

**UNDERSTANDING WHAT THE GLOBAL STOCKTAKE IS  
AND  
AVENUES FOR FOLLOW-UP BY THE SUSTAINABLE FINANCE  
OBSERVATORY**

## 1. General presentation

The Global Stocktake (GST) is an initiative governed by the United Nations Framework Convention on Climate Change (UNFCCC)<sup>1</sup>. It follows the first publication of the national plans and greenhouse gas emission reduction targets of the parties to the Paris Agreement in the form of Nationally Determined Contributions (NDCs) in 2015.

Its objectives are to examine, by 2050: (i) the progress made, (ii) the needs required and (iii) the approaches to be favored to strengthen efforts to achieve the objectives, and to monitor the redirection of financial flows<sup>2</sup>.

To this end, an assessment report is published every 5 years from 2023 (ahead of COP 28) and 3 years after each update of the NDCs<sup>3</sup>. The data received are systematically verified by peers and the UNFCCC secretariat. It should be remembered that the UN framework does not represent a legal obligation for its members. Parties are under no obligation to comply with the NDCs or any other emission reduction target.

### Focus on France's NDCs:

*The NDCs that commit France are taken by the European Union and commit all its members collectively. The announcements made at COP 30 in 2025 will therefore be decided by and at the level of the European Union.*

*As a reminder, the EU made a commitment to reduce its domestic GHG emissions by 40% by 2030 (compared with 1990) when it published its first NDCs in 2015<sup>4</sup>. In 2020, the 27 countries of the European Union are among the 70 countries, representing 28% of global GHG emissions, to have submitted enhanced NDCs. The new announcement<sup>5</sup> proposed a 55%<sup>6</sup> reduction in GHG emissions, instead of the initial 40%.*

*In France, these commitments are set out in the National Low Carbon Strategy.*

Global Stocktake is a three-phase process described below.

### **Phase I: Information gathering and preparation**

During Phase I of its action plan, GST is collecting information via the GST platform<sup>7</sup>. Data collection began in 2022 and ended in June 2023.

**Data comes from:** (i) the countries that make up the Parties to the Paris Agreement, (ii) expert reports from international organizations (e.g. IPCC), (iii) regional groups and institutions, and (iv) various actors and observers who are not direct stakeholders in the UNFCCC.

Data relating to Nationally Determined Contributions (NDCs) form the primary basis of data collected to monitor the efforts and trajectories of each country. The first NDC data were collected in 2020 and will continue to be collected every 5 years to provide a preliminary, purely quantitative assessment of each country's contribution to global warming. In a second phase, GST collects data from the sources described above.

<sup>1</sup> [GST section of the UNFCCC website](#)

<sup>2</sup> [Presentation of the GST by the World Resources Institute](#)

<sup>3</sup> [NDCs are also updated every 5 years](#)

<sup>4</sup> [European Union NDCs \(including France\) in 2015](#)

<sup>5</sup> [EU NDCs \(including France\) in 2020](#)

<sup>6</sup> [This target was raised to 57% in March 2023](#)

<sup>7</sup> [Global Stocktake Platform](#)

## Types of data collected throughout the GST<sup>8</sup> :

- Status of greenhouse gas emissions by source and offset method, as well as mitigation efforts undertaken by Parties
  - *Enabling monitoring of commitments under Article 13, paragraph 7 a), and Article 4, paragraphs 7, 15 and 19, of the Paris Agreement<sup>9</sup>*
- Overall effects of Parties' NDCs and overall progress made by Parties in implementing them
  - *Enabling monitoring of commitments under Article 13, paragraph 7 b), of the Paris Agreement*
- Status of adaptation efforts and priorities
  - *Monitoring commitments under Article 7, paragraphs 2, 10, 11 and 14 of the Paris Agreement, and reports under Article 13, paragraph 8 of the Paris Agreement.*
- **Financing flows** : annual global amount of climate financing (as defined by GST), as well as its evolution over a 2-year moving average, and the share of financing it represents among all financing, (ii) annual global amount of financing allocated to high-emission activities, (iii) statement of initiatives committed to a Net Zero trajectory by 2050 and the volume of assets under management of their members.
  - *Enabling the monitoring of commitments under Article 2, paragraph 1, point c), Article 9, paragraphs 4 and 6, Article 10, paragraph 6, Article 11, paragraph 3, and Article 13, paragraphs 9 and 10, of the Paris Agreement*
- Efforts to minimize and account for loss and damage associated with the adverse effects of climate change
- Obstacles and challenges, including financing, technology and capacity-building gaps
- Best practices in international cooperation, mitigation and adaptation
  - *Enabling the monitoring of commitments under Article 13 paragraph 5 of the Paris Agreement;*
- Respect for the equitable contributions of different countries according to their means.

