



ICLEI Inputs to the 5th meeting of the Glasgow Committee on Non-market Approaches (Article 6.8)

Bonn, 11 April 2024

Mandate: FCCC/PA/CMA/2023/L.13

(a) Themes for spin-off groups;

(b) Existing non-market approaches under the initial focus areas of the work programme activities.

ICLEI - Local Governments for Sustainability welcomes the opportunity to submit inputs to the 5th Meeting of the Glasgow Committee on Non-Market Approaches scheduled at SB60 in June 2024.

The ICLEI presentation at Art6.8 Workshop at SB58 in June 2023 concluded with 3 key proposals;

- 1. Sustainable and integrated urban and territorial development planning, design and construction should be acknowledged as NMA under the Paris Agreement*
- 2. Urbanization as NMA represents an eligibility opportunity for all developing countries, beyond LDCs, to obtain financial coverage for mitigation and adaptation urbanization processes*
- 3. Increased levels of collaboration and cooperation between all levels of government is necessary to promote integrated and sustainable urbanization financing.*

Below are specific outcomes at COP28 and afterwards that ICLEI considers relevant to Art6.8 agenda at SB60 that support ICLEIs above proposals presented at SB58:

1. Loss and Damage Fund includes 3 specific paragraphs that foresee direct subnational access;
2. para.161 of COP28 GST Decision urges Parties to multilevel action, among other references;
3. Coalition for High Ambition Multilevel Partnership (CHAMP) for multilevel NDCs by 2025 is endorsed by 70+ nations;
4. UNFCCC Sharm El-Sheikh Work Mitigation Ambition and Implementation Programme announced to focus on “Cities: buildings and urban systems” in their 2024 cycle.

Taking into account all those, below are ICLEIs proposals on relevant items. These proposals are supported by additional background information as well as a chronological list of relevant progress under Art6.8 until SB60 - see Table 1.



ICLEI Local Governments for Sustainability supports the Conference of the Parties serving as the meeting of the Parties of the Paris Agreement (CMA5) building on previous engagements through Decision 4/CMA 3, followed by the resolutions of SB57 and Decision 8/CMA4, LGMA asks for urban action to Parties at COP27, para. 161 of Decision 5 and the Technical Report and In-session workshop held in June 2023 during the SB58 in which ICLEI advocated for the inclusion of **sustainable urbanization**, defined as *sustainable and integrated urban and territorial development planning, design, standardization, and construction*, as a cross-sectoral focus including adaptation, mitigation and clean energy development as per CMA5 and Decision 4/CMA3.

a. Theme for spin-off groups: Multilevel Action for NMAs

1. ICLEI notes that para.6.d of FCCC/SBSTA/2023/L.4 refers to “*Enhancement of interaction with stakeholders*” as a potential spin-off group.
2. Taking into account para.161 of COP28 GST decision urges for multilevel action and the important momentum created through CHAMP Initiative, ICLEI proposes a dedicated spin-off group on “Multilevel Action for NMAs” which can address engagement of local and subnational governments in the NMAs.
3. Such a spin-off group at SB60 will enable a dedicated discussion for local and subnational level engagement in NMAs as referred to in numerous paragraphs of Decision 4/CMA3. A “Multilevel Action for NMAs Spin-off Group under Art6.8 at SB60” can also enable various synergies during SB60, such as the first Implementation Dialogue of 2024 UNFCCC Sharm El Sheikh Work Mitigation Ambition and Implementation Programme focusing on “Cities: buildings and urban systems”, the Multilevel Action Dialogue to be led by UNFCCC Global Action Team and COP28 Presidency and Daring Cities 2024 Bonn Dialogues by ICLEI and City of Bonn.

b. Existing non-market approaches under the initial focus area of the work programme activities: Sustainable Urbanization

1. Since 2022, as per the Secretariat synthesis report on views and information referred to in para. 6 of Decision 4/CMA.3, ICLEI Local Governments for Sustainability has been reported as an existing NMA that may be facilitated in the initial focus areas of the activities of the work programme under the framework for NMAs.

