being barred from traveling abroad.

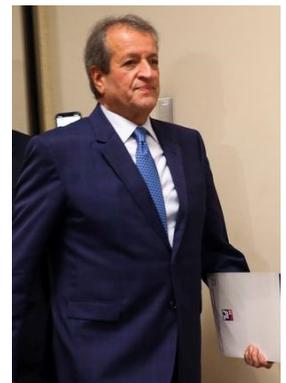
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POLITICAL

Bolsonaro Backs Party's Election Complaint

The head of Brazil's Liberal Party, Valdemar Costa Neto, filed a petition to annul the votes of about 280,000 electronic ballot boxes used in second-round voting on Oct. 30.

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Costa Neto // File Photo: Brazilian Government.

POLITICAL NEWS

Bolsonaro Backs Election Complaint as Protests Continue

Brazilian President Jair Bolsonaro on Tuesday demanded the nation's electoral authority annul votes cast on most of the electronic voting machines used in last month's national election, in which he lost his bid for a second term, citing software problems, the Associated Press reported. The president of the Liberal Party (PL), Valdemar Costa Neto, filed a petition at the Superior Electoral Court (TSE) to annul the votes of about 280,000 electronic ballot boxes used in second-round voting on Oct. 30 that helped bring leftist former President Luiz Inácio Lula da Silva a victory in the race, Agência Brasil reported. Costa Neto said that an auditor hired by the party found all machines dating from before 2020—nearly 280,000 of them, or about 59 percent of the total machines used in the Oct. 30 runoff—lacked individual identification numbers in internal logs, according to the report. The head of Brazil's election authority, Alexandre de Moraes, said the court would not consider the complaint unless the party offers an amended report within 24 hours that would include results from the first electoral round on Oct. 2, in which the Liberal Party won more seats in both congressional houses than any other, according to the Associated Press. Bolsonaro's less than two-point loss to Lula on Oct. 30 was the narrowest margin since Brazil's 1985 return to democracy, and protests have continued throughout the country. Roadblocks and rallies continue to snarl traffic and block commerce at ports nearly a month after the runoff. On Twitter, supporters of Bolsonaro have posted videos showing thousands of protesters taking to the streets in recent weeks, along with complaints that mainstream media

SUBSCRIBER NOTICE

The Advisor will not be published this Thursday or Friday in observance of the Thanksgiving Holiday in the United States.

in the country refuse to cover what some call the #BrazilSpring movement. "It won't succeed," Brazil expert Brian Winter said Tuesday on Twitter in response to PL's challenge, "but things could still get rocky in coming weeks as pro-Bolsonaro protests continue and some in his party push for radical next steps," he added. [Editor's note: See related [Q&A](#) in the Nov. 1 issue of the Advisor.]

Peru Offers to Host Rescheduled Pacific Alliance Summit

Peruvian President Pedro Castillo said Tuesday his nation would welcome hosting the Summit of the Pacific Alliance countries that had been scheduled this week in Mexico, state news agency Andina reported. "To the members of the group, we are ready to receive you," Castillo expressed to reporters Tuesday. Mexican President Andrés Manuel López Obrador postponed



Castillo // File Photo: Peruvian Government.

the summit because Castillo has been barred from traveling abroad by his country's Congress, which is controlled by an opposition that has pushed corruption charges against his administration. Each of the four Pacific Alliance members—Mexico, Peru, Chile and Colombia—are currently led by left-leaning presidents. The rescheduled meeting would likely take place Dec. 7 and 8, Reuters reported, citing unnamed sources. Meanwhile, a mission from the Organization of American States wrapped up an official visit Tuesday to Peru, where it had been assigned to assess the political crisis there, which has led to two impeachment attempts against Castillo in a little more than a year since he took office. [Editor's note: See related [Q&A](#) in the Nov. 7 issue of the Advisor.]

