



‘Veredas Dialogue’ to build on Article 2.1(c) dialogue, with review in 2028

Kathmandu, Dec 8 (Chhegu Palmuu): At the recently concluded COP30 climate talks in Belém, Brazil, on 22 Nov, the finance outcome on the way forward with regard to the “*Sharm el-Sheikh Dialogue*” on the scope of Article 2.1(c) of the Paris Agreement (PA) and its complementarity with Article 9 of the PA, decided to build on the dialogue and hold deliberations under the “*Veredas Dialogue*”, with a review in 2028.

Through paragraph 10 of the adopted [Belém decision](#), Parties decided to “*hold deliberations under the Veredas Dialogue*” on the “*implementation*” of Article 2.1(c) of the PA and its “*complementarity with Article 9*” of the PA, “*building on the Sharm el-Sheikh dialogue and taking into account the concerns and safeguards*” outlined in paragraph 3 on “*various concerns and the need for safeguards raised by Parties in the context of the implementation*” of Article 2.1(c) of the PA. The focus is now on the “*implementation*” of Article 2.1(c) as compared to its “*scope*” in previous dialogue. Paragraph 21 of the adopted [Belém decision](#) decides to “*review*” the *Veredas Dialogue* in Nov 2028. [‘Veredas’ is a Portuguese word for paths/trails].

[Article 2.1(c) provides: “*Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development*”. Article 9 of the PA is on climate finance with

Article 9.1 stating “*Developed country Parties shall provide financial resources to assist developing country Parties with respect to both mitigation and adaptation in continuation of their existing obligations under the Convention*”.]

The imperative need for “*safeguards*” due to various “*concerns*” on Article 2.1(c) interpretation and implementation became the “*foundation*” of any further engagement on the matter, as demanded by the **developing countries**, at the first contact group of negotiations on 14 Nov., co-chaired by **Zaheer Fakir (UAE)** and **Ralph Bodle (European Union)**. Their concerns and challenges stemmed from the push by **developed countries** for “*top-down*”, “*prescriptive*”, “*common*” or “*global*” implementation, which was viewed as a “*red-line*” to proceed with any further discussions on the matter. Negotiations started with a focus on the “*safeguards*” component with the securing of this before agreeing to any decision on the matter.

At the core of this long-standing, contentious issue is the fundamentally “*different*” interpretations of the scope of Article 2.1(c) and its complementarity with Article 9 of the PA, which did not get resolved during the “*Sharm el-Sheikh dialogue*” in 2023-2025. The adopted [Belém decision](#) in para 2 of the decision provides

that “*there is no common interpretation of the scope*” of Article 2.1(c) of the PA “*or the manner of its implementation*”.

In the adopted [Belém decision](#), the final language on “*safeguards*” and “*concerns*” contain a truncated list of issues [in paragraph 3], as compared to an elaborative one in previous two draft texts. However, it captures the basic “*guardrails*” for consideration of the matter, such as “*nationally determined*”, “*national sovereignty*”, “*national circumstances*”, and “*bottom-up*” nature of the PA, driven by **developing countries** – it is to be noted that the previous draft texts contained language on a “*collective, global and inclusive nature of implementation*”, which was dropped from the final decision. The “*Veredas Dialogue*” deliberations are to be undertaken in a “*facilitative, enabling, non-punitive and non-prescriptive manner*”. Most importantly, the “*safeguards*” provide that, Article 2.1(c) is “*complementary to and no substitute for the provision and mobilisation of financial support to developing countries under Article 9 of the Paris Agreement*”. The decision also highlights, implementation to reflect the principles of equity and common but differentiated responsibilities and respective capabilities [CBDR&RC], in light of national circumstances.

Going forward, the “*Veredas Dialogue*” is expected to respect the basic “*safeguards*” as the foundational element which pin down the “*cautious optimism*” of developing countries on the decision, to further deliberate on the matter.

