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Matters relating to the Standing Committee on Finance

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Item 10(a) of the provisional agenda
Matters relating to finance
Matters relating to the Standing Committee on Finance

Report of the Standing Committee on Finance

Addendum

Synthesis of views regarding ways to achieve Article 2, paragraph 1(c), of the Paris Agreement

Summary

This report synthesizes the views submitted by Parties and non-Party stakeholders in 2022 and 2023 on ways to achieve Article 2, paragraph 1(c), of the Paris Agreement, including options for approaches and guidelines for implementation, in accordance with decisions 10/CMA.3, paragraph 2, and 14/CMA.4, paragraph 4. It has been prepared for consideration by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fifth session.

Contents

Abbreviations and acronyms

ABU	Argentina, Brazil and Uruguay
AILAC	Independent Association for Latin America and the Caribbean
Annex I Party	Party included in Annex I to the Convention
AR	Assessment Report of the Intergovernmental Panel on Climate Change
Article 2.1(c)*	Article 2, paragraph 1(c), of the Paris Agreement
CBD	Convention on Biological Diversity
CMA	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
COP	Conference of the Parties
DFI	development finance institution
EIG	Environmental Integrity Group
ETF	enhanced transparency framework under the Paris Agreement
EU	European Union
G20	Group of 20
G7	Group of Seven
GHG	greenhouse gas
GIZ	German Agency for International Cooperation
GST	global stocktake
IFI	international financial institution
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
ISSB	International Sustainability Standards Board
LDC	least developed country
LMDCs	Like-minded Developing Countries
MDB	multilateral development bank
MSME	micro, small and medium-sized enterprise(s)
NAP	national adaptation plan
NCQG	new collective quantified goal on climate finance
NDC	nationally determined contribution
NGFS	Central Banks and Supervisors Network for Greening the Financial System
NGO	non-governmental organization
ODA	official development assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
SCF	Standing Committee on Finance
SDG	Sustainable Development Goal
SME	small and medium-sized enterprise(s)
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
UNCTAD	United Nations Conference on Trade and Development
V20	Vulnerable Twenty Group
WTO	World Trade Organization
YOUNGO constituency	children and youth constituency

* Used exclusively in tables 2–4 and box 1.

I. Executive summary

A. Context

1. This report is a synthesis of information submitted by Parties and non-Party stakeholders in response to the calls for submissions of views regarding ways to achieve Article 2, paragraph 1(c), of the Paris Agreement, including options for approaches and guidelines for implementation, issued at CMA 3 and CMA 4.[1] A total of 39 submissions on this matter had been received by the time of preparation of this report: 21 submissions from 16 Parties or groups of Parties and 18 from 17 non-Party stakeholders.[2] These comprised the submissions received in 2022 in response to the first call (total of 14: 11 from Parties or groups of Parties and 3 from non-Party stakeholders) and in 2023 in response to the second call (total of 25: 10 from Parties or groups of Parties and 15 from non-Party stakeholders).

2. The work of the SCF related to Article 2, paragraph 1(c), in 2023 builds on the work conducted in 2022 and is being undertaken in parallel with and in a complementary manner to work under the Sharm el-Sheikh dialogue between Parties, relevant organizations and stakeholders to exchange views on and enhance understanding of the scope of Article 2, paragraph 1(c), and its complementarity with Article 9.

B. Challenges and limitations

3. This report is limited to the views submitted and may not reflect the full range of views of Parties to the Convention and the Paris Agreement or of non-Party stakeholders, including those in the financial sector.

4. Many submissions contained information that does not follow a particular structure and varying levels of detail were provided across the submissions, which posed a challenge to the synthesis. Efforts were made to identify key findings and reflect disparate views fairly and accurately. However, the synthesis may not fully reflect all the details from each submission. All submissions are available on the SCF information repository.[3]

5. These challenges and limitations need to be taken into consideration when deriving conclusions on policy implications from the work of the SCF.

C. Scope and approach

6. While the information received is organized according to a structured outline, the structure does not suggest that any particular way(s) or order of ways is to be followed in achieving the long-term goal articulated in Article 2, paragraph 1(c), of the Paris Agreement.

7. The approach to qualitatively synthesizing and quantifying the views presented in the submissions is based on a numerical taxonomy comprising ‘all’, ‘almost all’, ‘most’, ‘many’, ‘some’ and ‘one’ submissions. However, more detailed quantitative disaggregation or weighting of views expressed in the submissions from a number of Parties was not applied owing to the possibility that some Parties had made both individual and one or more group submissions.

[1] See decisions 10/CMA.3, para. 2, and 14/CMA.4, para. 4. See document FCCC/CP/2022/8/Add.3−FCCC/PA/CMA/2022/7/Add.3 prepared for CMA 4.

[2] Non-Party stakeholders include stakeholders within and outside the financial sector, such as central banks, supervisory authorities, private financial institutions and networks, bilateral or multilateral DFIs and agencies, international organizations, NGOs and think tanks.

[3] https://unfccc.int/topics/climate-finance/resources/standing-committee-on-finance-info-repository (accordion item titled “Ways to achieve Article 2.1(c), of the Paris Agreement, including options for approaches and guidelines for implementation”).

D. Key findings

1. Synthesis: ways to achieve Article 2, paragraph 1(c), of the Paris Agreement

(a) Scope of Article 2, paragraph 1(c)

8. Almost all Parties and groups of Parties presented views on the scope of, and approaches to the implementation and assessment of, Article 2, paragraph 1(c). Almost all Parties and groups of Parties noted the **absence of a common understanding of the scope and implementation of Article 2, paragraph 1(c),** even while most noted various ongoing public and private sector actions and initiatives that are already contributing to its implementation. Parties and groups of Parties expressed varied views on the purpose or objectives of Article 2, paragraph 1(c), within the context of Article 2 as a whole and other Articles of the Paris Agreement, as well as the Convention. Submissions touched on several aspects of finance flows, including their consistency with a pathway towards low GHG emissions and climate-resilient development, particularly with respect to scaling up finance flows for climate action in all submissions and scaling down emission-intensive investments and finance in most submissions, including but not limited for fossil fuels.

9. **All Parties and groups of Parties discussed domestic and international public and private finance flows as part of the scope of Article 2, paragraph 1(c).** However, their views differed as to whether Parties have common or different **responsibilities with regard to some or all types of finance flows, and who should act to make finance flows consistent with a pathway towards low GHG emissions and climate-resilient development**. This issue was viewed as pertaining to aspects of implementation such as the role of actors under the Paris Agreement and as part of the broader UNFCCC process. The views of Parties and groups of Parties also differed on how the principles or concepts in Article 2 of the Paris Agreement, including common but differentiated responsibilities and respective capabilities, equity, sustainable development and poverty eradication, as well as the relationship between Article 2 and Article 9, can be reflected in implementation of Article 2, paragraph 1(c).

10. All Parties and groups of Parties acknowledged that all Parties will work towards achieving Article 2, paragraph 1(c), as one of the three long-term goals of the Paris Agreement. They expressed the following views on the role of actors:

(a) **Almost all Parties and groups of Parties emphasized a guiding role of governments in implementing Article 2, paragraph 1(c).** The view that governments have a guiding role in creating the right enabling environments for consistent finance flows and in fostering coherent, coordinated, ambitious and transparent action in both the public and the private sector was expressed. The importance of nationally led approaches, which are in accordance with the bottom-up nature of the Paris Agreement and which reflect national circumstances, development pathways, and the needs and priorities of developing countries, was emphasized in the submissions;

(b) **Almost all Parties and groups of Parties discussed the role of the public and private sectors, expressing varied views on the role of private sector actors.** Most Parties and groups of Parties noted the **large scale of finance required for tackling climate change, with the corresponding need for including the private sector in efforts to make finance flows consistent with a pathway towards low GHG emissions and climate-resilient development.** However, some Party and Party group submissions highlighted that private sector actors are not Parties to the Paris Agreement, and expressed the view that obligations pertaining to making finance available under the Convention and the Paris Agreement lie with developed countries. Some Party submissions also pointed to the limited accountability to the CMA of private sector actors and initiatives outside the Paris Agreement that are considered relevant to the transformation of the financial system towards consistent finance flows for climate action.

11. **All Parties and groups of Parties acknowledged their contribution to achieving Article 2, paragraph 1(c), but views diverged as to whether roles are different among Parties.** Many Parties noted, with varying emphasis, the need to consider, when exploring

approaches to implementing Article 2, paragraph 1(c), **Article 2 as a whole and, more broadly, the principles of the Convention and the Paris Agreement, namely country-specific development pathways, national circumstances and capacities, the principles of common but differentiated responsibilities and respective capabilities, equity, and just and equitable transitions**. In this regard, many Parties and groups of Parties referred to the existing obligations of developed countries to provide financial, technology and capacity-building support to developing countries for climate action. Some Parties and groups of Parties consider that NDCs should guide country-specific pathways towards low-emission, climate-resilient development in accordance with national circumstances, needs and priorities, which would result in developed and developing countries having different obligations and timelines for addressing emission-intensive (including fossil fuel) activities and investments, citing socioeconomic challenges. Some groups of Parties defined the pathway towards low emissions and climate-resilient development as the aggregated pathway of countries' NDCs. Many other Parties and groups of Parties held the position that while all Parties, as well as public and private sector and other civil society actors, would work towards achieving Article 2, paragraph 1(c), implementation would be tailored to national contexts and would entail the application of various policies and measures that respond to national and local needs and enabling environments.

(b) Relationship between Article 2, paragraph 1(c), and Article 9 of the Paris Agreement

12. **Almost all Parties and groups of Parties referred to the relationship between Article 2, paragraph 1(c), and Article 9, which relates to the provision and mobilization of financial support to developing countries.** Many Party and groups of Parties noted the importance of developing countries' receipt of support for implementing Article 2, paragraph 1(c), and the view that implementing Article 2, paragraph 1(c), should not substitute or diminish existing obligations under Article 9 was expressed. Many other Parties and groups of Parties emphasized the continued provision and mobilization of climate finance to developing countries. Views differed regarding the scope and nature of flows related to Article 2, paragraph 1(c), and Article 9: while many Parties acknowledged that climate finance flows under Article 9 contribute to, are included in, and reinforce the alignment of finance flows under Article 2, paragraph 1(c), some Parties expressed the contrasting view that finance flows under Article 2, paragraph 1(c), are complementary to but separate from climate finance flows. Many Parties highlighted that while efforts made towards achieving Article 2, paragraph 1(c), are separate from efforts made under Article 9, finance flows under Article 9 may constitute a subset of total flows in the scope of Article 2, paragraph 1(c). However, some Parties and groups of Parties expressed the view that the goal of Article 2, paragraph 1(c), should be framed in the context of Article 9, because it relates to finance as a means of implementation and includes the provision of climate finance and reporting thereon. These groups of Parties suggested that Article 9 could be interpreted as defining how developed countries' differentiated responsibilities for the achievement of Article 2, paragraph 1(c), could be met and reported on.

(c) Policies, approaches and methodologies for implementing Article 2, paragraph 1(c) at the domestic and international level

13. **Most Parties and groups of Parties identified a variety of policies, approaches and best practices at the domestic and international level for implementing Article 2, paragraph 1(c).** These included fiscal, macroeconomic and regulatory policy levers and incentives, financial instruments, voluntary standards and orientation of investments. Many Parties and groups of Parties advocated for holistic approaches to and government coordination of Article 2, paragraph 1(c), implementation across ministries, sectors and policy areas, emphasizing whole-of-government approaches. **The roles of ambitious national climate and other policy signals and of economic and financial reforms in creating the enabling environment for and reducing the barriers to consistent public and private sector investments** were noted by many Parties and groups of Parties. However, some groups of Parties noted that domestically or globally instituted policies, strategies and regulations for directing financial flows should not contradict nationally determined policies

and should be in line with the goals of the Paris Agreement and the objective of the Convention.

14. **Most Parties and groups of Parties proposed measures for aligning national and international policies and financing with NDCs, NAPs and other national plans and strategies as part of efforts to achieve Article 2, paragraph 1(c).** The actions noted, among others, were scaled-up climate finance flows, reorientation and alignment of domestic policies and domestic public and private finance flows, and international coordination mechanisms to improve private sector financing of NDC implementation. Most non-Party stakeholder submissions also suggested alignment of policies and financing with NDCs, NAPs and other national plans and strategies as a component of achieving Article 2, paragraph 1(c).

15. **Most Parties and groups of Parties highlighted that financial markets in developing countries face greater challenges in accessing global climate finance flows and are less well integrated into the global financial system.** Many Parties and groups of Parties identified the need to **strengthen domestic policy and institutional frameworks and enabling environments**, including through human and institutional capacity-building and readiness in the public and private sector, and to design and implement approaches to Article 2, paragraph 1(c), that increase climate-related finance flows and reduce reliance on finance that runs counter to it, including finance for GHG-intensive or maladaptive activities. Some groups of Parties noted developed countries' role in incentivizing private sector investment in developing countries to increase finance flows for climate action. Many non-Party stakeholders noted the limited access to finance of financial sectors in developing countries and pointed to the need for enhanced domestic and international support of institutional capacity-building and strengthening.

(d) Transparency of finance flows and approaches, and concerns about greenwashing

16. **Most Parties and groups of Parties made suggestions related to advancing the tracking and reporting of progress in implementing Article 2, paragraph 1(c), in the context of an intergovernmental process.** The Paris Agreement was most often mentioned in this regard. However, the focus area varied in the submissions: some Parties and groups of Parties proposed transparency arrangements and regulatory measures designed **to combat greenwashing and improve the accountability of the private sector in terms of commitments and methods for 'Paris alignment',** citing the absence of internationally agreed guidance on this matter. Some others connected **concerns about greenwashing and double counting of finance to limited means for tracking climate finance and ensuring the appropriate accounting of climate finance** from developed to developing countries that is new and additional, and predictable. Almost all non-Party stakeholders discussed elements of improved transparency and accountability with regard to Article 2, paragraph 1(c), at the international level.

(e) Views on addressing consistency of finance flows

17. **All groups of Parties and almost all Parties expressed views relating to the reference to consistency in Article 2, paragraph 1(c), but used different concepts to reflect their respective understanding, including directing, aligning, orienting, shifting or attracting finance flows towards low GHG emissions and climate-resilient development pathways.** All Parties and groups of Parties considered the **significant increase of climate-related investments as a key supporting component of a pathway towards low GHG emissions and climate-resilient development.** However, **views on the scope and coverage of finance flows to be directed or to be made consistent differed**. Many Parties and groups of Parties discussed the need to shift away from or disincentivize finance and investments for emission-intensive or fossil fuel activities, some of which limiting this need for action to developed country Parties or emphasizing differentiated timelines and obligations for shifting finance flows on the basis of the principles of equity and common but differentiated responsibilities and respective capabilities and according to national socioeconomic context. Many Parties and groups of Parties also discussed policies for reducing or phasing out fossil fuel subsidies, with some Parties and groups of Parties

addressing inefficient fossil fuel subsidies and other Parties and one group of Parties referring to fossil fuel subsidies in general; one of these Parties specified this action is applicable to developed countries only. All Parties and groups of Parties that discussed shifting away from emissions-intensive finance flows and subsidies emphasized the importance of orderly, equitable and just transitions tailored to socioeconomic context and national and local circumstances, and many Parties and groups of Parties that mentioned fossil fuel finance and (inefficient) fossil fuel subsidies highlighted possible adverse socioeconomic impacts and different approaches to overcoming them. Some Parties and groups of Parties expressed their understanding of consistency of finance flows as guided by NDCs and the ambition levels and finance needs for climate action and identified inconsistencies in the levels of climate finance provided to developing countries.

(f) Climate-resilient development pathways

18. **Most Parties and groups of Parties considered fostering climate-resilient development to be a key component of the goal in Article 2, paragraph 1(c).** Furthermore, most noted that current **approaches, methodologies, actions and efforts related to implementing Article 2, paragraph 1(c), including in the private sector, aimed at climate change adaptation and resilience are less represented and underdeveloped compared with those aimed at low GHG emissions pathways**. Most Parties and groups of Parties considered it critical to increase efforts to achieve climate resilience in the real economy and the financial system, and to urgently scale up available public and private finance flows for adaptation and resilience, in particular for developing and the most vulnerable countries. Some groups of Parties also highlighted the lower levels of finance for adaptation than mitigation and underscored the need for greater flows of adaptation finance to developing countries with a view to achieving a balance in the provision of finance for adaptation and mitigation.

2. Options for approaches and guidelines for implementation

19. The submissions identified various options for approaches and guidelines for implementation of Article 2, paragraph 1(c), which are presented according to whether they were directed towards Parties and governments or towards non-Party stakeholders.

(a) Options for approaches and guidelines for implementation by Parties

(i) Overarching considerations and principles

20. **Almost all Parties and groups of Parties recognized that implementation of Article 2, paragraph 1(c), is a collective effort of all Parties.** They also recognized that **implementation involves a broad set of actors, including those in the public and private sectors, albeit with varying roles**. The **guiding role of national governments** in implementing Article 2, paragraph 1(c), was emphasized in almost all submissions. In this context, some Parties and groups of Parties pointed to the limits of the intergovernmental process to influence or legally bind actors and processes outside it. Most Parties and groups of Parties conveyed the view that collective and national implementation of Article 2, paragraph 1(c), should be commensurate with the urgency of achieving the goals of the Paris Agreement, including its long-term temperature goals.