NEWS BRIEFS

Drought Crimps Crop Outlook in Argentina

Argentina's farmers are preparing for the nation's worst crop in 20 years, the Financial Times reported Tuesday. Drought has cut production of wheat to a point "beyond recovery," one agriculture consultant told the newspaper, while the outlook for corn and soy is "not good," he added. The U.S. Department of Agriculture expects wheat production of 15.5 million metric tons in Argentina, down from 22.15 million last year. With some of the highest inflation rates in the world, Argentina relies on commodity exports for stable dollars, but the country's wheat exports are expected to be cut in half this year, according to Reuters.

Mexican President Signals Openness to U.S. Corn

Mexican President Andrés Manuel López Obrador said Tuesday he is considering allowing imports of genetically modified yellow corn for livestock feed into the country, Bloomberg News reported. The statement signals a softening of his stance against GMO corn imports from the United States, which had threatened to escalate into a formal trade dispute. [Editor's note: See related [Q&A](#) in Monday's issue of the Advisor.]

FIFA Files Disciplinary Case Against Ecuador Over Homophobic Chants

Homophobic chants by Ecuador fans at the World Cup opening game led FIFA to open the first disciplinary case of the tournament on Tuesday, Reuters reported. FIFA said the charge was brought due to chants at the game against Qatar on Sunday and cited the section of its disciplinary code dealing with discrimination. The international body gave no timetable for dealing with the case, however, and Ecuador is expected to be allowed to continue to compete in the games.

ECONOMIC NEWS

Ecuador Budget Sees Higher Oil Output

Ecuador's budget for next year plans for an estimated production of 188 million barrels of oil in 2023, a significant increase from this year's output, El Comercio reported today. The country currently produces oil at an average of 482,000 barrels per day (bpd), according to the central bank, a figure that will need to rise by 35,000 bpd to meet the state budget's expectations for next year, according to the report.

BUSINESS NEWS

Tigo Money Signs Deal With Visa

Tigo Money, the fintech unit of Luxembourg-based telecommunications service provider Millicom, said this week it has agreed to work with payments provider Visa to expand access to digital financial services across Latin America. Under the agreement, consumers will have access to a Tigo Money Visa Card free of charge via a mobile app. Millicom says there are 5 million Tigo Money users across the region, and the Visa service does not require a physical card. "While most countries in our region continue to operate in a cash-based economy, with accessible digital solutions such as the Tigo Money Visa Card, we are bridging the gap and responding to the needs of the financially and digitally excluded sectors," said Visa regional president Eduardo Coello in a statement. The service will also feature contactless payment option, allowing users to "tap" to pay for day-to-day activities, such as taking public transportation or shopping where Visa cards are accepted. Visa's partnership with Tigo Money is part of the company's broader strategy of collaborating with technology companies to provide digital solutions in the pursuit of digital inclusion and to promote cashless economies, according to Coello.

THE DIALOGUE CONTINUES

What Environmental Policies Will Lula Pursue in Brazil?

Q Within hours of winning Brazil's presidential election on Oct. 30, Luiz Inácio Lula da Silva vowed to halt deforestation in the Amazon and restore Brazil as a global leader on fighting climate change. By contrast, incumbent President Jair Bolsonaro's development policies led to a sharp increase in Amazon deforestation and the gutting of agencies that seek to protect the environment and the rights and lands of Indigenous groups. Will Lula follow through on his pledge to end deforestation in the Amazon? What kind of environmental policies can we expect? How will the relation between the government and Indigenous communities evolve?

A Paulo Barreto, associate researcher at IMAZON in Belém of Pará: "Lula will undoubtedly try to implement the conservation policies he promised. He promised to combine law enforcement to support forest-based economic activities (including payment for environmental services) and stimulate agricultural productivity in poorly managed deforested areas. However, he will need to carefully execute the new policies given that the current government has emboldened criminals—for example, law enforcement decreased significantly and the purchase of guns has been facilitated. The government should choose the most impactful measures with the lowest social and political costs. The government may combine carrots and sticks to increase social and political acceptance. For example, the government may create a training program for youth in municipalities where enforcement could lead to local employment. Moreover, the government could create a robust

program of payments for environmental services based on forest protection and forest restoration. Such a program should prioritize small landholders that are usually less equipped to invest in increasing agricultural productivity. The money could come from private-public partnerships, including national and international initiatives (for example, the Green Climate Fund). It is worth noting that Brazil provides subsidized funding to landholders and food processing companies that are associated with deforestation. Therefore, the government may stimulate

“ The government may create a training program for youth in municipalities where enforcement could lead to local employment.”