Paragraph 3 of the adopted [Belém decision](#) provides the “*safeguards*” as follows:

“*Acknowledges various concerns and the need for safeguards raised by Parties in the context of the implementation of Article 2, paragraph 1(c), of the Paris Agreement, including:*

(a) *The need to pursue all three long-term goals of the Paris Agreement together, so that implementation of Article 2, paragraph 1(c), of the Paris Agreement will facilitate the collective achievement of the goals articulated in Article 2, paragraph 1(a–b);*

(b) *That Article 2, paragraph 1(c), of the Paris Agreement is complementary to and no substitute for the provision and mobilization of financial support to developing countries under Article 9 of the Paris Agreement;*

(c) *That efforts for making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development are nationally determined, taking into account country-driven strategies and the bottom-up nature of the Paris Agreement, respecting national sovereignty and taking into account different national circumstances, time frames and approaches of Parties, in particular developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change;*

(d) *The need to ensure that collective efforts for and deliberations on implementing Article 2, paragraph 1(c), are undertaken in a facilitative, enabling, nonpunitive and non-prescriptive manner;*

(e) *The need to ensure transparency and to avoid creating an additional burden for Parties, including with regard to reporting and implementation”.*

OTHER MAJOR HIGHLIGHTS OF THE DECISION

Paragraph 7 of the adopted [Belém decision](#) “*recognizes the efforts already being made by Parties, in a nationally determined manner, for making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development*”.

[Important paragraph recognising the “*nationally determined*” implementation of Article 2.1(c).]

Paragraph 12 decided “*that at least one meeting per year under the Veredas Dialogue will be held in conjunction with the first regular sessions of the subsidiary bodies of the year*”.

Paragraph 13: Requests the Presidency of the CMA [Conference of Parties to the PA] to “*convene*” the “*Xingu Finance Talks under the Veredas Dialogue and in consultation with the co-chairs thereof, as an annual high-level round table with a view to facilitating a cooperative exchange of views among all interested Parties and non-Party stakeholders, in particular academia, international financial institutions and the private sector, on practical solutions that address the challenges and opportunities*” in the implementation of Article 2.1(c) of the PA.

Paragraph 15 “*requests the co-chairs.....to prepare an annual report on deliberations under the Veredas Dialogue, including the annual high-level round*

table referred to in paragraph 13 above, during the respective year, for consideration by the CMA...”.

Paragraph 16 *“resolves that the Veredas Dialogue and the considerations by the CMA..., should aim towards progressing support to Parties in their efforts to implement Article 2, paragraph 1(c), of the Paris Agreement in a nationally determined and facilitative manner and to contribute to other ongoing work and processes under the CMA, as appropriate”.*

Paragraph 17 decided *“that the Veredas Dialogue will include consideration of challenges and opportunities in the implementation of Article 2, paragraph 1(c), of the Paris Agreement and its complementarity with Article 9 of the Paris Agreement, including as identified under the Sharm el-Sheikh dialogue in 2023–2025”.* [Footnote 2: See document [FCCC/PA/CMA/2025/10](#).]

[This important paragraph is a watered-down version which in the earlier two draft texts, explicitly listed out the challenges and opportunities highlighted by developing countries. The referenced document is the [report](#) by the Co-Chairs of the “Sharm el-Sheikh dialogue”.]

Paragraph 20 decided *“to consider matters related to the implementation of Article 2, paragraph 1(c), of the Paris Agreement and its complementarity with Article 9 of the Paris Agreement”.*

Paragraph 21 also decided *“to review the Veredas Dialogue at the tenth session of the CMA (November 2028)”.*

According to the decision, the “Veredas Dialogue” deliberations will be guided by paragraph 3 [on safeguards]; paragraph 12 [at least one meeting in conjunction with the sessions of the Subsidiary Bodies]; paragraph 13 [convening of “Xingu Finance Talks” as an annual high-level round table]; paragraph 14 [appointment of two co-chairs]; paragraph 15 [annual report]; paragraph 16 [considerations to aim towards progressing support to Parties to implement Article 2.1(c) in a nationally determined and facilitative manner]; paragraph 17 [consideration of challenges and opportunities]; paragraph 19 [invitation for submissions]; paragraph 20 [consideration of matters related to Article 2.1(c) implementation and its complementarity with Article 9 of the PA]

and paragraph 21 [review of the dialogue in 2028]. In terms of its “high-level” political engagement, mainly pushed by developed countries, paragraph 13 of the adopted [Belém decision](#) requests the Presidency of the CMA to “convene” the “Xingu Finance Talks under the Veredas Dialogue and in consultation with the co-chairs thereof, as an annual high-level round table with a view to facilitating a cooperative exchange of views among all interested Parties and non-Party stakeholders, in particular academia, international financial institutions and the private sector, on practical solutions that address the challenges and opportunities” in the implementation of Article 2.1(c) of the PA.

