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Affordability and the Green Transition: The New Social Contract in Latin America

Insights from Andrés Arauz

By Cindy Gianella Tutiven Desintonio

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Affordability and the Green Transition: The New Social Contract in Latin America[1]

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"The green transition in Latin America will not be sustainable unless it is also affordable.

Reducing emissions while reducing inequalities is the central challenge:

climate policy cannot advance without social legitimacy."

Abstract

This policy brief examines how affordability can become the cornerstone of a new green social contract in Latin America. Drawing on the region's recent inflationary and social protest episodes, it argues that climate policy will only be politically durable if it reduces emissions while also lowering (or at least stabilizing) the cost of living for households—especially for the poorest, who spend disproportionate shares of income on food and energy. The document reviews what has failed (abrupt subsidy removals, persistent regressive universal subsidies, and reforms without participation), highlights institutional designs that have worked (state-led planning, predictable subsidies and tariffs, innovative procurement and financing models), and discusses key technical dilemmas (inelastic energy demand, grid and charging infrastructure bottlenecks, and hard-to-abate sectors). It concludes with strategic recommendations centered on treating energy, transport, and knowledge as public goods; redesigning subsidies toward clean alternatives and targeted protection; and strengthening social protection and skills programs to ensure a just and affordable transition.

This document is organised into five sections:

1. Analysis of the current situation
2. Lessons on what not to do
3. Effective institutional designs
4. Technical dilemmas that complicate the transition

[1] The views expressed are those of the interviewee and do not necessarily reflect i3T's position.

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[3] Interview conducted between August and September 2025.

5. Strategic recommendations and conclusion

Each section addresses specific dimensions: regional failures that illustrate ineffective approaches, successful institutional experiences, and the pathways through which the ecological transition can reduce the cost of living via public goods, smart subsidies, anticipatory planning, and social protection. Together, these provide the foundations for a new green social contract.

1. Introduction: Green Transition and Affordability

The global debate on the green transition has focused on its costs, but growing evidence shows that it can also become a strategy to reduce everyday expenses and ease distributive pressures. Between 2010 and 2024, the prices of renewables fell dramatically (e.g., solar photovoltaic costs dropped by almost 90%, onshore wind by 55%, and offshore wind by 50%)[4], opening up the possibility of providing cheaper and more stable electricity than that generated from fossil fuels.

For Latin America, this debate becomes critical for several reasons. First, the poorest households allocate a significant share of their income to energy and food consumption. In the lowest quintile, one in ten households spends more than 24% of their income on energy, whereas in the highest quintile the proportion is only 1–3.6% (Jiménez and Yépez, 2023). Furthermore, under conditions of extreme poverty, households may devote up to 95% of their income to food purchases (Córdoba-Balcells et al., 2025).

Second, the region carries a long-standing tradition of generalised fossil fuel subsidies that have been regressive and fiscally burdensome, absorbing in some cases more than 1% of GDP (United Nations Development Programme, UNDP, 2025). Third, recent social protests —such as those in Mexico in 2017 and Ecuador in 2019— have shown that any attempt at energy or fiscal reform without considering the affordability dimension may lead to political crises.

