

The Glasgow Financial Alliance for Net Zero (GFANZ)

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In news— A recent analysis comparing industry pledges to climate action by the France-based group Reclaim Finance shows banks and financial institutions, a part of the GFANZ initiative, continue to invest billions in fossil fuels.

What is GFANZ?

- It is a global coalition of leading financial institutions committed to accelerating the decarbonization of the economy.
- **GFANZ was launched in April 2021 by the UN Special Envoy on Climate Action and Finance and the COP26 presidency, in partnership with the UNFCCC Race to Zero campaign,** to coordinate efforts across all sectors of the financial system to accelerate the transition to a net-zero global economy.
- Achieving the objective of the Paris Agreement to limit global temperature increases to 1.5°C from pre-industrial levels requires a whole economic transition.
- Every company, bank, insurer, and investor will need to adjust their business models, develop credible plans for the transition to a low-carbon, climate-resilient future, and then implement those plans.
- It provides the tools and resources the financial sector needs to implement its net-zero commitments.
- It estimates a requirement of USD 100 trillion of finance for global net zero by 2050.
- **It was founded for two equally important purposes:**
 - To expand the number of net zero-committed financial institutions and
 - To establish a forum for addressing sector-wide challenges associated with the net-zero

transition, helping to ensure high levels of ambition are met with credible action.

- GFANZ brings together independent, sector-specific alliances to tackle net-zero transition challenges and connects the financial community to the Race to Zero campaign, climate scientists and experts, and civil society.

What is Net zero?

- Net zero refers to a state in which the greenhouse gases going into the atmosphere are balanced by removal out of the atmosphere.
- The term net zero is important because – for CO₂ at least – this is the state at which global warming stops. The Paris Agreement underlines the need for net zero.
- It requires states to ‘achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century’.

Further reading:
<https://journalsofindia.com/outcomes-of-cop26-summit/>