

# **G20 SUSTAINABLE FINANCE ROADMAP**

## **GFANZ Progress Report**

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# Action 1

## Summary

GFANZ promotes convergence around common frameworks, tools and best practices that will enable the global financial sector to finance net-zero transition across the G20 and beyond. The nascent state of work on transition finance globally offers scope to build common frameworks to empower global businesses and finance to deliver decarbonisation solutions, while recognising the need for country level implementation. As such, we work closely with global bodies and standard setters, and individual countries, to foster consistency and lean against fragmentation.

GFANZ work — including to leverage private sector expertise to define transition finance strategies and measure progress against them and to articulate a common framework for net zero transition planning — is firmly grounded in delivering decarbonisation in a way that is measurable and disclosed (Principle 1), while embedding key considerations including around nature and biodiversity and fairness (Principle 2).

Net zero committed FIs have made individual commitments to align their financing with net zero, and science-based pathways to 1.5 degrees, and GFANZ work is informed by the latest science, policy, technology, and the work of a range of global institutions and bodies (Principles 3, 5, 6).

In our work, we work to consolidate or rely on all relevant work from other stakeholders, public or private, and to take broad-based input including through public consultation (Principle 4). Details of our governance arrangements and work with other relevant bodies can be found on our website.

## Additional information

- [About Us | Glasgow Financial Alliance for Net Zero \(gfanzero.com\)](#)
- [GFANZ Workshops in a Box](#)
- For nature (p141), fairness (p136) considerations see: [Financial-Institutions-Net-zero-Transition-Plan-Supplemental-Information.pdf \(bbhub.io\)](#)

# Reported Activities

2022

## Activities completed

Last year, through GFANZ FI-led work, a Net Zero-Transition Plan (NZTP) Framework was developed – *consistent with the voluntary principles put forth by the G20* – which aims to support all FIs in translating ambitious net-zero pledges into actionable, science-based transition plans and which advances SFWG objectives of promoting global consistency and alignment.

More specifically, the GFANZ NZTP framework sets out globally applicable, pan-sector, principles- based recommendations to support firms in developing and executing credible, transparent, science-based transition plans, in support of an orderly global transition to net zero – in line with SFWG principles of ensuring material positive contributions to sustainability goals and addressing transition considerations, while promoting good governance, transparency, and robust science-based methods.

The Framework lays out five key components, which taken together, constitute the full set of activities firms should consider in developing credible, comprehensive, and comparable transition plans: namely, i) foundations; ii) implementation; iii) engagement; iv) metrics and

targets; and v) governance.

The first two components – foundations and implementation – focus on the science-based net zero targets and specific financing / business strategies that financial institutions can set to enable real-economy emissions reduction (in line with Principles 5 and 6).

Governance and transparency (SFWG principle 4), too, are among the five core components of the GFANZ NZTP framework, which highlights best practices for internal corporate governance mechanisms and provides guidance on internal structures to ensure appropriate strategic and operational oversight.

Additionally, the GFANZ NZTP Framework explicitly acknowledges the need for living guidance, as many pathways, tools, and methodologies may not yet be available for all situations and policy, regulation, technology, and science are evolving at a rapid pace. This is in line with SFWG principle 3, of allowing for dynamic adjustments reflecting changes in policies, technologies, and state of the transition. The GFANZ NZTP framework also accounts for the fact that as financial institutions develop and execute net-zero transition plans more widely, the necessary tools, methodologies, and datasets are likely to develop further.

## 2024 onwards

### Activities planned

We have an extremely full work programme this year, across transition planning, transition finance, energy transition, addressing hard to abate sectors and their energy demand, capital mobilisation, JETPs, public policy etc.

Additionally in building out our networks, and capacity building, which are addressed below. We produce an annual progress report

# Challenges

## Faced challenges

From the perspective of the private sector, it seems that progress on net zero transition is slowed by gaps and fragmentation in frameworks for transition finance and planning, and we would be very keen to find a way to deliver consolidation through the work of the G20 SFWG and the G20 standard setters. It is noted that the financial sector has significant dependency on the real economy also undertaking transition planning in a consistent manner.

