

**SUBMISSION BY CHILE ON BEHALF OF THE AILAC GROUP OF COUNTRIES - CHILE, COLOMBIA,  
COSTA RICA, HONDURAS, GUATEMALA, PANAMA, PARAGUAY AND PERU  
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**Views on the work programme of Non-Market Approaches under Article 6.8 of the Paris  
Agreement**

**Introductory Remarks**

1. Following the invitation by the CMA 3, AILAC welcomes the opportunity to provide views on several aspects of the Non-Market Approaches (NMA) under Article 6.8 of the Paris Agreement, following the mandate given by decision 4/CMA.3, paragraph 6, items a-d.
2. For AILAC, the non-market approaches constitute a unique opportunity to support the ambition of the short, medium and long-term national climate goals in line with the objective of not exceeding the 1.5°C threshold. Consequently, the implementation of the NMA must be framed under an integrated approach that recognizes the importance of a resilient and decarbonized development pathway, beyond the traditional approach that deals separately with adaptation and mitigation of climate change.
3. Likewise, discussions under the NMA work programme should not only focus on establishing or strengthening synergies of existing cooperation initiatives (that could be recognized as NMA), but also on visualizing innovative ones that can be catalysed through the NMA framework so as to work coherently towards the achievement of the long-term goals under the Paris Agreement.
4. In this spirit, AILAC welcomes the opportunity to elaborate on each of the issues on which Parties were invited to share their points of view.

**(a) Existing relevant non-market approaches that may be facilitated under the framework in the initial focus areas [referred to in paragraph 3 above] that are in accordance with the provisions referred to in chapter II of the annex (Non-market approaches under the framework);**

5. The IPCC's Sixth assessment report (WG II) stresses that many natural and human systems are reaching limits to adaptation. In fact, some ecosystems are near to reach hard limits to adaptation and some of the ecosystem-based adaptation measures will lose their effectiveness once the 1.5°C threshold is reached. The IPCC AR6 WGII report also highlights the need for a worldwide climate resilient development that strengthens synergies and minimizes trade-offs between long-term mitigation and adaptation action.<sup>1</sup>
6. These outcomes complement the well-known findings and conclusions of the IPCC 1.5°C special report which evidenced the need of reducing 45% of the global net anthropogenic CO<sub>2</sub> emissions from 2010 levels by 2030 to avoid major impacts in natural and human systems and keep the 1.5°C goal within reach.
7. The foregoing shows that the current decade is decisive in terms of the actions to be taken to adequately face the climate crisis. This includes the design of development pathways that comprehensively address global and national decarbonization and resilience goals.

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<sup>1</sup> IPCC, 2022, Headline Statements from the Summary for Policymakers. Sixth Assessment Report. Working Group II – Impacts, Adaptation and Vulnerability.

8. In this sense, AILAC considers that discussions under the framework and the work-programme for the NMA should be focused on initiatives, actions or measures seeking to catalyse decarbonization and increase long-term resilience. For our group, this is only possible if the traditional approach that deals with mitigation and adaptation separately is abandoned, since this can lead to the identification and implementation of isolated short-term measures that even lead to a low ambition lock-in.
9. Consequently, AILAC proposes to frame the work related to the non-market approaches in the following sub-areas:
  1. *Synergies between low carbon development and resilience.*
    - Although some Parties have responded to the invitation made by the Paris Agreement to present their low-carbon development strategies, it is becoming increasingly important to set decarbonization routes that in turn ensure resilience in the long term. For instance, Colombia's 2050 strategy comprises different systemic action lines aimed to achieve a transition towards a carbon neutral and highly resilient country in 2050.
    - Likewise, nature-based solutions with safeguards for biodiversity have become a great opportunity to implement actions seeking to strengthen the synergies between mitigation and adaptation in the long term.
  2. *Sectoral actions towards decarbonization):* Discussions and exchange of lessons and experiences could be based on the suggested systematic changes for 1.5°C -consistent pathways as presented under chapter 4 of the IPCC 1.5°C report:
    - Energy systems transitions
    - Land and ecosystem transitions
    - Urban and infrastructure system transitions
    - Industrial system transitions
    - Overarching adaptation options supporting adaptation transitions
  3. *Estimation of co-benefits of implementing a climate-resilient strategy*
    - Given that most of developing countries have not yet designed or presented their decarbonization and climate-resilient strategies, it would be worth sharing experiences on the assessment of the co-benefits that the implementation of these strategies would bring (which also could help to lay foundations for a just transition). For instance, the Government of Costa Rica carried out a series of studies, with collaboration of entities such as RAND, University of Costa Rica and the IDB, in order to evaluate cost and co-benefits of the Costa Rican LTS as well as alignment of decarbonization with COVID-19 economic recovery. Some of the most important findings of these studies indicate that<sup>23</sup>:
      1. “Under baseline assumptions, *implementing the NDP<sup>4</sup> would lead to net-zero GHG emissions by 2050 and provide about \$41 billions of net benefits across the economy from 2020 to 2050, discounted back to 2015 at a rate of 5 percent per year*”.
      2. Investments in decarbonization could reverse the depth and uneven distribution of social and economic effects of COVID-19, in particular,

