

## U.S. Submission on the Sharm el-Sheikh Dialogue

April 2024

The United States welcomes the opportunity to submit views on issues to be addressed in the strengthened Sharm el-Sheikh Dialogue (SeSD), pursuant to paragraph 11 of 9/CMA.5. We look forward to continuing to engage with Parties in this venue.

We reiterate the vital importance of the goal stated Article 2.1(c), particularly with respect to mobilizing the volume of flows needed to keep the world on track for a 1.5-degree future, and to shift finance away from activities that are inconsistent with Articles 2.1(a) and (b) of the Paris Agreement. In that context, one of the primary objectives of the SeSD should be to determine how to structure work on Article 2.1(c) in the Paris Agreement process moving forward, beyond 2025. Given the volume and variety of other work already happening on aligning financial flows in other forums, the SeSD should work to determine how implementation of the Paris Agreement can enhance and build on these efforts.

The United States looks forward to engaging on working modalities for forward-looking work on Article 2.1(c), which we expect will be captured in decisions at both CMA6 and CMA7.

### Strengthening the Sharm el-Sheikh Dialogue

The United States sees a variety of ways to strengthen the SeSD moving forward:

- Increase stakeholder engagement, particularly with the private sector. Hosting the October 2023 SeSD alongside a private sector conference was a constructive way to increase the diversity of participants in the dialogue. The co-facilitators should consider replicating this model going forward.
- Increase attention to adaptation issues. Rather than limiting the discussion of adaptation investment to a single session or panel, adaptation considerations should also be integrated throughout the dialogue, in addition to focused sessions.
- Engage with other relevant processes and groups to understand how to best integrate and build upon existing initiatives in the Paris Agreement context and avoid duplication. For example, engagement with representatives from the Glasgow Financial Alliance for Net Zero and its sector-specific alliances, the Coalition of Finance Ministers for Climate Action, the multilateral development banks, and/or climate-focused foundations would be particularly welcome at the dialogues.
- Invite Parties to send representatives from their finance ministries to participate in the dialogue.
- Strike a balance between presentations from external experts and spaces for discussion. It is useful to have discussions between Parties and external experts, as well as spaces for Parties to engage with each other.

### Topics for Discussion

The United States would like to see discussion of the following topics:

- **Enabling environments:** Supportive policy and regulatory environments play a crucial role in creating pipelines of climate-related investment opportunities and attracting finance for climate, including at lower cost. The SeSD should create space to share best practices for development

and implementation of effective policies, regulations, and approaches for incentivizing climate action.

- **Cost of capital:** A barrier for many developing countries in accessing finance for climate is the high cost of capital. The SeSD should dedicate a session to discussing approaches to this issue, including the role of blended finance in lowering the overall cost of capital in the near-term, in parallel with enabling environment efforts that may take longer to implement.
- **Debt:** Indebtedness similarly makes it difficult for some developing countries to access finance for adaptation and mitigation domestically and should be discussed in the context of Article 2.1(c).
- **Subsidies:** The SeSD should discuss approaches for scaling down finance for emissions-intensive activities, including but not limited to inefficient fossil fuel subsidies.
- **Managing climate-related risks:** The SeSD should discuss how voluntary approaches to managing climate-related risks, including physical risks and transition risks, can improve the understanding of relevant actors of the risks their assets or investments may be exposed to.
- **Encouraging credible net-zero finance commitments:** Parties should discuss how to support enhanced credibility of commitments by the private sector and other actors to align financial flows with the goals of the Paris Agreement, including through the development of clear transition plans.
- **Modalities for forward work under the Paris Agreement:** Parties should discuss how to accelerate work on Article 2.1(c) under the Paris Agreement process, beyond 2025.
- **Sharing best practices:** Parties can engage in modalities for how to share best practices and plans for aligning financial flows in their domestic contexts.