## Action 2

### Summary

GFANZ was launched in April 2021 to support global net zero efforts across all sectors of the financial system, as part of the UN non-state actor regime. GFANZ convenes and supports eight independent net-zero financial alliances whose members have independently committed to support the transition to net zero by 2050 and help achieve the objectives of the Paris Agreement. GFANZ provides Alliance members – including banks, insurers, asset owners, asset managers, financial service providers, and investment consultants – with a global forum for collaborating on substantive, cross-cutting issues that will accelerate the alignment of financing activities with net zero.

In 2022, Alliance members developed the GFANZ NZTP Framework – a global pan-sector framework for credible and comprehensive net zero transition plans – to support a common global approach to transition planning. Since being released at COP27, several major financial institutions globally have developed and disclosed independent transition plans using the

common GFANZ framework as a guide. Most have disclosed these in the context of their TCFD reports – mapping out where different GFANZ framework components can be found in TCFD reports – and a growing number are asking their real-economy clients to do the same.

GFANZ has also published a series of technical supplements on sectoral pathways, real-economy transition plans, portfolio alignment, and managed phaseout—which aim to drive greater global consistency in approach and are critical to defining what financing is in furtherance of the net-zero transition.

GFANZ is working closely with international standard setting bodies, including the FSB, BCBS, IOSCO, ISSB, and would like to see the NZTP framework, which builds out from and is consistent with the TCFD and ISSB, being implemented as a global framework, to address the strong risk of fragmentation which slows progress on decarbonisation.

## **Additional information**

- Recommendations and Guidance on Financial Institution Net-zero Transition Plans
- GFANZ Workshops in a Box
- Financing the Managed Phaseout of Coal-Fired Power Plants in Asia Pacific

## **Major Milestones**

### **2021**

Launch of GFANZ. Since then, the Alliance membership has risen to more than 650 financial institutions across more than 50 countries, representing over 40% of global private finance. Broader membership, and building out of our networks, helps support greater global consistency in approach.

# **Reported Activities**

## **2024 onwards**

### **Activities planned**

To further facilitate use of the GFANZ NZTP Framework across the global financial sector, GFANZ published a series of publicly available transition planning “Workshops in a Box” this year – a collection of presentation materials designed to inform and educate on the GFANZ NZTP framework. The presentations contain all the information needed to hold workshops with minimal preparation and can be held independently of each other.

Additionally, GFANZ will be publishing additional work on the net zero-committed financial sector’s definition of transition finance (four financing strategies to support real-economy decarbonization) to better support financial institutions in applying these strategies. This will include consultation on a methodology for calculating financial institutions’ contributions to decarbonization, to support consistency in methodologies.

## **Challenges**

### **Faced challenges**

From the perspective of the private sector, it seems that progress on net zero transition is slowed by gaps and fragmentation in frameworks for transition finance and planning, and we would be very keen to find a way to deliver consolidation through the work of the G20 SFWG and the G20 standard setters. It is noted that the financial sector has significant dependency on the real economy also undertaking transition planning in a consistent manner.

## Action 3

### Summary

GFANZ's NTZP Framework sets out a series of tools, technical recommendations, and best practices that support the financial sector to meaningfully deliver on their net-zero commitments. In addition, GFANZ has published a series of technical supplements expanding on good practices and specific recommendations on sectoral pathways, real-economy transition plans, portfolio alignment, and managed phaseout—which aim to drive greater consistency/comparability in approach and are critical to defining what financing is in furtherance of the net-zero transition.

This includes:

- Guidance on using Sectoral Pathways to help financial institutions evaluate whether real-economy companies' strategies are aligned to a science-based net-zero pathway in their sector.
- Enhancements to Portfolio Alignment Metrics to ensure financial institutions have a reliable, consistent forward-looking tool to measure the alignment of the companies within their lending, investment, and insurance portfolios with net zero.

In addition, GFANZ has published a series of technical supplements on sectoral pathways, real-economy transition plans, portfolio alignment, and managed phaseout—which aim to drive greater consistency/comparability in approach and are critical to defining what financing is in furtherance of the net-zero transition.

## Reported Activities

2022

## Activities completed

GFANZ is working to develop the tools that provide the guide rails for the financial sector to deliver in a meaningful way on their net-zero commitments and recently published a package of materials, including “Recommendations and Guidance on Financial Institution Net-zero Transition Plans for public consultation”, setting out a pan-sector approach to transition planning.

