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The LAC region in the face of climate change: perspectives on national policy and international cooperation

A perspective from Latin American and Caribbean think tanks on climate change issues Series

Céline Ramstein, Teresa Ribera (IDDRI)

This publication is part of a collection of papers that analyze several of the technical and political issues in the UN climate change negotiations, including those related to climate finance and to the international adaptation framework; and how to support and encourage low-carbon and climate-resilient development. This work series was led by IDDRI (Teresa Ribera, Céline Ramstein) and jointly prepared with experts from four Latin American think tanks: Maria Elena Gutiérrez, María Paz Cigarán, David García and Carolina Chambi (Libélula, Peru), René Castro and Mario Chacón León (CATIE, Costa Rica), Hernán Carlino (Fundación Torcuato Di Tella, Argentina) and Renato Flores and Marina Drummond (Fundação Getulio Vargas, Brazil), as well as from IDDRI (Alexandre Magnan, Teresa Ribera, Sébastien Treyer and Thomas Spencer).

The LAC region is at a crossroads: while its emissions are still relatively low compared to global emissions, they are changing quickly. The region will face tremendous impacts from climate change, while adaptation and mitigation policies could present many opportunities for strengthening regional integration. This collection has been prepared by think tanks in countries that belong to many different negotiating groups within the UNFCCC, as well as economic alliances, and therefore can play a key role to advance new ideas and find “bridges” between different positions.

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This collection of papers was written by a group of independent experts acting in their organization's capacities and who have not been nominated by their respective governments.

Partner think tanks

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Céline Ramstein, Teresa Ribera (IDDRI, France)

FOREWORD

As part of its work on international climate coordination, IDDRI is animating a series of informal dialogues among negotiators from Latin America and the Caribbean (LAC), with the aim of contributing to the discussions ahead of the United Nations Framework Convention on Climate Change Conference of the Parties (UNFCCC COP 20) to be held in Peru in 2014, and of the UNFCCC COP 21 to be held in France in 2015. These dialogues are co-organized by the governments of Brazil, Chile and Peru, together with the Economic Commission for Latin America and the Caribbean (ECLAC) and the United Nations Environment Program (UNEP).

To infuse the discussions with innovative ideas and to involve key stakeholders, IDDRI organized a workshop on October 8, ahead of the negotiators' dialogue held in Santiago, Chile, on October 9 and 10, 2014, which gathered representatives from various think tanks and institutions from across the region and regional climate change negotiators. We would like to take this opportunity to express our sincere gratitude to the ECLAC and UNEP regional teams for their support during this project and for the organization of this workshop and dialogue, as well as CDKN for funding these dialogues.

In the months leading up to this workshop, IDDRI worked with these think tanks to prepare background papers that analyze several of the technical and political issues in the UN climate change negotiations, including those related to climate finance, and how to support and encourage low-carbon and climate-resilient development. These background papers were discussed during the workshop by regional experts and negotiators. The authors of the final versions that are presented here have integrated into their texts the most notable comments that emerged throughout this process. We would also like to thank the workshop participants and the think tanks involved in the project who wrote the papers presented here, in particular Maria Elena Gutiérrez, María Paz Cigarán, David García and Carolina Chambi (Libélula, Peru), René Castro and Mario Chacón León (CATIE, Costa Rica), Hernán Carlino (Fundación Torcuato Di Tella, Argentina) and Renato Flores and Marina Drummond (Fundação Getulio Vargas, Brazil), as well as Gladys Hernandez (from the Centro de Investigaciones de la Economia Mundial) whose participation and comments during the workshop were extremely valuable. Thanks also to my colleagues at IDDRI who contributed to this publication: Céline Ramstein, Alexandra Deprez, Thomas Spencer, Alexandre Magnan, Sebastien Treyer, Michel Colombier, Sáni Zou and Pierre Barthélemy.

