



The long-term transition to a net zero, resilient, and environmentally-sustainable global economy will require unprecedented changes to global financial flows. Before COVID-19, many estimates of the financing gap needed to meet the Paris goals were around \$7 trillion per year. An updated needs assessment is due in 2020. The recovery packages underway across the world will influence how even larger sums of financial support are spent and will play a key determining role for mitigation and adaptation pathways for decades to come.

We must integrate climate into every financial decision – how we invest, measure risk, and assign value to assets. To date, companies with assets under management of \$5 trillion are committed to net zero by 2050 (Net Zero Asset Owners Alliance), and investors with over \$40 trillion in assets representing 80% of emissions are committed to calling for those assets to be aligned with Paris, increase disclosure of climate risk to assets and strengthen governance (Climate Action 100+).

There are huge investment opportunities to be realised from the low carbon transition and we are seeing a major shift. In 2019, green bond issuance hit a record \$257.7bn. In the first quarter of 2020, global sustainable open-ended funds brought in \$40.5bn in new assets, a 41% increase year-over-year. That said, achieving the Paris goal of stabilising the climate at less than two degrees requires moving to the trillions in a whole economy transition. Every financial institution, every company, every bank, every insurer and investor will have to adjust their business models, develop credible plans for the transition and implement them.

We are working with private finance, international financial institutions, central banks, regulators, and finance ministries to unlock rapid action at scale. Article 2.1c of the Paris Agreement gives us the mandate for action. We have seen some progress so far, but we need to move faster.

Action on finance underpins all the other COP campaigns: adaptation & resilience, energy transition, nature and zero-emission vehicles. Without good access to the right levels of high quality finance, the rest is not possible. Our overall objectives are to: make COP26 a negotiating success; catalyse the mobilisation of greater volumes of global financial flows; and ensure that every financial decision takes climate change into account. The finance campaign will help set the conditions for a future that is genuinely greener, more resilient and more sustainable than the past.



At Glasgow in November 2021 the UK will host the next conference of the UN climate negotiations. To provide the best possible conditions for ambitious COP outcomes, we will work with other donor countries to secure more predictable finance commitments and increase finance in the under-invested areas of adaptation and nature. We will also begin negotiations on the successor to the \$100bn goal.

Expert leadership from Mark Carney and Lord Nicholas Stern is supporting the COP26 campaign in achieving this. Mark Carney is the UN Secretary General's Climate Envoy and the Prime Minister's Finance Adviser for COP26 and leads delivery on three pillars: Reporting, Risk Management, and Returns. Lord Nicholas Stern is a Friend of COP26, who provides expert advice to the President on strategy and engagement for the International Financial Institutions and public development finance, particularly in light of COVID-19.