

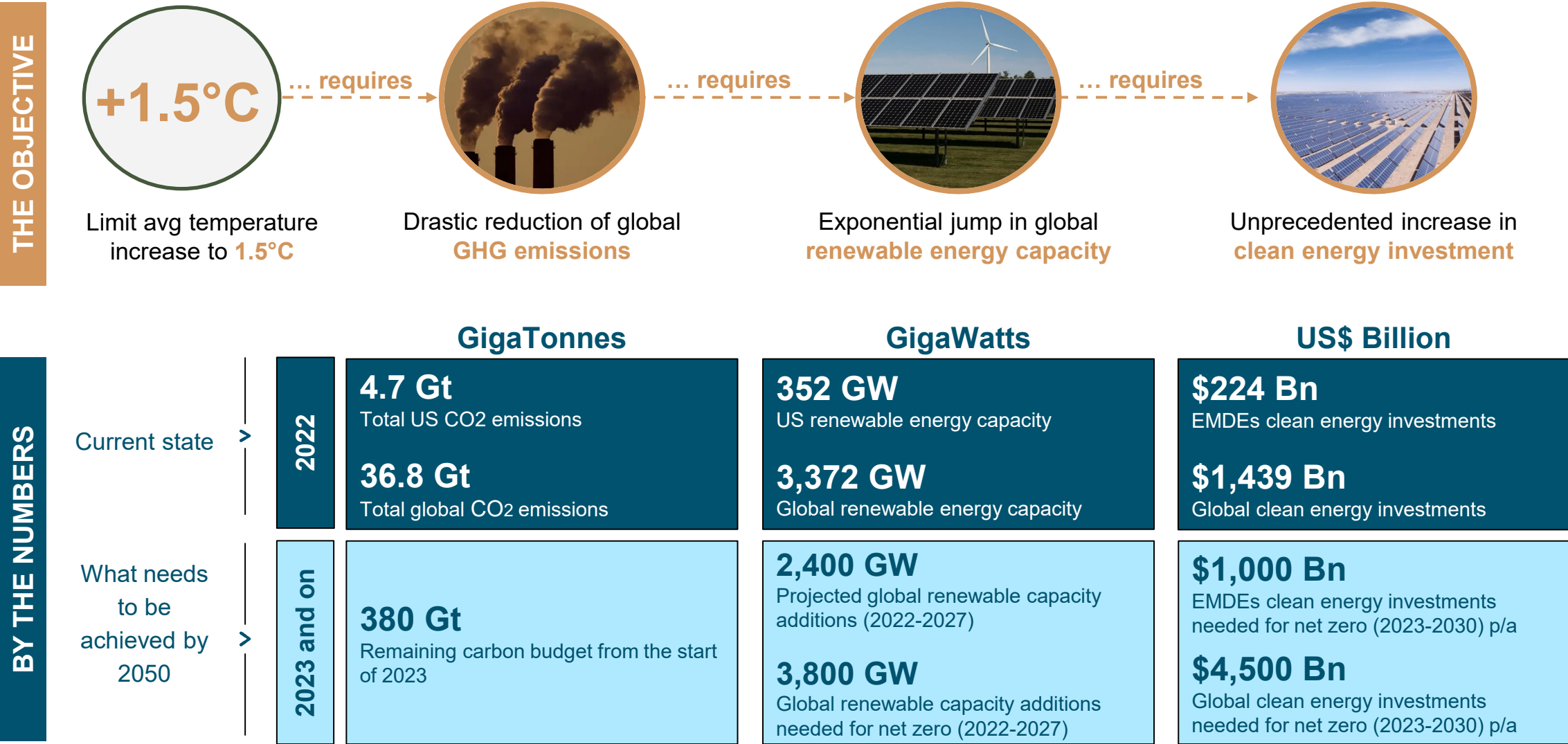
GFANZ overview & LAC situation

September 2023

Alan X. Gómez Hernández
Head of Latin America and Caribbean Network

GFANZ
Glasgow Financial Alliance for Net Zero

Global transition finance needs to urgently scale to achieve net zero by 2050



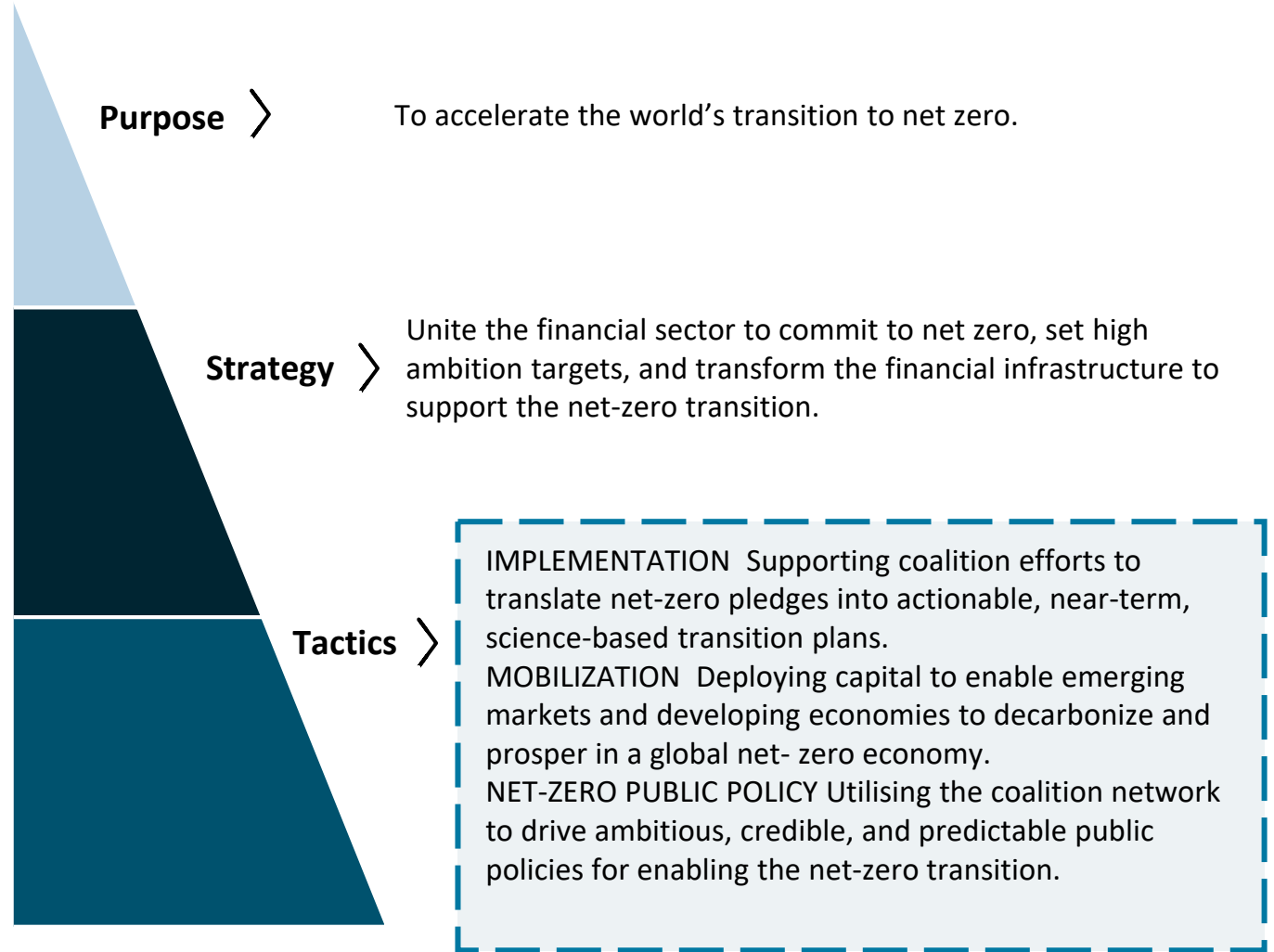
Sources: IEA, IRENA, Bloomberg NEF.
Note: Emissions numbers include only CO2 emissions. Remaining carbon budget based on GCP's estimates and refers to the amount of CO2 that can still be emitted for a 50% chance of staying below 1.5C of warming. Renewable energy capacity based on IRENA's annual report for 2022. Annual capacity additions of all renewables based on IEA NZE Scenario.

GFANZ Overview

GFANZ is a global coalition of leading financial institutions committed to mainstreaming the decarbonization of the global economy to reach net-zero emissions by 2050.

