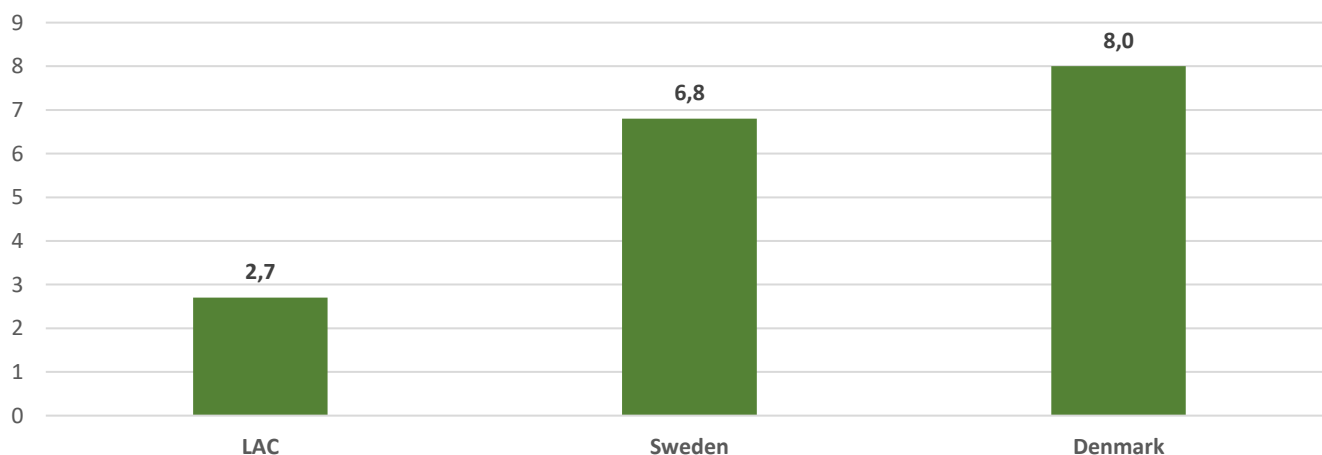


Climate Change and Inequity in Latin America

Latin America and the Caribbean generates less than 10% of global carbon emissions and has per capita emissions of only 1/3 of Denmark. It is also one of the regions worst affected by climate changes with 60% of the population in a situation of extreme vulnerability. Yet, it still receives a relatively small share of the global finance support for climate adaption and mitigation.

Numbers from the Emissions Inequality Database produced by Stockholm Environment Institute (SEI) shows a substantial climate inequality between Denmark and Sweden and the Latin American region (LAC). On average a person in LAC emits 2,7 tons of carbon in 2019. An average person in Sweden emits 6,8 tons and an average person in Denmark emits 8 tons. This means that an average Swede emits 2,5 times more carbon, and an average Dane emits 3 times more carbon.

