



Research Collaborative
Tracking Private Climate Finance

Tracking finance flows in the context of Article 2.1c of the Paris Agreement

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Context - Article 2.1c of the Paris Agreement

Article 2.1 of the Paris Agreement

“This 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:

[...]

- c. Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development. [...]*”

Scope of climate finance tracking	Finance to activities aimed to contribute to climate objectives	Scope of Article 2.1c-related finance tracking
	Finance to activities with climate-related co-benefits	
	Finance to activities with no particular climate-related impact	
	Finance to activities that undermine climate objectives	

Reference: Jachnik, Mirabile and Dobrinevski (2019), “Tracking finance flows towards assessing their consistency with climate objectives: possible scope, knowns and unknowns”, [OECD Environment Working Papers](#) (forthcoming), OECD Publishing, Paris.

Why the proposed tracking of financial flows?

National context

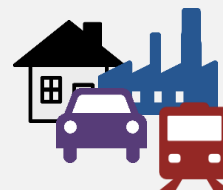
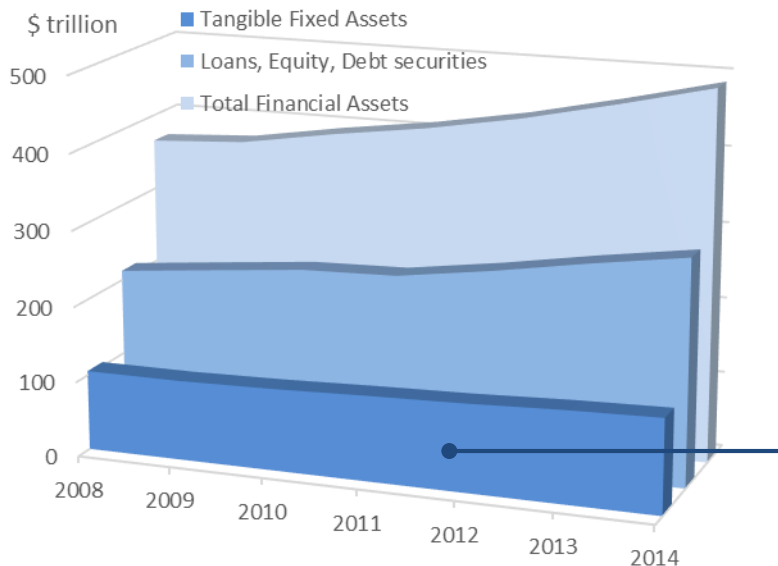
- Determine current state with respect to consistency with national climate objectives
- Monitor and evaluate policies aimed at shifting investment
- Complement tracking of non-financial indicators on climate mitigation

International context

- Identify potential data and indicators (on regional, national, global levels) for informing UNFCCC Global Stocktake
- Identify possible finance-related indicators in the context of environment-related statistics, e.g. green growth indicators
- Inform potential future disclosure initiatives

Which financial flows to track?

Stocks of assets



majority of
GHG emissions



Infrastructure

- Buildings
- Transportation (Roads, railways, bridges, ...)
- Utilities (power plants, water treatment plants, ...)
- ...

Equipment








- Vehicles
- Industrial machinery
- Household appliances
- ...

Focus on financial flows into

- **New** infrastructure and equipment
- **Refurbishment** of existing infrastructure and equipment

Reference: Jachnik, Mirabile and Dobrinevski (2019), "Tracking finance flows towards assessing their consistency with climate objectives: possible scope, knowns and unknowns", [OECD Environment Working Papers](#) (forthcoming), OECD Publishing, Paris.

How to measure?

Examples of data	Volume [\$ trillion]	Granularity
National accounts (gross fixed capital formation)	 21	Sector
Energy investments	 1.8	Sub-sector
Climate finance	 0.7	Sub-sector
Project finance	 0.3	Project
Commercial banks finance to fossil fuel	 0.2	Sub-sector
International development finance	 0.2	Project
French domestic climate finance	 0.04	Sub-sector
...

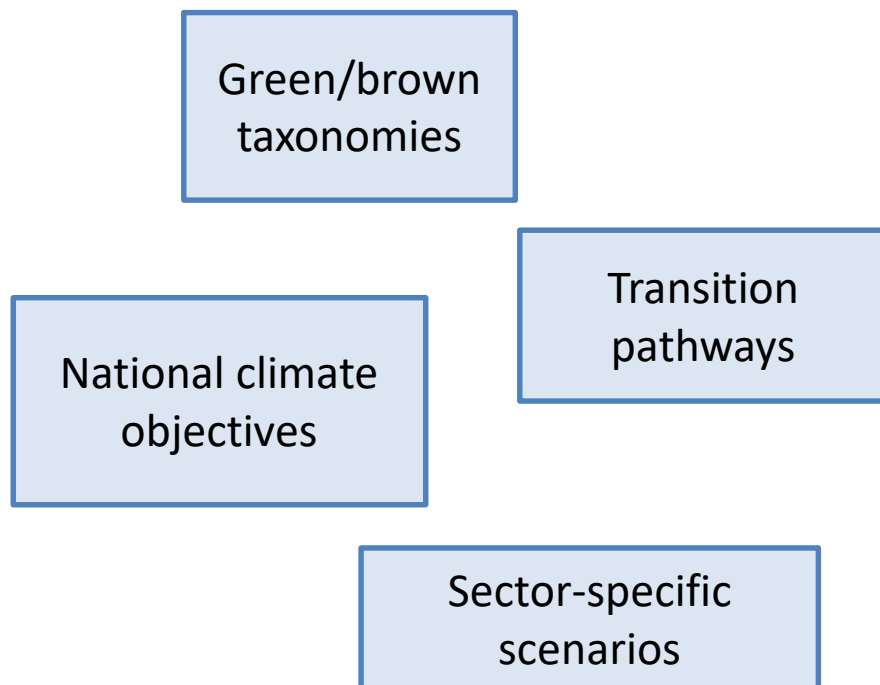
Combine **different sources of financial data**

Complement with **estimations based on non-financial proxies**

Reference: Jachnik, Mirabile and Dobrinevski (2019), "Tracking finance flows towards assessing their consistency with climate objectives: possible scope, knowns and unknowns", [OECD Environment Working Papers](#) (forthcoming), OECD Publishing, Paris.

How to classify with respect to climate objectives?

Multitude of approaches to classifying investment flows with respect to climate objectives, for example:



Different perspectives (e.g. national/global objectives) are **not always coherent**

→ **Include multiple views**

→ **Highlight areas of incoherence for potential future policy discussion**

Reference: Jachnik and Dobrinevski (2019), "Tracking finance flows towards assessing their consistency with climate objectives: country pilot studies", OECD Environment Scoping Note (unpublished)

Outlook and next steps

Pilot studies on country level

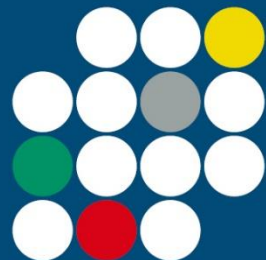
- One to two pilot studies in the near future
- Focused on a single sector (ideally a different one in each country)
- Explore data availability and estimation methods

Aggregate-level finance estimates and indicators

- Build on methodological framework and experiences from country-level pilots
- Explore global data availability and constraints
- Develop/contribute to possible scorecards of indicators

Co-operate with other relevant actors

**Track progress in
relation to Article
2.1c**



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THANK YOU FOR YOUR ATTENTION!

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