These papers are important regional contributions to the global debate leading up to COP 21, and our work on these dialogues gives a platform to these ideas and the voices of LAC countries, helping to build common perspectives. Coming directly from LAC, these contributions are particularly important for a number of reasons. First, despite the efforts of the Intergovernmental Panel on Climate Change (IPCC) and others, the literature on climate change is still somewhat dominated by researchers from North America, Europe and other Annex I countries. However, there is a vast amount of policy experience and research expertise that can be referred to in LAC, as these papers rightly demonstrate. Second, as the opening chapter outlines, the region has specific circumstances, which means that perspectives on policy and research coming from this region can be particularly innovative and valuable for discussion at the global level.

The results of this exercise went well beyond our expectations. We have been greatly encouraged and inspired by the concrete, pragmatic and innovative proposals formulated in the papers and the potential areas of consensus discussed during the workshop. Our hope is that this dialogue will help to address deadlocks in the negotiations in the coming months.

Teresa Ribera, director of IDDRI

Although IDDRI supports many of the views and recommendations presented here, each paper reflects the view of its authors.

This chapter presents the importance and relevance of the Latin America and the Caribbean (LAC) region for climate change issues and for the current negotiation cycle, it explains IDDRI's approach and discusses some of the key conclusions of other papers. It is written under IDDRI's sole responsibility.

1. SITUATION OF LAC REGARDING CLIMATE CHANGE ISSUES

The region is particularly interesting for climate change issues, as it is at a crossroads – in more ways than one. Although the region's historical emissions are relatively low compared to global levels, this is changing quickly. The region will also face dramatic consequences of climate change, including increased risk of natural disasters, biodiversity loss, and health and food security challenges. Adaptation is already becoming a necessity for many areas of the region, in particular in Central America and in the Caribbean. Geopolitically, the diversity of economic, social and political conditions makes the region a critical area for the testing of new approaches, for the search for innovative ideas, and for the development of areas of regional consensus, with the aim to overcome current blockages in the negotiations.

1.1. Climate change in Latin America and the Caribbean

With 8.6% of the global population in 2011, the region represents 7.6% of global emissions (3310.54 $MtCO_2e$), excluding those derived from land-use change and forestry activities, or 9% if we include emissions from such sources (4206.98 $MtCO_2e$).[1] One specificity of the region is that land-use change, forestry and agriculture sectors represent a much bigger share (respectively 21% and 28%)[2] of the emissions compared to the global average. Emissions have been rising with the development of the region, in particular in the energy and industry sectors: increasing by 14% since 1990 for greenhouse gas (GHG) emissions including land-use change and forestry (and by 58% excluding). LAC per capita emissions are lower than the global average (5.54 tCO_2/capita compared to 6.28 tCO_2/capita for the world average) if we exclude land-use change and forestry. It is however interesting to note that emissions per capita including land-use change and forestry are higher than the world average (7.04 tCO_2/capita for the region, compared to 6.58 tCO_2/capita for the world), which again highlights the particular importance of land-use change emissions from this region.

Table 1. Evolution of GHG emissions and GDP in the Latin America & the Caribbean region, 1990-2011

	Total GHG Emissions Excluding Land-Use Change and Forestry ($MtCO_2e$)	Total GHG Emissions Including Land-Use Change and Forestry ($MtCO_2e$)	GDP - PPP Million US$ (2005)
1990	2097	3697	3873332
2011	3310.54	4206.98	7469697

Source: Climate Analysis Indicators Tool (CAIT) 2.0. ©2014. Washington, DC: World Resources Institute. Available online at: http://cait2.wri.org.

As further developed in the Peruvian think tank Libélula's paper, differences remain between the wealth levels of LAC countries and, unsurprisingly, a large proportion of emissions are concentrated in a small number of countries - indeed, Brazil, Mexico, the Bolivarian Republic of Venezuela and Argentina accounted for 70% of LAC's total GHG emissions in 2011.[3] Big differences in per capita emissions are also clearly visible within the region.