Emissions ton of carbon pr. capita 2019

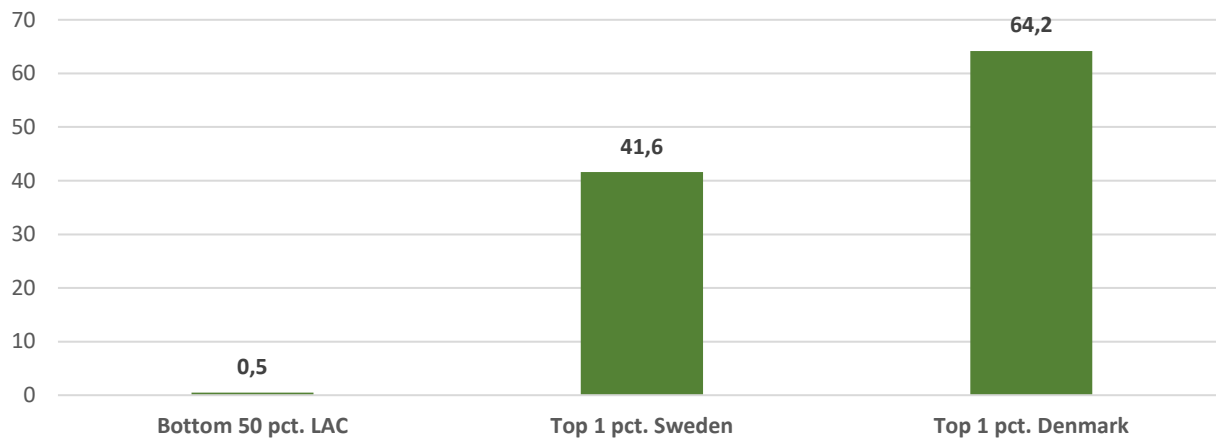


Note: Based on data from SEI

The figure above shows the significant difference when we are looking at the aggregated pr. capita levels of the whole population. Comparing the richest individuals in Sweden and Denmark with the poorest in Latin America, the contrast is even more alarming. An average person from the top 1 pct. in Sweden emitted 41,6 tons of carbon in 2019. An average person from the richest pct. in Denmark emitted more than 64 tons of carbon. Compared to this an average person from the bottom 50 pct., that is the 50 pct. with lowest income in LAC only emitted 0,5 ton of carbon.

That means that on average, a top 1 pct. Dane emits 128 times more carbon than an average person in the lowest half of the income distribution in LAC. For a top 1 pct. Swede the number is 83 times more carbon.

Emissions ton of carbon pr. capita 2019

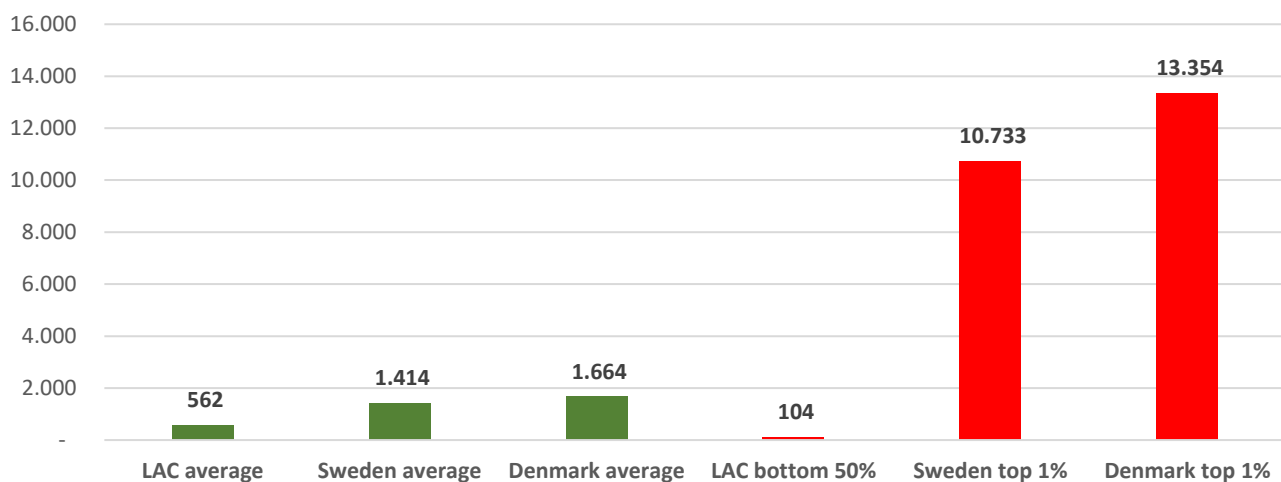


Note: Based on data from SEI

The huge climate cost of northern emissions

Using new research from Burke et.al 2023 we can estimate the huge costs to the global climate, that emissions will produce from the emission year and until 2100 and thus compare the average per capita cost for different regions/counties. According to the research study one ton of carbon emitted in 2019 will cost ca. 208 USD in Loss & Damage costs. This includes the historic damages and the damages produced in the future until 2100. Carbon emitted will stay for hundreds of years in the atmosphere creating climate disasters while it piles up.