Eight financial sector-specific net-zero alliances comprising GFANZ:

- Net Zero Asset Managers initiative (NZAM)
- Net-Zero Asset Owner Alliance (NZAOA)
- Net-Zero Banking Alliance (NZBA)
- Net-Zero Financial Service Providers Alliance (NZFSPA)
- Net-Zero Insurance Alliance (NZIA)
- Net Zero Investment Consultant Initiative (NZICI)
- Paris Aligned Asset Owners (PAAO)
- Venture Climate Alliance (VCA)

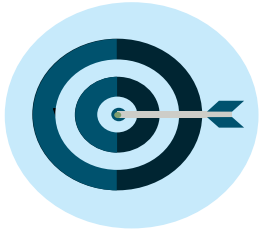


Uniting the Financial-Sector Commitment to Net Zero, GFANZ Seeks to:



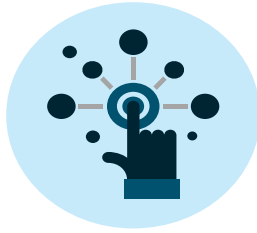
BROADEN PARTICIPATION

Increase the number of firms with net-zero commitments within the financial sector and ensure that such institutions have a vehicle through which to set their own, independent, credible net-zero commitments



RAISE AMBITION

Encourage firms to set commitments that are backed by robust targets and transition plans



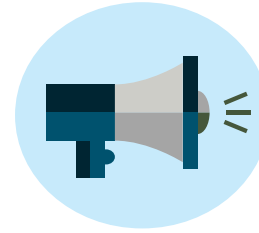
PROMOTE BEST PRACTICE AND VOLUNTARY APPROACHES

Act as a forum across the sector-specific alliances (“Alliances”) on pan-sector challenges, and support cross-fertilization mechanisms (where appropriate) between Alliances and their supporting organizations



SUPPORT COLLABORATION

Support appropriate technical collaboration on substantive and cross-cutting challenges that will accelerate the alignment of investment and lending with net-zero targets



SHOWCASE EFFORTS

Highlight the efforts and achievements of the sector and of individual firms taking the most ambitious climate actions