Given their key concerns and challenges, developing countries preferred to keep the talks at the technical level in the form of a technical dialogue.

The following provides a summary of the negotiations on the “safeguards” and how it eventually landed in the adopted [Belém decision](#).

‘VEREDAS DIALOGUE’: SAFEGUARDS, CONCERNS, CHALLENGES

At the first contact group of negotiations on 12 Nov, Co-Chair **Fakir (UAE)** invited Parties’ reflections on the 2023-2025 work undertaken, as outlined in the [report](#) by the Co-Chairs **Mohamed Nasr (Egypt)** and **Gabriela Blatter (Switzerland)** of the “Sharm el-Sheikh dialogue”, as well as sought views on “deciding on the way forward” [para 14, [decision 9/CMA.5](#)] and the process of next steps.

[It is to be noted that in the Co-Chairs’ [report](#) of the Sharm el-Sheikh dialogue, “taking into account all work conducted under the Sharm el-Sheikh dialogue in 2023–2025, including key findings, challenges and opportunities identified”, they had arrived at the following “conclusions, recommendations and suggestions for a possible way forward”, and suggested a “continued engagement on efforts, challenges and opportunities,.....in the format of a dialogue.....building on the experience of and lessons learned” from the dialogue over the past three years.

Further, the Co-Chairs suggested, *that these dialogues include consideration of the challenges and opportunities identified under the Sharm el-Sheikh dialogue, including, in particular, efforts*

related to adaptation and climate resilient development; just transition pathways; unintended consequences; data and methodological gaps; assessing progress and ensuring the credibility of efforts; addressing fragmentation and promoting coordination; and enhancing the visibility of nationally determined approaches". The Co-Chairs also recognised that *"future work will be facilitative, enabling and non-prescriptive and will not create an additional burden for Parties".*]

Iraq on behalf of the **G77 and China** stated, "While there remains no common interpretation" related to Article 2.1(c) of the PA, the work related to it is "being implemented by developing countries". It highlighted the importance of "Article 2.1(c) and its complementarity with Article 9 should benefit developing countries, and vital that safeguards are a core focus".

Saudi Arabia for the **Arab Group**, made clear that it did not see a continuation of the process "unless" necessary safeguards were in place, and proposed the "option of no continuation of work". It did not want to give mandate for the new iteration of the text given too premature a stage, and asked for focusing on first, the procedural elements of any decision, and next on safeguards ensuring certain elements to proceed towards a decision. It reiterated its position on refusing any notion of "harmonisation" of standards and policies, and the monitoring and "reporting" of implementation of Article 2.1(c), placing the bottom-up nature of the PA centre-stage and the context of sustainable development, poverty eradication, equity and CBDR&RC, referenced in the whole of Article 2 of the PA. Reminding the room about recent discriminatory practice in the treatment of Oman's project proposal at the Board of the Green Climate Fund [developed countries voted on the proposal, rejecting it on the basis of Oman being a "high income" country], it stressed that such bad conduct all the more justifies the underlying importance of the clear "linkage" of Article 2.1(c) with Article 9 of the PA, in this process.

South Africa for the **African Group** pointed out its position of interpreting Article 2.1(c) in the full context of Article 2 of the PA, particularly, sustainable development and poverty eradication and the principles of equity and CBDR&RC; as outlined in Article 9 of the PA and not with any

imposition of "unilateral trade measures" (UTMs) or impinging national fiscal sovereignty and decision-making. It highlighted that the scope must underpin the transition of developing countries recognising "different" timeframes and informed by "national" priorities and national circumstances and the critical linkage to Article 9 of the PA, instead of current focus on "domestic" actions to align with the financial flows. It highlighted that there has been limited appreciation of "safeguards" – such as developing countries not cut off from climate finance, capital flight and disinvestments and there has been no discussion yet on the impacts of UTMs, cross border adjustment mechanisms (CBAMs) e.g. impact on industries, and fiscal sovereignty. Citing the Oman project proposal, South Africa stated that such "punitive" measure was not in line with the principles of the GCF, depleting "trust" in the process. "We do see the potential in continuing the discussion on the issue, but only with specific safeguards in place, in support of development of developing countries", it emphasised. It provided the mandate for a draft decision text based on consideration of inputs made.