Despite relatively lower responsibility and capacities compared to Annex I countries, the region is making significant policy efforts to reduce emissions and increase resilience to climate change. All LAC countries have ratified the Kyoto Protocol, several countries (notably Brazil, Mexico, Chile, Colombia and Peru) have used the Clean Development Mechanism (CDM), and others (including Antigua and Barbuda, Argentina, Brazil, Chile, Colombia, Costa Rica, Dominica, Mexico and Peru) have presented Nationally Appropriate Mitigation Actions (NAMAs) to the UNFCCC or participated in projects, programmes and collaborations for low-carbon planning. However, as Libélula explains, under a "business-as-usual" scenario, the level of emissions is projected to be around 9.3 tons/capita in 2050. In the upcoming decades, unless major changes are taken to invest in renewable energy sources, improve energy efficiency and reduce the dependence on fossil fuels, the projected rise in energy demand throughout the region is expected to drive emissions increases in the energy sector. Moreover, its exports depend heavily on natural resources-based products, making the region quite

1. These figures come from the Climate Analysis Indicators Tool (CAIT) 2.0 database : http://cait2.wri.org/
2. ECLAC et al. (2014). *The economics of climate change in Latin America and the Caribbean Paradoxes and challenges – Overview for 2014*, p.34. http://www.cepal.org/publicaciones/xml/9/53839/ClimateChangeEconomyinLA.pdf
3. Calculation from data of the Climate Analysis Indicators Tool (CAIT) 2.0 database : http://cait2.wri.org/

vulnerable to potential climate change measures including trade limitations.

Another critical sector for LAC's future emission pathway is the issue of agriculture, land-use change and forestry. Experts from CATIE (Tropical Agricultural Research and Higher Education Center, Costa Rica) demonstrate that major efforts in carbon storage through natural "carbon sinks" (land-management, reforestation, etc.) could significantly contribute to limiting the growth of the region's overall emissions. While some efforts are taking place, deforestation remains a major challenge for LAC.

Finally, the region is characterized by very unique ecosystems and rich natural resources, but these resources are being depleted and many of the regional ecosystems (including mangroves, forests, glaciers and coral reefs) face numerous threats, which will only increase in the decades to come. Among these threats, rapid urbanization (already more than 80% of the population live in cities, the highest proportion in the world), climate change consequences and extreme weather events rank highly. ECLAC[4] estimates that the costs of damage caused by extreme weather events in the region over the past decade "are in excess of $40 billion". This damage has had a particularly severe effect on Central America (floods, tropical storms and hurricanes) and a disproportionate impact on low-income populations. As Libélula's paper explains, climate change-related threats will deeply impact the region's health, energy and agricultural systems, and consequently the region could lose between 1.5% and 5% of its GDP.[5] The region also includes some particularly vulnerable areas such as small islands where the impacts of climate change and sea-level rise are particularly important. Focusing on adaptation and on building a comprehensive framework to structure adaptation policies at the global level is therefore becoming an increasingly urgent priority; this is why IDDRI has explored the idea of a global adaptation goal under the UNFCCC negotiations, in close discussion with experts and policy makers from the region.

The LAC region is, however, full of opportunities. The papers compiled in this publication describe and analyze innovative policies to promote green growth and protect the environment. These policies include preventing deforestation and the mitigation of natural disasters, encouraging the development of low-carbon energy sources, developing water and sanitation systems, and improving and expanding public transport, especially through an emphasis on sustainable urban planning. Many studies have demonstrated how such policies could further help the development of the region, while combating climate change, improving health and creating jobs. The challenge now lies in unlocking this potential, expanding and mainstreaming the innovative policies that have already demonstrated their success. Such unlocking will require a significant shift in private investment towards low-carbon development and new ideas and mechanisms to finance these transformations at the required scale.

The regional scale offers key opportunities to enhance mitigation actions, by learning from experiences in neighboring countries and by building collaborations to prepare for and address the consequences of climate change. In all these respects, the LAC is a fascinating testing ground and we hope that these papers will help to share ideas and lessons learned from experiences gained in this region.

