

Fiscal Policy as an Enabling for Scaling up Private Investment in Support of a Green Recovery

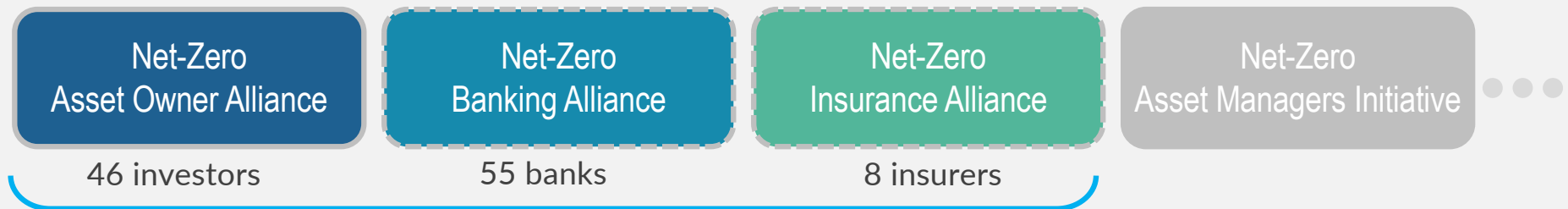
Yuki Yasui
Asia Pacific Region Coordination Manager
UN Environmental Programme Finance Initiative

yuki.yasui@un.org

Glasgow Finance Alliance for Net-Zero



Glasgow Finance Alliance for Net-Zero is led by Mark Carney's COP26 Private Finance Hub. It houses the net-zero commitments in the financial sector that have been accredited by Race to Zero:



United Nations-Convened

Race to Zero is a global campaign by the High-Level Champions of COP 26. It brings together net zero commitments from a range of leading networks and initiatives across society. To be accredited, initiatives must meet Race to Zero's 'minimum criteria'. Institutions cannot join individually.

Provides accreditation to initiatives across:



Industry-led, UN-convened **Net Zero Banking Alliance**



- Launched on 21 April 2021
- 55 banks from 28 countries representing almost a quarter of global banking assets (over US\$37 trillion)
- We look to continue to build the coalition up to COP26 and beyond

Members of the Net-Zero Banking Alliance (NZBA) commit to transition the operational and attributable GHG emissions from their lending and investment portfolios to align with pathways to net-zero by 2050 or sooner.

- Set 2030 & 2050 targets in line with a scenario consistent with 1.5 degree warming
 - to cover a significant majority of emissions
 - including in at least one priority sector within 18 months of signing, and
 - set targets for all or a substantial majority of listed carbon-intensive sectors within 36 months of signing
- Annually report on targets and progress and take a robust approach to the role of offsets in transition plans.



Recommendations from Net Zero Asset Owner Alliance members



All countries and regions should set clear, legally binding, net-zero targets

Supported by detailed **implementation plans** outlining:

- interaction between **carbon-pricing and other policy measures**, and
- detailed **timeline** and interim emission reduction **milestones**.

Priority should be on **near-term emission reductions** that are more feasible (eg. power, transport and industry) via uptake of renewables, technical standards, and fossil fuel phase-outs. This can also avoid higher carbon prices in later decades.

Frontload emission reductions to avoid over-reliance on atmospheric carbon removal and to support intergenerational fairness.



Recommendations from Net Zero Asset Owner Alliance members



Incorporate **carbon-pricing mechanisms** that:

- Include **all** human-induced GHG **emissions** and all relevant **sectors**, including international shipping and aviation
- Set a legally binding, long-term, **carbon-pricing corridor** in line with best available science for a 1.5°C trajectory.
- Ensure that policy instruments **do not contradict** each other and avoid **double counting** of emissions.
- Avoid acting at **contrary to non-pricing** instruments.
- Make carbon-pricing **non-regressive and revenue-neutral**
- Fund research & commercialisation for **hard-to-abate sectors**
- Include measures to avoid **carbon leakage**, and seek global agreement on **carbon price floor in G7 & G20 nations**
- Explore the complementary use of the **social cost of carbon** approaches and assumptions on required rates of return to consider **intergenerational** aspects of emissions.



Recommendations from Net Zero Asset Owner Alliance members



Recognise **carbon-pricing is not a universal solution** across all sectors. Instead, identify the mix of pricing and non-pricing instruments that bring down emissions most quickly per sector

Commit to the transparent and swift **phase out of fossil-fuel subsidies**, paired with a continued focus on delivering access to clean, affordable, and reliable energy as well as measures to protect lower income groups.