Executive Summary

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Sustainable Finance Index for Latin America and the Caribbean 2026

(Based on 2025 Data)

gflac GRUPO DE FINANCIAMIENTO CLIMÁTICO LAC

Sustainable Finance for the Future

Sustainable Finance Index

Sustainable Finance Hub

Climate and Sustainable Finance Dialogues

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Public Finance and Sustainability: Transforming Flows to Transform Economies

Latin America and the Caribbean face the challenge of transforming their economies to address climate change, halt biodiversity loss, and move toward more resilient and sustainable development models. To achieve these goals, it is not only necessary to mobilize greater resources toward climate and environmental action but also to review how governments generate, allocate, and use their public resources.

This transformation takes on special relevance within the framework of **the Paris Agreement**, whose Article 2.1.c establishes the need to align financial flows with a pathway toward low-greenhouse-gas-emission and climate-resilient development. From this perspective, the transition cannot be addressed solely in terms of how much funding is allocated to sustainable activities. It also requires analyzing what proportion of public resources remains tied to carbon-intensive activities and to what extent fiscal and budgetary decisions contribute to maintaining or reducing that dependence.

The **Sustainable Finance Index (SFI)**, developed by the **Climate Finance Group for Latin America and the Caribbean (GFLAC)**, is based precisely on this perspective. The index allows for a comprehensive analysis of resources that promote sustainability and those associated with carbon-intensive activities, taking into account both the origin of the resources and their budgetary allocation. In this way, the SFI makes it possible to observe not only countries' capacity to mobilize financing for biodiversity and climate change, but also the dependencies and gaps that persist in their fiscal and budgetary structures.

The results of the 2026 edition show that this transformation remains a structural challenge for the region. While progress has been made in mobilizing resources for sustainability—and significant differences exist among countries—the flows associated with carbon-intensive activities remain considerably larger. This situation highlights that moving toward more sustainable public finances requires a strategy that simultaneously addresses revenue, spending, and the structures that determine how public resources are mobilized and allocated.

In this context, the SFI 2026 seeks to address a fundamental question: **To what extent are public finances in Latin America and the Caribbean consistent with sustainability goals and with the transformation of their economies?** The answer provided by this edition shows that the challenge lies not only in financing the transition but also in progressively transforming the financial flows that continue to sustain dependence on carbon-intensive activities.

The results show that both dimensions must be analyzed together. Increasing the resources allocated to biodiversity, climate change, and other sustainability priorities is essential, but their impact may be limited if, at the same time, a significant portion of public revenue continues to depend on carbon-intensive activities or if budgets maintain substantial allocations to these sectors.

The coherence of public finances, therefore, depends not only on how much is allocated to sustainability, but also on which activities generate public revenues and where spending is directed. It is precisely in this tension that the SFI seeks to provide evidence to understand the challenges and opportunities for transforming public finances in the region.

Key Findings of the SFI 2026

The results of the SFI 2026 show that the fiscal and budgetary structures of countries in Latin America and the Caribbean exhibit significant differences in how they mobilize, generate, and allocate resources in response to climate and environmental challenges. Countries exhibit different combinations of funding for biodiversity and climate change, dependence on revenues from carbon-intensive activities, and budget allocations directed toward both sustainable activities and carbon-intensive sectors.

This diversity is significant because the same aggregate score can reflect different financial structures. One country may improve its score as a result of increased sustainable financing, while another may do so due to a lower share of carbon-intensive revenues or a greater budget allocation toward sustainable activities. Therefore, the value of the SFI lies not only in the final score but also in the ability to identify which components are shaping each country's public finance structure.

1. The region's public finances maintain a structural gap between sustainable and carbon-intensive revenue streams

The results of the 2026 SFI reveal a significant gap between resources linked to sustainability and those associated with carbon-intensive activities. Collectively, the 20 countries analyzed generated **$221.2 billion in revenue from carbon-intensive activities**, compared to **$18.2 billion in funding for biodiversity and climate change**—representing a ratio of approximately **12 to 1**.

This disparity is also evident in the allocation of public spending. Countries allocated **$68.3 billion to carbon-intensive activities**, compared to **$17.9 billion for sustainable activities**—a ratio of approximately **3.8 to 1**. Furthermore, on average, only **1.3% of public budgets** is allocated to sustainable activities.

Taken together, these figures show that the gap lies not only in revenue generation but also in the allocation of public spending. **The transformation of public finances therefore requires progress on both fronts: strengthening the flows directed toward sustainability and reducing the weight given to carbon-intensive activities.**

2. Sustainable Revenue Is Far Outpaced by Carbon-Intensive Revenue

Collectively, the 20 countries analyzed generated **$18.2 billion** in funding for biodiversity and climate change, while resources associated with carbon-intensive activities totaled $221.2 billion. In other words, for every dollar of funding allocated to biodiversity and climate change, the countries generated approximately $12 associated with carbon-intensive activities.

The gap widened compared to the previous edition, when carbon-intensive revenues were approximately 11 times higher than sustainable revenues. This poses a challenge that goes beyond simply increasing the mobilization of sustainable resources: it also

involves **progressively reducing dependence on tax structures linked to carbon-intensive activities**.

3. Dependence on revenue from carbon-intensive activities remains significant

Ecuador and Mexico have the highest proportions of public revenue associated with carbon-intensive activities, at **33.13% and 31.68%**, respectively. In both cases, nearly one-third of public revenue is linked to activities related to hydrocarbons, fossil fuels, and minerals.

This dependence poses an environmental and fiscal challenge, given the exposure of public revenues to changes in international prices, demand for fossil fuels, and shifts in the energy and extractive markets.

The situation takes on particular significance when contrasted with the resources allocated to biodiversity and climate change. Greater mobilization of sustainable financing does not, in and of itself, imply a reduction in fiscal dependence on carbon-intensive activities. **The diversification of public revenues thus becomes a key component of any process of public finance transformation.**

4. Public budgets maintain a significant gap between carbon-intensive activities and sustainable activities

The countries analyzed collectively allocated **$68.3 billion** to carbon-intensive activities, compared with **$17.9 billion** to sustainable activities. This means that, for every dollar allocated to sustainable activities, governments allocated nearly four dollars to carbon-intensive activities.

The magnitude of this disparity demonstrates that the transformation of public finance requires action not only on resource mobilization but also on **the composition and direction of public spending**.

Some countries exhibit particularly wide gaps. Mexico, for example, allocates 8.54% of its budget to carbon-intensive activities compared to 0.52% to sustainable activities, while Bolivia allocates 15.11% compared to just 0.35%. In contrast, Panama allocates 1.66% to sustainable activities and only 0.01% to carbon-intensive activities.

These differences show that budgetary coherence does not depend exclusively on the amount allocated to sustainable activities, but also on **what proportion of public spending continues to support carbon-intensive activities**.

5. Budget allocations for sustainability remain low

On average, the 20 countries analyzed allocate **1.3% of their budgets** to sustainable activities. Although some countries have considerably higher proportions, in most countries, budget allocations for biodiversity, climate change, conservation, sustainable transportation, energy efficiency, and risk management continue to represent a limited fraction of public spending.

El Salvador has the highest proportion in the region, at 5.21%, followed by Peru, Argentina, Chile, and Nicaragua, with shares exceeding 2%. However, in several countries, these allocations are below 0.5% of the budget.

This situation contrasts with the growing investment needs associated with adaptation, mitigation, and biodiversity conservation. Therefore, **increasing the share of sustainable activities within public budgets is a key element in moving toward greater coherence in public finances**.

6. Carbon-intensive budgets continue to account for a significant share in several countries

The presence of carbon-intensive activities within public budgets varies greatly among countries. **Bolivia and Costa Rica allocate more than 14% of their budgets to these activities**, while Mexico allocates 8.54% and Paraguay 6.16%.

In contrast, several countries have shares below 0.5%, and Panama accounts for just 0.01%. These differences show that budgetary transformation faces distinct challenges depending on each country's economic, energy, and fiscal structure.

The significance of this variable becomes evident when compared with sustainable budgets. In some countries, carbon-intensive allocations far exceed sustainable ones, while in others the opposite is true. **The budgetary transition, therefore, depends not only on how much sustainable spending increases, but also on how spending associated with carbon-intensive activities evolves.**

7. Sustainable public finances exhibit highly heterogeneous structures across the region

The results of the SFI 2026 show significant differences in the structure of public finances across Latin America and the Caribbean. **Panama scores 3.5 points out of a maximum of 4.0**, placing it in the **"Very High"** category; **Argentina and Honduras**, with 3.1 points, and **the Dominican Republic**, with 3.0 points, are in the **"High"** category. In contrast, **Mexico, with 1.1 points, and Trinidad and Tobago, with 0.9 points**, are in the **"Low"** category**.**

These results reflect different combinations of the four components that make up the index. There is no single financial structure that explains the results for all countries, and a similar score can result from different patterns of financing, revenue, and public spending.

Therefore, the SFI's aggregate score serves only as a starting point. **To understand the structure of each country's public finances, it is necessary to analyze where resources come from, how funding is mobilized, and where public spending is directed.**

8. Most financing for biodiversity and climate change is mobilized through loans

Of the **$18.2 billion** in development financing allocated to biodiversity and climate change identified for the 20 countries analyzed, **89.2% consisted of loans**, equivalent

to approximately **$16.2 billion**. In contrast, only **6.8%**, or about **$1.2 billion**, was channeled through grants, while the remaining 3.8% came from other instruments.

