



## Divergences over climate finance work programme

Bonn, 9 June (Radhika Chatterjee) - The first session for discussing the climate finance work programme (CFWP) on Article 9.1 of the Paris Agreement [PA] was held during the 64th session of the UNFCCC Subsidiary Bodies [SB64] held on 8 June and saw strong divergences between developing and developed countries over the programme's scope and modalities.

Presided over by Co-chairs **Apollonia Miola (European Union)** and **Yolando Velasco (Philippines)**, the session asked Parties to share their views on the scope and modalities of the CFWP. [By para 54 of the Global Mutirão decision from Belem, Parties decided *"to establish a two-year work programme on climate finance, including on Article 9.1 of the PA in the context of Article 9 of the PA as a whole;"*]

At the start of the session, the **G77 and China** expressed its strong dissatisfaction with the Co-chair's work plan prepared for the CFWP and said that it was not in a position to accept it or use it as a basis for further work and called for a Party driven process in the work of CFWP. It stressed the need for discussing the implementation of Article 9.1 which relates to the mandatory obligations of developed countries to provide climate finance to developing countries for their climate action. The Group stressed the importance of having concrete outcomes from the CFWP. [The

Co-chairs work plan comprised 'engagement workshops' over two years from 2026 to 2027].

Developing countries like the **Like-minded Developing Countries (LMDC)** and the **Arab Group** also stressed the need for discussing the implementation of Article 9.1 and called for the development of an 'Action Plan' for COP33 that would enable the tracking of implementation of developed country obligations under Article 9.1 with clear milestones. They also stressed the need for including the CFWP on the provisional agenda of the 8<sup>th</sup> session of the Parties to the PA [CMA 8.] The Arab Group emphasized the need for using the CFWP as a much-needed ratcheting mechanism for scaling up the delivery of climate finance by developed to developing countries. [COP33 in 2028 is when the second Global Stocktake will be held, during which Parties will assess the collective progress toward achieving the PA's goals.]

Developed countries led by the **European Union [EU], Switzerland, Canada, Norway, New Zealand and Japan** on the other hand said the scope of CFWP was already decided in para 54 of the Mutirão decision and is broad. They also said that the work programme has already commenced with its establishment last year in Belem. **Japan** added that only one and a half years of the work programme was remaining,

while others said a lot of work has already happened with the appointment of the Co-chairs and the submissions by Parties in this regard. Developed countries also said that there is no need for including the CFWP in the agenda of CMA8 as the Belem decision did not provide for that.

In terms of substance, developed countries emphasised that the CFWP should discuss Article 9.1 in the context of whole of Article 9, on issues relating to mobilising of finance from the private sector, and questions relating to expanding the donor base. **Japan** and **Norway** also stressed that discussions relating to the work should keep in mind the budgetary constraints that the UNFCCC is facing.

### HIGHLIGHTS OF THE INTERVENTIONS

**G77 and China** said it was “not in a position to accept nor use” the Co-chair’s work plan as “as a basis for discussions”. Sharing its views and expectations on the work programme, it said it is crucial to have a discussion on the delivery of obligations of developed countries under Article 9.1 taking into consideration the evolving needs and priorities of developing countries. It said “enhanced support through Article 9.1 is vital to ensuring that financial flows go through the operating entities of the Financial Mechanism, as referred to in Article 4.3 of the Convention. Adding further, it said “the PA aims to enhance climate action in the context of sustainable development and poverty eradication, and on the basis of equity and the principle of common but differentiated responsibilities and respective capabilities [CBDR-RC], taking into account different national circumstances.”

It highlighted that Article 3 of the PA which “recognizes that the collective global effort to address climate change will require support to developing countries for effective implementation, and pointed out that developed countries have the obligation “to provide financial resources to support developing countries in both mitigation and adaptation efforts under Article 9.1. This obligation remains a continuation of their existing obligations under the UNFCCC’s Article 4.3.” Spotlighting issues of transparency in delivery of finance obligations, it said, “present reporting by the developed countries do not provide adequate

clarity on the extent of support provided by them in terms of quantity, quality and project-based assistance under Article 9.1. The use of different accounting methodologies by developed country Parties does not make it possible to effectively assess the ex-ante and ex-post support levels. The CFWP would serve as an avenue to identify options for enhancing transparency in the measuring, reporting and verification of finance provided.”

