



Rewiring Finance – a New Approach to Financing a Sustainable Economy



**Rewiring
Finance**

The University of Cambridge Institute for Sustainability Leadership

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The Centre for Sustainable Finance

CISL's Centre for Sustainable Finance's focus is to collaborate, co-create research and tools, and build narratives and the human skills and capacity required to accelerate the rewiring of the global financial system to support a sustainable economy.

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Citing this report

Seega, Nina; Whittington, Eliot (2025). *Rewiring finance – a New Approach to Financing a Sustainable Economy*. Cambridge, UK: Cambridge Institute for Sustainability Leadership.





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Executive summary



We currently face a polycrisis of complex and intertwined global economic, social and environmental challenges.

Addressing these challenges via strategic private sector action will unlock US\$10.3 trillion of opportunities.¹ This action is pivotal not only because of its long-term importance to human societies and economies but also because it is essential for economic stability and development, and relates to immediate sources of systemic financial risk and huge economic and financial opportunities.

Shifting financial flows to direct finance (whether investment, lending or insurance) to the places it is needed, in the quantities and structures required, is critical.

But, after decades of aspiring to fulfil sustainability ambitions, the current financial system is still not incentivised to consider sustainability in financial decision-making, and therefore not set up to support this transition. The financial stakes are significant – the cost of inaction alone is now estimated to be equivalent to 11 per cent to 27 per cent of cumulative gross domestic product (GDP).²

In this paper, we discuss three essential shifts that are required to deliver a transformation to a sustainable economy.



1. Shifting industrial and financial policy will provide a framework that clearly sets out transition pathways and incentivises the financial system to deliver the transition.



2. Shifting narratives and mindsets away from compliance and incrementalism to value, competition and transformation will move market sentiment about the viability of 'finance as usual' and the need for a systemic shift. It will also build new capacity and capabilities to enable active engagement with a changing world and the evolving landscape of risks and opportunities.



3. Shifting core financial structures to embed sustainability into models that drive financial behaviour will price in financial materiality of climate change, biodiversity loss and inequalities, create standardised structures to solve the risk and scale problems, and improve the flow of finance towards the sustainable transition of emerging markets and developing economies.

We need to respond to the current moment not with dismay and loss of momentum, but with new thinking, new coalitions and alliances, new narratives and new solutions for a well-managed transition, which take into account the scientific underpinning and the reality of sustainability challenges ahead. This challenge is not just for the University of Cambridge Institute for Sustainability Leadership (CISL) and its Centre for Sustainable Finance to address but also for the multitude of our partners. **Our focus on this journey will be to collaborate, co-create research and tools, and build narratives and the human skills and capacity required to rewire the global financial system to support a sustainable economy.**



The challenge we face

We currently face a polycrisis of complex and intertwined global economic, social and environmental challenges. 2024 was the hottest year on record. We have breached six of nine planetary boundaries³ and our wildlife population size has decreased by 73 per cent over the last 50 years.⁴ The climate crisis has further exacerbated social inequalities, with the [World Bank](#) estimating that an additional 68 to 135 million people could be pushed into poverty by 2030 because of climate change. These crises are deepening in the face of heightening political and geopolitical tensions. The political landscape is becoming more polarised and unstable. Funding from official development assistance (ODA), which is government aid funding for emerging and developing economies, has collapsed, in stark contrast to rising needs. Multilateral processes are struggling under the weight of the global challenges they need to address.

It is imperative that we tackle these crises by transitioning to a more environmentally and socially sustainable economy. We must also recognise that the market is currently failing to deliver the necessary changes at the pace required and there is no realistic prospect that, without much deeper structural change, market forces in isolation will 'bend the curve' and protect the social and environmental foundations on which society – and businesses – depend.

To deliver a transition to a sustainable economy we need to change markets. That change requires a concerted systemic effort across financial actors, policymakers, civil society and consumers. There is no silver bullet, no single regulatory intervention, no magic financial structure, but rather multiple, strategically targeted and mutually reinforcing interventions. We maintain our core faith in markets' capacity to deliver on the transition, however, they must be rapidly redesigned to do so. **Sustainability must be embedded into the rules of the market.**

Our work on competitive sustainability⁵ made the case for the business leadership agenda going beyond setting targets and making commitments for individual company change – and instead focused on a 'whole of economy' transition, with a strategy to compete and win within that transition. Our follow-up paper, [Competing in the Age of Disruption](#), provided a blueprint for business leadership actions to avoid a truly existential crisis and achieve long-term prosperity and resilience.