## Challenges

### Faced challenges

In our work, following the approach taken for TCFD, we seek to leverage the work of others, consolidate and build on it so as to deliver best practice frameworks and guidance. There would be great value if policymakers pressed for such consolidation to lean against fragmentation.

## Action 4

### Summary

This is a key area of focus. Last year, GFANZ developed a common definition of transition finance, which builds on the G20 Sustainable Finance Working Group’s high-level principles for transition finance, but also reflects the strategies being used by the global financial sector to ensure that finance flows towards the transition of high-emitting sectors and supports the managed phaseout of assets that will be stranded. Alliance members are now beginning to scale finance across the four strategies identified: i) climate solutions, ii) entities aligned with net-zero pathways, iii) entities that are aligning with net-zero pathways, and iv) the accelerated, managed phaseout of stranded assets.

Working with public and private partners, GFANZ recently issued, for consultation, guidance for financial institutions looking to support coal phaseout transitions in Asia-Pacific, and we intend to deliver final guidance later this year. Additionally, the APAC Network recently launched the first GFANZ country chapter in Japan and published a collection of case studies from APAC Alliance members this year, highlighting regional best practices and adding additional regional context to the GFANZ's global NZTP Framework.

## Reported Activities

### 2022

#### Activities completed

Last year, GFANZ developed a common definition of transition finance, which builds on the G20 Sustainable Finance Working Group's high-level principles for transition finance, but also reflects the strategies being used by the global financial sector to ensure that finance flows towards the transition of high-emitting sectors and supports the managed phaseout of assets that will be stranded.

Alliance members are beginning to scale finance across the four strategies identified: i) climate solutions, ii) entities aligned with net-zero pathways, iii) entities that are aligning with net-zero pathways, and iv) the accelerated, managed phaseout of stranded assets.

Working with public and private partners, GFANZ recently issued, for consultation, guidance for financial institutions looking to support coal phaseout transitions in Asia-Pacific, and we intend to deliver final guidance later this year.

Additionally, the GFANZ APAC Network recently launched the first GFANZ country chapter in Japan and released a collection of case studies from APAC Alliance members, highlighting regional practices and adding regional context to the GFANZ Net-Zero Transition Plan

Framework.

## 2024 onwards

### Activities planned

GFANZ will be publishing additional work on the net zero-committed financial sector's definition of transition finance (four financing strategies to support real-economy decarbonization) to better support financial institutions in applying these strategies and support interoperability with taxonomy-based systems. This will include consultation on a methodology for calculating financial institutions' contributions to decarbonization, to support consistency in methodologies.

Following our public consultation, GFANZ intend deliver final guidance for financial institutions looking to support coal phaseout transitions in Asia-Pacific later this year.

## Action 5

### Summary

Scaling transition finance requires common definitions and approaches, which are addressed extensively in our wider response. Net zero committed FIs take these common definitions and innovate to deliver new instruments and products.

## Action 6

### Summary

Our NZTP Framework explicitly builds on the TCFD, which was similarly developed by the private sector, to lay out the key components of credible, comprehensive and comparable transition plans. These components represent a common framework for financial institutions to detail the real actions they will take—and the metrics and accountability mechanisms they will establish—to turn their net-zero commitments into action that supports the global transition.

Additionally, GFANZ published Guidance on Real Economy Transition Plans, explaining the key components that financial institutions would need from real economy companies' transition plans, so that financial institutions can assess and measure these companies' strategies for net zero to inform their own transition planning and implementation.

By promoting common global frameworks and recommendations, GFANZ has been able to advance SFWG objectives, including promoting global interoperability in regulatory standards. In the UK, for example, the Transition Planning Taskforce (TPT) is drawing upon GFANZ's NZTP framework, to develop domestic transition plan disclosure requirements, which will be implemented in the UK, but could inform similar efforts globally.

Additional resource: Workshops in a Box | Glasgow Financial Alliance for Net Zero ([gfanzero.com](http://gfanzero.com))

## Action 7

### Summary

GFANZ is supporting the Climate Data Steering Committee (CDSC) in overseeing the development of the Net-Zero Data Public Utility (NZDPU), which will provide free and open access to consistent data on companies' Scope 1, 2, and 3 emissions, carbon credits, and emissions reduction targets. With a planned beta pilot launch at COP28, the NZDPU will address the lack of broadly accessible, high quality data by bringing greater standardization, transparency, and data integrity to financial markets and other data users.