1.2. LAC and the climate change negotiations

The LAC region is also very interesting in the context of the climate change negotiations. All Parties to the UNFCCC have agreed to decide on a new climate accord in 2015 in Paris, to be applicable to all and implemented from 2020. Parties are therefore currently discussing the shape and components of the new climate regime, and the next Conference of the Parties (COP 20), to be held in Lima in December 2014, is a key milestone for Parties to agree on some common elements and key building blocks to create this future agreement. At the 2011 COP 17 in Durban, Parties agreed that this agreement should be applicable to all under the Convention, and in 2013 in Warsaw, Parties agreed to present "Intended Nationally Determined Contributions" (INDCs) describing their mitigation targets and plans for the years ahead (with some Parties currently asking for elements related to adaptation and finance to be included). The content of the INDCs is expected to be one of the key outcomes of Lima.

The countries of the LAC region are key in these negotiations, not only because Peru holds the COP 20 presidency, but also because they belong to many different negotiating groups (Independent

4. UN Agencies (2012). *Sustainable development 20 years on from the Earth Summit: Progress, gaps and strategic guidelines for Latin America and the Caribbean*, p. 102. http://intercambioclimatico.com/wp-content/uploads/ECLAC-LAC-SD-20-yrs-after-rio.pdf

5. ECLAC and al. (2014). *The economics of climate change in Latin America and the Caribbean Paradoxes and challenges – Overview for 2014*, p.9. http://www.cepal.org/publicaciones/xml/9/53839/ClimateChangeEconomyinLA.pdf

Alliance of Latin America and the Caribbean (AILAC), Bolivarian Alliance for the Peoples of our America (ALBA), Alliance of Small Island States (AOSIS), Brazil, South Africa, India and China (BASIC), Environmental Integrity Group (EIG), Least Developed Countries Group (LDC), Like Minded Developing Countries (LMDC), G77 and China, etc.)[6] and therefore reflect the diversity of approaches and issues in the current negotiations. As explained in the Libélula article, reconciling a great variety of different groups and positions is both a challenge and an opportunity. Indeed, the number of groups increases the influence that can be exerted by the region's countries, potentially helping with the search for new areas of convergence and the building of "bridges" between different positions, while also supporting progress towards a new agreement.

For all these reasons, IDDRI has collaborated with several Latin American think tanks to provide new perspectives and to explore new ideas from a regional point of view. The sections below discuss some of the key conclusions of each paper.

2. KEY CONCLUSIONS FROM THE PAPERS

2.1. Reconciling development and decarbonization (Libélula)

In light of the specificities of the region and the varying levels of development, Libélula's article discusses the necessity for any climate agenda to include a development component and be part of an overall long-term sustainability plan. The authors argue that many public policies in the region focus heavily on the short term. They tend not to consider climate change as an urgent issue with economy-wide implications. Moreover, with a relatively low historical responsibility for global emissions, many countries of the region still tend to consider climate change to be the responsibility of others, while expecting to receive compensation measures and adaptation support. By being systematically, and almost exclusively, associated with environmental issues, actions on mitigation and adaptation are not currently viewed as a development issue, and are rather considered a limiting factor for economic growth. This is why the authors call for a better and stronger link between climate change and urgent development needs. As an example, given that millions of people in the region still lack access to electricity and basic lighting, a renewable electricity agenda could also be of benefit to an "access to electricity" agenda.

As the authors note, most of the private investments, bilateral partnerships between countries internal or external to the region, and foreign investments remain oriented towards conventional forms of energy production, with the risk of locking in carbon emissions for decades. According to the ECLAC,[7] Foreign Direct Investment (FDI) in the region amounted to $188.101 billion in 2013. The magnitude of FDI highlights the importance of "mainstreaming" climate change in international investments. Given the diversity of organizations and regional alliances that LAC countries belong to (for example, the Pacific Alliance, Mercosur, Union of South American Nations and ALBA), there is an opportunity to use these fora to discuss climate change issues and to integrate them into their priorities and activities. Moreover, the authors call for a global and comprehensive framework to develop a more "climate compatible" cooperation between investors and recipient countries.