— Paulo Barreto

or force the banks to stop funding such activities. Lula promised to create a ministry to handle indigenous peoples' demands and has appointed several indigenous peoples to the transition team. So, it is likely that the government will significantly improve the protection of indigenous people's lands and the provision of essential services in these areas.”

EDITOR'S NOTE: The above is a continuation of the Q&A featured in the Nov. 16 issue of the Advisor.

FEATURED Q&A / Continued from page 2

swaps. While the parties ratified this proposal, the agreement is non-binding for MDBs. On the mitigation side, the region remains divided regarding the phaseout of fossil fuels; however, clean energy commitments increased. Despite doubling down on fossil fuels, President López-Obrador of Mexico vowed to dramatically increase renewable energy production, although it is dubious whether the country will find financing for these projects. Since COP26, major methane emitters like Brazil, Colombia and Mexico are taking concrete action to bring down methane emissions. Presidents Petro of Colombia, Lula of Brazil, and even Maduro of Venezuela rallied around increased Amazon protection. Overall, despite calls for regional unification, Latin American nations still lack a common climate goal beyond adaptation finance, reducing their potential to negotiate as a bloc. On a regional and global scale, the conference made far greater strides on adaptation as compared to mitigation.”

A Nicolás Mariscal, chairman of Grupo Marhnos in Mexico City: “The big news from Latin America and the Caribbean at COP27 is that, for the first time, the region took a united posture on several issues. First, it called for more financial resources from developed countries, as these have long benefited from fossil-fuel use to grow their economies. Second, it wants innovative climate finance instruments, like sovereign bonds, guarantee funds, and debt swaps for climate action. And third, the region will strengthen coordination to bolster climate negotiations in multilateral fora. Latin America represents around 8 percent of the global economy and approximately 5 percent of global greenhouse gas emissions. Likewise, Mexico and Brazil are among the top fifteen economies in the world. The region holds some of the largest rainforests worldwide, key to addressing global warming. For these and many other reasons, it is crucial that Latin America is actively involved in climate negotiations, adopting innovative postures

that help bridge the divides and reach the best solutions for future generations.”

A Roberto Kishinami, senior coordinator for the energy portfolio at the Instituto Climate Sociedade: “The COP27 was very disappointing with regard to ambitions for climate change mitigation. Actually, there is a setback in its final declaration, with no mention of the coal phase-out, adopted in COP26 at Glasgow, and an incentive for fossil gas as a transition fuel. An exception was the establishment of a Loss and Damage Fund that, although it will remain empty for a while, will demand hard work from all of us in the next years. From a Latin American perspective, a good news came from the election of Luis Inácio Lula da Silva as Brazil’s president, which will bring a decrease in deforestation—hopefully with a complete stop in the short term—and an acceleration of the country’s energy transition.”

A Adriana Ramos, political and socio-environmental law advisor at Instituto Socioambiental: “I am answering prior to the conclusion of the climate summit, so it is possible that there are other results and developments that we still do not know at this time. I think it was relevant that Indigenous peoples and other local communities, as well as youth groups, could bring their experiences and proposals to solve the gap on supporting solutions for the most vulnerable communities. I believe the Indigenous funds are the most promising mechanisms to make the money help those that need it the most. These decentralized resources can enable civil society to fully assume their role in innovating and developing solutions, independently of governments. Unfortunately, discussions in UNFCCC are still led by those that created the problem, rather those that are more part of the solution. We should be able to strengthen peoples’ voices to increase Latin American and Caribbean nations’ participation.”

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