

**SUBMISSION BY IDDRI AND TEMPUS ANALÍTICA FOR THE CONSIDERATION OF OUTPUTS COMPONENT OF THE FIRST GLOBAL STOCKTAKE, ADDRESSING INTERNATIONAL COOPERATION IN THE CONTEXT OF THE IMPLEMENTATION OF THE PARIS AGREEMENT, BASED ON THE EXPERIENCES AND NEEDS OF THE LATIN AMERICAN AND CARIBBEAN REGION.**

**September 2023**

1. IDDRI and Tempus Analítica are pleased to submit their views and recommendations with regards to the outcome of the First Global Stocktake that will conclude in the United Arab Emirates at COP28 / CMA5 during December of 2023. [IDDRI](#) is a leading development think-tank which hosts the [Deep Decarbonization Pathways \(DDP\) initiative](#) since 2013. The DDP initiative is an international collaboration of leading in-country research teams in 20+ countries, namely in the Global South, who propose realistic pathways to deep decarbonization. As a network and based on a transparent common methodology to inform both science and policy, DDP publishes bottom-up national development pathways which reflect national circumstances and align with global pathways towards 1.5C. [Tempus Analítica](#), a climate and sustainability think-tank, has been the Mexican partner within the DDP initiative since its inception, and has collaborated with IDDRI, multilateral development banks, and international organizations on the development of methodologies to assist national, subnational, and sectoral planning to align to the requirements of 1.5C pathways. In jointly preparing this submission, we have drawn upon our own, and our DDP network partners', research and engagement activities over the past 10+ years.
2. This submission is structured as follows:
  - A) Executive Summary.....(p1)
  - B) International cooperation as a key enabling condition of climate ambition .....(p2)
  - C) Common challenges and opportunities facing the LAC region as it seeks to shift towards climate-resilient low-emissions development.....(p3)
  - D) Key lessons learned regarding the changes in international cooperation needed to support the LAC transition to climate-resilient low-emissions development .....(p7)
  - E) Recommendations for the outcome of the GST .....(p10)

**A) Executive Summary**

3. This document aims to contribute to the global stocktake by developing recommendations on how to strengthen international cooperation. This is done by taking stock of the challenges which have faced the implementation of the Paris Agreement in Latin America and the Caribbean over the past 5 years, and extracting key lessons regarding how international cooperation can help overcome the barriers and enable change.
4. International cooperation is an enabling condition for developing countries to achieve the unprecedented systems change required to achieve the Paris Agreement goals. International cooperation is not on track and will need to be strengthened in order to support action consistent with limiting temperature rise to well below 2°C, achieving climate resilience, and ensuring financial flows are consistent with climate-resilient low-emissions development.  
(p2)

5. Within its diversity, the LAC region faces common challenges when seeking to implement the Paris Agreement. These include the imperative of reducing both poverty and emissions at the same time; the complexity of disproportionately high AFOLU emissions which require synergies between adaptation, mitigation, and poverty reduction; the phase out of fossil fuels with related falls in export revenue, fiscal revenue, and jobs for current exporters; the scale of urban change to improve transport quality and reduce transport demand; the extremely rapid roll-out of renewable electricity generation; and the need to reduce the vulnerability of its most vulnerable people and systems. (p3)
6. The economic and societal difficulties facing such changes within LAC point to concrete lessons regarding improvements within international cooperation for climate action. Given the nature of international cooperation activity and the actors involved in it, international cooperation is uniquely placed to help spread holistic planning practices for the climate transition, promote the inclusion of resilience criteria into decision making; help improve access to finance to undertake the investment programme required to achieve the Paris aims, support local value chains to create in-country jobs, implement macroeconomic measures to counter the challenges of reducing fossil fuel activity, ensure the capacities, technologies, institutions, and funds are in place to support just transitions for those that will see their current activity diminish as part of the climate transition; and to contribute to the evolution of global markets so they increase the competitiveness of climate-compatible activity, thereby incentivising sustainable economic choices. (p7)
7. We therefore conclude that the GST should provide guidance for the transformation of international cooperation as an enabler of climate action, such that its institutions, capabilities, budgets, and operations can support the transitions required by the Paris agreement. **We recommend that CMA5 should, within the decision on the global stocktake, establish a *transformation framework for international climate cooperation* in order that concrete guidance can be developed for the strengthening of international cooperation as an enabler of climate action in line with the Paris Agreement goals, and to provide a forum where Parties and other stakeholders share lessons learned and develop further guidance over time.** (p10)