India for the **Like-Minded Developing Countries (LMDC)** underlined the importance of safeguards, that discussions or a decision does not infringe upon sovereign policy decisions. It emphasised the context of "whole" of Article 2 of the PA, the equity and CBDR&RC principles and the provisions of the Convention and its PA. It further linked complementarity with "Article 9.1" of the PA, making clear that Article 2.1(c) is not a substitute for the provision of finance to developing countries under Article 9.1. It stressed on "no conditionalities" on access to climate finance to developing countries such as regulatory modifications, harmonisation of reporting standards, standard taxonomies, etc. and highlighted more focus on adaptation finance.

Bangladesh for the **Least Developed Countries (LDCs)** sought further clarity on the modality and process of going forward given "no consensus" in the interpretation of Article 2.1(c). It said that Article 9.1 is about "provision" of climate finance by developed countries, while Article 9.3 is about "mobilisation"; thus Article 9 serves as a component for Article 2.1(c) implementation. It highlighted that Article 2.1(c) includes all economies and sectors, traverses national and

international sources of finance including public resources, and that it will not accept a focus on domestic resource mobilisation given climate change is an imposed burden on LDCs. It stated that the operationalisation must go beyond the UNFCCC due to involvement of whole economies, sectors, international financial institutions.

Finland speaking for the **EU** highlighted the convening power of the UNFCCC process, and said that even if there is no common definition, countries are already implementing Article 2.1(c) and it's a "work in progress". It also acknowledged the call for safeguards and guardrails from developing countries. However, it pointed out that the "current" format has important "limitations" – the dialogue as structured is no longer sufficient to cater to the growing scope and emerging political dimensions and that it needs to evolve. It said that the Co-Chairs' report contain important recommendations and mandated a draft text based on it.

Switzerland for the **Environmental Integrity Group (EIG)** also highlighted the Co-Chair's recommendations as "balanced and reasonably comfortable going forward" and supported the mandate to develop a draft decision text.

China reiterated different understandings on the scope of Article 2.1(c) and that governments, public and private sector actors globally are already implementing it through a diverse range of nationally determined, region-, sector-, or institution-specific approaches. It underlined that extension of the dialogue should be based on "refocusing or reframing the dialogue" on the "complementarity relationship with Article 9.1 of the PA". Safeguards should include "no additional reporting and implementation burdens on Parties".

Maldives for the **Alliance of Small Island Developing States (AOSIS)** stressed that Article 2.1(c) implementation should not impair the ability of developing countries to secure adequate finance for adaptation and climate resilient development. In terms of "guidance", it highlighted "equitable" implementation in terms of scope, definition of climate finance, actions to implement low greenhouse gas emissions including financial flows consistent with "energy transition outcome of the first global stocktake [GST1]" in a nationally

determined manner.

Honduras for the **Independent Alliance of Latin American and Caribbean States (AILAC)** sees Article 2.1(c) as an "enabler" to achieve the goals of the PA including sustainable development and poverty eradication. It also asked how equity and CBDR&RC must be reflected, given no common understanding of Article 2.1(c) and its operationalisation. It said that in the dialogue discussions, there was strong focus on "national" aspects and how to operationalise at the national level and hence, it did see "space" for continuation of discussions with relevant "safeguards". It stressed on focusing on the complementarity with Article 9, also including just transition issues, role of the international financial architecture and its reform to serve developing countries in their transition. It looked forward to collectively building safeguards and how the dialogue is to continue with what focus so that it led to discussions that could be taken forward by countries in a bottom-up "not" top-down approach.

Canada said that it was encouraging to see actions already taking place recognising different pathways, and that the core message is there is "no 1.5C and global resilience without Article 2.1(c)"; the need for aligning financial flows and a "systematic shift" to mobilise the trillions, with "domestic" public and private finance as without it no international flows could be achieved. It acknowledged that Article 2.1(c) complements Article 9 of the PA – and, "how to sensitise the financial system to respond to the "investment gaps" including "barriers "to developing countries like high cost of capital, limited adaptation, and constrained fiscal space. It also called for the need to "reform" the international financial architecture.

