CMA 10 (g) 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 - Contact group

12 November 2025, 10:00am / 17:30

Notes prepared by Eda Kosma, C2ES

Co-chairs -- Zahir Fakir (UAE), Ralph Bodel (Germany)

- Parties have received the 2025 annual report of the Sharm el-Sheikh Dialogue which includes a synthesis of all work throughout the dialogue
- Seeking views on two substantive elements:
  - Invite Parties for reflections on the work of the dialogue
  - Invite views on the way forward with regard to the CMA deliberations

G77+China

- 2.1c and its remaining work should benefit developing countries

South Africa obo AGN

- AGN position continues to be that Art 2.1c can only be interpreted in the scope of all of Article 2, including CBDR-RC. Should not impinge on sovereign national decision making.
- Dialogue has clearly shown that 2.1c activities are underway in developing countries, and that pathway approach must underpin how developing countries
- Mix of policy and instruments will be informed by different actors
- Dialogue so far has no clear framing, no common understanding of scope. Not enough discussion of safeguards. No discussion of impact like unilateral trade measures
- Provide mandate for co-chairs to develop text based on the co-chairs report

Bangladesh obo LDC

- Good SeS summary by co-chairs of the dialogue, with good suggestions
- Want further clarity out of this process, because throughout the workshops no consensus on interpretation of 2.1c and no talk of operationalization.
- Request elaboration on modalities of how to move forward
- Want more productive time in the future – the workshops did not result in very good outcomes
- 2.1c conversation needs to go beyond UNFCCC forum, need broader dialogue with other financial stakeholders

EU

- No common agreed definition, but we have heard 2.1c works in practice, so don't need debate of whether it works in theory.
- Hear the need for safeguards.
- Dialogue as structured now not effective
- Work needs to continue and evolve. Welcome interesting recommendations in the report for high level ministerial dialogue
- Provide mandate for co-chairs to develop text based on the co-chairs report

India obo LMDC

- Recognize very divergent views
- Concerned that domestic regulatory frameworks have been the focus
- Developing countries facing restrictions from financial institutions
- Need safeguards which come from Art 2.2 – CBDR-RC and equity
- Do not support idea of harmonizing policies
- Dialogue should focus on complementarity between 2.1c and 9.1

Switzerland obo EIG

- Would have loved to see the recommendations of the report go further, but see them as balanced and reasonable compromise
- Support mandate for co-chairs to provide a draft text

KSA obo AG

- No common interpretation of 2.1c
- Need Art 2.2 – CBDR-RC, equity, poverty eradication to be a part of the conversation
- Astonished that colleagues would want to see reporting requirements
- At last dialogue in Rome, some developed countries expressed a desire for reporting and monitoring of implementation of 2.1c
- Cannot accept a continuation of dialogue if reporting and monitoring included. We don't see a continuation of this process. Important that we have a way to end the issue. In order to continue the process, need to see the necessary safeguards.
- Need to see an option of no continuation of the dialogue reflected.
- On the mode of work, the AG cannot give the mandate for new text. Want to have a sequential way of work. See it happening in phases:
    - 1 – next meeting should focus on procedural matters
    - 2 – then focus on safeguards
    - 3 – cannot discuss way forward without steps 1 and 2

Russian Federation

- Welcome the report
- SeS Dialogue has shown ongoing efforts on all levels, but still differences in interpretation
- Discussions need to have a broad and inclusive nature including ministries, financial regulators, private sector and financial institutions
- See bottom up approach as in Paris Agreement
- Need to avoid trade off between climate and development
- Needs to address adaptation and resilience
- No unilateral trade measures
- No universally established standards for environmental spending

Maldives obo AOSIS

- Align w G77+China
- 2.1c should not impede developing countries in accessing finance
- On guidance and safety measures – outcome should address the scope of implementation including definition of climate finance, implementation of low GHG development, reflect equity and specific differentiation treatment of SIDS economies
- CBDR-RC, equity, fairness
- Beyond the financial mechanism other types of support need to be implemented
- Hold MDB and developed countries accountable
- Need to recognize special circumstances of SIDS
- Reflections are premature in the report, work programme is not suited for developing countries. High-level engagement would also be premature, engagement should remain technical
- Need to see AOSIS submission reflected in the draft text

