

JOINT DECLARATION "TARGETING OF ENERGY SUBSIDIES IN LAC"

LVI MEETING OF MINISTERS OF THE LATIN AMERICAN AND CARIBBEAN ENERGY ORGANIZATION

Dominican Republic, October 9, 2026

The Ministers of Energy of Argentina, Belize, Bolivia, Brasil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Guyana, Haití, Honduras, Jamaica, Panamá, Paraguay, Perú, the Dominican Republic, Suriname, Trinidad and Tobago, and Uruguay, meeting in the city of Santo Domingo, Dominican Republic, on October 9, 2026.

CONSIDERING

1- The mandate contained in the Lima Agreement, with regard to promoting an effective and rational policy for the exploration, exploitation, transformation and commercialization of the energy resources of the Member States; and promoting technical cooperation, exchange and dissemination of scientific, legal and contractual information among the Member States.

2- The strategic pillar No. 4 "Security, Access and Equity" of the current Triennial Plan for the current OLACDE administration, focused on promoting, through concrete technical assistance actions, spaces for consultation and dissemination of good practices, which contribute to ensuring that the energy transition is also an opportunity to strengthen inclusion, local development and social justice throughout the national territory, with special attention to populations in situations of vulnerability.

3- The current regional context of Latin America and the Caribbean, characterized by important challenges linked to the sustainability of energy systems, the protection of vulnerable sectors and the fiscal balance of States, in which energy subsidy schemes constitute a central public policy tool to guarantee access to energy and accompany the economic and social development of the population.

4- The growing volatility of the international energy scenario, deepened by geopolitical tensions in the Middle East, which have generated strong pressures on international fuel prices and energy supply costs, increasing the impact on subsidy systems and reinforcing the need to move towards more efficient and sustainable mechanisms.

5- That the targeting of energy subsidies constitutes an appropriate instrument for identifying and directing state assistance toward households experiencing energy poverty, through the application of socioeconomic criteria and consideration of territorial and climatic particularities, to ensure that public resources reach those who need them most.

6- The regional experience with generalized subsidy schemes that decrease the effectiveness and progressiveness of public policy and limit the state's ability to direct assistance toward vulnerable sectors, and the recognition of the different national realities and energy mixes and their tendency in certain contexts to generate significant fiscal and distributional imbalances by proportionally favoring middle- and high-income sectors.

7- The positioning of the targeting of energy subsidies as a strategic instrument to move towards more equitable, efficient and sustainable energy systems, allowing social protection to be made compatible with fiscal sustainability and the improvement in the allocation of public resources.

8- The main factors that drive the development of targeting mechanisms in the region, such as the need to reduce the fiscal burden of generalized subsidies; the search for a better

allocation of public resources; the strengthening of the economic sustainability of the energy sector; the development of digitization and data interoperability tools; the consolidation of social registries and mechanisms for identifying vulnerable users; and the need to accompany institutional modernization processes and sectoral reforms.

9- The process of modernization and targeting of energy subsidies being developed by a significant share of the countries in Latin America and the Caribbean, aimed at strengthening the sustainability of the sector and improving the identification of households that require state assistance through the design and implementation of regulatory and institutional tools aimed at optimizing the identification mechanisms of vulnerable residential users, incorporating information validation processes, interoperability of databases and updating of records.

10- The benefits of consolidating a more efficient and transparent subsidy scheme, which allows vulnerable sectors to be protected, while promoting economic signals consistent with the rational and efficient use of energy.

11- The importance of having solid institutional capacities, coordination mechanisms between agencies and advanced technological tools, which allow to sustain dynamic processes of updating and permanent review of beneficiary registers, thus guaranteeing the effectiveness and adequate targeting of energy subsidies.

12- The common challenges faced by the countries of Latin America and the Caribbean in terms of fiscal sustainability, social protection and modernization of energy systems, and the need to promote spaces for regional cooperation aimed at the exchange of experiences and good practices in terms of targeting energy subsidies.

DECLARE:

FIRST. – RECOGNIZE that the targeting of energy subsidies represents one of the main public policy challenges for the countries of Latin America and the Caribbean, in a context marked by the need to guarantee the fulfillment of basic energy requirements and provide enabling conditions for the development of vulnerable sectors, strengthen fiscal sustainability and move toward more efficient and sustainable energy systems, with full respect for the energy sovereignty of each State.

SECOND. – AFFIRM that the experiences developed in the region demonstrate that subsidy modernization processes require solid institutional capacities, effective coordination among various agencies and institutions that contribute their technical knowledge, information management tools and data interoperability, under a comprehensive approach that allows an accurate response to the complex dimensions of the design, operationalization and efficient allocation of state assistance, through progressive implementation in accordance with the legal framework in force in each country.

THIRD. – SUPPORT actions aimed at deepening among OLACDE Member States, spaces for regional cooperation, institutional capacity building, technology transfer and good practices, in terms of interoperability tools and data management for the targeting of energy subsidies among others aimed at contributing to a socially sustainable and fiscally responsible energy transition.

FOURTH. – EXPRESS that the processes of modernization and targeting of energy subsidies require the continuous strengthening of institutional capacities, the incorporation of technological tools for the management, validation and interoperability of data, and the design of permanent updating schemes that optimize the allocation of state assistance,

through progressive implementation in accordance with the legal framework in force in each country.

FIFTH. – ASSESS the efforts and regulatory and institutional initiatives being developed by some of the OLACDE Member States, aimed at purging records and optimizing the identification of vulnerable beneficiaries to consolidate efficient, transparent and sustainable schemes.

SIXTH. - PROMOTE concrete lines of action for regional cooperation, including the strengthening of instances of technical exchange between OLACDE Member States; the promotion of data management tools; the development of comparative studies on the fulfillment of basic energy requirements and the provision of enabling conditions for the development of vulnerable sectors; and the exchange of regulatory experiences linked to subsidy modernization processes.

SEVENTH. - RECOGNIZE that each Member State of OLACDE, in the exercise of its sovereignty and in accordance with its socioeconomic, institutional and geopolitical reality and energy mix, including those with a high share of hydropower and renewable energy, designs and implements its own policies, strategies and timelines for the reform and targeting of energy subsidies, in accordance with its national priorities, resource endowment and sustainable development objectives.

EIGHTH. - STRENGTHEN the role of OLACDE as the ideal regional space for technical and institutional coordination for the analysis and evaluation of the design and implementation of public policies linked to energy subsidies and sectoral sustainability, as well as for accompaniment towards a socially sustainable and fiscally responsible energy transition.