Bridging the Climate Financing Gap: An Aviva Policy Proposal

Aviva is leading a coalition calling for the creation of an International Platform for Climate Finance (IPCF) – an independent organisation with the specific aim of helping deliver the trillion dollars needed each year to meet global climate commitments.

"Those who can least afford the impact of climate change are most likely to bear the brunt of it. The world lacks a finance plan to mobilise the money needed to tackle climate change- together we can change that."

Amanda Blanc,
Group CEO, Aviva

What would an IPCF do?

An IPCF would **provide technical support to countries to create and execute robust investment plans to deliver their Paris climate commitments**, in particular helping governments incorporate and attract private sector funding at scale.

In turn it would also **encourage and advise large private financial institutions on how to scale up their own climate contributions and align their investments with the Paris Agreement**. Where possible, it would act as match-maker between the two, drawing on the best public and private sector expertise.

Finally, it would share best practice in climate finance raising across countries, ultimately developing an overview of financing needs and opportunities globally in order to **develop and oversee the first global investment plan for Paris**.

More detail on each of these elements is overleaf

A Climate Finance Platform to bridge the public-private divide

The IPCF can be thought of as a capital market-focused equivalent to the Intergovernmental Panel on Climate Change (IPCC). Just as the IPCC advises policymakers on climate science, so the IPCF would advise policymakers on climate finance.

Specifically, it would serve three functions:

1. Provide advice and capacity building for UN Member States to raise climate finance. It would do this in two areas:

- Support Member States to develop investable plans to raise capital for their national climate commitments. These would detail the infrastructure required, the capital involved, and the financing that could be raised via infrastructure investment, project finance, corporate debt, foreign direct investment, equity investment as well as sovereign and multilateral development bank debt.
- In parallel, develop a global climate capital-raising plan to deliver the Paris Agreement, working in conjunction with the World Bank and IMF.
- Provide best practice in policy to reducing the global warming potential of their markets in a way that facilitates a just transition.

2. Promote, advise on and analyse climate commitments from private financial services actors (e.g. banks, insurers, pension funds).

The Glasgow Accord could require global financial institutions that declared support for the Paris Agreement to offer an "Institutionally Determined Contribution (IDC)", akin to nation states' "Nationally Determined Contributions". This would serve to hold private sector actors to account within a coordinated framework, and ensure there were consistent standards and ambition. Financial institutions' IDCs could also form part of the three year global stock-take and five year recalibration of ambition that is contained within the Paris Agreement.

3. Act as a market thermometer.

The IPCF would annually take the temperature of each UN member state by assessing the global warming potential embedded in their domestic financial markets. It would undertake market-based analysis and determine the degree to which global stock exchanges, financial-market participants, and capital flows are in line with or deviating from the goals of the Paris Agreement.

How will we get there?

Aviva is building a coalition of private actors, the public sector, NGOs and thought leaders from around the world to develop this idea and call on governments to implement it.

We would like to see the idea finessed by leaders at the G7 and G20 next year and ultimately announced at the UK COP in Glasgow. This is ambitious. But the scale of ambition needs to match the scale of the challenge.

For more details contact **steve.waygood@avivainvestors.com** and **patrick.arber@aviva.com**