## **B) International cooperation as a key enabling condition of climate ambition**

8. The IPCC's Sixth Assessment Report sets out the need for countries to pursue a shift in development pathways towards climate-resilient low-emissions development, requiring unprecedented transformational changes to most productive systems in the economy, as well as a different approach to planning and decision making that allows diverse stakeholders to participate and buy-in to the changes<sup>1</sup>.
9. Successful implementation of such unprecedented system change within the context of sustainable development will require the action of enabling conditions, including behaviour

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<sup>1</sup> IPCC, 2022: Summary for Policymakers. In: Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. Cambridge University Press, Cambridge, UK and New York, NY, USA. doi: 10.1017/9781009157926.001.

and lifestyle, policy, governance and institutional capacity, international cooperation, finance, and innovation and technology<sup>2</sup>.

10. The extent to which developing countries increase the ambition of their NDCs and ensure they are effectively implemented will depend in part on the support provided by international cooperation. However, international cooperation to date is not on track to support the systems transformations required to achieve the Paris Agreement goals<sup>3</sup>. Therefore, the ability of developed countries and international institutions to ramp up the scale and scope of international cooperation, in a manner that drives the transformational change implicit in the need for faster emissions reductions and the move towards climate resilient societies, will be a crucial determinant to the overall success of the Paris Agreement<sup>4</sup>.
11. In this context, taking stock of the obstacles faced by developing countries when planning climate action presents a valuable basis from which to develop recommendations to the GST on the topic of international cooperation.

### **C) Common challenges and opportunities facing the LAC region as it seeks to shift towards climate-resilient low-emissions development**

12. The LAC region faces distinctive challenges to its successful implementation of the Paris Agreement. Understanding these challenges can help inform recommendations for climate action, which in turn will have implications for international cooperation. Development indicators, such as GDP and HDI, hide significant inequalities within LAC countries. The reality of the development challenges which the region must tackle while implementing the Paris Agreement is illustrated in the chart below, taken from IPCC AR6<sup>5</sup> (Figure 1).

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<sup>2</sup> M. Pathak, R. Slade, P.R. Shukla, J. Skea, R. Pichs-Madruga, D. Ürge-Vorsatz, 2022: Technical Summary. In: Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. Cambridge University Press, Cambridge, UK and New York, NY, USA. doi: 10.1017/9781009157926.002, p130.

<sup>3</sup> Technical dialogue of the first global stocktake: Synthesis report by the co-facilitators on the technical dialogue. UNFCCC FCCC/SB/2023/9 (Advance Version) 8 September 2023; p5 (para13, 14)

<sup>4</sup> M. Pathak, R. Slade, P.R. Shukla, J. Skea, R. Pichs-Madruga, D. Ürge-Vorsatz, 2022: Technical Summary. In: Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. Cambridge University Press, Cambridge, UK and New York, NY, USA. doi: 10.1017/9781009157926.002, p56 Figure TS.1.