Honduras obo AILAC

- Align with G77+China
- Welcome report of co-chairs
- 2.1c is an enabler of 2.1a-b
- But 2.1c must be seen in the context of Art 2 as a whole, sustainable development and poverty eradication, equity, CBDR
- No common interpretation among Parties for 3 years of dialogue
- Dialogue had strong focus on the national aspects of 2.1c and how alignment can be achieved
- AILAC sees space for the continuation of a dialogue with all relevant safeguards

- Focus on issues that were not addressed in the 3 years of dialogue
    - Particularly – 2.1c and complementarity with 9.1
    - Continuation on just transition and role of intl financial architecture
    - How it can serve developing countries
- Give co-chairs mandate to make the first draft text
- Start building the necessary rail guards
- Want dialogue to lead to discussions that could then be taken by countries in a bottom up nature. Do not see dialogue that sets a top down approach.

Canada

- The SeS Dialogue has been helpful in deepening understanding of 2.1c and linkages to Art 9
- Encouraging to see that action is already taking place, recognizing that pathways differ
- Without 2.1c, there is no 1.5C or global resilience
- Regarding comments on domestic flows, 2.1c not only about that but they need to be included, it's how we can incentivize the financial system to react
- Need to convene all relevant actors – high cost of capital, constrained fiscal space, IFA reforms all necessary
- Throughout dialogues, did not hear any colleagues asking for extra reporting burden
- Want to continue this space and dialogue
- Need a clear mandate and more structure so that we can make tangible progress
- On safeguards, all Parties shared their concerns, the best safeguard is to move on inclusively and with substantive content

Kenya

- Align w G77+China, AGN

Co-chairs

- Remaining speaker list includes NZ, UK, Australia, China, Norway, Nepal, Ethiopia, Ukraine, Barbados, LMDC, list not closed. [probably also missed several Parties here]
- Will reconvene for another session to go through list, then provide way forward.

[Continuation of AM session – beginning 17:30]

Co-chairs – beginning again with the remaining speakers list

New Zealand

- Welcomes the report
- Parties at all stages of development already enacting 2.1c
- Agree with LDC, going beyond UNFCCC forum important and engaging with many types of stakeholders
- With conclusion of dialogue, see opportunity to launching meaningful work on 2.1c
- Welcome the recommendations of the report
- Agree with AOSIS, needs to build on resilience work
- Build on recommendation to increase visibility of national actions without increasing reporting burdens
- Convening high-level political actors would help to move forward political issues
- 2.1c action must be nationally determined
- Give co-chairs mandate to draft decision text

United Kingdom

- Thank co-chairs for the report
- Forward work must consider this element. Next steps should not increase burdens on developing countries. Impacts that 2.1c could have on sovereign decision making.
- Clear role for the UNFCCC – setting standards, political drive, systemic response
- Agree with AILAC, need space for more discussion
- Next steps should be bottom up and nationally determined, country-driven approach 2.1c
- Give co-chairs mandate to draft decision text

Australia

- Only long-term goal of Paris that does not have a space for discussion
- Dialogue has provided useful insight into 2.1c related actions
- Gaps in the process that further work could respond to
- Support CMA continuing work on 2.1c, including suitable safeguards (no greenwashing, addressing cost of capital)
- Give co-chairs mandate to draft decision text

China

- SeS Dialogue has been helpful for all Parties to exchange information

- Delighted to know that governments and private sector already taking action through diverse range of nationally determined, regional sector, institution-specific approach
- But still different understandings of scope
- Considering huge divergence – agree with AG that need to discuss safeguards
- Agree with LMDC, want to discuss complementarity between 2.1c and Art 9.1

Norway

- SeS Dialogue fruitful
- Complementarity with article 9 was highlighted in the workshops, showing that there is no substitute for public finance
- Workshops have also shown that further deliberation would be useful – further presentations on intl financial system and national policies would be helpful
- Norway sees further work within the report

Nepal

- Recognize the dialogue as a valuable space to continue
- No shared understanding on operationalization has emerged
- 2.1c must complement, not dilute, developed countries' Art 9 responsibilities
- Nepal concerned that current interpretations of 2.1c prioritize private finance and mitigation
- Take note of co-chairs recommendations for continuation of dialogue and high-level forum – open to this
- Future outcome must be facilitative, non-punitive, no increase in reporting burden,
- With the dialogue – has it really advanced 2.1c?
- Stress the link between 2.1c and NCQG. Delivering Art 9 is imperative to fulfilment of Art 2.1c
- Would like to see a draft negotiating text