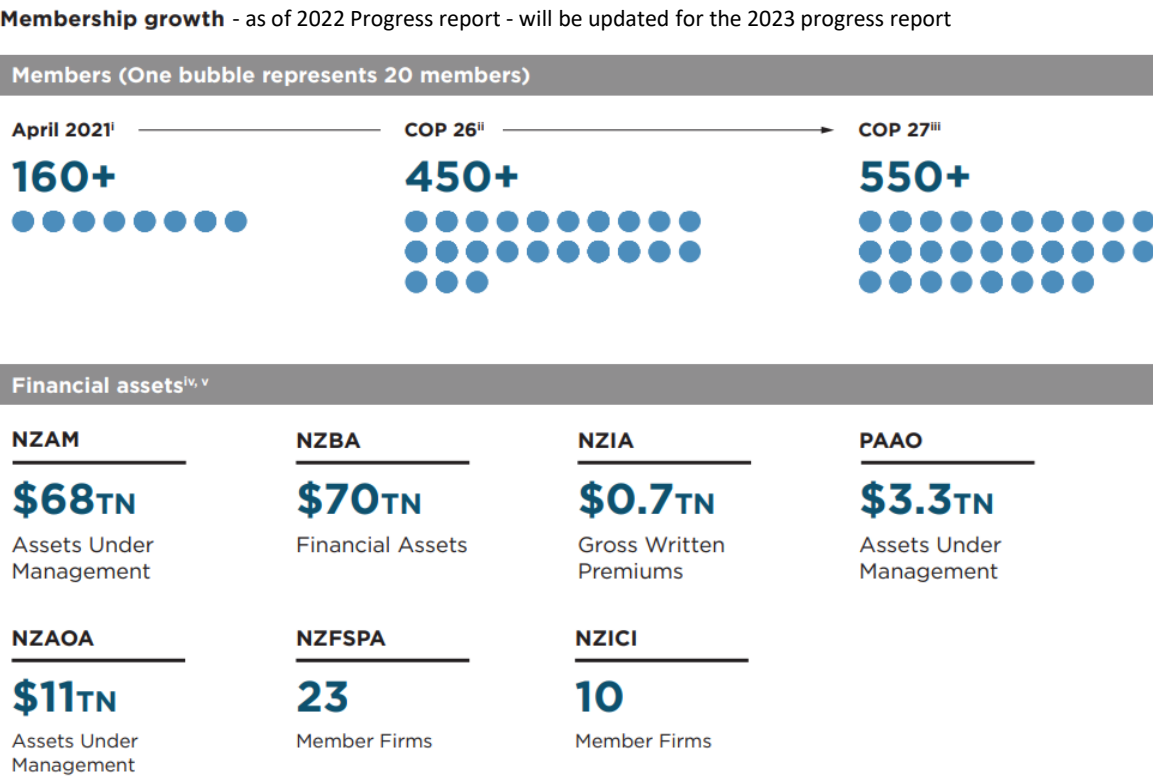


CONVENE POLICYMAKERS AND SENIOR ALLIANCE MEMBERS

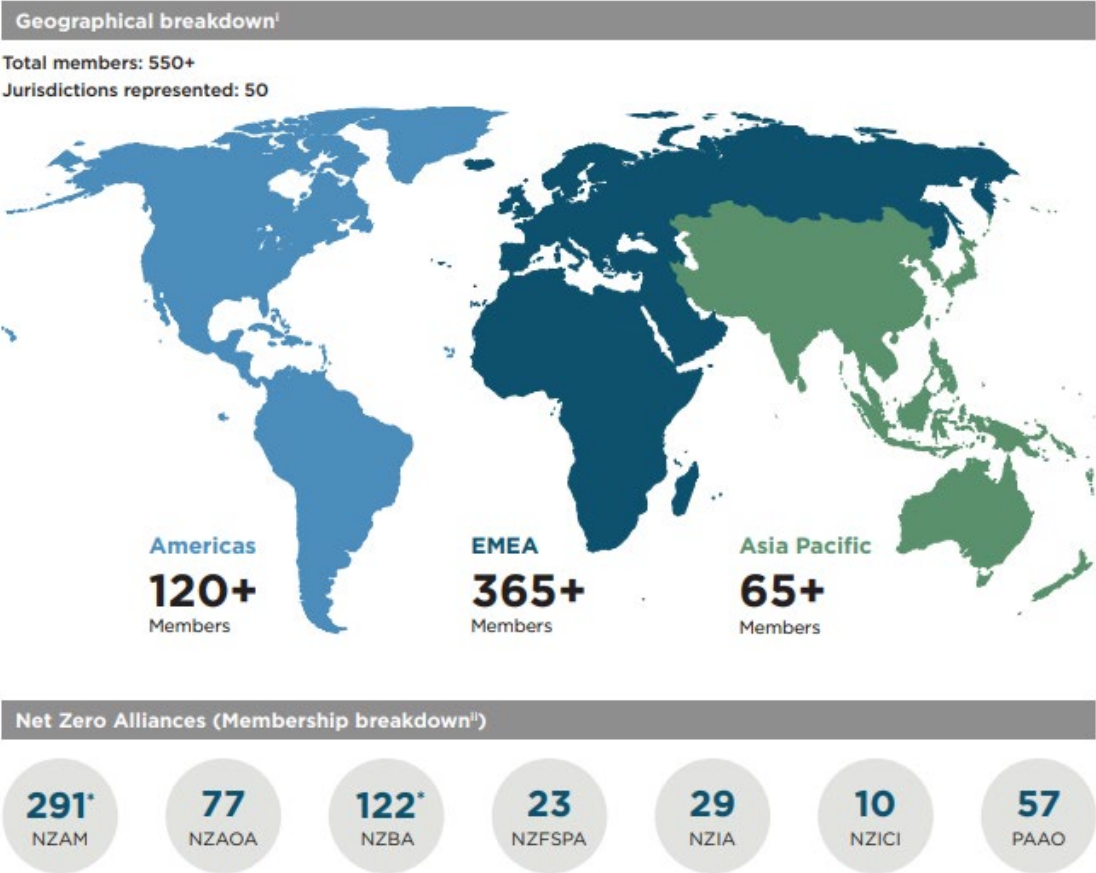
Support discussion on how public and private sector action can be mutually supportive of the goals of the Paris Agreement

Financial-Sector Commitment to Net Zero

Since the GFANZ launch in April 2021, membership under the sector-specific alliances as of COP27 had more than tripled. Since COP27, membership in the alliances has continued to grow and the Venture Climate Alliance was launched in April 2023 with 25+ members



i) Membership at the launch of GFANZ, ii) Membership as noted in last year's [GFANZ Progress Report](#), iii) Sourced from Alliance Secretariats, as of 21 October 2022. Financial institutions who are part of multiple alliances were only counted once, iv) Sourced from Alliance Secretariats, as of 21 October 2022; Double-digit integers are rounded up to nearest integer. Overlap possible as any given financial institution may be part of more than one alliance, v) alliances which do not report on financial assets have been represented by their member count.