It also pointed out the need for considering the “burden sharing arrangements between developed country Parties regarding their provision of climate finance in the discussions” and stressed that the work programme should provide “additional dedicated spaces for Parties to discuss how to achieve the implementation of Article 9.1 of the Paris Agreement including a clear outcome for the work programme.”

The **LMDC** said it could work with the Co-chair’s work plan because Parties are yet to discuss and finalise the modalities and scope of the CFWP. It said “the Mutirão decision reflects a carefully negotiated balance... with a significant compromise from developing countries. Its text must not be reinterpreted. The mandate must be implemented faithfully, in letter and in spirit. Any attempt to reshape, narrow, or expand its scope beyond what was agreed by Parties would undermine the integrity of this process and erode the trust that multilateralism depends upon.” It stressed the need for developing the work programme in a Party driven manner.

It also said that the scope of the CFWP “must be anchored firmly in Article 9.1 of the PA” and that it should address “the mandatory nature and implementation status of Article 9.1, including its linkages to Articles 4.3 of the Convention, and Articles 3, 4, 7, 9.5, 10, and 11 of the PA.” A few other important issues which it said should be discussed under the work programme relate to the quality and predictability of finance flows from developed to developing countries, including the role of grants, concessional finance, and guarantees as the basis for broader mobilisation and “the accountability deficit in current reporting by developed countries, including inconsistent accounting methodologies, the inflation of reported figures through market-rate loans and export credits, and the absence of an operational

climate finance definition.” It too pointed out that the new collective quantified goal [NCQG] has been agreed to and has its own processes and mechanisms. It said a discussion of issues related to Article 9.1 “would enable financing of climate action by developing countries in line with their nationally determined contributions [NDCs] and national adaptation plans [NAPs].” In terms of modalities of the work programme, it said the initial phase in 2026 should focus exclusively on agreeing to the modalities, thematic priorities and institutional arrangements, and the two year period of the work programme should commence from the date of adoption of the modalities of the work programme, and not before it. It called for the establishment of a contact group at CMA8 for a clear decision on the modalities and thematic priorities of the work programme.

It asked for assigning the Standing Committee of Finance [SCF] a “clear and prominent role in providing technical inputs to the work programme” and said decisions should be taken annually, reflecting upon findings from the technical dialogues and the SCF reports. This, it said would ensure that the work programme “generates a cumulative record of progress rather than a single end-of-period outcome.” It proposed the launch of an Action Plan for the implementation of Article 9.1. “This Action Plan should provide a structured pathway for operationalising the provision obligation, with concrete milestones, accountability mechanisms, and linkages to the NCQG review cycle.”

The **Arab Group** pointed out the “underwhelming delivery of climate finance and ambition from developed countries” and said, the “Global Environment Facility [GEF] recently published that USD 3.9 billion has been announced for its 9th replenishment, nearly 27% lower than its last replenishment and the lowest we’ve seen in 16 in years. The Green Climate Fund [GCF] recently announced that a developed country [in an apparent reference to the United Kingdom (UK)] will cut its signed contribution for 2024-2027 in half – estimated at approximately USD 1.1 billion in cuts. This all comes after another developed country [in an apparent reference to the United States (US)] rescinded nearly USD 4 billion in pledges to the GCF.” Expressing concerns over these trends, it stressed the need for reversing this

decline and called the work programme “the mechanism for course correction.”

The Arab Group also said it was not in a position to accept nor use the work plan by the Co-chairs as a basis for any discussions. It elaborated three key concerns about the work plan: First, “one round of submissions is not nearly enough to give the Co-chairs an idea of the full expectations of Parties over the span of this work programme, nor is it enough to gauge responses to different proposals. Second, the work plan proposed is currently in a very weak state, undermining the central role of Article 9.1 as a mechanism for the delivery of climate action in developing countries. It also stressed that discussions relating to Article 2.1.c of the PA and the NCQG should be avoided so as to not prejudice ongoing and future deliberations on such matters.” It pointed out that the “work plan actively platforms these topics and dilutes discussions surrounding an obligatory provision in an international treaty.” It added further that “there was no formal mandate for the Co-chairs to develop a draft work plan, nor to frame the workshop as a mandated event. The work plan should be developed by the Parties, for the Parties. The work programme will commence following a decision agreeing to the work plan and modalities initiating the two-year period mandated by the Mutirão decision.”