The Loss & Damage costs for emissions in 2019 including historic costs and future damages until 2100 in USD pr. capita



Note: Based on data from SEI and methodology from Burke et.al (2023).

If we look at the averages for the whole population a LAC person’s emissions in 2019 produced L&D costs of 562 USD. An average Swede produces L&D costs for more than 1.400 USD and an average almost three times as much L&D costs with 1.664 USD. These are population averages. But if we also include differences in income and between north and south, the differences get enormous. A bottom 50 pct. LAC person has 2019 L&D costs of only 104 USD. A

top 1 pct. person in Sweden made L&D costs for almost 11.000 USD and a top 1 pct. person in Denmark made L&D costs for more than 13.000 USD.

Latin America will be heavily impacted by Loss & Damages.

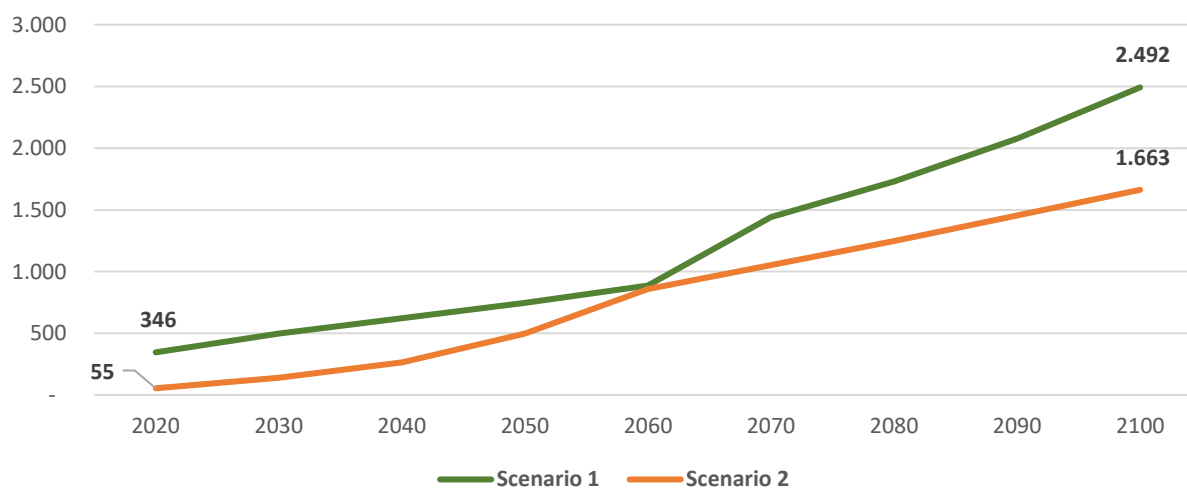
Using the estimates made by Markandya & Gonzalez-Eguino (2019) we can see the development of the economic costs of Loss & Damage from 2020-2100 in USD.

The estimates are made by using two scenarios. Scenario one is estimated with high damages and a low discount rate, and scenario two with low damages and a high discount rate. The high damage scenario works with an increase in temperature increase of 3,4 degrees, where the low damage works with an increase in temperature of 2,5 degrees. The high discount rate is 3 pct. while the low discount rate is 0,1 pct. A high discount rate tends to minimize the future costs of loss & damages as shown in Burke et.al 2023.

It is important to note that these are only economic damages and are not covering all kinds of damages. But still, they can exemplify the magnitude of the enormous costs that Latin America will face because of Loss & Damage. In scenario 1 the costs in 2020 were 346 bn USD for Loss & Damage in LAC and will increase to almost 500 bn USD in 2030. In 2100 the total costs will be almost 2.500 bn USD.

In the more conservative scenario 2 the costs in 2020 were 55 bn USD. By 2030 these will increase to 139 bn USD and in 2100 to 1.663 bn USD.

