

Submission by Peru on behalf of AILAC
Reflections on the 2024 High-Level Champions and the Marrakech Partnership Work
Programme for Global Climate Action
7 August 2024

AILAC would like to thank the High-Level Champions for the letter and welcomes the opportunity to present its view on the three guiding questions.

1. How can the High-Level Champions (HLCs) and the Marrakech Partnership (MP) add the most value and complement existing efforts to accelerate climate action and drive implementation?

The High-Level Champions (HLCs) and the Marrakech Partnership (MP) can add significant value and complement existing efforts to accelerate climate action and drive implementation by leveraging their unique positions, resources, and networks.

Most of the value can be added by strengthening action from different relevant sectors which are key to course-correct to a path that allows the world to fulfill the Paris Agreement long term goals; in particular, taking as a basis all the actionable outcomes of the First Global Stocktake, based on the best available science and equity, thus giving strength to the global balance messages, favoring their implementation and consideration within the proposed actions.

For that matter, we see particular value in articulating the efforts in a way that complements and enhances the potential of the Mitigation Work Programme to urgently scale up ambition and implementation in this critical decade in articulation with the Global Stocktake mitigation outcomes. The HLCs and the MP can advocate for ambitious mitigation commitments and support leveraging its political strength for this purpose.

Other areas, beyond a sectoral perspective, could include adaptation from a territorial perspective; international cooperation as well as finance and other means of implementation through strategic collaboration and resource mobilization.

Facilitating Multi-Stakeholder Collaboration to foster deep-dive sectoral coordination

Action: Foster thematic forums and working groups between and among entities and processes out of the UNFCCC, bringing together diverse stakeholders including governments, private sector, civil society, and academia to develop and implement sector-specific climate solutions, considering adaptation, mitigation and their synergies. Synthesis reports from the technical dialogues of the GST1 could prove useful to design and address topics; as they could also enhance the process considering its cross-cutting nature, where in addition to relevant technical information, the Parties discussed gaps and opportunities in the thematic lines of the GST, including mitigation, adaptation, loss and damage, response

measures, means of implementation (financing, technology development and transfer, and capacity building) and international cooperation.

Example: The experience with IEA and IRENA was useful to discuss and produce recommendations, both at a technical and political level, that were used in the Global Stocktake. In the same sense, there is a possibility to convene a global summit on sustainable agriculture that includes farmers, agribusinesses, environmental NGOs, and policy makers to create a roadmap for reducing agricultural emissions and enhancing resilience, as well as for other key sectors involving transport, cities, nature-based solutions, among others; taking as a reference the Summary Reports produced by the Technical Dialogues of the Mitigation Work Programme. This could include, among others, the creation of digital platforms and training programs to strengthen collaboration across different sectors, involving climate tech startups.

Strengthening High-Level Events to Scale Up Quality Climate Finance

Scaling up quality climate finance requires a clear and profound political commitment from developed countries to prioritize climate change structurally within their public budgets. In such a way that this financing is not only significantly increased to accelerate climate action, but is consistent with the objectives of the Paris Agreement and of the highest quality expressed in highly concessional financing for developing countries, without affecting their debt levels. The mobilization and provision of these resources should be aimed at supporting the achievement of developing countries' commitments under this Treaty.

High-level events should serve as platforms to reinforce discuss the features of concessional and equitable finance flows that are consistent with the challenges of climate action, climate finance ambition and the mobilization and provision of the resources needed for developing countries commitments under the Paris Agreement and accelerate climate action; as well as the required reforms to the international financial system, to transform the international financial architecture to a system that does not punish ambition.

It is important to keep in mind during these high level events, that the funds created under the Convention and the Paris Agreement must be dynamic and adjusted to the current circumstances, in accordance with the challenges faced by the Parties to accelerate the implementation of mitigation and adaptation actions (delays in the operability of the funds, delays in the disbursement of resources, limitations for the financing of activities that are also relevant for the implementation of the measures).

These events could facilitate binding commitments, particularly in the context of establishing the New Collective Quantified Goal for climate finance (NCQG) at COP29.

High-Level Event to Reform International Financial Architecture

A high-level event to discussing the urgent need to reform the international financial architecture is required. The current architecture does not address the sustainability and

economic needs of developing countries. This event should aim to identify and address systemic issues and propose concrete solutions that ensure the financial and economic sustainability of developing nations.