On the scope of CFWP, the group said it “must act as a house for those provisions that are yet to be operationalised through the COP and CMA decisions, particularly focusing on Article 9.1 and operationalising its linkages with Articles 4.5 and 7.13 of the PA. The primacy of the Convention must also be duly respected, and in that sense, Article 9.1 must be guided by and set in the context of Article 4.3 of the Convention and the obligations placed on developed country Parties and other developed Parties included in Annex II of the Convention. This includes through establishing a fair burden sharing arrangements amongst developed Parties and ensuring that the full incremental costs agreed to between a developing country and an operating entity of the financial mechanism are covered by developed countries.”

It also said the “work programme must not dilute the obligations placed on Annex II Parties nor should it shift the financing burden to developing

countries. Neither should it be a mechanism for the top-down prescription of policies and regulatory frameworks in developing countries.” These “approaches are inconsistent with the principles of CBDR and equity and discount the historical responsibilities of developed country Parties with regard to emissions.”

On the scope, it said further that “the work programme should not be limited to a retrospective review of historical finance flows but should also consider the extent to which developed country Parties are providing clarity and predictability regarding future flows under Article 9.1.” It called for “the development of an Antalya-COP33 Action Plan that would act as an in-house tracking and ratcheting mechanism, setting the trajectory for the scaled-up provision of climate finance from developed country Parties.” It cautioned against the CFWP becoming any means for altering the architecture of UNFCCC finance negotiations and intergovernmental processes and expressed disagreement with proposals “calling for streamlining or clustering the climate finance agenda. This work programme should in fact aim to fill the existing gaps in climate finance negotiations, exploring the unmarked territory of Article 9.1.”

It said the first of the CFWP would begin in 2027 and that it should have two annual dialogues and an annual high level ministerial centering around Article 9.1 and its linkages with Articles 4.5 and 7.13 of the PA. In 2028, the work programme in its second year would focus on operationalising the topics for 2027, “translating them into common accounting methodologies and burden sharing arrangements among Annex II Parties to enable the scaled-up, predictable and additional provision of financial support from developed to developing countries.” It said the sessions of the work programme should produce summary reports for consideration by the Parties and feed into other relevant processes like the Global Stocktake, Review of Modalities, Procedures and Guidelines for the Enhanced Transparency Framework, respectively.” Elaborating further, “it said this work programme should be informed by and inform reports developed by the Standing Committee on Finance, including, upon consideration by Parties, a standalone annual report on the delivery of Article 9.1 of the PA.” It

asked for an “engagement roadmap” to Antalya from the Co-chairs and called for at least two more informal discussions amongst Parties in the intersessional period during which “Parties should discuss and have the ability to propose additional matters relating to the modalities and work plan exchange views and ensure readiness for the work programme to be launched in a formal contact group in Antalya.” It invited the Co-chairs to synthesise views expressed by Parties in their submissions in those informal sessions in an informal document, which could be accompanied by a supplementary note with the views of non-party stakeholders.

The **African Group** made clear that the scope, modalities, and work plan of the CFWP must emerge from a Party driven process, reflecting Parties’ views, priorities and the agreed mandate. It expressed its deep alarm at the current declining trajectory of climate finance as witnessed in the latest GEF replenishment, backsliding on GCF pledges, and the complete lack of progress in the replenishment of the Fund for Responding to Loss and Damage [FRLD]. It pointed out that climate finance is not a charitable contribution, but rather a legal obligation under the Convention and the PA. It called climate finance the “means by which developing countries can implement their NDCs, build resilience, and address loss and damage” and stressed that “its fulfilment must be treated with the seriousness it demands. We should read the Article 9.1 obligation with the legal obligation of progression on action and support.”

