

SUBMISSION BY PANAMA ON BEHALF OF THE AILAC GROUP OF COUNTRIES COMPOSED BY CHILE, COLOMBIA, COSTA RICA, GUATEMALA, HONDURAS, PANAMA, AND PERU

Work Programme on Climate Finance, including on Article 9, paragraph 1 of the Paris Agreement in the context of Article 9 of the Paris Agreement as a whole

Following the invitation by the co-chairs of the work programme on climate finance, including on Article 9, paragraph 1, of the Paris Agreement in the context of Article 9 of the Paris Agreement as a whole (CFWP), AILAC welcomes the opportunity to submit its views on the work programme, recognizing the relevance of bridging the financial gap to meet the evolving needs and priorities of developing countries.

a) **What are your overall expectations for the climate finance work programme? What concrete outputs and outcomes should the climate finance work programme deliver?**

For AILAC, the climate finance work programme (CFWP) must be clearly framed as a process **anchored in Article 9.1** of the Paris Agreement, with a strong emphasis on **clarifying and operationalizing the obligations of developed country Parties** to provide financial resources to assist developing countries. In this context, **Article 9.1 must be at the core** of the work programme, ensuring that the provision of finance is placed at the center of both implementation and deliberations. This reflects the persistent gap between commitments and delivery, and underscores the urgent need to scale up predictable, adequate, and needs-based finance for developing countries.

This framing is essential to ensure that the work programme remains focused on delivery, accountability, and the scale-up of finance, rather than shifting toward voluntary or purely facilitative approaches that could dilute existing obligations.

The work programme on climate finance, including on Article 9, paragraph 1, must focus on **addressing the concrete barriers that limit the flow of finance from developed to developing countries**, and on identifying practical solutions to scale up these flows in a predictable and needs-based manner.

Within this framework, the engagement of the private sector and other sources of finance should be carefully positioned. For AILAC, such engagement must be oriented toward demonstrating how public finance from developed countries, under Article 9.1, can effectively leverage and unlock private capital for climate action in developing countries, under Article 9.3. However, this should not dilute or replace the primary obligation of developed countries to provide public financial resources, but rather complement it in a way that enhances overall impact and supports the implementation of nationally determined priorities.

Building on this framing, AILAC considers that the work programme must be oriented toward delivering concrete and actionable outputs. In this regard, the work programme should deliver a **robust and operational financing plan** based on the legal obligations of developed countries under Article 9.1 to support the implementation of NDCs, NAPs, LTS and just transition pathways in developing countries. This plan should have the explicit objective of **closing the climate finance gap**, and should clearly identify sources, instruments, delivery channels, and milestones, with a strong emphasis on grant-based and highly

concessional finance, accessibility, and alignment with the legal obligations of developed country Parties under the Convention and the Paris Agreement.

In terms of outcomes, AILAC expects the work programme to lead to a significant increase in financial resources for the implementation of NDCs, NAPs and just transition pathways in developing countries, particularly through predictable, grant-based, and highly concessional finance, aligned with national priorities and needs. It should also contribute to building a more **equitable, predictable, and needs-based climate finance**, capable of enabling developing countries to effectively implement their climate commitments in line with the goals of the Paris Agreement. Finally, the work programme should ensure a balanced regional allocation of finance, avoiding the overconcentration of resources in a limited number of countries or regions.

b) What are the thematic pillars of the climate finance work programme and the related subtopics that we should address within each pillar?

AILAC considers that the CFWP should be structured around three core thematic pillars, each addressing critical gaps in the provision, tracking, and effective deployment of climate finance, with a strong focus on implementation and legal obligations under Article 9.1, in continuation of their existing obligations under the Convention.

Pillar 1: Provision of finance under Article 9.1

This pillar should focus on operationalizing the obligations of developed country Parties and ensuring accountability in the provision of public finance. It should address:

- Intended contributions and pathways to significantly scale up predictable, grant-based public finance from developed to developing countries, respecting national determination, and avoiding the imposition of additional burdens on developing countries
- Ensure balanced regional allocation of finance, avoiding the overconcentration of resources in a limited number of countries or regions
- Establishment of burden-sharing arrangements among developed country Parties
- The role of Article 9.1 in the delivery of the New Collective Quantified Goal (NCQG), including achieving at least USD 300 billion annually by 2035 and scaling up toward USD 1.3 trillion per year
- Projected contributions for mitigation and adaptation under Article 9.1
- The role of Article 9.1 in the replenishment of the operating entities of the Financial Mechanism (GCF, GEF, FRLD) and the Adaptation Fund, including in the efforts to triple annual outflows in line with paragraph 16 of the NCQG decision.