21. **Parties and groups of Parties expressed a variety of views on how implementation of Article 2, paragraph 1(c), should take into account or be in line with different national contexts and circumstances and the principles of equity and common but differentiated responsibilities and respective capabilities.** Some Parties and groups of Parties were of the view that the consideration of national contexts and enabling environments would form an essential part of the collective effort of all Parties towards making finance flows consistent, necessitating context-specific national or sectoral policies and tailored approaches rather than one-size-fits-all solutions. Other Parties and groups of Parties emphasized implementing Article 2, paragraph 1(c), in accordance with the principles of equity and common but differentiated responsibilities and respective capabilities, as set out in Article 2, paragraph 2, of the Paris Agreement, as well as sustainable development and

poverty eradication, as set out in Article 2, paragraph 1, and noted that from this it follows that finance flows would be made consistent in accordance with the imperatives and timelines of national sustainable development pathways, or more specifically, through alignment with NDCs, under Article 3. Some Parties and groups of Parties noted that developed countries would be expected to take the lead in making domestic and international finance flows consistent and to scale up finance flows for low-emission, climate-resilient development in developing countries.

22. Many Parties and groups of Parties referred to the **role of national implementation according to NDCs as the guideline for implementing Article 2, paragraph 1(c).** Some groups of Parties and one Party referred to Article 3 of the Paris Agreement specifically, outlining how the goals of the Paris Agreement will be achieved as NDCs to the global response to climate change, and referred to the bottom-up nature of the Paris Agreement.

23. **Almost all Parties and groups of Parties referred to the importance of just transition approaches and policies in implementing Article 2, paragraph 1(c), in a context-specific and socially just and inclusive manner.** Many of these Parties and groups of Parties emphasized that the concept of just transition should guide pathways towards implementation.

24. **Almost all Parties and groups of Parties recognized international support provided to developing countries for implementing Article 2, paragraph 1(c), in terms of either needs or as a potentially important cooperation strategy that fosters implementation.** Furthermore, almost all Parties and groups of Parties discussed the role of Article 9 of the Paris Agreement in relation to Article 2, paragraph 1(c). Many Parties and groups of Parties highlighted that adequate scaled-up climate finance, as well as capacity-building and technological support, from developed countries would be required for developing countries to implement Article 2, paragraph 1(c), or as specified in some of the submissions, would serve as a precondition for enabling efforts towards achieving Article 2, paragraph 1(c), by developing countries. Many groups of Parties and some Parties identified the lack of financial support provided by developed to developing countries as a potential obstacle to achieving the goals of the Paris Agreement.

25. **The importance of ensuring transparency, ensuring accountability and avoiding greenwashing in tracking and monitoring private and public finance flows or climate action was a common theme** in the submissions of most Parties, groups of Parties and non-Party stakeholders.

26. **Most Parties, groups of Parties and non-Party stakeholders discussed additional considerations for implementation, including taking into account the needs and priorities of developing countries and the needs of the most vulnerable populations**, fostering international cooperation and the coordination of policies and approaches related to implementing Article 2, paragraph 1(c), promoting social inclusion and giving due consideration to other environmental objectives.

(ii) Options for addressing the scope of and approaches to achieving Article 2, paragraph 1(c)

27. **Most Parties and groups of Parties considered that the intergovernmental process has a role in fostering a common understanding of and providing guidance for implementing Article 2, paragraph 1(c), and making finance flows consistent with a pathway towards low GHG emissions and climate-resilient development.** Some Parties and groups of Parties did not specify how or whether discussions among Parties on Article 2, paragraph 1(c), should be conducted. Views on the appropriate intergovernmental process for implementing Article 2, paragraph 1(c), varied in the submissions.

(a) Many Parties and some groups of Parties suggested establishing a new, dedicated space or standing agenda item for discussing matters relating to and advancing implementation of Article 2, paragraph 1(c), either under the CMA or as part of the broader intergovernmental process;

(b) Some Parties and one group of Parties proposed conducting a work programme on Article 2, paragraph 1(c), or establishing a coherent process to foster work on enhancing its understanding and implementation;

(c) Many Parties and some groups of Parties proposed conducting further work under the SCF, for example on the scope of Article 2, paragraph 1(c), and the implications of and options for implementing it;

(d) Some Parties and groups of Parties did not specify how or whether discussions among Parties on Article 2, paragraph. 1(c), should be conducted. Some groups of Parties noted that any discussions on Article 2, paragraph 1(c), should be subject to the commitments of developed country Party to provide financial, technology and capacity-building support to developing countries.

28. Parties and groups of Parties also noted various **options for focus areas of discussions or future work** regarding Article 2, paragraph 1(c):

(a) Many Parties and groups of Parties suggested that discussion or future work could focus on **fostering Parties' understanding of the scope of Article 2, paragraph 1(c), and principles underlying its implementation.** They framed this understanding in the context of the principles set out in Articles 2, 3 and 9 of the Paris Agreement and the objective of the Convention. They also suggested addressing how to avoid unintended consequences of implementation of unilateral financial, policy and trade measures and addressing the financial and economic impacts, costs and support needs associated with making finance flows consistent with a pathway towards low GHG emissions and climate-resilient development;

(b) Most Parties and groups of Parties suggested **developing frameworks or guidance for implementing Article 2, paragraph 1(c),** for Parties in the intergovernmental process in order to foster coordinated and equitable approaches. Potential focus areas for further work noted in the submissions included the role of actors from the public and private sectors; the identification of finance flows as, among others, consistent or inconsistent with a pathway towards low GHG emissions and climate-resilient development; policy measures, levers and tools to enhance finance flows; mapping of best practices; approaches and timelines for transitioning away from emission-intensive activities and finance flows, including addressing associated support needs; and the development of globally consistent and interoperable standards for Article 2, paragraph 1(c), implementation;

(c) Most Parties and groups of Parties expressed their desire to discuss **how the implementation of Article 2, paragraph 1(c), could enhance the achievement of mitigation and adaptation goals in Article 2, paragraph 1(a–b).** They also mentioned discussing how implementing Article 2, paragraph 1(c), could scale up the availability of finance for climate action globally and support the implementation of NDCs, NAPs and other national climate plans, as well as integrated national financing frameworks;

(d) Many Parties and groups of Parties emphasized the need to **ensure complementarity with climate finance under Article 9 of the Paris Agreement** by focusing on delivery of the USD 100 billion goal, complementarity with the NCQG, and streamlined access to scaled-up and predictable financial resources.

(iii) Transparency and reporting modalities

29. **Almost all Parties and groups of Parties discussed transparency and reporting matters related to Article 2, paragraph 1(c), and most noted that limited ways to assess progress towards achieving Article 2, paragraph 1(c), currently exist.** Many Parties and groups of Parties raised concerns about the accountability of private sector actors and the credibility of their efforts related to Article 2, paragraph 1(c), in particular in the absence of a common understanding of its scope or guidelines on how it should be implemented, which, among other consequences, could lead to greenwashing.

30. Many Parties and groups of Parties proposed focus areas and options **for transparency arrangements for assessing progress on Article 2, paragraph 1(c),** through

the intergovernmental process that could improve accountability and contribute to avoiding emerging concerns on greenwashing, The options included:

(a) Reporting of progress under the GST on policies, methodologies, data and metrics for both public and private finance flows in the context of Article 2, paragraph 1(c) (many Parties and groups of Parties);

(b) Reporting on climate finance flows from developed countries to be improved by, for example, using a common definition of climate finance (many Parties and groups of Parties);

(c) Reporting arrangements informed by or based on the work of the SCF (some Parties and groups of Parties);

(d) Reporting arrangements under the ETF that also ensure complementarity with the reporting arrangements for the NCQG (some Parties and groups of Parties);

(e) An approach for reporting progress on consistency of finance flows that is similar to the reporting processes for Article 2, paragraph 1(a–b) (i.e. NDCs and adaptation communications) (some Parties);

(f) Reporting by developed countries under Article 9, paragraphs 5 and 7, of the Paris Agreement, that is in biennial transparency reports and biennial communications (some groups of Parties);

(g) Establishing an intergovernmental space or international platform to track and report on global finance flows and methodologies in use relevant to Article 2, paragraph 1(c), covering both private sector efforts and commitments and government policies and actions (one group of Parties).

31. **Many non-Party stakeholders provided views on international tracking and reporting processes related to Article 2, paragraph 1(c), that could be used by Parties.** Suggestions included developing modalities for monitoring progress under the GST; establishing biennial country reporting to the CMA or the COP; reporting on plans for shifting public finance flows in NDCs; reporting on the alignment of finance flows at the financial institution, national and global level via national statistics; and establishing a process for annual progress reports on phasing out fossil fuel subsidies and international public finance for fossil fuel, which would include reporting on SDG indicator 12.c.1 (fossil fuel subsidies).

32. Many Parties and groups of Parties suggested options for **indicators and metrics for measuring progress towards Article 2, paragraph 1(c)**, to enhance collective assessment and evaluation capacities as well as to reduce the potential risk of greenwashing. These can be grouped as:

(a) Quantitative indicators covering both consistent and non-consistent finance flows (which may include harmful and neutral flows) (many Parties and groups of Parties), with reporting thereon to be different for developed and developing countries (some Parties and groups of Parties);

(b) A combination of quantitative measurement of finance flows and qualitative assessment of the implementation of policies, regulations and actions (some Parties and groups of Parties);

(c) A quantitative indicator under the ETF for support provided and mobilized to developing countries for implementing Article 2, paragraph 1(c) (one group of Parties);

(d) Quantitative indicators for finance for climate action and for financial support provided to developing countries under Article 9 of the Paris Agreement and commitments of developing countries related to climate finance (some Parties and groups of Parties);

(e) Qualitative assessment of the accessibility, speed and affordability or concessionality of financial support provided by developed countries to developing countries (one Party);

(f) Indicators for the alignment of climate finance flows for mitigation and adaptation actions with NDCs, NAPs and other national plans (one Party).

33. **Many non-Party stakeholders proposed elements for measuring progress related to Article 2, paragraph 1(c).** The proposals covered quantitative indicators for global climate finance flows; quantitative indicators for fossil fuel financing and subsidies by public and private actors, including country reporting on SDG indicator 12.c.1 (fossil fuel subsidies); metrics for the alignment of development finance; metrics for the 'Paris alignment' of private sector actors that are complementary to GHG emission metrics; systematic, mandatory reporting on transition plans, including for GHG emissions and consistent and non-consistent investments, by private sector actors; improved climate-related disclosure of private sector entities through international disclosure standards such as TCFD, TNFD, ISSB and CDP; and reporting by Parties on Article 2, paragraph 1(c), through the reporting processes under Article 9 of the Paris Agreement.

(iv) Linkages in the intergovernmental process

34. Most Parties and groups of Parties highlighted linkages to UNFCCC constituted bodies, work programmes and processes, including those under the CMA, that should be considered in facilitating a common understanding of Article 2, paragraph 1(c), or in implementing it. Linkages with the GST, the NCQG, the SCF, and the Sharm el-Sheikh dialogue were discussed most frequently in this regard:

(a) **GST:** it was noted in the submissions that a common understanding of the scope and criteria for monitoring relevant finance flows and actions would facilitate the assessment of collective progress on the long-term goal outlined in Article 2, paragraph 1(c) (many Party and some Party group submissions);

(b) **NCQG**: the critical role of international public financial support for developing countries and the corresponding commitments of developed countries under Article 9, which should not be substituted by Article 2, paragraph 1(c), was underlined in the submissions (most Party group and some Party submissions). It was noted that discussions on the scope and implementation of Article 2, paragraph 1(c), could inform discussions on how to introduce the long-term goal into the design of the NCQG, and that processes and efforts under the NCQG and under Article 2, paragraph 1(c), should be treated as distinct but complementary (some Party and Party group submissions);

(c) **SCF:** the role of the SCF was noted in the submissions with regard to providing information related to Article 2, paragraph 1(c), as well as in potentially (1) conducting further work on mapping policies, approaches and best practices and developing guidelines for its implementation and (2) providing inputs to its transparency-related aspects (many Party and Party group submissions);

(d) **Sharm el-Sheikh dialogue**: in many submissions from Parties and groups of Parties in 2023, the Sharm el-Sheikh dialogue was noted as a key forum for Parties and relevant stakeholders to deliberate on and enhance their understanding of the scope of Article 2, paragraph 1(c), and its complementarity with Article 9 of the Paris Agreement and as a space to discuss guidelines, policies and approaches for achieving the goal.

(b) Options for approaches and guidelines for implementation for non-Party stakeholders

35. Almost all Parties, groups of Parties and non-Party stakeholders proposed approaches and guidelines for implementation of Article 2, paragraph 1(c), for non-Party stakeholders, including actors in the private sector (financial and non-financial) and civil society.

36. **Almost all Parties and non-Party stakeholders**, as well as most groups of Parties, **expressed the view that more can be done by the private financial sector and non-financial corporations to increase the flow of finance towards climate investments.** This was noted as being particularly the case for developing countries, where investment needs for climate action are greatest and, as many submissions noted, barriers to accessing capital persist. Many Parties and non-Party stakeholders provided examples of blended finance, public–private partnerships and country-platform models, such as energy transition

investment platforms, as means of leveraging increased private finance, but they also linked increased climate-related private finance flows to a transformation of the international financial architecture, which would include working towards better financing conditions for developing country governments and private sector actors, as well as addressing debt sustainability. In this context, some Parties and groups of Parties noted the catalytic role that MDB evolution would have.

37. Many Parties, groups of Parties and non-Party stakeholders highlighted the importance **of increasing the focus on adaptation and climate resilience in current private sector efforts related to Article 2, paragraph 1(c).** They noted the urgency to scale up investments for climate change adaptation and resilience-building globally, specifically in developing countries. Many non-Party stakeholders noted areas where further development of climate-resilient approaches to implementing Article 2, paragraph 1(c), are required, such as physical climate risk integration (including methodology and scenario development), the availability of data, and resilience-related investment targets and instruments (beyond financial risk management approaches).

38. Many Parties, groups of Parties and non-Party stakeholders noted the lack of tools and methodologies for assessing the credibility of private sector actors' efforts towards achieving Article 2, paragraph 1(c), and suggested the need to increase the accountability of these actors and the transparency of their actions. Submissions included concrete suggestions in this regard, including improving the disclosure of finance flows and investments; climate-related risks and opportunities; and underlying methodologies, pathways, scenarios and indicators used in approaches relevant to Article 2, paragraph 1(c). Some Parties, groups of Parties and non-Party stakeholders highlighted the role of transition plans that include identification and assessment of transition and physical risks, as well as forward-looking capital allocation plans, in enhancing the transparency of non-State actors in the transition towards low GHG emissions and climate-resilient development.

39. Many Parties and some groups of Parties pointed to linkages to best practices outside the intergovernmental process that could aid the development of reporting and tracking approaches for Article 2, paragraph 1(c), for non-State actors. The following examples were mentioned: an initiative to establish a global platform for transparency and accountability; ISSB, TCFD and TNFD disclosure frameworks; the Paris Agreement Capital Transition Assessment methodology, which covers individual financial institutions and aggregate assessments of consistency of the financial sector within countries; and the OECD Research Collaborative on Tracking Finance for Climate Action. The key findings and recommendations of the United Nations High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities were also mentioned in the submissions from some Parties and groups of Parties in terms of standards and best practices for the private sector.

40. **Many Parties discussed the linkages of implementing Article 2, paragraph 1(c), with non-Party stakeholder** constituencies of **central banks and financial supervisory authorities, as well as with private sector net zero initiatives.** Regarding central banks and supervisory authorities, submissions noted their oversight function and coordination role for the financial sector as a whole and their potential to enhance climate-related financial decision-making. Regarding the net zero commitments and initiatives of private actors, some Parties and groups of Parties, as well as many non-Party stakeholders, suggested that the transparency and credibility of these efforts be improved and that approaches be adjusted to national circumstances, development pathways or NDCs.

II. Introduction

A. Background and mandate

41. Article 2, paragraph 1, of the Paris Agreement states that the Agreement, in enhancing the implementation of the Convention, including its objective, aims to strengthen the global response to the threat of climate change, in the context of sustainable development and efforts

to eradicate poverty, including by, as specified in paragraph 1(c), making finance flows consistent with a pathway towards low GHG emissions and climate-resilient development.

42. CMA 3 invited Parties, the operating entities of the Financial Mechanism, IFIs and other stakeholders in the financial sector to submit via the submission portal their views regarding ways to achieve Article 2, paragraph 1(c), of the Paris Agreement, including options for approaches and guidelines for implementation, by 30 April 2022 and requested the SCF to submit a synthesis for consideration by CMA 4.[4]

43. CMA 4 requested the SCF to continue its work regarding ways to achieve Article 2, paragraph 1(c), of the Paris Agreement, including options for approaches and guidelines for implementation, in accordance with decision 10/CMA.3, paragraph 2, for consideration by CMA 5 and invited Parties and stakeholders in the financial sector to make further submissions thereon via the submission portal by 30 April 2023.[5]

44. At its 30th meeting, the SCF decided that its work on Article 2, paragraph 1(c), would focus on updating the synthesis of submissions received from Parties and non-Party stakeholders in 2022. This report builds on the work on Article 2, paragraph 1(c), conducted in 2022, which the SCF delivered in the form of a synthesis of views to COP 27 and CMA 4. The 2022 synthesis of views regarding ways to implement Article 2, paragraph 1(c), of the Paris Agreement[6] included information in submissions from Parties and non-Party stakeholders on the scope of Article 2, paragraph 1(c), its relationship with Article 9 of the Paris Agreement, and its operationalization as part of the intergovernmental process.

