

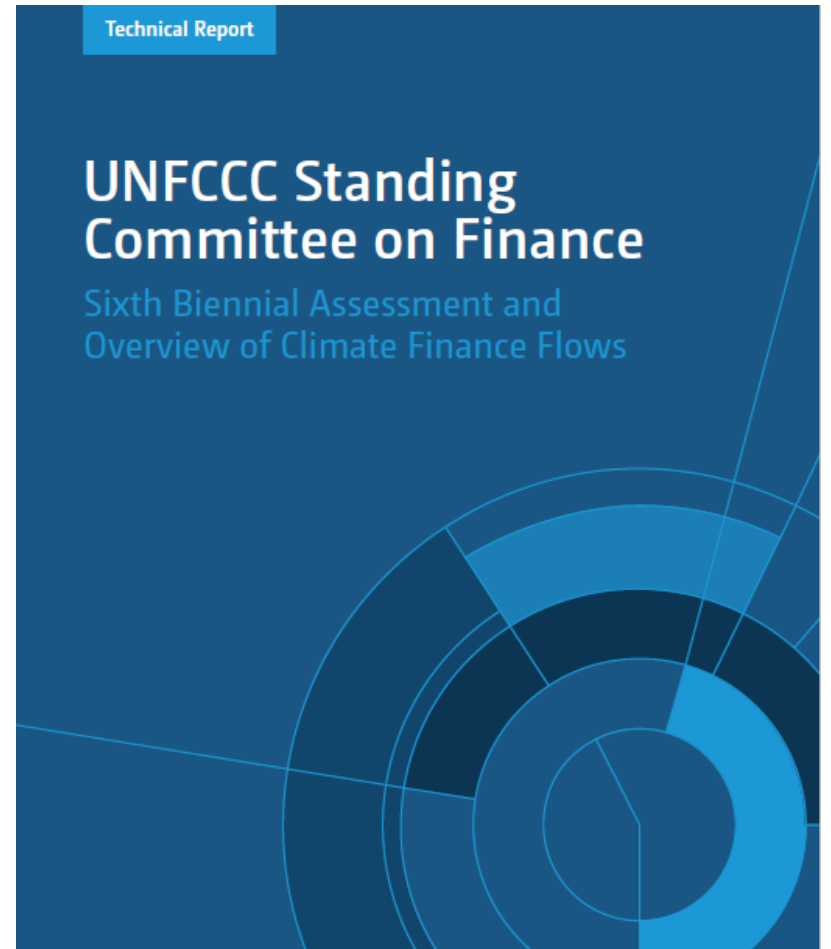
BA6 mapping of Article 2.1(c), including its reference to Article 9