## **Phase II Technical assessment, dialogue**

Phase II is the **production of a synthesis report (Technical Assessment')** which deals with **three different aspects of the evolution of greenhouse gas emissions**: (i) mitigation, (ii) adaptation, and (iii) means of implementation. This report is written after 3 cycles of conferences ("technical dialogues") on climate, led by the United Nations.

The first dialogue (Technical Dialogue 1.1)<sup>10</sup> of this first GST was held at the Bonn Climate Change Conference in June 2022. It focused on the "what". It provided an initial overview of the progress made and the gaps identified between the commitments made by each Party and the objectives of the Paris Agreement, based on the documents submitted by Parties, the Paris Group and non-Party stakeholders during Phase 1. It also aimed to agree on the scope and content of the discussions.

The second dialogue (TD 1.2)<sup>11</sup> was held at COP 27 in Sharm El Sheikh in November 2022. The dialogue focused on the "how", i.e. how states can pursue their efforts and close the gaps identified in the first dialogue.

The third dialogue (TD 1.3)<sup>12</sup> took place at the Bonn Climate Change Conference in June 2023. This last dialogue had two roles. On the one hand, it was to focus on the next steps in order to determine

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<sup>8</sup> [As indicated on the UNFCCC website](#)

<sup>9</sup> [Paris Agreement](#)

<sup>10</sup> [UNFCCC page dedicated to TD1.1](#)

<sup>11</sup> [UNFCCC page dedicated to TD1.2](#)

<sup>12</sup> [UNFCCC page dedicated to TD1.3](#)

which measures should be put in place, by which countries, with what timetables, means and objectives. On the other hand, this dialogue had to ensure that no subject or party had been overlooked in previous dialogues.

This articulation between the dialogues provided the elements needed to draw up a synthesis report written by the dialogue co-facilitators and published on September 8, 2023<sup>13</sup>, enabling the GST to move on to phase 3, which is the translation of results into policy. The main conclusions of this report can be found in Appendix 1 of this note.

### **Phase III: Taking results into account**

Phase III will discuss the main results of the technical dialogues published in the synthesis of the three technical dialogues and their implications. For this exercise, this phase will open at COP 28. Each country will then have 2 years to adjust its Nationally Determined Contributions (NDCs). They will have to announce them in 2025, i.e. 5 years after their first update.

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<sup>13</sup> [Summary report of the technical dialogues of the first Global Stocktake](#)

## 2. Finance in the Paris Agreement and the Global Stocktake

While the first two themes of the Global Stocktake (adaptation and mitigation) enable us to identify where the signatory countries of the Paris Agreement stand in relation to the climate objectives they have set themselves, it is essential to complement this approach with an analysis of the resources put in place to meet these objectives. Firstly, by identifying the concrete levers of action chosen to achieve the objectives, and secondly, by analyzing the associated financing.

The allocation of financial flows to meet mitigation and adaptation objectives is at the heart of the commitments made by signatory countries in 2015, although there is no explicit link to associated transition planning.

As a reminder, Article 2.1.C specifies this commitment: "This Agreement, in contributing to the implementation of the Convention, in particular its objective, aims to strengthen the global response to the threat of climate change, in the context of sustainable development and poverty alleviation, including by: [...] **(c) Making financial flows consistent with a pathway towards low greenhouse gas-emitting and climate-resilient development**". This commitment is also complemented by the commitments specified in Article 9 of the same agreement.

Regarding financial flows, this initial global monitoring make it possible to:

- Compare the amounts invested in climate protection with those allocated to fossil fuels or other so-called harmful activities;
- Understand whether the signatory countries have attached equal importance to the two aspects of the Paris Agreement, i.e. mitigation of climate change and adaptation to its consequences, in accordance with Article 9.4;
- Assess the weight of each geographical area in financial flows towards the ecological transition, and in particular monitor whether developed countries are meeting their commitments to support developing countries, in accordance with Article 9.1 of the Paris Agreement.
- Determine which financial instruments (grants, multilateral funds, etc.) have been used the most, which are the most effective and for which objectives. This monitoring enables us to report on the progress made by countries in meeting their commitments under article 9.3.