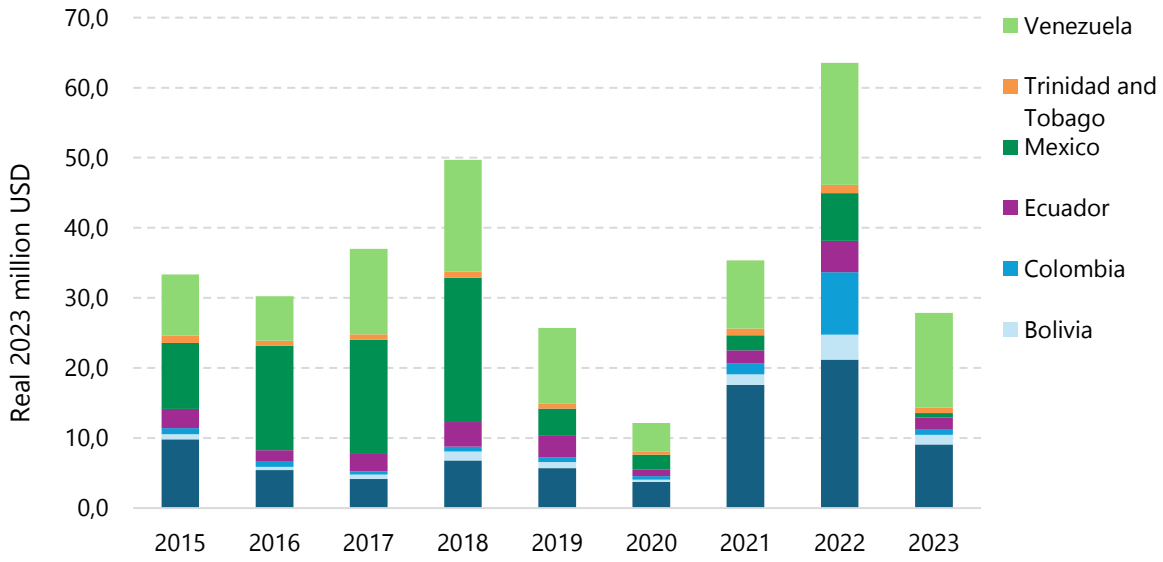
Finally, the COVID-19 pandemic, followed by the energy crisis, led to a sharp increase in subsidies for fossil fuel consumption: between 2020 and 2021 their value almost tripled, and in 2022 they exceeded USD 60 billion (Figure 1). This surge was driven by the international shock triggered by Russia's invasion of Ukraine, a type of disturbance affecting strategically significant energy sectors that tends to propagate throughout the economy via production linkages and price-setting mechanisms (Weber & Wasner, 2023). Thus, in Argentina, Brazil and Uruguay, natural gas prices rose by more than 40%, while in most countries liquefied petroleum gas prices increased by 10–20%. Although these transfers helped cushion part of the price increases, their universal nature made them regressive, primarily benefiting higher-income households (see World Bank, 2022) and increasing fiscal pressure in already highly indebted economies.

Environmental inequality adds another critical dimension. While the region maintains a relatively low per-capita carbon footprint —for instance, 2.5 t CO_2 in 2022 compared to 4.6 t globally—, the richest 10% emit around 12 t per person annually and account for 40% of emissions, whereas the poorest 10% emit barely 0.5 t (see IEA data, 2023). These disparities reflect the weight of private transport in the consumption patterns of higher-income groups and show that the green transition cannot be designed

[4] See IRENA (2025).

solely on the basis of regional averages, but must also take into account distributive heterogeneity, which conditions both the affordability and the equity of reforms.

Figure 1. Fossil fuel and electricity subsidies in selected Latin American countries, 2015–2023



Source: Own elaboration with data from IEA, 2024.

This analysis shows that the problem does not lie in the goal of affordability but in the instruments employed: large sums are spent on sustaining artificially low fossil fuel prices instead of structurally lowering the cost of clean alternatives and providing targeted protection to those most in need. At the same time, the region has strategic advantages —abundant renewable resources and a record of agricultural innovation— which open up significant room for action. The central question is *not whether Latin America can afford the green transition, but whether it can afford not to undertake it*: the cost of maintaining inefficient subsidies, exposure to international volatility, and the impacts of climate change are already placing growing pressure on public finances and social well-being.

In this framework, the results indicate that the green transition cannot be limited to the environmental dimension; it must also be understood as a strategy to strengthen economic and social resilience. Consequently, affordability must be considered in a broad sense:

- **Final consumer prices** — particularly in transport, energy, and food
- **Institutional and regulatory design** — which determines whether the benefits of cheaper technologies are effectively passed on to households
- **Social protection** — which should cushion distributive impacts during the adjustment period

2. What not to do: lessons from failed policies in the region

Based on the analysis, it is possible to identify counterproductive strategies that should be avoided when building a new green social contract in Latin America. In several countries of the region, fuel price reforms

or fiscal adjustment measures have been implemented but were later reversed for failing to adequately consider affordability and social equity. Among the main lessons are:

- **Avoiding abrupt reforms without social cushioning.** The region provides clear examples of what happens when subsidies are withdrawn abruptly. In Mexico, the liberalisation of petrol prices in 2017 triggered an immediate increase of around 20%. The measure sparked protests in 25 states, along with blockades and looting, in a context where the minimum wage barely reached four dollars a day (Comisión Nacional de los Salarios Mínimos, 2018). A similar situation occurred in Ecuador in October 2019: the abrupt elimination of diesel and petrol subsidies caused overnight increases of 25–50% and a nationwide eleven-day strike led by indigenous and trade-union organisations. In both cases, the absence of compensatory programmes — e.g., direct transfers or social tariffs — and of alternatives such as accessible public transport turned the withdrawal of subsidies into a trigger for social and political unrest.
- **Not perpetuating generalised and regressive subsidies.** At the other extreme, maintaining universal subsidies indefinitely proves equally problematic.
    - *Venezuela illustrates the extreme case*: for years petrol was heavily subsidised, which encouraged waste and smuggling, creating an enormous fiscal burden —in 2023 these subsidies represented on average 23.1% of GDP (IEA, 2024).
    - *In Argentina*, electricity tariffs were frozen for 17 of the past 20 years (2002–2015 and again since 2019), in a context of inflation close to 50% per year. This implied subsidies equivalent to several GDP points that mainly benefited the urban middle class, while infrastructure deteriorated and blackouts became more frequent.

Both cases show that generalised subsidies are regressive and fiscally unsustainable. The alternative is to gradually reorient them towards targeted schemes —such as social tariffs or basic consumption blocks— that protect vulnerable households without perpetuating distortions.

- **Do not neglect communication and citizen participation.** In Latin America, several adjustment attempts —such as fare increases or the removal of subsidies— encountered resistance not only because of how they were announced, but also because they were implemented in contexts of inequality and mistrust towards political and economic elites. Chile's 2019 protests are a telling case: the 30-peso increase in metro fares was interpreted less as a simple price rise than as a symbol of disconnection and accumulated grievances in a system already seen as unfair. The conclusion is straightforward: reforms that are not built on early participation, transparency, and consensus are unlikely to gain legitimacy. A new green social contract must give voice to workers, consumers, and communities, incorporating their concerns so that the transition is perceived as fair and socially sustainable.
- **The Pact for Mexico (2012): agreements without structural anchoring**. The Pact for Mexico was a multipartite political agreement signed in 2012 by the federal government and the main political forces, conceived primarily as a comprehensive framework of structural reforms aimed at privatising the energy sector. Subsequent evidence suggests that it did not deliver substantive advances in growth, investment or the reduction of inequality (see Weisbrot et al., 2018). The Pact relied on market mechanisms without incorporating immediate redistributive instruments or a sustainable energy transition strategy. Subsequent volatility in fuel and energy prices exposed the limits of relying on liberalisation as a pathway to guaranteeing long-term affordability).

In summary, *what should not be done* can be synthesised as follows: *social justice must not be sacrificed in the name of climate urgency*, as such an approach is bound to face popular rejection. Poorly calibrated climate policies can exacerbate inequality or energy poverty —exactly the opposite of an inclusive social contract. The key lies in well-designed, gradual reforms with compensatory measures and broad legitimacy built through communication and participation.

3. Affordability Measures and the Green Transition in the Region

In contrast to the setbacks mentioned, Latin America also offers successful or ongoing experiences where the green transition has been applied with attention to affordability. These cases suggest that it is possible to design institutions and public policies that balance climate objectives with social justice, serving as inspiration for a new green social contract.

