

Arab Group Submission

Sharm El-Sheikh Dialogue on Article 2, paragraph 1(c), and its complementarity with Article

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Introduction:

The Arab Group has been fully engaged in discussions within the Sharm El-Sheikh Dialogue (SeSD) in its previous years, offering its views on the scope of Article 2, paragraph 1(c), (Article 2.1c) and the manner of its implementation. It has also engaged in discussions surrounding Article 2.1c within the context of the Standing Committee on Finance and other discussions within the United Nations Framework Convention on Climate Change and its Paris Agreement.

We welcome the decision on Matters Relating to the Standing Committee on Finance in CMA 6, which officially acknowledged that there is no common interpretation of the scope of Article 2.1c or the manner of its implementation. We have long presented this view and advocated for discussions to advance a common understanding. We have also called for consideration of negative or unintended consequences of the interpretations of some groups and stakeholders of the Article.

In this regard, we have stressed the importance of considering Article 2.1c within Article 2 in addition to relevant provisions of the Paris Agreement such as Article 3 and Article 9. As we have expressed in the past, this means that discussions on the Article must be within the context of sustainable development and efforts to eradicate poverty. Furthermore, the manner of its implementation must reflect the principles of equity and common but differentiated responsibilities and respective capabilities in the light of different national circumstances. This means that the implementation of the Article will be differentiated across developed and developing country Parties, with developed country Parties holding obligations with respect to finance as outlined in Article 9.

Further on implementation, in line with Article 3 of the Paris Agreement, the contributions to Article 2.1c occur through nationally determined contributions in line with Articles 4, 7, 9, 10, 11 and 13. This means the implementation is nationally determined and that mitigation elements must be fully consistent with Article 4 and Adaptation elements fully consistent with Article 7. On the direction of flows, in accordance with Article 9, a legal obligation exists on developed country Parties to provide and mobilize financial resources to developing country Parties.

Workshops for 2025:

This year is a pivotal year for Article 2.1c. It is an opportunity to course correct and ensure that the voices of developing country Parties are heard within the discussions surrounding Article 2.1c and its implementation. For far too long top-down, one-size-fits-all, and inequitable interpretations and approaches were formulated in the global North, at times within corporate meeting rooms, international conferences and country positions. We view the workshops this year as an opportunity to meaningfully and substantively integrate developing country Parties' visions and views surrounding the Article in a manner that ensures the implementation of the Article amounts to positive economic growth, foreign direct investments and increased support to enable the implementation of national plans.

For the above to be achieved, the workshops in 2025 must focus on **sharing interpretations of the scope Article 2.1c and the manner of its implementation** and generating meaningful dialogue between Parties on the matter. Workshops should also focus on **the potential unintended consequences of existing interpretations of the Article among the global North**. We therefore suggest the following topics:

1. **Dialogue on interpretations of the scope of Article 2.1c and the manner of its implementation:** The workshop will act as a platform for different Parties and Party groups to convey their understanding of Article 2.1c and the manner of its implementation and enable dialogue between Parties to better understand their respective positions. This approach will enable Parties to explore avenues of potential convergence as well as clarify areas of divergence that could be resolved through further discussions on the road to COP30. Parties should also consider the unintended consequences of long-standing interpretations held within the global North in both the public and private sectors as well as how the private sector can play a positive role in driving investments and flows towards national plans and priorities in developing countries.
 - a. **Guiding questions:**
 - i. What is your understanding of the scope of Article 2.1c, including how financial flows to developing countries can be consistent with their climate priorities, needs and pathways?
 - ii. How will Article 2.1c be implemented in the context of the principles and provisions of the UNFCCC and its Paris Agreement?
 - iii. What are unintended consequences of different interpretations discussed within the session?
2. **International cooperation to enable the nationally determined implementation of Article 2.1c:** This workshop will explore how international cooperation, which

includes support provided through Article 9 of the Paris Agreement as well as knowledge exchange and capacity building, can support the nationally determined implementation of Article 2.1c. Under this topic, participants should explore ways to fully account for different national circumstances when considering the implementation of Article 2.1c. They should also explore how to reduce the barriers, such as unilateral trade measures and top-down approaches and scale up enablers such as climate finance under Article 9.1, technology transfer and capacity building support to enable developing country Parties to benefit from economic growth, alleviate poverty, achieve sustainable development and implement their national climate action plans.

a. Guiding Questions:

- i. How can international cooperations enhance the national implementation of Article 2.1c?
- ii. How could the perspectives of developing countries be equitably represented in international discussions surrounding Article 2.1c?
- iii. What is the role of Article 9.1 in scaling up implementation of Article 2.1c, including through the scaling up of grant, non-debt creating and concessional instruments?
- iv. What are opportunities and barriers to international cooperation in relation to Article 2.1c?