To carry out this analysis, the UNFCCC relied primarily on the Fifth Biennial Assessment <sup>14</sup>, a summary of financial flows in the fight against climate change, which is published every two years and provides detailed information on the financing involved in achieving the objectives of the Paris Agreement. The report is based on indicators such as :

- Fossil fuel investments;
- Investment expenditure by fossil fuel companies in assets at risk of abandonment;
- Investments in areas at risk of deforestation;
- Percentage of mitigation or adaptation funding out of total funding
- Percentage of overall climate financing through grants, multilateral development banks or bilateral channels;
- Financing from developed countries received by developing countries for mitigation or adaptation.

These data are drawn from various sources, including the work of CPI, the IEA and other international institutions.<sup>15</sup>

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<sup>14</sup> UNFCCC. 2022. [Fifth BA](#)

<sup>15</sup> In the section « Sources of Climate Finance data » on the website [page of the 5<sup>th</sup> BA](#)

Linked to the results of the first themes, this section enables us to understand the effectiveness of these resources, and then to determine the increases and reallocations needed to close the gaps with planned commitments.

### **3. Proposed follow-up by the Sustainable Finance Observatory**

#### **a. Sustainable Finance Observatory**

As a reminder, France made a commitment at the July 2, 2019, marketplace agreement to launch a Sustainable Finance Observatory to monitor Article 2.C.: reporting on the transformation of the French financial sector towards a low-carbon economy and tracking the commitments of financial actors<sup>16</sup>. This project is supported and co-financed by the European Union via a LIFE program.

The Observatoire de la Finance Durable (Sustainable Finance Observatory) publishes open-access data from actors in the marketplace. This dynamic data web platform presents, on the one hand, a monitoring and analysis of the individual commitments of financial actors, based on voluntary declarations by each player, and, on the other hand, data aggregated<sup>17</sup> by business sector to track the divestment of greenhouse gas-emitting activities, the monitoring of low-carbon investments, and the monitoring of the management and marketing of responsible financial products.

A three-way governance structure involving public and private actors, and a scientific committee guaranteeing the scientific rigor of the data published, has been set up with the aim of distributing the weight of the decision-making bodies and providing all the business and methodological skills required for the project. The Institut de la Finance Durable is leading the project.

#### **b. Monitoring public-sector data by the GST**

In order to monitor the commitments made by countries when signing the Paris Agreement, the Global Stocktake relies on various indicators. As part of the monitoring of the resources put in place (including the development of technology and the reallocation of financial flows), the GST relies on some of the indicators presented in the 5th Biennial Assessment report, enabling a summary to be drawn up to better appreciate the efforts made by the signatory countries to the Agreement.

In 2023, as part of an ADEME grant, the scope of the Sustainable Finance Observatory's missions was broadened, with a new objective in particular: to supplement the data already collected and published for private players, with monitoring of public players. To achieve this mission, the Observatoire de la Finance Durable intends to draw on the work of the GST and the Biennial Assessment.

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<sup>16</sup> [Why a sustainable Observatory](#)

<sup>17</sup> [Monitoring of aggregate data from private actors by the Sustainable Finance Observatory](#)

### Proposals for 2024, within the framework of an ADEME grant

The first step would be **to make the public-sector data presented in the United Nations Framework Convention on Climate Change (UNFCCC) report and in the 5th biennial assessment and synthesis of financial flows in the fight against climate change (BA) accessible and comprehensible.**

Users will be able to access these data in graphical format, accompanied by pedagogical explanations similar to those already presented on the site for private players. It has not yet been specified whether the data published will be aggregated at global level or by country-region. As France's NDCs are announced at European level, the Observatoire will also be working to translate these indicators to the French level, in order to meet its primary objective as defined in the Place agreement in 2019.

The second stage would be to **annualize this work in order to monitor European and French commitments on a more regular basis.** The GST and BA processes are carried out every 5 and 2 years respectively, and data is only collected and published at this frequency. What's more, the data is often aggregated to represent global flows or by geographical area, so the aim would be to collaborate with our French and European partners for more precise monitoring in line with European NDCs.

Finally, drawing on the skills it has acquired in carrying out this exercise for private actors and its central position in the French financial ecosystem, the Observatoire would like to **mobilize French public actors to supplement this international monitoring with more ambitious and more precise indicators,** which could feed into the collection phase of the next GST.



#### 4. Notes

This first exercise is an essential moment in the life of the Paris Agreement. Eight years after the commitments made by the signatory countries, the world's decision-makers have a new window of opportunity to redefine and raise the ambition of fundamental commitments in the fight against climate change.

