

**Submission of the Russian Federation on the Sharm el-Sheikh Dialogue on Aligning Financial Flows with a Development Path of Low Greenhouse Gas Emissions and Climate Resilience (Article 2, paragraph 1(c) of the Paris Agreement), and the relationship between this issue and Article 9 of the Paris Agreement on Financial Assistance to Developing Countries**

When forming a position on the relationship between paragraph 1 (c) of Article 2 and Article 9 of the Paris Agreement (hereinafter referred to as the Agreement), it is necessary to be guided by the fact that Article 2 is comprehensive, that is, it establishes goals and strategies for achieving them, which equally apply to all countries that are Parties to the Paris Agreement, but at the same time take into account the principles of fairness, differentiated responsibilities and appropriate opportunities. The strategy for achieving the goal set out in Article 2 of the Agreement should be divided into internal (national) and external (international) components. In turn, Article 9 is formulated as a continuation of the obligations on the provision of financial resources and assistance adopted by developed countries (Annex II countries) under the UN Framework Convention on Climate Change (hereinafter referred to as the UNFCCC). For other (non-Annex II) countries, the provision of financial assistance and assistance is voluntary (Article 9, paragraph 2). The principal features of the modalities for presenting funding and assistance outlined in Article 9 are the increase in support beyond previous efforts, the achievement of a balance between funds allocated for adaptation and mitigation, and the requirement to regularly provide information on assistance provided every 2 years (i.e. in biennial transparency reports).

In terms of the implementation of the national component of paragraph 1 (c) of Article 2 of the Agreement, the Russian Federation is already taking measures to bring financial flows in line with the trajectory of socio-economic development, characterized by low greenhouse gas emissions and resilience to climate change. In 2020, a Decree of the President of the Russian Federation was adopted to reduce greenhouse gas emissions by 70% by 2030 compared to the 1990 level, taking into account the maximum possible absorbing capacity of forests and other ecosystems and subject to sustainable and balanced socio-economic development of the Russian Federation (Decree of the President of the Russian Federation dated November 4, 2020 No. 666). In 2021, Federal Law No. 296-FZ on limiting greenhouse gas emissions was adopted, which defines the basis for the legal regulation of relations in areas of activity that are accompanied by greenhouse gas emissions and formed the legal framework for the implementation of voluntary climate projects and the development of a national voluntary carbon market. The mechanism makes it possible to increase the attractiveness of additional measures

to reduce the anthropogenic impact on the climate on the part of business, and forms an additional source of their financing.

In the same 2021, the Strategy for the Socio-Economic Development of the Russian Federation with Low Greenhouse Gas Emissions until 2050 (hereinafter referred to as the Strategy) was approved and submitted to the UNFCCC Secretariat, providing for the achievement of carbon neutrality of the Russian economy no later than 2060, which was announced by President of the Russian Federation. The strategy contains a list of general economic and sectoral measures to reduce greenhouse gas emissions and create conditions for the low-carbon development of the Russian Federation. The implementation of the target scenario of the Strategy will make it possible to consistently increase the ambition of the nationally determined contributions of the Russian Federation to the implementation of the Paris Agreement. The strategy includes a set of key action areas for moving towards a low greenhouse gas emission path, which provides a guideline for the sectoral distribution of financial flows that provide measures to reduce emissions and increase greenhouse gas absorption. In April 2023, a draft action plan was developed for the implementation of the Strategy in the sectors of the Russian economy, which, among other things, provides for determining the resource support for their implementation.

In order to reduce vulnerability to climate change, the Russian Federation uses a systematic approach that provides for the implementation of adaptation measures at the national, sectoral and regional levels. In December 2019, the Government of the Russian Federation adopted the National Action Plan for the first stage of adaptation to climate change for the period up to 2022, and in March 2023, the National Action Plan for the second stage of adaptation to climate change for the period up to 2025 was approved. In March 2023, the Government of the Russian Federation adopted a national action plan for the second stage of adaptation to climate change. In addition to national plans, sectoral and regional adaptation plans have also been developed and approved. The Russian system of adaptation planning includes unified methodological approaches to assessing climate risks and ranking events. Thus, a framework has been created that allows orienting regional and sectoral resources towards solving the most priority problems of adaptation.

When considering the international component of paragraph 1(c) of Article 2 of the Paris Agreement, it should be borne in mind that the Russian Federation is not a developed country included in Annex II to the UNFCCC, and the provisions of Article 9 for Russia are not binding.

On a voluntary basis, the Russian Federation provides financial resources for the implementation of climate change adaptation and mitigation measures. Providing financial assistance to developing countries in this area was carried out, including

through the introduction of voluntary earmarked contributions from the Russian Federation to the budget of the Green Climate Fund, established by the United Nations Framework Convention on Climate Change, as well as a contribution to finance the "climate window" of the Trust Fund Russian Federation - United Nations Development Program for Development. Contributions to the Green Climate Fund amounted to: 3 million US dollars in 2018 (in accordance with the order of the Government of the Russian Federation of November 3, 2018 No. 2394-r) and 10 million US dollars in 2020-2022. (in accordance with the order of the Government of the Russian Federation of December 14, 2019 No. 3034-r). The contribution to the "climatic window" amounted to 10 million US dollars in accordance with the order of the Government of the Russian Federation dated April 9, 2016 No. 614-r.

Assistance is also provided by the Russian Federation through other multilateral organizations, including the Food and Agriculture Organization of the United Nations (FAO), and the UN Environment Programme.