2. ICLEI proposes the inclusion of sustainable urbanization as a cross-cutting NMA under the initial focus areas on adaptation, mitigation, and clean energy development. Sustainable urbanization is a global phenomenon that is important for all countries, particularly the global South, and which financial and sustainability impacts go beyond adaptation.
3. Thus, if sustainable urbanization is considered as a holistic and inclusive NMA, then initiatives like LoCAL focusing only on LDCs and adaptation can be considered as specific initiatives under such an umbrella process. This proposal is in line with ICLEI's support to the identification of Local Climate Adaptive Living (LoCAL) Facility hosted by the UN Capital Development Fund (UNCDF), a long-standing partner of ICLEI, as potential NMA piloted under Article 6.8 and as part of sustainable urbanization.
4. Such an approach can also enable Art6.8 to be positioned as a major catalyst to finance future holistic and mega-scale urban developments in other developing countries, into a more low-carbon and highly resilient trajectory in a more cost effective and high impact manner.
5. Under existing approaches, ICLEI also supports the Transformative Actions Program (TAP) as one of the initiatives supporting sustainable urbanization as NMA represents an eligibility opportunity for all developing countries, beyond LDCs, to obtain financial coverage for mitigation and adaptation urbanization processes. TAP serves as a one-stop interface for subnational governments and local businesses to submit their sustainable infrastructure projects, which are then supported by the various Project Preparation Facilities backing TAP. Through capacity-building, knowledge sharing, and access to financing, TAP ensures the support of sustainable urbanization projects of all sizes and stages, providing guidance and exploring funding options tailored to their needs and circumstances.
6. ICLEI Local Governments for Sustainability stands ready to continue its support to the Conference of the Parties serving as the meeting of the Parties of the Paris Agreement (CMA5) in the upcoming discussions and In-session workshop on Article 6.8 at SB60 in Bonn.

Table 1. ICLEI’s list of relevant progress under Art6.8 until SB60

Main Event	Reference	Year
COP25 Madrid	2019 Forum of Standing Committee on Finance on Sustainable Cities	Sept-19
COP26 Glasgow	Decision 4/CMA 3 - local, subnational engagement	Nov-21
	Synthesis Report to submissions for SB56 - ICLEI and LoCAL	May-22
	SB56 In session Workshop	May-22
COP27 Sharm El Sheikh	SBSTA 57 Art 6.8 Conclusions	Jun-22
	Decision 8/CMA 4	Nov-22
	ICLEI-FMDV-UNCDF obo LGMA Call to Action for Finance	Nov-22
	Technical Report	Jun-23
	SBSTA58 In-session workshop Art. 6.8	Jun-23
	ICLEI Presentation at SB58 In session Workshop	Jun-23
	SBSTA58 Conclusions	Jun-23
COP28 Dubai	Dec.17/CMA5 Art6.8	Dec-23
	Dec.1/CMA5 - Global Stocktake - para161 urging for multilevel action	Dec-23
	Dec.5/CMA5 - Loss and Damage decision - direct subnational access	Dec-23
	Coalition for High Ambition Multilevel Partnership (CHAMP)	Dec-23
	Sharm El Sheikh Mitigation Ambition and Implementation programme 2024 Cycle - “Cities: buildings and urban systems”	Mar-24

Additional information:

With cities being at the forefront of climate change with 70% of cities already dealing with climate change impacts. Cities are home to more than half of the world's population – growing to 68% by 2050 – and generate over 70% of greenhouse gas emissions ([CCFLA, 2023](#)). The IPCC report highlights the role of cities as critical for climate action, which is recognised by the Paris Agreement and the Glasgow Climate Pact.

On these grounds, the Local Governments and Municipal Authorities (LGMA) welcomes the introduction of non-market approaches (NMAs) as a climate finance instrument working beyond current climate budgets and leveraging policy makers and private sector climate finance. ICLEI, as representative of the LGMA constituency, is committed to support the work of Parties and is aiming to ensure that **“sustainable and integrated urban and territorial development planning, design, standardization, and construction”** is acknowledged first as a main theme for NMA spin-off discussions and, secondly, as a concrete outcome of COP29.

Proposition

Why sustainable urbanization?