At the end of this summary report, and in the run-up to COP 28, a few questions remain unanswered: will signatory countries and other non-Party stakeholders be able to use these indicators to take the necessary decisions to meet their commitments and close the gaps identified? how will decision-makers interpret the financial data in the absence of a reference transition scenario? Regarding the data collected and the indicators, have certain key elements been lost in the drive to create global indicators rather than indicators by geographical area or by country?

Several points therefore remain to be clarified in order to determine the role that the Global Stocktake will play in monitoring the transformation of private and public players towards sustainable finance.

## **Appendices:**

Annexes :

Summary of the main findings of the three technical dialogues of the first GST, as presented in the co-facilitators' summary report.

Ahead of this COP, and while the summary of the last technical dialogue is not yet available, we can retain the following key messages from the first two TDs as reported by the co-facilitators of the second technical dialogue<sup>18</sup>.

### **Context**

- Since its adoption, the Paris Agreement has driven near-universal climate action by setting goals and sending signals to the world regarding the urgency of responding to the climate crisis. While action is proceeding, much more is needed now on all fronts.
- To strengthen the global response to the threat of climate change in the context of sustainable development and efforts to eradicate poverty, governments need to support systems transformations that mainstream climate resilience and low GHG emissions development. Credible, accountable and transparent actions by nonParty stakeholders are needed to strengthen efforts for systems transformations.
- systems transformations generate many opportunities, but rapid change can be disruptive. A focus on inclusion and equity can increase ambition in climate action and support.

### **On mitigation, including response measures:**

- Global emissions are not in line with modelled global mitigation pathways consistent with the temperature goal of the Paris Agreement, and there is a rapidly narrowing window to raise ambition and implement existing commitments in order to limit warming to 1.5 °C above pre-industrial levels.
- Much more ambition in action and support is needed in implementing domestic mitigation measures and setting more ambitious targets in NDCs to realize existing and emerging opportunities across contexts, in order to reduce global GHG emissions by 43 per cent by 2030 and further by 60 per cent by 2035 compared with 2019 levels, and reach net zero CO<sub>2</sub> emissions by 2050 globally.
- Achieving net zero CO<sub>2</sub> and GHG emissions requires systems transformations across all sectors and contexts, including scaling up renewable energy while phasing out all unabated fossil fuels, ending deforestation, reducing non-CO<sub>2</sub> emissions, and implementing both supply- and demand-side measures.
- Just transitions can support more robust and equitable mitigation outcomes, with tailored approaches addressing different contexts.
- Economic diversification is a key strategy to address the impacts of response measures, with various options that can be applied in different contexts.

### **On adaptation including loss and damage:**

- As climate change threatens all countries, communities and people around the world, increased adaptation action as well as enhanced efforts to avert, minimize and address loss and damage are urgently needed to reduce and respond to increasing impacts, particularly for those who are least prepared for change and least able to recover from disasters.
- Collectively, there is increasing ambition in plans and commitments for adaptation action and support, but most observed adaptation efforts are fragmented, incremental, sector-specific and unequally distributed across regions.

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<sup>18</sup> [Summary report of the technical dialogues of the first Global Stock](#)

- When adaptation is informed and driven by local contexts, populations and priorities, both the adequacy and the effectiveness of adaptation action and support are enhanced, and this can also promote transformational adaptation.
- Averting, minimizing and addressing loss and damage requires urgent action across climate and development policies to manage risks comprehensively and provide support to impacted communities.
- Support for adaptation and funding arrangements for averting, minimizing and addressing loss and damage need to be rapidly scaled up from expanded and innovative sources, and financial flows need to be made consistent with climate-resilient development to meet urgent and increasing needs.

#### **On means of implementation and support:**

- Scaled-up mobilization of support for climate action in developing countries entails strategically deploying international public finance, which remains a prime enabler for action, and continuing to enhance effectiveness, including access, ownership and impacts.
- Making finance flows – international and domestic, public and private – consistent with a pathway towards low GHG emissions and climate-resilient development entails creating opportunities to unlock trillions of dollars and shift investments to climate action across scales.
- Existing cleaner technologies need to be rapidly deployed, together with accelerated innovation, development and transfer of new technologies, to support the needs of developing countries.
- Capacity-building is foundational to achieving broad-ranging and sustained climate action and requires effective country-led and needs-based cooperation to ensure capacities are enhanced and retained over time at all levels.

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