

Submission by Like-Minded Developing Countries

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

1. Introduction

1.1 The LMDC submission responds to the call from the co-chairs seeking submissions on the **scope of Article 2, paragraph 1(c) of the Paris Agreement, and its complementarity with Article 9 of the Paris Agreement** while identifying the topics and issues that need to be discussed in the workshops in 2025; stakeholders that are relevant to the dialogue, and the processes that need to be taken into account in the work.

1.2 At the outset, it must be noted that customary rules of interpretation of public international law require that the scope of Article 2.1 c of the Paris Agreement, “*making financial flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development*”, should be understood in the context of the objective, as stated in the chapeau of Article 2 and Article 2.1, and the means of implementation, detailed in Article 2.2 and subsequent articles - Article 4, 7, 9, 10 and 11.

1.3 The objectives set out in Article 2 are to strengthen the global response, and this is to be done in a manner that ensures that sustainable development and eradication of poverty - the broader objectives of development are preserved. The subparagraphs of Article 2.1 delineate the goals that must be pursued within this overarching framework. The discussion in Article 2.1(c) cannot be viewed in isolation; it must also encompass the foundational principles for implementing Article 2, namely CBDR-RC (Common but Differentiated Responsibilities and Respective Capacities), equity, and the national circumstances highlighted in Article 2.2. Furthermore, it is essential to consider the other articles that establish the commitments (as stated in Article 4, including Article 4.5, which mandates support from developed countries to developing nations) and the means of implementation as set out in Articles 9, 10, and 11. Finally, as outlined in Article 3, the contribution towards the goals set out in Article are progressed through nationally determined contributions.

1.4 The responses sought by the co-chairs have been formulated, noting the work carried out and the fact that the discussion must be comprehensive, covering the interpretation of Article 2.1c in the context of Article 2 itself and the various other articles mentioned above on the commitments made and means of implementation.

2. LMDCs’ views and suggestions for workshops to be held in 2025 are as below:

A. Which topics and issues do you see as most relevant and helpful to be discussed in the context of the workshops in 2025?

The issues that can be addressed in 2025 through the workshops under SeSD are suggested below:

i. **Role of Article 9.1 in implementing the objectives of Article 2 including Article 2.1 c ie complementarity between Article 9.1 and Article 2 including Article 2.1c:** The extent of finance required in line Article 2.1(a) and 2.1(b) by 2030 run into trillions. The workshops must discuss the role of the developed country's public sector in providing and mobilising financial resources for climate action. To break the cycle of underfunding and drive just transitions, public finance—from developed nations—must play a leading role in mobilizing private investment and supporting low-emission development. Article 9.1 is a mandatory commitment of the developed countries under the Paris Agreement and is key to the extent of climate action by developing countries. However, there has been no discussion on the role of Article 9.1 in implementing the objectives of Article 2 including Article 2.1c.

ii. **Discussions on the scope of Article 2.1c and the manner of its implementation:** The CMA6 decision on the Standing Committee on Finance acknowledged formally that there is no common interpretation of the scope of Article 2.1c or the manner of its implementation. In order to progress in discussions, it is key that adequate time is allocated to allow Parties to discuss their interpretations and views regarding the Article. Approaches and interpretations from the global North have dominated discussions surrounding the Article both within and outside of the UNFCCC process, often to the detriment of developing countries. The Sharm el Sheikh Dialogue should offer a space to ensure that the voices of developing countries are captured and their views surrounding the scope of the Article and the manner of its implementation are captured. Therefore, a key point of discussion within the dialogue for 2025 must be the various interpretations of Parties and groups of Parties and opportunities to outline convergences.

iii. **Understanding what constitutes climate finance with an emphasis on its importance for supporting different national approaches, addressing the high cost of capital that impacts bankability of projects and repackaging of development finance as climate finance:** The chapeau of Article 2 clearly outlines the context of sustainable development and efforts to eradicate poverty. The efforts to lower greenhouse gas emissions and climate-resilient development are a part of the overall sustainable development and poverty eradication efforts. There is a need to gain a better understanding of what constitutes climate finance with an emphasis on its importance for supporting different national approaches and preventing the repackaging of development finance as climate finance. The latter has negative consequences on development and needs attention. There are challenges faced by developing countries in attracting capital due to the high cost of capital impacting the bankability of projects. A discussion on the ways to address these concerns without impacting the

developmental priorities of the developing countries is required. A global system of standards, taxonomies and frame works may not fairly demonstrate CBDR-RC, in the light of different national circumstances. Equity and climate justice are essential for Article 2.1(c) implementation, so that actions taken are not in factual contradiction with commitments to ‘leave no one behind’ in the pursuit of sustainable development.

iv. Navigating uncertainty: Climate action in the wake of a retreat from multilateralism and from the Paris Agreement: The recent withdrawal from the Paris Agreement has raised significant concerns regarding global efforts to combat climate change. Furthermore, the rise of unilateral trade measures have seen climate change being utilized as a justification to impede international trade and negatively impact developing countries. This development underscores the urgent need for comprehensive discussions that address two critical aspects of climate action: promoting low-carbon pathways through the reduction of greenhouse gas emissions and mobilising greater resources to support climate initiatives for developing countries. Ensuring consistency and equitable access to financial products and services, specially focused at driving climate mitigation and adaptation, ensures finance for climate action reaches those who need it most. Developed nations must take every precaution to avoid unintended negative consequences on the needed policy space in developing countries while ensuring that developing countries retain the flexibility needed for just and sustainable transitions to low emission and climate resilient development pathways.

v. Enhancing grant and concessional finance for adaptation and building climate resilience: This issue requires focus considering that temperature levels have reached 1.1 degrees by 2011 and breached 1.5 degrees in 2023 for that calendar year. Effective suggestions on enabling low-cost funds to address adaptation and the stakeholders that should have a prominent role in the discussion. Other enablers may include technology or capacity building. Article 4.7 of the Convention states that the extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments under the Convention related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties.

B. Which stakeholders do you see as most relevant to participate in and contribute to the workshops in 2025?

The work carried out under the SeSD in 2023 and 2024, as summarised in the annual reports prepared by the co-chairs, brings out the existing and continuing divergences in the views of the Parties in various aspects that have been covered by the four workshops in 2023 and 2024.

This is the final year of work, and it must be best utilised to identify the possible areas of convergence through open, objective, and inclusive consultations in the workshops.

Considering that the issue of differences in interpretation stays unresolved even after two years of work, there is a need to ensure relevant, wider, open, transparent and more inclusive participation in these workshops. It is also important to have a fair representation of the developing country non-parties in such workshops, including Civil society and think tanks, for which support should be provided to enable a more equitable and inclusive participation.

Further, LMDCs also suggest that the workshops should be scheduled well, taking into account that a workshop on the sidelines of SB sessions or closer to other significant meetings often impedes participation by the technical experts. It is also important that through the 2025 work plan, the guiding questions for discussion are not leading in nature but are more exploratory to allow the participants to reflect on the aspects objectively without having to side with one or another position. The discussions to proceed following a bottom-up, and a non-prescriptive.

C. Which other processes should we take into account in our work in 2025?

The UNFCCC process is uniquely placed amongst the various processes or initiatives on the issue of climate change, given its broadest reach to all countries. The LMDCs are of the view that processes other than UNFCCC do not adequately address the concerns of all countries as they have limited reach in terms of membership, mandates and scope of work with regard to climate change issues.

In this context, the work under UNFCCC, including the SeSD on Article 2.1(c) and the discussions therein, should not be influenced by those outside of the UNFCCC. Instead, the work under SeSD should be a guiding force for all the other processes outside UNFCCC.