45. The work of the SCF related to Article 2, paragraph 1(c), in 2023 is being undertaken in parallel with and in a complementary manner to work under the Sharm el-Sheikh dialogue. At CMA 4, Parties launched the Sharm el-Sheikh dialogue between Parties, relevant organizations and stakeholders to exchange views on and enhance understanding of the scope of Article 2, paragraph 1(c), of the Paris Agreement and its complementarity with Article 9. Furthermore, Parties requested the secretariat, under the guidance of the Presidency of COP 27, to organize two workshops in 2023 in this regard and to prepare a report to the CMA on the deliberations at these workshops.[7] The first workshop was held on 19 and 20 July in Bangkok, and the second workshop on 3 and 4 October in Geneva. The SCF welcomes the exchange of views between Parties, relevant organizations and stakeholders on the scope of Article 2, paragraph 1(c), of the Paris Agreement and its complementarity with Article 9 of the Paris Agreement.

B. Scope

46. This report is a synthesis of information submitted by Parties and non-Party stakeholders in response to the calls for submissions referred to in paragraphs–above. A total of 39 submissions were included in the synthesis: 21 from Parties or groups of Parties and 18 from non-Party stakeholders. These comprised the submissions received in 2022 in response to the first call (total of 14: 11 from Parties or groups of Parties and 3 from non-Party stakeholders) and in 2023 in response to the second call (total of 25: 10 from Parties or groups of Parties and 15 from non-Party stakeholders). Five Parties or groups of Parties and one non-Party stakeholder made submissions in both 2022 and 2023. See the annex for a complete list of the 2022 and 2023 submissions.

47. This synthesis aims to capture the broad scope of views expressed by Parties and non-Party stakeholders in the submissions by presenting a number of themes and issues that were frequently raised. The views may not all respond directly to the invitation for submissions on ways to achieve Article 2, paragraph 1(c), including options for approaches and guidelines for implementation.

[4] Decision 10/CMA.3, para. 2.
[5] Decision 14/CMA.4, para. 4.
[6] FCCC/CP/2022/8/Add.3−FCCC/PA/CMA/2022/7/Add.3.
[7] Decision 1/CMA.4, para. 68.

48. While the information received is organized according to a structured outline, the structure does not suggest that any particular way(s) or order of ways is to be followed in achieving the long-term goal articulated in Article 2, paragraph 1(c), of the Paris Agreement.

C. Approach

49. This report provides syntheses of views of Parties and non-Party stakeholders[8] on ways to achieve Article 2, paragraph 1(c), of the Paris Agreement and options for approaches and guidelines for implementation contained in the submissions, including identified next steps for achieving Article 2, paragraph 1(c).

50. The approach to qualitatively synthesizing and quantifying the views presented in the submissions is based on a numerical taxonomy comprising ‘all’, ‘almost all’, ‘most’, ‘many’, ‘some’ and ‘one’ submissions, as follows (note that five Parties or groups of Parties and one non-Party stakeholder made submissions in both 2022 and 2023, and these were not counted twice, hence the total number of submissions here is 33, not 39):

(a) All: 33 submissions: 16 Party or Party group, 17 non-Party stakeholder;

(b) Almost all: 31 or more submissions: 14 or more Party or Party group, 15 or more non-Party stakeholder;

(c) Most: 20 or more submissions: 10 or more Party or Party group, 10 or more non-Party stakeholder;

(d) Many: 10 or more submissions: 6 or more Party or Party group, 6 or more non-Party stakeholder;

(e) Some: nine or fewer submissions: five or fewer Party or Party group, five or fewer non-Party stakeholder;

(f) One: one submission: one Party or Party group, one non-Party stakeholder.

51. Submissions from Parties and groups of Parties are indicated numerically in the report, where applicable. However, further quantitative disaggregation or weighting of views expressed by number of Parties was not applied owing to the possibility that some Parties had made both individual and one or more group submissions.

52. While efforts were made to present the views of Parties and non-Party stakeholders in a disaggregated manner, submissions from Parties, groups of Parties and non-Party stakeholders were taken together as a whole in some cases where they all expressed similar views. To provide contextual information on the perspectives of non-Party stakeholders, where applicable, a broad indication of the sectoral scope or activity of the submitting entity is included in the report.

D. Challenges and limitations

53. This report is limited to the views submitted and may not reflect the full range of views of Parties to the Convention and the Paris Agreement or of non-Party stakeholders, including those in the financial sector.

54. Many submissions contained information that does not follow a particular structure and varying levels of detail were provided across the submissions, which posed a challenge to the synthesis. Efforts were made to identify key findings and reflect disparate views fairly and accurately. However, the synthesis may not fully reflect all the details from each submission. The submissions are available on the SCF information repository.[9]

[8] Non-Party stakeholders include stakeholders within and outside the financial sector, such as central banks, supervisory authorities, private financial institutions and networks, bilateral or multilateral DFIs and agencies, international organizations, NGOs and think tanks.

[9] https://unfccc.int/topics/climate-finance/resources/standing-committee-on-finance-info-repository (accordion item titled “Ways to achieve Article 2.1(c), of the Paris Agreement, including options for approaches and guidelines for implementation”).

55. These challenges and limitations need to be taken into consideration when deriving conclusions on policy implications from the work of the SCF.

E. Structure of the report

56. The report is structured following the general outline agreed by the SCF at its 30th meeting. The key findings were prepared by the SCF from the synthesis of views expressed in the submissions, which was prepared by the secretariat under the guidance of the SCF.

57. Chapter I above presents the key findings. Chapter III below presents the synthesis of ways to achieve Article 2, paragraph 1(c), organized under the following sections: scope of Article 2, paragraph 1(c); relationship between Article 2, paragraph 1(c), and Article 9 of the Paris Agreement; policies, approaches and methodologies for implementing Article 2, paragraph 1(c), at the domestic and international level; transparency of finance flows and implementation-related actions, and concerns about greenwashing; consistency of finance flows; and climate-resilient development pathways. Chapter IV below presents the synthesis of options for approaches and guidelines for implementation identified in the submissions, separately for Parties and non-Party stakeholders.

III. Synthesis: ways to achieve Article 2, paragraph 1(c), of the Paris Agreement

A. Scope of Article 2, paragraph 1(c)

58. Almost all Party, Party group and non-Party stakeholder submissions provided views on the scope of Article 2, paragraph 1(c), of the Paris Agreement and ways to implement it. Almost all Party and Party group submissions noted the absence of a common understanding of its scope and implementation. Most Party, Party group and non-Party stakeholder submissions referred to ongoing efforts related to Article 2, paragraph 1(c), including efforts outside the intergovernmental process. The views expressed in the submissions on the scope of Article 2, paragraph 1(c), are presented in this chapter.

1. Purpose and objectives of the long-term goal set out in Article 2, paragraph 1(c), and associated principles

59. All submissions expressed support for the goal of making finance flows consistent with a pathway towards low GHG emissions and climate-resilient development, as stated in Article 2, paragraph 1(c). A range of further purposes, specific objectives and associated principles of the goal were mentioned in the submissions, with varying levels of overlap or divergence, as described in paragraphs 60–68 below.

60. All Party group and almost all Party submissions stated that one purpose of Article 2, paragraph 1(c), is to support the achievement of the mitigation and adaptation goals set out in Article 2, paragraph 1(a–b). The submissions emphasized that the implementation of Article 2, paragraph 1(c), is an essential component of achieving the two other long-term goals through enabling or shifting sufficient finance flows towards climate action, or they equated ‘a pathway towards low GHG emissions and climate-resilient development’ with achieving the goals in Article 2, paragraph 1(a–b). Almost all non-Party stakeholders formulated a holistic linkage between the three long-term goals or stressed the enabling role of Article 2, paragraph 1(c), in achieving the two other goals.

61. Many Party and Party group submissions placed the achievement of Article 2, paragraph 1(c), in the broader context of the entire Article 2 of the Paris Agreement by referring to how Article 2, paragraph 1(c), should contribute to and be guided by Article 2, paragraphs 1–2. They mentioned that Article 2, paragraph 1(c), should contribute to sustainable development and poverty eradication and be implemented according to the principles of equity and common but differentiated responsibilities and respective capabilities. Some Party and Party group submissions did not address the relationship of this

Article with Article 2, paragraph 1, or Article 2, paragraph 2, explicitly. Many non-Party stakeholder submissions, in particular from NGOs and international development organizations, also emphasized the framing and implementation of Article 2, paragraph 1(c), in the context of the goals and principles in Article 2, paragraphs 1–2.

62. All submissions from Parties, groups of Parties and non-Party stakeholders referred to increasing the level of domestic and international climate-related finance and investments as one purpose of Article 2, paragraph 1(c) (see also chaps. III.A.1 and III.C above). The overarching purpose of Article 2, paragraph 1(c), in transforming the global financial and economic system, as well as national systems, in a way that is sustainable and consistent with the goals of the Paris Agreement was a concept shared in most Party and Party group and all non-Party stakeholder submissions, including those from public and private financial sector organizations, research organizations and NGOs.

63. All Party group and almost all Party submissions conveyed the understanding that Article 2, paragraph 1(c), implies directing, aligning, orienting or shifting finance flows towards low GHG emission and climate-resilient development pathways. Thoughts on the scope of finance flows to be directed or shifted differed: most Parties and groups of Parties included the shifting of non-consistent ‘brown’ or emission-intensive finance, while some groups of Parties and one Party emphasized the alignment of all finance flows with NDCs and national development plans more broadly and one group of Parties referred to redirection of international investments in developed countries to developing countries.

64. All Party and Party group submissions implied, albeit with varied emphasis on different responsibilities, that the achievement of Article 2, paragraph 1(c), is a global, common aim towards which all Parties, including actors under their jurisdiction, would collectively contribute.

65. Many Party and Party group submissions referred to NDCs being a guideline for implementing Article 2, paragraph 1(c). Some Party group and one Party submissions referred to Article 3 of the Paris Agreement, outlining how the goals of the Paris Agreement will be achieved as NDCs to the global response to climate change, and referred to the bottom-up nature of the Paris Agreement.

66. All Party group and almost all Party submissions mentioned the role of international finance or financial support for climate action in developing countries, with or without explicit reference to Article 9 of the Paris Agreement, when discussing the scope of or ways to achieve Article 2, paragraph 1(c). Chapter III.B below provides a detailed discussion of views on the relationship between Article 2, paragraph 1(c), and Article 9 of the Paris Agreement.

67. Many Party group and some Party submissions referred to the objective or principles of the Convention as guiding elements for achieving Article 2, paragraph 1(c). Specifically, submissions referenced the objective in Article 2 and principles in Article 3, including paragraphs 2, 4 and 5; Article 4, including paragraphs 7–9; and Article 6. They also referenced decision 1/CP.21, paragraph 52. Many groups of Parties and one Party emphasized Article 4 of the Convention in relation to common but differentiated responsibilities of Parties and the specific commitments therein of developed country Parties and other Annex I Parties.

68. Many Party and Party group and some non-Party stakeholder submissions took a wider or integrated view of Article 2, paragraph 1(c), in that it should foster synergies with other environmental goals, for example those related to the CBD and the Kunming-Montreal Global Biodiversity Framework.

2. Scale and scope of finance flows

69. Although Article 2, paragraph 1(c), of the Paris Agreement does not define the scale and scope of finance flows, all submissions expressed the view that finance flows in relation to Article 2, paragraph 1(c), may encompass a wide range of financial sector flows and activities, both international and domestic, and both public and private, involving significant financial transactions. Submissions used different types of examples to illustrate the scale of

the challenge to shift finance flows, for example country case studies, estimates of investment needs up until 2030 for the energy sector for pathways aligned with the Paris Agreement, and illustration of the large quantitative gap between the USD 100 billion goal and the investment needs of developing countries to implement their NDCs. Five Parties and two groups of Parties discussed qualitative or quantitative information on the high level of finance for fossil fuel and other emission-intensive activities at the global or national level. Four Party and four Party group submissions took the view that flows for the provision of financial support to developing countries constitute a subset of overall finance flows under the scope of Article 2, paragraph 1(c). Most non-Party stakeholder submissions also discussed critically the current levels of finance for fossil fuel and emission-intensive activities, and many non-Party stakeholders provided quantitative information thereon and called for more ambitious action to address these public and private finance flows within the scope of Article 2, paragraph 1(c).

70. Most Party and Party group submissions highlighted the availability of investable capital in financial markets but noted the lack of incentives and policy levers for private sector finance actors to finance climate action. Many Party and Party group submissions also noted that the large volume of available finance in the financial sector has not been sufficiently mobilized and that there is a need to urgently close the climate-related investment and financial support gap, in particular in developing countries.

3. Sources and types of finance flows

71. All Party and Party group submissions discussed the role of public and private domestic and international finance. In the context of private finance, almost all Party and Party group submissions addressed finance flows and investments from financial actors and real-economy corporations. All non-Party stakeholder submissions included public and private (including financial and real-economy investments) domestic and international finance flows in their discussion of Article 2, paragraph 1(c), though the emphasis on particular finance flows varied by the organizational focus of the stakeholders.

72. All submissions made clear that each type of finance flow has its own purpose and is subject to different decision-making, reporting and oversight mechanisms. The types of finance flows discussed in the submissions included financial market investment and lending, public–private partnerships, financing for MSMEs, local enterprises and communities, public expenditure programmes, budgeting and financing mechanisms, subsidies, investments by State-owned enterprises (sovereign and non-sovereign), green debt issuances, corporate investments, flows through national development banks and national climate funds, flows through MDBs and multilateral climate funds (including operating entities of the Financial Mechanism), bilateral ODA, climate finance under Article 9 of the Paris Agreement, and financial support provided by developed to developing countries.

4. Relevant actors

73. Almost all Party and Party group submissions identified roles or actions for the public and private sectors in making finance flows consistent with a pathway towards low GHG emissions and climate-resilient development. As most Party submissions were of the view that achieving Article 2, paragraph 1(c), would require a holistic transformation of financial and economic systems, some Party and non-Party stakeholder submissions referred to whole-of-economy, whole-of-finance, whole-of-government and whole-of-society approaches, or approaches involving all international community actors, to implementing Article 2, paragraph 1(c), in a transformative way.

74. All Party group and almost all Party submissions noted that governments and public authorities – which are the signatories to the Paris Agreement – have a guiding role in steering and overseeing private sector activities. However, one submission explicitly limited the role and responsibility of the private sector in the context and operationalization of Article 2, paragraph 1(c), given that private sector organizations are not Parties to the Agreement. Two other Party submissions underlined that a substantial part of global finance flows is outside the immediate control of Parties to the Agreement, thus limiting the decisions of the CMA or the COP to direct the flows. Many non-Party stakeholder submissions noted that the role of

private sector actors needs to be understood in terms of their respective legal mandates and responsibilities.

75. Five Party and four Party group submissions discussed the impact of financial sector regulation through supervisory authorities, mandatory climate-related disclosures, and the reconsideration of investment mandates for transforming the financial and economic sectors. Many non-Party stakeholder submissions discussed financial supervisory authorities and regulators.

76. The wide range of actors mentioned in almost all submissions extends beyond governments and private finance actors to encompass relevant stakeholders such as public authorities and institutions (e.g. financial supervisory authorities (including central banks), DFIs, public IFIs (including MDBs), multilateral climate funds and the IMF); subnational and local public actors; financial sector networks and initiatives; private real-economy actors and MSMEs; civil society organizations; local communities and Indigenous groups; and international and national research organizations and think tanks. The relevant actors included in the submissions are presented in table 1.

