



First Meeting of the Veredas Dialogue

9–10 June 2026

Co-chairs' Informal Background Note and Guiding Questions

Session 2.2: Nationally determined approaches to implement Article 2, paragraph 1(c) and its complementarity with Article 9 (Financial system and climate resilience)

Context

On an ever-warming planet, the adverse physical impacts of climate change are becoming a present reality, rather than a distant future, in all regions. Supporting resilient livelihoods and protecting the most vulnerable communities from climate shocks is essential for safeguarding sustainable development and also promotes sound long-term economic and fiscal stability. Evidence is emerging that proactive adaptation and resilience investment provides clear macroeconomic benefits for countries, by strengthening essential social services, public infrastructure and business resilience, thereby contributing to low GHG emission and climate-resilient development. In addition, private markets are starting to realize the importance of future-proof business models grounded in resilient supply chains, adapted infrastructure and real estate, as well as enabling services such as climate information technologies

Yet, current financial market practices remain somewhat removed from the emerging consensus on the economics of adaptation and resilience: most infrastructure investments continue to flow into assets that insufficiently account for climate and nature risks, leaving communities, businesses, and governments exposed, and often underinsured. Many sustainable finance taxonomies and transition finance frameworks also remain primarily focused on decarbonization, while the lack of climate-related data continues to hamper the assessment of financial and economic exposure to physical risks. Most critically, financial sector practitioners still face significant challenges in quantifying the benefits of adaptation and resilience investment – a foundational step for scaling up investment at the pace and scale required.

Throughout the Sharm el-Sheikh dialogue, Parties and stakeholders recognized the need to conduct further work on how finance flows can be made consistent with climate-resilient development pathways, including:¹

- Mainstreaming adaptation and resilience into financial decision-making and associated methodological development and innovation;
- Improvement of climate data availability, including in developing countries, at subnational and local levels, as well as at portfolio, entity and asset levels;
- Scaling up of public and private adaptation investment, including through projects and programmatic approaches aligned with NAPs (National Adaptation Plans).

¹ FCCC/PA/CMA/2025/10, available at <https://unfccc.int/documents/651079>.



The aim of this session is to foster discussion among Parties, practitioners from the public and private financial sectors, and other stakeholders, on how this ambition can be translated into practical action. This includes strengthening public infrastructure and service delivery, as well as climate resilient investments and business models within key real economy sectors, including water, energy, manufacturing, agriculture, and involving key local actors such as MSMEs, smallholder farmers and vulnerable communities. The session will specifically focus on concrete and actionable approaches to strengthening the business case, improve measurement and economic valuation of adaptation and resilience benefits, and on better recognizing and integrating the value of climate resilience within financial decision-making and operations, with the ultimate objective of scaling up adaptation investment. Discussions will also explore the differentiated capacities, exposures and vulnerabilities of countries and actors in adapting to climate change impacts and building social and economic resilience. In addition, consideration will be given to how inclusive and sustainable financial systems, policies and financial operations can better respond to the circumstances of MSMEs, small financial institutions, smallholder farmers, local communities and other groups at the frontline of climate change.

Guiding Questions

1. *What are available approaches to strengthen the business case for adaptation investment, covering both public infrastructure and services, and real economy activities?*
2. *What are methodological or financial challenges to mainstream and recognize the true value of climate resilience in public and private finance, and what are practical solutions to overcome them?*
3. *Are there best practices in your country context to enable inclusive climate-resilient finance, such as for MSMEs, smallholder farmers and populations most vulnerable to climate impacts?*