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Objective

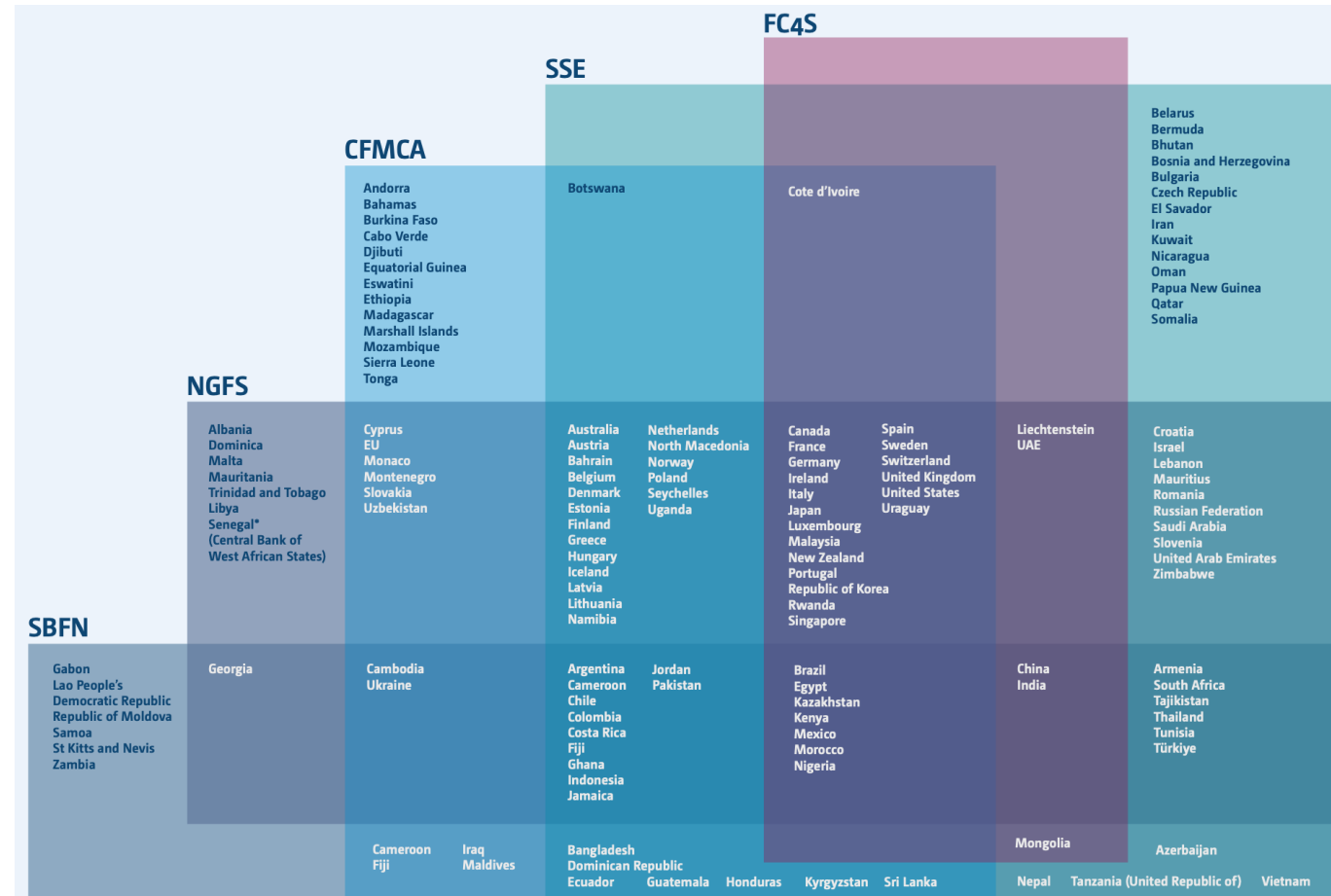
- Summarise the outcomes of the BA6 mapping of available information relevant to Article 2.1(c), including its reference to Article 9
- Recalling that the BA6 does this in the absence of an agreed scope, and therefore based on stakeholder views of how their actions are relevant to climate action



United Nations
Framework Convention on
Climate Change

Engagement in public finance system initiatives relevant for implementing Article 2.1(c) of the Paris Agreement

- Relevant public finance initiatives have continued to expand their geographic scope, including:
 - Coalition of Finance Ministers for Climate Action (CFMCA), Network for Greening the Financing System (NGFS), the Sustainable Banking and Finance Network, the Sustainable Stock Exchanges Initiative and Financial Centres for Sustainability (FC4S)
- Various multilateral and governmental initiatives have been established to seek international coordination of relevant action, for example:
 - The Bridgetown Initiative, Nairobi Declaration on Climate Change and Call to Action, Summit for a New Global Financing Pact, Finance in Common Summit (see Table 4.1, BA6)