The CDSC brings together IOs (UNFCCC, IMF, OECD, NGFS, FSB, ISSB etc) alongside key jurisdictions to ensure that the NZDPU delivers on public policy goals for climate data. A key consideration will be to leverage and support the availability of the identified data points in a way that is consistent with ISSB standards.

Ultimately, the NZDPU is intended to be housed in the UNFCCC to make accurate, trusted, and verifiable climate transition-related data available in a single place for the first time, so that investors, businesses, governments, and other stakeholders can all monitor progress towards climate goals, bringing greater public accountability.

## **Reported Activities**

### **2022**

#### **Activities completed**

In October 2022, GFANZ co-chair Michael Bloomberg and President Macron launched the Climate Data Steering Committee (CDSC), a group of regulators, policymakers, standard setters, and leaders of international organizations working to make clear, comparable, and decision-useful climate transition information freely available. For COP27, CDSC released a [draft white paper](#) outlining its proposed recommendations for the development of a Net-Zero Data Public Utility (NZDPU) for public consultation. After incorporating public feedback, the CDSC released its final recommendations at COP27, which will help inform the development of the NZDPU.

### **2023**

#### **Activities completed**

- At the Point Zero Forum in June 2023, Switzerland announced the first national-level initiative bringing together public and private institutions to contribute to the development of the NZDPU. As part of this agreement, leading Swiss financial institutions will test the platform.
- The Monetary Authority of Singapore (MAS) also announced it signed an MOU to commit Greenprint as the first platform to link and interoperate with the NZDPU. In doing so, they will empower users of Greenprint's ESGenome disclosure portal with the ability to transmit key emissions data and benchmark their firms' performances against the NZDPU's global database of public companies.

## 2024 onwards

### Activities planned

The NZDPU beta pilot will launch at COP28, which will support open access to consistent data on hundreds of companies' Scope 1, 2, and 3 GHG emissions and emissions reduction targets. This beta pilot will include a consultation on the NZDPU's user interface and the initial data models. Following this consultation, the NZDPU plans to expand the scope of data and universe of companies represented over the coming years.

Ultimately, the NZDPU is intended to be housed in the United Nations Framework Convention on Climate Change (UNFCCC) Global Climate Action Portal to make accurate, trusted, and verifiable climate transition related data available in a single place for the first time so that investors, businesses, governments, and other stakeholders can all monitor progress towards climate goals, bringing greater public accountability.

## Challenges

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## Faced challenges

Securing core climate data would be accelerated through implementation of ISSB standards, and further work to ensure common approaches to forward looking data - such as that delivered through a globally consistent approach to transition planning. CDSC will work countries implementing transition planning disclosure frameworks to explore whether relevant data can be plugged into the CDSC.

## Action 8

### Summary

GFANZ's Net Zero Transition Plan (NZTP) Framework provides a suite of resources and case studies for financial institutions on the various metrics and targets that cover real-economy emissions reduction, net-zero transition plan execution, and financed emissions.

GFANZ is working to further build out our transition finance strategies and new metrics / yardsticks to help stakeholders quantify and assess the growing deployment of GFANZ-aligned transition plans by financial institutions, and measure the progress that financial institutions are making against the four buckets of transition finance identified in the GFANZ NZTP Framework.

Additionally, as set out under #7, GFANZ is supporting the development of the Net-Zero Data Public Utility (NZDPU), which will help address the lack of broadly accessible, high quality data by bringing greater standardization, transparency, and data integrity to financial markets and other data users.

## Reported Activities

### 2022

## Activities completed

In 2022, GFANZ published [Enhancements to Portfolio Alignment Metrics](#) to help ensure financial institutions have a reliable, consistent forward-looking tool to measure the alignment of the companies within their lending, investment, and insurance portfolios with net zero.

## 2023

### Activities planned

GFANZ is working to further build out the definitions of transition finance, and associated metrics and targets component and will consult on these in 2023.

GFANZ will also develop metrics to help stakeholders quantify and assess the growing deployment of GFANZ-aligned transition plans by financial institutions, and to measure the progress that Alliance members are making against the four buckets of transition finance identified in the GFANZ NZTP Framework.

GFANZ is also working to develop new metrics to capture the impact of financing transition in terms of measuring contribution to decarbonisation and will consult publicly on this in 2023.