<sup>2</sup> Groves. D, et all 2020, THE BENEFITS AND COSTS OF DECARBONIZING COSTA RICA’S ECONOMY. Informing the implementation of Costa Rica’s National Decarbonization Plan under uncertainty

<sup>3</sup> Groves. D, et all 2022, A GREEN COSTA RICAN COVID-19 RECOVERY. Aligning Costa Rica’s Decarbonization investments with economic recovery.

<sup>4</sup> National Decarbonization Plan of Costa Rica

those derived from large job losses for women and low- and mid-skilled earners.

3. Positive effects of decarbonization investments could be observed in relation to, at least, 10 SDGs such as SDG 8 (decent work and economic growth), SDG 5 (gender equality) and SDG 7 (affordable and clean energy).

4. Enabling policies, measures and actions

- Regulatory and policy frameworks aimed at enabling the relevant sectoral transformations towards decarbonization including incentives.
- National programs and frameworks that foster both mitigation and adaptation benefits with a view to achieving decarbonization and enhanced resilience. (Ex. In Guatemala there have been some forest and soil conservation incentives programs that have achieved significant results).

10. It should be noted that this proposal seeks to visualize existing initiatives within and outside the Convention, as well as support collaborative work between countries and the exchange of information on possible NMA. Hence, for AILAC it is crucial to avoid creation of new initiatives or spaces that result in duplication of efforts and possible overlaps with the work carried out in other instances inside and outside the Convention.

**(b) Examples of potential additional focus areas of non-market approaches that may be facilitated under the framework (e.g. social inclusivity, financial policies and measures, circular economy, blue carbon, just transition of the workforce, adaptation benefit mechanism) and existing relevant non-market approaches that may be facilitated under the framework in the potential additional focus areas that are in accordance with the provisions referred to in chapter II of the annex (Non-market approaches under the framework);**

11. In addition to the areas of work proposed under the previous section, AILAC proposes to identify non-market approaches that serve as cross-cutting support instruments that fall within the following areas:

1. Just Transition

The concept of just transition is embedded in the Paris Agreement which calls for “the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with national development priorities”.<sup>5</sup>

In addition, declarations and initiatives such as the “Solidarity and Just Transition” Silesia Declaration signed by some Parties at COP 24 and the “Supporting the conditions for a just transition internationally Declaration” lead by the COP 26 Presidency, provide for an enabling political framework for collaborative work among Parties on just transition strategies within the concrete actions that are aimed at the implementation of climate resilient development pathways as per the guidance of the best available science as provided by the IPCC (WGIII) latest report.

In this regard, just transition should be one of the most important focus areas that could frame the collaborative work on Non-market Approaches that also involve actors from the private sector and civil society.

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<sup>5</sup> Preamble of Paris Agreement

## 2. Non-market economic and financial instruments

The framework for non-market approaches should facilitate discussions on economic and financial instruments that support decarbonization and long-term resilience in a manner coherent with how these elements are up taken in the discussions for the establishment of a new collective quantified goal for finance. This support should not only be reflected in terms of the financing that can be provided to transformative climate actions but also through the implementation of instruments that discourage the use of fossil fuels and investments that are not climate compatible (i.e. carbon taxes and fossil fuel subsidies).

## 3. Exchange of experiences on multisector engagement for climate change policies

The implementation of the NDCs and long-term strategies requires participation, collaboration and synergy among different stakeholders from different sectors (public, private, civil society, academia). Multisector engagement spaces can contribute to strengthen and increase mitigation and adaptation action, though, inter alia:

- Providing a space for constant dialogue and exchange.
- Contributing to make available technical or scientific information to public and corporate decision-makers.
- Developing local scientific information and making it available for all relevant stakeholders. This means that the science is “translated” for different audiences.
- Avoiding the duplication of efforts and maximizing available resources.