- **Uruguay: state-led energy transition with stable tariffs.** Uruguay is perhaps the most emblematic case in the region of a rapid and affordable clean electrification process. In less than a decade (2010–2017), it moved from relying on imported petroleum derivatives to generating more than 95% of its electricity from renewable sources thanks to a cross-party agreement and the central role of the public utility UTE as the single buyer in long-term contracts. This made it possible to reduce generation costs by around 50%, keep tariffs stable — and even lower in real terms —, and guarantee almost universal access (99.9% electrification, including all rural schools). The model demonstrates how treating electricity as a public service, supported by state planning and political consensus, can combine environmental sustainability with affordability.
- **Mexico: coordinated cost-of-living response.** Recent responses to cost-of-living pressures in Mexico combine instruments of immediate containment with longer-term strategies of productive transformation. The Anti-Inflation and Cost-of-Living Package (PACIC) was configured as a coordination mechanism between the state and the business sector aimed at stabilising the prices of essential goods and energy, with the explicit objective of protecting household purchasing power. Former President Andrés Manuel López Obrador subsequently elevated the PACIC to the regional level through the creation of the Alliance of Latin American and Caribbean Countries Against Inflation, within which supply chains, tariff measures, extraordinary profits and the joint regulation of strategic sectors were discussed (Weber, 2025).
- **Bogotá: affordable electric public transport through innovative tendering**. In most cities, public bus transport depends on subsidies to keep fares low. Electrification added an additional challenge, as electric buses involve much higher upfront capital costs (CAPEX). What did Bogotá do? From 2019 it implemented a dual business model in its tenders. It separated bus provision from service operation: specialised companies (e.g., the energy consortium Enel-X) won contracts to purchase and maintain the electric fleets, while traditional operators were responsible for driving and service. This reduced the technological risk for traditional operators and allowed long-term financing for the buses to be leveraged. With this scheme, Bogotá, a city of 8 million inhabitants, managed to deploy 1,485 electric buses —the largest fleet outside China in 2022— without overburdening its budget or abruptly raising fares (which remained around USD 0.70 in 2023). The new vehicles incorporated visible improvements for users —Wi-Fi, USB ports, and universal accessibility— reinforcing the perception that the green transition can enhance service quality.

This approach —treating mobility as a right rather than merely a business— reflects the logic of a new green social contract: the State ensures affordable fares and the private sector contributes to technological innovation.

- **Santiago de Chile: national public-transport subsidy and just urban transition.** The failed Transantiago reform in 2007, marked by fare increases and operational chaos, highlighted the risks of not adequately financing mobility. In response, Chile approved the National Public Transport Subsidy (Law 20.378, 2009), which guarantees annual transfers from the central government to contain fares in Santiago and other cities. On this institutional basis, key measures have been consolidated:
    - Since 2010, the State has allocated hundreds of millions of USD annually to cover deficits and to moderate the adjustments calculated by the Panel of Tariff Experts.
    - Following the 2019 social unrest, the base adult fare was frozen at 760 CLP (around USD 0.84), with the State absorbing the increase in costs.
    - That same year, a reduced fare was introduced for older adults (equivalent to one-third of the normal fare), financed with public funds.

In parallel, Santiago incorporated more than 800 electric buses, integrated into the RED network without raising user fares, thanks to ten-year contracts and fiscal support. The key was to transform affordability into state policy: a permanent legal framework that provided predictability for operators and users and enabled progress towards cleaner, more inclusive, and more sustainable transport.

In the cases analysed, common elements of effective designs can be identified:

i) *a strong institutional framework with a long-term vision* —state plans, political agreements, and efficient public enterprises— that avoids improvisation.
ii) *affordability incorporated from the outset*, whether through targeted subsidies, regulated tariffs, or financial support.
iii) *participation of different actors* (State, private sector, and citizens) that enables a legitimate distribution of costs and benefits.
iv) *continuous learning from practice and the correction of past mistakes* — Chile reformed its transport scheme after the failure of 2007, and Uruguay complemented its renewable matrix with solar during periods of drought.

The conclusion is straightforward*: a just green transition does not happen by itself — it must be carefully designed.* In Appendix 1 we summarise these and other experiences and provides further details on the mechanisms employed and their results.

4. Technical Dilemmas of the Transition in Latin America

Although the transition towards cleaner and more affordable energy and transport systems is already under way, technical and structural dilemmas remain that may hinder its progress. These dilemmas require governments to anticipate fiscal, productive, and distributive tensions; otherwise, the transition risks stagnating or becoming more costly:

- **Low elasticity of energy demand:** A central challenge for price policies (carbon taxes, subsidy reduction) is that energy consumption is inelastic in the short term, particularly in transport.