The recognition of the importance of levels of governments from the Paris Agreement underscores the importance of subnational and regional governments in supporting climate action at all levels. This lack of multilevel collaboration was further recognised at the Glasgow Climate Pact, stating an *“urgent need for multilevel and cooperative action”*. The IPCC AR6 report highlighted cities as potential catalyzers for greenhouse gas reduction up to 90% by 2050 with technically feasible, widely available measures - potentially supporting 87 million jobs in 2030 and generating a global economic dividend of USD 24 trillion ([CCFLA, 2021](#)). The International Finance Corporation (IFC) estimates that urban sustainable investment opportunities in emerging markets alone amount to USD 2.5 trillion annually through 2030 (CCFLA, 2021). Opportunities for climate-smart investments amount to USD 23 trillion, majorly in rapidly growing cities such as Jakarta, Belgrade, Amman, Nairobi, or Mexico City (IFC, 2018, in CCFLA, 2021; [SCF Cities Report, 2020](#)). To this date, the estimated flows of urban

mitigation finance far outweigh those of urban adaptation finance: Urban climate change mitigation investments averaged USD 375 billion, while annual investment in urban adaptation and resilience measures averaged USD 7 billion in the period 2017-2018 (CCFLA, 2021).

Left unattended, business as usual in urban areas will fail to deliver basic urban infrastructure and services; an increased urban infrastructure investment gap; growing financial and welfare costs related to transportation and energy consumption; escalating economic and social costs due to air pollution; lock-in of high operational emissions from buildings and transport for centuries to come; increased social exclusion through inequalities in rapidly urbanizing countries; as well as a wide range of other economic and social costs such as (road) safety or food security ([LSE, 2014](#)).

However, cities are motivated to act: To date, 6,150 cities participating in the Global Covenant of Mayors (GCoM), representing 20% of urban residents globally, have developed climate action plans (CCFLA, 2021). These emerging cities will be high-growth industrial economies (valued at USD 11.2 trillion by 2030), requiring major investments in infrastructure along with planning for the connection of residential and industrial areas over the next two decades (LSE, 2014).

Suggestions

1. Sustainable urbanization can follow the 3C model - compact, connected and coordinated - to lock-in economic and climate benefits in urban areas and maximize social, economic and environmental benefits of interventions and actions. Shifting to more compact urban growth, connected infrastructure and coordinated governance (LSE, 2014):
 - a. Raising productivity and growth through agglomeration effects
 - b. Improving efficiency of capital deployment and closing the sustainable infrastructure gap.
 - c. Delivering substantial cost savings in the transport sector
 - d. Delivering a wide range of co-benefits related to green transport
 - e. Generation of health benefits due to improved air quality and physical activity
 - f. Lower GHG Emissions from transport, infrastructure, and operations.
2. Sustainable urbanization can be achieved by facilitating multi level engagement and commitment of ministries and governmental departments in urban planning and infrastructure, supporting the Coalition for High Ambition Multilevel Partnership (CHAMP) efforts, as well as private sector actors in the real estate and construction sector as an

important private sector driver of climate action. Sustainable urbanization is an NMA aligned with COP27 Urbanization and Climate Ministerial and UN Habitat resolution on urbanization.

3. Sustainable urbanization can bridge components between the different levels and types of financing, while also scaling the volume and the robustness of subnational level investments. Strong political and financial support of the national governments will attract private investors and other international finance institutions, facilities, and funds.
4. Sustainable urbanization as a key supporting pillar to close the climate finance gap, supporting low-carbon, climate resilient and sustainable urban development, particularly for the Global South. However, sustainable urbanization provides an opportunity to all developing countries, serving a major share of the global population and covering both climate mitigation and adaptation action.
5. Global initiatives, such as the Cities Climate Finance Leadership Alliance (CCFLA); the Leadership for Urban Climate Investment (LUCI); and the Malaga Coalition as a collaboration between UN Capital Development Fund (UNCDF), United Cities and Local Governments (UCLG), and Global Fund for Cities Development (FMDV) for a global financial ecosystem that works for cities and local governments represent valuable platforms to leverage opportunities towards a more resilient and sustainable development for all.
6. Pipelines of financeable, locally-led priority climate projects, such as the [Transformative Actions Program \(TAP\)](#), are critical to accelerate local climate action and there is an imperative need to deploy capital and invest in these pipelines.
7. Sustainable urbanization alone is not enough, but there is a need to integrate wider sustainability components as well as functioning transparency mechanisms and guidance at all levels.