



Australian Government

Australia's submission on views to be addressed during the 2024 workshops of the Sharm el-Sheikh dialogue and ways to 'strengthen' the Sharm el-Sheikh dialogue in 2024-2025.

29 March 2024

Australia supports and welcomes the decision to continue and strengthen the Sharm el-Sheikh dialogue between Parties, relevant organizations and stakeholders to exchange views on and enhance understanding of the scope of Article 2, paragraph 1(c) of the Paris Agreement, and its complementarity with Article 9 of the Paris Agreement referred to in decision 1/CMA.4, paragraph 68, including with regard to the operationalisation and implementation of Article 2, paragraph 1(c), in 2024 and 2025.¹

Australia welcomed the clarity provided in paragraph 90 of the outcome of the first Global Stocktake and the recognition of the importance of making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development for the achievement of Article 2 of the Paris Agreement, affirming that this goal is complementary to, and no substitute for, Article 9 of the Paris Agreement, which remains essential for achieving mitigation and adaptation goals in developing countries.²

We hope that the perspicuity of Paragraph 90 has provided all Parties with assurance that operationalisation of Article 2, paragraph 1(c) and Article 9 of the Paris Agreement are not mutually exclusive and *can* and *should* be implemented in a manner which strives for mutual complementarity, and that this assurance allows parties to move forward into more constructive exchanges under the Sharm el-Sheikh dialogue in 2024 and 2025 with an increased focus on practical implementation and operationalisation of Article 2, paragraph 1(c) in this context, recognising the critical need to scale up finance flows to support the achievement of the goals of the Paris Agreement.

Australia congratulates the co-chairs on their appointment and welcomes the opportunity to submit views on the issues to be addressed during the workshops under the Sharm el-Sheikh dialogue and thanks the co-chairs for the guidance provided on 7 March 2024,³ including the specific questions which Parties were encouraged to focus on as part of these submissions.

This submission responds to the questions posed by the co-chairs but stops short of providing input on issues to be addressed as part of the workshops in 2025. It is our view that the focus of the dialogue in 2025 should be informed by progress and discussions between Parties, relevant organisations, and stakeholders through the two mandated workshops in 2024, as well as inputs provided by parties at a later point in time, to maximise relevance of the dialogue's focus in 2025.

How could the Sharm el-Sheikh Dialogue be strengthened in your view?

We see a 'strengthened' dialogue as one which will support Parties in undertaking *constructive* discussions and exchanges, with a view to increasing understanding of the scope of Article 2, paragraph 1(c) of the Paris Agreement, and its complementarity with Article 9 of the Paris Agreement referred to in decision 1/CMA.4,

¹ 10/CMA.5, paragraph 8.

² Available at: https://unfccc.int/sites/default/files/resource/cma5_auv_4_gst.pdf

³ Message from co-chairs of 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, Available at: https://unfccc.int/sites/default/files/resource/message_from_co-chairs_ses_dialogue.pdf

paragraph 68, including with regard to the operationalization and implementation of Article 2, paragraph 1(c), with a view to working towards common agreement on a way forward for work on this topic at CMA7, recognizing the significant scale of investment needed to deliver on the goals of the Paris Agreement.⁴

We recommend that to *strengthen* the dialogue, co-chairs:

- Focus the workshops on topics which will expand participant understanding and facilitate knowledge exchange on different experiences, opportunities and challenges with *operationalisation* and *implementation* of Article 2, paragraph 1(c) of the Paris Agreement.
- Focus on *practical examples* for how to undertake activities which support the complementarity of Article 9 and Article 2, paragraph 1(c), and practical examples of how both government and non-government actors are operationalising and implementing Article 2, paragraph 1(c).
- Ensure a balanced focus on both adaptation and mitigation.
- Where possible, avoid topics which could trigger circular debates on ‘competing definitions’ or other divisive issues which may unnecessarily lead to unproductive discussions between participants.
- Facilitate and structure the workshops so as to maximise genuine engagement on the dialogue topics of focus, and provide greater opportunities for interactive dialogue between participants, including by ensuring meaningful opportunities for direct engagement with representatives from the financial sector.
- Seek to ensure workshops draw expert input from a wide range of sources and expert bodies who are advancing work on efforts relating to the mandate of the Dialogue, including to ensure maximum alignment with and integration of outputs from non-UNFCCC processes, forums and activities where relevant.
- Seek, where possible, to arrange workshops (including timing and location) to maximise participation of a wide range of representatives and stakeholders, including to maximise opportunities for participation of representatives of Ministries of Finance and Treasury departments, to strengthen the quality and diversity of expert participation.
- Support meaningful gender balance, inclusion and participation throughout the Dialogue.
- Ensure workshops are convened in a manner which will maximise participation from Parties of different geographic regions.

Which topics do you see as most relevant and helpful to be discussed in the context of the workshops as part of the dialogue?

Australia recommends focusing on topics which:

- Were identified through the course of discussions in 2024 as being of common interest for many Parties and which will enhance practical understanding of the scope, operationalisation and implementation of Article 2, paragraph 1(c) of the Paris Agreement, and its complementarity with Article 9 of the Paris Agreement.
- Will help to increase understanding of different opportunities, experiences and challenges with the operationalisation and implementation of Article 2, paragraph 1(c).

⁴ 10/CMA.5, paragraph 14.

- Are commonly recognised actions which can support countries to unlock, crowd in, de-risk and scale up financing from all sources in this critical decade to support delivery of mitigation and adaptation goals, in a manner which also supports sustainable development outcomes.
- Where appropriate, align with key outcomes of the Global Stocktake, in particular paragraph 28, seeking where possible to draw in consideration of Article 2, paragraph 1(c) and Article 9 complementarity, and the role of different stakeholders and activities identified in paragraph 96 of the Global stocktake, in this context.

Taking this into account, we suggest the below topics as both relevant and constructive areas to focus discussions under the two workshops scheduled to take place in 2024:

1. **Levers to unlock, attract, de-risk and scale up investment flows for adaptation and mitigation activities** with a particular focus on supporting enhanced domestic resource mobilisation for climate goals, economic growth and sustainable development in developing countries.
2. **Addressing the barriers to climate investment**, with a particular a focus on enabling environments and addressing challenges faced by developing countries, including cost of capital, debt vulnerability and risk.
3. **Reducing the cost of undertaking climate action**, with a particular focus on opportunities and levers to reduce the costs of critical climate technologies across global supply chains with the aim of improving affordability and decreasing overall mitigation costs, as well opportunities related to reducing the cost of adaptation and resilience activities.
4. **The role of international financial institutions and the private sector** in supporting climate and transition finance flows.
5. **Nationally determined actions to support the phasing down of incentives and investments where these are misaligned with achieving the goals of the Paris Agreement** including to advance the global effort to phase out inefficient fossil fuel subsidies.
6. A dedicated focus on challenges and opportunities to **aligning financial flows with adaptation and resilience** goals.
7. **Sustainable finance taxonomies** and their role in supporting alignment of regional and global finance flows with climate and development outcomes.

We encourage the co-chairs to work to ensure that in each of these focus areas there is adequate consideration given to maximise application and relevance for all parties, while noting that there is no 'one size fits all' approach to many of these topics and some topics will have differing applicability to countries depending on their respective economic profiles, capital markets, geographic location and exposure to physical climate risks, among other things.