Studies in the region find short-term price elasticities of gasoline demand in the order of -0.1 to -0.3 (see, for example, Amado et al., 2010; Havranek et al. 2012; Santos, 2013), indicating that price changes have only a minimal effect on consumption volumes; for instance, a 10% price increase reduces consumption by barely 2%–3% in the following year. This is explained by the fact that many people rely on a car or motorbike to commute to work and have no immediate alternatives for transport.

The dilemma: from a climate perspective, fossil fuels should be made more expensive to discourage their use, but from a social perspective, this would hit household budgets without achieving proportional short-term reductions in emissions.

The partial solution lies in improving elasticity in the medium term: in other words, creating options that allow consumers to respond to price signals. This means investing heavily in public transport and electric mobility; promoting energy efficiency in households; and phasing in any tax gradually and predictably.

- **Limited grid capacity and existing infrastructure.** In several Latin American countries, transmission and distribution networks remain weak or saturated. The large-scale deployment of solar or wind power requires strengthening transmission lines — since resources are often located in remote areas —, installing control systems, and expanding storage. Without grid modernisation, the entry of renewables either stagnates or generates instability. Recent examples confirm this limitation: in Oaxaca (Mexico), several wind projects faced delays due to insufficient transmission capacity, and in Jujuy (Argentina), the *Cauchari* solar park was operational months before it could fully inject its production owing to grid constraints.

  A parallel problem is the infrastructure for electric vehicle charging: without a sufficient number of public chargers and improvements in power supply, mass adoption of EVs could remain limited to elites (with home chargers) rather than becoming democratised. *The dilemma is not only technical but also distributive*: if infrastructure is not expanded, the transition may generate a duality between households with access to clean and cheap energy and majorities trapped in deficient networks and high tariffs.

  The solution requires long-term state planning and early investment. Here, financing dilemmas arise: *where will resources come from?* Options include:
  - **mobilising greater green borrowing** (green bonds for infrastructure, capitalising on future productivity gains),
  - **encouraging private participation via concessions** (although costs will be recovered through fares or tolls), or
  - **redirecting existing subsidies**[5] — for example, what is currently spent on fossil fuel subsidies could, for a number of years, be invested in expanding the electricity grid.
- **Transition in hard-to-abate sectors.** The decarbonisation of industries such as steel, cement, aviation, and freight transport faces a dilemma: clean technologies remain more expensive than

[5] This would allow for a "virtuous triangle": fiscal space is freed up by removing polluting subsidies; the resources are invested in clean solutions that, over time, will no longer require subsidies (as their costs fall); and in the meantime, vulnerable groups are protected from the transition.

conventional ones. In Latin America, where these sectors have significant productive and export weight —e.g., the metallurgical sector accounts for around 3% of GDP in Argentina alone— passing these additional costs on to final goods (housing, transport, machinery) could affect affordability.

In Europe, countries such as the United Kingdom, Germany, and the Netherlands have applied Contracts for Difference (CfDs)[6] and Carbon Contracts for Difference (CCfDs)[7] to temporarily cover the cost gap and accelerate the adoption of green technologies in electricity and heavy industries. The regional challenge is to devise equivalent formulas within limited fiscal space, combining international finance and technological cooperation, so that the transition does not erode affordability and retains social legitimacy.

In summary, the technical dilemmas show that an affordable green transition does not depend solely on political will, but on having productive and technological capacities that prevent new sources of inequity. *Low demand elasticity* requires sequencing measures; *infrastructure must be expanded in advance* so as not to slow down or increase the cost of the transition; and *hard-to-abate sectors require innovative mechanisms* that distribute costs fairly. In this context, long-term state planning becomes a necessary condition to ensure that the transition not only reduces emissions but also improves social well-being.