This breakdown is significant because not all financing has the same implications for the fiscal capacities of recipient countries. A high proportion of loans means that a significant portion of the resources mobilized to address climate and environmental agendas creates future financial obligations, whereas grants allow these actions to be strengthened without increasing public debt.

Therefore, the challenge lies not only in **mobilizing a greater volume of financing for biodiversity and climate change** but also in improving the terms and types of instruments through which these resources reach countries. In particular, it is necessary to expand the availability of **grants and other concessional instruments**, especially to address mitigation, adaptation, and biodiversity conservation needs, where investment requirements can be high.

9. The availability and quality of information also influence the measurement of sustainable finance

The case of Cuba highlights the importance of having sufficient fiscal and budgetary information to make comparable estimates. The availability of new information made it possible to incorporate variables that could not have been estimated in the previous edition.

Therefore, the change observed in Cuba's score reflects both changes in its finances and an improvement in the availability of the information used for the estimate. This situation highlights the importance of **establishing and strengthening public information systems; budgetary transparency and the disaggregation of resources are essential for improving the monitoring of sustainable finance**.

The quality and availability of data are not merely technical requirements for constructing the index. They are also essential for governments, civil society organizations, and other stakeholders to identify financial flows, assess their impacts, and track progress toward greater coherence in public finances.

10. Transforming public finances requires action on the financial structure

Taken together, the results show that moving toward greater coherence in financial flows requires action across **four closely related dimensions**: transforming sources of public revenue, improving the terms and composition of financing for sustainability, progressively reorienting public spending, and strengthening the information systems that enable the identification and tracking of these flows.

In this context, the main challenge for the region is not only to finance the transition but also to **progressively transform the public finances that currently underpin carbon-intensive economic and fiscal structures**. This involves strengthening the mobilization of resources for biodiversity and climate action, expanding access to financing through grants and other appropriate instruments, diversifying sources of public revenue, increasing budget allocations for sustainability, and progressively reviewing the resources allocated to carbon-intensive activities.

From this perspective, the transformation of public finances requires simultaneous action on **where resources come from, under what conditions they are mobilized, where they are allocated, and what information enables these flows to be understood and evaluated**. This comprehensive approach is one of the main contributions of the SFI 2026: **not only to show how much sustainable financing exists, but also to put it into perspective in relation to the fiscal and budgetary structures that determine the overall direction of public finances in the region**.

What Is the Sustainable Finance Index?

The Sustainable Finance Index (SFI) is a tool developed by the Climate Finance Group for Latin America and the Caribbean (GFLAC) and applied annually to analyze the relationship between public finances and sustainability goals in Latin American and Caribbean countries.

The SFI makes it possible to identify the extent to which public resources and development finance flows contribute to sustainability, while also quantifying the resources that remain tied to activities that may hinder the transition toward resilient, low-emission economies.

The SFI is applied to 20 countries in Latin America and the Caribbean, selected from among those with the highest greenhouse gas emissions in the region. Rather than conducting a comprehensive assessment of each country's environmental, economic, or fiscal performance, the Index analyzes the alignment of their public finances with sustainable development goals. This approach makes it possible to identify differences between countries and, at the same time, recognize patterns of resource allocation, levels of dependence, gaps, and opportunities for transformation to move toward public finances that are better aligned with the region's environmental and social challenges.

How Is the SFI Constructed?

The SFI methodology is structured around two complementary components. The first involves the analysis of a set of qualitative indicators that help contextualize the index's results. These indicators cover environmental, economic, financial, political, and social dimensions and provide insight into the structural conditions within which each country's sustainable finance sector operates.

The second component involves estimating the four variables that make up the index. These variables distinguish between financial flows that contribute to sustainability and those that perpetuate dependence on carbon-intensive sectors, based on data on development financing, public revenue, and budget allocations. These variables are:

- **Sustainable Revenue (SR):** This includes international development financing, with an emphasis on bilateral and multilateral resources allocated to biodiversity and climate change, expressed as a proportion of total development financing.
- **Carbon-Intensive Revenues (CIR):** These include revenues from the exploration and extraction of hydrocarbons, minerals, and fossil fuels, measured as a proportion of total revenue.
- **Sustainable Budgets (SB):** This refers to public spending allocated to biodiversity, climate change, renewable energy, energy efficiency, forest management, sustainable transportation, ocean conservation, and natural disaster response, as a proportion of total spending.
- **Carbon-Intensive Budget (CIB):** This encompasses resources allocated to activities related to hydrocarbons and polluting industrial processes, including funding for state-owned oil and gas companies, expressed as a proportion of total spending.

Each variable is expressed on a scale of 0 to 1 point. Sustainable Revenues and Sustainable Budgets are considered positive variables: the higher the proportion of resources allocated to activities linked to sustainability, the higher the score obtained.

In contrast, Carbon-Intensive Revenues and Carbon-Intensive Budgets are considered negative variables. Therefore, greater reliance on public revenues or government spending related to carbon-intensive activities results in a lower score for the country.

The final SFI score is the sum of the four variables and ranges from 0 to 4 points. Based on this score, countries are classified into seven levels of sustainable finance: **Very High** (3.5 to 4.0 points), **High** (2.9 to 3.4), **Medium-High** (2.3 to 2.8), **Medium** (1.8 to 2.2), **Medium-Low** (1.2 to 1.7), **Low** (0.6 to 1.1), and **Very Low** (0.0 to 0.5).

The methodological significance of the SFI lies in the fact that it provides a classification that is comparable across countries and across different editions, allowing for an assessment of the balance between resources directed toward sustainability and those associated with carbon-intensive activities.

This perspective makes it possible not only to identify regional trends but also to highlight specific gaps in the mobilization and allocation of resources, as well as fiscal and budgetary dependencies on extractive activities.

The annual nature of the index makes it possible to track the evolution of these variables and detect changes in the behavior of public revenues and budgets. The use of official information and public sources also helps to strengthen transparency and the ability to replicate and verify the results.

Considerations Regarding Information Sources

An important consideration in this edition is that the four variables comprising the SFI do not necessarily correspond to the same reference year, due to the availability of information for each component.

In the case of Sustainable Revenue (SR), data from 2024 is used—the most recent period available in the Organization for Economic Cooperation and Development (OECD) databases used for this variable. The estimate is derived from two complementary sources: the Credit Reporting System (CRS) and the Climate-related Development Finance – Recipient Perspective (CRDF) database.

Carbon-Intensive Revenues (CIR), Sustainable Budgets (SB), and Carbon-Intensive Budgets (CIB) use data from 2025, primarily drawn from revenue laws, national budgets, fiscal reports, and official documentation related to the energy sector.

For these three variables, approved data are used, rather than information on resources actually disbursed. Ideally, the analysis should incorporate actual disbursement data, as this allows us to determine the resources that were actually collected and the expenditures that were actually made. However, the availability of actual disbursement data with a sufficient level of disaggregation and comparability across countries remains limited. For this reason, the estimate uses approved data as a basis to ensure greater consistency in the regional comparison.

Furthermore, the estimate is based on the information available in each country. Differences in the systems for classifying, labeling, disaggregating, and presenting information may limit the identification of certain flows and lead to variations in the accuracy of the estimates.

These limitations do not invalidate the usefulness of the index, but they must be taken into account when interpreting the results. At the same time, they constitute a key aspect of the

assessment: strengthening sustainable public finances requires up-to-date, disaggregated, comparable fiscal and budgetary information collected at consistent intervals.

In this regard, strengthening public information systems is also a prerequisite for improving transparency, accountability, and the ability of governments and society to monitor the evolution of public finances in light of climate and environmental commitments.

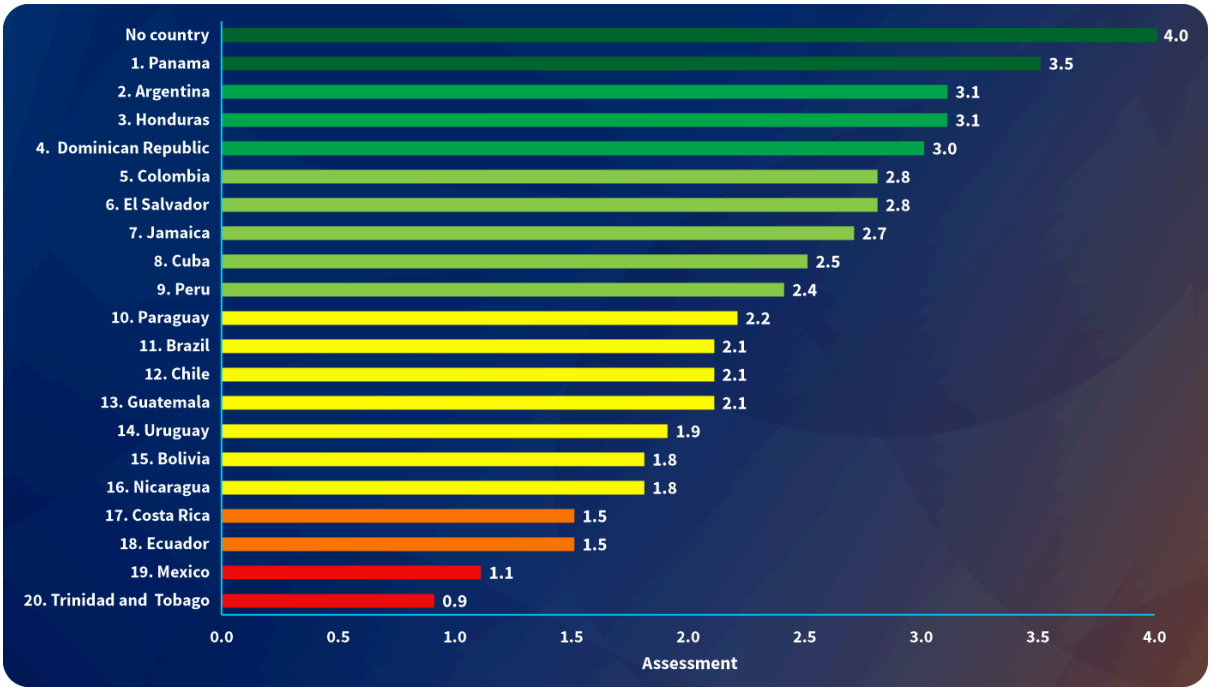
Results of the 2026 Sustainable Finance Index

The **2026 Sustainable Finance Index** shows that the fiscal and budgetary structures of countries in Latin America and the Caribbean exhibit significant differences in how they mobilize, generate, and allocate resources in response to climate and environmental challenges.

