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TOWARDS CLIMATE RESILIENCE

Submission by SouthSouthNorth Projects Africa (NPC) to the Sharm el-Sheikh Dialogue on the Scope of Article 2, Paragraph 1(c), of the Paris Agreement, and its Complementarity with Article 9

Introduction

SouthSouthNorth Projects Africa (NPC) welcomes the opportunity to submit views regarding the scope of Article 2, paragraph 1(c), and its complementarity with Article 9 of the Paris Agreement. This submission outlines key issues for consideration in the 2025 Sharm el-Sheikh Dialogue, focusing on five priority areas:

1. Scaling up climate-aligned finance, including blended finance and de-risking mechanisms.
2. Strengthening financial resilience and unlocking new finance streams for low-carbon, climate-resilient pathways.
3. Enhancing transparency and accountability to track financial alignment with Article 2.1(c).
4. Exploring the practical implementation of Article 2.1(c) and its linkages with Article 9.
5. Addressing knowledge and capacity gaps in adaptation finance to ensure more equitable climate finance distribution.

These proposed discussion areas aim to facilitate meaningful and actionable outcomes, ensuring that the dialogue contributes to the effective implementation of Article 2.1(c) while reinforcing the climate finance commitments under Article 9. SouthSouthNorth remains committed to supporting this process and fostering collaboration to advance climate-resilient financial systems.

Proposed Topics for the 2025 Sharm el-Sheikh Dialogues

1. Scaling Up Climate-Aligned Finance Flows

Context/Substantive View:

Achieving the objectives of Article 2.1(c) requires a substantial increase in public and private flows aligned with low-emission, climate-resilient development pathways. This is particularly urgent for developing countries, where financial innovation and structural reforms can unlock critical resources to accelerate the transition. Lessons from successful models can provide actionable insights to inform policy and implementation strategies.

Proposal:

- **Blended Finance and De-Risking Mechanisms:** Explore how blended finance and de-risking instruments can incentivise private investment in climate-aligned projects, particularly in high-risk markets.
- **Scaling Green Bonds and Sustainability-Linked Loans:** Assess the role of green bonds, sustainability-linked loans, and other financial instruments in mobilising large-scale climate finance.
- **Case Studies from Developing Countries:** Showcase successful climate-aligned investments from developing countries, particularly in Africa, to distil lessons for global application.

Questions:

- What key factors influence the scaling up of climate-aligned financial flows, particularly in developing economies?
- How can financing approaches evolve to better engage the private sector while ensuring equitable outcomes?

2. Financing Low-Carbon Climate-Resilient Pathways: Unlocking New Finance Streams and Strengthening Financial Resilience

Context/Substantive View:

Reforming international financial systems is crucial to aligning financial flows with climate objectives, particularly in the Global South. Systemic barriers—including high debt burdens and limited access to concessional finance—impede the mobilisation of capital for climate investments. Bold reforms are necessary to unlock new finance streams, enhance financial resilience, and ensure just transitions.

Proposal:

- **Aligning Multilateral Development Banks (MDBs):** Explore how MDBs can better integrate Article 2.1(c) into their portfolios and financing policies.

- **Unlocking New Finance Streams:** Explore innovations in financial architecture that can deliver new resources for climate pathways, including debt-for-climate swaps and climate-resilient debt instruments.
- **Addressing Debt Sustainability:** Examine mechanisms to restructure or alleviate debt burdens to create fiscal space for climate action.
- **Strengthening Financial Sector Resilience:** Assess strategies to diversify financial systems and enhance national financial institutions' capacity to navigate climate and economic shocks.
- **Role of International Cooperation:** Analyse how global institutions, including the World Bank and IMF, can support financial system stability in developing economies while ensuring coherence with Article 9.

Questions:

- How can international financial institutions better align their operations with the goals of Article 2.1(c) while supporting developing countries?
- What financial innovations could unlock new and responsive finance to support climate-resilient pathways in developing economies?
- How can international cooperation strengthen financial stability in developing countries, ensuring consistency of flows and avoiding unintended consequences?