The opportunities and natural resources the region has to offer could also lead to bilateral or regional initiatives around specific issues such as sectoral approaches, especially for energy. These joint initiatives could help bring investment into the region. As Libélula's paper explains, there are also important co-benefits such as health, well-being, security and independent energy and agricultural supply which could represent between 30% and 100% of the total abatement costs. Therefore it would be worth identifying a small number of policies that respond both to adaptation and mitigation needs, in particular for the most vulnerable populations, in specific industries and sectors, and to encourage more countries to participate. This would emphasize the importance of linking the climate agreement to concrete national priorities and development needs, in a balanced way, so that all the countries of the region feel part of an equitable process. Insisting on such opportunities would be consistent with a narrative that is emerging for COP 21: transforming the traditional burden-sharing climate discussion into a focus on opportunities emerging from low-carbon development. Libélula provides many very interesting suggestions for new narratives to be developed ahead of COP 20 and COP 21.

Finally, various other elements will need to be in place ahead of these important conferences. In particular, efforts are needed to increase trust

6. These groups and their positions are described in Libélula's paper.

7. ECLAC (2013). *Foreign Direct Investment in Latin America and the Caribbean*. http://www.cepal.org/publicaciones/xml/8/52978/foreigndirectinvestment2013.pdf

between countries. Reaching an agreement on a Measurement Reporting and Verification (MRV) and transparency system will be key for countries to demonstrate goodwill and to show to others what progress they are making. Improvements to the institutional capacities of countries and to the region's technological capabilities are essential. Innovation in the types of investments is also required. From an economic point of view, providing a clear long-term signal of the action planned in this area is also crucial to increase investments in low-carbon activities. The Fundación Torcuato Di Tella (Argentina) and the Fundação Getulio Vargas (Brazil) explore the issue of climate finance in greater detail in their article.

In the context of international climate change negotiations, the authors analyze the positions and roles that LAC countries could adopt, and call for a strong, transparent and fair international agreement. Such an agreement should give a clear signal that a low-carbon economy is rapidly becoming a reality and provide the necessary cooperation and financial support to help all countries make the transition towards a low-carbon and resilient form of development. They also insist on the need to accelerate the implementation of pre-2020 mitigation actions because the most vulnerable countries are already facing the impacts of climate change.

2.2. Enhancing the adaptation framework in the 2015 climate agreement (IDDRI)

Beyond the need to mitigate emissions and to create the necessary conditions to enable the move towards low-carbon development models, IDDRI has been working on ideas to enhance adaptation efforts, both in terms of facing climate change consequences and helping societies and infrastructures anticipate and prepare for these consequences. This is a key component of an efficient and fair global climate agreement but, although it is at the core of current negotiations, there is little clarity on how to efficiently address adaptation in the 2015 climate agreement.

Indeed, while we have established clear indicators and a robust framework for mitigation, and although mitigation and adaptation issues are very different, the structure for adaptation still lacks definition. For this reason, IDDRI suggests the adoption of a Global Adaptation Goal, understood as the commitment of the international community to ensuring human security (for people, territories, activities, etc.) in a 2°C warmer world. The adoption of such a goal could be extremely helpful to advance adaptation issues and further develop ways to systematically measure and assess collective progress for adaptation. We believe that it is time to move on from the vague calls to integrate adaptation into the 2015 agreement, and progress towards actual definitions on the ways in which collective action will be able to advance the adaptation agenda and develop a structure, based on the successful elements of the mitigation framework (such as common references and tools to track progress, agreements on collective goals, etc.). This would require a more balanced consideration of adaptation and mitigation within the negotiations.