The creation of multisectoral institutions/advisory councils in some countries, such as in Chile and Guatemala, has allowed important actors like those from the scientific and academic sectors to provide crucial contributions to the design and implementation of climate goals and policies.

For instance, the Guatemalan System of Climate Change Sciences (SGCCC for its initials in Spanish) is composed of key stakeholders from the public sector, academia, research institutions, the private sector, and non-governmental organizations. The SGCCC is divided into three working groups: climate science, adaptation, and mitigation. It was founded in 2014 with the objective of generating and reviewing scientific information and transferring it to political decision makers, but it has played a key role in supporting climate action in Guatemala in other ways as well. More information on the structure and functioning of the SGCCC, publications, and the agenda and recordings of the last National Conference on Climate Change can be found on the system’s webpage <https://sgccc.org.gt/>.

In the same line, the Chilean Climate Change Scientific Committee is an advisory body to the Ministry of Science, Technology, Knowledge, and Innovation in the areas of climate change. It was convened for the first time in 2019 to coordinate contributions from the scientific community for Chile's participation in international meetings on climate change (particularly, COP 25). Currently, the committee is in charge of identifying, systematizing, and contextualizing scientific evidence that serves as input for public policies (including, the design of the current Chilean NDC). The committee comprises seven working groups, two for mitigation and adaptation and five for sectors such as water, biodiversity, Antarctic issues/ cryosphere, cities, and oceans.

Based on these examples, AILAC considers that the exchange of experiences from the work of these multi-stakeholder committees and councils could become one of the new key areas within the framework of non-market approaches. This framework could serve as a platform to visualize or complement the work under initiatives outside of the UNFCCC such as the recently created International Climate Councils Network.

#### **4. Cooperation between countries on technical tools and methodologies**

The NMA framework can foster cooperation between academia and research institutions that are actively involved in the design, enhancement or assessment of climate change policies. This cooperation could be focused on development of capacities for setting technical infrastructure, procedures, registries, modelling for decision-making and stakeholder engagement needed to implement NDCS and low carbon and resilience strategies. These capacities may be transferred through workshops, tailored capacity-building programs or through in-site visits.

A remarkable example of this kind of cooperation is the one between University of Costa Rica and two Universities in Guatemala, in the case of AILAC Countries. The University of Costa Rica (UCR) played a key role in developing the mathematical models that were used in the decision-making process for the creation of Costa Rica's LTS. The UCR has been training and teaching two universities in Guatemala on how to use these models and adapt them to their national conditions. These capacities may be applied for future revisions of Guatemala's LTS.

Promoting this kind of cooperation can be especially useful for the implementation of market approaches given the amount of technical and technological aspects to be considered at national level during the implementation of the Article 6.

#### **(c) The UNFCCC web-based platform referred to in paragraph 8(b)(i) of the annex, including how to operationalize it (e.g. functions, form, target users, information to be contained thereon, timeline for development and implementation, and lessons learned from existing relevant tools, including under the Convention and the Paris Agreement);**

For AILAC, the Web Platform for non-market approaches should be used not only to share information on existing cooperation initiatives (framed in the defined focus areas), but also on possible innovative non-market approaches implemented by any country.

The platform could also collect information on success cases, best practices and lessons learned during the implementation of non-market approaches, as well as proposals of innovative initiatives that Parties want to share or create under the NMP framework.

For this task, the platform should be linked to or receive information from other platforms managed by the Secretariat of the Convention such as the Global Climate Action and the knowledge portal of the NDC partnership.

Finally, despite the clear objective of avoiding overlaps and duplications with other initiatives, the platform could also have a module similar to the NAMA registry in which developing countries share information on the strategic lines of their NDCs and their LTS that require support. Likewise, information on cooperation and financing initiatives offered by developed countries could also be included.

**(d) The schedule for implementing the work programme activities.**

12. The implementation of the activities under the NMA work programme must follow the guidelines given in sections IV and V of the annex in decision 4/CMA.3. Regarding the schedule, the areas under which the discussion should be focused on (without limiting the subsequent inclusion of others) should be defined at the fourth session of the CMA. Once the areas are defined, the Secretariat should continue to organize workshops every 6 months and Parties and organizations will be invited to submit submissions on possible non-market approaches that could be promoted under the NMA framework.