Submission by the Republic of Senegal on behalf of the Least Developed Countries (LDCs) Group on views regarding ways to achieve Article 2, paragraph 1(c), of the Paris Agreement, including options for approaches and guidelines for implementation.

1. The Least Developed Countries (LDCs) Group welcome this opportunity to share our views on the ways to achieve Article 2, paragraph 1(c), of the Paris Agreement, including options for approaches and guidelines for implementation, in accordance with the invitation made by the CMA.3 in Glasgow.

2. Achieving Article 2.1(c) of the Paris Agreement, would require a shared understanding of its scope and implications, including its linkages and differences with other provisions of the Convention and the Paris Agreement.

Article 2.1(c) context, linkages and differences with other UNFCCC provisions

3. The phrasing of Article 2.1(c) involves the general term “financial flows,” implying a systematic and long-term perspective that extends beyond the provision of “climate finance” from developed to developing countries as stipulated by article 9 of the Paris Agreement.

4. Any further decisions and provisions for implementing this goal should be consistent with all other relevant requirements under the Convention and the Paris Agreement, in particular:

   a. Decision 1/CP.21, paragraph 52, on finance, states the following: “Decides that, in the implementation of the Agreement, financial resources provided to developing country Parties should enhance the implementation of their policies, strategies, regulations and action plans and their climate change actions with respect to both mitigation and adaptation to contribute to the achievement of the purpose of the Agreement as defined in its Article 2.”

   b. Article 4.7 of the Convention provides 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.”
c. Article 4.9 of the Convention, states that “the Parties shall take full account of the specific needs and special situations of the least developed countries in their actions with regard to funding and transfer of technology.”

5. The LDCs understand that a key action for implementing the Paris Agreement should be mainstreaming climate change into national planning. A key enabler for action is the financial resources provided by developed country parties.

6. Implementing Article 2.1(c) should address all elements of the Paris Agreement. Its implementation would require active engagement by governments and non-state actors, including the financial sector as a whole, to transform the global financial system and shift finance away from brown investments, towards investments supporting the green transition, adaptation actions and addressing loss and damage. LDCs can be supported to explore possible high-level pathways towards implementing Article 2.1(c), taking into account macro-economic objectives and LDCs’ special circumstances.

7. Taking into account their financial, technological and capacity needs, developing countries should be supported to identify how ambition in NAPs and NDCs – in combination with efforts towards SDGs such as through Integrated National Financing Frameworks – can mobilise all channels and sources of finance to accelerate climate actions. This ranges from climate finance under article 9 of the Paris Agreement, e.g. grant based public financing, as well as mobilised under article 2.1 (c) including private sector investment, Public-Private Partnerships (PPP) and support to cottage, micro, small and medium enterprises (CMSMEs).

8. Nevertheless, implementation of Article 2.1(c) should not constrain nor diminish access to climate finance under article 9 of the Paris Agreement; it should rather promote sustainable investments focused on priority sectors for LDCs. This far-reaching objective should promote the strengthening of enabling environments for climate-resilient development in LDCs, in the context of poverty eradication efforts, as stipulated by article 2, and its articles 2.1(a) and 2.1(b).

**Tracking of progress in the implementation of article 2.1(c)**

9. Implementing this goal would demand setting clear and comparable methodologies that allow transparent tracking of progress. These methodologies should be consistent with the Enhanced Transparency Framework. For example, Paragraph 121(q) of the MPGs refers to the long-term goals of the Paris Agreement, including Article 2.1(c). We also need to define how article 2.1(c) will be operationalised in the context of the NCQG.

10. In keeping consistency and coherence when tracking progress and implementation of these finance flows, it should be made clear that finance and support for development and
climate finance are not the same. Funding and support for addressing climate change is additional to existing commitment to mobilise 0,7% of GNI as ODA. Also, only the share of funding that is clearly climate-specific should be accounted as climate finance.

Next steps for implementation

11. Regarding possible next steps, clear and strong acknowledgement that country circumstances vary considerably are required in the implementation of Article 2.1(c). Options and progress will not look the same between country Parties. For example, LDCs remain highly reliant on grant-based funding, and private sector in LDCs is characterised for small- and medium- sized businesses, many of them informal.

12. The development of plans, implementation of projects and the measurement of progress towards 2.1(c) should centralise issues of equity and justice keeping in mind the context of LDCs. This implies making special consideration within countries to protect those most vulnerable both to climate impacts and to changes in fiscal policies.

13. The Standing Committee on Finance (SCF), building on its current mapping exercise, could develop further work on Article 2.1(c). This approach would allow to continually build a better understanding on the scope and meaning of Paris-aligned finance flows, including analysis of the latest information available and possible criteria and methodologies for tracking progress. The progress and outcomes from deliberations on the NCQG should inform this line of work.

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