<sup>5</sup> *ibid*, p132

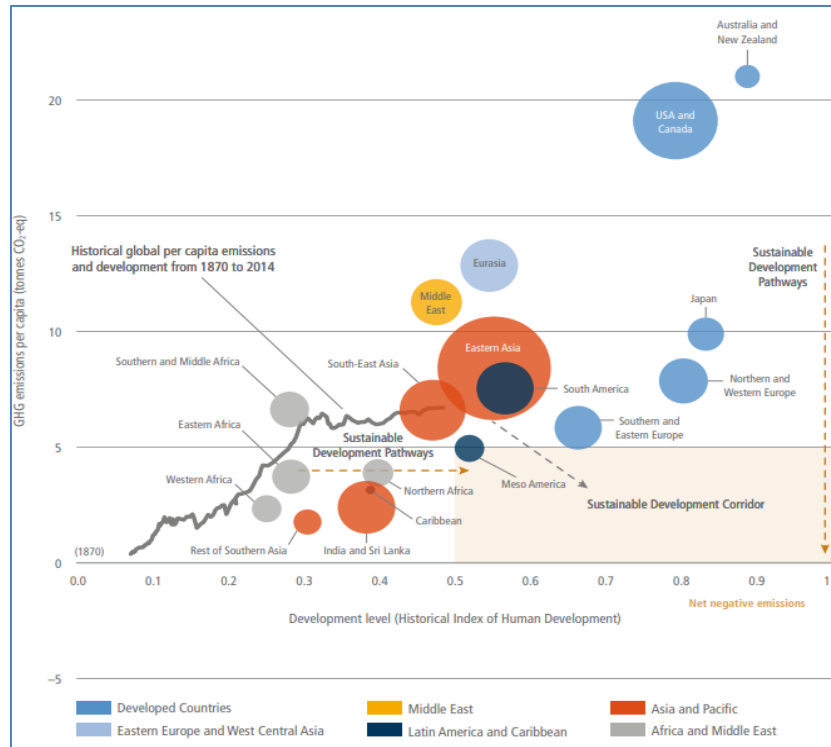


Figure 1 - Sustainable development pathways towards fulfilling the Sustainable Development Goals.

- a. In Figure 1, it can be seen how less developed countries which aspire to sustainable development must primarily reduce poverty, while ensuring they do not increase their emissions. This is illustrated by the orange dotted arrow going from left to right.
  - b. It can also be seen how developed countries which aspire to sustainable development must reduce their emissions per capita, while taking care not to negatively impact their human development index. This is illustrated by the orange dotted arrow going from top to bottom.
  - c. It can further be seen that countries in the LAC region, shown as the South America and Mesoamerica “bubbles”, must follow the darker diagonal arrow from upper left to lower right.
  - d. It may be noted that East Asia and South East Asia face a similar combination of challenges. However, East Asian economies in general have a more favourable balance of trade, and greater foreign currency reserves, than LAC economies, providing them with a greater fiscal space with which to fund climate action.
13. Therefore, the LAC region must achieve reduction of poverty and extreme poverty in some sectors of the population, in a manner comparable to challenges faced by LDCs, while simultaneously reducing excessive resource consumption from industry, cities, exiting fossil-fuel intensive activities, and more affluent citizens, in a similar manner to the challenges facing many developed countries.

14. The region is highly vulnerable to the effects of climate impacts on many fronts, including both ecosystems and human systems<sup>6</sup>. Sea level rises are increasing the coastal flooding and the risks from tropical cyclones in regions with extensive tropical coastlines and poverty. Both heat and drought are reducing agricultural productivity, with changes in precipitation putting small-holder farmers livelihood under threat. The fragile glacier system is melting at an accelerating rate, putting ecosystems at risk and threatening water supplies for agriculture and cities. Furthermore, with only 6% of global population but hosting 35% of the megadiverse countries, LAC has a paramount stewardship responsibility regarding global biodiversity and biome conservation. The AFOLU sector plays a disproportionate role in emissions from LAC, placing it at the forefront of the need to develop synergistic action that can achieve mitigation and adaptation goals at the same time. Tackling the AFOLU development challenges involves addressing social inequality, food security, and ecosystem stewardship. Poverty is a key driver of deforestation in many LAC countries, making poverty reduction a necessary pillar of any climate mitigation strategy<sup>7</sup> <sup>8</sup>. Regional and global food demand and food security create additional economic pressure in favour of deforestation. Opportunities in new bioeconomy sectors, such as biopharmaceuticals and biocosmetics, as well as in sustainable tourism, and in receiving payment for ecosystem stewardship, could present alternative sources of income, but must be developed at scale to generate sufficient jobs which benefit directly from preserving forests from deforestation.
15. The population of the LAC region is highly urbanised, in some cases with significant informal urban settlements, and with many cities and mega-cities across the region lacking sufficient transportation options for their inhabitants. This impacts productivity, public health, and quality of life, as well as accounting for a major component of the region's GHG emissions. While different cities require different solutions to their urban transport challenges, historical infrastructure choices have often favoured road projects for private vehicles over public transport investments, which responds to the societal aspiration of citizens to obtain private vehicles when increasing income enables them to do so. However, decarbonization pathways are incompatible with car ownership levels growing to those currently seen in developed countries, so alternative strategies for urban transportation must be rolled out rapidly which not only serve to move people with a lower environmental impact, but provide a quality of service and a market context that make public transport, and non-motorized options, attractive for citizens<sup>9</sup>.
- a. Urban strategies must be holistic, planning neighbourhood layouts, public transport routes and technologies, and non-motorised options in a way that provides a functional system across the city, reducing energy use and emissions per passenger journey, while also reducing the demand for journeys.

