

## **Submission by the International Chamber of Commerce as the Focal Point of UNFCCC Business and Industry Constituency**

### **Veredas Dialogue on the implementation of Article 2, paragraph 1(c) and its complementarity with Article 9 of the Paris Agreement**

The International Chamber of Commerce (ICC) is the institutional representative of 45 million companies, of all sizes and sectors in 170 countries. Deeply committed to the goals of the Paris Agreement, ICC has served as the UNFCCC Focal Point for the Business and Industry NGOs Constituency (BINGO) since the early 90s, providing technical expertise to the negotiations and exchanging with governments and non-State-actors on opportunities and challenges to implement the Convention and the Paris Agreement.

ICC welcomes the work undertaken over the past three years under the Sharm el-Sheikh Dialogue to enhance understanding of the scope of Article 2.1(c) of the Paris Agreement and its complementarity with Article 9. We express our appreciation to the co-chairs of the dialogue for their leadership and to all Parties and stakeholders for the rich exchanges across the workshops. We also welcome the adoption of [decision -/CMA.7](#) in Belém, which concluded the Sharm el-Sheikh dialogue and launched the new Veredas Dialogue to continue deliberations on implementation. As in past years, we look forward to contributing global business perspectives to this process.

In response to the invitation to submit views on the organisation of the Veredas Dialogue, we are pleased to provide the following reflections on substantive priorities and organisational modalities.

#### **Business perspectives on the organisation of the Veredas Dialogue**

##### **1. Substantive priorities for the Veredas Dialogue**

###### **- Building a common understanding of the implementation of Article 2.1(c)**

Recognising the safeguards identified by Parties in Belém in the context of the implementation of Article 2.1(c), and noting that there remains no common interpretation of its scope or manner of implementation, we believe the Veredas Dialogue should provide space to identify elements that respect these guardrails while advancing a shared understanding of what implementing Article 2.1(c) entails in practice and what priorities can help move implementation forward.

Building on the deliberations under the Sharm el-Sheikh Dialogue, we encourage Parties and stakeholders to reflect on how these guardrails can help clarify key concepts related to finance flows and climate finance that remain subject to differing interpretations. We also encourage exchanges on common elements that can strengthen shared understanding of Article 2.1(c), its complementarity with Article 9, and priorities for its implementation, while recognising the need to pursue all three long-term goals of the Paris Agreement in a balanced manner. This includes clarifying what it means in practice to make finance flows consistent with pathways towards low greenhouse gas emissions and climate-resilient development, what priority areas may support progress, and how these efforts complement and reinforce the provision and mobilisation of finance under Article 9.

As highlighted in previous submissions and interventions, from a global business perspective, clearer and more widely shared definitions of the concepts of “finance flows”, “climate finance” and “climate finance flows”, as well as greater clarity on the scope and practical meaning of implementing Article 2.1(c), and its relationship with Article 9, are essential to support consistent interpretation and effective alignment in practice at both international and domestic levels. Greater conceptual clarity can help reduce uncertainty, facilitate investment decision-making, and support more coherent policy frameworks for mobilising private and public finance.

- **Addressing transparency and assessment gaps in finance flows and implementation pathways**

As highlighted in previous contributions, ICC believes that achieving the objective of making finance flows consistent with pathways towards low greenhouse gas emissions and climate-resilient development requires greater transparency across all financial flows. This includes improved visibility of both aligned and non-aligned flows from governments, as well as from financial and non-financial private actors, in order to support informed assessment of progress towards the goals of Article 2. Strengthening transparency and shared understanding across these dimensions should be a core focus of the Veredas Dialogue. Without such improvements, it remains difficult to determine whether global finance flows are consistent with Article 2.1(c), or to identify where misalignment persists.

In this regard, it is essential to also account for flows from non-financial private actors. Not all investment is channelled through financial markets; a significant share is financed through retained corporate earnings rather than capital raised externally. A comprehensive assessment of global finance flows must therefore extend beyond market-based instruments and financial intermediaries.

Parties and stakeholders should have access to reliable information on finance flows across government and public sector spending – including procurement, subsidies and fiscal policies – in order to better understand the extent to which such flows are aligned

with the implementation and progressive strengthening of NDCs, and the objectives of Article 2. Greater transparency and predictability regarding how governments plan to implement their NDCs, and the concrete policy measures they intend to adopt, are critical to enable meaningful assessment of alignment. Public policy frameworks shape markets, corporate behaviour, and financial incentives, thereby influencing the direction of finance flows.

At the same time, understanding alignment requires going beyond governments' planning and formal public finance reporting, including Biennial Transparency Reports, to incorporate complementary data sources that reflect real-economy investment trends. Continued use and recognition of credible market-based labels and certification frameworks can complement public reporting by providing insight into private-sector practices. Instruments such as standards developed by the Climate Bonds Initiative, the International Capital Market Association (ICMA) and the World Federation of Exchanges help enable consistent tracking of investments by data aggregators and contribute to reducing risks of greenwashing. Recent initiatives, including transition finance labels developed by ICMA and the Loan Market Association, as well as ICC's Sustainable Trade Finance principles, further represent useful tools to enhance transparency and comparability of climate-related finance flows.