## Action 9

### Summary

GFANZ continues to lead and support capacity building efforts aimed at providing local financial institutions – including in emerging and developing economies – with technical assistance on climate climate data / disclosures and net zero target setting and transition planning, including through GFANZ / UNEP / PRI collaboration.

Additionally, GFANZ has proposed to help launch a global coalition of organizations providing capacity building support—including technical assistance, training, knowledge sharing, and research—to help EMDE FIs address challenges related to climate disclosures. Collaboration through the Coalition is intended to promote the uptake, and maximize the effectiveness, of such capacity building resources.

## **Reported Activities**

### **2024 onwards**

#### **Activities planned**

Additionally, GFANZ has proposed to help launch a global coalition of organizations providing capacity building support—including technical assistance, training, knowledge sharing, and research—to help EMDE FIs address challenges related to climate disclosures. Collaboration through the Coalition is intended to promote the uptake, and maximize the effectiveness, of such capacity building resources.

## **Action 10**

### **Summary**

The GFANZ Net-Zero Transition Plan framework includes recommendations around inclusion of nature-related topics, particularly around how institutions manage exposure to deforestation. The framework is also designed to allow institutions to integrate nature into their transition plans; the WWF released a report on [Nature in Transition Plans](#) detailing how to integrate nature-related considerations into the GFANZ transition plan framework.

# Reported Activities

## 2024

### Activities planned

GFANZ is beginning to undertake work to support the integration of nature and biodiversity considerations into net zero transition planning, with this work to proceed through to 2024.

### Action 11

#### Summary

As more firms develop and disclose transition plans in line with GFANZ's NZTP Framework, transition plans have the potential to provide policymakers, regulators, and supervisors with the forward-looking information and insights they need to better understand efforts within individual entities and across the real economy and financial system to mitigate climate-related risks to financial stability. To that end, GFANZ is continuing to engage with financial regulators and macroprudential supervisors on how application of the GFANZ NZTP Framework will produce the information they need to evaluate transition planning efforts and the associated climate risk mitigation, and better inform them of progress.

Additionally, GFANZ has published a [practical guide to support financial institutions' use of sectoral pathways](#), which are a critical tool for assessing and exploring the possible impacts of physical and transition risk on the global economy and financial system.

GFANZ has also urged developers of sectoral pathways to use the insights from this report to improve the usability of their pathways.

In terms of expanding the coverage of risk analysis, GFANZ has identified nature- and biodiversity- related risks and opportunities – both at the individual entity level and across the global financial system – as areas requiring further work. Such work could inform the development of detailed pan-sector guidance on how financial institutions can integrate nature- and biodiversity- related risks into transition plans, as discussed in the [Financial Institution Net-zero Transition Plans — Supplemental Information](#) report. In the meantime, GFANZ encourages financial institutions to use existing guidance and develop their own understanding and practice to factor these topics into the objectives and priorities of their net-zero transition plan.

## **Reported Activities**

### **2024**

#### **Activities planned**

As more firms across different sub-sectors continue to develop and disclose transition plans in line with GFANZ’s Net-Zero Transition Plan (NZTP) Framework, transition plans also have the potential to provide policymakers, regulators, and supervisors with the necessary insights to better understand efforts to mitigate climate-related risk, and to assess progress toward realizing national climate commitments.

To that end, GFANZ is continuing to engage with financial regulators, supervisors, industry initiatives, real-economy representatives, and civil society organizations on how application of the GFANZ NZTP Framework will produce the information they need to evaluate transition planning efforts and the associated climate risk mitigation, and better inform them of progress. This

includes providing microprudential and macroprudential supervisors and regulators with insight into how financial institutions' transitions, individually and collectively, may impact firm-specific and sector-wide financial stability risks.

## Action 12

### Summary

GFANZ is continuing to engage with financial regulators, supervisors, industry initiatives, real-economy representatives, and civil society organizations on how application of the GFANZ NZTP Framework will produce the information they need to evaluate transition planning efforts and the associated climate risk mitigation, and better inform them of progress.