5. Global experiences: What can we learn?

5.1. Knowledge as a public good

Knowledge is non-rival — its use by one actor does not reduce its availability to others — and, when made widely accessible (non-excludable), it can stimulate innovation and competition, reducing prices. In advanced economies (Germany, Japan, United States), much of the decline in solar energy costs between 1980 and 2012 is explained by public policies on open research and technological diffusion, which enabled photovoltaic energy to move from being an expensive niche product to becoming an affordable mass good (Kavlak et al., 2018).

In the Global South, there are also experiences that highlight the value of sharing knowledge openly for collective benefit. The Green Revolution is a clear precedent: the CGIAR network, with centres such as CIMMYT in Mexico and IRRI in the Philippines, disseminated improved seeds without patent restrictions (1960–1980), preventing staple grain prices from soaring and contributing to global food security (Evenson & Gollin, 2003). There are also more recent examples of collective management of intellectual property, such as the Medicines Patent Pool (created in 2010 by UNITAID), which reduced the price of essential medicines in developing countries (antiretrovirals in Africa and Asia) by offering low-cost

[6] It refers to mechanisms through which the State guarantees companies a minimum price for producing with clean technologies. If the market price is lower than the green cost, the State covers the difference; if it is higher, the company returns the surplus.

[7] Adaptation of CfDs for emission-intensive sectors (steel, cement, chemicals). The State covers the gap between the cost of producing with low-carbon technologies and the cost of fossil fuel-based processes, thereby reducing investment risk and accelerating their adoption.

licences. A similar mechanism in green technologies —for batteries, hydrogen, or solar panels— would help accelerate the energy transition and ensure that the benefits of innovation are not concentrated in a few countries or firms (Japan, the United States, Germany, the Republic of Korea, the United Kingdom, and France account for more than 80% of clean energy patents, see UNEP et al., 2010).

In sum, the evidence shows that when science and technology are conceived as public goods, the benefits not only spread more rapidly but also become affordable for broad social majorities.

5.2 Affordable Public Services

Transport and energy occupy a central place in household budgets. In Europe, transport accounts for around 15% of household spending, and in the United States it rises to 16%. In Latin America, where incomes are lower and fuel subsidies absorb a large share of public spending —representing between 0.6% and 1.3% of GDP between 2015 and 2021 (UNDP, 2025)— ensuring the affordability of these services is essential not only for equity but also for the legitimacy of the green transition. Some international examples show that treating mobility as an affordable public good allows both the reduction of emissions and the easing of the cost of living:

- Luxembourg eliminated transport fares in 2020, becoming the first country to offer free transport nationwide.
- Germany launched in 2022 a €9 monthly pass for unlimited travel on regional trains and buses; the measure replaced ~10% of car journeys and reduced emissions equivalent to 1.5 million cars being taken off the road.
- Austria, for its part, launched the *Klimaticket*, a national pass at a significantly reduced cost compared to previous fares.

There are also tariff measures with redistributive effects that can reinforce equity while at the same time contributing to the construction of a social contract based on basic goods that are both accessible and sustainable.

- For example, some countries apply lifeline tariffs: in South Africa, low-income households receive up to 50 kWh per month free of charge (thereby reducing their effective monthly expenditure), while in Brazil progressive discounts are granted to vulnerable families.
- Others recycle revenues from environmental taxes; in Canada, a large share of what is collected is returned to low-income households through the Climate Action Incentive Payment.

5.3. Economies of Scale

Economies of scale have been decisive in reducing the cost of green technologies. In industrialised countries, between 2010 and 2020 the cost of solar power fell by 85%, wind by 60%, and lithium batteries by almost 90%, driven by large-scale markets and gigafactories in China, Europe, and the United States (see IRENA, 2025). As a result, technologies once seen as elitist began to compete directly with fossil fuels. In the Global South, transformations have also taken place. In India, the UJALA programme distributed more than 360 million LED bulbs, cutting their price by 90% and immediately reducing household electricity bills (CLASP, 2023). The lesson is clear: creating large and stable markets —through public procurement or joint auctions— multiplies bargaining power, reduces prices, and turns the transition into an opportunity for economic and social inclusion.