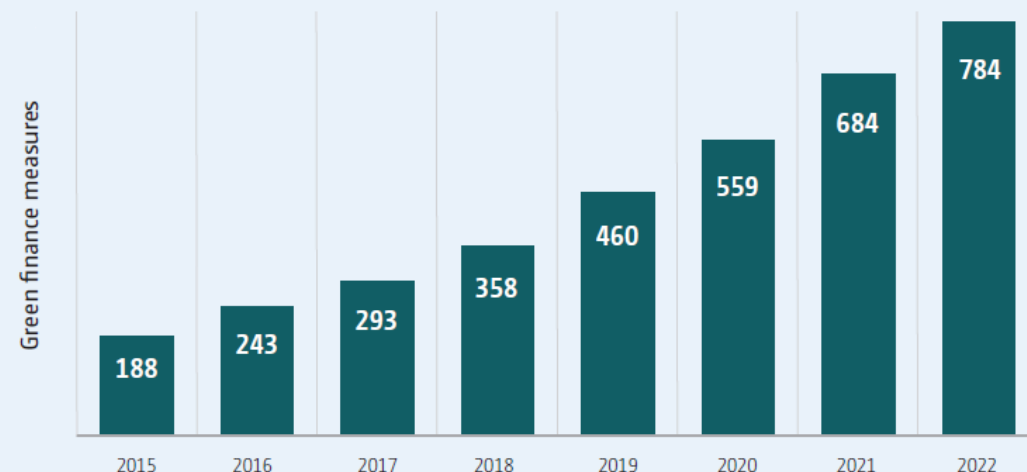


Country representation overlaps of five public sustainable finance initiatives (as of Feb 2024), Figure 4.3 BA6

Policies and measures relevant for implementing Article 2.1(c)

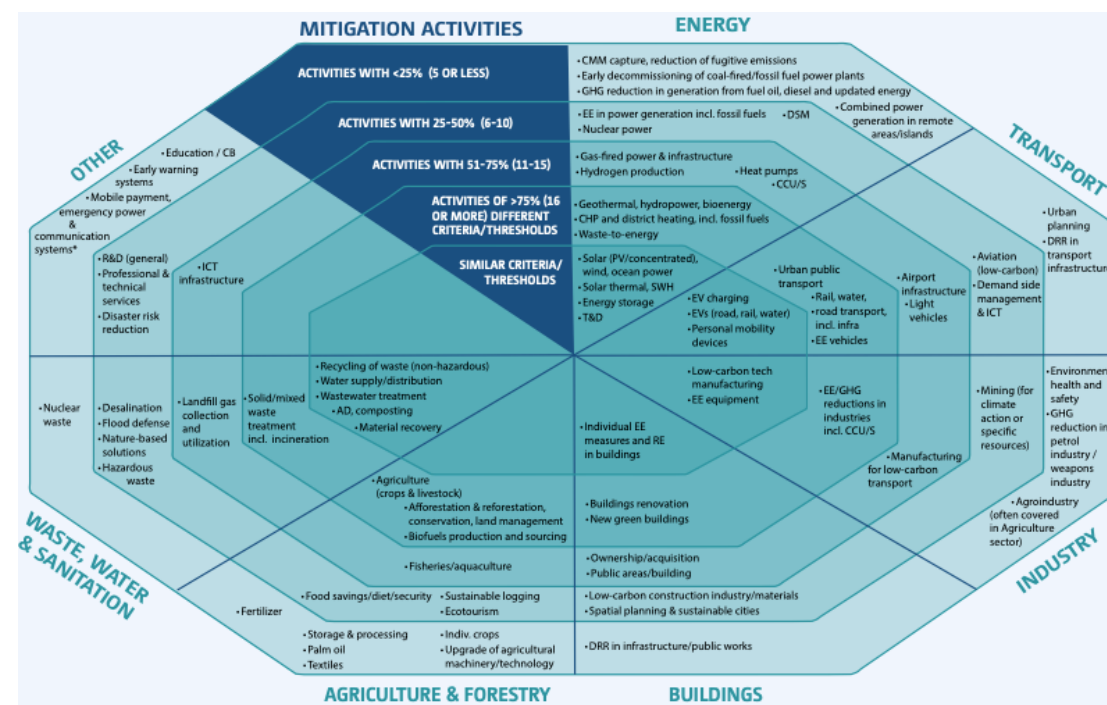
- Over 100 jurisdictions with green or sustainable finance regulations and policies, a 40% increase since 2020
 - 38% originated from developing and emerging economies and 62% from developed countries
 - Regulatory and supervisory authorities increasingly mandate climate-risk disclosure
- Governments are applying fiscal policies and public expenditure, such as through budget allocations, pricing or non-pricing mechanisms and policies such as taxes and subsidies or investment incentives