<sup>6</sup> IPCC, 2022: Summary for Policymakers (H.-O. Pörtner, D.C. Roberts, E.S. Poloczanska, K. Mintenbeck, M. Tignor, A. Alegría, M. Craig, S. Langsdorf, S. Löschke, V. Möller, A. Okem (eds.)). In: Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel, p10

<sup>7</sup> Daniel De La Torre Ugarte et al, *A deep decarbonization pathway for Peru's rainforest*, Energy Strategy Reviews, Volume 36, 2021, <https://doi.org/10.1016/j.esr.2021.100675>.

<sup>8</sup> Christopher Bataille, Henri Waisman, et al, Net-zero deep decarbonization pathways in Latin America: Challenges and opportunities, Energy Strategy Reviews, Volume 30, 2020, <https://doi.org/10.1016/j.esr.2020.100510>.

<sup>9</sup> Daniel Buira, Jordi Tovilla et al, A whole-economy Deep Decarbonization Pathway for Mexico, Energy Strategy Reviews, Volume 33, 2021, <https://doi.org/10.1016/j.esr.2020.100578>.

- b. Such a strategy will require important infrastructure investment as well as a rapid rollout of a low emissions fleet (e.g. electric busses) which can also create economic opportunities within national and regional economies.
16. Many LAC countries face a challenge in reducing the fossil fuel reliance of electricity production and industry. With much of the population already having access to electricity, and significant industrial activity in the region, decarbonizing requires shifting processes and technologies in order to substitute GHG intense options with new, low-carbon ones. Cleaning the electric grid and substituting fuel use with electricity is a core decarbonization strategy globally and across LAC, and abundant renewable resource presents large-scale opportunities to do so<sup>10</sup>. Many LAC countries have abundant renewable resource, and viable strategies for high-renewable grids have been identified in several countries, giving confidence that rapidly switching to renewable electricity to replace fossil fuels in generation, and to supply added electrification, is technically feasible within the region. However, the roll-out of renewables at the speed required by the Paris Agreement aims needs accelerated investment in renewable generation and transmission/distribution, while meeting emissions trajectories will require the early retirement/reduction of several current fossil generation assets, creating an additional cost to the transition. Implementation of rapid renewables roll-out can present job creation opportunities, and opportunities to capture activity from new value chains within national economies, which, well managed, can also address other social challenges common to the region such as informality in the labour market.
  - a. Hydropower is the largest source of electricity for several LAC countries and an important renewable resource across the region. Changes in precipitation, along the greater challenge of water management overall, can make the reliability of hydropower an additional vulnerability to a changing climate.
17. The reduction of fossil fuel use can also present challenges to industrial production in the region and hence to country productivity and balance of trade. The absence of strategies to offset the impacts of such change makes businesses and communities hesitant to adopt it, even while the latest research shows how many of the traditionally heavily emitting sectors, such as steel, cement, and chemicals, are less "hard to decarbonize" than assumed by decisionmakers within LAC<sup>11</sup>. However, their decarbonization requires a mix of measures involving new technologies, processes, and product specifications, as well as changes in demand, national regulation, and international markets<sup>12</sup>.
18. For LAC countries with significant fossil fuel activity and exports, its rapid reduction – as required by pathways that achieve the Paris Agreement goals – will demand that other sectors to pick up the jobs and trade, to manage against potential negative macroeconomic impacts. Transition planning across all other sectors, including renewable energy, AFOLU, urban changes, and new value chains emerging from the transition, can provide new areas