ELEMENTS OF THE SAFEGUARDS

The **G77 and China** led by **Iraq** outlined the scope of the safeguards to be "bottom-up, nationally determined; that there is no common interpretation of Article 2.1(c); [that the dialogue should be] non-prescriptive, non-punitive, facilitative exchange of views; respectful of national sovereignty, including fiscal and monetary sovereignty, will not place additional burden; is consistent with the principles and provisions of the PA – with CBDR&RC as a key element, equity, country-driven and owned, sustainable

development and poverty eradication”.

The **EU** stressed that it did not seek any outcome that is “prescriptive” and shared the concerns of developing countries about the bottom-up, nationally determined approach, including the context of whole of Article 2 of the PA. It supported addressing the safeguards, nonetheless, and wanted to also see the “necessary ambition” and referred to “harmonisation’ of measures and approaches as “possible, good practices and examples”. It assured further that there is no one-size-fits-all, in line with the spirit of the PA, and “no to finger pointing and prescription to Parties’ domestic policies”. It clarified that Article 2.1(c) is “additional and not substitute” to Article 9 of the PA, that international public finance is “part” of the global financial flows. It said that “means of support is important but not the sole scope”. It also saw the UNFCCC giving “guidance” due to its leveraging power.

South Africa for the **African Group** reiterated about empowering national actions through the “just transition” lens that considers “different” pathways and timeframes, adding that a country may take years to transition but cannot access finance to support its transition. “We need to avoid the misuse of Article 2.1(c) to enforce UTMs such as CBAMs”.

India for the **LMDC** reiterated the need to focus on “fiscal challenges” and the key relationship with “Article 9.1” of the PA; the whole of Article 2 in the context of equity and CBDR&RC; pegged on national circumstances, and that country regulatory frameworks already in place, so cannot be about “harmonised” concepts, which will in fact not promote climate action but will “take away development” from developing countries. It said further that UTMs impact development goals.

Saudi Arabia for the **Arab Group** reiterated of not agreeing to notions of harmonisation or standardisation that impinges on national sovereignty and policy space, hence, the need for “safeguards in totality”.

Norway, the **EU**, **Canada**, the **EIG**, the **UK** supported “high-level inputs” of the dialogue into the GST, which was pushed back by **India** for the **LMDC** and **Saudi Arabia** for the **Arab Group**. **South Africa** for the **African Group**, **India** for the

LMDC, **Saudi Arabia** for the **Arab Group**, **Maldives** for the **AOSIS** and **China**, were not in favour of any “high-level” events given premature stage, and preferred only with a technical dialogue. The first draft text (of 15 Nov, restricted doc, not published) was received with mixed reviews – **Saudi Arabia** for the **Arab Group** pointed out that “current safeguards don’t satisfy”, hence, need to “continue to have the option of not continuing further work”. An explicit reference to the principle of equity and CBDR&RC was missing from the chapeau of the “safeguards” paragraph 2, and the context of “nationally determined”, “national sovereignty” and “national circumstances” were missing in some of the sub-paragraphs, in particular, paragraph 2(j) referenced “sectoral” circumstances and realities which was its red-line issue and this was also pointed out by **Iraq** calling for its deletion. Furthermore, paragraph 2(k) spoke to the need for a “collective, global and inclusive nature of implementation” which went against the “nationally determined” approach and hence, was considered a “red-line” for the **LMDC**, **Arab Group** and **China**.

South Africa for the **African Group** reiterated that the group is not ready for a “formal” agenda item or formal work programme under the CMA but just a technical dialogue with no “high-level” political level discussions [referring to paragraph 18 of the draft text on high-level ministerial dialogues during the CMA with summary reports), which was supported by **India** for **LMDC**, **Maldives** for the **AOSIS**, **Nepal** for the **LDCs** and **Honduras** for **AILAC**. The push for political, high-level engagement was primarily driven by **developed countries**.

