



Canada's submission on the Sharm el-Sheikh Dialogue on the scope of Article 2, paragraph 1(c), and its complementarity with Article 9 of the Paris Agreement in 2024-2025

Canada welcomes the opportunity to share its views on the Sharm el-Sheikh Dialogue on Article 2, paragraph 1(c), of the Paris Agreement and its complementarity with Article 9 of the Paris Agreement. Canada was pleased that Parties, through [1/CMA.5](#) and [8/CMA.5](#), decided to continue and strengthen the Dialogue, including with regard to the operationalization and implementation of Article 2.1c. In line with this, Canada encourages Parties and actors to reflect carefully on how to strengthen the Dialogue, incorporating lessons learned from last year's workshops, to create a space that fosters knowledge exchange on best practices, and bolsters international cooperation on the operationalization of Article 2.1c. Canada reiterates the view that co-chairs and participants must ensure respectful and collaborative deliberation and ensure open and inclusive dialogue.

The Global Stocktake was clear that the misallocation, and not lack of, capital is the root of the investment gap; Article 2.1c addresses this gap in financial flows. While support from developed to developing countries remains essential, the scale of finance needed to achieve the Paris Agreement goals vastly exceeds public finance. That's why at COP28 Parties recognized the role of other sources of finance and actors in the Global Stocktake and the need to strengthen policies and enabling conditions to close the investment gap. As such, the objective of the Sharm el-Sheikh Dialogue should be to accelerate the implementation of Article 2.1c. As described below in more detail, important steps toward this objective that could be undertaken in the near term include: strengthening collective understanding of the different policy and regulatory tools that support shifting finance flows to Paris-aligned pathways, sharing best practices and lessons learned, and establishing a space under the Paris Agreement for Parties to increase transparency of their commitment and action on Article 2.1c. Parties and stakeholders have spent a considerable time in the 2023 Dialogue discussing the complementarity of Article 9 with 2.1c and the need to pursue both in tandem. We now need to shift the Dialogue toward operationalization and implementation of Article 2.1c in 2024 and 2025. This requires a broadened focus on all flows, including domestic flows within both developed and developing countries and consideration for people and communities in the front line of climate change.

Strengthening the Sharm el-Sheikh Dialogue

Inclusivity

Active participation of rights holders, and sub-national and local actors, including Indigenous Peoples, women and civil society, is critically important for strengthening the Dialogue in an inclusive manner. Canada was disappointed to see the lack of diversity and inclusion in the panels of previous workshops. The absence of women on some panels during the 2023 Dialogues was a step backwards, and Canada calls on the co-chairs to ensure gender parity when selecting the panelists. Additionally, to contribute to more holistic and meaningful information sharing, underrepresented

voices should be included on panels, in particular individuals with domestic expertise in implementing alignment initiatives, particularly from developing countries.

Selecting panelists

The selection of panelists can also be strengthened to bring more diverse expertise and move the discussion towards implementation. Suggestions include: academics who conduct research on Article 2.1c and sustainable finance; organizations, such as the World Research Institute, who have explored tools used by governments in shifting and mobilizing finance; and groups such as the Alliance for Financial Inclusion, who can provide insight on inclusive green finance solutions that help to mitigate and build resilience against climate change for developing countries, vulnerable communities, and micro and small enterprises. The Independent High-Level Expert Group on climate finance combines academics and practitioners who may offer expertise in domestic resource mobilization. Finally, Indigenous Peoples, civil society and local organizations that have implemented projects on the ground could share their experience and offer innovative pathways forward.

Gaining insights from panelists

While the format of the 2023 workshops provided space to exchange views on 2.1c and its complementarity with Article 9, 2024 is an opportunity to improve the design of workshops to work towards implementation. Firstly, to better learn from the expertise of panelists and to increase exchange between panelists and participants, Canada recommends the panelists to engage in the breakout groups. Similarly, Canada encourages co-chairs to allow more time for questions and answers with panelists. Thirdly, it would be helpful for breakout groups to discuss examples of existing 2.1c policies in their respective countries to gain a sense of what works, and how the Paris Agreement process could be involved.

Format of the Dialogue

Canada recommends the Dialogue builds on existing work beyond the Paris Agreement, and the workshops build on each other. This includes moving from the broadly framed topics and questions of the 2023 workshops to more pointed questions that help us move towards the Paris Agreement's role going forward in the policies, regulations and approaches identified, for example, by the Dialogue, the Standing Committee on Finance, and other think tanks and organizations.

Topics for workshops

Options for implementation

Article 2.1c is about scaling up investments for mitigation and adaptation and scaling down investments in high-emitting and maladaptive practices, while putting safeguards in place to protect human rights, the rights of Indigenous Peoples, and gender equality. However, implementation will vary depending on the actor, level of government, and national circumstances. Canada suggests a workshop focus on case studies with panelists to speak to various policies and measures working in different contexts. Focusing on options for intergovernmental, national, and sub-national governments implementation would be helpful.

The role of the Paris Agreement

The Dialogue must work to establish concrete measures towards the implementation of Article 2.1c within the Paris Agreement process, with the aim of providing guidance to Parties to establish sovereign commitments. Actions towards and discussions on Article 2.1c are already taking place outside of the Paris Agreement process; building on last year's workshops, the Dialogue should explore those efforts and how they can inform implementation within the process. Examples include the World Bank's Green, Resilience and Inclusive Development (GRID) and Country Climate and Development Platforms, the Just Energy Transition Partnership, and Brazil's G20 Task Force on a Global Mobilization against Climate Change. Other discussions can include initiatives for domestic resources mobilization, for example through fiscal incentives and policy frameworks. This discussion can help Parties develop options on policies and approaches to leverage for financial flow alignment and send positive signals to the private sector in different contexts.

Sustainable development

Climate action, including implementation of Article 2.1c, and sustainable economic development go hand in hand. Climate change is a serious risk to poverty reduction and threatens to undo decades of development efforts. Therefore, in keeping with the chapeau of Article 2 of the Paris Agreement, the Dialogue should foster a holistic discussion on implementation of Article 2.1c in the context of sustainable development and efforts to eradicate poverty. Additionally, there should be consideration for the need to safeguard human rights, the rights of Indigenous Peoples, and gender equality.

Transparency

Lastly, the operationalization of Article 2.1c is not complete without transparency of implementation. As such, the Dialogue should explore the transparency and tracking of Article 2.1c inside and outside the Paris Agreement. Specific to processes within the Paris Agreement, the workshop should include discussion on how Parties can use the Enhanced Transparency Framework to report on measures and actions to implement Article 2.1c through national approaches, and ways to use Nationally Determined Contributions and National Adaptation Plans as a catalyst for investment.

Canada reiterates its appreciation to the co-chairs and UNFCCC Secretariat for organizing the Sharm el-Sheikh Dialogue and is eager to participate in discussions. Canada looks forward to the outcomes of these workshops in strengthening our understanding and efforts to operationalize Article 2.1c.