



Submission by Cyprus and the European Commission on behalf of the European Union and its Member States

Nicosia, 2 March 2026

Subject: Views on the organization of the Veredas Dialogue on the implementation of Article 2, paragraph 1(c), of the Paris Agreement and its complementarity with Article 9 of the Paris Agreement

1. Introduction

The European Union and its Member States (EU) welcome the opportunity to submit views on the organization of the Veredas Dialogue on the implementation of Article 2, paragraph 1(c), of the Paris Agreement and its complementarity with Article 9, as established by decision 11/CMA.7. The EU recalls that the Veredas Dialogue builds upon, and takes forward, the work undertaken under the Sharm el-Sheikh Dialogue (2023–2025), including as reflected in the co-chairs' report. The EU reaffirms its strong commitment to the full and balanced implementation of the Paris Agreement, including the objective set out in Article 2, paragraph 1(c), to make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development. This goal is a fundamental enabler of the achievement of the mitigation and adaptation goals contained in Article 2, paragraphs 1(a) and 1(b), and must be pursued in a manner consistent with equity and the principle of common but differentiated responsibilities and respective capabilities, in light of different national circumstances.

As reflected in our previous submissions and throughout engagement in the Sharm el-Sheikh Dialogue, the EU considers that the UNFCCC provides a unique, inclusive and legitimate forum for advancing collective practical implementation of Article 2.1(c). The establishment of the Veredas Dialogue represents a significant important step in institutionalizing this work while explicitly recognizing the diversity of views, national approaches, and safeguards articulated by Parties.



2. General views on the Veredas Dialogue

The EU acknowledges the valuable work undertaken during the Sharm el-Sheikh Dialogue (2023-2025) and expresses its appreciation to the co-chairs and all participants — Parties, practitioners, financial institutions, and other stakeholders — for their constructive engagement. The depth and diversity of discussions confirmed the relevance of the objective and diversity of approaches towards its achievement.

Following the Sharm el-Sheikh Dialogue, which was focused on *understanding* Article 2.1(c), the mandate of the Veredas Dialogue is to address *implementation*. This represents its key added value and should build on the momentum, lessons learned and practical insights generated under the Sharm el-Sheikh Dialogue. In terms of its format, as the EU highlighted during the CMA.7 negotiations, the evolving scope and political relevance of Article 2.1(c) require a dialogue format that is more structured, durable and responsive to Parties' concerns.

The EU approaches the Veredas Dialogue guided by the principles set out in decision XX/CMA.7, including in particular:

- The need to pursue all three long-term goals of the Paris Agreement together so that the implementation of article 2 paragraph 1(c) facilitates a low greenhouse gas emission and climate resilient pathway.
- Article 2, paragraph 1(c), of the Paris Agreement is complementary to and not a substitute for the provision and mobilization of financial support to developing countries under Article 9. These articles are neither interchangeable nor mutually exclusive; rather, effective implementation of Article 9 reinforces progress towards Article 2.1(c) and vice versa.
- Efforts to make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development are nationally determined, respecting national sovereignty and taking into account different national circumstances, timeframes, and approaches.
- The Dialogue must remain facilitative, enabling, non-punitive and non-prescriptive, and should not seek to establish a common interpretation, definition or mandatory implementation pathway for Article 2.1(c).
- The Dialogue should serve as a platform for exchanges that enable concrete engagement by Governments and other stakeholders to advance towards the implementation of the Paris Agreement in full.
- The Dialogue should provide a safe and inclusive space for all Parties and relevant stakeholders, with appropriate safeguards addressing the concerns raised by Parties,



including with respect to reporting burden, transparency and potential spillover effects.

3. Views on structure, format and process

Structure and format

The EU commends the efforts made under the Sharm el-Sheikh Dialogue to engage a wide set of stakeholders, and supports continued efforts to foster an open, transparent and inclusive space under the Veredas Dialogue, consistent with decision 11/CMA.7. The span of Article 2.1(c) underlines the importance of equal width of participation from Parties and engagement with relevant stakeholders, including international financial institutions, multilateral development banks, the private sector, civil society and academia. Measures to facilitate effective participation, including through hybrid and virtual formats, are encouraged to widen opportunities for representation.

The Dialogue should benefit from technical inputs from relevant UNFCCC constituted bodies and operating entities of the Financial Mechanism, including the Standing Committee on Finance and the Green Climate Fund, as well as from international financial institutions, as appropriate and upon invitation.

Process

The EU considers that the Veredas Dialogue should aim to generate **meaningful, tangible and policy relevant insights** while remaining non-prescriptive. Its outputs should contribute, as appropriate, to the Global Stocktake, in line with existing modalities, and support Parties' nationally determined efforts to implement Article 2.1(c).

The EU further notes the interlinkages between Article 2.1(c) and the New Collective Quantified Goal (NCQG), and the Baku to Belém Roadmap and the implementation of Article 2.1(c). Without prejudging outcomes, the Dialogue may provide a space to explore interlinkages and how these processes can be mutually reinforcing, while respecting their distinct mandates. Consistent with the paragraph 3 of the 11/CMA.7 decision, the EU supports the consideration of procedural safeguards and guardrails throughout the Dialogue, including respect of national sovereignty, balanced representation, transparency, and avoidance of additional reporting or implementation burdens.