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<sup>10</sup> Christopher Bataille, Henri Waisman, et al, Net-zero deep decarbonization pathways in Latin America: Challenges and opportunities, Energy Strategy Reviews, Volume 30, 2020, <https://doi.org/10.1016/j.esr.2020.100510>.

<sup>11</sup> Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (P.R. Shukla, J. Skea, R. Slade, A. Al Khourdajie, R. van Diemen, D. McCollum, M. Pathak, S. Some, P. Vyas, R. Fradera, M. Belkacemi, A. Hasija, G. Lisboa, S. Luz, J. Malley, (eds.)), Chapter 11

<sup>12</sup> Bataille, C. et al.: Industry in a net-zero emissions world: New mitigation pathways, new supply chains, modelling needs and policy implications. Energy Strategy Reviews, 2021, doi:10.1016/j.egycc.2021.100059

of opportunity, aiming to retain/increase value-added activity and jobs within the country. As well as trade balance challenges, fiscal impacts will also be important for those countries where fossil fuel export royalties make important contributions. The scale and scope of these challenges point to the need for whole-economy transition planning, with focused support for different aspects of the transition<sup>13</sup>. It is crucial to stress that failure to find clear paths forward for macroeconomic sustainability under these potentially disruptive changes could put the implementation of the low-emissions transition at risk<sup>14</sup> within countries in the LAC region that are sensitive to these negative impacts.

- a. The structural changes required for LAC countries to achieve the Paris Agreement aims can result in greater inequality unless concrete measures and investments are made to reduce extreme poverty, enact progressive fiscal regimes, and ensure young people have higher-value job opportunities within the formal jobs market than were available prior to the shift<sup>15</sup>. This is particularly true in economic sectors that must reduce activity, leading to stranded assets, jobs, and communities<sup>16</sup>. All countries will have to make changes to their regulation, investment strategies, and fiscal regimes to bring about climate-resilient low-emissions development. A whole-economy view of how different segments of society and the labour market can make the transition will be required so governments, companies, and civil society can identify areas where inequality is likely to increase, and concrete new opportunities which can grow and provide better alternatives.

#### **D) Key lessons learned regarding the changes in international cooperation needed to support the LAC transition to climate-resilient low-emissions development**

19. International cooperation must promote a holistic and transformational perspective for climate action in line with achieving the aims of the Paris Agreement. Achieving integrated multisectoral change with long-term perspectives that address social inequalities increases the feasibility and effectiveness of climate action in both mitigation and adaptation<sup>17</sup>. For LAC in particular, where AFOLU emissions play a crucial role, the ability to achieve both mitigation and adaptation results through coordination and synergies has become critical. Planning, funding, and implementing such transformational change is an important challenge for developing countries. Many initiatives to date – often with international support – have prioritized immediate and near-term climate action in specific sectors, which reduces the opportunity for transformational change<sup>18</sup>. Therefore, the operating model of

<sup>13</sup> Baltazar Solano-Rodríguez et al, Implications of climate targets on oil production and fiscal revenues in Latin America and the Caribbean, Energy and Climate Change, 2021, <https://doi.org/10.1016/j.egycc.2021.100037>

<sup>14</sup> Technical dialogue of the first global stocktake: Synthesis report by the co-facilitators on the technical dialogue. UNFCCC FCCC/SB/2023/9 (Advance Version) 8 September 2023; p4 (para6)