This includes:

1. providing microprudential and macroprudential supervisors and regulators with insight into how financial institutions' transitions, individually and collectively, may impact firm-specific and sector-wide financial stability risks
2. providing governments and policymakers with insight into how the financial system, through its capital allocation, is able to support the transition to net zero, and to identify challenges requiring policy intervention, such that governments can deliver on their own commitments to net zero
3. providing securities regulators and other stakeholders with insight into the actions being taken by financial institutions and companies to deliver on their stated commitments.

Additionally, GFANZ continues to advance its work plan on the managed phaseout of high-emitting assets and promote the use of early retirement as a sensible, net-zero aligned approach

for mitigating the significant climate and financial risks associated with stranded assets. Last year, GFANZ published an initial set of features that companies or financial institutions may be expected to provide as part of their transition plans in reference to managed phaseout. This year, GFANZ launched a public consultation on the managed phaseout of coal assets, to help address the acute financial risks that coal power in APAC poses to the global carbon budget.

Recognizing that stranded assets pose significant financial risks, GFANZ published an initial set of expectations for incorporating managed phaseout into an institution's broader transition plan. In addition, GFANZ has launched a public consultation on the Managed Phaseout of Coal in APAC, which provides guidance for financial institutions seeking to finance the early retirement of coal assets in APAC as a net zero-aligned transition finance strategy.

## **Reported Activities**

### **2022**

#### **Activities planned**

- GFANZ published a Concept Note on Portfolio Alignment Measurement on potential enhancements to forward-looking metrics to evaluate the alignment of investment, lending, and underwriting activities with net-zero objectives and which can be useful in implementing transition plans and monitoring ambition and progress. Additionally, GFANZ is working to refine best practice guidance and drive enhancement, convergence on emerging methodological best practices, and adoption of portfolio alignment metrics.

## **Challenges**

#### **Faced challenges**

It is increasingly understood the scenario analysis being deployed across the public and private sectors is systematically under-estimating the risks from climate change. As such, whilst scenario analysis can be used to better understand risks, it should not be relied upon to size such risks and nor should it determine whether policymakers or regulators seek to mitigate those risks or not. The underlying science is clear on the scale of those risks.

## Action 13

### Summary

GFANZ recognizes that credible climate policy has the potential to catalyse enormous private investment – with positive implications for jobs, growth, inflation, and energy security – while a disorderly transition could mean abrupt economic adjustments, trillions of dollars in stranded assets, and financial/price instability ([Carney 2022](#)). A scenario where no further policy is made, and a hot house world results, would have more extremely severe consequences still.

As others have noted, incl Lord Stern, there is considerable need to further invest in developing our collective understanding of these macroeconomic effects, to support effective policymaking. The financial sector is keen to address the opportunities and benefits of early transition globally, and in key jurisdictions, and would welcome the opportunity to collaborate with G20 SWFG/FWG on this.

In our work to support transition, including in specific countries, we are identifying and seeking to distil aspects of policy frameworks that can help secure the macroeconomic benefits of transition, including by securing investment in transition, including energy transition, plus in the technological solutions needed to transition, and which can become new comparative advantages.

Additional resource: [Why Climate Policy Is Macro Policy \(milkeninstitute.org\)](https://milkeninstitute.org)

## Reported Activities

### 2024 onwards

#### Activities planned

GFANZ is undertaking work, including through its policy workstream, aimed at more effectively articulating the macroeconomic implications of climate change, drawing on existing research by academics and technical experts. Importantly, this work will focus not just on climate risks, but also on the potential economic benefits of the net zero transition (e.g. on growth, jobs, competitiveness, resilience) as well as methods for quantifying these benefits.

#### Challenges

#### Faced challenges

There is excessive focus on the risks around transition given the carbon budget is non-negotiable and given the enormous economic opportunity that transition presents. A more productive focus is on opportunities and how to ensure those are widely shared.

#### Action 14

#### Summary

Please refer to action 15.

## Action 15

### Summary

GFANZ is continuing to make the case for IFIs, MDBs, and relevant IOs to play a more significant role in mobilizing private investment and blended finance for the transition. Throughout the course of 2023, GFANZ has served as a high-level convening body for private finance / MDB dialogue, hosting and supporting multiple discussions around the key role public finance and MDBs can play in mobilizing private finance to support EMDCs' just transitions.