Key Features to be discussed:

- a. Improving the terms and conditions of debt instruments:
 - Use of local currencies to mitigate the risk of exchange rate fluctuations and reduce the cost of debt servicing for developing countries
 - Incorporate clauses that allow for debt repayment suspension or restructuring in the event of natural disasters or force majeure, providing financial relief during crises.
 - Establish minimum mandatory grace periods for repayments
 - Set preferential maturity dates for loans.
- b. Elimination of Perverse Incentives: Remove incentives that penalize ambitious climate and development policies, ensuring that financial systems support rather than hinder sustainable initiatives.
- c. Reduction of High Capital and Transaction Costs: Address and reduce the high capital and transaction costs that make financing prohibitively expensive for developing nations, ensuring more equitable access to global financial resources.
- d. Aligning Financial Systems with Development Goals: Ensure that the international financial architecture supports the sustainable development goals and the climate objectives outlined in the Paris Agreement.
- e. Building Consensus on Reform Measures: Gather input from a diverse range of stakeholders, including government representatives, international financial institutions, development banks, and civil society, to build consensus on necessary reforms.
- f. Setting a Roadmap for Implementation: Develop a clear roadmap with actionable steps and timelines for implementing the proposed reforms, ensuring accountability and progress tracking.

Sector-specific just transition exchange.

Foster thematic forums and working groups between and among entities and processes out of the UNFCCC, bringing together diverse stakeholders including governments, private sector, civil society, and academia to develop and implement sector-specific climate solutions to promote Inclusive and participatory approaches to just transitions that leave no one behind, as per decision 3/CMA5.

2. How can the HLCs enhance collaboration between Parties and non-Party Stakeholders (NPS) to advance the outcomes of the first GST?

Structured Dialogues and Consultations

Organize regular structured dialogues that include representatives from civil society, academic and research institutions, and the private sector alongside Party delegates. These dialogues can focus on specific themes identified in the GST, such as renewable energy, adaptation strategies, scaling up of means of implementation including climate finance, among others.

Organize regular structured dialogues that include representatives from civil society, academic and research institutions, and the private sector alongside Party delegates. These dialogues can focus on specific themes identified in the GST, such as renewable energy, adaptation strategies, climate finance, scaling up of means of implementation, access to finance, challenges and barriers so that, for example, the current funds effectively promote the fulfillment of the mitigation and adaptation commitments consolidated by the Parties through their NDCs.

It would be relevant to highlight the issues of deforestation, biodiversity and ecosystem services, as well as healthy lifestyles or sustainable production and consumption, as part of the mitigation package, while having a space to openly discuss the global carbon budget aligned with the 1.5°C scenario, since paragraph 25 of Decision 1/CMA.5 expresses concern about the global carbon budget, but there is no mandate in the GST to allow mainstreaming or alignment measures according to the needs of budget compliance.

Promoting Best Practices and Innovation

Showcase successful climate action initiatives and innovations aligned with the Global Stocktake calls and commitments from around the world, providing a platform for knowledge exchange and inspiration.

Example: Publishing a "Climate Action Innovations" report, aligned with the timeframe of the Global Stocktake, highlighting cutting-edge technologies and practices in renewable energy, energy efficiency, sustainable urban development, deforestation reversal, and others aligned with the calls and commitments of the GST, while taking into account that it will be essential to address, among other issues, the need for metrics to monitor the implementation of the GST1 Outcomes, as well as sectoral and thematic indicators aligned with the 1.5°C scenario.

Enhancing Transparency and Accountability of non-Party Stakeholders

Action: Develop and promote robust frameworks for tracking and reporting climate action commitments by NPS which contribute to the calls and commitments GST, ensuring transparency and accountability.

Example: Expand the Global Climate Action Portal (GCAP) to include detailed, standardized reporting templates for businesses and cities to track their progress towards targets aligned with calls and commitments of the GST, including support to share and develop performance indicators and publish annual progress reports to enable more effective tracking.

Strengthening collaboration between governments and key stakeholders to establish financing mechanisms for climate action

Action 1. Policy Roundtables: Organize roundtables with multilateral development banks (MDBs), multilateral funds, and bilateral channels to discuss and formulate strategies for increasing financing availability. These discussions should emphasize the inclusion of local currency, natural disaster clauses, and other supportive features to reduce the indebtedness and the cost of capital of developing countries, generating policies that lead to better financial stability and the allocation of resources according to country-driven strategies.

