

Statement by the Russian Federation on strengthening the Sharm El-Sheikh Dialogue launched under the Paris Agreement to exchange views and improve understanding of the scope of Article 2.1(c) of the Paris Agreement regarding the making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development and its relationship with the financing for developing countries

(decision 1/CMA.4, paragraph 68)

The Sharm El-Sheikh Dialogue deserves to be strengthened, first of all, by expanding the list of topics that Parties to the Paris Agreement (PA) should consider at upcoming workshops. As one of them, we believe it would be appropriate to propose a discussion of the connection between the efforts of States to implement Article 2.1(c) of the Paris Agreement on the harmonization of financial flows with climate goals with solving problems in the field of financing sustainable development in general, including poverty eradication (“Interlinkages between Article 2.1(c) of the Paris Agreement and financing for sustainable development, including poverty eradication”). As governments channel funds towards climate targets and reducing their carbon footprint across sectors, it is important that these efforts contribute to achieving all of the Sustainable Development Goals and do not result in a reallocation of funds at the expense of socio-economic priorities.

Establishing a stronger link between measures to harmonize financial flows with climate goals and achieve sustainable development will avoid undesirable consequences in the implementation of Article 2.1(c) of the Paris Agreement, which representatives of developing countries spoke about at the Sharm el-Sheikh Dialogue workshops in 2023. This is on the promotion of climate-sensitive financing standards that will take into account different national circumstances, additional obstacles to obtaining international funds for socio-economic development, the erection of new barriers to international trade, deterioration in the credit ratings of developing countries due to the forced abandonment of economically important projects (for example, from the development of new oil fields or the construction of infrastructure facilities), difficulty in accessing inexpensive energy resources.

In addition, taking into account the report on the work carried out in the framework of the Dialogue¹ in 2023, we also propose to discuss issues related to the role of central banks and financial regulators in aligning financial flows with a low-emission development trajectory and climate resilience (paragraph 41 of the report) and issues of development and harmonization of the system for taking into account climate risks when

¹ FCCC/PA/CMA/2023/7/Rev.1. Sharm el-Sheikh dialogue on the scope of Article 2, paragraph 1(c), of the Paris Agreement and its complementarity with Article 9 of the Paris Agreement. Revised report by the secretariat

making financial decisions affecting international financial flows (paragraph 33 of the report).

We consider it appropriate, within the framework of the Dialogue, to conduct not only a discussion of the relationship between Article 2 and Article 9 of the Paris Agreement, but also to focus on the need to formalize the concept of “climate finance” for its further recognition and use at the international level, since its absence complicates the interpretation of a number of articles of the Paris Agreement.