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About Aviva Investors: This submission is from Aviva Investors, the asset management arm of Aviva, a UK domiciled financial services company. Aviva Investors invest over £226bn (as of 31 March 2023) on behalf of our clients.

Aviva have been involved with the UN's sustainable development and finance activity for decades as part of the UN Environment Programme Finance Initiative; as a founding signatory of the PRI; as conveners of the Corporate Sustainability Reporting Coalition for Rio+20 which shaped SDG target 12.6; as co-founders of the Corporate Human Rights Benchmark – the first benchmark of corporate performance against the UN Guiding Principles on Human Rights – and as co-founders the Sustainable Stock Exchange Initiative. Representatives from Aviva have been attending the UNFCCC COP for over a decade, including through secondment into the High-Level Climate Champions' team (COP26), co-chairing workstreams within GFANZ and at the UK Transition Plan Taskforce, and most recently with a divisional CEO participating in COP27's finance day and our Group CEO chairing the finance day activity at COP15.

Submission

We welcome the opportunity from the co-chairs to submit views on the eighth technical dialogue of the ad hoc work programme on the new collective quantified goal on climate finance (NCQG).

As institutional investors, we recognize the huge potential of private capital to provide the investment necessary to support the achievement of the goals of the Paris Agreement and transition to a low-emission, climate-resilient economy.

We also recognise that the implementation of policy to accomplish the goals that each country has committed to under the Paris Agreement creates huge investment potential for us and for our clients. We are already seeing certain sectors crossing tipping points into exponential transition – with solar power generation and electric vehicles being two leading examples highlighted by the International Energy Agency and reflected in some of our portfolios. We also provide billions of capital to governments and multilateral development banks through investment in their issued debt instruments, including significant investment in developing countries and emerging markets.

However, with a targeted and supportive policy environment with a relentless focus on implementation, private capital could do so much more. Private capital can support the mobilisation of the $4-6 trillion per year identified as needed for the transition in the Sharm el Sheikh implementation plan, and to support the achievement of the goal of Article 2.1.c of the Paris Agreement that all finance flows are made consistent with a pathway towards low greenhouse gas emissions and climate resilient development. We reiterate the finding of the Synthesis Report of the First Global Stocktake that international and domestic, public and private financial flows need to be aligned with Article 2.1c, and also that scaling up climate ambition requires transformation of the international financial system.

To mobilise markets, investment fundamentals need to be changed. The valuation of assets and investment opportunities, which are a function of the assessment of discounted future cash flows, need to be aligned with the achievement of the goals of the Paris Agreement. This can be achieved through clear implementation of policies aligned with that goal. This could be achieved through clear and comprehensive national transition plans that set out, sector by sector, how each Party will implement its commitment, recognising common but differentiated responsibilities. This implementation will create investment opportunities that can being to align private finance with the Paris goals.

We believe there are four key principles that could support bringing this about and that could be considered by the eighth technical dialogue:

1. Create a vision.

The world needs a top-down vision of how such a vast amount of money will be mobilised. As part of this, we propose creating an interlinking system of global transition governance that has countries, regulators, financial institutions and companies all in scope. Creating such a vision will be a feat of planning, and national transition plans, complemented by transition plans across the international financial architecture, finance and the wider economy, can be a means of providing this.

2. Change economic fundamentals.

Governments need to use the implementation of their NDCs to send signals to the market via a comprehensive set of policies that change the economics of the transition, building on current initiatives and coalitions. These policies should underpin a national transition plan, which would provide a reference point for the private sector and markets in particular. They should also be informed by the detail in private sector transition plans, particularly their policy dependencies, and the private sector needs to align its advocacy with governments with its stated ambitions. This detail and evidence of implementation is required for markets to trust governments' commitment to the Paris Agreement and respond accordingly.

Markets will recognise climate-related risks, opportunities and impacts as affecting future cashflows as those policies are implemented and therefore the valuations of the private sector will shift. But government leadership and stable policy environments are required to drive private finance at the scale negotiators seek.

3. Transition the international financial architecture.

To facilitate the transition of financial markets and institutions, financial regulators need their own transition plans. These will help reduce the market short-termism that undermines the transition and drive positive market sentiment in support of the transition. Multilateral regulators and supervisors could publish these plans of their own initiatives, or a coordinated role could be provided through the Financial Stability Board (FSB) and G21.