Table 1
Actors involved in achieving Article 2, paragraph 1(c), of the Paris Agreement, as identified in the submissions

Submission	*Actors*
ABU	Developed countries, developing countries, WTO
African Group	Parties, operating entities of the Financial Mechanism, IFIs and other stakeholders in the financial sector, institutional investors (e.g. banking sector, pension funds, insurance sector)
AILAC	Governments (including city and local governments), DFIs, commercial financial institutions (including private equity, venture capital, infrastructure funds), institutional investors, corporate actors (banks, asset managers, pension funds, insurers, credit rating agencies, accounting firms, shareholder advisory services, enterprises, project developers), households
Arab Group	Parties, governments, government entities, developed countries, developing countries, any actor involved in the financing of NDCs and other national plans
Australia	Governments, financial regulators, treasuries, central banks, international collaboration platforms, G20, MDBs, finance initiatives, financial sector, investors
Aviva	Parties, public and private sectors stakeholders (particularly those from the financial sector), civil society organizations, investors, multilateral and collective organizations that oversee and supervise the governance of the financial system such as IFIs (e.g. the IMF), MDBs, Financial Stability Board, International Organization of Securities Commissions, International Association of Insurance Supervisors, Bank for International Settlements, Basel Committee on Banking Supervision, International Organisation of Pension Supervisors
Canada	Public and private sector actors with inputs from civil society actors (including Indigenous Peoples), academic community, MDBs, DFIs, export credit agencies
CDP Europe	Companies (including financial service companies), cities, states, regions, governments, regulators, stock exchanges, market regulators
Climate Action Network	Governments, communities, developed countries, developing countries, G7, IMF, WTO, State-owned enterprises, private finance sector, financial institutions, banks
Climate Policy Initiative	Financial system actors (institutional investors, pension funds, insurers, sovereign wealth funds, etc.), commercial financial institutions, asset managers, high net worth individuals, governments, real-economy actors (including companies (corporates and SMEs), households, governments, public DFIs, philanthropic organizations)
David Rouch (individual)	Institutional investors and other private finance operators, governments, financial sector initiatives (including net zero alliances), corporations
EIG	Financial sector, governments and other policymakers, climate finance providers, financial sector initiatives

Submission	*Actors*
Environmental Defence Canada	Parties, governments, private sector, financial institutions, global financial system, IFIs, development banks, G20, WTO, V20 countries, the SCF
EU	Governments, climate finance, private sector, civil society, public and private financial sector (including final consumers), capital markets, voluntary initiatives of the private sector, MDBs, DFIs, subnational governments and agencies, cities, multi-stakeholder dialogue platforms with members from the real economy, financial sector, civil society, academia, United Nations agencies, national treasuries, central banks, financial supervisory bodies, commercial banks, intergovernmental sustainable finance platforms, corporations, think tanks
GIZ	All actors, including the whole economy, public sector, households, financial sector
India	Developed countries, developing countries, private companies and organizations, industrial sector
International Fund for Agricultural Development	Governments, United Nations agencies, IFIs, populations and groups (such as smallholder farmers, Indigenous Peoples, women and youth in developing countries), rural communities, national financial institutions (such as agricultural banks), private financial intermediaries, sectoral actors (agriculture, forestry and other land use, and fisheries)
Kenya	Parties, non-Party stakeholders
LDCs	Governments and non-State actors, including the financial sector as a whole, cottage industries, MSMEs, public–private partnerships
LMDCs	Parties, governments, government entities, developed countries, developing countries, any actor involved in the financing of NDCs and other national plans
New Zealand	Parties (including domestic governments and public sector entities and funds through whole-of-government approach), private sector (including all sectors of the economy), MDBs, multilateral climate funds, export credit agencies, Indigenous communities, non-Party stakeholders, international coordination platforms and initiatives
NGFS secretariat	Central banks and supervisors, governments, private financial sector, firms, households
Norway	Public and private sources, governments, public–private cooperation mechanisms, financial sector, economic sector, companies
OECD	Governments, private sector, development agencies, MDBs, OECD Development Assistance Committee, export credit agencies, public sector and international coordination forums, among others
ODI on behalf of Joseph Feyertag and Charlene Watson (ODI) and David Ryfisch (Germanwatch), supported by the Independent Global Stocktake and its Finance Working Group	Parties and governments, public and private sector and non-governmental actors, MDBs and DFIs, export credit agencies, national development banks, commercial banks, asset owners or managers, companies and investors, real-economy actors, voluntary and market-led initiatives, MSMEs, independent research organizations and NGOs
ODI on behalf of Rabia Transitions and ODI, supported by the Independent Global Stocktake and its Finance Working Group	Governments, non-Party stakeholders, private and public sector, Just Energy Transition Partnerships, V20 countries, net zero alliances, Race to Zero campaign (including companies and other actors), small island developing States, the LDCs, women and youth, community-level finance, vulnerable communities
Oil Change International, International Institute for Sustainable Development and Friends of the Earth United States	Public finance actors (including multilateral, bilateral and national development banks, DFIs and export credit agencies), State-owned enterprises, G7, G20, Clean Energy Transition Partnership, United Nations, OECD (through its work on the OECD Inventory of Support Measures for Fossil Fuels), International Energy Agency, International Renewable Energy Agency, private sector (financial and non-financial), NGOs, research entities

Submission	*Actors*
Principles for Responsible Investment	Whole-of-economy, whole-of-government and whole-of-finance, finance ministers, IFIs and the multilateral financial architecture (including MDBs and DFIs), private sector (including net zero alliances)
Third World Network	Parties included in Annex II to the Convention (developed countries), Parties not included in Annex I to the Convention (developing countries), national governments, IFIs, MDBs
UNCTAD	Governments, MDBs, public development banks, IFIs, developed countries, advanced economies, developing countries, private financial markets and non-State entities
United Kingdom	All actors, including Parties, non-Party stakeholders, pension funds, sovereign wealth funds, central banks, the SCF and the CBD secretariat
Vanuatu	Parties and non-Party stakeholders
YOUNGO constituency	All international community actors, such as companies (private sector), international organizations, governments, financial institutions, corporations, civil society organizations, individuals, MDBs, fossil fuel industries, low-carbon industries

77. Many submissions provided a holistic views of the scope and implications of Article 2, paragraph 1(c), of the Paris Agreement or suggested a comprehensive interpretation of the Article. Where applicable, these statements are listed below in the box below, while noting that they do not present an exhaustive view of all that is stated in the various submissions.

Views on the scope and interpretation of Article 2, paragraph 1(c), of the Paris Agreement, as expressed in the submissions

AILAC: “Article 2.1(c), being one of the long-term goals of the Paris Agreement, can act as an enabler and an amplifier of efforts to realize Article 2.1(a) and 2.1(b) and its operationalization should reflect the interconnection of finance flows to the overall ambition of the Agreement so to keep temperature increases to below 1.5 °C and building resilience. From this perspective, Article 2.1(c) relates to all financial flows; public and private, domestic and international, green and brown, and all Parties are obliged to promote finance flows to be consistent with decarbonization and resilience.”

ABU: “Climate finance is a key component for the effectiveness of the international climate change regime under the UNFCCC and its Paris Agreement. The global response referenced in the Paris Agreement will require an appropriate scale-up of climate finance provision and mobilization from developed countries to developing countries; and at the same time, a redirection of investments representing a significant shift in the global flows of finance, including on its quantity and quality. As an aspirational goal, Article 2.1(c) is, from our perspective, a framework of a structural change of the global economy (transitional approach). In terms of climate change financing, it is important that it supports the achievement of sustainable development in its three dimensions – economic, social and environmental – in a balanced and comprehensive manner, and the eradication of poverty, in line with the 2030 Agenda and its Sustainable Development Goals. Article 2.1(c) is, thenceforth, a means to foster a holistic transition of the international financial system in light of the provisions of the Paris Agreement on mitigation (2.1.a) and adaptation (2.1.b).”

Arab Group and LMDCs: “Article 2.1(c) should be understood as making finance flows from developed country Parties to developing country Parties consistent with the needs and priorities of developing countries, as well as pursuing efforts to make financial flows at the domestic level consistent with a given jurisdiction’s climate action plans in line with its national circumstances and respective capabilities and to address the unconditional elements of its Nationally Determined Contribution. More simply, at the international level developed countries should aim to finance the implementation of climate action as per the recipient’s needs and priorities. At the domestic level, finance should be availed to enable the implementation of climate action. Both of which correspond with the conditional and unconditional elements of an NDC for example.”

Aviva: “[T]o make financial flows consistent with a pathway towards low greenhouse-gas emissions and climate-resilient development, and to achieve the Paris Agreement temperature goal as well as the resolution of Parties to pursue further efforts to limit the temperature increase to no more than 1.5 °C above pre-industrial levels, the transformation of the financial system must put the consistency of financial flows, and the alignment of all relevant public and private activities, fiscal and financial flows with these goals at the heart of its purpose, and the mandates, work programmes, incentives and reporting of the institutions of the international financial architecture, including its regulators and supervisors."

Climate Action Network: "All countries agreed 2.1(c) as part of the Paris Agreement, and calls for [m]aking finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development. It, therefore, applies to mitigation, adaptation, and loss and damage and should not be interpreted narrowly. [Article] 2.1(c) should be approached in a just and equitable manner, in line with Common But Differentiated Responsibility and Respective Capabilities (CBDR-RC), based on science, in a gender-responsive approach, with respect for human rights…Making finance flows consistent means consistency both in terms of direction as well as scale and quality of provision – urgently orienting finance away from fossil fuels and other harmful activities as well as urgently scaling up additional finance for climate action in a form that does not undermine the ability of recipient countries to address climate impacts as part of a broader focus on low-carbon and climate-resilient development."

Climate Policy Initiative: "Overall, a broad interpretation of Paris alignment for financial institutions involves their holistic commitment to make investments and overall organizational practices consistent with the achievement of the Paris goals, both in mitigation (temperature alignment) and adaptation (risk and resilience), through the integration of Paris targets across the investment decision chain, from strategy and sourcing through to due diligence."

EIG: "To achieve Article 2.1(c) we will have to shift public and private investments towards a low-emission and climate-resilient development pathway. The most effective instrument to achieve this, is to establish an ambitious and enabling climate and investment policy environment, using instruments, for example carbon pricing mechanisms or policies which provide enhanced investment security, for example feed-in tariffs. Policies, which destabilize the investment environment or drive investments towards high-emission technologies and infrastructure, such as fossil fuel subsidies, will have to be phased-out as soon as possible."

EU: "Article 2.1(c) is about all finance flows in the economy, meaning public and private finance, domestic and international finance, in all countries. The EU believes that making finance flows consistent with a pathway towards low greenhouse gas emissions and climate resilient development is key to the implementation of the Paris Agreement as a whole. Meeting the climate mitigation and adaptation goals requires bringing about a fundamental transformation of all economies and a major shift in the structure of the global economy, financial markets and investments. First and foremost, this means an in-depth transformation of capital markets (capital expenditure, re-orienting business models, new firms) towards a low greenhouse gas emission and climate resilient economy. In this context, the private sector has a pivotal role to play, with the public sector needed to provide appropriate financial and policy incentives and enabling conditions."

India: "Article 2.1(c) addresses the flow of resources that are consistent with low greenhouse gas emissions and climate-resilient development. Article 2.1(c) has to be seen within the context set by Article 2 and Article 9 of the Paris Agreement. Article 2 mandates action to address climate change giving due regard to action required for sustainable development and poverty eradication."

LDCs: "Implementing Article 2.1(c) should address all elements of the Paris Agreement. Its implementation would require active engagement by governments and non-state actors, including the financial sector as a whole, to transform the global financial system and shift finance away from brown investments, towards investments supporting the green transition, adaptation actions and addressing loss and damage."

New Zealand: "Aotearoa New Zealand understands Article 2.1(c) as pertaining to all financial flows, public and private. With the vast majority of global financial flows being of private finance, it is therefore critical that Parties go beyond an all-of-government approach by also working to engage the private sector in approaching the implementation of Article 2.1(c). Action is required by every sector of the economy to reduce emissions and adapt to our changing climate."

NGFS secretariat: "It should be noted that these various understandings are related and can be understood as a series of concentric scopes, starting from public climate and development finance and the private resources it mobilises to public finance in general and, eventually, to the financial system and all the financial flows it supports. From the perspective of central banks and financial supervisors, Article 2.1(c) would, in general, be understood as a broad objective to ensure the consistency of financial flows with climate change mitigation and adaptation objectives stemming from the Paris Agreement."

ODI on behalf of Joseph Feyertag and Charlene Watson (ODI) and David Ryfisch (Germanwatch), supported by the Independent Global Stocktake and its Finance Working Group: "Contrasting this, the consolidating interpretation of Article 2.1(c) is that it applies to the Paris alignment of the financial system in its entirety, encompassing the climate consistency of all domestic and global investments with the climate goals."

ODI on behalf of Rabia Transitions and ODI, supported by the Independent Global Stocktake and its Finance Working Group: "Consistency of finance flows requires an approach that embeds rights-based, principles-based, needs-based and people-centred financing dimensions. Consistency implies a particular profile of finance flows, which is beyond project specific interventions but also finance flows that supports portfolios of investment and appropriate funding terms and conditions. Finance flows targeting particular 'pathway' goals such as net zero or through ambitious NDCs requires metrics to understand the systemic transformation and contributions."

OECD: "Implementing Article 2.1(c) implies taking a holistic view on all types of investments and financing activities (public and private, in the real economy and financial markets, relating to flows and stocks, domestic and international), as well as on the range of public policy instruments, enabling conditions, and privately-led initiatives that have an effect on investment and financing decisions, volumes and/or patterns." On alignment in the context of climate change adaptation, the OECD pointed out that "[a]lignment takes a broader perspective: it looks at whether finance flows are materially supporting the policy goal of helping societies to adapt to the impacts of climate change, consistent with the approach outlined in Article 2.1(b) and Article 7 of the Paris Agreement. Alignment takes a longer-term, social perspective while risk management tends to focus on the organisational perspective. Indeed, financial risk management without adaptation alignment risks drawing capital away from the most at risk communities and lead to maladaptation."

UNCTAD: "Article 2.1(c) refers to sustainable finance flows. A common and standard interpretation of Article 2.1(c) does not exist. Finance flows refer to both private and public, domestic and international flows, but the lack of a common interpretation of or guidelines on what information qualifies as relevant presents a challenge in mapping relevant information."

United Kingdom: "The UK considers that one option to articulate a clear vision of Article 2, paragraph 1(c), is to develop a quantitative approach for realignment of financial flows – one that increases flows in aid of a green transition and realigns those that run counter to it."

B. Relationship between Article 2, paragraph 1(c), and Article 9 of the Paris Agreement

78. Almost all Party submissions mentioned the role of international finance or financial support for climate action in developing countries, with or without explicitly referring to Article 9 of the Paris Agreement. Specific Party views on the relationship between Article 2, paragraph 1(c) and Article 9 are presented in table 2, while both Party and non-Party stakeholder views are synthesized in paragraphs 79–88 below.

79. Diverse perspectives on the scope of the relationship were expressed:

(a) Many Party and Party group submissions noted that finance flows under Article 2, paragraph 1(c), are broad in scope and that financial support provided to developing countries under Article 9 could be considered a subset of overall finance flows that contributes, in a complementary manner, to the achievement of Article 2, paragraph 1(c);

(b) Some Party submissions emphasized that efforts under Article 2, paragraph 1(c), and those under Article 9 are to be considered separately, or that efforts and commitments under the Articles are not directly linked or interchangeable;

(c) Some Party group submissions were of the view that Article 2, paragraph 1(c), should be discussed in the context of the means of implementation and support obligations of developed country Parties (Annex I Parties). These Parties suggested that Article 9 could be interpreted as defining how developed countries' differentiated obligations for the achievement of Article 2, paragraph 1(c), would be met and reported on;

(d) One Party submission discussed Article 9 and Article 2, including Article 2, paragraph 1(c), in the context of the provision of flows of financial resources. It suggested that the provision of resources from developed to developing countries affects the implementation of Article 2 as a whole and Article 2, paragraph 1(c), specifically, and noted that developed countries are required to take the lead in implementing the Article and providing resources to developing countries in accordance with the obligations and principles of the Convention and the Paris Agreement;

(e) One Party group submission noted that any discussions on Article 2, paragraph 1(c), should follow only after the fulfilment of developed country obligations under Article 9, including the USD 100 billion goal.

80. Many Party group and Party submissions emphasized that the goal of Article 2, paragraph 1(c), should not diminish or replace the provision of financial support to developing countries. Most of these submissions referred to Article 9, paragraphs 1, 3 and 4, and stressed the responsibility of developed countries to provide support, with a focus on public finance and on achieving a balance between adaptation and mitigation in the provision of scaled-up resources. The role of grant-based and concessional finance in the form of concessional loans and guarantees was also noted in these submissions.

81. Many Party and Party group submissions, noted that the continued provision of financial support to developing countries forms a component or serves the purpose of achieving the goal of Article 2, paragraph 1(c), insofar as Article 9 and Article 2, paragraph 1(c), are mutually beneficial or complementary in scaling up finance and strengthening policy and enabling environments for the transformation of financial and economic systems.

82. The provision of international support to developing countries for achieving Article 2, paragraph 1(c), was addressed in almost all Party and Party group submissions. International public support – through provision and mobilization of financial as well as capacity-building support – was considered as essential to enabling the implementation of Article 2, paragraph 1(c), from the developing country (recipient) perspective. Two groups of Parties identified the particular needs for transition finance and support for transitioning away from emission-intensive assets. Some Parties and one group of Parties were of the view that finance under Article 9 or international financial support and cooperation is one aspect of supporting the implementation of Article 2, paragraph 1(c), in developing countries, not only because it provides direct project financing but also because it fosters enabling environments, develops policy frameworks and builds capacity to support implementation.

83. The consistency of ODA and climate finance with the goals of the Paris Agreement was discussed in many Party and Party group submissions. Some Parties and groups of Parties considered consistency in the context of a country-driven approach to aligning provided and mobilized resources from developed countries with developing countries' needs and priorities. Some Party and Party group submissions discussed the consistency of finance, including development finance, with the temperature and adaptation goals of the Paris Agreement, including commitments to reduce or phase out finance for emission-intensive and maladaptive activities. Beyond bilateral commitments, working towards consistency of finance flows concerned the mandates and practices of DFIs, including MDBs and export credit agencies.

84. Two Parties and one group of Parties were of the view that arriving at a common definition of climate finance in the intergovernmental process would serve the purpose of Article 2, paragraph 1(c), of the Paris Agreement to make financial resources that are available to developing countries consistent with a pathway towards low GHG emissions and climate-resilient development. These submissions noted that such a definition would lead to finance that is adequate in scale, predictable, largely grant-based or concessional (to mitigate debt burdens and free up fiscal space in developing countries) and could be transparently reported and monitored.