Adding further, it said, the work programme is “not a technical platform, an investment forum, or a matchmaking mechanism. Its purpose is to facilitate substantive Party-driven discussions on the implementation of Article 9.1. - the obligation of developed country Parties to provide financial resources to developing countries.” The central purpose of the work programme “must be to advance implementation of Article 9.1 of the PA, in the context of Article 4 of the Convention. This is the specific mandate provided by Parties and should remain the primary focus of our work. We therefore cannot agree to broaden the scope of the work programme into areas already addressed elsewhere under the Convention and PA architecture, including issues related to Article 9.3, reporting arrangements under Articles 9.5 and 9.7,

or guidance to the operating entities. Such discussions have established negotiating spaces and should not be reopened through this process – including discussions related to the NCQG – which has been concluded and managed in a different session.”

It stressed that the CFWP should be reflected as a dedicated agenda item on the CMA.8 agenda. It said this demand “is not a procedural nicety” but rather “essential for political guidance, accountability, and maintaining momentum.”

The **Least Developed Countries (LDCs)** said the work programme “should be a party-driven space for enhancing clarity, examining linkages and addressing critical issues on the implementation of climate finance obligations and commitments.” It said Article 4.3 of the Convention, Articles 4.5 and Article 9 of the PA, in particular its Article 9.1 should be considered in the work programme. This, it said would “help provide further clarity on the USD300 billion goal by 2035 under NCQG and the obligation of the developed countries, especially the provision part. This would also help implement the tripling of adaptation finance and tripling the outflows from the operating entities and the Funds.” Adding further, it said that on the delivery of climate finance, the work programme should consider provision of climate finance by developed countries, and the needs and special circumstances of LDCs and Small Island Developing States in the provision of finance. In the context of access to finance, it said, channels, instruments and conditions for accessing finance provided should be discussed. On the quality of finance, it said, trends and share of grants in the provision of public finance, delivering balance between finance for mitigation and adaptation, and support for addressing loss and damage should be discussed. Finally, it said, reporting of provision of climate finance and climate finance definition should be considered. It also asked for the discussion of elements that need to be updated in the upcoming Enhanced Transparency Framework review on the modalities, procedures and guidelines [MPGs].

The **Alliance of Small Island Developing States (AOSIS)** said the test of the work programme lies in answering the question: “does it help finance reach the countries that need it most, in a form they

can actually use?” It called the geopolitical retreat by developed countries “an unlawful default on binding historical and legal obligations under Article 9 of the PA, UNFCCC and general obligations under international law.” Adding further it said, “the compounding impacts of this legal breach are actively dismantling the ability of SIDS to implement our NDCs, NAPs and climate priorities, creating an unprecedented crisis of state compliance.” It also said that “Multilateral Development Banks are being politically coerced to freeze and halt funding for core climate targets, compromising the independence of these institutions. This coordinated erosion of the international financial architecture completely shatters our confidence, leaving a dark shadow over the implementation of the NCQG and rendering its implementation dead on arrival if these flagrant breaches of legal duty are not immediately reversed.”

It said their priority “is the accessibility and delivery of grant-based and highly concessional finance to SIDS and to the LDCs. Too often, the constraint is not the existence of finance but our ability to access it — through complex procedures, slow disbursement, and instruments that add to debt burdens already straining limited fiscal space.” It asked that the CFWP give attention to access and to adaptation finance to identify common solutions.

It said mobilising finance from a wide range of resources only complements the provisioning of finance, not substitute it. “Public, grant-based finance remains indispensable for the most vulnerable, and we would caution against a scope so broad that it diverts attention from delivery to those with the greatest needs.” It supported the work programme producing “a practical plan to improve the provision, access and delivery of finance for SIDS and LDCs, identifying barriers, instruments, channels and milestones. We wish to be clear that this is the implementation of commitments that already exist, and of the NCQG — not the creation of new targets.”

The **Independent Alliance of Latin America and Caribbean [AILAC]** said the work plan for the CFWP has to be developed and established in a Party driven manner leading to a concrete outcome at CMA. It said the scope of the work programme

should be on the implementation of Article 9.1, focusing on the obligation of developed countries ensuring they are held accountable in delivering on their obligations so that grant based finance from developed and developing countries can be scaled up. It also stressed the need for avoiding any kind of duplication of discussions taking place in existing work streams of the CFWP.