The results show that there is no single regional path toward sustainable finance. Countries exhibit different combinations of funding for biodiversity and climate change, dependence on revenues from carbon-intensive activities, and budget allocations directed toward both sustainable activities and carbon-intensive sectors.

This diversity is significant because the same aggregate score can reflect different financial structures. One country may change its score as a result of an increase in sustainable financing, while another may do so due to a lower share of carbon-intensive revenues or a greater budget allocation toward sustainable activities. Therefore, the value of the SFI lies not only in the final score but also in the ability to identify which components are shaping the structure of each country's public finances.

Figure 1. Sustainable Finance Ranking 2026



Source: Prepared by the authors based on official fiscal documents from the 20 countries analyzed, corresponding to fiscal year 2025, and on OECD data for 2024.

In this edition, Panama scored 3.5 out of a maximum of 4.0 and is ranked at the **"Very High"** level for sustainable finance, making it the country with the highest score in the region. This result is due to a favorable combination of its four variables. Panama recorded the highest regional proportion of development financing allocated to biodiversity and climate change, accounting for 51.90% of the financing received. At the same time, revenues from carbon-intensive activities accounted for 2.09% of its public revenues. In terms of budgeting, it allocated 1.66% of its budget to sustainable

activities, while only 0.01% was allocated to carbon-intensive activities. Taken together, this combination explains its high aggregate score and demonstrates a financial structure in which resources associated with sustainability carry relatively greater weight than those linked to carbon-intensive activities.

It is followed by Argentina with 3.1 points, Honduras with 3.1 points, and the Dominican Republic with 3.0 points; these countries are classified at the **"High"** level of sustainable finance. However, their results reflect different trajectories.

Argentina shows a significant increase compared to the previous edition, rising from 2.5 to 3.1 points and moving from the **"Medium-High"** level to the **"High"** level. This progress is primarily related to greater mobilization of resources for biodiversity and climate change and to an increase in the proportion of the budget allocated to sustainable activities. In this edition, approximately 29.86% of the development funding received by Argentina was allocated to biodiversity and climate change, compared to a proportion of nearly 21.94% in the previous edition. Likewise, the share of sustainable budgets rose from 0.29% to 2.57% of the total budget. These changes partially offset the continued allocation of resources to carbon-intensive activities and help explain the increase in Argentina's overall score.

This result comes amid significant changes in the country's environmental policy and institutional framework. Since the beginning of the current administration, the environmental institutional framework has been restructured—including the loss of ministerial status for the environmental sector[1] —while resource allocations and execution levels for environmental programs have also been modified. Subsequently, in 2026, Law 27,804 was enacted, amending the minimum budget requirements for the protection of glaciers and the periglacial environment, introducing changes to its scope, the criteria for identification and protection, and the powers of provincial jurisdictions[2]. Taken together, these elements constitute the institutional and public policy context within which the observed changes in public finances related to sustainability must be analyzed.

Honduras, for its part, drops from 3.3 to 3.1 points, although it remains within the **"High"** category. The decline is primarily due to a lower proportion of funding for biodiversity and climate change and a decrease in the share of sustainable budgets. Thus, the result shows that a relatively small variation in the sustainable components can alter the aggregate score, even when the country remains at a high level.

The Dominican Republic scored 3.0 points and remains at the **"High"** level, with no change in its score from the previous edition. Unlike other countries in the region, in this case no significant variations were identified in the four components that make up the index that would substantially alter its aggregate score. Its persistence at the same level indicates a relatively stable pattern between the two editions, although this does not imply uniform performance across all variables.

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[1] Decree 33/2024, *National Public Administration*, Government of the Argentine Republic, published in the Official Gazette of the Argentine Republic on January 10, 2024. Available at: Official Gazette of the Argentine Republic, Decree 33/2024.

[2] Law 27,804, *Amendment to Law 26,639 on minimum standards for the protection of glaciers and the periglacial environment*, enacted on April 8, 2026, and published in the Official Gazette of the Argentine Republic on April 24, 2026. Available at: Official Gazette of the Argentine Republic, Law 27,804.

In the **"Medium-High"** category are Colombia and El Salvador, with 2.8 points; Jamaica, with 2.7; Cuba, with 2.5; and Peru, with 2.4 points. This group also exhibits divergent trends. Colombia increased its score from 2.4 to 2.8 points, remaining in the **"Medium-High"** level, driven primarily by a higher share of funding allocated to biodiversity and climate change. Jamaica also showed a significant increase in its Sustainable Revenue, rising from 0.82% to 9.85%, although it remains at a low level for this variable.

In the case of Cuba, the increase from 1.0 to 2.5 points requires special interpretation, as a significant portion of the change is related to the incorporation of new data that made it possible to estimate variables that could not be calculated in the previous edition. Therefore, this increase should not be interpreted solely as an improvement in its sustainable finances, but also as a result of greater availability of data for estimation.

At the **"Medium"** level are Paraguay with 2.2 points; Brazil, Chile, and Guatemala, with 2.1; Uruguay, with 1.9; and Bolivia and Nicaragua, with 1.8 points. This group comprises countries with distinct trajectories both in terms of their scores and the components that explain their results. In some cases, the rise is primarily due to greater mobilization of resources for biodiversity and climate change; in others, it is due to a combination of higher sustainable revenues and a lower share of revenues from carbon-intensive activities.

Paraguay rose from 1.7 to 2.2 points, moving from the **"Medium-Low"** level to the **"Medium"** level. This progress is mainly due to the sharp increase in resources allocated to biodiversity and climate change, whose share rose from 4.17% to 30.06% of the development funding received. This change represents a significant increase in the relative weight of resources allocated to these priorities and is one of the main factors behind the improvement in its index score.

Bolivia, for its part, rose from 1.3 to 1.8 points and moved up from the **"Medium-Low"** level to the **"Medium"** level. Its progress is primarily due to a simultaneous improvement in two of the components that determine its score. On the one hand, Sustainable Revenues increased from 27.12% to 38.94%, reflecting a higher share of funding for biodiversity and climate change within the development financing received. On the other hand, Carbon-Intensive Revenues decreased from 3.75% to 2.95%, reducing the relative share of these sources within its public revenues.

Brazil's score rose from 1.9 to 2.1 points and remains at the **"Medium"** level, although it shows an improvement over the previous edition. The increase in its score is primarily related to the strengthening of its sustainable components. The share of funding allocated to biodiversity and climate change rose from 25.13% to 28.45%, while the proportion of its budget allocated to sustainable activities increased from 0.29% to 0.51%. The combined evolution of these two components improved its overall rating and partially offset the effect of components associated with carbon-intensive activities. The case of Brazil shows that an improvement in the score does not necessarily imply a change in level: even as some of the sustainable components are strengthened, the overall structure of its public finances retains characteristics that limit progress toward a higher level of sustainable finance.

Costa Rica and Ecuador are in the **"Medium-Low"** category, with 1.5 points each. In both cases, the score reflects a combination of a still-limited share of sustainable resources and varying levels of dependence on carbon-intensive activities. Both countries showed improvement compared to

the previous edition: Costa Rica rose from 1.4 to 1.5 points and Ecuador from 1.3 to 1.5 points, although in both cases they remain within the same level of sustainable finance.

In Costa Rica, the improvement is primarily related to a slight increase in resources allocated to biodiversity and climate change. Ecuador, for its part, shows an improvement mainly associated with a slight decrease in the proportion of its revenue derived from carbon-intensive activities. These cases demonstrate that even relatively small variations in any of the components can alter the aggregate score, although they are not necessarily sufficient to result in a change in level.

Finally, Mexico scored 1.1 points and Trinidad and Tobago 0.9 points, both at the **"Low"** level. In Mexico's case, the score decreased from 1.3 to 1.1 points, representing a drop from the **"Medium-Low"** level to the **"Low"** level. This decline is due to a combination of factors: a slight decrease in funding allocated to biodiversity and climate change, a smaller share of the budget allocated to sustainable activities, and, most notably, an increase in the share of public revenue derived from carbon-intensive activities, which reached 31.68% of the total. This last factor is particularly significant, as it places Mexico, along with Ecuador, in the **"Very High"** category for carbon-intensive revenue.

Taken together, the results show that variations in countries' sustainable finance depend on multiple factors and that progress in one dimension does not necessarily imply equivalent transformations in the others. Therefore, understanding the performance of sustainable finance requires a comprehensive analysis of the different dimensions that make up the index. The challenge lies not only in increasing the resources allocated to the transition but also in transforming the fiscal and budgetary structures that determine which activities generate, receive, and mobilize public resources.