3. Ensuring the principles of CBDR and Equity are integrated in the

implementation of Article 2.1c: This workshop will explore ways ensure that climate actions taken under the framework of Article 2.1c promote equity and differentiation. The aim is to address how historical responsibilities, capabilities, and national circumstances should be considered in the implementation of policies to achieve Article 2.1c, and how these efforts can avoid impacting developing countries' economic development.

a. Guiding Questions:

- i. How can the principles of equity and common but differentiated responsibilities and respective capabilities in the light of different national circumstances be operationalized within Article 2.1c?
- ii. How does Article 2.1c relate to other provisions of the Paris Agreement and how does that impact its implementation?
- iii. How can differentiation between developed and developing countries be operationalized in relation to Article 2.1c?

Substantive Elements:

The Arab Group understands that there are divergent views regarding substantive elements related to Article 2.1c and therefore would like to avoid focusing workshops on substantive elements in light of the broader disagreements regarding scope and implementation. We believe that such a focus on substantive matters would be counterproductive and drive us away from the foundational common understanding needed to achieve meaningful progress. In that context, we wanted to communicate substantive elements that our group values in relation to Article 2.1c for the record that include but are not limited to:

1. Enabling economic diversification, growth and stability.
2. Achieving sustainable development.
3. Advancing efforts to eradicate poverty.
4. Contributing to water, food, and energy security including access and affordability.
5. Enabling the Circular Carbon Economy, which includes a focus on renewable energy as well as carbon abatement and removal technologies.
6. Advancing technology development, including carbon abatement and removal technologies.
7. Attracting foreign direct investments to developing countries.
8. Enhancing the flows of sustainable and climate finance to developing countries to enable the implementation of nationally determined contributions, national adaptation plans and other national plans as relevant.
9. Powering just transition pathways in developing countries.
10. Operationalizing the principles of equity and common but differentiated responsibilities and respective capabilities in the light of different national circumstances.
11. Scaling up support from developed countries to developing countries.
12. Advancing international cooperation in the form of knowledge transfer, exchange of expertise and capacity building.
13. Scaling up of climate finance to include highly concessional loans, guarantees, and mechanisms that address risks to lower the cost of capital for developing countries as well as foreign exchange risks and other systemic barriers, ensuring equitable access to climate finance..
14. Enabling an open and fair international trade system and scaling down unilateral trade measures disguised as climate action.

Formats of Workshops:

To achieve meaningful progress on Article 2.1c, a space must be dedicated to enable discussions among Parties on their differing views, commonalities and potential

implications of different interpretations. Therefore, we request that this year's dialogue be focused on Parties and group of Parties.

As interpretations of Article 2.1c have been promoted and advocated for by the global North for many years, international organizations and the private sector generally have adopted developed country Parties' interpretations. In previous years within the dialogue, we experienced many presentations by such actors that demonstrated a lack of understanding of the challenges, needs and priorities of developing countries and the unintended consequences of the approaches adopted outside of the UNFCCC process.

For the reasons above, we request that Parties and Party Groups be central in the panel discussions this year in an equitable manner. Non-Party Stakeholders should continue to be a part of the attendance; however, the dialogues should be an avenue for them to better understand the perspectives of the global South. Furthermore, additional care should be given to ensure a fair balance between Non-Party Stakeholders from the global North and global South.

In addition to panel discussions, we expect an increase in breakout group discussions to enable exchanges on Article 2.1c that are centered around the interpretation of the scope of the Article and the manner of its implementation.

Procedural Elements:

Technical discussions under the SeSD this year will have a direct impact on negotiated outcomes in COP30. For this reason, it is key that the discussions during this year's dialogues are Party-driven and Party-focused, allowing Parties to engage in meaningful dialogue to build convergence. We value the contributions from other stakeholders; however our past experience indicates that private and international entity representatives demonstrated low consideration of developing countries' needs and shifted the focus of discussions. We ask that Parties are offered a space to hold technical discussions on the matter to progress on reaching a common interpretation of the Article.

We request the co-chairs of the SeSD to adopt an open-door policy for Party and Party group consultations. We also request co-chairs to hold consultations with Parties prior to selecting the topics after this round of submissions to ensure all Party groups are onboard with the direction taken. Co-chairs should also consult on the post workshop report and conduct outreach to Parties and Party groups for clarifications needed in relation to their positions and statements. We expect co-chairs to take particular care to consult on the synthesis report of the SeSD which is to be submitted for consideration of Parties at CMA7.