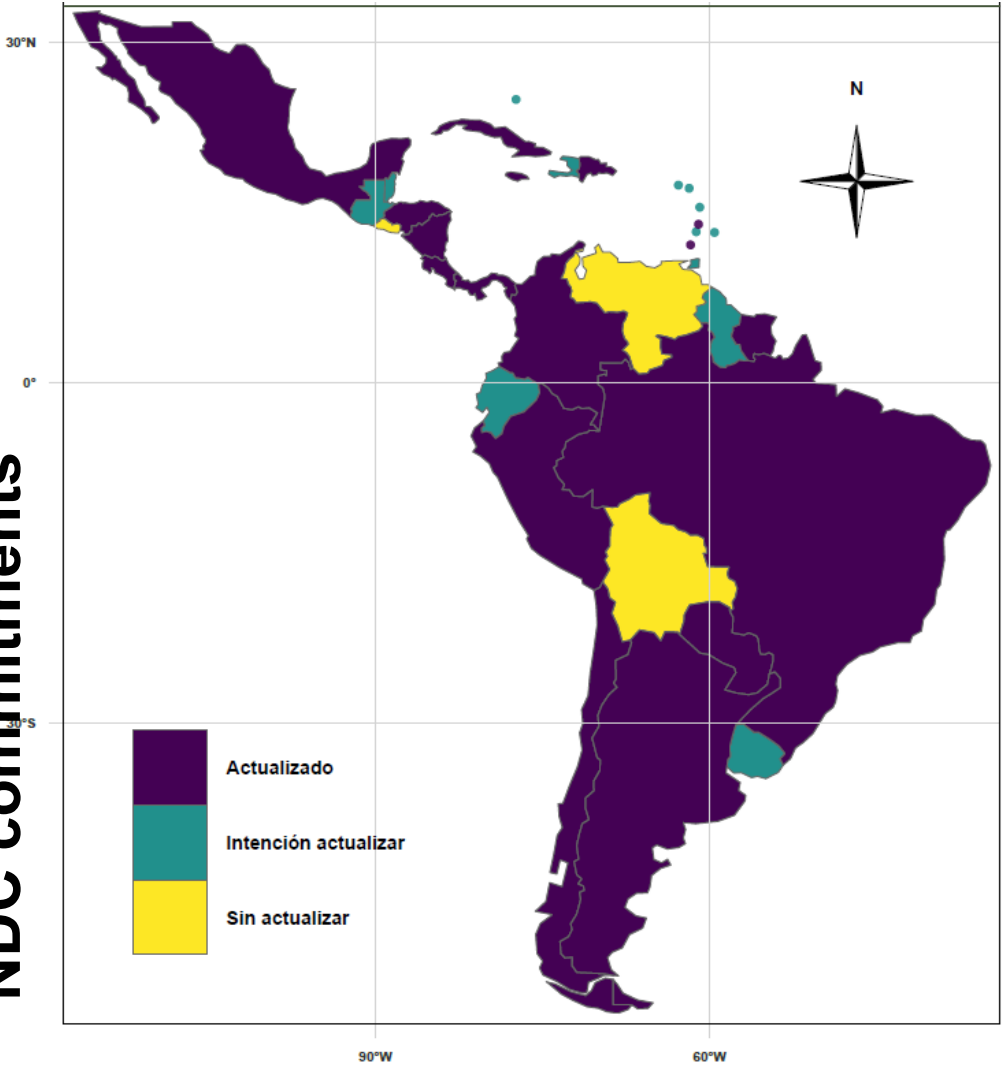
LAC participation of the global GHG emissions and NDC commitments

- 7.3% is the annual speed of decarbonization required in the region to achieve a 1.5 C 2030 (-4.8 for 2 C)

3.9 GtCO₂eq
(8% of world total GHG emissions)

Top 5 - GHG emitters: <ul style="list-style-type: none">• 35% - Brazil• 20% - Mexico• 12% - Argentina• 6% - Colombia• 3.5% - Chile	Top 5 - GHG emissions by sector: <ul style="list-style-type: none">• 26% - Agriculture & Livestock• 20% - Land Use change and Forestry• 15% - Transport• 14% - Electricity & Heating• 7% - Manufacture
Top 5 - NDC Mitigation measures: <ul style="list-style-type: none">• Energy• Land Use and Forestry• Transport• Agriculture• Waste	Top 5 - NDC Adaptation measures: <ul style="list-style-type: none">• Water• Health• Agriculture• Biodiversity and Forestry• Infrastructure & Transport