Some progress has been made in this regard with the Cancun Adaptation Framework but it remains overly focused on funding needs for adaptation and does not provide the much-needed overall structure. Shifting the current approach to adaptation would lead to several important issues being addressed, both at the international and national levels, such as what tools and indicators are required for reporting and monitoring progress and ensuring that countries are "on the road to adaptation" (and that they are developing "adaptation trajectories"). In our view, these indicators could be extremely helpful to improve our understanding and preparedness regarding climate change consequences, and ultimately to improve our responses to them. The creation of a vulnerability index based on input from multiple countries would be a very useful tool for those with major adaptation needs. A clearer assessment of the "state of adaptation" would also bring a new perspective to the discussion on adaptation funding and increase the efficiency of assistance by having a greater knowledge of the adaptation challenges. This could also help to take into account the specific needs of countries that will be unable to adapt to a more than 2°C warmer world and could promote the development of support mechanisms for these countries. Such an approach allows us to focus on much more specific questions and could enable a move beyond current blockages in the negotiations, while being a key pillar of the 2015 climate agreement and of the road beyond 2015.

2.3. The importance of agriculture, forestry and other land-use in the 2015 climate agreement (CATIE - Tropical Agricultural Research and Higher Education Center)

At the crossroads between adaptation and mitigation lies the issue of agriculture, forestry and other land-use (AFOLU), which is particularly important in LAC. This is the topic discussed in the article from the Costa Rican Tropical Agricultural Research and

Higher Education Center, which clearly explains through the analysis of many examples of domestic policies and projects how the sustainable use and management of land could represent a low-cost option to deal with both mitigation and adaptation challenges (due to ecosystem services such as rainfall absorption, avoidance of soil erosion, etc.). In the region, the AFOLU sector is key for the economy (production and exports), but also provides major social and societal services. Furthermore, it represents a major source of GHG emissions and will be tremendously affected by climate change consequences, with a lower productivity rate, and a loss of ecosystem services.

The authors show that numerous opportunities lie in a more sustainable use and management of this sector. Based on the analysis of experiences from the region, they suggest options to better address this issue. They explain how greater sustainability could not only represent a bridge between adaptation and mitigation, but also provide opportunities for poor and isolated communities, farmers and indigenous people. It is therefore a topic that lends itself well to a positive narrative. For example, a number of countries in the region are developing NAMAs including the AFOLU sector, encouraging others to take similar steps. These NAMAs could be a good short-term solution until more complex and comprehensive guidelines can be established. MRV and transparency are crucial in this sector, but many scientific uncertainties or methodological challenges remain. International and regional research institutions are progressing rapidly to reinforce the credibility of the commitments made in the AFOLU sector.

The key importance of the agricultural sector and of land-use must be clearly recognized in UNFCCC discussions, in particular regarding their mitigation potential, and the region could play a leadership role in this regard. In the same way that the agreement should not separate mitigation and adaptation, given the importance of the AFOLU sector for mitigation and adaptation at the global scale, it is vital that the next agreement does not deal separately with land-use change and forestry and agriculture, including when defining guidelines for measuring emissions, INDCs or other specific instruments such as REDD+ (Reduced Emissions from Deforestation and forest Degradation), CDM or NAMAs.

Finally, in the AFOLU sector, financing is also a key issue. Mitigation actions in this sector are usually less costly than in other sectors and they could constitute cost-effective targets for scarce international public funding in LAC countries. It is therefore important that the 2015 agreement includes measures and mechanisms to encourage more sustainable land-use, both within the region and beyond. For example financial incentives could be used to strengthen existing policies promoting inclusive and sustainable agriculture. As explained in the papers summarized below, the mobilization of other resources (domestic financial resources, innovative financial resources such as emission trading schemes) will also be needed.

2.4. Financing low-carbon and climate resilient development (Fundación Torcuato Di Tella) and engaging the productive sector in the climate change negotiations (Fundação Getulio Vargas)

Climate finance is one of the key challenges for an equitable international climate regime and for making the transition towards low-carbon development. For this reason, discussions must be held to determine the elements needed to shift private investment towards low-carbon development activities (Fundação Getulio Vargas, Brazil) and to give consideration as to what expectations there should be for the international climate finance to support a low-carbon future (Fundación Torcuato Di Tella, Argentina).