6. Strategic Recommendations and Conclusion

From the preceding analysis, several key orientations emerge for integrating affordability into Latin America's green transition:

i) treating energy, transport, and knowledge as public goods;
ii) reorienting subsidies by abandoning generalised support for fossil fuels and targeting them towards clean energy and vulnerable users;
iii) ensuring social protection with transfers, differentiated tariffs, and large-scale green-skills training programmes to prevent labour shortages from driving up project costs.

In summary, the viability of the transition will depend on its capacity to reduce the cost of living and expand rights. Only in this way can it become a new green social contract that is both legitimate and sustainable in Latin America.

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Appendix 1

Country / Case	Measure applied (law / programme)	Year	Affordability mechanism	Results	Lessons
Uruguay	Transition to >90% renewable electricity under the 2005–2030 Energy Policy and planning by Uruguay's National Administration of Power Plants and Electrical Transmissions (UTE)	Approved in 2008, implemented in the 2010s	Stabilisation of electricity tariffs through long-term renewable contracts (via auctions).	50,000 jobs created (3% of the labour force); 50% reduction in energy production costs; wind supplies up to 40% of national demand; Uruguayans now emit 30 times fewer greenhouse gases than the global average.	State planning enabled the benefits of renewables to be passed on to end users.
Bogotá	District Decree 603/2013 and sustainable mobility programmes; targeted subsidies in TransMilenio for the poorest households.[8]	In force since 27 December 2013	40% fare discount (up to 21 trips/month) through personalised cards for households classified as vulnerable by the Social Programme Beneficiaries	Beneficiaries represent about 5% of the city's residents; subsidised individuals increased their monthly trips by 56% (around 8 additional trips per month and 2 transfers) compared with non-beneficiaries.	Combination of electric mobility and targeted subsidies with fiscal sustainability.

[8] At that time, the lowest-income households in Bogotá (strata 1, 2, 3) were already allocating 20–30% of their total income to transport, spending more than two US dollars per day on mobility.

			Identification System (SISBEN).		
Santiago de Chile	Introduction of electric buses in the RED system, through tenders by the Ministry of Transport and Telecommunications	Tenders in 2017, operational since 2018	Reduction in operating costs by replacing diesel with electricity	Total Cost of Ownership (TCO)[9] 32% lower than diesel buses; 44% cheaper maintenance; account for only 3.3% of total CO_2 emissions from transport in Santiago; the city saved over 60 million litres of diesel (equivalent to removing 2,900 continuously operating wood stoves).	Electrification of mass transport reduces emissions and stabilises costs.
Brazil	Agricultural research programmes by the Brazilian Corporation for Agricultural Research (Embrapa)	Created by Law 5.851/1972; strengthened in the 2000s with bioenergy and resilient seeds	Higher productivity and resilient seeds moderating domestic prices	Embrapa increased Brazilian agricultural productivity by 110%; grain production rose by 510%; social returns of approximately USD 19.5 billion in 2024; 35,717 new jobs in 2024; value of the basic food basket fell by more than 50% over the past 50 years.	Public R&D is crucial for food security and affordability.
Costa Rica	National Decarbonisation Plan (PNdD) and strengthening of ICE (Costa Rican Institute of Electricity)	2019	Renewable electricity with progressive tariffs and electric public transport	Net benefits of USD 41 billion for the economy (2020–2050, 5% discount rate); net zero emissions by 2050; by 2050, the cost of electricity generation is estimated to fall by 38% with the PNdD and by 79% relative to 2018.	State-led energy planning facilitates more equitable access to clean energy.
Chile	Law 21.472: temporary mechanism for stabilising electricity prices for vulnerable households	2021	Cross-subsidy: large consumers finance reduced tariffs for vulnerable households	Coverage for 40% of the most vulnerable households; electricity tariff discount for households in communes with coal-fired power plants (e.g., from USD 20 to 13 in Mejillones);	Redistributive policies ensure that the green

[9] Total costs associated with operating a bus throughout its entire useful life.

				containment of projected increases of up to 150% for SMEs and households not covered by the MPC mechanism.	transition is socially just.

Table 1. Latin America: Measures for the Green Transition and their Impact on Affordability/Cost of Living