3. Transparency and Accountability for Tracking Article 2.1(c) Alignment

Context/Substantive View:

Transparency and accountability are essential for ensuring financial flows align with the objectives of Article 2.1(c). The lack of clear tracking mechanisms and standardised methodologies poses a significant challenge in measuring progress. Strengthening transparency frameworks is critical to ensuring confidence in climate finance commitments and enabling evidence-based decision-making.

Proposal:

- **Transparency in Climate Finance Flows:** Develop standardised metrics and methodologies for tracking public and private financial flows to ensure alignment with climate objectives.
- **Implications of Enhanced Transparency:** Analyse how improved transparency influences credit ratings and access to financial markets, particularly for developing countries.
- **Capacity Strengthening and International Cooperation:** Enhance developing countries' ability to meet transparency requirements through technical assistance and knowledge-sharing initiatives.
- **Institutionalising Accountability Mechanisms:** Establish consistent and trans-

parent processes to track financial flows and assess their effectiveness in supporting climate goals.

Questions:

- What solutions can improve coordination and standardisation of data and reporting mechanisms for tracking financial flows?
- How can transparency mechanisms be strengthened to ensure financial flows align with the goals of Article 2.1(c)?

4. Pathways for Implementing Article 2.1(c) and Linkages with Article 9

Context/Substantive View:

The operationalisation of Article 2.1(c) remains conceptual, with limited clarity on the sectoral-level strategies required for implementation in particular adaptation and resilience pathways. Addressing this gap is essential to drive tangible actions and ensure coherence with Article 9, particularly in supporting developing countries.

Proposal:

- **National Sectoral-Level Pathways:** Considering national circumstances and contexts, develop financing blueprints tailored to sectoral needs while ensuring alignment with national climate strategies and plans.
- **Capacity-Strengthening and Technical Assistance:** Identify national-level requirements for unpacking what ‘consistency’ means, building pathways, and supporting Article 2.1(c) implementation.
- **Role of the UNFCCC:** Define how the UNFCCC can play a role in ensuring that the implementation of Article 2.1(c) remains fair and equitable, in line with the Principles of the Convention and the Paris Agreement.

Questions:

- How can public and private sector approaches better reflect the diverse starting points of different countries in implementing Article 2.1(c)?
- What safeguards should be designed to ensure that financial alignments with low-carbon, climate-resilient pathways are equitable and just?
- What is the role of the UNFCCC in operationalising and implementing Article 2.1(c) actions?

5. Addressing Knowledge, Capacity and Systemic Gaps in Scaling Adaptation and Resilience Finance

Context/Substantive View:

While mitigation has attracted considerable financing and consideration in the dialogues,

the financing of adaptation, which is underfunded in vulnerable developing countries, remains severely under explored. Closing this gap is imperative to support resilience-building efforts and ensure balanced financial flows under Article 2.1(c).

Proposal:

- **Recognise the Adaptation and Resilience Finance Imperative:** Owing to its unique nature, further deliberations are needed to understand how to design these pathways and finance them in the most responsive and just manner.
- **Prioritising Adaptation Finance:** Explore how finance flows under Article 2.1(c) can be structured to prioritise adaptation in vulnerable countries.

Questions:

- How can finance flows under Article 2.1(c) prioritise adaptation, particularly in developing countries?
- How should, in the context of Article 2.1(c) and its complementarity with Article 9, adaptation and resilience pathways financing be approached at sectoral and whole economy levels?
- What strategies can improve access to and utilisation of adaptation finance, ensuring it reaches the most vulnerable communities?

Conclusion

SouthSouthNorth Projects Africa (NPC) remains committed to supporting the Sharm el-Sheikh dialogue and contributing to global efforts to align financial flows with the objectives of the Paris Agreement. The topics, proposals, and questions outlined in this submission are designed to ensure the 2025 discussions lead to meaningful, inclusive, and actionable outcomes. We look forward to continued engagement in this critical process.