In addition, the EU considers it essential that the work carried out by Parties within the Veredas Dialogue and Xingu Finance Talks evolve in a coherent and mutually reinforcing manner. This will be critical to ensuring policy relevance.

4. Views on substance and thematic focus

4.1 Proposed thematic areas for the Dialogue

Building on the experience of the Sharm el-Sheikh Dialogue and consistent with CMA.7 decision, the EU suggests organizing the Veredas Dialogue around the following key thematic areas:

A) Domestic policies, policy coherence and enabling environments

Exchange of experiences on nationally determined policies and frameworks that support consistency of finance flows with Paris Agreement goals, including, but not limited to, considering approaches to embedding 2.1(c)-related dimensions into national planning and implementation, among others on:

- Economic instruments: carbon pricing mechanisms, environmental taxation, fossil fuel subsidy reform, emission trading and carbon markets;
- Regulatory frameworks: sustainable finance taxonomies, disclosure requirements, and climate risk assessment frameworks and green budgeting practices;
- Public finance: climate mainstreaming in national budgets and fiscal frameworks, create domestic fiscal space for investments in low emission and resilient economic development, including through green bonds, and public investment strategies;
- Financial sector policies: central bank and financial supervisor initiatives on climate-related financial risks.
- National plans and priorities: Embedding 2.1(c)-related dimensions into mitigation and adaptation planning instruments such as the NDCs and NAPs.
- Just transition considerations: ensuring that the shift in finance flows supports just transition objectives.
- Building analytical capabilities: exchange of experiences on how to build and embed economic and climate-analytical capabilities in economic and fiscal Ministries and institutions, including experience with macroeconomic modelling, green budgeting fiscal risk analysis, and integration of climate considerations into core economic policy processes.



The EU has extensive experience in these areas, as documented in our previous submissions, including: the EU Taxonomy for Sustainable Activities, the Corporate Sustainability Reporting Directive (CSRD), the EU Emissions Trading System (EU-ETS), Green budgeting practices across Member States, the European Green Deal and associated financing mechanisms.

B) International policies and global coordination

Discussions on international dimensions of Article 2.1(c) implementation, including:

- Continued reform of the international financial architecture: consistency of finance flows from multilateral development banks and international financial institutions with Paris Agreement goals;
- Development finance: mainstreaming climate considerations into development cooperation and official development assistance;
- International coordination: engagement with other relevant international forums and initiatives (G20, FSB, CFMCA, NGFS, IPSF, etc.);
- Cross-border finance flows: considerations for international private finance flows and foreign direct investment.

C) Transparency and tracking progress

Exploration of approaches for tracking progress on Article 2.1(c) implementation in a non-burdensome manner, including:

- Metrics and methodologies: development and refinement of metrics for assessing consistency of finance flows with Paris Agreement goals;
- Data availability: identification of data gaps and opportunities for improved data collection and sharing;
- Reporting frameworks: consideration of how existing reporting frameworks (BTRs, national communications) may capture progress on Article 2.1(c);
- Role of the SCF: whether and how the mapping exercise and biennial assessment processes can be strengthened.

4.2 Specific topics for initial workshops

For the first workshop of the Veredas Dialogue in 2026, the EU suggests: stocktaking of lessons from the Sharm el-Sheikh Dialogue; mapping of existing initiatives and tools; identification of Parties' priorities, including adaptation and resilience, international financial system reform, capacity-building and transparency and the Global Stocktake.



4.3 Outputs and Deliverables

The output and deliverables of the Veredas Dialogue should be geared towards the dialogue's purpose, which is to facilitate implementation of article 2.1(c) and its complementarity with Article 9 of the Paris Agreement. Notably, decision -/CMA.7 specifies that the Veredas Dialogue, as well as the corresponding consideration by the CMA, should aim

- towards progressing support to Parties in their efforts to implement Article 2, paragraph 1(c), and
- to contribute to other ongoing work and processes under the CMA.

The main deliverable of the Veredas Dialogue is the annual report prepared by its co-chairs, which covers the deliberations under the dialogue including the Xingu Finance Talks round table. This report should be structured and elaborated in a way that facilitates consideration and action by the CMA towards the purpose of the Dialogue. Based on the Veredas Dialogue and Xingu Finance Talks, the report should contain suggestions and proposals through which CMA decisions can support efforts by Parties, other ongoing work and processes under the Paris Agreement, and relevant actors to better implement article 2.1(c). For instance, this might include a living compilation of experiences and good practices, or high-level reflections or recommendations.

5. Conclusion

The EU and its Member States look forward to engaging with Parties and a wide set of stakeholders on the topic of Article 2.1(c) under the Veredas Dialogue. The EU recognizes that practical implementation of Article 2.1(c)-related dimensions are already underway across all regions, through diverse nationally determined approaches. The EU underlines the UNFCCC's outstanding convening power to facilitate exchanges with the wide set of stakeholders across sectors, which is needed to advance implementation of Article 2.1(c). The EU believes that the Veredas Dialogue represents a crucial opportunity to advance implementation of Article 2.1(c), which is essential for achieving the goals of the Paris Agreement.

The EU looks forward to engaging with all Parties and stakeholders in the Veredas Dialogue and learning from the diverse experiences and perspectives that will be shared. The European Union and its Member States remain available to provide further input and clarification on any of the views expressed in this submission.