There is a clear consensus on the need for scaling up and mobilizing climate finance, and for catalyzing investments, both from public and private sources. In the region, countries and regional financial institutions are developing many innovative projects to mitigate and adapt to climate change, but they need increased climate finance support to be able to extend across all sectors and regions. To scale-up climate finance, many elements are currently being discussed by Parties in the context of the UNFCCC negotiations (an issue that these two articles examine further), including: the adequacy and predictability of financial flows; the allocation principles of these flows (adaptation vs. mitigation, prioritization of geographical areas, etc.); the unconditionality of support; its new, additional and legally-binding character; the goal quantification process (with time-bound objectives) of the post-2020 climate finance commitments; and the specific level of public funding. As the authors point out, further clarity is also needed on definitions, common reporting formats and monitoring and verification procedures. Similarly to the mitigation sector, the financial and economic sectors could benefit from the strengthening of trust and transparency among actors.

Some innovative ideas have been suggested in these two papers that might be helpful to broaden the debate, moving away from current bottlenecks,

and to increase the speed and scale of the finance shift. It is clear that the transition to a sustainable, low emission development strategy requires an investment shift in the order of hundreds of billions of dollars, an increase in magnitude that is beyond the reach of public sources, although they will continue to be a fundamental part of the financing make-up. The mobilization of the private sector and a change in the direction of investments will be vital if this major financial gap is to be filled. Therefore, it is particularly important that public policies, policy reforms and the available public funds are used as efficiently as possible to leverage private climate finance and to address areas where, for various reasons, private investment is unlikely to take place. Interestingly, the authors consider (without sharing exactly the same views on the subject) whether the focus of climate finance should be on maximizing the impact and transformative capacity of public finance flows, rather than focusing on the amount of funding or on its adequacy in relation to the commitments, although this latter issue is certainly important. As explained in the Fundación Torcuato Di Tella article, ensuring that public funding is used efficiently is a key element in providing political and social legitimacy, and in retaining support for an international climate finance regime.

The Fundación Torcuato Di Tella paper also suggests focusing on unlocking the barriers to enhanced climate funding, among which the authors identify a lack of bankable projects and the high level of risk in many countries, especially low-income countries. Further work is needed, both within and outside the Convention, to strengthen climate finance governance and foster sustainable growth. An innovative approach to cooperation in this area between the architectures of climate finance governance and international finance should be pursued to strengthen synergies and the coordination of different communities. This innovative approach should recognize that the ambition of the 2015 agreement is to shift paradigms and produce drastic and extensive transformations, and in addition to political will there is a need to ensure that the resources to enable investments of that scale are made available, both from new climate finance and from traditional financial mechanisms. In this regard, this paper recommends the further encouragement of risk mitigation instruments to lower the risks associated with climate-related investments, particularly through modifications to the monetary, macroprudential and risk policies and requirements, based on green investment specificities.

The perspectives described in these papers provide an innovative and nuanced approach to the discussion on climate finance. They underscore the importance of public support. However, they note that this will not be enough. Public support needs to be used in a way that catalyzes private investment, and builds the capacity of domestic financial systems. Here, national policies and enabling environments are crucial.

Both articles note the importance of linking the governance of the financial sector with the objective of shifting investment to a sustainable path. The Fundação Getulio Vargas paper draws attention to the fact that many different governance levels are involved in the implementation of climate decisions. The community level, where many key actions take place, must be better linked to global conclusions and agreements. Other ideas are also mentioned that could potentially be carried out without heavy negotiations. The authors emphasize the need for the productive sector to become more deeply involved in the negotiations, arguing that Corporate Social Responsibility has become a key element in the marketing strategies of multinationals. Although this concept is often used purely as a marketing tool, there are many interesting examples that show that it can lead to better practices and the further integration of environmental and social considerations into company strategies and practices. In a similar manner, the authors consider that "codes of conduct" can reveal themselves to be extremely useful to "softly" encourage and mainstream good practices, as a way to gradually strengthen sectoral cooperation. By combining both approaches, the authors launch the idea of a Code of Sustainable Operational Practices (CSOP) and outline the way CSOPs could be developed at a sectoral level.