Considering **developed countries’** red-line issue on UTMs proposed by the **LMDC** and supported by the **African Group**, **Arab Group**, **AOSIS**, **Kenya**, **China**. it was noteworthy that one of the sub-paragraphs on the “safeguards” read, “The need to avoid unintended consequences, such as capital flight, illicit flows, and impacts of unilateral trade measures, conditionalities on access to climate finance, and additional burden for Parties, including with regard to reporting and implementation”. And, in the key paragraph 16 of the draft text in relation to consideration of challenges and opportunities, one of the sub-paragraphs read, “The complementarity of

implementing Article 2, paragraph 1(c) with the implementation of Article 9, paragraph 1, of the Paris Agreement”, which was pushed by **India** for the **LMDC**, **Saudi Arabia** for the **Arab Group**, **China**, **Iraq** and **Kenya**.

On the other hand, the **EU** lamented that the “further work” options [of either further work or no further work] did not duly reflect its option [it is learnt that the EU favoured a “platform” and this option is reflected in the second [draft text](#) (of 17 Nov)]. It said that the sub-paragraph on UTMs is not acceptable, which supported by the **UK**.

The **EIG** wanted a focus on “systemic” elements so deliberations on the “outside” of the UNFCCC process. It saw the need for high-level forum. **Canada** also expressed disappointment that the text did not reflect the “forward-looking” section for “CMA mandate” on next steps, that “future work” does not contain the range of proposals or tangible outcomes that Parties requested. It wanted concrete deliverables such as “better input to the GST without creating new burden”, and said also that what matters is the utility of the process and whether a work programme, a dialogue, or a platform. It supported the **EIG** in convening a high-level forum on systemic barriers and stressed on working on language in relation to “transparency and reporting”. The **UK** said it had proposed language from the first GST but that it did not see it reflected in the text.

The second [draft text](#) (of 17 Nov), ballooned in size, entirely in “brackets” [not agreed], was released in the evening, comprising compilation of all options and views expressed during the negotiations alongwith written submissions. Developing country negotiators who spoke to TWN expressed several red-lines in the text, and stuck to the option of “no further work” if the “safeguards” are not comfortable enough to take any decision on the matter. The **EU’s** proposed “platform” option through a technical and political dialogue, appeared in the draft text in paragraph 21. Further, para 22 contained textual proposals on “development of high-level, non-prescriptive guidance” and “common principles” to inform Article 2.1(c) implementation.

In terms of process, after the release of the second

draft text, in this second week of high-level political engagement, there were no further negotiations held except Ministerial and Presidency bilaterals with the negotiating groups on the draft text, the red-lines and on possible landing zones and outcome. It is learnt that the Presidency requested Co-Chair **Fakir (UAE)** and **Bodle (EU)** for a text iteration based on the second [draft text](#) (of 17 Nov). Meanwhile, negotiations also intensified in the parallel “Mutirão” consultations by the Presidency (See [TWN Update](#)) aiming to build consensus towards the “*Bélem political package*” deal of which Article 2.1(c) was one of the host of decisions.

On 21 Nov, a concise 3-pager [draft text](#) (of 21 Nov) was shared as “Presidency Proposal”, which without reopening of its text, got adopted as the final [Belém decision](#) as part of the [Belém political package](#), on 22 Nov. In comparison to the preceding second draft text (of 17 Nov) with numerous red-lines, developing country negotiators who spoke to TWN said that the truncated, final decision with concise text and containing their basic guardrails on the “safeguards” such as “*nationally determined*” and “*bottom-up*” nature of the PA as well as deliberations to be undertaken in “*facilitative, enabling, non-punitive and non-prescriptive manner*”, appeared as a “more comfortable” text and was received with “cautious optimism” to move forward on the “*Veredas Dialogue*”.

Most importantly, the “safeguards” provide that, Article 2.1(c) is “*complementary to and no substitute for the provision and mobilisation of financial support to developing countries under Article 9 of the Paris Agreement*”. The decision also highlights, implementation to reflect the principles of equity and CBDR&RC, in light of national circumstances. One important sub-paragraph that got dropped from the “safeguards” was on “the need to avoid unintended consequences, such as capital flight, illicit flows, and impacts of unilateral trade measures, conditionalities on access to climate finance, and additional burden for Parties, including with regard to reporting and implementation”, which was pushed by the **LMDC**, **African Group**, **Arab Group**, **AOSIS**, **Kenya**, and **China**.