Pillar 2: Transparency, accountability, and tracking progress

This pillar should ensure a robust and credible system for measuring and reporting climate finance flows, enhancing trust and comparability. Key subtopics should include:

- Developing a standardized methodology to track climate finance flows, including common reporting formats to be used in biennial communications under Article 9.5 and the Biennial Transparency

Reports (BTR) (ex-ante and ex-post), with disaggregated data by instrument, channel, region, sector, and type of support, in order to enhance transparency, comparability, and accountability across Parties and SCF outputs.

- Providing guidance on reporting projected finance, including contributions toward tripling annual outflows in line with paragraph 16 of the NCQG decision.
- Ensuring alignment of finance with developing countries' needs and priorities, particularly Nationally Determined Contributions (NDC) and National Adaptation Plans (NAPs).
- Requiring detailed qualitative information on finance, including concessionality, accessibility, and predictability
- Strengthening monitoring of progress toward climate finance goals, including equitable regional distribution of finance.

Pillar 3: The role of Article 9.1 in financing the implementation of NDCs and adaptation priorities in developing countries

This pillar should directly address the need to close the finance gap for implementation and support country-driven climate action. It should include:

- Development of a financing plan for NDC and NAPs implementation in developing countries
- Tripling adaptation finance, in line with paragraph 53 of the Mutirao Decision, with a strong focus on grant-based and highly concessional resources
- Differentiated financing approaches for mitigation, adaptation, loss and damage, and just transitions
- Strengthening country ownership and alignment with national strategies (NDCs, NAPs, LTS)
- Providing guidance for robust assessments of needs and gaps, to inform financing strategies for NDCs, NAPs and just transitions in developing countries

c) How should the climate finance work programme be organized to ensure that the format is inclusive, balanced, and technically robust, while addressing climate finance comprehensively and delivering outcomes that are actionable and meaningful?

AILAC considers that the CFWP should be organized as a structured, **Party-driven process** that effectively bridges technical work with political decision-making, ensuring that discussions translate into actionable and meaningful outcomes. The programme should follow a clear progression **from technical deliberations to political convergence**, with defined milestones and deliverables that guide Parties toward concrete results and decisions made under the CMA.

The CFWP must be inclusive and Party-led. Given that the CFWP is an officially established and mandated process by the CMA7, AILAC proposes organizing two mandated technical workshops: one held in conjunction with the sessions of the Subsidiary Bodies, and a second one during the latter half of the year, well in advance of the session of the CMA.

AILAC expects a tangible outcome and decision at the CMA9 in 2027. In this regard, given that the CFWP is set to conclude in 2027, AILAC also considers it important that the CMA provide guidance for the work programme for 2027, based on a synthesis report on the outcomes of the two technical mandated workshops, to be prepared by the Co-Chairs for consideration by the CMA at its eighth session (CMA8). The

synthesis report shall serve as input for CMA8 to provide guidance on the work of the CFWP in 2027, including on the role of the SBI in 2027, leading up to the decision to be made at CMA9 with concrete outcomes.

In addition, the high-level ministerial round table on the implementation of the NCQG, including on the quantitative and qualitative elements related to the provision of finance referred to in paragraph 52 of the Global Mutirão decision should be convened in the context of the CFWP.

Inclusiveness and balance should be ensured through broad and equitable participation, with balanced geographic representation and full accessibility for all Parties. This includes providing opportunities for both in-person and virtual engagement, as well as ensuring transparency through public webcasting.

Finally, the work programme should maintain **strong coherence with other relevant processes** under the UNFCCC and the Paris Agreement—such as the NCQG, the Global Goal on Adaptation, and the Global Stocktake—while preserving its distinct focus on Article 9.1 obligations and the delivery of climate finance.