Table 2

Views on the relationship between Article 2, paragraph 1(c), and Article 9 of the Paris Agreement, as expressed in the submissions from Parties and groups of Parties

Submission	*Scope of relationship*	*Role and scale of financial support under Article 9 of the Paris Agreement or international climate finance*	*International support required for implementing Article 2, paragraph 1(c)*	*Options for making international public finance consistent with the goals of the Paris Agreement*
ABU	Article 2, paragraph 1, is to be read in the light of the provisions of the Paris Agreement related to climate finance, including Articles 9; 7, paragraph 13; 10, paragraph 6; and 13, paragraph 6.	Climate finance needs to be new and additional, and different from ODA, which should not be accounted for as climate finance in the context of Article 2.1(c). Implementing Article 2.1(c) should not create any additional burden for the provision and mobilization of climate finance to developing regions.	The transition under Article 2.1(c) will require a significant increase in flows of new, additional and predictable climate finance from developed countries to developing countries in the light of Article 9, paragraphs 1 and 3.	Unspecified in the submission.
African Group	Article 2.1(c) is to support increased finance for just transition. Article 2.1(c) should be operationalized with a component to link climate finance to just transition.	There is a need for scaled-up finance, and increased finance (grant-based, new and additional, predictable) for just transition pathways.	Yes, in particular for transitional finance and high-carbon assets.	Unspecified in the submission.
AILAC	Article 2.1(c) relates to all finance flows – public and private, domestic and international. Implementation of Article 2.1(c) necessitates the transition to Paris-aligned development cooperation to address needs in developing countries.	Article 2.1(c) is not a substitute for developed country Parties' obligations under the Convention and the Paris Agreement.	Yes, including financial support and capacity-building support.	Yes; greening development finance flows, including through reducing or phasing out emission-intensive and maladaptive activities, aligning MDB and DFI mandates, and adopting definitions and mechanisms for Paris Agreement alignment at the systemic level.
Arab Group	Article 9 defines how developed countries' differentiated responsibilities towards the achievement of Article 2.1(c) can be met and reported on. Article 2.1(c) is to be discussed in the context of the means of implementation and support obligations of developed country Parties (Annex I Parties), including financial, capacity-building and technological support in line with	Enhanced and scaled-up support in line with the needs and priorities of developing countries.	Yes; climate finance support that responds to the needs and priorities of developing countries.	Yes; country-driven approach to align provided and mobilized finance to the needs and priorities of developing countries, as well as with NDCs and development pathways.

Submission	*Scope of relationship*	*Role and scale of financial support under Article 9 of the Paris Agreement or international climate finance*	*International support required for implementing Article 2, paragraph 1(c)*	*Options for making international public finance consistent with the goals of the Paris Agreement*
	the national circumstances and needs of developing countries.			
Australia	Public financing mechanisms can act in support of Article 2.1(c).	Continued provision and mobilization of support under Article 9.	Public financing mechanisms can act in support of Article 2.1(c).	Support finance and investment consistent with a low-emission, climate-resilient future.
Canada	No explicit link. Article 2.1(c) is broader than Article 9, thus it is separate but complementary to climate finance commitments. Article 2.1(c) and the NCQG are separate but complementary.	Climate finance commitments are complementary to Article 2.1(c).	Unspecified in the submission.	Yes; a consistent approach to the long-term goals of the Paris Agreement by MDBs, DFIs and export credit agencies. COP 26 commitment to end new direct public support for the international unabated fossil fuel sector, except in limited and clearly defined circumstances consistent with 1.5 °C warming, and to prioritize clean technology support.
EIG	In this submission, the relationship was addressed to a limited extent and its scope was unspecified.	Climate finance providers to continue work on enabling environments and increase collaboration with financial institutions to scale up private climate finance.	Unspecified in the submission.	Unspecified in the submission.
EU	The relationship is neither interchangeable nor mutually exclusive. Article 9 reinforces Article 2.1(c) in achieving mitigation and adaptation goals. Article 2.1(c) goes beyond the provision of climate finance to developing countries; it can accelerate the mobilization of financial resources needed by developing countries on their pathways to achieve the Paris Agreement goals. Article 9 constitutes a small part of all finance flows under Article 2.1(c).	Continued provision and mobilization of support under Article 9.	Article 9 reinforces Article 2.1(c), including in terms of enabling environments, policies and capacity-building.	All finance flows to be made consistent with a pathway towards low GHG emissions and climate-resilient development.
India	The flow of financial resources from developed to developing countries affects implementation of Article 2 as a whole and 2.1(c) specifically. Developed countries are to take the lead in implementation of Article 2.1(c) and the provision of resources, in accordance with their	Increased and scaled-up support via grants, concessional loans and guarantees. Finance flows need to have the scale, the scope and the speed to ensure a low-carbon pathway,	Yes; the flow of financial resources from developed to developing countries affects the implementation of Article 2 as a whole and Article 2.1(c) specifically.	Improve finance quality, scope and accessibility, as well as sources of funding, to fit the needs of developing countries.

Submission	*Scope of relationship*	*Role and scale of financial support under Article 9 of the Paris Agreement or international climate finance*	*International support required for implementing Article 2, paragraph 1(c)*	*Options for making international public finance consistent with the goals of the Paris Agreement*
	obligations under the Convention and the Paris Agreement.	climate resilience and adaptation.		
Kenya	Efforts to achieve Article 2.1(c) to be considered separately from provision and mobilization of climate finance provided under Article 9.	Unspecified in the submission.	Yes, in particular capacity-building and finance support.	Unspecified in the submission.
LDCs	A systematic and long-term perspective extends beyond the provision of 'climate finance' from developed to developing countries (Article 9).	Article 2.1(c) should neither constrain nor diminish access to climate finance under Article 9.	Yes.	Unspecified in the submission.
LMDCs	Article 9 defines how developed countries' differentiated responsibilities towards the achievement of Article 2.1(c) can be met and reported on. Article 2.1(c) is to be discussed in the context of the means of implementation and support obligations of developed country Parties (Annex I Parties), including financial, capacity-building and technological support in line with the national circumstances and needs of developing countries.	Enhanced and scaled-up support in line with the needs and priorities of developing countries. Fulfilment of developed country obligations under Article 9, including the USD 100 billion commitment, will be prior to any substantive discussion on Article 2.1(c).	Yes; climate finance support that responds to the needs and priorities of developing countries.	Yes; country-driven approach to align provided and mobilized finance to the needs and priorities of developing countries, as well as with NDCs and development pathways. Inconsistencies to be addressed in developed countries' obligations to meet Article 9 (climate finance gap, including alignment gap).
New Zealand	Climate finance is a subset of flows associated with Article 2.1(c) and can contribute towards its achievement. Efforts under Article 9 are distinct from those under Article 2.1(c).	Continued provision and mobilization of support under Article 9.	Yes; international public finance, including ODA and climate finance, can support the implementation of Article 2.1(c) in developing countries, and MDBs and climate funds have an important role.	Yes; commitments to end public support for international unabated fossil fuel energy, except in limited and clearly defined circumstances consistent with 1.5 °C warming.
Norway	Achieving Article 2.1(c) includes providing support to developing countries.	Continued and increased support through public and mobilized private finance.	International financial cooperation and support under Article 9.	Unspecified in the submission.
United Kingdom	Article 2 and Article 9 of the Paris Agreement are complementary.	The country is contributing to bilateral and multilateral financing initiatives that mobilize and catalyse	Yes, including bilateral and multilateral financing initiatives, international financial system reform and country partnership	Unspecified in the submission.

Submission	*Scope of relationship*	*Role and scale of financial support under Article 9 of the Paris Agreement or international climate finance*	*International support required for implementing Article 2, paragraph 1(c)*	*Options for making international public finance consistent with the goals of the Paris Agreement*
		financial flows towards Article 2.1(c), objectives.	initiatives (e.g. Just Energy Transition Partnerships).	
Vanuatu	Climate finance (Article 9) contributes to Article 2.1(c).	Alignment should not have negative implications on the volume of or channels used to provide direct support to the most vulnerable countries.	Yes.	Yes.

85. Most non-Party stakeholders, including international organizations, NGOs and private finance institutions, discussed the role of climate finance, international public finance or ODA for achieving Article 2, paragraph 1(c), of the Paris Agreement. All of these submissions noted underinvestment in climate action in developing countries and suggested that international public finance has a role in enabling both domestic public and private climate finance. Most non-Party stakeholder submissions from NGOs and international development organizations noted the need for increased climate finance in general, and for specific thematic areas such as adaptation and resilience; just transition; or sectors such as agriculture, forestry and other land use.

86. Many non-Party stakeholder submissions, in particular from NGOs and international organizations, emphasized that actions towards achieving Article 2, paragraph 1(c), should not reduce the financial commitments of developed countries, in particular their role under Article 9 of the Paris Agreement to support developing countries' climate action. The submissions also stressed the importance of public, grant-based, predictable and accessible climate finance. Many non-Party stakeholder submissions noted that continued financial support to developing countries forms a component or serves the purpose of achieving the goal of Article 2, paragraph 1(c), insofar as Article 9 and Article 2, paragraph 1(c), are mutually beneficial or complementary to scaling up finance for climate action and to strengthening policy and enabling environments for the transformation of financial and economic systems.

87. Most non-Party stakeholder submissions noted in their submissions that all types of public and private finance, domestic and international, fall within the broad scope of finance flows under Article 2, paragraph 1(c). These submissions mentioned that public finance, policies and actions could incentivize or mobilize larger flows in the financial system, including private finance.

88. Some of the submissions from NGOs discussed the complementarity of Article 9 with Article 2, paragraph 1(c), insofar as international public finance could promote efforts for achieving Article 2, paragraph 1(c), in developing countries, provided that approaches to consistency would be designed in an equitable and just manner in order to improve access to affordable finance by developing countries. Another non-Party stakeholder submission noted that efforts and commitments under Article 2, paragraph 1(c), and Article 9 should be regarded separately.

C. Policies, approaches and methodologies for implementing Article 2, paragraph 1(c), at the domestic and international level

89. Most Party and Party group submissions, as well as almost all non-Party stakeholder submissions, discussed national and international policies and approaches for implementing and achieving Article 2, paragraph 1(c), of the Paris Agreement.

1. Overview of relevant policies, approaches and methodologies

90. The submissions from Parties and non-Party stakeholders revealed diverse policies, approaches and methodologies – covering both the financial and real-economy sectors – that are considered potentially relevant to implementing Article 2, paragraph 1(c), of the Paris Agreement. An overview of these is provided in table 3. The polices, approaches and methodologies are grouped under financial market regulation and policies, private sector actions and investments, fiscal policies and public expenditure, climate and sectoral policies, international public finance, and international cooperation.

Table 3
Policies, approaches and methodologies for implementing Article 2, paragraph 1(c), of the Paris Agreement, as identified in the submissions

Cluster/theme	*Policy, approach or methodology at the domestic and/or international level*	*Referenced in how many submissions*
Financial market regulation and policies	Climate-related disclosure regulations	Many
	Green and sustainable finance frameworks and taxonomies (domestic and international)	Many
	Transition finance frameworks and taxonomies	Many
	Monetary policies	Some
	Supervisory frameworks and climate risk integration into financial system governance and decision-making (climate stress-testing, collateral valuation, carbon footprinting, non-monetary policy portfolio management, etc.)	Some
	Transformation of the international financial architecture	Many
	MDB evolution	Some
	Green and blue bonds standards	Some
	Capacity-building and financial sector development	Many
Private sector actions and investments	Portfolio alignment targets and impact assessment	Some
	Climate scenario modelling	Some
	Investment in climate solutions and green finance	Many
	Transition risk assessment, plans and finance	Some
	Managed phase-out of non-aligned finance	Some
	Divestment and exclusion policies	Some
	Corporate transition plans	Many
	Climate risk insurance	Some
	Green financial innovation for mitigation and adaptation	Some
	Policy engagement	Many
	Stewardship approaches with real-economy actors to support emission reductions and the responsible phase-out of fossil fuel activities	Some
	Adaptation finance targets to support climate-resilient development within private sector institutions and long-term climate strategies	Some
	Real-economy adaptation and resilience measures	Some
	Credit lines and investment taxonomies for adaptation	One
	Investment in nature-based solutions and the environment	One
	High-integrity carbon markets	One
Fiscal policies and public expenditure	Sovereign green and blue bonds	Many
	Climate or green budget tagging and expenditure frameworks	Many
	Green public procurement	Many
	Carbon pricing – either global or determined according to national circumstances with subnational flexibility	Many
	Carbon border adjustment measures (in compliance with international trade rules, or taking into account global equity considerations)	Some
	Addressing subsidies for both consistent and non-consistent activities with consideration of country context and just transition	Many

Cluster/theme	*Policy, approach or methodology at the domestic and/or international level*	*Referenced in how many submissions*
	Fossil fuel diversification and divestment, while avoiding disruption	Most
	Taxation for incentivizing consistent and disincentivizing inconsistent activities and consumption	Many
	Public investment in renewables and associated research and development	Many
	Public investment in adaptation and resilience	Most
	Public–private partnerships	Many
	Provision of support to SMEs and local enterprises	Some
	Just transition finance and funds, and just energy transition platforms	Many
	Making finance flows of State-owned enterprises consistent	Some
	Climate risk insurance	Some
	Capacity-building and financial sector development	Many
	Information instruments	Many
Climate and sectoral policies	Financing NDCs, NAPs and other national plans	Most
	Ambitious national climate plans and international policies	Many
	Domestic legislation and sectoral climate plans and policies (e.g. for buildings, transport) underpinning NDCs	Most
	Alignment of policies with NDCs, long-term low-emission development strategies and NAPs (via integrated national financing frameworks)	Many
	Policies for enabling environments	Many
	Independent climate change committees	One
	Carbon offset mechanisms	One
	Alignment of international investment treaties with the Paris Agreement and its Article 2.1(c) finance flows provision	Some
International public finance	International climate finance, from developed to developing countries, and MDB finance	Many
	Increasing the availability of grants and concessional loans and finance, and achieving a balance between adaptation and mitigation	Many
	Climate finance for just transition pathways	Some
	Climate finance or international public finance to foster enabling environments, policies and institutions	Some
	Mobilization of private finance and blended finance through innovative financial instruments (i.e. guarantees, revenue support mechanisms, capital and loans in domestic currency, debt swaps, concessional financing, blended finance)	Many
	Consistency or alignment of ODA, multilateral, regional and national development banks, and export credit agencies with the goals of the Paris Agreement and with national circumstances	Many
	Definition of climate finance	Some
International cooperation	Definitions for ‘Paris alignment’ at the systemic level	One
	Collaboration on or interoperability of sustainable finance regulations and standards	Many
	Capacity-building and knowledge exchange for mainstreaming climate in the financial sector	Some
	International coordination mechanisms or platforms to support (developing) countries in attracting public and private investments for their national plans and strategies	Some

Cluster/theme	*Policy, approach or methodology at the domestic and/or international level*	*Referenced in how many submissions*
	International cooperation and support for just transition finance and just energy transition platforms or partnerships	Some
	International cooperation on phasing out inefficient fossil fuel subsidies	Many

2. Role of government policies, regulations and incentives

91. All submissions referred to the domestic and international level when discussing ways to achieve Article 2, paragraph 1(c), of the Paris Agreement. The role of governments and Parties was discussed across both levels of governance in all Party and non-Party stakeholder submissions.

92. All Parties and groups of Parties stated that governments, as Parties to the Paris Agreement, have a role in setting the overarching direction for implementing Article 2, paragraph 1(c), including by providing guidance to and outlining actions for governmental and non-State actors. Primarily, this role was expressed in terms of the leading role that governments have in setting the direction and formulating guidance for public and private financial sector actors, establishing an enabling framework for redirecting finance flows and scaling up green and sustainable finance, and ensuring the accountability and transparency of private sector actions towards achieving Article 2, paragraph 1(c).

93. Regarding the leading role of governments in guiding implementation of Article 2, paragraph 1(c), it was noted in almost all Party and Party group submissions that a unified, one-size-fits-all approach to implementation is not adequate, as implementation needs to have the flexibility to account for diverse national policy, financial and socioeconomic contexts and requires measures tailored to different enabling conditions and starting points. In this regard:

(a) Three groups of Parties referred to the findings of the Synthesis Report of the AR6 of the IPCC,[10] which states that governments can usefully provide the enabling framework and reduce barriers to scaling up finance flows while "enabling conditions are differentiated by national, regional and local circumstances and geographies" (C.1.2) and that "effective policy packages would be comprehensive, consistent, balanced across objectives, and tailored to national circumstances" (C.6.4);

(b) Three Party group submissions referred to Article 3, paragraph 5, of the Convention regarding the avoidance of discrimination or restriction on international trade through unilateral policies and measures taken by Parties to combat climate change. Six other Parties and groups of Parties referred to avoiding unintended consequences for developing countries when implementing policies aimed at achieving Article 2, paragraph 1(c).

94. Almost all non-Party stakeholders shared the view that governments have a guiding role in implementing Article 2, paragraph 1(c), either through their role in ensuring transparency and accountability as well as policy signalling or through their role in enhancing ambition for implementation across the ecosystem of financial and non-financial actors. Five non-Party stakeholder submissions from the public and private financial sector and NGOs emphasized the role of governments and IFIs in setting mandates and creating frameworks for private finance actors to enhance their ability to finance climate action. Proposed government actions focused on providing legal mandates and fulfilling fiduciary duties with regard to climate change as well as on improving enabling environments for private investments, including by making ambitious public policy commitments relating to mitigation and adaptation.

[10] IPCC. 2023. *Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*. Core Writing Team, H Lee, and J Romero (eds.). Geneva: IPCC. Available at https://www.ipcc.ch/report/ar6/syr/.