Ethiopia

- [not present in the afternoon]

Ukraine

- Appreciate comprehensive report
- Implementing 2.1c would increase finance flows to developing country parties
- Mandate to develop draft text with report and recommendations as basis

Barbados

- Stress importance of dialogue going forward. Have all sought influence of

- MDBs and IFIs need constant reminders for vulnerable countries' needs to build resilience and adapt
- Need to see clear distinction between low GHG emissions and climate resilient development, cannot be in the same vein
- Example of coastal resilience projects that are emissions intensive in their manufacture
- Full support in taking work forward

India obo LMDC

- Top down approach in the form of standards and harmonization of policies is not something we expect from a body in the Paris Agreement. These are sovereign decisions.
- On shifting burdens – developing country priority is sustainable development and poverty eradication.
- Parties are not ready to operationalize a legal mandate with Article 9.

Iraq

- Align w AG
- Should reflect CBDR-RC, ILDNC
- Art 9 responsibilities on finance from developed countries
- Bottom up and non-prescriptive approaches
- Need to focus on safeguards, then can discuss way forward after that

Panama

- Align w AILAC
- SeS Dialogue has been an important space
- Key elements still need further
  - Interlinkages with art 9, data and methodological gaps, just transition, clear signals to external financial actors to deal with barriers
- Continuing the dialogue in a more structured way would be important

Grupo Sur

- Align w G77+China
- Acknowledge process so far in the dialogue
- Helpful to continue discussions in a more structured format, but focused on safeguards and Art 2 as a whole
- Mandate to prepare an initial draft text

Argentina

- Align w G77+China and Grupo Sur
- See discussions moving forward in formal setting while in the Presidency consultations Parties are not able to agree on an agenda item to engage on 9.1
- Argentina was not able to participate in workshops in 2023, so adding some views.
- Intl framework for finance for climate action
- Taxonomies, standards, green finance, etc are to remain voluntary and nationally determined.
- On draft recommendations proposed by the report – while appreciate the approach to be considered by Parties, IFA reform is better addressed by finance ministers in other international fora.
- Must address systemic barriers – do not transfer risk to developing countries. Reforms to increase access to concessional finance.

KSA obo AG

- Have heard the room giving the co-chairs a mandate to give a mandate for text.
- The AG would like to provide flexibility – mandate to produce a text on safeguards, while including an option to not continue the dialogue.

Co-chairs

- Heard a number of views from many Parties
- Propose cautiously capture the views we've heard

South Africa obo AGN

- Welcome the flexibility from the AG
- Hearing agreement that we need to move forward on the safeguards
- Ask developed country Parties to be quite clear in terms of the tangible outcomes from continuing the dialogue. What are we going to be discussion? What would the anticipated outcomes be?

Co-chairs

- Propose to capture views that we've heard in a suitable form
- Heard concerns about moving too fast – will not steamroll you and put them in a form of elements of a potential way forward.
- Heard suggestions on the focus and will incorporate this.
- This will be the basis for the next session

KSA obo AG

- AG will not be able to move forward with capturing the views

- Do not agree with capturing the views. Immediately request to suspend the session since we're past the session end at 6pm [intervention given at 6:25pm]

Co-chairs

- Since there is a group objecting to capturing the views, we will hope to open a slot for negotiations tomorrow.

KSA obo AG

- To clarify – there is no consensus on capturing the views in an informal note.

Co-chairs

- That's correct – the session is closed and we will meet again at next session

New Zealand

- POI – my understanding from the room is that you don't need a mandate for text in order produce a text

Co-chairs

- That's right, it's the co-chairs discretion

KSA obo AG

- Disagree, our understanding is that co-chairs need a mandate from Parties.
- We want clarification from you on the way forward

Co-chairs

- 2 issues at hand – 1) co-chairs do not need a mandate to provide a draft text, 2) but we will not produce a draft text from today's session

KSA obo AG

- Reiterate no consensus to produce text,

New Zealand

- Heard from the room wide variety of views. We finished the speakers list, would like to work and there are many groups that
- Full confidence in the co-chairs in your discretion on the way forward

KSA obo AG

- We will not accept shoving text at the beginning of this negotiation

- Ask co-chairs not to take any action to take action that will deter
- This is a consensus driven process
- Would like to see the 2.1c agenda item closing down

Co-chairs

- Reconvene tomorrow, will not create a draft text before then