NDC commitments



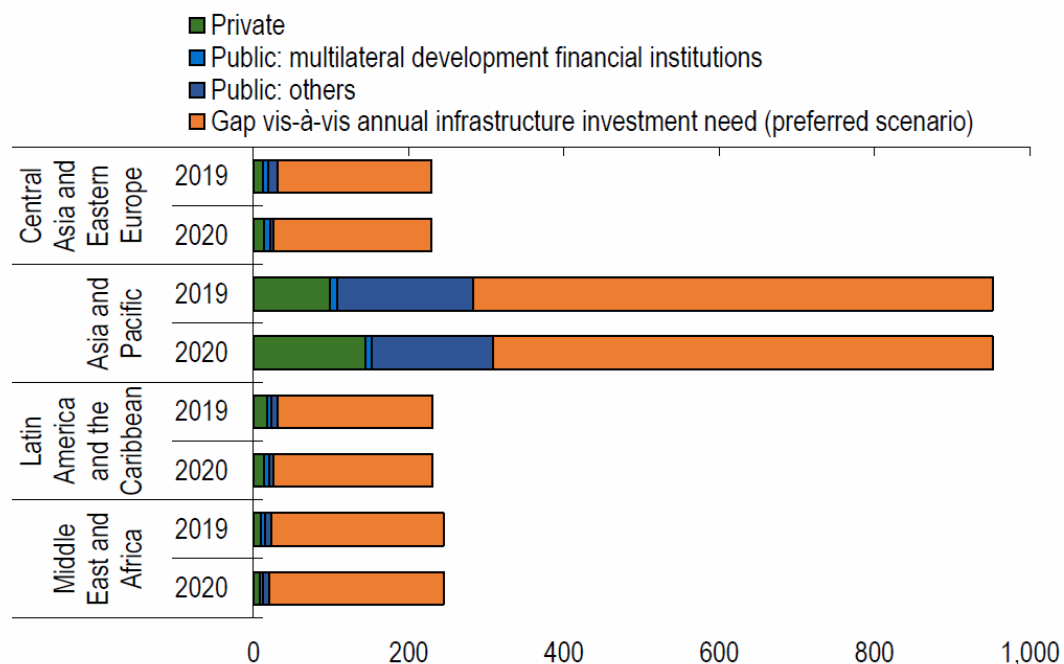
LAC climate finance flows are still falling short of targets

US \$35 billion of climate finance flows (2019/2020)

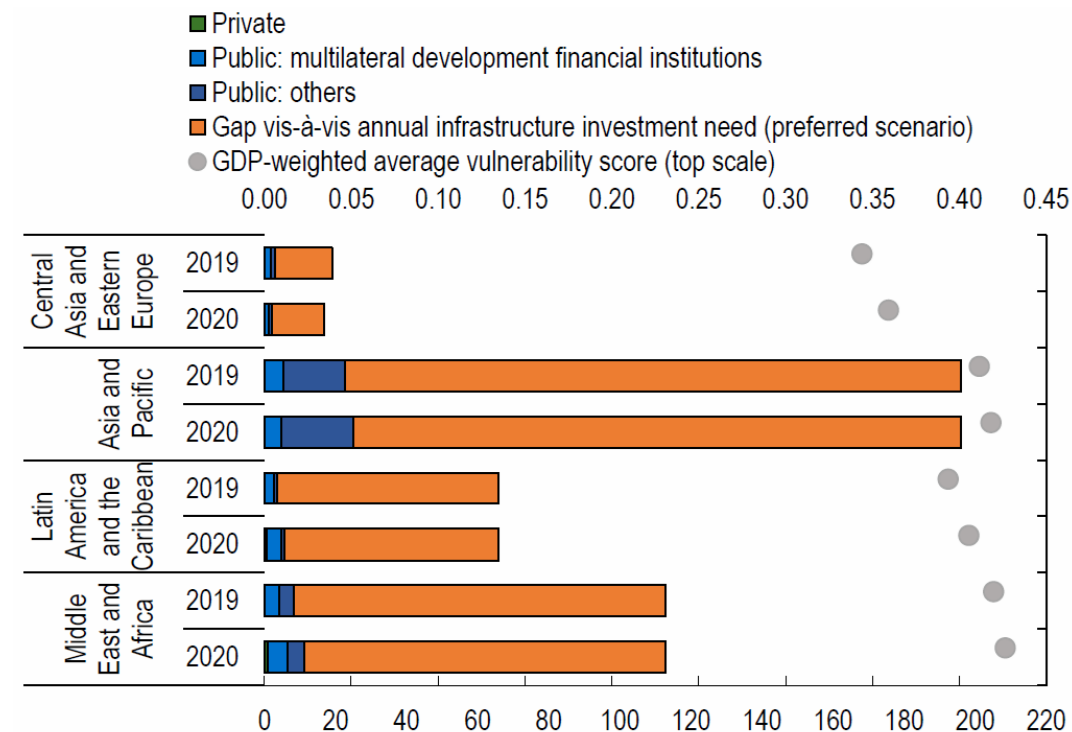
- 45% Domestic / 55% International
- 51% Private / 49% Public