95. All Party and Party group submissions took a broad view of government actors involved in implementation of Article 2, paragraph 1(c), and their possible actions. Six Party and four Party group submissions referred to holistic and cross-sectoral government approaches and conveyed the view that the scope of Article 2, paragraph 1(c), is not restricted to the public financial sector but suggests the need for coordinated action across the financial, economic, environmental, social and other domains of public policy. Noted rationales for comprehensive whole-of-government approaches were, among others, to pursue just transition approaches, to align government policies (including national climate plans, NDCs and NAPs) with the Paris Agreement, and to provide clear policy signals for the mainstreaming of more ambitious and scaled-up private sector investments and sustainable business practices in financial decision-making. Five Party and three Party group submissions mentioned the government tools for shifting and mobilizing finance of Whitley et al. (2018),[11] discussing several or all of the four dimensions that cut across levels of government: financial policies and regulations, fiscal policy levers, public finance, and information instruments. Three groups of Parties did not emphasize whole-of-government approaches but nevertheless pointed to the alignment of domestic finance with NDCs, NAPs and other national climate plans and strategies. Most non-Party stakeholder submissions also shared the view that coordinated government action across policy domains enables the implementation of Article 2, paragraph 1(c), in a holistic manner while avoiding unintended consequences beyond the financial sector by coordinating responses with attention to economic and social impacts.

96. Most Party and Party group submissions highlighted that financial markets in developing countries are less well integrated into the global financial system than those of developed countries and face greater challenges in accessing global climate finance flows. Many Party and Party group submissions identified the need to build and support domestic policy and institutional frameworks and enabling environments, including human and institutional capacities in the financial sector, so as to direct and channel finance flows towards climate-related purposes and create the conditions that enable a reduction in reliance on emission-intensive activities and finance. Many non-Party stakeholders shared this assessment. All of these Party and non-Party stakeholder submissions noted that approaches and assessment frameworks for achieving Article 2, paragraph 1(c), will have to be designed to take into account differing starting points and contexts of countries, sectors and actors. The submissions also referred to the need to support capacity-building in both the public and the private financial sector, and provided the following examples of needs in this regard:

(a) One Party and two non-Party stakeholder submissions noted that in prevalent climate-related financial and non-financial disclosure and reporting approaches, MSMEs and other institutions – especially in developing countries – are largely underrepresented as they struggle to conform with granular data requirements, or fall outside the scope of regulations;

(b) Three Party or Party group and five non-Party stakeholder submissions noted that the net zero commitments of financial and non-financial corporations may not in all cases be aligned with emission reduction targets in NDCs, as well as with the principles of equity and common but differentiated responsibilities and respective capabilities of the Paris Agreement, and that current decarbonization approaches often lack sufficient information for regional-, country- and sector-specific scaling down of scenarios in accordance with respective emission and development pathways;

(c) Many examples related to special considerations regarding the economic composition and financing of emission-intensive activities in different jurisdictions or at the subnational level (views thereon are presented in detail in chap. III.E below).

97. Six Party and three Party group submissions highlighted the role of international coordination and cooperation of government actions and policies in enabling a broad, coherent response to achieving Article 2, paragraph 1(c), and to ensuring timely and equitable progress towards achieving all goals of the Paris Agreement. However, four Party group and

[11] See figure S2, p.8 in Whitley S, Thwaites J, Wright H, et al. 2018. *Making finance consistent with climate goals. Insights for operationalising Article 2.1c of the UNFCCC Paris Agreement*. ODI, WRI, RMI, E3G. Available at https://cdn.odi.org/media/documents/12557.pdf.

one Party submissions expressed the view that approaches to implementing Article 2, paragraph 1(c), should not follow policy-prescriptive discussions at the international level as NDCs and the principle of common but differentiated responsibilities and respective capabilities should guide the bottom-up implementation of the Paris Agreement. Most non-Party stakeholder submissions suggested improved international coordination would be beneficial, while four non-Party stakeholder submissions emphasized the potential negative effects of global standard-setting, noting that such standard-setting should not lead to policy conditionalities and supersede nationally determined development pathways.

98. A common theme across the submissions was that government-led regulatory and policy measures of a mandatory and/or voluntary nature will be required to guide the wider financial system and private sector institutions in adopting more climate-friendly practices and increasing capital allocation consistently with the goals of the Paris Agreement. In the case of financial market regulation and policies, the central and coordinating role of central banks, supervisory authorities and IFIs – which are most often located outside central government but are equipped with legal remits to pursue supervisory oversight of financial markets – was noted by six Parties and three groups of Parties. Considering and leveraging the key role of supervisory authorities was stressed in many non-Party stakeholder submissions from the public and private financial sector.

99. Six Party and five Party group submissions noted the transformation of the international financial system or architecture as a component of public action for achieving Article 2, paragraph 1(c). The role of MDBs (including optimization of MDB business models and MDB reform), central banks (including reform of their mandates) and various public coordination forums (such as the G20 and international standard-setting bodies) was highlighted as useful in providing system-wide signals on investment mandates and practices in the financial sector, enabling the scale-up of public or private climate finance, and increasing fiscal space and improving debt sustainability for climate action in developing countries. Most non-Party stakeholder submissions from financial and non-governmental sectors addressed the transformation of international financial architecture as part of a system-wide approach to aligning finance flows with climate goals, with a similar focus as that of Parties on ensuring debt sustainability for developing countries, reforming MDBs, changing regulatory frameworks (including investment mandates), and scaling up and blending private finance through public interventions.

100. Most Party and Party group submissions included the domestic and international financing of NDCs and NAPs as a key policy action in terms of orienting and scaling up finance flows to work towards achieving Article 2, paragraph 1(c). The role of these national plans and strategies was mentioned in the contexts of providing policy orientation to the financial and economic system as a whole, scaling up consistent finance and redirecting non-consistent flows, and serving as guidance with regard to country-specific circumstances and challenges in achieving Article 2, paragraph 1(c). Many non-Party stakeholders also referenced the formulation and financing of NDCs, NAPs and other national plans in developing countries as a key component of scaling up finance flows for low-emission, climate-resilient development, and three of these submissions proposed establishing international coordination mechanisms or platforms to support developing countries in attracting public and private investments for their national plans.

D. Transparency of finance flows and actions related to Article 2, paragraph 1(c), and concerns about greenwashing

101. Almost all submissions discussed the transparency and reporting of finance flows and of actions related to implementing Article 2, paragraph 1(c), of the Paris Agreement. In most submissions, it was noted that limited ways to measure and consider progress towards achieving Article 2, paragraph 1(c), currently exist under the Paris Agreement. Almost all Party group and most Party submissions made suggestions related to advancing the tracking and reporting of progress in implementing Article 2, paragraph 1(c), in the context of an intergovernmental process, with the CMA most often mentioned. However, the focus area varied in the submissions: four Parties and three groups of Parties highlighted the need for

broad transparency of public and private finance flows, while two Parties and two groups of Parties pointed specifically to improved transparency of climate finance commitments and delivery. Almost all non-Party stakeholder submissions discussed elements of improved transparency and accountability with regard to Article 2, paragraph 1(c).

102. In the absence of a common understanding of the scope of the goal in Article 2, paragraph 1(c), five Party and three Party group submissions identified challenges in developing approaches to – and ensuring data availability for – assessing the consistency of public and private sector finance flows and actors' efforts.

103. Many Parties and groups of Parties voiced concerns regarding the potential risks of greenwashing or double counting relevant to Article 2, paragraph 1(c). Two group of Parties and one Party called for regulatory measures to combat greenwashing and improve the accountability of the private sector in terms of commitments and methods for 'Paris alignment', while two other groups of Parties and two Parties connected transparency issues to limited means for tracking climate finance and ensuring the appropriate accounting of climate finance from developed to developing countries that is new and additional, and predictable.

104. Almost all non-Party stakeholders noted the limits of current tracking and reporting frameworks to assess global and national finance flows for both the public and the private sector, with many submissions emphasizing the need to improve the credibility of private sector climate targets and net zero commitments, as well as information on fossil fuel financing. Greenwashing concerns were directly expressed in eight submissions from the public and private financial sectors and international organizations and NGOs. Climate-related disclosures of financial and non-financial entities and the role of sustainable finance standards and investment frameworks was discussed extensively as a means to improve data availability and accountability. Three non-Party stakeholder submissions pointed towards the need for improving the transparency of climate finance flows for developing countries.

105. With regard to specific measures of progress, most Party and Party group submissions expressed the importance of developing internationally agreed on or comparable indicators, methodologies and criteria for assessing and tracking finance flows related to Article 2, paragraph 1(c).

106. Options for approaches to and modalities for tracking and reporting related to Article 2, paragraph 1(c), of the Paris Agreement, as identified in the submissions, are presented in detail in chapter IV.A.4 below.

E. Views on addressing consistency of finance flows

107. All Party and Party group submissions considered climate-related investments as a key supporting component of a pathway towards low GHG emissions and climate-resilient development. In addition to mentioning flows that are consistent with that pathway, most Party submissions mentioned finance flows that are considered inconsistent with the pathway, harmful or need to be redirected towards achieving Article 2, paragraph 1(c), mainly in discussing the financing of emission-intensive activities but also in underlining the critical role of the provision of financial support to developing countries for achieving the goals of the Paris Agreement.

108. Most Party and Party group submissions discussed the role of fossil fuels through a variety of perspectives and measures to be taken in order to make finance flows consistent:

(a) Many Party and Party group submissions acknowledged that, in principle, fossil fuel related finance flows should be phased out, noting they are inconsistent in the context of Article 2, paragraph 1(c), and they mentioned that the phase-out needs to be done in a manner that considers and is adjusted for national circumstances. Approaches advocated for by Parties related to shifting, disincentivizing and phasing out associated finance urgently, but in an orderly and gradual manner. Four Party and three Party group submissions put forward carbon pricing mechanisms (including emissions trading systems and taxation) as options for doing so. Three Parties and two groups of Parties identified the need to phase out inefficient fossil fuel subsidies. Another three Parties and one group of Parties referred to the general phase-out or elimination of fossil fuel subsidies; one of these Parties limited the scope of this measure to developed countries only. Another group of Parties stated that unilateral measures or other policies related to fossil fuel financing and subsidies that are not multilaterally agreed or in line with WTO provisions on international trade should not be legitimized in the context of Article 2, paragraph 1(c), and are also not linked to climate finance;

(b) All Party and Party group submissions that discussed the phase-out of fossil fuel financing and (inefficient) subsidies proposed approaches for doing so that are adjusted to take into account the national context or are based on the principles of equity and common but differentiated responsibilities and respective capabilities. Three Parties and three groups of Parties related this discussion to countries having varying timelines and capacities for phasing out fossil fuel or emission-intensive activities. Three groups of Parties highlighted that there are equity, fiscal and socioeconomic issues associated with a shift away from fossil fuel financing, and noted that unintended consequences, such as stranded assets, may arise in implementing Article 2, paragraph 1(c);

(c) One Party took the view that, based on the principles of the Convention and the Paris Agreement, fossil fuel finance in the context of Article 2, paragraph 1(c), is to be treated differently for developed countries and developing countries. This Party stated that in the case of developed countries, any fossil fuel financing should be halted immediately, in accordance with these countries' obligations to take the lead in global mitigation actions. Finance flows within and to developing countries may entail fossil fuel finance in accordance with respective NDC targets and development pathways;

(d) Some Party and Party group submissions noted international initiatives and commitments related to fossil fuel investment and subsidy phase-out to support achievement of Article 2, paragraph 1(c), including the COP 26 Statement on International Public Support for the Clean Energy Transition, the OECD DAC Declaration on a New Approach to Align Development Co-operation with the Goals of the Paris Agreement on Climate Change, the Agreement on Climate Change, Trade and Sustainability, the Friends of Fossil Fuel Subsidy Reform and the Powering Past Coal Alliance.

109. Many Party and Party group submissions identified the lack of financial support provided by developed countries to developing countries as an obstacle for achieving the goals under Article 2 of the Paris Agreement. Some Party group submissions considered this lack of support a misalignment of finance flows and suggested that a discussion on Article 2, paragraph 1(c), is therefore subject to the commitment of developed countries to provide financial, technology and capacity-building support to developing countries.

110. Just transition approaches that respond to the challenges of implementing Article 2, paragraph 1(c), in order to enable socially and economically viable transition and development pathways across different national contexts were discussed in almost all Party and Party group submissions. Some of these submissions presented specific issues, policies or approaches related to just transition, as outlined below:

(a) International financial cooperation and support to reduce the investment gap in developing countries for low-emission, climate-resilient investment;

(b) Just transition or decarbonization funds;

(c) Flexibility for subnational regions with regard to carbon pricing regimes;

(d) Transition plans or new financial products such as transition bonds.

111. Some Party and Party group submissions mentioned the need to address non-consistent or harmful finance flows other than those related to emission-intensive activities, namely finance flows related to maladaptive activities and activities with harmful impacts on the environment and biodiversity. A limited understanding of and data gaps related to 'neutral' finance flows, such as flows to education, poverty eradication and health, were recognized by one Party submission.

112. Most non-Party stakeholders from public and private organizations and NGOs discussed non-consistent finance flows; most addressed fossil fuel finance and the imperative to urgently phase out such finance in an orderly manner. Some non-Party stakeholders focused on equity considerations and different national circumstances with regard to finance for emission-intensive activities, while many others focused on various approaches to phase out or reduce fossil fuel related finance and subsidies. Approaches and focus areas mentioned in the submissions related to making public finance commitments to phase out fossil fuel financing, reducing fossil fuel finance in ODA and through export credit agencies, supporting the domestic development of policies and incentives for fossil fuel phase-out and carbon markets, phasing out inefficient fossil fuel subsidies, aligning international investment treaties (which are often linked with high-carbon and fossil fuel finance) with the Paris Agreement, and increasing the transparency of fossil fuel finance flows.

113. Other inconsistent finance flows identified by non-Party stakeholders from international organizations and NGOs related to maladaptive activities, harmful agricultural subsidies and support, finance with adverse effects on the environment, and illicit finance flows – the redirection of which could unlock additional resources to support climate action globally.

F. Climate-resilient development pathways

114. All submissions considered climate-resilient development as a component of the goal articulated in Article 2, paragraph 1(c), of the Paris Agreement. Almost all Party and Party group submissions identified the need to strengthen the focus on achieving climate-resilient development pathways and to strengthen efforts for climate change adaptation in the context of approaches for achieving Article 2, paragraph 1(c). Submissions discussed the scaling up of investments in adaptation to reduce the physical risks and impacts of climate change. Many Party and Party group submissions noted the existing climate finance and public financial support gaps for adaptation in developing countries. Most non-Party stakeholder submissions provided insights into climate-resilient development and associated finance flows.

115. Two Party and two Party group submissions, as well as many non-Party stakeholder submissions from the financial and non-financial sectors, identified a mitigation focus or ‘bias’ in current approaches to implementing Article 2, paragraph 1(c). These submissions pointed to persistent adaptation and resilience finance gaps covering both public and private investments. Non-Party stakeholder submissions also noted that private sector methodologies focus on emission metrics and measurement while physical risk assessments and systematic investment approaches to reduce physical risks on the ground are at earlier stages of development. One Party stated its view that adaptation and resilience-building takes prominence in developing countries, and that a focus on mitigation in current approaches to implementing Article 2, paragraph 1(c), is not in line with the principles of common but differentiated responsibilities and respective capabilities.

116. Data and information challenges were highlighted in many non-Party stakeholder submissions, in particular from the investment and financial supervisory perspectives. These challenges are related to the tracking and reporting of climate change adaptation finance and to the availability of information necessary to improve resilience, in particular at the asset level, and especially in developing countries or less developed financial markets.

117. Some Parties and many non-Party stakeholders discussed the role of insurance in relation to climate-resilient development in their submissions. They mainly noted that insurance products can support adaptation and resilience-building, in particular in developing and vulnerable countries, if they are designed equitably and remain accessible in terms of increasing physical climate risks and corresponding insurance premiums.

IV. Synthesis: options for approaches and guidelines for implementation

118. In their submissions, Parties, groups of Parties and non-Party stakeholders identified various options for approaches and guidelines for implementation of Article 2, paragraph 1(c), of the Paris Agreement, which are presented in this chapter according to whether they are relevant to the contribution of Parties and governments (chap. IV.A below) or non-Party stakeholders, including those from the private sector and civil society (chap. IV.B below), to achieving Article 2, paragraph 1(c), of the Paris Agreement. The chapter also includes any next steps or concrete actions that were mentioned.

A. Options for approaches and guidelines for implementation by Parties

1. Overarching considerations and principles

119. All Party group and almost all Party submissions noted that Article 2, paragraph 1(c), as one of the three long-term goals of the Paris Agreement, is to be achieved as a collective effort and achievement will necessitate the active participation of Parties and other relevant actors at the domestic and international level, and involve entire economies. These submissions also acknowledged that the implementation of Article 2, paragraph 1(c), while it is a global goal, should take into account different national contexts and follow different national approaches. Almost all non-Party submissions shared the view that Article 2, paragraph 1(c), constitutes a collective effort covering all Parties and actors across the domestic and international level.