Among the (intentionally) limited number of other policies recommended in the Fundação Getulio Vargas paper, the carbon pricing of emissions from international transport seems to be the most urgent because these emissions are outside of the scope of the Convention but represent an increasing share of world GHG emissions. At the same time, action against these emissions seems very unlikely in the near future, given the slow rate of progress at the International Maritime Organization (IMO). The idea of national policies to fix a carbon price seems to continue to make progress, with many governments having adopted some sort of carbon pricing (the authors mention that "over forty countries" have implemented some form of carbon tax or emission trading scheme); while some private companies have adopted internal carbon pricing systems and are calling for a global carbon price. However, it remains to be seen how these local, national or regional carbon-pricing initiatives would relate to one another. The authors

also mention the need for a total phasing-out of carbon subsidies within a 10-year horizon.

The authors suggest that increasing the amount available for climate finance could also be achieved through an international financial transaction tax (FTT). The authors estimate that an FTT could provide up to $48 billion across the G20 economies, with higher rates offering up to $250 billion per year. Such a tax is already being developed in France and Europe for example, but negotiations to extend it seem to have reached an impasse. Even though the extension of an FTT cannot be achieved through the UNFCCC, it still represents an innovative finance mechanism and it would be interesting to further explore how such an international tax could contribute to climate change issues, in other fora, such as the G20 or the World Trade Organization.

Finally, climate finance flows could also be derived from some sources without necessitating an increase of funds. For instance, this would be the case for the aforementioned example of phasing out public spending on fossil fuel subsidies to direct at least part of them towards low-carbon energy sources. There is a growing momentum for such action in numerous international fora, along with an expanding citizen movement that is calling for universities, cities and pension-fund stocks to divest themselves of holdings in fossil fuels industries. COP 21 could benefit from this momentum and propose a time-bound plan for a global phase-out of fossil fuel subsidies, in favor of low carbon energy, which would necessarily include a clear definition of these subsidies and some compensative measures for those countries that heavily depend on fossil fuels. A stronger interaction, including compatible metrics, between the UNFCCC instruments and the financial supervisory institutions, central banks and regional banks would also help to strengthen the enabling conditions for climate finance.

However, even though the recommended actions could be efficient and successful, finance and investment is only one of the tools that can support the transition towards low-carbon development and it is important to consider these issues alongside other key enablers such as education policy, cultural practices, innovation, technology transfer and acquisition, as well as effective local or national governance (both through capacity-building and increased transparency) and investment-friendly environments. Such enabling conditions certainly do not all depend on the UNFCCC, they must instead be considered through comprehensive approaches. As the authors suggest, COP 21 could be an opportunity to encourage and create a space for experience sharing on the design of an enabling environment to develop low-carbon investments. In terms of a negotiation strategy, to achieve success at COP 20 and COP 21 Fundação Getulio Vargas suggests that negotiators should be selective and try to tackle a limited number of measures and policies.

These concerns also lead us onto other key negotiation issues that IDDRI will continue to explore and discuss. This notably includes the links and "increased connectivity" between the UNFCCC and bodies outside of the Convention that has been called for by Fundação Getulio Vargas. This connectivity should extend to include the participation and expertise of Non-State Actors. Some of these actors have first-hand experience of the current barriers to the further development of low-carbon activities and could participate in global efforts or help countries to realize their future INDCs. The authors suggest that this increased link with the "real world" could provide a much-needed "reality check" and lead to more focused goals for the UNFCCC, combined with complementary initiatives which could help to reach agreements and overcome political gridlock, while more effectively delivering and pursuing the Convention's mission.

CONCLUSION

It is hoped that this exercise will prove useful and will make a valuable contribution to the climate debate, through providing a unique regional perspective and concrete and innovative ideas. Gathering different views and finding areas of convergence between so many different countries in such a diverse region is not an easy task, but countries in the LAC face common challenges and, for many of these issues, would certainly gain from strengthening regional approaches, whether for mitigation aspects, for building a low-carbon future or for adaptation needs. As the Paris COP approaches, IDDRI will continue this regional dialogue and will start building connections to link the thinking and reflections ahead of both COPs and to further develop policy options for the key issues mentioned in these papers.

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