In this regard, an analysis of the four variables that make up the SFI—Sustainable Revenues, Carbon-Intensive Revenues, Sustainable Budgets, and Carbon-Intensive Budgets—allows us to identify not only the magnitude of the resources associated with each dimension but also the different fiscal and budgetary structures and trajectories of the countries under study. The results derived from these four variables are therefore a central element for understanding the strengths, shortcomings, and main challenges of sustainable finance in the region.

Sustainable Revenue

Sustainable Revenue (SR) allows us to observe the extent to which countries are able to mobilize development financing for priorities related to biodiversity and climate change. The variable is calculated as the proportion of this financing relative to the total development resources received by each country. Thus, the result combines two dimensions: the amount of resources allocated to these priorities and their relative weight within total development financing.

For this variable, the SFI uses data from 2024, which is the most recent period available in the Organization for Economic Cooperation and Development (OECD) databases used in the analysis. The estimate is derived from two complementary sources. First, the Credit Reporting System (CRS), which compiles data on financing recorded as Official Development Assistance (ODA)—including information related to climate action—allocated to recipient countries.

On the other hand, the Climate-related Development Finance – Recipient Perspective (CRDF) database provides information on climate finance from multilateral development banks, classified

according to its climate-related components. Together, these two databases make it possible to identify international development financing approved and available to ODA recipient countries, in accordance with the OECD's official classification.

The results reveal significant variation in the capacity of countries in the region to channel development finance toward biodiversity and climate change. While some countries allocate a considerable proportion of the resources they receive to these priorities, in others the share remains low. Furthermore, changes from the previous edition show that countries' rankings can shift significantly depending on the proportion these resources represent within total development finance.

Toward which priorities and through which instruments is the funding channeled?

The analysis of Sustainable Revenues reveals not only how much development financing is allocated to biodiversity and climate change, but also which priorities these resources are directed toward and through which financial instruments they are channeled. This information provides deeper insight into the composition of the financing that underpins the results of this variable and offers additional context for understanding the conditions under which countries access these resources.

Collectively, the countries analyzed received $18.2 billion in development financing for biodiversity and climate change during 2024. Of this amount, 18.40% was allocated to biodiversity, equivalent to $3.3 billion, while 81.60% was allocated to climate change-related objectives, totaling $14.8 billion. Within this latter component, $9.9 billion was allocated to mitigation actions, equivalent to 54.4% of total financing, while $4.9 billion was directed toward adaptation, equivalent to 27.2%.

This distribution shows a marked concentration of funding on climate change-related actions compared to those specifically aimed at biodiversity. Furthermore, within climate finance, there is a greater focus on mitigation than on adaptation. This composition is significant because the needs of countries in the region are not uniform: while mitigation actions seek to reduce or prevent emissions, financing for adaptation is essential to address the impacts and vulnerabilities associated with climate change. Similarly, the conservation and protection of biodiversity require sustained resources to address environmental losses and strengthen the resilience of territories and ecosystems.

The composition of the financing takes on an additional dimension when analyzing the type of instrument through which the resources are channeled. Of the $18.2 billion identified, approximately 89.2% consisted of loans, equivalent to $16.2 billion. In contrast, 6.8% was channeled through grants, totaling approximately $1.2 billion, while the remaining 3.8% consisted of other instruments, amounting to approximately $0.7 billion.

This structure reveals a strong concentration of financing in loan instruments. While these instruments are an important mechanism for mobilizing larger volumes of resources toward climate and environmental projects, their predominance means that a substantial portion of the financing received by countries is associated with future financial obligations. In contrast, grants do not generate repayment obligations and, therefore, are particularly relevant for financing actions whose social and environmental benefits may be significant but which do not necessarily generate sufficient financial returns to cover the cost of a loan.

This difference is particularly important in areas such as climate change adaptation and biodiversity conservation, where benefits may materialize primarily in terms of reduced vulnerabilities, ecosystem protection, and social well-being—and not necessarily through revenue streams that would allow for the repayment of the funding received.

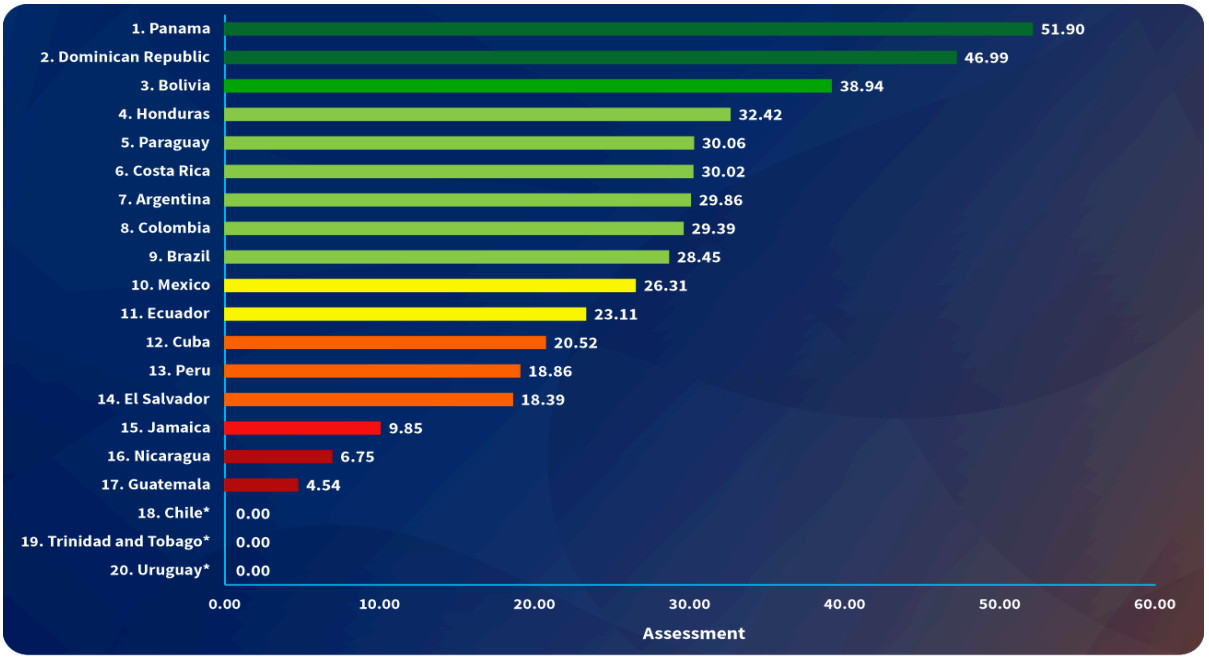
Therefore, the magnitude of the financing is not the only factor that should be considered when assessing countries' capacity to advance their climate and environmental agendas. It is also necessary to examine the conditions under which these resources are mobilized and the financial implications they entail for recipient countries. The high proportion of loans identified in this edition highlights the need to increase the availability of grants and other concessional instruments that can complement repayable financing, particularly for those priorities that have greater resource needs and lower potential for generating direct financial returns.

From this perspective, strengthening sustainable financing does not simply mean increasing the amounts available. It also requires improving the mix of instruments used to mobilize resources, so that climate action and the protection of biodiversity can rely on an appropriate combination of loans, grants, and other financing mechanisms. Greater availability of concessional resources can help reduce the financial pressure on recipient countries and facilitate investments that, by their nature, would be difficult to finance exclusively through repayable instruments.

This interpretation complements the IS analysis. A country may record a high proportion of financing for biodiversity and climate change and, therefore, rank high on this variable, but the magnitude of the resources does not necessarily reflect, on its own, the financial terms under which they were mobilized. Analyzing the volume, destination, and type of instrument simultaneously provides a more comprehensive perspective on the nature of the sustainable financing received by countries in the region.

Sustainable Revenue Results

Figure 2. Sustainable Revenue Ranking 2026 (% of total), data as of 2024



Source: Prepared by the authors based on OECD data for 2024, accessed in 2026.

Panama and the Dominican Republic are ranked at the **"Very High"** level for Sustainable Revenue, with 51.90% and 46.99%, respectively, of development financing allocated to biodiversity and climate change. Panama has the highest proportion in the region: in absolute terms, this amounts to approximately 1.3 billion dollars. In other words, more than half of the development financing identified for the country is linked to these priorities, which explains its placement at the top level of this variable.

The Dominican Republic, for its part, stands at 46.99%, equivalent to approximately $1.4 billion. Although the proportion remains high, it represents a slight decrease compared to the previous edition, when it reached 49.91%. Despite this reduction, the country retains one of the highest regional shares of funding for biodiversity and climate change.

Bolivia is ranked at the **"High"** level, with 38.94% of its development financing allocated to biodiversity and climate change. This result represents a significant increase compared to the previous edition, when the proportion stood at 27.17%. The increase reflects a higher relative share of these resources within the country's total development funding and is one of the factors that contributed to the improvement in its overall rating.

In the **"Medium-High"** category are Honduras with 32.42%, Paraguay with 30.06%, Costa Rica with 30.02%, Argentina with 29.86%, and Colombia with 29.39%. Although the five countries have relatively similar proportions, their trajectories compared to the previous edition differ.

Paraguay stands out particularly within this group, as its result represents one of the most significant changes in this edition. The proportion of funding allocated to biodiversity and climate change rose from 4.17% to 30.06%, enabling the country to advance from the **"Very Low"** level to the **"Medium-High"** level. This increase represents a substantial expansion of the share these priorities hold within the development funding received and is one of the main factors behind the improvement in its index ranking.