120. With regard to making finance flows consistent with a pathway towards low GHG emissions and climate-resilient development, almost all Party and Party group submissions allocated roles or actions to the public and private sector (see chap. III.A.4 above), although three Party and two Party group submissions also referred to different purposes or limited mandates and responsibilities of private sector entities outside the intergovernmental process, as compared with Parties to the Paris Agreement. A steering role of Parties and national governments, including the provision of guidance and policy signalling, in making finance flows consistent with a pathway towards low GHG emissions and climate-resilient development was expressed in all Party, Party group and non-Party stakeholder submissions (see chap. III.C above). Many non-Party stakeholder submissions also pointed to the different roles, responsibilities and obligations of Parties and non-Party stakeholders with regard to achieving the goals of the Paris Agreement.

121. Eight Parties or groups of Parties noted that implementation of Article 2, paragraph 1(c), should be guided by and take into account national circumstances and challenges, given that they differ across regions and countries, while another seven Parties or groups of Parties noted that Article 2, paragraph 1(c), would be implemented by all Parties within different national contexts and under different enabling environments, which calls for various policy approaches and tailored solutions. Five groups of Parties and two Parties emphasized the importance of Article 2, paragraph 2, of the Paris Agreement, concerning common but differentiated responsibilities and respective capabilities in the light of national circumstances, as well as of implementing Article 2, paragraph 1(c), in line with the provisions under Articles 3–4 of the Paris Agreement.

122. Six groups of Parties and two Parties provided details of their understanding of implementation of Article 2, paragraph 1(c), in the light of different national circumstances or common but differentiated responsibilities and respective capabilities:

(a) All of these groups of Parties and Parties shared the view that all Parties would work towards the goal in Article 2, paragraph 1(c), according to their capacities. They also shared the expectation that developed countries should deliver on their obligations under the Convention and the Paris Agreement, including by taking the lead in providing scaled-up financial resources and capacity-building to developing countries for achieving mitigation and adaptation goals, as well as by supporting developing countries in working towards making domestic finance and investment consistent. Three Party group and one Party submissions emphasized that, in line with the Convention and the Paris Agreement, the obligation lies with developed countries to make finance available for climate action;

(b) One Party group submission noted that taking into account national circumstances would entail, for example, developed and developing countries having different timelines for transitioning away from fossil fuels. Two groups of Parties and one Party stated that different dependencies of national economies on emission-intensive activities, in both the public and the private sector, would call for tailored approaches to making finance consistent with low-emission, climate-resilient development pathways, in line with sustainable development, poverty eradication and other socioeconomic priorities;

(c) Another Party group submission outlined that a 'transitional approach' to the aspirational goal of Article 2, paragraph 1(c), in the light of common but differentiated responsibilities and respective capabilities and the imperative of a just transition, would result in developed countries taking the lead not only with regard to climate finance but also, in particular, in the redirection of their current international investments in developed countries towards developing countries. In parallel, all Parties would work on improving their national regulatory systems, structural frameworks and capacities, while contributing to the efforts of making finance flows consistent with a pathway towards low GHG emissions and climate-resilient development;

(d) Some groups of Parties focused on the centrality of NDCs, which the common but differentiated responsibilities and respective capabilities principle links to Article 2, paragraph 1(c). All countries would align domestic finance and investment in accordance with their respective NDCs and national plans. Developed countries would further be expected to (1) increase the scale of financial support provided to developing countries, in accordance with developing countries' NDCs and their needs and priorities, and (2) ensure that their own policies and incentives are designed in a manner that facilitates the increase of investments for implementing developing countries' NDCs and national plans. The bottom-up nature of the Paris Agreement through NDCs was emphasized by one Party that also took the view that fossil fuel investments should be halted immediately in developed countries as part of implementing Article 2, paragraph 1(c), while finance flows within and to developing countries would follow the timelines and ambitions of developing countries' NDCs, and take into account their needs and priorities, in accordance with sustainable development.

123. Party and Party group submissions placed an emphasis on different aspects related to a pathway towards low GHG emissions and climate-resilient development and the role of NDCs in achieving Article 2, paragraph 1(c). Many Party submissions referred to the imperatives of sustainable development and poverty eradication and most of these submissions stated that NDCs should serve as guidelines for the domestic implementation of Article 2, paragraph 1(c), in order to maintain the integrity of Article 3 of the Paris Agreement. Many Party and Party group submissions stressed the urgency of implementing Article 2, paragraph 1(c), in a way that enables ambitious or strengthened NDCs and establishes a global pathway towards low GHG emissions and climate-resilient development that is commensurate with efforts to limit global temperature rise to 1.5 °C or with net zero transitions. Further, many Party and Party group submissions expressed the view that the realization of finance flows under Article 2, paragraph 1(c), would facilitate the implementation of NDCs, NAPs and other national climate plans and strategies, either through a focus on enhanced financing frameworks for domestic implementation of Article 2, paragraph 1(c), or through a focus on the provision of international support to developing countries for achieving progress towards Article 2, paragraph 1(c).

124. Most Party and Party group submissions underscored that discussions on and implementation of, as well as outcomes related to, Article 2, paragraph 1(c), should be respectful and supportive in terms of the needs and priorities of developing countries and their national circumstances. Many Parties and groups of Parties highlighted that these discussions and the implementation would have to be conducted in a manner commensurate with the urgency of achieving Article 2, paragraph 1(c), and alongside financing the ambitious global transition needed to align with the long-term goals in Article 2, paragraph 1(a–b), of the Paris Agreement. Some Parties and groups of Parties referred to the nationally

determined nature of achieving the goals in the Paris Agreement. Implementation of Article 2, paragraph 1(c), in line with the needs and priorities of developing countries was a principle noted in many non-Party stakeholder submissions.

125. Regarding implementing Article 2, paragraph 1(c), within different country or regional contexts, all Party group and almost all Party submissions either stated that ensuring just transition on a pathway towards low GHG emissions and climate-resilient development is a key aspect to achieving the long-term goal, or suggested concrete just transition measures, such as just transition funds and transition plans, as options for approaches and guidelines for implementation. The principle of equity in connection with just transition was referred to in most Party and Party group submissions. Three Party and two Party group submissions highlighted that dependence on fossil fuels or emission-intensive activities of national or subnational economies and the corresponding challenges, such as stranded assets, call for a socially just transition. Four groups of Parties and one Party linked equity and just transition to different timelines for and contributions to the goal. Equitable and just transition policy measures were discussed in almost all non-Party stakeholder submissions. Four non-Party stakeholders (NGOs) emphasized that achieving Article 2, paragraph 1(c), with an equitable and just approach to implementation that is in accordance with the principles of the Convention and the Paris Agreement may necessitate different timelines, and they highlighted the centrality of supporting developing countries, including with finance, technology transfer and capacity-building support.

126. The principles of transparency and accountability were common themes in most Party submissions, in terms of either the tracking and monitoring of general and specific private and public finance flows and actions or the provision of international support to developing countries. Seven Party or Party group submissions mentioned greenwashing, either as it relates to private financial sector approaches or as it relates to climate finance flows and accounting thereof.

127. The helpful roles of international cooperation and of coordination of domestic policies, regulations and actions were discussed in most Party and Party group submissions in terms of achieving the long-term goal in Article 2, paragraph 1(c). Improving the interoperability and coherence of national policy and financial frameworks and revising regulations to remove barriers to capital allocation and increase the volume of green or consistent finance was emphasized by five Parties and three groups of Parties.

128. Facilitating the continued provision of support to developing countries, including ODA, in the form of financial, capacity-building and technology transfer support, was noted as important in almost all Party submissions. Almost all Party submissions discussed the role of Article 9 in relation to Article 2, paragraph 1(c). Many Parties and groups of Parties highlighted that the delivery of the climate finance commitments of developed countries and the provision of adequate scaled-up financial support to developing countries, in accordance with the Convention and the Paris Agreement, will be required or will serve as a precondition for implementing Article 2, paragraph 1(c), in developing countries. These submissions emphasized the central role of public, grant-based and concessional finance; the balance between mitigation and adaptation; and the need to ensure the adequacy, predictability and transparency of support.

129. Attention was given in most Party and Party group submissions to the inclusion and protection of specific groups and populations. Beyond general efforts for poverty eradication and sustainable development in the context of Article 2, paragraph 1, the submissions specifically mentioned the protection or support of the most vulnerable people; the protection of the rights of Indigenous Peoples; the consideration of women and gender; the social inclusion of youth and elderly people, and intergenerational equity; human rights; migration; and broader social considerations in the context of just transition.

130. Some Party and many Party group submissions expressed the view that the implementation of Article 2, paragraph 1(c), is framed in the context of the principles of the Convention. Most of these submissions referred specifically to Article 4, which relates to the commitments of Parties, taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances,

and the specific commitments therein of developed country Parties and other Annex I Parties with regard to action and the provision of financial resources. Some Party group submissions referred specifically to Article 3, paragraph 5, of the Convention, which is about the avoidance of discrimination and restriction on international trade through policies and measures taken by Parties to combat climate change.

131. Many Party and Party group submissions stated that the implementation of Article 2, paragraph 1(c), should consider and contribute to environmental objectives beyond those related to climate change.

2. Options for addressing scope and approaches to achieving Article 2, paragraph 1(c)

132. Most Parties and groups of Parties considered that the intergovernmental process has a role in fostering a common understanding of and providing guidance for implementing Article 2, paragraph 1(c), and making finance flows consistent with a pathway towards low GHG emissions and climate-resilient development. Many submissions specified the format of further work or body under which this process could be conducted, namely, either the CMA or the intergovernmental process in general. However, one group of Parties stated that any discussion on Article 2, paragraph 1(c), would be contingent on the implementation of Articles 3 and 9 of the Paris Agreement, in the context of Article 4, paragraph 7, of the Convention; the conclusion of NCQG negotiations and effective implementation of that goal; and the full achievement of developed country commitments pertaining to financial support and other means of implementation.

133. Notwithstanding actions taken at the intergovernmental level, most Party and non-Party submissions emphasized that approaches to implementation will effectively take place at the national level and in individual jurisdictions, and will therefore require the consideration of different national contexts, policy and enabling environments, and circumstances (see chaps. III.A.1, III.C.2 and IV.A.1 above).

134. Views on the format of an appropriate intergovernmental process for implementing Article 2, paragraph 1(c), varied across Party and Party group submissions. It was suggested that this process could take the form of the following (see table 4 for details):

(a) Many Party and some Party group submissions proposed a new, dedicated space or standing agenda item be established for Article 2, paragraph 1(c), in the intergovernmental process, or the CMA in particular, to address a common understanding of its scope, implementation and associated reporting;

(b) Some Party and one Party group submissions proposed conducting a work programme on Article 2, paragraph 1(c);

(c) Many Party and some Party group submissions proposed conducting further work under the SCF, for example on the scope of Article 2, paragraph 1(c), and the implications of and options for implementing it;

(d) Many Party and Party group submissions did not specify how or whether discussions among Parties on Article 2, paragraph 1(c), should be conducted.

Table 4
Views on the role of the intergovernmental process related to Article 2, paragraph 1(c), of the Paris Agreement, as expressed in the submissions from Parties and groups of Parties

Submission	*Further work in the intergovernmental process*	*Dedicated space or agenda item under the CMA*	*Work programme*	*Work of the SCF*
ABU	Unspecified	Unspecified	Unspecified	Unspecified
African Group	Work of the CMA with support of the SCF on understanding and implementing Article 2.1(c)	Unspecified	Unspecified	The SCF to support the CMA, addressing questions on scope and implementation, including support needs and transition

Submission	*Further work in the intergovernmental process*	*Dedicated space or agenda item under the CMA*	*Work programme*	*Work of the SCF*
				from emission-intensive activities
AILAC	Yes; UNFCCC to provide a global framework for the consistency of finance flows, consider approaches and guidelines for implementation of Article 2.1(c) and develop a measurement approach of net climate finance to overall finance flows	Unspecified	Unspecified	Unspecified
Arab Group	Unspecified; discussions on Article 2.1(c)	Unspecified	Unspecified	Unspecified
Australia	Unspecified	Unspecified	Unspecified	Unspecified
Canada	Yes	Yes	Unspecified	The SCF to draft guidance, on the basis of submissions, for Parties on implementing Article 2.1(c)
EIG	Yes	Yes	Unspecified	Unspecified
EU	Yes; leadership by Parties to guide achievement of Article 2.1(c)	Yes	Define common ground to establish a work programme	SCF work to inform CMA guidelines on implementation of Article 2.1(c)
India	Unspecified	Unspecified	Unspecified	Unspecified
Kenya	Yes; a coherent process in line with paragraph 54 of decision 1/CMA.3 is needed to scope work on Article 2, paragraph 1(c), and facilitate its elaboration and implementation, taking into account Article 2, paragraph 2	Unspecified	Unspecified	Limited; consideration of SCF work at CMA 4
LDCs	Limited; possible next steps for implementation	Unspecified	Unspecified	Further work on Article 2.1(c) to create a better understanding of its scope and the meaning of Paris Agreement consistent finance flows, including criteria and methodologies for tracking progress
LDMCs	Unspecified; discussion on Article 2.1(c) contingent on fulfilment of Article 9 commitments, taking into account the significant role of public funds. Article 2.1(c) must be applied taking into account Article 4, paragraph 7, of the Convention, in the context of equity and common but differentiated responsibilities and respective capabilities, and taking into account sustainable development	Unspecified	Unspecified	Unspecified

Submission	*Further work in the intergovernmental process*	*Dedicated space or agenda item under the CMA*	*Work programme*	*Work of the SCF*
New Zealand	Yes	Yes	Unspecified	The SCF to continue technical work to inform Parties, in particular on transparency and tracking of progress
Norway	Yes	Yes	Work programme or mandated work of the SCF	Work programme or mandated work of the SCF
United Kingdom	Yes	Yes	Unspecified	Technical work to compile approaches and guidelines for Article 2.1(c), and consideration of the space in which these can be taken forward and considered within the COP process
Vanuatu	Yes; enable some agreement on approaches and guidelines for implementation and a workplan	Unspecified	Workplan with a stringent time frame to address the vulnerabilities and urgency outlined in the IPCC Special Report on Global Warming of 1.5 °C and the AR6	Unspecified

3. Options for focus areas for further work on Article 2, paragraph 1(c)

135. Various options for focus areas for further work on Article 2, paragraph 1(c), were proposed in Party and Party group submissions, as follows:

(a) Many Party group and one Party submissions suggested clarifying or developing a shared understanding of the objectives, scope and implications of the goal, including its linkages and relationships with, and differences from, other provisions of the Convention and the Paris Agreement, in particular those in Articles 2, 3 and 9 of the Agreement, and how to ensure equitable and just transitions;

(b) Many Party and Party group submissions emphasized the need to ensure complementarity with climate finance under Article 9 of the Paris Agreement, including by focusing on delivery of the USD 100 billion goal, complementarity with the NCQG, and streamlined access to scaled-up and predictable financial resources;

(c) Most Party and Party group submissions proposed that Parties to the Paris Agreement advance work on frameworks or guidelines for implementing Article 2, paragraph 1(c), that may foster clarity and coordinated action on aspects such as:

(i) The appropriate role of actors from the public, private and non-governmental sectors;

(ii) The development of an understanding and the identification of finance flows as, among others, consistent, inconsistent, harmful, maladaptive or neutral;

(iii) Timelines and approaches for shifting away from emission-intensive finance and assets, including addressing the financial, technological, capacity-building and socioeconomic support needs of developing countries associated with the transition;

(iv) Policy measures, levers and tools, including enabling environments, that enhance the flow of consistent private and public finance, with a focus on how solutions and challenges differ across regions and sectors;

(v) The development of globally consistent and interoperable standards for implementation of Article 2, paragraph 1(c);

(d) Most Party and Party group submissions expressed the desire to discuss how the implementation of Article 2, paragraph 1(c), could enhance the achievement of mitigation and adaptation goals in Article 2, paragraph 1(a–b), including how it could scale up the availability of finance for climate action globally and support the implementation of NDCs, NAPs and other national climate plans and strategies, as well as integrated national financing frameworks;

(e) Some Party and Party group submissions suggested mapping policies, approaches and methodologies or available best practices and lessons learned in ongoing efforts in the public and private sectors towards achieving Article 2, paragraph 1(c).

4. Transparency and reporting modalities

136. All submissions discussed the tracking and reporting of actions related to Article 2, paragraph 1(c); almost all Party and Party group submissions suggested advancing the tracking and reporting of implementation of Article 2, paragraph 1(c), in the context of an intergovernmental process, most often under the Paris Agreement. In all of these submissions, it was noted that limited ways to measure progress towards achieving Article 2, paragraph 1(c), currently exist. Some Party and Party group submissions noted that this poses a particular challenge for the GST process. Most non-Party stakeholder submissions also discussed the tracking and reporting of Article 2, paragraph 1(c), in the intergovernmental process.

137. With regard to the sources of finance flows to be tracked or assessed, most Party and Party group submissions indicated the need to consider both public and private finance flows, while views varied on the details of which types of sources would be considered relevant information and what would be appropriate assessment criteria.