<sup>15</sup> Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (P.R. Shukla, J. Skea, R. Slade, A. Al Khourdajie, R. van Diemen, D. McCollum, M. Pathak, S. Some, P. Vyas, R. Fradera, M. Belkacemi, A. Hasija, G. Lisboa, S. Luz, J. Malley, (eds.)), Chapter 4

<sup>16</sup> Technical dialogue of the first global stocktake: Synthesis report by the co-facilitators on the technical dialogue. UNFCCC FCCC/SB/2023/9 (Advance Version) 8 September 2023; Chapter IV.A

<sup>17</sup> IPCC, 2022: Summary for Policymakers (H.-O. Pörtner, D.C. Roberts, E.S. Poloczanska, K. Mintenbeck, M. Tignor, A. Alegría, M. Craig, S. Langsdorf, S. Löschke, V. Möller, A. Okem (eds.)). In: Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel, p21 (C.2)

<sup>18</sup> IPCC, 2022: Summary for Policymakers (H.-O. Pörtner, D.C. Roberts, E.S. Poloczanska, K. Mintenbeck, M. Tignor, A. Alegría, M. Craig, S. Langsdorf, S. Löschke, V. Möller, A. Okem (eds.)). In: Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel, p20 (C.1)

international cooperation projects must shift to promote long-term planning, systems transformations, and driving a shift in development paradigms, rather than aiming for and reporting on incremental change. A coordinated reform of international cooperation planning, funding, implementation, and reporting is urgently needed so future international cooperation can help accelerate the shift required in developing countries.

20. International cooperation must promote climate resilience, and mainstream resilience criteria for planning, investments and decision making across developing countries. The transition to a low-emissions economy requires accelerated investment. However, current infrastructure investment decisions across much of the LAC region are made by seeking to optimise performance for economic costs, which can undervalue the vulnerability of the poorest, give insufficient weight to the impacts of catastrophic failure, and have a strong dependency on the accuracy of assumptions regarding future risks<sup>19</sup>. An alternative view puts resilience as a decision criterion on its own, not simply as a cost factor as per the weight of potential future risks, with an understanding of each assets use within its social, economic, and geographic context. Therefore, resilience should be planned and assessed at the asset, service, and system level<sup>20</sup>. These perspectives on resilience must urgently be placed at the heart of investment to avoid maladaptation. International cooperation has a key role to play enhancing knowledge on impacts and solutions, strengthening policies, instruments and institutional frameworks, and providing access to adequate financial resources<sup>21</sup>; international financial institutions, which often evaluate developing country investment plans, monitor their progress, and advise both countries and the international investment community, should play a leading role in this change.
21. International cooperation must unlock access to finance at high volumes and affordable rates for LAC countries. LAC countries require large investments in a short timeframe to shift their development towards achieving the Paris Agreement goals<sup>22 23</sup>. Delaying this climate investment will not only slow the transition but will risk emissions lock-in as higher-emissions investments are made instead. However, for many countries in the LAC region, the costs of accessing international finance and limited fiscal space present important obstacles to rolling out the necessary volume of investments on time. Furthermore, the country and currency risk premiums applied by financial markets to LAC investments are often not fair reflections of the aggregate risk of repayment of investments such as renewable generation plants<sup>24</sup>. Urban investments such as in public transport infrastructure– which are crucial for reducing emissions while also tackling inequality and

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<sup>19</sup> F. Weikert Bicalho, “Infraestructura resiliente: un imperativo para el desarrollo sostenible en América Latina y el Caribe”, serie Comercio Internacional, N° 160 (LC/TS.2020/177), Santiago, Comisión Económica para América Latina y el Caribe (CEPAL), 2021

<sup>20</sup> Ibid

<sup>21</sup> IPCC, 2022: Summary for Policymakers (H.-O. Pörtner, D.C. Roberts, E.S. Poloczanska, K. Mintenbeck, M. Tignor, A. Alegría, M. Craig, S. Langsdorf, S. Löschke, V. Möller, A. Okem (eds.)). In: Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel, p27 (C.5)