Argentina, at 29.86%, also shows a significant improvement compared to the previous edition, when the share of development funding allocated to biodiversity and climate change was 21.94%. This represents an increase of nearly 8 percentage points, reflecting a greater share of these resources within the total development funding received by the country.

In the **"Medium"** category are Mexico, at 26.31%, and Ecuador, at 23.11%. Both countries account for more than one-fifth of the development financing they received, although they rank below the countries with the highest regional proportions. In these cases, the analysis of Sustainable Revenues is particularly relevant when contrasted with the structure of their public revenues: a relatively significant share of funding for biodiversity and climate change can coexist with a high dependence on revenues from carbon-intensive activities, as is especially the case in Mexico and Ecuador.

The **"Medium-Low"** level consists of Cuba at 20.52%, Peru at 18.86%, and El Salvador at 18.39%. In these three countries, less than a quarter of the identified development funding was allocated to biodiversity and climate change, although there were significant differences in their trends compared to the previous edition. Cuba stands out for the most significant reduction, falling from 37.31% to 20.52%, which represents a considerable decline in the share of these resources within total development funding.

Jamaica falls into the **"Low"** category, with 9.85%. Although the proportion remains low compared to most of the countries analyzed, its trajectory since the previous edition is noteworthy. Jamaica rose from 0.82% to 9.85%, representing an increase of more than 11-fold in the share of funding allocated to biodiversity and climate change. However, this increase was not sufficient for the country to move up to a higher level within this variable.

Finally, Nicaragua, at 6.75%, and Guatemala, at 4.54%, are classified as **"Very Low**." In both cases, a decrease is observed compared to the previous edition. Nicaragua went from 15.45% to 6.75%, while Guatemala went from 8.17% to 4.54%. These decreases imply a lower relative share of funding allocated to biodiversity and climate change within the total development resources received and help explain the decline observed in their rankings in this edition.

Overall, the results show that the mobilization of financing for biodiversity and climate change remains uneven and highly variable among countries in the region. Differences are observed not only in classification levels but also in the trends recorded from one edition to the next. While some countries have significantly increased the share of these resources, others have experienced significant reductions.

This trend also shows that it is not enough to look at the absolute amount of resources allocated to biodiversity and climate change. The variable is expressed as a proportion of total development funding, so its trend depends both on the resources mobilized for these priorities and on the overall trend in the resources received by each country. Consequently, an increase in absolute

terms does not necessarily translate into a higher relative share, just as a percentage decrease does not necessarily imply that the country has stopped receiving resources for these priorities.

From this perspective, the variable also highlights the importance of strengthening the continuity, predictability, and alignment of development financing with climate and environmental priorities. Increasing available resources is important, but so is ensuring that these resources maintain a significant and sustained share within countries' financing structures.

Finally, for Chile, Trinidad and Tobago, and Uruguay, no records were identified as recipients of financing in the databases used. This absence does not necessarily imply that these countries do not receive resources for biodiversity or climate change, but rather that such flows were not identified in the sources used for this estimate. Therefore, these cases should be interpreted with caution and in light of the characteristics and coverage of the available information sources.

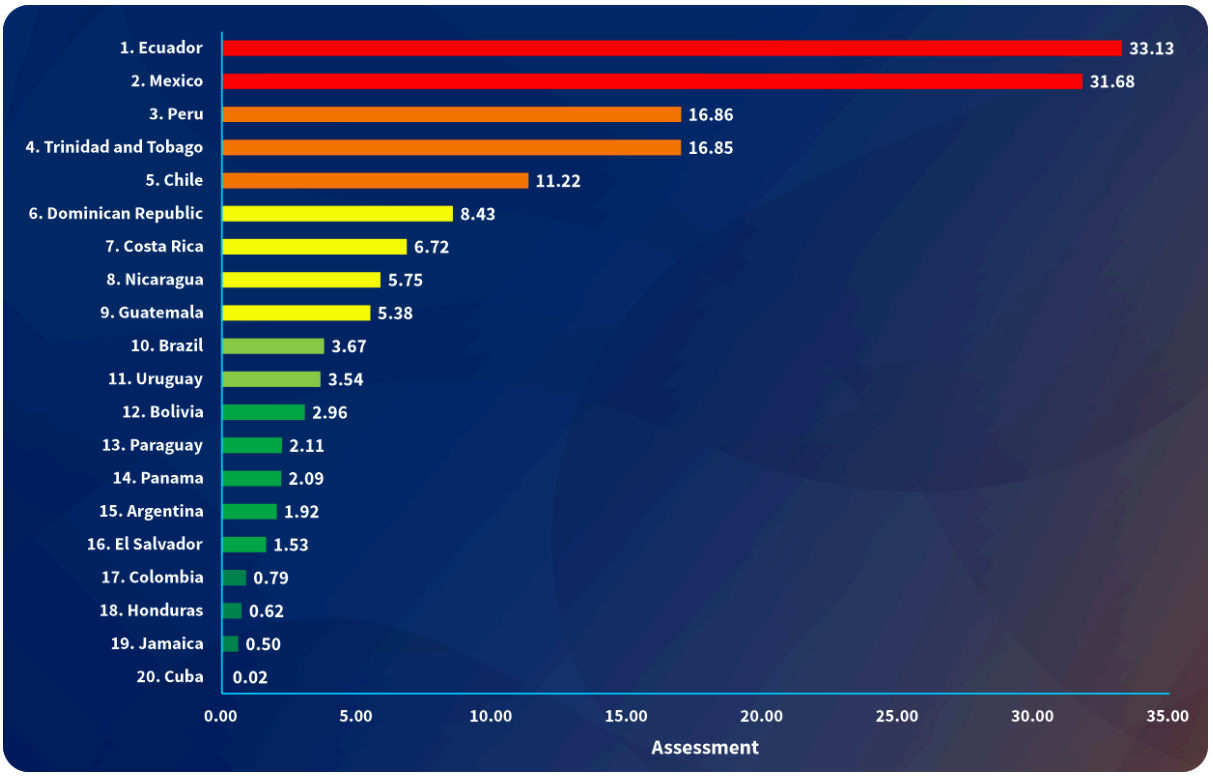
Carbon-Intensive Revenues

Carbon-Intensive Revenues (CIR) provide insight into the dependence of public revenues on activities related to the exploration, extraction, production, marketing, and export of hydrocarbons, fossil fuels, and minerals.

This variable measures the proportion of total public revenue accounted for by these revenues. Unlike Sustainable Revenue, a high level of this variable does not indicate greater sustainability. On the contrary, a high proportion signifies greater relative dependence on carbon-intensive activities and thus contributes negatively to the index score.

For this edition, the estimate uses data from fiscal year 2025, obtained primarily from revenue laws, national budgets, fiscal information, and official documentation related to the extractive and energy sectors.

Figure 3. Carbon-Intensive Revenue Ranking 2026 (% of total), data as of 2025



Source: Prepared by the authors based on official tax documents from the 20 countries analyzed, corresponding to fiscal year 2025.

The results show that dependence on these activities continues to play a significant role in the fiscal structures of several countries in the region. The extent of this dependence is particularly evident in Ecuador and Mexico, which are classified as **"Very High**."

Ecuador reports $15.3 billion in revenue from carbon-intensive activities, equivalent to 33.13% of its public revenue. Mexico, for its part, reports $132.6 billion, equivalent to 31.68% of its total revenue**.** In both cases, nearly one-third of public revenue is linked to carbon-intensive activities.

The significance of this finding extends beyond environmental considerations. A high share of these activities in public revenue implies that governments' fiscal capacity may be exposed to factors such as fluctuations in international prices for raw materials, changes in energy demand, and the transformation of markets associated with fossil fuels.

In the **"Medium-High"** category are Peru at 16.86%, Trinidad and Tobago at 16.85%, and Chile at 11.22%. In the case of Chile, there has been a significant increase compared to the previous edition: it rose from 8.67% to 11.22%, moving from the **"Medium"** level to the **"Medium-High"** level. This change reflects a higher relative share of revenue associated with carbon-intensive activities within its public revenue.

The **"Medium"** level includes the Dominican Republic at 8.43%, Costa Rica at 6.72%, Nicaragua at 5.75%, and Guatemala at 5.38%. These results indicate an intermediate level of dependence, although with significant differences in the productive and fiscal structures of each country.

Compared to the previous edition, none of these countries has experienced significant changes in their position within the classification or in the observed proportion.

Brazil (3.67%) and Uruguay (3.54%) fall into the **"Medium–Low"** category. In both cases, the share of carbon-intensive revenues is relatively small within their total public revenues. As in the previous group, no significant changes are observed compared to the previous edition, with both their ranking and the recorded proportion remaining unchanged.

In the **"Low"** category are Bolivia at 2.96%, Paraguay at 2.11%, Panama at 2.09%, Argentina at 1.92%, and El Salvador at 1.53%. Bolivia stands out for having reduced its proportion from 3.75% to 2.96%, moving from the **"Medium-Low"** category to the **"Low"** category. This change represents a relative decrease in dependence on these sources of income and contributes positively to their aggregate result.

Finally, Colombia (0.79%), Honduras (0.62%), Jamaica (0.50%), and Cuba (0.02%) fall into the **"Very Low"** category. These results indicate that carbon-intensive activities account for a relatively small share of their public revenues.

The distribution of this variable reveals a structural characteristic of regional public finances: the importance of extractive and energy activities does not manifest in the same way across all countries, but in some economies, their share of public revenue remains considerable.