Growth in cumulative green finance policy and regulatory measures.



Relevant methods and approaches for tracking climate finance at country-level

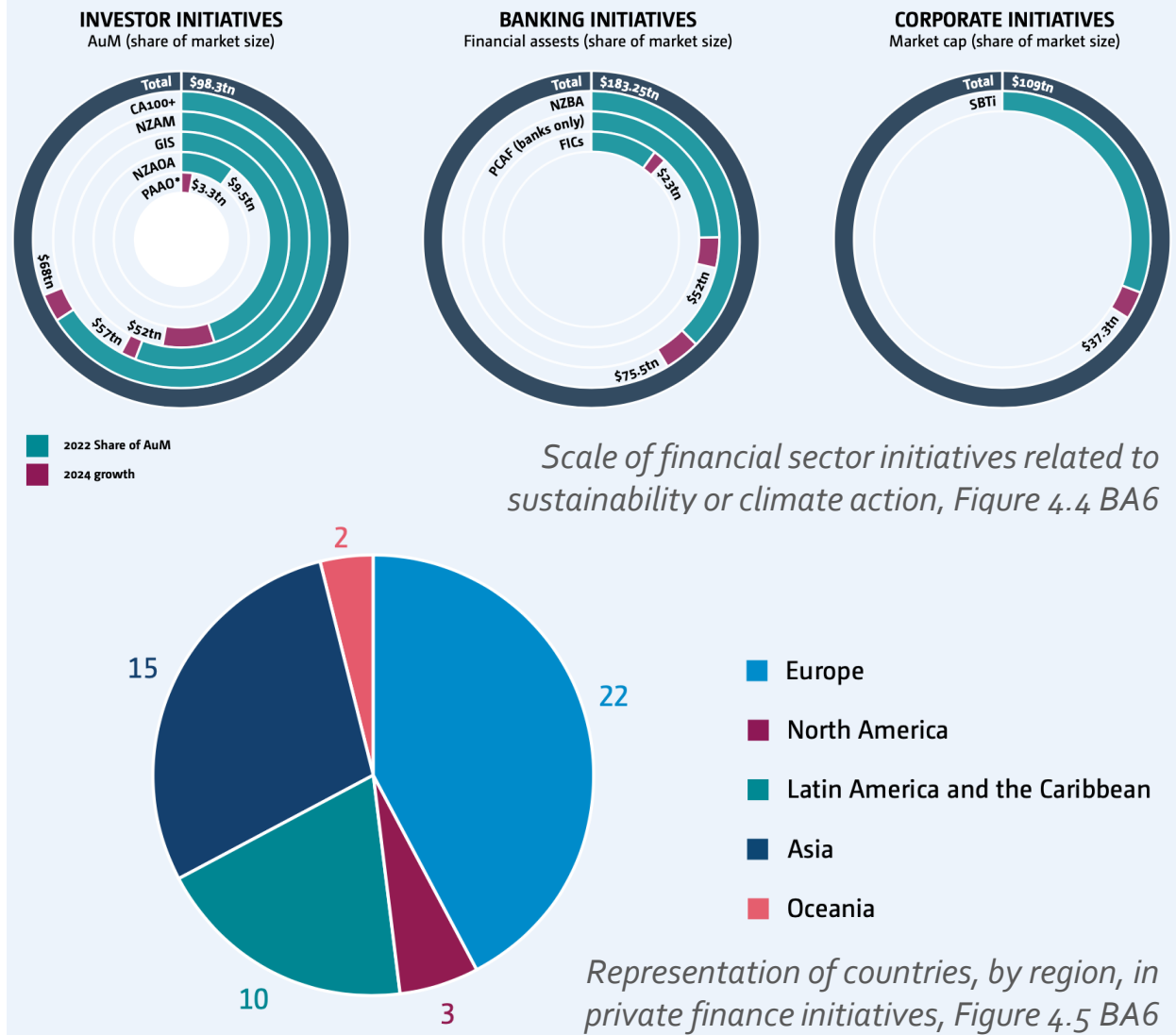
- Country-level reporting on climate finance expenditure is growing:
 - 16 jurisdictions tag budgets, while a further 32 track climate-relevant expenditure (at least 12 including international climate finance)
 - Aims and methods vary, few include environmentally harmful spending is rarely tracked, and there remains little available data to assess long-term impact
- Green and sustainable finance taxonomies have proliferated in recent years:
 - 21 jurisdictions have published or are using taxonomies, while another 38 taxonomies are in development, a 75% increase since BA5
 - All taxonomies cover mitigation, 12 include adaptation or have included activities that can be considered adaptation-relevant