<sup>22</sup> Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (P.R. Shukla, J. Skea, R. Slade, A. Al Khourdajie, R. van Diemen, D. McCollum, M. Pathak, S. Some, P. Vyas, R. Fradera, M. Belkacemi, A. Hasija, G. Lisboa, S. Luz, J. Malley, (eds.)), Chapter 15

<sup>23</sup> Christopher Bataille, Henri Waisman, et al, Net-zero deep decarbonization pathways in Latin America: Challenges and opportunities, Energy Strategy Reviews, Volume 30, 2020, <https://doi.org/10.1016/j.esr.2020.100510>.

<sup>24</sup> Avinash Persaud, Unlocking the green transformation in developing countries with a partial foreign exchange guarantee, Version 7.0, June 7, 2023 see <https://www.climatepolicyinitiative.org/wp-content/uploads/2023/06/An-FX-Guarantee-Mechanism-for-the-Green-Transformation-in-Developing-Countries.pdf>.



fostering economic growth – will require significant funds be raised by national and subnational authorities, where again international financial markets add significant costs due to country and currency risk. Specific actions by the international financial community, such as using risk-pooling schemes which provide protection against underperformance or currency risk, can address these barriers and help LAC governments, companies, and societies set up the infrastructure for change by removing bottlenecks of access to capital<sup>25</sup>.

22. International cooperation must enable the scale-up of capabilities within LAC countries in sectors set to grow within sustainable development pathways, in research and innovation, and in the public sector to guide policymaking and implementation. Achieving the rapid systems transformations required by the Paris Agreement will require new capabilities for significant sectors of LAC country workforces, as countries seek to ensure value chains from new sectors generate in-country jobs. Further activity will stem from research and innovation targeting new business opportunities, in which LAC countries lag behind developed and some developing countries. Decision making capabilities within both public sectors need to be enhanced to use new tools that support the transformation, such as interdepartmental collaboration, results-oriented budgeting, strategic purchasing, and managing partnerships with the private sector<sup>26 27</sup>.
23. International cooperation must help enable just transitions away from heavily emitting activities and towards areas of sustainable growth. The structural changes required by the Paris Agreement can result in greater inequality unless concrete measures are taken, particularly for citizens currently employed in high-emitting sectors. However, the accelerated investment in the new sectors can also generate jobs and opportunities in developing countries<sup>28</sup>. Dedicated action must ensure the transition reduces poverty and generates higher-value job opportunities within the formal job market to provide more workers with social benefits. A whole-economy view of how different sectors of the labour market can make the transition will be useful to identify inequality hotspots and areas for growth. The right combination of policy measures and additional investments can ensure the transition improves social justice while achieving climate and environmental aims<sup>29</sup>, however, this will require a different scope and scale of international cooperation to support planning, capacity building, access to funding, and access to technologies.
24. International cooperation can play a decisive role in the transformation of global market rules, engaging with participants of global trade agreements to address how international trade can incentivise low-emissions products, rewarding rather than penalising the competitiveness of those countries that take the initiative to act first. Global market conditions, such as commodity prices, have been key to the LAC region's development and

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<sup>25</sup> Ibid

<sup>26</sup> M. Mazzucato, Transformational change in Latin America and the Caribbean: a mission-oriented approach (LC/TS.2022/150/Rev.1), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2023.

<sup>27</sup> Technical dialogue of the first global stocktake: Synthesis report by the co-facilitators on the technical dialogue. UNFCCC FCCC/SB/2023/9 (Advance Version) 8 September 2023; p10 (para60)

<sup>28</sup> Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (P.R. Shukla, J. Skea, R. Slade, A. Al Khourdajie, R. van Diemen, D. McCollum, M. Pathak, S. Some, P. Vyas, R. Fradera, M. Belkacemi, A. Hasija, G. Lisboa, S. Luz, J. Malley, (eds.)), Chapter 4