US \$1,050-2,500 billion is the total Investment needed to decarbonize LAC economy in 2030

Global Climate Finance Flows in Mitigation and Infrastructure Investment Needs by Region (Billions of US dollars)



Global Climate Finance Flows in Adaptation, Infrastructure Investment Needs, and Vulnerability Score by Region (Billions of US dollars)



Source: IMF, 2022. Note: In figures 1 and 2, the infrastructure needs for mitigation include the energy and transport sectors, and infrastructure needs for adaptation include the water and sanitation, irrigation, and flood protection sectors. In figure 2, the GDP-weighted average vulnerability score measures a country's exposure, sensitivity, and capacity to adapt to negative effects of climate change.



Alan X. Gómez Hernández
Head of Latin America and Caribbean Network

agomez@gfanzero.com

GFANZ Expanding its Global Physical Presence

Africa Network



Launched in 2022

The Africa Network will take a systematic approach to undertaking the analysis, financial institution engagement and policymaker engagement needed to mobilize capital for Africa, with three overarching objectives:

- Building momentum on green and transition finance and showcasing African-led climate action.
- Supporting African financial institutions to ensure they have the tools and guidance to take advantage of the move towards net zero finance and economies.
- Unlocking investment into African countries' just transition and green growth.

Asia Pacific Network



Launched in 2022

The GFANZ Asia-Pacific (APAC) Network will accelerate the net-zero transition in APAC through four key strategic priorities:

- FI engagement & recruitment
- Research and analysis
- Public Sector engagement
- Mobilizing capital into EM&DEs

The objective of the network is to bring together the financial sector across developed and emerging economies in APAC to accelerate an inclusive and just transition to a net-zero economy.

Latin America and Caribbean Network



Launching in 2023

COMING
SOON

The Latin America Network will launch in 2023 and is currently identifying top-priority issues for the region where GFANZ is well positioned to play a positive role

The Networks aim to accelerate the net-zero transition in regions

Vision: Bring together the financial sector across Africa, Asia-Pacific and Latin America to accelerate an inclusive and just transition to a net-zero economy



FI engagement & recruitment

Drive net-zero **awareness and commitments** through closing the knowledge and capability gap

Support net-zero **implementation** through capability building



Research and analysis

Drive **dissemination** of and access to GFANZ research

Contextualise GFANZ global research for the regional context

Support research into **new region-relevant** net-zero topics



Public sector engagement

Encourage **financial regulators** to support net-zero policies/regulations

Represent the voice of the financial sector in engaging **real economy regulators**



Mobilising capital into EM&DEs

Support **platforms for piloting and scaling** financial solutions for climate finance mobilisation in regional EM&DEs

The Country Platform Statement

In July 2022, GFANZ published the Private Sector Statement on the potential for Country Platforms to mobilize capital for net-zero transition in EM&DEs.

Country-led with clear priorities for ambitious net-zero transition

- **Must be country-led, tailored to the specific priorities and conditions** of each lead country, and grounded in ambitious efforts to decarbonize in support of Paris-aligned Nationally Determined Contributions (NDCs)
- **Work with its Development Partners and other Platform Participants** through the Country Platform governance framework to agree that the proposed decarbonization plan has sufficient ambition, is executable, and that it will be pursued and supported through time
- **Work with the private sector to develop a baseline Financing Roadmap** for net-zero aligned development ‘in-scope’ for the Country Platform
- **Collaborate with an independent process to identify and validate loans, investments, and projects** as net-zero aligned and tied to the country’s NDCs to provide additional certainty for Platform Participants and private finance

Upstream de-risking: create enabling conditions for private capital

- **Concentrate significant Country Platform resources upstream**, including strengthening enabling environments and developing local capacity to bring more bankable net-zero projects to market
- Have **up-front transparency on project pipelines** aligned with the scope
- **Streamline approaches and products** to facilitate decisions and transactions

Downstream de-risking: develop efficient channels for blended and commercial capital

- Bilateral donors, MDBs, and other actors with responsibility for deploying catalytic capital should seek to **pool concessional capital resources**
- **Encourage private finance to continue to support existing clients** on their net-zero transition.
- **Acknowledge the barriers to private capital flows** that lie well-outside the borders of a Country Platform