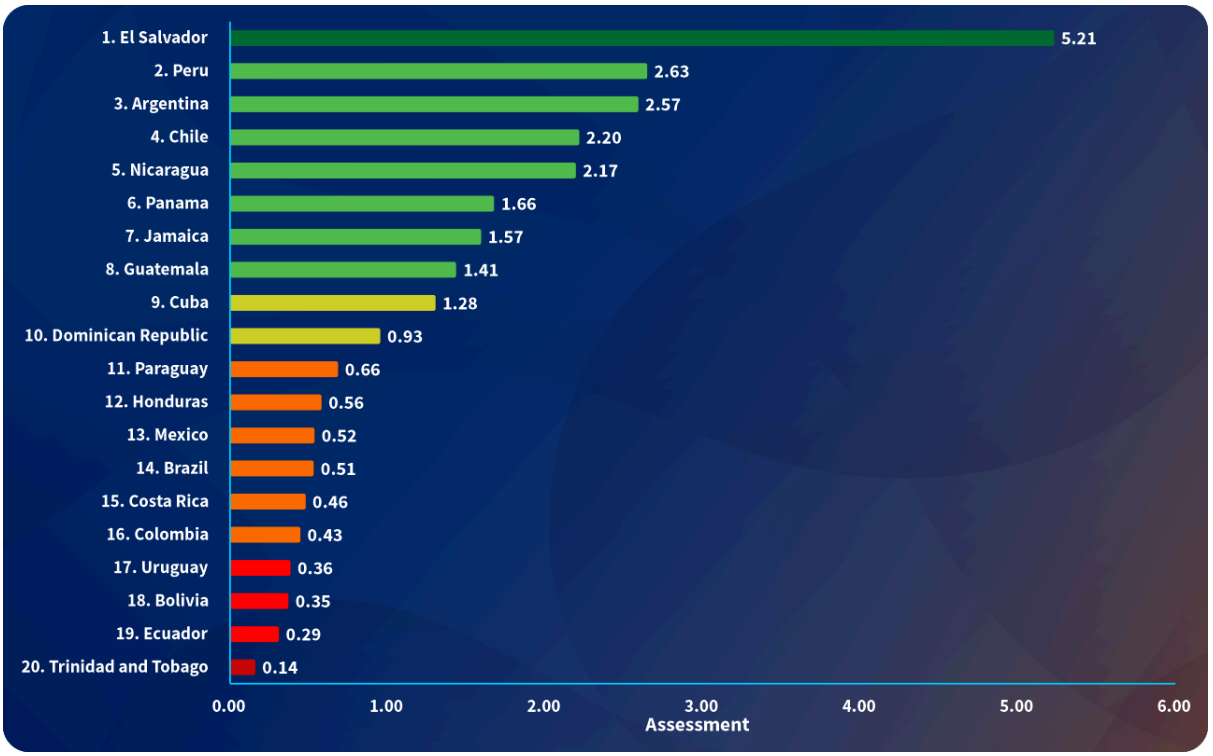
The cases of Ecuador and Mexico are particularly relevant. In both countries, more than 30% of public revenue is associated with carbon-intensive activities. This means that moving toward greater coherence in financial flows does not only involve increasing the resources allocated to climate action, but also strengthening the diversification of public revenue sources and progressively reducing fiscal dependencies that can create vulnerabilities in the face of the transformation of energy markets.

Sustainable Budgets

Sustainable Budgets (SB) allow us to observe what proportion of approved public spending is directed toward activities related to environmental sustainability and climate action. For this edition, the calculation uses information primarily from national budgets approved for fiscal year 2025.

On average, the 20 countries analyzed allocate 1.3% of their total budgets to sustainable activities. This result shows that, despite the growing importance of the climate and environmental agendas, these priorities still occupy a small share within national budget structures.

Figure 4. Sustainable Budget Ranking 2026 (% of total), data as of 2025



Source: Prepared by the authors based on official fiscal documents from the 20 countries analyzed, corresponding to fiscal year 2025.

El Salvador has the highest proportion in the region, with 5.21% of its budget allocated to sustainable activities—equivalent to $503 million—and is ranked at the **"Very High"** level for Sustainable Budgets. This result represents an increase from the previous edition, when the proportion was 4.72%. El Salvador stands out because it is the only country in the region that allocates more than 5% of its budget to activities considered sustainable under the index.

In the **"Medium-High"** category are Peru at 2.63%, Argentina at 2.57%, Chile at 2.20%, Nicaragua at 2.17%, Panama at 1.66%, Jamaica at 1.57%, Guatemala at 1.41%, and Cuba at 1.28%. Although there is a significant difference among the countries in this group, all allocate more than 1% of their total budget to sustainable activities, exceeding the regional average.

Argentina stands out within this group, as its result shows a significant change from the previous edition. The proportion of its budget allocated to sustainable activities rose from 0.29% to 2.57%. This increase is mainly due to a more accurate identification of the energy efficiency component within the budget classification. However, the comparison should be interpreted with caution, as changes were made in this edition to the presentation and labeling of the budget, allowing for a more specific breakdown of this component. Therefore, a significant portion of the observed increase may be associated with improved identification and classification of resources.

Peru and Chile also have shares exceeding 2%, while Nicaragua reaches 2.17%. These results show that, even at the same level, there are significant differences in the role sustainability plays in budgetary decisions.

In the case of Panama, Jamaica, Guatemala, and Cuba, the proportions range from 1.28% to 1.66%. Although these percentages are lower than those recorded by countries with higher allocations, they remain above the regional average. In particular, Panama's result is noteworthy when viewed alongside its carbon-intensive budgets: the country allocates 1.66% of its budget to sustainable activities and a mere 0.01% to carbon-intensive activities, reflecting a budget structure that is relatively distinct from that observed in other countries in the region.

The Dominican Republic, at 0.93%, falls into the **"Medium"** category. Its result is below the regional average of 1.3%, though still close to the 1% threshold. This position illustrates that even relatively small differences in the proportion of the budget allocated to sustainable activities can alter countries' rankings within this variable.

In the **"Medium-Low"** category are Paraguay at 0.66%, Honduras at 0.56%, Mexico at 0.52%, Brazil at 0.51%, Costa Rica at 0.46%, and Colombia at 0.43%. Within this group, the results for Mexico and Brazil are particularly noteworthy given their different trajectories in the overall SFI. Mexico allocates 0.52% of its budget to sustainable activities, while Brazil allocates 0.51%. However, these percentages take on a different dimension when compared to their respective carbon-intensive budgets: Mexico allocates 8.54% of its budget to these activities, while Brazil allocates 1.17%. This shows that the same proportion of sustainable resources can coexist with very different budget structures.

Finally, Uruguay (0.36%), Bolivia (0.35%), Ecuador (0.29%), and Trinidad and Tobago (0.14%) fall into the **"Low"** category. In these countries, the share of sustainable activities within the budget is particularly small. The case of Trinidad and Tobago is the most extreme: barely 0.14% of its budget is allocated to sustainable activities, meaning that this area carries very little weight within its public spending structure.

Overall, the results show that budget allocations for sustainable activities remain limited in most countries in the region. Only nine countries allocate more than 1% of their budgets to these activities, while in several countries the proportion is below 0.5%.

However, these results must also be interpreted in light of limitations in the level of disaggregation and labeling of budget information. When official documents do not allow for the sufficiently precise identification of resources allocated to specific sustainable actions, these resources are not included in the calculation of the variable. This methodological approach helps avoid potential overestimation, although it also means that the results may not reflect the full extent of resources actually allocated to these activities.

In this regard, the variable measures the budgetary resources that can be consistently identified and classified as sustainable based on available official information. Therefore, differences between countries reflect both their budget allocation priorities and the characteristics of their classification, labeling, and transparency systems. Analyzing these elements is essential for properly interpreting the scope of public resources allocated to sustainable activities.

Carbon-Intensive Budgets

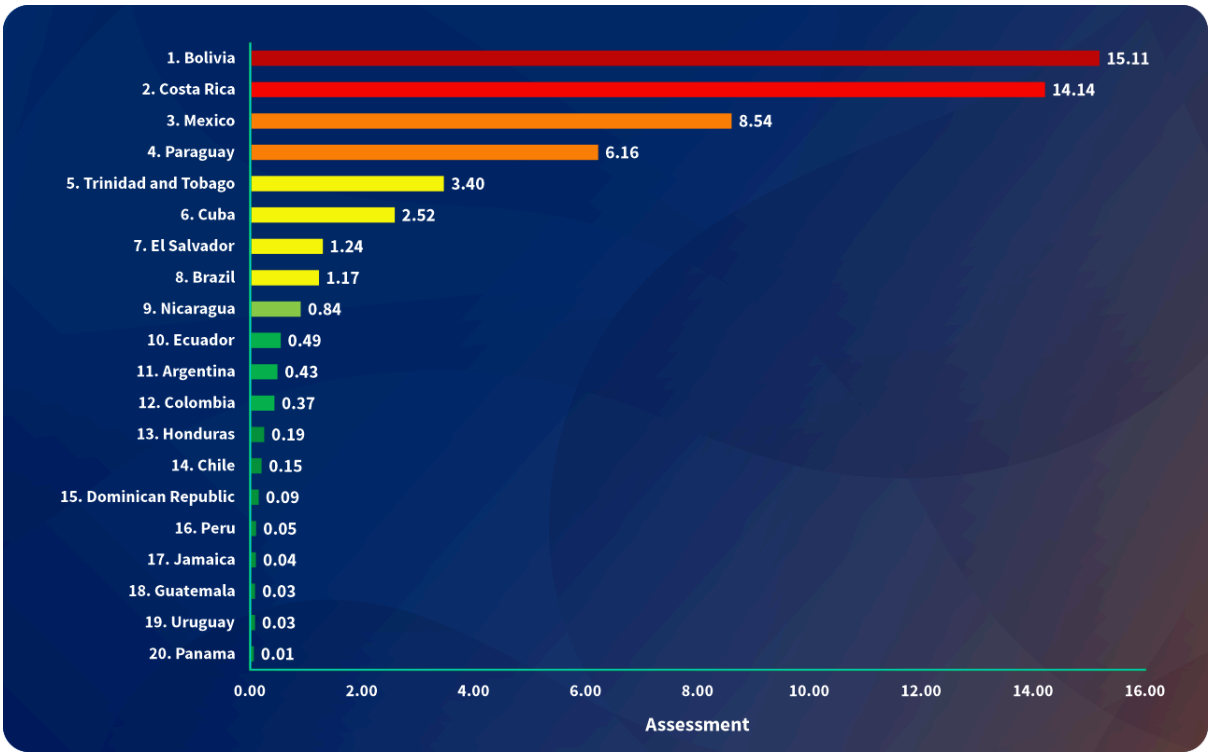
Carbon-Intensive Budgets (CIB) allow us to observe the proportion of public spending allocated to activities associated with high carbon intensity. The variable considers resources related to the exploration, exploitation, extraction, and refining of hydrocarbons, as well as transfers,