<sup>29</sup> Comisión Económica para América Latina y el Caribe (CEPAL), Construir un nuevo futuro: una recuperación transformadora con igualdad y sostenibilidad. Síntesis (LC/SES.38/4), Santiago, 2020

investment choices over the past decades. For the region to shift away from the production and trade of commodities with high GHG content, global markets must adequately price GHG emissions, thus giving sufficient value to low-GHG materials and products, to make it economically viable to re-orient economic activity. Furthermore, economic growth and development will benefit from engaging in higher value-add activity, reversing some of the trends of the global commodity boom behind much of the growth prior to the financial crisis of 2009<sup>30</sup>. In this context, global markets should favour efforts by developing countries to capture parts of the value chain of new products, such as renewable generation technologies, energy storage, electromobility solutions, and many others. Commodity markets must also support genuinely low-emissions options, with credible certification schemes, which would incentivise the LAC region to increase more sustainable AFOLU practices. While it is not within the gift of international cooperation to address these issues singlehandedly, a coherent and holistic approach to international cooperation will acknowledge this and work to influence the governance structures of global trade accordingly, as well as help fund parts of the transition.

#### **E) Recommendations for the outcome of the GST**

25. In light of the lessons learned from taking stock of the achievements and challenges of Paris Agreement implementation within the LAC region, and their implications for improving international cooperation in the region, **we recommend the establishment of a transformation framework for international climate cooperation** in the GST outcome, in order to effect the many improvements needed from international climate cooperation.
26. Therefore, **we propose the following text for inclusion within the GST decision to be adopted at COP28 in Dubai.**

##### ***The COP, meeting as the CMA:***

- a. **Notes that the global stocktake has found successful instances of international cooperation supporting effective climate action and support;**
- b. **Further notes that the global stocktake has found that international cooperation must extend in scope and scale to enable the shift to climate-resilient low-emissions development in developing countries in line with achieving the Paris Agreement aims;**
- c. **Establishes a transformation framework for international climate cooperation, to provide guidance to donor countries, donor institutions, international financial institutions, and other relevant stakeholders, to strengthen international cooperation as an enabling condition of climate action and support, with a view to enabling the rapid shift of development pathways in developing countries, as required to achieve the Paris Agreement aims, in line with the latest available science and equity. The transformation framework for international climate cooperation should hold a forum twice per year, where Parties and other stakeholders share lessons learned, and should develop additional guidance for international cooperation on an annual basis, for consideration by the CMA;**

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<sup>30</sup> Comisión Económica para América Latina y el Caribe (CEPAL), Iberoamérica: espacio de oportunidades para el crecimiento, la colaboración y el desarrollo sostenible (LC/TS.2023/33), Santiago, 2023

- d. **Agrees** that the scope of the transformation framework for international climate cooperation will include, inter alia:
- i. Enabling holistic climate action spanning mitigation, adaptation, and means of implementation, with a view to ensuring climate action seeks out synergies and addresses trade-offs between these thematic areas to accelerate transformational system change towards climate-resilient low-emissions development;
  - ii. Elevating resilience considerations to the heart of the planning process for national and subnational governments, private companies, donor countries, and international financial institutions;
  - iii. Unlocking access to finance at sufficient volumes and affordable rates such that developing countries can undertake the increased levels of investment needed to implement the transition to climate-resilient low-emissions development;
  - iv. Scaling up capabilities in developing countries in sectors of activity set to grow within sustainable development pathways, as well as in research and innovation to further accelerate this development and enhance in-country economic activity;
  - v. Enabling just transitions for developing country economies, supporting citizens, workers, and communities on their journeys away from emitting sectors whose activities must be reduced, and towards those sectors of activity set to grow within sustainable development pathways;
  - vi. Working towards a transformation of global market rules to harness the impact of international trade on opportunities for developing countries shifting away from high-emissions economic activity towards climate-resilient low-emissions development, as well as addressing the barriers to doing so;
- e. **Requests** that the COP meeting as the CMA adopt the transformation framework for international climate cooperation at its 7<sup>th</sup> session (December 2025).