138. Several focus areas and frameworks were proposed by Parties and groups of Parties in terms of tracking finance flows and assessing progress towards achieving the goal in Article 2, paragraph 1(c), through the intergovernmental process, as follows:

(a) Monitoring collective progress on Article 2, paragraph 1(c), under the GST, including with regard to policies, methodologies, data and metrics for both public and private finance flows (many Party and Party group submissions);

(b) Informing the tracking and reporting arrangements by building on the work of the SCF related to Article 2, paragraph 1(c), and climate finance in order to develop a common understanding of finance flows in terms of scope and to develop criteria and methodologies for tracking progress (some Party and Party group submissions);

(c) Ensuring consistency of tracking and reporting arrangements with the ETF, including paragraph 121(q) of the modalities, procedures and guidelines, which refers to the long-term goals of the Paris Agreement, and with the outcomes of the NCQG (some Party and Party group submissions);

(d) Reporting on Article 2, paragraph 1(c), by developed countries under Article 9, paragraphs 5 and 7, of the Paris Agreement, that is, in biennial transparency reports and biennial communications (some Party group submissions);

(e) Improving reporting on climate finance flows from developed countries by, for example, using a common definition of climate finance (many Party and Party group submissions);

(f) Developing an approach for reporting progress in consistency of finance flows that is similar to the reporting processes for Article 2, paragraph 1(a–b) (i.e. NDCs and adaptation communications) (some Party submissions);

(g) Establishing an intergovernmental space for tracking and reporting on global finance flows, including for Parties' policies, commitments and initiatives and for private sector flows, efforts and commitments (one Party group submission);

(h) Developing international guidance and methods for measuring climate risks and impacts of investments (one Party submission);

(i) Establishing an international reporting platform, based on minimum standards and criteria, for financial institution commitments, actions and outcomes, and a common, best practice framework for transparency at the financial product level (one Party group submission);

(j) Including the reporting of actions from non-Party actors (one Party submission).

139. Many non-Party stakeholder submissions also provided views on international tracking and reporting processes related to Article 2, paragraph 1(c), that could be used by Parties. The suggestions included:

(a) Monitoring collective progress on Article 2, paragraph 1(c), under the GST (many non-Party stakeholder submissions), for example by (1) documenting the multitude of innovative fiscal policy mechanisms that incentivize or disincentivize, as appropriate, behaviour in a 'Paris-aligned' way in different countries as part of future GSTs; and (2) setting up a sufficiently resourced, independent arbiter to assess the 'Paris alignment' of strategies and targets of governments, private actors and voluntary initiatives on the basis of the presence of intermediate goals, disaggregation by sector or subsector, and whether they are legally binding (many non-Party stakeholder submissions);

(b) Establishing country reporting to the UNFCCC on a biennial basis, with the reporting to cover a mix of quantitative and qualitative indicators related to Article 2, paragraph 1(c) (some non-Party stakeholder submissions);

(c) Reporting on plans for shifting public finance flows into Parties' NDCs, including reporting on all multilateral commitments (some non-Party stakeholder submissions);

(d) Reporting on alignment of finance flows at the financial institution, national and global level via public data sets and national statistics, as well as processes such as national communications, and via third-party data aggregators (one non-Party stakeholder submission);

(e) Establishing a process under the UNFCCC wherein all Parties to the Convention and the Paris Agreement submit an annual progress report on phasing out fossil fuel subsidies and international public finance for fossil fuels that is informed by and in line with the formal reporting process for SDG indicator 12.c.1 (fossil fuel subsidies) (some non-Party stakeholder submissions).

140. Most Party, Party group and non-Party stakeholder submissions addressed the need to develop internationally agreed or comparable indicators, methodologies and criteria for tracking and assessing finance flows related to Article 2, paragraph 1(c). Tracking and reporting was considered to cover both consistent and non-consistent (sometimes referred to as 'aligned' or 'non-aligned') finance flows. Many submissions proposed elements of measurement and reporting of progress, or indicators of success, as follows:

(a) Quantitative indicators to measure both consistent and non-consistent finance flows (which may include fossil fuel financing and subsidies, as well as emission-intensive, maladaptive or environmentally harmful flows) covering domestic and international finance flows from public and private sources (many Party and Party group submissions);

(b) Quantitative measurement of the increase in non-fossil compared with fossil fuel finance, for developed countries only (one Party submission);

(c) A combination of quantitative measurement of consistent and non-consistent finance flows and qualitative assessment of the implementation of policies, regulations and actions (some Party and Party group submissions);

(d) Quantitative indicators for finance for climate action and for financial support provided to developing countries under Article 9 of the Paris Agreement, with specified reporting arrangements for developed countries (some Party and Party group submissions);

(e) Qualitative measures or methodologies for assessing the accessibility, speed and affordability or concessionality of financial support provided by developed to developing countries (one Party submission);

(f) A quantitative indicator for support provided and mobilized to developing countries for implementing Article 2, paragraph 1(c), to be included in the common tabular formats of the ETF (one Party group submission);

(g) Indicators for the alignment of climate finance flows for mitigation and adaptation actions with NDCs, NAPs and other national plans (one Party submission).

141. Concrete elements of measurement proposed in non-Party stakeholder submissions covered the following:

(a) Quantitative indicators for global climate finance flows (many non-Party stakeholder submissions);

(b) Quantitative indicators for fossil fuel financing and subsidies by public and private actors, including reporting by countries on SDG indicator 12.c.1 (fossil fuel subsidies), fossil fuel financing and investments by private financial institutions (many non-Party stakeholder submissions);

(c) Metrics for the alignment of development finance (one non-Party stakeholder submission);

(d) Metrics for the ‘Paris alignment’ of private sector actors that complement GHG emissions metrics (one non-Party stakeholder submission);

(e) Systematic, mandatory reporting on transition plans, including for GHG emissions and consistent and non-consistent investments, by private sector entities (some non-Party stakeholder submissions);

(f) Metrics for assessing the climate impact of private sector finance (some non-Party stakeholder submissions);

(g) Improved climate-related disclosure of private sector entities through TCFD, TNFD, ISSB, CDP or other national or regional disclosure standards (many non-Party stakeholder submissions);

(h) Definition(s) of climate finance for improved reporting as part of the UNFCCC process, including for reporting on a grant-equivalent basis (some non-Party stakeholder submissions);

(i) Reporting on Article 2, paragraph 1(c), under the provisions of Article 9, paragraphs 5 and 7, of the Paris Agreement (one non-Party stakeholder submission).

5. Linkages in the intergovernmental process

142. **SCF:** many Party and Party group submissions highlighted the role of the SCF in facilitating the development of a common understanding of Article 2, paragraph 1(c), within the UNFCCC process. Many Party submissions noted that the work of the SCF related to Article 2, paragraph 1(c), including the biennial assessment and overview of climate finance flows, its mapping exercise on Article 2, paragraph 1(c), and this synthesis of submissions, could provide the foundation for further work on Article 2, paragraph 1(c), under the COP or the CMA and shed light on appropriate guidelines, policies, approaches, methodologies and criteria for its implementation or on the transparency and reporting of actions and progress towards the goal. One Party submission suggested that the SCF initiate work to elucidate the reasons, and associated concerns, as to why discussions and progress on Article 2, paragraph 1(c), have been limited so far. Another Party submission noted that the outcomes of the 2023 Forum of the SCF on financing just transitions could contribute to progress on Article 2, paragraph 1(c), in terms of developing best practices for policies that stimulate green growth

and job creation. One non-Party stakeholder from the financial sector suggested that the SCF conduct a gap analysis on progress made towards implementing Article 2, paragraph 1(c), within the international financial architecture.

143. **Sharm el-Sheikh dialogue:** in many submissions from Parties and groups of Parties in 2023, the Sharm el-Sheikh dialogue was noted as a key forum for Parties and relevant stakeholders to deliberate on and enhance their understanding of the scope of Article 2, paragraph 1(c), and its complementarity with Article 9 of the Paris Agreement and as a space to discuss guidelines, policies and approaches for achieving the goal.

144. **NCQG:** some Party and Party group submissions noted that discussions on the scope and implementation of Article 2, paragraph 1(c), could inform discussions on how to introduce the long-term goal into the design of the NCQG. These submissions also noted that the NCQG process and efforts under it and Article 2, paragraph 1(c), should be treated as distinct but complementary. Furthermore, most Party group and some Party submissions highlighted that international public finance or financial support from developed countries will be required to enable developing countries to pursue pathways for low GHG emissions and climate-resilient development. One Party submission noted that substantive deliberations on Article 2, paragraph 1(c), in the intergovernmental process would be subject to the restoration of trust between developed and developing country Parties with regard to commitments of financial support based on the delivery of the USD 100 billion goal and an outcome on the NCQG that is commensurate with the needs and priorities of developing countries.

145. **GST:** many Party and Party group submissions noted that a common understanding of the scope of and criteria for monitoring relevant finance flows and actions would facilitate the assessment of collective progress on the long-term goal of Article 2, paragraph 1(c), under the GST.

146. Further relevant linkages identified in Party submissions were the Kunming-Montreal Global Biodiversity Framework developed under the CBD and the United Nations Convention to Combat Desertification; the Marrakech Partnership for Global Climate Action; and the climate action spaces at the COPs to enhance the exchange of information between public and private sector actors on Article 2, paragraph 1(c). In addition, the G20 Sustainable Finance Working Group, government activities for tracking domestic public expenditures, and various government initiatives related to fossil fuel financing and subsidy phase-out were mentioned as being relevant to achieving Article 2, paragraph 1(c).

B. Options for approaches and guidelines for implementation by non-Party stakeholders

147. Almost all Party and non-Party stakeholder submissions expressed the view that more can be done by the private financial sector and non-financial corporations to increase the flow of finance towards climate investments, in particular in developing countries and emerging economies, where investment needs for climate action are greatest and barriers to accessing capital persist. Various options for scaling up aggregate climate investments were noted, which are presented in table 2 and in chapter III.C above.

148. Most Party and Party group submissions and many non-Party stakeholder submissions linked enhanced climate-related private finance flows to a transformation of the international financial architecture. Some Party, Party group and non-Party stakeholder submissions suggested reforming the international financial system as a whole, or institutions within it, such as MDBs. Other submissions referred to adjusting climate-related mandates and operations of central banks and financial supervisory authorities, improving financing conditions for developing country governments and actors in private financial markets, improving debt sustainability or reducing the debt burden in developing countries, mainstreaming transition plans in the financial and real-economy sectors to reduce emission-intensive finance and support capital allocation towards the green transition, and improving global and domestic regulatory and enabling conditions.

149. The importance of enhanced public–private partnerships to enabling scaled-up climate investments domestically and globally was emphasized in many Party and Party group submissions and most non-Party stakeholder submissions from private finance institutions, international organizations and NGOs. Public–private partnership models mentioned in terms of mobilizing or crowding in private sector actors to complement public resources included Just Energy Transition Partnerships, financing or investment platforms for NDC implementation, risk financing and insurance, and approaches for financing MSMEs and local enterprises.

150. Most Party and non-Party stakeholder submissions noted that an enhanced focus or further work on approaches to climate-resilient development, in addition to that on low-emission development, would be required in the private sector to foster the consistency of investment mandates and practices with climate resilience goals. In this context, submissions noted the need to improve available methodologies for climate resilience pathways; to address challenges relating to data, information and regulation; and to promote and support coalitions and groups that focus on climate resilience in the financial and non-financial sector with regard to both investments and methodologies for enhancing the identification of and resilience to physical risks.

151. Many Party, Party group and non-Party stakeholder submissions noted the need for enhanced attention on private sector frameworks and approaches for implementing Article 2, paragraph 1(c), that take into account the special circumstances of regions, countries, economic sectors and vulnerable groups in order to ensure just and equitable transitions. For example, it was emphasized in these submissions that scenarios, pathways and financing practices should respond to the needs and priorities of developing countries, align with the NDCs to which finance for implementation is flowing, and encourage the participation of local-level actors in decision-making. Some non-Party stakeholders from the public financial sector and NGOs mentioned in their submissions the need for downscaled regional, national and sectoral climate data and emissions scenarios to improve current approaches to implementing Article 2, paragraph 1(c).

152. Ensuring the transparency and credibility of private sector commitments, actions and approaches to achieving Article 2, paragraph 1(c), was addressed in many Party and Party group submissions and most non-Party stakeholder submissions. The submissions focused on various areas related to the availability of information and data and the ability to monitor and evaluate private sector actions, as follows:

(a) Improving the transparency and availability of climate-related financial and non-financial disclosures, including on GHG emissions along the value chain, financed emissions and physical climate risks (some Party and Party group and many non-Party stakeholder submissions);

(b) Promoting transition plans that include the identification and assessment of transition and physical risks, as well as forward-looking capital allocation plans, as useful tools for enhancing the transparency of non-State actors in the transition towards low GHG emissions and climate-resilient development (some Party and Party group and many non-Party stakeholder submissions);

(c) Improving the comparability and credibility of private sector climate change commitments and approaches, fostering transparency in the use and assumptions of climate scenarios, broadening asset class coverage and using a range of comparable and complementary metrics and indicators to gain a comprehensive view of ‘alignment’ in the private sector, and addressing greenwashing or compliance issues related to the private sector (many Party, Party group and non-Party stakeholder submissions);

(d) Supporting independent research organizations and institutions in continuing to develop assessment frameworks for measuring and reporting on progress on Article 2, paragraph 1(c), by financial and non-financial corporations until more formal intergovernmental processes and methodologies have been established (some non-Party stakeholder submissions).

153. Linkages to best practices outside the intergovernmental process that could aid the development of tracking and reporting approaches for Article 2, paragraph 1(c), for non-State actors were pointed to by many Party and some Party group submissions. Some of these submissions mentioned that the following could provide best practices to international reporting or tracking efforts: an initiative to establish a global platform for transparency and accountability; ISSB, TCFD and TNFD disclosure frameworks; the Paris Agreement Capital Transition Assessment methodology, which covers individual financial institutions and aggregate assessments of alignment of the financial sector within countries; the OECD Research Collaborative on Tracking Finance for Climate Action; and the G20 Sustainable Finance Working Group. The key findings and recommendations of the United Nations High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities were also mentioned in some Party submissions in terms of standards and best practices for the private sector. With regard to climate budget tagging, existing best practices mentioned by some Parties and groups of Parties were those linked to the Climate Public Expenditure and Investment Review, the Private Sector Climate Expenditure and Institutional Review, the Investment and Financial Flows approaches and the Climate Budget Tagging tool, as well as domestic systems (e.g. of the EU and Colombia).

154. Many submissions discussed the linkages of Article 2, paragraph 1(c), with (1) central banks and financial supervisory authorities, with many Party and some Party group submissions noting their oversight function and coordination role for the financial sector as a whole, as well as their potential to enhance climate-related financial decision-making; and (2) net zero initiatives or alliances of private actors, with many Party, Party group and non-Party stakeholder submissions suggesting that transparency regarding climate commitments and actions be improved and approaches to implementing Article 2, paragraph 1(c), be adjusted to national circumstances, development pathways or NDCs.

155. One submission from a non-Party stakeholder in the private financial sector proposed the establishment, under the auspices of an international organization, of an international platform for climate finance, the purpose of which would be monitoring and supporting international private capital flows with the aim of contributing to the achievement Article 2, paragraph 1(c). This platform could coordinate the mobilization of private capital and provide technical assistance and capacity-building to developing countries, including for the creation of capital raising plans for NDCs.

Annex

Submissions on ways to achieve Article 2, paragraph 1(c), of the Paris Agreement

The tables below list the Parties, groups of Parties and non-Party stakeholders that submitted their views on ways to achieve the goal of Article 2, paragraph 1(c), of the Paris Agreement, including options for approaches and guidelines for implementation.[1] The submissions are available on the SCF information repository.[2]

Table I.1
Submissions received in 2022

Submission	*Date*
Australia	12 August 2022
Canada	13 May 2022
Care About Climate on behalf of the YOUNGO constituency	27 April 2022
Chile on behalf of AILAC	29 April 2022
David Rouch (individual)	28 July 2022
France on behalf of the EU and its member States	2 May 2022
GIZ	30 April 2022
India	26 July 2022
Kenya	2 May 2022
Norway	3 June 2022
Senegal on behalf of the LDCs	3 June 2022
Switzerland on behalf of EIG	16 June 2022
Vanuatu	30 April 2022
Zambia on behalf of the African Group	1 June 2022

Table I.2
Submissions received in 2023

Submission	*Date*
ABU	10 August 2023
Aviva	19 April 2023
Bolivia (Plurinational State of) on behalf of the LMDCs	25 May 2023
Canada	10 July 2023
Care About Climate on behalf of the YOUNGO constituency	29 June 2023
CDP Europe	31 May 2023
Climate Action Network	29 June 2023
Climate Policy Initiative	31 May 2023
Environmental Defence Canada	28 June 2023
India	3 June 2023

[1] As per decisions 10/CMA.3, para. 2, and 14/CMA.4, para. 4.
[2] https://unfccc.int/topics/climate-finance/resources/standing-committee-on-finance-info-repository (accordion item titled "Ways to achieve Article 2.1(c), of the Paris Agreement, including options for approaches and guidelines for implementation").

Submission	*Date*
International Fund for Agricultural Development	29 May 2023
New Zealand	15 May 2023
NGFS secretariat	31 May 2023
Norway	15 May 2023
ODI on behalf of Joseph Feyertag and Charlene Watson (ODI) and David Ryfisch (Germanwatch), supported by the Independent Global Stocktake and its Finance Working Group	11 May 2023
ODI on behalf of Rabia Transitions and ODI, supported by the Independent Global Stocktake and its Finance Working Group	17 August 2023
OECD	31 May 2023
Oil Change International, International Institute for Sustainable Development and Friends of the Earth United States	31 May 2023
Principles for Responsible Investment	31 May 2023
Saudi Arabia on behalf of the Arab Group	26 May 2023
Sweden on behalf of the EU and its member States	11 May 2023
Third World Network	8 August 2023
UNCTAD	26 May 2023
United Kingdom	1 June 2023
Vanuatu	12 May 2023