investments, and financing directed toward state-owned enterprises involved in the production and marketing of oil, gas, and coal.

For this edition, the indicator uses data from fiscal year 2025, drawn primarily from approved national budgets and supplementary official documentation related to the energy sector and public enterprises involved in these activities.

The results show that, in several countries in the region, a significant proportion of public spending continues to be linked to carbon-intensive activities, highlighting varying levels of dependence of public finances on these types of activities.

Figure 5. Carbon-Intensive Budget Ranking 2026 (% of total), data as of 2025



Source: Prepared by the authors based on official fiscal documents from the 20 countries analyzed, corresponding to fiscal year 2025.

Bolivia has the highest proportion in the region, with 15.11% of its total budget allocated to carbon-intensive activities—equivalent to approximately $8.1 billion—and is classified as **"Very High"** for this variable. This means that about 15 out of every 100 dollars budgeted by the country are associated with these types of activities. The magnitude of these resources positions Bolivia as the country with the highest share of carbon-intensive spending among the 20 countries analyzed.

Costa Rica ranks second, with 14.14%, and is classified at the **"High"** level. Although this represents a decrease from the previous edition, when this proportion reached 15.32%, the current result continues to reflect a high presence of carbon-intensive activities within its budget structure. The observed reduction does not substantially alter its relative position within the regional group.

In the **"Medium-High"** category are Mexico, with 8.54%, and Paraguay, with 6.16%. In both countries, carbon-intensive activities account for a significant proportion of the public budget. Mexico stands out particularly for the magnitude of the resources identified under this variable and for the importance these activities hold within its economic and fiscal structure, which demonstrates a significant link between its public finances and carbon-intensive sectors.

In the **"Medium"** category are Trinidad and Tobago, at 3.40%; Cuba, at 2.52%; El Salvador, at 1.24%; and Brazil, at 1.17%. With the exception of Cuba, the countries in this group show results similar to those in the previous edition and remain in the same category. In the case of Cuba, its inclusion in this edition is due to the availability of information that made it possible to incorporate an estimate of the variable for the first time; therefore, its result should be considered within the context of greater availability and systematization of budgetary information.

Nicaragua, at 0.84%, falls into the **"Medium-Low"** category. The country shows an increase compared to the previous edition, when the proportion was 0.40 percent—more than double the resources identified in this category—resulting in a shift from the **"Low"** to the **"Medium-Low"** level. This increase reflects a greater share of resources associated with carbon-intensive activities within its budget structure compared to the previous edition.

In the **"Low"** category are Ecuador, at 0.49%; Argentina, at 0.43%; and Colombia, at 0.37%. In all three cases, resources identified as carbon-intensive account for less than 0.5% of their total budgets. Furthermore, all three countries show a change from the previous edition, moving from the **"Very Low"** category to **"Low**." This trend reflects an increase in the identified share of these activities within their budgets, although their magnitudes remain relatively small.

Finally, Honduras (0.19%); Chile (0.15%); the Dominican Republic (0.09%); Peru (0.05%); Jamaica (0.04%); Guatemala (0.03%); Uruguay (0.03%); and Panama (0.01%) are classified as **"Very Low**." In these countries, budget allocations identified as carbon-intensive represent a marginal proportion of the total budget.

Panama stands out within this group, with just 0.01%—the lowest proportion recorded among the countries studied. This result indicates that budgetary resources identified as linked to carbon-intensive activities have a virtually marginal presence within its spending structure.

As with the Sustainable Budgets variable, these results must be interpreted while taking into account differences in the level of disaggregation and labeling of budget information across countries. When official documents do not allow for the sufficiently precise identification of resources associated with specific carbon-intensive activities, these resources are not included in the calculation of the variable. This methodological approach aims to avoid a potential overestimation of the identified resources, although it also means that the results may not capture the full extent of spending that is directly or indirectly related to these types of activities.

Overall, the results show that the presence of carbon-intensive activities within public budgets varies substantially among countries in the region. Beyond individual rankings, the results show that the weight of these activities can range from significant shares to practically marginal levels. This heterogeneity reflects the different characteristics and structures of national public finances and allows for the identification of countries where resources associated with carbon-intensive activities play a more significant role in budget allocation.

The Coherence of Public Finances: Where Resources Come From and Where They Go

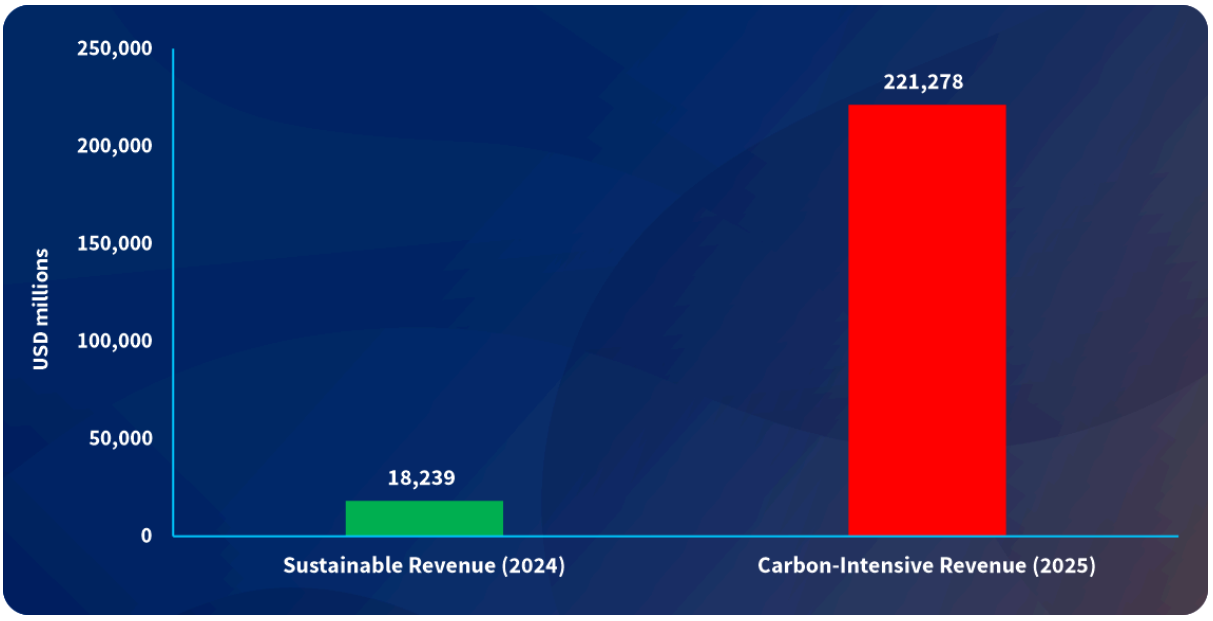
An analysis of the four variables that make up the SFI reveals two complementary dimensions of public finances in the countries studied. On the one hand, where public resources come from and how dependent countries are on carbon-intensive activities; on the other, where resources are directed and what proportion is allocated to activities linked to sustainability.

This combined analysis is essential for assessing the alignment of financial flows with climate and environmental goals. Increasing the resources allocated to biodiversity and climate change is necessary, but their impact may be limited if, at the same time, tax structures continue to rely on carbon-intensive activities or public budgets maintain significant allocations to these sectors. The results of the SFI 2026 reveal this tension in both public revenues and national budgets.

Sustainable Revenues versus Carbon-Intensive Revenues

A joint analysis of Sustainable Revenues and Carbon-Intensive Revenues reveals one of the main tensions in the region's public finances: while countries receive resources earmarked for biodiversity and climate change, a considerably larger proportion of their public revenues continues to be linked to carbon-intensive activities.

Figure 6. Regional Comparison of Sustainable Revenue (2024) and Carbon-Intensive Revenue (2025)



Source: Prepared by the authors based on official fiscal documents from the 20 countries analyzed for fiscal year 2025 and on OECD data for 2024.

