

## **Submission by the Observatório do Clima,**

on behalf of Geledés – Black Women’s Institute, Engajamundo, Plataforma CIPÓ, Conectas Direitos Humanos, Instituto de Estudos Socioeconômicos (Inesc), LACLIMA.

## **Inputs to the Organization of the Veredas Dialogue on Article 2.1(c) and its Relationship with Article 9**

### **I. Context and Purpose**

We welcome the decision adopted at CMA 7 (FCCC/PA/CMA/2025/L.11) to convene the Veredas Dialogue on the implementation of Article 2.1(c) of the Paris Agreement and its relationship with Article 9, including the explicit recognition of differing interpretations and the need to address concerns and safeguards.

The Veredas Dialogue follows the Sharm el-Sheikh Dialogue (2023–2025) and should build on its discussions, lessons learned, and areas of emerging convergence.

This submission provides inputs from civil society to inform the **organization, scope, and modalities of the Veredas Dialogue**, with the objective of supporting a facilitative, inclusive, and Party-led process that strengthens equity, preserves national policy space, and reinforces the effective delivery of climate finance under Article 9.

### **II. Guiding Perspective**

We underscore that bridging the gap between climate ambition and real-world implementation must now be a primary objective of global climate governance, which demands national and international financial systems aligned with low-emission, fair redistribution and climate resilient pathways. In this context, implementation of **Article 2.1(c) should be approached as a system-wide challenge**, requiring coordinated action across different actors and decision-making levels, including:

1. National and subnational governments, in establishing enabling policy, regulatory, and fiscal frameworks;
2. Financial institutions, in allocating capital and managing risk at scale;
3. Actors in the real economy, including large corporations, in making investment and transition decisions.

Progress depends on coherence across these levels, while combating environmental racism and promoting climate justice, social safeguards, human rights and gender equality, development priorities, and national policy space.

Discussions under the Veredas Dialogue should promote **transparency, accountability, and inclusive decision-making**, ensuring appropriate levels of openness, dialogue, and stakeholder engagement, particularly where such decisions have significant implications for sustainable development and people's well-being.

### **III. Strategic Framing: Article 2.1(c) in Complementarity with Article 9**

- Advancing discussions under Article 2.1(c) is essential to keep the 1.5°C temperature goal within reach, as it addresses **how financial flows can be aligned with low-emissions and climate-resilient development pathways**.
- Efforts to operationalize Article 2.1(c) must complement and reinforce — not replace, reinterpret, or weaken — the obligations of developed countries under Article 9, in particular the provision of public climate finance under Article 9.1. Rather than shifting responsibility, this framing safeguards accountability for developed countries' international duty to co-operate – as per the International Court of Justice's 2025 and the Inter-American Court of Human Rights advisory opinions – while mobilizing other actors and instruments to align with the goals of the Paris Agreement.
- Effective complementarity between Articles 2.1(c) and 9 depends on broader structural conditions, including adequate fiscal space, predictable access to concessional finance, and progress toward a more equitable and responsive international financial architecture.

### **IV. Organization and Modalities of the Veredas Dialogue**

#### **A. Structure and Timing**

- Discussions under the Sharm-el Sheikh Dialogue demonstrated differing views among Parties regarding the scope and institutionalization of work under Article 2.1c. These divergencies underscore the importance of a Party-led dialogue that builds coherence and shared understanding without creating new conditionalities that particularly affects developing countries.
- We consider that the format of the Sharm el-Sheikh Dialogue provides a suitable basis for the Veredas Dialogue and should be maintained, with sessions convened during or back-to-back with meetings of the Subsidiary Bodies and COPs.

- Experience indicates that extensive activities outside the formal UNFCCC calendar can limit effective participation; such approaches should therefore be avoided, and all sessions should continue to offer virtual participation option.
- Calls for submissions should be issued sufficiently in advance of each phase of the dialogue, and substantive workshops should not be held prior to the Bonn SB session.

## **B. Xingu Finance Talks**

- The Xingu Finance Talks should be established as an annual high-level roundtable, starting in 2026, with a practical and solution-oriented focus.
- Exchanges should focus on identifying concrete pathways for implementing Article 2.1(c) in ways that reinforce, and do not substitute for, the delivery of climate finance under Article 9, particularly Article 9.1, while integrating considerations of equity, human rights, just transition, and real-economy impacts.
- Participation should include Parties, international financial institutions, multilateral development banks, financial regulators, academia, civil society organizations — particularly those representing affected communities, including Indigenous Peoples, local and traditional communities, people of African descent, Quilombola communities, women, peasants, and youth — and private-sector actors, with discussions remaining firmly Party-led.

## **C. Transparency and Continuity**

- Regular synthesis notes should document areas of convergence and divergence without prejudging formal outcomes.
- These outputs should support cumulative learning and, where appropriate, translate dialogue outcomes into actionable recommendations that can inform concrete decisions across the UNFCCC process.

## **V. Priority Areas for Discussion**

We recommend that the Veredas Dialogue address, inter alia, the following thematic areas:

- a) Clarifying financial alignment in relation to the 1.5°C goal, including the treatment of public and private, domestic and international financial flows, and approaches to phasing out fossil fuel subsidies and investments, as well as other financial support mechanisms that entrenches high-emissions development. This clarification would avoid fragmented approaches that unilaterally define “consistency” and can create new barriers for countries with limited fiscal and institutional capacity.

- b) Addressing systemic barriers, such as high cost of capital, short-term risk perceptions, debt pressures, misaligned incentives, the role of rating agencies and regulatory gaps, particularly as they affect developing countries.
- c) Equity and just transition considerations, including the protection of vulnerable communities and the responsibilities of large corporate actors and their projects in developing countries, regardless of jurisdiction.
- d) Reform of the international financial architecture, including sovereign debt challenges, MDB reform, and instruments such as debt-for-climate swaps and risk-sharing mechanisms.
- e) Enhanced coherence and cooperation with other multilateral processes, notably UN-led discussions on international tax cooperation, with a view to expanding fiscal space and supporting climate action in developing countries.
- f) Public investments and subsidies beyond the energy sector that have significant climate and justice implications, including big agriculture and military spending, in light of their links to emissions, geopolitical instability and the diversion of public resources away from climate action.
- g) Linkages between Article 2.1c implementation and Global Stocktake, including how the alignment of financial flows can be assessed as a determinant of progress toward achieving the goals of the Paris Agreement, in line with the principles of equity and CBDR-RC.

## **VI. Concluding Remarks**

We consider that, when grounded in equity, safeguards, and the central role of public climate finance, the Veredas Dialogue can contribute meaningfully to building shared understanding on the implementation of Article 2.1(c).

Stronger linkages with Article 9 discussions and with the Just Transition Work Programme would further enhance the relevance of the dialogue for effective implementation of the Paris Agreement.

By advancing a clearer common understanding of how to operationalize Article 2.1c, the Veredas Dialogue can help position the UNFCCC as a reference point for global climate finance alignment efforts and support Parties in building the policies, metrics and institutional frameworks needed to transform financial systems.

A well-designed Veredas Dialogue can also help position the UNFCCC as a reference point for broader debates on reforming the international financial system in line with climate objectives and sustainable development.