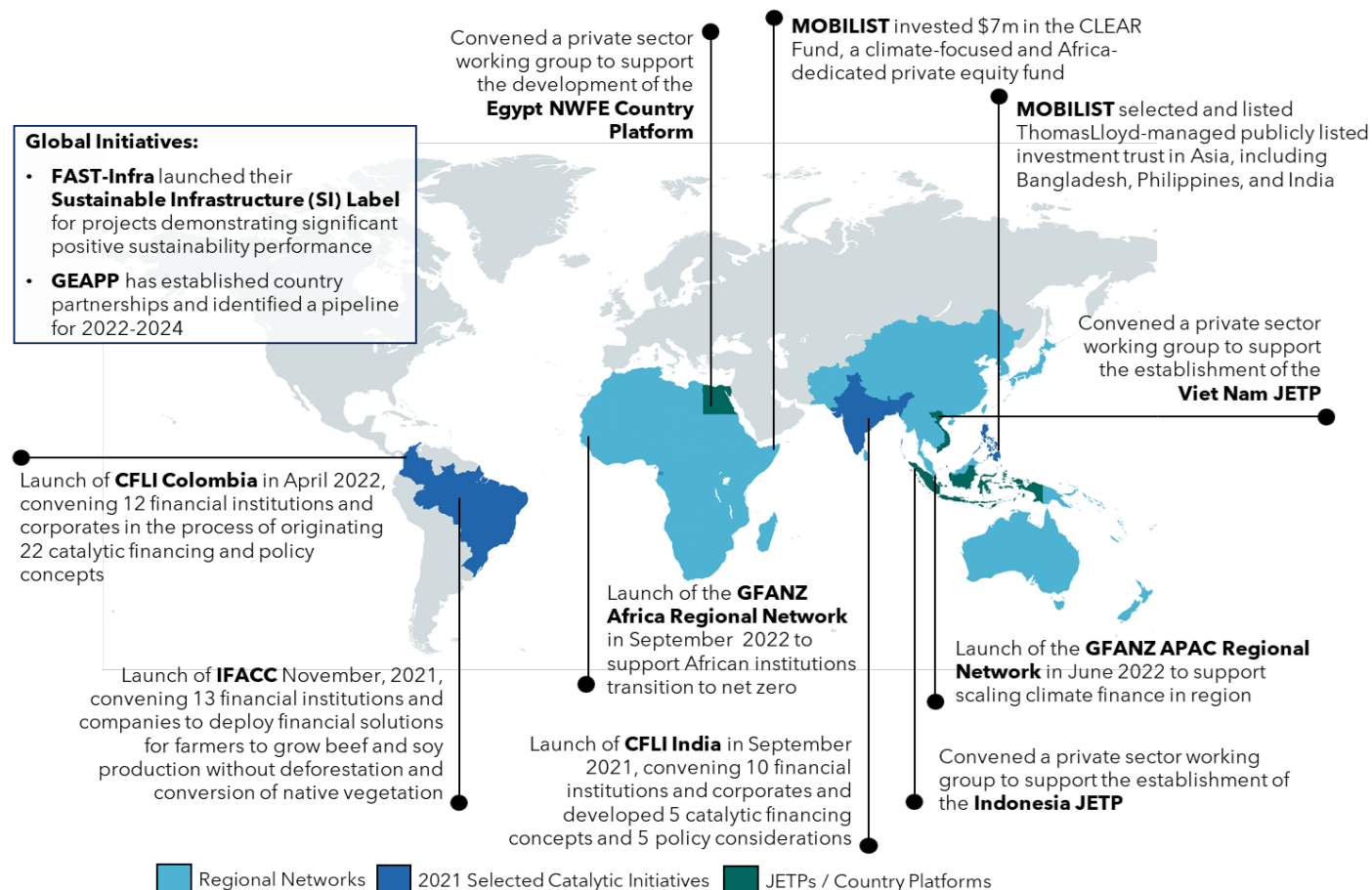


[LINK TO THE STATEMENT](#)

Highlighting Global Mobilization Initiatives

The 2022 Progress report highlighted a number of global mobilization initiatives.

In 2023, we continue to build upon these efforts, expanding our membership and participation, implementing financing initiatives, and increasing global engagement through GFANZ regional networks, capacity building, and further work on data and transparency



Source: Extract from the GFANZ 2022 Progress report

GFANZ 2022 Publications

GFANZ voluntary recommendations and guidance aim to support financial institutions in developing and implementing credible, high-ambition strategies for achieving net zero.

GFANZ core publication “Recommendations and Guidance on Financial Institution Net-zero Transition Plans” describes how financial institutions across the financial system can operationalize their net-zero commitments and support the real-economy transition.

All publications are available @
<https://www.gfanzero.com/publications/>