This includes convening a series of roundtables (co-hosted with the IMF, World Bank Group, and UAE COP Presidency) bringing together governments, heads of MDBs, and private finance to identify priority actions and develop a collaborative agenda on delivering near-term results, in the runup to COP28. So far, identified priority actions that MDBs and IOs have committed to advance in the run-up to COP28 include simplifying and streamlining access to climate finance and implementing practical new ways of working together as a system, with the objective of speeding and scaling up private financing of climate transition in EMDCs. To that end, GFANZ is also supporting the recently launched World Bank Private Sector Investment Lab, which will develop, and rapidly scale, solutions that address the barriers preventing private sector investment in emerging markets. In addition, GFANZ is convening a series of high-level events on voluntary capital markets (VCMs) this year, bringing together global market participants to ensure high-integrity VCMs are scaled in such a way that mobilises significant financing to EMDCs and empowers local project developers with tools to meet best practices and standards across both supply and demand.

Additional resources:

- Statement from International Monetary Fund Managing Director, COP28 President-Designate, President of the World Bank Group, and UN Special Envoy for Climate Action and Finance
- World Bank Names 15 Leading CEOs and Chairs to Join the Private Sector Investment Lab

- GFANZ Country Platform Private Sector Statement
- Joint Statement Indonesia JETP
- Political declaration Viet Nam JETP

## Reported Activities

### 2022 - 2023

#### Activities completed

GFANZ released a Country Platform Statement, expressing private sector support for G20 Country Platforms and G7 Just Energy Transition Partnerships (JETPs) as vehicles to support EMDEs pursuing ambitious net-zero transition and setting out for consideration and refinement the sort of public-private collaboration needed to unlock private capital at scale.

Additionally, GFANZ provides practical assistance to specific developing countries, with the objective of eliminating barriers to and promoting private sector investment in climate. This includes delivering clear and important progress on practical country-specific initiatives, including the Indonesia Just Energy Transition Partnership (JETP), Viet Nam JETP, and Egypt Nexus of Water, Food and Energy (NWFE) Program, and supporting the Climate Finance Leadership Initiative (CFLI) country pilots. GFANZ will also support the newly announced Senegal JETP.

### 2024 onwards

#### Activities planned

GFANZ will continue to convene discussions around the key role MDBs can play in mobilizing private finance to support EMDCs' just transitions. GFANZ will also track and advance progress on the priority actions identified in roundtables hosted earlier this year, alongside political

leaders, heads of MDBs, and private finance.

GFANZ will also work closely with and support the recently launched World Bank Private Sector Investment Lab, which will develop, and rapidly scale, solutions that address the barriers preventing private sector investment in emerging markets.

## Action 16

### Summary

GFANZ runs a public policy workstream where participants work to identify the policy levers that if pulled would do most to support transition to net zero. We have identified five broad areas for focus – economy wide net zero transition planning by governments, particularly addressing energy supply, measures pertaining to the financial regulatory architecture, carbon pricing and markets, measures to address demand and support individuals and corporates looking to transition, and measures to unlock capital flows to EMDEs.

GFANZ is working in a number of EMDEs to identify and accelerate policy and financial solutions to move capital into sectors and activities that are critical to achieving a low-carbon, climate-resilient economy. This includes providing practical support to unlock private finance for country-specific efforts, particularly the G7's Just Energy Transition Partnerships (JETPs) in Indonesia and Vietnam, which are mobilizing tens of billions of dollars in transition finance, as well as the Egypt Nexus of Water, Food and Energy (NWFE) Program and the Climate Finance Leadership Initiative (CFLI) country pilots. GFANZ will also support the newly announced Senegal JETP.

Additionally, the GFANZ APAC Network recently released a public consultation on the Managed Phaseout of Coal in APAC, which provides guidance for financial institutions seeking to finance the early retirement of coal assets in APAC as a net zero-aligned transition finance strategy; final guidance will be published autumn 2023.

# Reported Activities

## 2023

### Activities completed

GFANZ is working with partners to more specifically identify the policy, as well as the technology and financing solutions, needed to decarbonise hard to abate industrial sectors. This work is designed to deliver results globally for key high emitting sectors including by reducing energy demand.

## 2024 onwards

### Activities planned

GFANZ is working to support real economy transition globally, including with a focus on addressing the financing gap that major EMDEs face. In July 2022, GFANZ released a statement of private sector support for G20 Country Platforms and G7 Just Energy Transition Partnerships (JETPs) as vehicles to support EMDEs pursuing ambitious net-zero transition.