**China** said the diversity of views expressed at the session confirmed the need for a dedicated CFWP to discuss these issues in a structured and balanced manner. It pointed out that during NCQG discussions countries said that NCQG was only about 9.3, i.e, contribution from a wide variety of resources and stressed that developed countries should not obstruct discussions. Given the severe loss and damage that developing countries are facing along with increasing adaptation needs, and the declining trend of climate finance from all directions, “it is difficult for developing countries to accept an approach that shifts focus away from developed countries’ responsibility and focus on private mobilisation.” It said the issue may be important, but it cannot substitute the discussion on Article 9.1. It stressed that the CFWP “cannot be treated merely as a workshop driven exercise” and asked for it be a firmly Party driven process.

**Egypt and Algeria** too expressed views similar to G77 and China, LMDC, Arab Group and the African Group.

The **European Union [EU]** said it has provided public finance and will continue to provide public finance, adding that the scope of the work programme is a very broad one. On the Co-chair’s work plan, it said the plan was missing sufficient focus on mobilising private finance, issues related to contributor base and implementing the NCQG decision. It stressed that the scope of the work programme is already “clearly defined” in the Belem decision and that there is no need to have an elaborate discussion on it. Adding further, it said though Article 9.1 is an important part of climate finance, and an important part of NCQG, there is still a need to look at the broad spectrum of climate finance and looking at Article 9 in its entirety.

The **UK** said the scope of the CFWP is to focus on Article 9, including Article 9.1, and the NCQG. Calling NCQG a key climate finance decision from

2025-2035, it said it is looking for a discussion of the USD300 billion, unlocking of the USD 1.3 trillion, and easing access to finance. It said the work programme has already commenced and highlighted that the Co-chair’s work plan lacked elements on Article 9.2 of the PA [which provides for “Other Parties are encouraged to provide or continue to provide such support voluntarily”] and private finance. It said Article 9.1 is already being implemented and what is required is a discussion of mobilisation of private finance. It pointed out that the NCQG recognises the role of developed countries taking the lead and welcomed a conversation on Article 9.1 in the context of whole of Article 9 of the PA.

**Switzerland** said the scope of the CFWP as contained in para 54 of the Mutirao decision is a broad one which requires a focus on climate finance including Article 9.1 in the context of whole of Article 9 of the PA. Responding to G77 and China’s call for more transparency in tracking climate finance delivery obligations of developed countries, it said it would like to address the question of how more visibility can be given to the issue of having climate finance come in from all contributors and referred to Articles 9.2 and 9.3 of the PA in this context. It also highlighted the need for having more discussions around private finance and pointed to the need for talking about access related issues. It said it would like to see the issue around the contributor base to be included in the discussions under the work programme.

**Japan** said it is completely unacceptable that countries are saying that developed countries are not moving on their obligations under Article 9.1 and that such claims undermine mutual trust. It said the scope of the CFWP should be to discuss the entirety of climate finance, including Article 9 and that it should not be a forum to discuss Article 9.1 in isolation. It said it remains committed to deliver its obligations under Article 9.1 but that there is also a need to focus on mobilising climate finance to meet needs of adaptation and mitigation and for focus on the implementation of the NCQG.

**Norway** said the scope of the CFWP is broader than Article 9 and that it should facilitate exchanges on how climate finance can be scaled up, including a focus on the private sector, especially the question of how to scale up investments aligned with climate

goals. It said there is a need to discuss issues related to creation of enabling environments to attract climate finance and to increase capacity. It also pointed to the need for streamlining finance related processes under UNFCCC and said that the work programme should produce a practical recommendation for a more consolidated climate finance agenda towards scaling up climate finance.

**Canada** said the scope of the CFWP is a straight forward question which can be answered from the decision from Belem on this topic. It said the

conversation needs to be broad, such that it focuses on climate finance at large. It said while Article 9.1 is an important part of the climate finance architecture, and also include a focus on other parts of Article 9. It said some elements that it would like to see strengthened and included in the Co-chair's work plan relate to issues of private finance, Articles 9.2, and 9.3. **New Zealand** shared similar views as other developed countries.

Two more workshops will be held on the CFWP later during this week.