Action 2. Improving Risk Assessment Methodologies

- a. Risk Assessment Workshops: Hold workshops with rating agencies, the IMF, financial supervisors, and regulators to develop and improve risk assessment methodologies. These workshops should focus on integrating climate risks and the benefits of climate resilience policies into sovereign credit ratings.
- b. Collaborative Research Initiatives: Launch research initiatives that bring together academic institutions, think tanks, and financial institutions to study and propose new methodologies for assessing climate risks without negatively impacting sovereign credit ratings.
- c. Roundtable with the private sector to de-risking: Increase private investment particularly in projects with high perceived risk such as adaptation projects, so as to mobilize financing through innovative instruments such as blended finance, venture capital, public-private partnerships, insurance.

Action 3. High-Level Policy Forums on budget allocation procedures: Develop high-level policy forums where developed country Parties can discuss and commit to adjusting their budget allocation procedures. These forums should focus on expanding budgets for low-carbon economies, eliminating fossil fuel subsidies, and adjusting financial incentives.

Action 4. Making Financial Systems Fit for Purpose

- a. Finance System Alignment Conferences: Host conferences with MDBs, financial institutions, and other relevant international fora to align their operations with Paris Agreement objectives. These conferences should discuss strategies to eliminate harmful biodiversity impacts, reduce fossil fuel incentives, and scale up concessional climate finance, design green taxonomies to avoid greenwashing and promote disclosure on ESG issues.

- b. High-level forums: Host conferences with MDBs, financial institutions, and other relevant international fora to evaluate adjustments in the procedures for allocation and delivery of resources to developing countries so that the instruments, channels and purpose of resources are fit-for-purpose to their needs and priorities, while ensuring sovereignty and country-ownership.

Action 5. Annual Climate Finance Summit: Bringing together finance providers, rating agencies, governments, and private sector representatives to review progress, share innovations, and make new commitments towards the outlined goals.

Action 6. Regional Climate Finance Dialogues: As part of the Regional Climate Weeks, the spaces for discussion on climate finance can be strengthened, with a focus on mobilizing climate finance, addressing unique regional barriers, and enhancing fiscal space.

Action 7: Climate Finance Mobilization Pledging Conference: Pledging sessions during high-level climate events, focusing on mobilizing new and additional climate finance, in order to secure financial commitments from developed countries, multilateral banks, and the private sector and to ensure predictability of financial flows, and a clear roadmap for meeting the needs of developing countries.

Connecting Climate Finance and Investment

Action: Facilitate access to climate finance by connecting project developers in emerging markets with investors and financial institutions.

Example 1: Establish a Climate Finance Accelerator Program to establish financing mechanisms for climate action and developing a comprehensive mentoring program to support project developers in creating bankable climate projects and facilitate connections with potential investors. Recalling the main objective of the Marrakesh Partnership, which is to “strengthen collaboration between governments and key stakeholders to immediately reduce emissions and *increase resilience to climate impacts*” it should include the mobilization of financial resources and investment for initiatives that may not be financially attractive, but are highly necessary for developing countries; including those commitments oriented to climate change adaptation; as well as to guarantee the livelihoods of populations vulnerable to climate change and their lives, advocating for the climate resilience of the territories and their populations .

Activities:

- **Mentorship and Training:** Provide targeted mentorship and training sessions focused on developing robust financial models, risk assessments, and project proposals that are attractive to investors.
- **Regional Climate Finance Forums:** Organize regional forums where project developers can present their projects to potential investors and receive feedback and support to refine their proposals.

- **Capacity Building:** Offer workshops on various financing instruments, such as blended finance, public-private partnerships, green bonds, equity investments, and guarantees, to enhance the financial literacy and capabilities of project developers.

Example 2: Create an Annual Marketplace for Climate Projects to showcase climate projects of various scales and ticket sizes, attracting a diverse pool of investors.

Activities:

- **Project Exhibition:** Set up booths and presentations where project developers can display their initiatives, detailing project impacts, financial requirements, and expected returns.
- **Investor Matchmaking:** Facilitate one-on-one meetings and networking sessions between project developers and potential investors.

Market Analysis and Reports: Provide comprehensive market analysis, financial projections, and impact assessments to inform investment decisions.

Promoting Innovative Financial Instruments

Action: Promote the Implementation of Innovative Financial Instruments to Scale Up Climate Finance to effectively scale up climate finance from the private sector and financial institutions while reducing the financial risks of climate projects, it is crucial to implement and promote innovative financial instruments. These instruments can bridge the funding gap and attract significant investments necessary for tackling climate change.