We further see an opportunity for the Veredas Dialogue and the annual co-Chair reports to provide a valuable platform to increase transparency and generate insights that can feed into the second Global Stocktake in 2028. By capturing lessons learned, identifying persistent barriers, and highlighting effective approaches to aligning finance flows, the dialogue can contribute to a more robust, evidence-based assessment of collective progress and support informed decision-making on implementation.

- **Creating enabling conditions for private investment in support of Article 2.1(c)**

While enhanced transparency is essential to assess alignment under Article 2.1(c), shifting finance flows at scale requires deliberate policy reform and strong enabling environments. ICC and BINGO recognise the significant scale of investments needed to keep the global average temperature rise 1.5 °C above pre-industrial levels, and to adapt to the adverse impacts of climate change and foster climate-resilient and low greenhouse gas emission development, including in the context of sustainable development and efforts to eradicate poverty. In this context, we welcome the renewed focus of the Veredas Dialogue on accelerating implementation of Article 2.1(c), and underline the urgency of addressing concrete regulatory and policy barriers to the mobilisation of private finance at scale, particularly in emerging markets and developing economies (EMDEs).

As we have consistently emphasised, and as highlighted in the [fourth report](#) of the Independent High-Level Expert Group on Climate Finance, establishing and maintaining

strong domestic enabling environments and robust investment regimes through policy and institutional reforms is essential. In support of Article 2.1(c) implementation, countries should consider how coherent climate policy packages – combining regulatory measures, labelling frameworks, targeted subsidies, public investment, technology support and procurement policies – can effectively incentivise and crowd in private sector investment in mitigation and adaptation projects, aligned with national circumstances. Clear and credible NDCs, supported by actionable investment strategies and institutional reforms, are essential to mobilise private capital at scale. Without such clarity and reform momentum, private capital is likely to remain concentrated in lower-risk markets and sectors.

Additional critical topics when addressing barriers to private finance flows include the role of multilateral development banks (MDBs) in acting as stronger catalysts of private investment, as well as the unintended impacts of macroprudential regulations on bank lending to emerging markets and developing economies (EMDEs). Both issues are of particular importance for unlocking greater private finance and should be considered as part of the Dialogue. In a recent [policy brief](#), ICC has highlighted aspects of the Basel III prudential framework that unintentionally constrain bank lending to EMDEs and recommends targeted adjustments to unlock additional bank capital for climate and infrastructure investment.

- **Strengthening linkages between the Veredas dialogue and other critical finance streams under the UNFCCC**

Finally, we believe that Parties and stakeholders should consider how the Veredas Dialogue can align with and complement other key finance-related processes under the UNFCCC. This includes, in particular, further discussions on the implementation of the NCQG, how to take forward recommendations of the Baku to Belém roadmap, the two-year work programme on climate finance, including on Article 9.1, in the context of Article 9 of the Paris Agreement as a whole, as well as the new adaptation finance goal from Belém

We consider that the Veredas Dialogue has the potential to contribute to defining a clear action-oriented agenda for aligning the global financial system with the goals of the Paris Agreement, while supporting implementation of the NCQG and progress towards the \$1.3 trillion target. In doing so, it can also help ensure that the substantial work undertaken under the Baku to Belém roadmap is fully leveraged, by carrying forward the recommendations outlined across its five action fronts and providing a platform to build on this progress and translate it into practical next steps.

We also encourage the Dialogue to consider discussions and initiatives outside of the UNFCCC formal process that are relevant to aligning finance flows with low-emission and climate-resilient pathways. This includes efforts undertaken by the COP30 Presidency on

the development of roadmaps on transitioning away from fossil fuels in a just, orderly and equitable manner and on halting and reversing deforestation and forest degradation by 2030.

## **2. Format and participation**

Regarding format, ICC and BINGO believe that the new co-chairs of the Veredas Dialogue could benefit from building on lessons learned from the organisation of the workshops under the Sharm el-Sheikh Dialogue. In line with the considerations outlined in the section above, we encourage the co-chairs to reflect on how the organisation and agenda-setting can avoid duplication with other finance-related discussions and instead promote complementarity and coherence. We also encourage the co-chairs to outline topics and dates of meetings as early as possible to facilitate meaningful preparation by Parties and stakeholders.

In terms of participation, ICC and BINGO welcome the intention to organise the Veredas Dialogue in an open, transparent, and inclusive manner, engaging all Parties and actors, including governments, financial institutions, and non-financial sector stakeholders. We consider the open and inclusive participation of Parties and stakeholders to be a critical element for meaningful exchanges and progress in implementing Article 2.1(c).

The private and financial sectors are key implementation partners, working hand in hand with governments to achieve the Paris Agreement goals, bringing real-world expertise and experience on opportunities and barriers to scaling climate finance, as well as knowledge of existing and innovative financing instruments. We therefore encourage enhanced engagement of business and financial experts in the Veredas Dialogue and stand ready to provide suggestions for identifying appropriate representatives who can contribute both to scene-setting presentations and contextual framing, as well as actively participate in more interactive segments.