Collectively, the 20 countries analyzed generated $221.2 billion in revenue from carbon-intensive activities, while the resources allocated to biodiversity and climate change identified through development financing totaled $18.2 billion. This represents a ratio of approximately 12 to 1: for

every dollar of funding for biodiversity and climate change, the countries generated about 12 dollars from carbon-intensive activities.

This gap reflects not only a difference in the magnitude of resources but also an asymmetry in public financing structures. The resources mobilized to address climate and environmental agendas remain considerably smaller than those associated with activities that may deepen dependence on fossil fuels and other carbon-intensive activities.

The situation takes on particular relevance in countries where such revenues account for a high share of their fiscal structures. Ecuador and Mexico, for example, derive more than 30% of their public revenues from carbon-intensive activities. This means that the transition toward economies less dependent on these activities is not only an environmental or energy challenge but also a challenge for fiscal policy and the sustainability of public revenues.

At the same time, the results show that greater mobilization of resources for biodiversity and climate change does not necessarily imply a reduction in dependence on carbon-intensive revenues. Therefore, increasing sustainable revenues is necessary but not sufficient: it is also essential to move toward diversifying sources of public revenue and progressively reducing fiscal exposure to carbon-intensive activities.

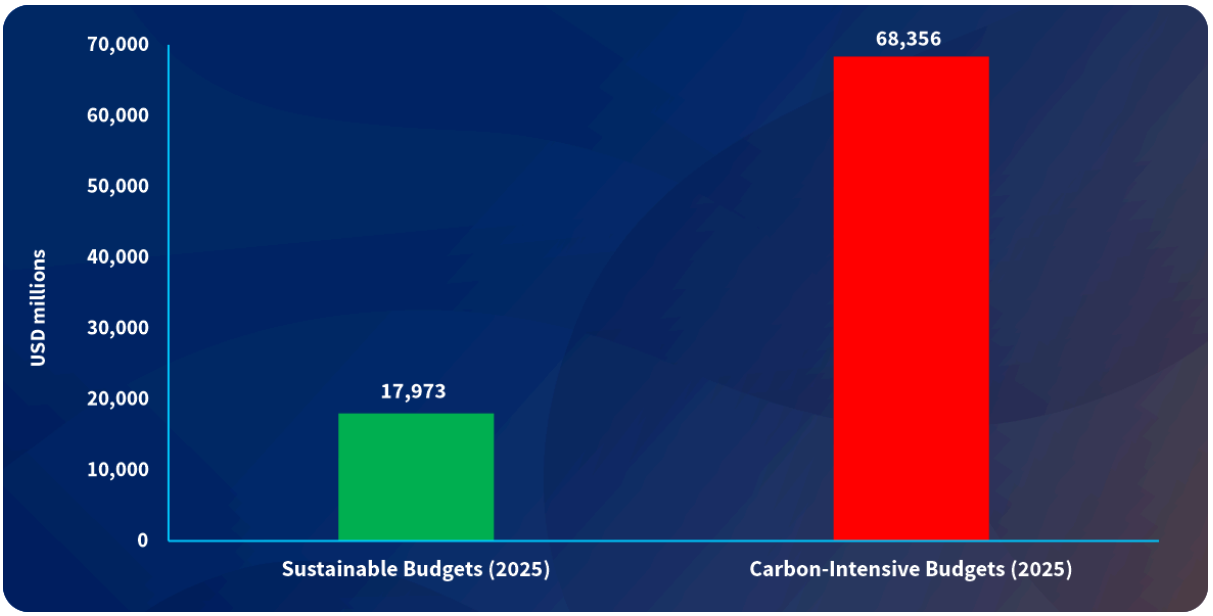
A comparison of these two variables thus shows that the transformation of public finances requires simultaneous action on both the mobilization of new resources and the structures that currently generate public revenue.

Sustainable Budgets versus Carbon-Intensive Budgets

While comparing revenue sources reveals where public resources come from, analyzing sustainable budgets and carbon-intensive budgets reveals where they are directed.

This dimension takes on particular relevance because the public budget is one of the main instruments through which governments translate their public policy priorities into programs, investments, and concrete actions. Therefore, the composition of spending provides insight into how well budget decisions align with climate and environmental goals.

Figure 7. Regional Comparison of Sustainable Budgets and Carbon-Intensive Budgets (2025)



Source: Prepared by the authors based on official fiscal documents from the 20 countries analyzed, corresponding to fiscal year 2025.

Collectively, the 20 countries analyzed allocated $68.3 billion to carbon-intensive activities, compared to $17.9 billion for sustainable activities. This represents a ratio of approximately 3.8 to 1: for every dollar allocated to sustainable activities, governments allocated nearly four dollars to carbon-intensive activities.

This gap shows that, in aggregate terms, the regional budget structure continues to allocate more resources to carbon-intensive activities than to those linked to sustainability. However, the magnitude of this difference varies considerably among countries.

In some cases, the gap is particularly wide. Mexico, for example, allocates 8.54% of its budget to carbon-intensive activities, compared to 0.52% for sustainable activities. Bolivia shows an even greater difference: 15.11% versus 0.35%. These results show that a significant proportion of public spending continues to be linked to carbon-intensive activities, while allocations for sustainability represent a much smaller fraction of the budget.

In contrast, there are countries where the ratio is different. Panama, for example, allocates 1.66% of its budget to sustainable activities and just 0.01% to carbon-intensive activities. El Salvador also shows a notable ratio, allocating 5.21% of its budget to sustainable activities compared to 1.24% for carbon-intensive activities.

These differences show that the challenge lies not only in increasing the budget allocated to sustainability but also in comprehensively reviewing the structure of public spending. Coherence in public finances requires that the resources mobilized to address climate change, biodiversity, and other environmental objectives not be offset by allocations that maintain or deepen dependence on carbon-intensive activities.

From this perspective, the SFI findings show that budgetary transformation must move in two simultaneous directions: increasing and strengthening allocations for sustainability while, at the same time, progressively reviewing public resources allocated to carbon-intensive activities.

The Gap Between Financing the Transition and Transforming Public Finances

A combined analysis of the four flows examined reveals a structural characteristic of the region's public finances. Countries not only need to mobilize greater resources to address climate change and protect biodiversity; they also need to gradually modify the financial flows that perpetuate dependence on carbon-intensive activities.

The 12-to-1 ratio between carbon-intensive revenues and sustainable revenues, as well as the 3.8-to-1 ratio between carbon-intensive budgets and sustainable budgets, shows that the gap is not limited to the availability of resources for sustainability. It is also evident in the very structure of public revenue and spending, where carbon-intensive activities carry considerably more weight.

In this context, the challenge for the region is not merely to increase funding for the transition, but to reconfigure the fiscal and budgetary structures that continue to support carbon-intensive activities. This involves diversifying sources of public revenue, strengthening resource mobilization for biodiversity and climate action, expanding budget allocations linked to sustainability, and gradually reviewing the incentives, investments, and public transfers associated with these types of activities.

This approach allows us to return to the central question guiding the **SFI 2026: How consistent are the public finances of the countries analyzed with sustainability goals and with the transformation of their economies?** The evidence in this edition suggests that advancing this coherence requires acting simultaneously on the various components of public finances—and not merely increasing the volume of resources allocated to climate action and biodiversity protection.

Achieving greater coherence in financial flows therefore requires reorienting fiscal and budgetary decisions so that public resources increasingly contribute to building resilient, sustainable economies that are less dependent on carbon-intensive activities. The challenge is not merely to mobilize new resources, but to redirect existing ones.

This is, ultimately, one of the SFI's main contributions: not only showing how much sustainable financing countries mobilize, but also placing it in the context of the revenue and expenditure structures that determine the overall direction of their finances. In this way, the index allows us to observe not only the capacity to finance the transition, but also the extent to which public finances themselves are moving toward structural transformation.

Final Thoughts: Toward Greater Coherence in Public Finances

The results of the 2026 Sustainable Finance Index show that the countries analyzed face distinct challenges in moving toward greater coherence between their public finances and sustainability goals. While there is a growing capacity to mobilize resources for biodiversity and climate change—and, in some cases, progress in incorporating them into public budgets—these trends coexist with varying degrees of public finance's ties to carbon-intensive activities.

This diversity confirms that there is no single path toward more sustainable public finances. Each country's fiscal, productive, and institutional structures shape both its challenges and

opportunities for transformation. While some countries need to strengthen resource mobilization for biodiversity and climate action, others face a more pressing challenge in diversifying their public revenues or reorienting their budgets.

In this context, the SFI makes it possible to identify patterns, gaps, and opportunities for transformation through a comprehensive analysis of the revenues and budgets examined. Rather than providing a comprehensive assessment of countries, the index seeks to contribute to an understanding of how fiscal and budgetary decisions can either promote or hinder the transformation of their economies.

This challenge takes on particular relevance in light of the region's climate and environmental commitments. Article 2.1.c of the Paris Agreement highlights the need to align financial flows with a low-emission, climate-resilient development pathway. From this perspective, moving toward greater coherence requires that decisions on public revenue and spending evolve in a manner consistent with these objectives.

The SFI 2026 shows that progress has been made, but there are also significant gaps and widely divergent trajectories among the countries analyzed. Overcoming these gaps will require sustained policies, strengthened institutional capacities, and fiscal and budgetary decisions aimed at supporting structural transformation processes.

Ultimately, the discussion is not limited to determining how much governments allocate to sustainability, but rather what kind of development they are supporting with their public resources as a whole. The answer to this question will be decisive in advancing toward economies that are more resilient, sustainable, and less dependent on carbon-intensive activities.