4. Build institutions.

We need a global institution that helps maintain an interactive and evolving database of transition plans, guiding (not governing) an economic transition that is also just and equitable. This institution should also provide a technical assistance programme, including a knowledge-sharing platform, that supports developed and developing countries wanting to mobilise global private finance as well as helping financial regulators to produce their own transition plans. To this end, we propose a significant enhancement of the Organisation for Economic Cooperation and Development (OECD), as it brings together the greatest sources of private sector capital within its developed country membership and already has economic policy competence in this area. However, other institutions could also be brought in to advise – for example, the World Bank, UN Development Programme (UNDP), G21 Sustainable Finance Working Group (SFWG) through its Technical Assistance Action Plan (TAAP), UN Department of Economic and Social Affairs (DESA) and UN Conference on Trade and Development (UNCTAD) – as this would help give institutional voice to developing country concerns.

Appendix

We believe that some of the themes we identify in this submission could usefully be reflected in the outcome text from COP28, building on the momentum of the Glasgow Climate Pact at COP26 and Sharm el Sheikh Implementation Plan at COP27. This would send powerful signals to private financial institutions and other non-Party stakeholders regarding the need to transition their business to align with the goals of the Paris Agreement.

Possible wording, building on the outcome text from previous COPs might include:

Potential COP28 text:

1. *Reiterates* that the transformation to a low-emission, climate resilient economy is expected to require investment of at least UDS 4-6 trillion per year and *emphasises* that mobilising such funding will require a transformation of the financial system, its structures and processes, engaging governments, central banks, institutional investors, and other financial actors.
2. *Calls upon* Parties, as shareholders in multilateral development banks and as stakeholders in institutions across the international financial architecture[1] - the governance arrangements that safeguard the stability and function of the global monetary and financial systems, including regulators and supervisors – to use their influence to request that each institution produce a transition plan to set out the pathway to align their work, supervision and regulation of finance with the global commitments made by their Party stakeholders, including Article 2.1.c of the Paris Agreement, and the need for a financial system that serves and includes all Parties and financing for adaptation and mitigation.
3. *Requests* that Parties respond to the first Global Stocktake by assessing and enhancing their nationally determined contributions and revisiting and strengthening their 2030 targets as necessary to align with the Paris Agreement temperature goal and close the ambition gap, reflecting common but differentiated responsibilities and respective capabilities, and in light of different national circumstances.
4. Further *requests* that in accordance with paragraph 19 of Article 4 of the Paris Agreement Parties set out, as a further response to the Global Stocktake, detailed plans for the implementation of their strategies for long-term low greenhouse gas emission development. Such plans should include a detailed financing plan including the actions, policies, and measures to be taken and when to give clarity to non-Party stakeholders on the implementation pathways being taken to embed mitigation and adaptation outcomes alongside economic and social development. These financing plans should be overseen by the finance ministry of each Party and include detail of the measures to be taken by their financial regulators and supervisors with oversight and coordination of a principles-based approach from the multilateral groups of regulators within the international financial

[1] Including multilateral development banks, international financial institutions, the Financial Stability Board, the Bank for International Settlements, the Organisation for Economic Cooperation and Development, the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, the International Organisation of Securities Commissions, the International Accounting Standards Board, the Committee on the Global Financial System, and the Committee on Payments and Market Infrastructures

architecture. These plans must send strong signals to non-Party stakeholders, and in particular finance to harness markets in support of a just transition.

5. *Decides* to establish a work programme to establish consistent minimum principles for implementation plans to support enhanced NDCs with detailed transition plans embedding principles of the protection and restoration of nature and the importance of a just transition and common but differentiated responsibilities to establish pathways and reporting timescales towards achieving the goals of the Paris Agreement outlined in Article 2, paragraph 1, in the context of Article 2, paragraph 2. Requests the [*appropriate Subsidiary Bodies*] to recommend a draft decision on this matter for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its sixth session, with the work programme to be implemented in a manner that builds on and complements the relevant workstreams under the Convention and the Paris Agreement.