Key aspects of taxonomy design, see Figure 1.3 BA6

Engagement in private international alliances and initiatives relative to Article 2.1(c)

- Private finance actors, including asset owners, asset managers and investors, and banking and insurance companies, increased engagement in relevant international initiatives and alliances
 - Engagement is focussed on: climate risk disclosure, adoption of net zero commitments, transition plans and financing targets, sustainable finance policies and principles
- Growth has slowed in terms of assets under management or market capitalisation, but geographical coverage has expanded (though remains concentrated in Europe and North America)



Overview of relevant methods and approaches

Category	Findings
(a) Target setting and alignment methodologies in the private sector	Multitude of initiatives and voluntary guidance, either climate-related commitment and target-setting or portfolio alignment
(b) Target setting and alignment approaches in the public sector	Including in central banks and supervisory authorities, as well as MDBs and other public development finance institutions' efforts towards alignment
(c) Methods for climate resilience in the public and private sector	At earlier stages than net-zero approaches but growing
(d) Transition finance methodologies in the public and private sector	Increased attention, multitude of definitions and use cases, complementary to net zero targets and alignment approaches
(e) Disclosure frameworks and supervisory assessments (mainly public sector)	Increasing uptake both voluntary and mandatory
(f) Third-party assessment methodologies (civil society)	Tend to be focused on sectors, actors or themes

Reference to Article 9

- Synergies between Article 2.1(c) and Article 9 are seen in activities, including:
 - Efforts by private finance initiatives and individual financial institutions to increase investments in developing countries,
 - Ongoing discussion of the reform and evolution of the international and multilateral financial system and taxation and levies,
 - Methodology development to ensure that ODA and OOF are climate-consistent,
 - Country-led investment platform development and plans that combine concessional and non-concessional financing and policy reforms and measures to implement just transitions towards targets that are nationally outlined,
 - Financial, technical assistance and capacity-building support to foster deep and inclusive financial markets in developing countries.

BA6 Insights

- A shift is seen from high level commitments towards transition and implementation planning;
- Adaptation and resilience remain under represented, but this is acknowledged by public actors and initiatives;
- Very few mapped actions are framed in the context of Article 2.1(c) including its reference to Article 9, instead in the context of contribution to the Paris Agreement goals;
- Relevant initiatives have global footprints, but private initiatives in particular, have headquarters concentrated in North America and Europe;
- The need identified for global cooperation, collaboration, learning and sharing of expertise, *and* regional, sectoral and nationally appropriate approaches and methods;
- There remain barriers to implementation and progress tracking, including: method and data gaps, risks of fragmentation of approaches, transition costs, and concerns for lack of transparency, credibility and real economy impact.