GFANZ will continue to engage, as appropriate, with the stakeholders building the G20 Country Platforms and G7 JETPs and may release a final version of the Private Sector Statement ahead of COP27 as well as seeking to support the lead countries and their partners in making tangible progress on Country Platforms / JETPs being pursued.

CFLI will continue to build its work in India and Colombia while also launching country pilots in South Africa and potentially elsewhere focused on accelerating the origination and execution of near-term catalytic financing opportunities and policy solutions.

## Action 17

### Summary

Please refer to #7 on the NZDPU.

## Action 18

### Summary

Alliance members developed the [GFANZ Net Zero Transition Plan Framework](#) – a global pan-sector framework for credible and comprehensive net zero transition plans – to support a common global approach to transition planning. Since being released at COP27, several major financial institutions have developed and disclosed independent transition plans using the GFANZ framework as a guide. Most have disclosed these in the context of their TCFD reports – mapping out where different GFANZ framework components can be found in TCFD reports – and a growing number are asking their real-economy clients to do the same. This includes how firms can integrate considerations around a just transition.

The GFANZ transition plan framework provides a principles-based definition of transition finance (from the perspective of the net zero-committed financial sector) as four financing strategies that drive real-economy emissions reductions. GFANZ is now working to further define these strategies to better develop metrics and support interoperability with taxonomy-based approaches.

## Action 19

# Summary

GFANZ continues to invest in its regional networks to ensure better collaboration at the regional level, and to ensure its work accounts for different regional contexts and can be applicable and inclusive to financial institutions and policymakers globally. The regional networks are supported not only by GFANZ but also by partners in the region, with the goal of promoting knowledge sharing and engagement with local firms and policymakers to incorporate their feedback into GFANZ's wider work.

Each network's areas of focus varies according to the contexts within the region. For example, the GFANZ APAC Network released this year a public consultation on the Managed Phaseout of Coal in APAC, which provides guidance for financial institutions seeking to finance the early retirement of coal assets in APAC as a net zero-aligned transition finance strategy; final guidance will be published autumn 2023.

GFANZ continues to lead and support capacity building efforts aimed at providing local financial institutions with technical assistance on climate data / disclosures and net zero target setting and transition planning, including through GFANZ / UNEP / PRI collaboration.

Specifically, GFANZ has proposed to help launch a global coalition of organizations providing capacity building support—including technical assistance, training, knowledge sharing, and research—to help EMDE FIs address climate change and transition to net zero. Collaboration through the Coalition is intended to promote the uptake, and maximize the effectiveness, of such capacity building resources.

GFANZ's experience with its Regional Networks and its work supporting Just Energy Transition Partnerships (JETPs) and other country platforms would help inform the Coalition's work and deploy resources effectively. The Coalition would carry out these activities globally and consider the specific need for resources across the countries in Asia Pacific, Africa and Latin America.

Additional resources:

- [Asia-Pacific Network | Glasgow Financial Alliance for Net Zero \(gfanzero.com\)](http://gfanzero.com)

- [Africa Network | Glasgow Financial Alliance for Net Zero \(gfanzero.com\)](#)
- [Workshops in a Box | Glasgow Financial Alliance for Net Zero \(gfanzero.com\)](#)

## **Reported Activities**

### **2023**

#### **Activities completed**

Following the launch of the APAC and Africa Networks last year, GFANZ launched a Latin America Network in September 2023.

In relation to capacity building, GFANZ co-convened with UNFCCC, an initial meeting of parties who provide relevant capacity building around climate transition, and forward work is planned to develop a potential approach to such collaboration.

### **2024 onwards**

#### **Activities planned**

To further facilitate use of the GFANZ NZTP Framework across the global financial sector, GFANZ published a series of publicly available transition planning “Workshops in a Box” this year – a collection of presentation materials designed to inform and educate on the GFANZ NZTP framework. The presentations contain all the information needed to hold workshops with minimal preparation and can be held independently of each other. This includes translation of materials into major languages.

GFANZ’s experience with its Regional Networks and its work supporting Just Energy Transition Partnerships (JETPs) and other country platforms to help inform the Coalition’s work and deploy resources effectively. The Coalition would carry out these activities globally and consider the

specific need for resources across the countries in Asia Pacific, Africa and Latin America.