



UNSG Climate Action Summit

HIGH-LEVEL EVENT ALIGNING PUBLIC AND PRIVATE FINANCE WITH THE PARIS AGREEMENT

INVITATION

Saturday, September 21, 2019
3:00 to 4:00pm – Conference Room 5

Programme

- 15:00 – 15:10 Welcome and introduction, H.E. Ambassador Franz Xaver Perrez, Ambassador for the Environment, Switzerland
- 15:10 – 15:50 Panel discussion, moderated by H.E. Ambassador Marcel Beukeboom, Climate Envoy for The Kingdom of the Netherlands
Speakers include:
- Eric Usher, UNEP FI
 - James Vaccaro, Triodos Bank
 - Stan Dupré, 2° Investing Initiative
 - Jorim Schraven, FMO
 - Ivan Frishberg, Amalgamated Bank
- 15:50 – 16:00 Wrap-up and conclusions

The objectives of the High-Level Event aim at:

Contributing to the UNSG Climate Action Summit call to action on 2.1.c by:

- Showcasing best practice examples of financial institutions that follow up on alignment recommendations by TCFD, NGFS and UNEP FI;
- Offering concrete methodologies that governments and financial institutions can use to apply the recommendations (PACTA and PCAF);
- Showcasing the important role that governments (including members of the Coalition of Finance Ministers for Climate Action) and development finance institutions have in the alignment of financial flows and climate impact of investment decisions towards the Paris Agreement.

Background

Today's investment decisions determine the quantity of greenhouse gases that will be emitted in the future as well as the long-term resilience of our infrastructure. The Paris Agreement defined the global objective of making finance flows consistent with the commitment to limit global warming to 1.5°C, or at least well-below 2°C (Art. 2.1c). However, pilot studies suggest that the investment behavior around the globe will lead to a global warming of well beyond 4°C. Urgent action is needed to align financial flows with the objectives of the Paris Agreement.

A substantive body of work exists that offers tools and recommendations targeted at financial institutions to align their investments, and a growing number of private financial institutions are leading the way in applying these tools in practice. The UNSG Climate Action Summit provides a key opportunity to build momentum for their application. The TCFD recommendations have led to global traction for assessing climate risk. Awareness of risks for investors can – but do not automatically – translate into an investment behavior with positive impact towards climate goals. There remains a lack of global momentum for tools with which financial institutions can align their investments and reduce their climate impact.

Meanwhile the Network for Greening the Financial System seeks to help strengthen the global response required to meet the goals of the Paris Agreement and to enhance the role of the financial system to manage risks and to mobilize capital for green and low-carbon investments in the broader context of sustainable

development. The NGFS published on 17 April 2019 its first comprehensive report “A call for action” which proposes first recommendations aiming at integrating climate-related risks into financial stability monitoring and supervision. These prove to be particularly useful to monitor progress towards the objectives of the Paris Agreement for financial markets. When it comes to discussing those objectives with front-runner institutions, UNEP-FI leads on initiatives related e.g. to responsible banking.

Following the SG’s call to action, the Netherlands and Switzerland are introducing an initiative that engages countries, financial institutions, and development finance institutions. The joint initiative supports and builds on recommendations from standard-setting bodies such as the FSB and the NGFS. It does so by performing the climate alignment assessments directly in partnership with financial institutions, using a standardized temperature scenario-based method also recommended by the TCFD (PACTA). It also engages policymakers from countries with financial centers in raising ambition in the financial sector (Denmark, Italy, Luxemburg, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and more to be confirmed). It further builds on the work from leading green financial institutions in the world that are taking actions to enhance transparency and increase their climate impact (PCAF global and IFC). Whilst many existing recommendations mainly target financial institutions, the joint Netherlands-Swiss initiative works by empowering governments to engage with the financial institutions in their countries and by providing concrete examples of tools that financial institutions can use. In doing so, it gives countries visibility on the status of implementation of the Paris Agreement objectives of their financial markets and creates incentives for commitments to be followed by concrete actions by public and private entities.