Loss & Damage costs - LAC 2020-2100 in USD bn.



Note: Based on Markandya & Gonzalez-Eguino (2019). Adjusted from 2005-USD price level to 2024-USD price level by using US CPI.

Way too little climate support goes to the LAC-countries.

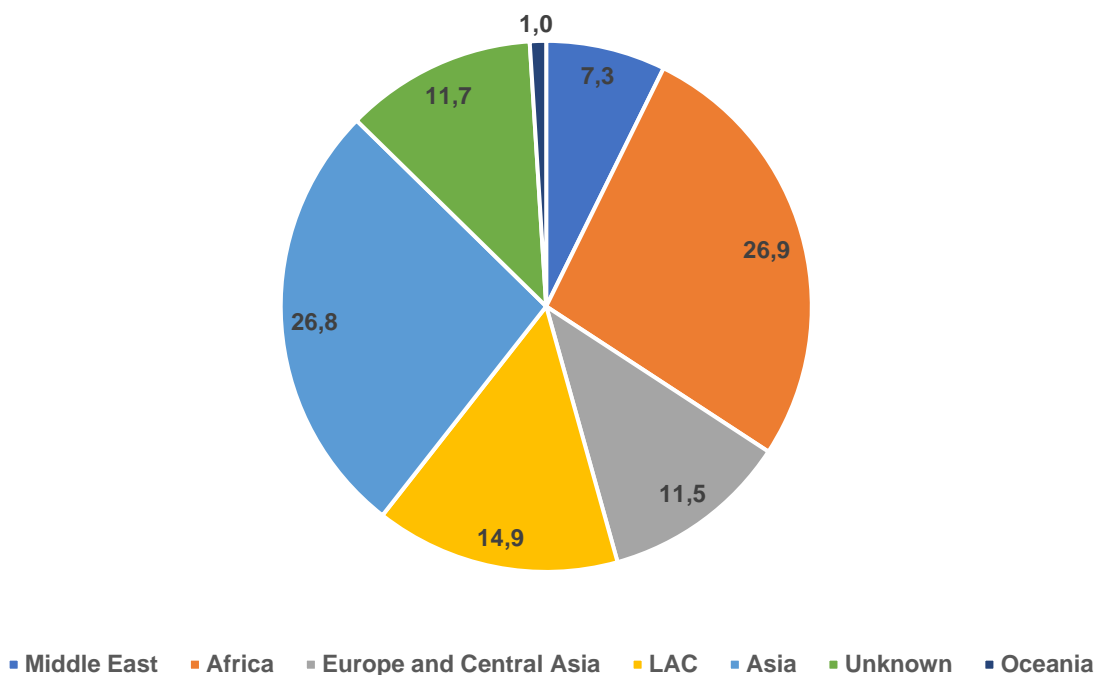
Climate finance from global north to global south is not only necessary in order to handle drastic climate damages. It is also, as we have shown, an obligation based on historical emissions. The massive emissions are creating huge damages in the south and also in the LAC-region.

Sadly, the picture is that climate finance to the LAC-region is limited. As you can see in the pie chart below the share of the total climate finance going to the LAC-region in 2021 as a share of total climate finance is 14,9 pct. This



corresponds to a total climate finance consisting of both bilateral and multilateral finance covering adaptation and mitigation and cross cutting climate action. LAC is far behind both Africa and Asia when it comes to receiving climate finance. In 2021 LAC in total received climate finance of 9,7 bn USD out of a total of 65,2 bn USD.

Climate finance 2021 share of total global multilateral and bilateral finance



Note: Based on data from OECD. Containing bilateral finance from DAC-members, multilateral development bank and other multilateral. It doesn't contain private donors and finance from non-DAC members. These two categories are marginal and would in total increase total climate finance from 65.2 bn USD to 66.6 bn USD. Unknown is equal to the category "developing countries unspecified".