In addition, in the near future, the decision of the Government of the Russian Federation is expected to finance a project to provide the Central Asian states with donor and technical assistance to overcome the consequences of the environmental crisis in the Aral Sea region, high-tech development of the water sector, the introduction of advanced water-saving technologies and support for the International Fund for Saving the Aral Sea for the period 2023 -2032 years. The volume of project financing will be up to 33.445 million US dollars.

In 2022, through the Russia-UNDP Trust Fund for Development, projects were implemented to assist Armenia, Belarus, Guinea, Kyrgyzstan, Cuba, Tajikistan and Uzbekistan, as well as a project through the United Nations Environment Program (UNEP) in Central Asia.

Information on the assistance and assistance provided is regularly published in biennial reports and periodic national communications submitted to the UNFCCC bodies as part of the implementation of national obligations. Thus, the international component of paragraph 1(c) of Article 2 of the Agreement is already fully integrated with Article 9 of the Paris Agreement.

To assess the feasibility of introducing carbon pricing mechanisms, an experiment is being implemented on quoting greenhouse gas emissions in the Sakhalin Region of the Russian Federation in order to achieve carbon neutrality in the region no later than December 31, 2025 (Federal Law No. 34-F3 of March 6, 2022). Based on the results of the experiment, a decision will be made on the prospects for expanding the mechanism to other regions of the Russian Federation.

In order to develop investment activities in Russia and attract extrabudgetary funds to projects aimed at implementing the UN Sustainable Development Goals and the Paris Agreement. The Government of the Russian Federation has formed the basis for “green” financing (Decree of the Government of the Russian Federation of July 14, 2021 No. 1912-r “On approval of the goals and main directions of sustainable (including green) development of the Russian Federation”), In the taxonomy of green projects (Government Decree of the Russian Federation dated September 21, 2021 No. 1587) provides for activities to reduce greenhouse gas emissions and increase their absorption. Thus, the taxonomy sets the vector for the direction of investment for the private sector, which is linked to the trajectory of socio-economic development with low greenhouse gas emissions.

In accordance with the scope of the dialogue, the Russian Federation identifies a number of principles that it considers as the basis for selecting seminar topics and conducting discussions in relation to paragraph 1 (c) of Article 2 of the Paris Agreement and its relationship with Article 9 of the Paris Agreement.

**1. Domestic and international financial flows.** We believe that the announced topic includes mechanisms and approaches to bring financial flows in line with a development trajectory characterized by low levels of greenhouse gas emissions and resilience to climate change both at the domestic and international levels (including through financial assistance to developing countries).

**2. National features of the implementation of climate finance goals.** The UNFCCC establishes that policies and measures in the field of protecting the climate system from anthropogenic changes must comply with the specific national conditions of each Party (paragraph 4 of Article 3). This same principle is reflected in the approach to nationally determined contributions. Therefore, when discussing how to align financial flows with a development trajectory characterized by low greenhouse gas emissions and climate resilience, it is necessary to take into account that countries are free to choose the range of measures to which financing will be directed.

**3. Priority of stimulus measures.** Based on the 17th UN Sustainable Development Goal to strengthen the means of achieving sustainable development and the principle of the UNFCCC on cooperation and the exclusion of unjustified discrimination, we consider it expedient to put at the forefront the entire range of measures and mechanisms that stimulate the attraction of financing for development characterized by low levels of greenhouse gas emissions and climate resilience (eg carbon markets, subsidies, facilitating access to finance) and consider restrictive measures additional (eg carbon taxes). We believe the use of restrictive mechanisms is possible if these mechanisms do not contradict

international law, the international obligations of the parties, do not lead to discrimination and do not create barriers.

**4. Non-discriminatory approach to international climate cooperation.**

Financial flows corresponding to a development trajectory with low greenhouse gas emissions should not be built by discriminating against international trade, worsen the economic situation of other countries and have a negative impact on their sustainable development. Activities that help reduce the anthropogenic impact on the climate should not face obstacles and artificial restrictions on the part of individual participants in the international climate process, as they are focused on achieving common global goals. This means that the alignment of financial flows in accordance with a development trajectory characterized by low greenhouse gas emissions must be accompanied by the removal of unilateral restrictive measures against projects, areas of cooperation and organizations that achieve climate goals.

**5. Free access to technologies and investments for sustainable development.**

Investments in low-emission and sustainable technologies are a prerequisite for achieving global climate goals. Advanced climate neutral technologies should be made available to all countries, for example, through a technology transfer mechanism free of charge or at low cost to all countries in need. Policies and measures to combat climate change must be cost-effective, and climate technology and financing must be affordable and sufficient.

**6. Providing climate finance.** We proceed from the fact that the obligations and sources of climate finance are established under Article 4 of the UNFCCC.

**7. Increasing the role of the private sector in the implementation of the climate agenda.**

To solve the problem of climate change, the state needs to work closely with the private sector, the role of which is increasingly growing due to the need to mobilize financial resources and implement technological and innovative solutions for the transition to low-carbon development. Engaging the private sector will increase the focus on financing mitigation and adaptation activities that are most cost-effective, leaving the public sector more resources to cover necessary costs that do not have a significant economic impact.

The Russian Federation uses these approaches at the national level when building the regulation of low-carbon development, creating conditions for attracting private sector investments in projects to mitigate the impact of climate change and adapt to its changes, and appropriately accounting for private sector projects in national reporting, at the same time testing mechanism of carbon pricing in the Sakhalin region.