

U.S. Submission to the Sharm el-Sheikh Dialogue

The United States welcomes the opportunity to submit its views on the Sharm el-Sheikh Dialogue on Article 2, paragraph 1(c) of the Paris Agreement and its complementarity with Article 9 of the Paris Agreement.

Context

Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development is one of the three long-term goals of the Paris Agreement and is crucial to achieving the Agreement's long-term temperature and resilience goals, as articulated in Article 2, paragraphs 1(a) and (b). The goal in Article 2, paragraph 1(c) complements the long-term temperature and resilience goals and facilitates their achievement through action which: creates the demand for climate-smart investments, increases the supply of financing by scaling up investment in Paris-aligned activities and scaling down investment in activities that detract from progress toward achieving the Agreement's long-term goals, and manages climate-related risks.

Significant efforts have been made toward achieving the goal articulated in Article 2, paragraph 1(c), including by Parties and the private sector. However, unfortunately, there has been only one process under the Paris Agreement to recognize Party-driven efforts to contribute to this goal.

Eight years after the adoption of the Paris Agreement, the Sharm el-Sheikh Dialogue has taken the first step in providing space for Parties to exchange views, engage with non-Party stakeholders, and build momentum for concrete action. Yet, it is clear from the Dialogue that further engagement among Parties toward enhanced action is needed in order to pursue this goal and shift the trillions in resources needed to achieve the other two Paris goals.

Article 2, paragraph 1(c) at the 28th UN Climate Change Conference

It is crucial that the fifth session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA 5) take up a dedicated agenda item on Article 2, paragraph 1(c) of the Paris Agreement. This item should be broadly framed to cover all aspects of work related to the implementation of Article 2, paragraph 1(c).

This agenda item should have two objectives:

- First, the agenda item should capture the key outcomes of relevant Paris Agreement processes and products relating to Article 2, paragraph 1(c), including the Sharm el-Sheikh Dialogue, the work of the Standing Committee on Finance, and other elements, as appropriate. This objective is important to recognize the work that has been done under the Paris Agreement on enhancing collective efforts to achieve the goal in Article 2, paragraph 1(c).
- Second, the agenda item should aim to develop and adopt a long-term, structured approach to work under the Paris Agreement related to Article 2, paragraph 1(c). This objective is important to build an enduring approach to recognize Party-driven efforts that contribute to this goal, to accelerate implementation, and to chart the course for enhanced action moving forward.

The United States proposes the establishment of the Paris Alignment Work Program, with the aim of accelerating the implementation of Article 2, paragraph 1(c) of the Paris Agreement.

This work program, similar to work undertaken by the Work Program on Long-Term Finance, would provide a long-term, structured approach for Parties to engage, share experiences, and drive action.

We propose that the Paris Alignment Work Program be structured across three themes, which capture complementary aspects of the Party-driven efforts at the core of pursuing the achievement of Article 2, paragraph 1(c), and thus enhancing climate action. These three themes, as laid out above, are:

- First, **creating the demand for climate-smart investments** through policies, incentives, and other approaches;
- Second, **increasing the supply** of finance by mobilizing capital from all sources, public and private, international and domestic, including by scaling-up investments in Paris-aligned activities and scaling-down investments that actively detract from the achievement of our shared goals; and
- Third, **managing climate-related risks**, considering how climate change may impact wider financial flows¹.

We propose that the Paris Alignment Work Program utilize a variety of modalities to advance work across these themes, including biennial High Level Ministerial Dialogues, a standing agenda item, in-session workshops, and specific requests for technical work by the Standing Committee on Finance under each theme.

As part of the Paris Alignment Work Program, we propose that Parties regularly submit information on efforts taken to contribute to achieving Article 2, paragraph 1(c), including progress made and forward-looking plans. The overall structure and elements of these submissions would be decided by Parties, taking into account the need for country-driven efforts that are fit-for-purpose across a wide variety of contexts. This information would then be regularly synthesized by the UN Climate Change Secretariat and serve as a crucial input to relevant processes under the Paris Agreement, including future global stocktakes.

The Paris Agreement's success lies in its country-driven nature. The Paris Alignment Work Program will continue in this spirit, bringing Parties together to share experience and highlight their respective efforts, while presenting clear plans to further accelerate implementation in this critical decade.

¹ Work related to the management of climate-related risks is not anticipated to be inclusive of financial-sector regulatory or supervisory policy.