

Submission from AVIVA Investors on Sharm el-Sheikh dialogue on the scope of Article 2, paragraph 1(c) of the Paris Agreement, and its complementarity with Article 9 of the Paris Agreement

Dear Co-chairs, Dear Secretariat,

Reference: MOI/MTP/SeS Dialogue

In response to the co-chairs' communication of 19 February regarding the workshops under the dialogue, we wish to make the following points:

1. That alignment of all financial flows, public and private, domestic and international, is essential to the achievement of the overarching aims of the Paris Agreement in Article 2, including the context of sustainable development and the eradication of poverty. This can only be achieved by the alignment of incentives in the global economy, which are currently misaligned with the implementation of the Paris Agreement. Therefore financial flows, particularly in global financial markets, remain misaligned. Capital will continue to flow to where it is assessed that future profit will be made, and therefore the publication and implementation of detailed NDCs by Parties that include sectoral roadmaps to align economies and incentives with decarbonisation and climate resilient development is an essential pre-requisite to the shifting of global flows. We recall paragraph 70 of Decision CMA.5 in this regard.
2. Whilst Article 9 envisages financial resources being provided by developed country parties to developing countries, we suggest that implementing policy to make private financial flows consistent with Article 2 goals and invest in the transition to a low carbon and resilient economy will free up public capital to support Article 9. We also recognise that the NCQG includes flows from a wide variety of sources, public and private.
3. The implementation of the Global Stocktake, particularly the energy transition goals in paragraph 28 of Decision CMA.5, the UAE Consensus, can transform the global economy with a decisive pivot towards the Paris goals. The [IEA](#) suggest that implementation in full and on time of the 2030 goals set out in the Stocktake to triple renewable capacity, double the rate of efficiency, phase out fossil fuel subsidies whilst tackling coal and methane and incentivising clean technology and transport can put the energy sector on a net zero 2050 pathway and reduce costs for consumers. Implementation in full would also see financial flows towards clean energy of \$5.2 trillion per year by 2035, with over \$2 trillion flowing to emerging and developing economies, a figure in excess of the \$1.3 trillion goal of the NCQG, and with those flows overwhelmingly financed by commercial sources.
4. We therefore suggest that private sector involvement and input to the workshops under the dialogue is an essential part of aligning all financial flows, and that coordination with the processes for implementation of the Global Stocktake and submission of NDCs that include clear pathways for investment and sectoral transformation, including the elements of paragraph 298 of Decision CMA.5 would complement the work under the Sharm el Sheikh dialogue.
5. Further detail is set out at www.aviva.com/COP29