Example: Build a network of practitioners and stakeholders who share knowledge, resources, and strategies to implement successful climate finance projects. These communities can showcase successful examples of climate projects, thereby helping to build a robust pipeline of climate projects with better business and financial models using innovative instruments such as blended finance, Public-Private Partnerships (PPPs), project finance, green bonds, equity investments, guarantees and risk mitigation instruments.

Activities:

- **Showcase Successful Projects:** Highlight examples of climate projects that have successfully utilized innovative financial instruments.
- **Knowledge Sharing:** Facilitate workshops, webinars, and conferences where stakeholders can learn from each other's experiences.
- **Resource Hub:** Create an online platform where members can access case studies, tools, and templates for financial modeling and project planning.
- **Networking Opportunities:** Organize events that connect investors with project developers to foster partnerships and collaborations.

Creation of Thematic Working Groups

Establish thematic working groups that include both Party and NPS representatives. For instance, a working group on climate finance can include government officials, private sector investors, financial institutions, academic experts, and civil society organizations. These groups can develop detailed proposals and action plans that align with GST outcomes.

Inclusion of Underrepresented Groups

Ensure that dialogues and working groups include representatives from underrepresented groups such as women, Indigenous Peoples, and youth. For instance, create a youth advisory board to provide insights on how young people can contribute to and benefit from climate actions aligned with GST outcomes.

Integration of NPS Contributions into National Plans

Develop guidelines for integrating NPS contributions, aligned with the GST, into national climate strategies such as NDCs and LTSs. For example, create a framework where businesses' emissions reduction targets can be incorporated into national reporting, ensuring these efforts are recognized and aligned with national goals.

Regular Feedback and Adjustment Cycles

Implement a regular feedback loop where NPS can provide input on the effectiveness of climate policies and actions. This could be done through annual forums or surveys that assess the impact of actions taken towards GST outcomes and suggest adjustments.

Facilitation of Cross-Sector Collaborations

Organize cross-sector collaborations where academic researchers work with private companies to pilot new technologies that can help achieve GST targets. For instance, a collaboration between a university and a renewable energy company to develop more efficient solar panels.

3. How can the MP be enhanced to support Parties in achieving the goals of the Paris Agreement, including through new and existing tools?

Enhancing Communication and Advocacy

Lead global campaigns to raise public awareness and engage citizens in climate action efforts. Launch a global media campaign in partnership with major media outlets and influencers to highlight the urgency of climate action and showcase ways individuals and communities can contribute.

Strengthening Multi-Stakeholder Engagement

Action 1: Create more inclusive platforms that actively involve diverse stakeholders, including marginalized communities, women, and youth. For example, by establishing a "Global Climate Action Hub" within the MP where stakeholders can collaborate on specific projects, share best practices, and co-develop solutions tailored to local contexts.

Action 2: Organize regular meetings and forums involving Parties, development banks, private sector investors, and civil society to discuss financing needs, opportunities, and challenges.

Promoting Innovation and Best Practices

Identify, showcase, and scale up innovative climate solutions and best practices across sectors. Establish an "Innovation Incubator" under the MP to support the development and scaling of innovative technologies and practices in renewable energy, sustainable agriculture, and resilient infrastructure. It is important to foster the early stages of the technology cycle, i.e., research and development.

Leveraging Existing Tools and Initiatives

Utilize and build upon existing tools and initiatives to maximize impact and avoid duplication of efforts. Integrate the Climate Action Pathways, Race to Zero, and Race to Resilience campaigns more deeply into MP activities, ensuring that these initiatives align and support national and regional climate goals.

Nature-based solutions initiatives

It is necessary to include the creation of a tailor-made programme to promote research and development of Nature-based Solutions, ensuring that the ecological and economic benefits of these solutions are evaluated and shared.

Establish a Climate Finance Coordination Committee

Create a dedicated body within the Marrakesh Platform to coordinate climate finance activities, ensuring alignment with the Paris Agreement goals and encouraging integrated financial planning that aligns national climate strategies with international finance mechanisms.

Enhancing Capacity Building and Technical Assistance

Build the capacity of developing countries to access and effectively utilize climate finance through workshops and training sessions on climate finance readiness, project preparation, and access to international funding.

Develop a Technical Assistance Program to developing countries to strengthen their institutional frameworks and financial management systems for climate finance.