The finance system is a critical part of this change. Shifting financial flows to direct finance (whether investment, lending or insurance) to the places it is needed, in the quantities and structures required, is critical. **But, after decades of aspiring to fulfil sustainability ambitions, the current financial system is still not set up to support this transition.**

The failures are clearly visible. While there is enough money in the system to address the scale of nature loss and climate crisis, it is not flowing towards the solutions with the speed required and in the quantum required. Global markets exceeded US\$1 quadrillion at the end of 2023,⁶ with US\$115 trillion in equities alone. This money will need to move out of existing investments (causing economic and job dislocation) to sustainable companies or into capital expenditures, research and development (R&D) or procurement of companies that need to transition. However, a scalable financeable pipeline of projects is not on standby to receive the funds.

As seen in most multilateral negotiations, emerging and developing economies (EMDEs) are struggling to access funding to decarbonise, transition to climate-aligned economies and avert nature loss, and the scale of subsidies flowing towards fossil fuels outpaces decarbonisation investment. While the total amount of climate finance, according to Climate Policy Initiative ([Global Landscape of Climate Finance 2024 – CPI](#)) has grown to just over US\$1.5 trillion, the sum of fossil fuel investment (US\$1.1 trillion) and fossil fuel subsidies (US\$1.5 trillion) is almost double that. Fossil investments and subsidies slow transition in the short term by undermining the economics of renewables, and creating future stranded assets at a point when transition inevitably accelerates. Removal of subsidies should also offer an alternative to address their original purpose, such as poverty reduction. We are also not utilising all the financial tools at our disposal (eg carbon markets, blended finance) to close the gap when it comes to climate finance for EMDEs.

Nature-related dependencies of the corporate and financial sectors are staggering and pose significant financial risks, however, investment in nature-based solutions remains piecemeal. Current public and private finance flows to nature-based solutions are at US\$200 billion annually, only a third of levels needed to reach climate, biodiversity and land restoration targets by 2030. These efforts are seriously undermined by nature-negative private finance (US\$5 trillion annually flows towards nature-negative activities such as clearing of natural habitats) being 140x larger than investment in nature-based solutions and nature conservation, and by public nature-negative finance (mainly harmful subsidies) amounting to US\$1.7 trillion annually.⁷

The finance gap for adaptation is huge, and the business case relatively well understood, but very few financial institutions are well versed in the specific investment opportunities and their role in scaling this area of the market. According to the United Nations (UN), global adaptation finance needs are ten to eighteen times more than the current financial flows in developing countries, amounting to between US\$187 billion and US\$359 billion per year as of 2024.⁸ This cannot be met with public finance alone, and given the trajectory we are on, poses a serious risk that it is not able to capture the interest of private capital.

It is not only investment and lending that are misdirected and struggling to keep pace, the insurance market is also affected. According to a *New York Times* article,⁹ 1.8 million home insurance contracts in the US have not been renewed since 2018. In the words of one of Allianz SE's members of its Board of Management, Günther Thallinger, "The insurance industry has historically managed these risks. But we are fast approaching temperature levels—1.5°C, 2°C, 3°C—where insurers will no longer be able to offer coverage for many of these risks. The math breaks down: the premiums required exceed what people or companies can pay. This is already happening. Entire regions are becoming uninsurable." Even in the US, this is becoming clear to policymakers, such as Senator Sheldon Whitehouse: "The climate crisis that is coming our way is not just about polar bears, and it's not just about green jobs. It actually is coming through your mail slot, in the form of insurance cancellations, insurance non-renewals and dramatic increases in insurance costs." The question here is not only around where insurance products are being withdrawn, but rather where is the viable role of new insurance products.





The change we have seen

Leaders from business, government and academia have been trying to incorporate sustainability risks and opportunities into finance for decades. The Paris Agreement confirmed that developed countries needed to lead in providing financial assistance to emerging and developing economies for mitigation and adaptation to climate change. At the same time the Financial Stability Board, under the chairmanship of Mark Carney, launched the Task Force on Climate-related Financial Disclosures, marking the start of the post Paris Agreement decade.

The last ten years have seen the establishment of a number of initiatives bringing industry leaders together to drive change in the financial sector, including the UN Environment Programme Finance Initiative (UNEP FI) collaborations, Climate Action 100+, the Glasgow Financial Alliance for Net Zero (GFANZ) and Ceres to name a few. These initiatives helped build support for regulatory interventions designed to drive climate into disclosure and financial regulation regimes around the world. Support for some of these has faltered during the pushback against ESG.

Financial actors have begun to innovate by developing new products and collaborations that have enabled greater capital flow. Post Paris Agreement, we have also seen stronger public-private co-operation – for example, the role of the Transition Plan Taskforce in shaping the global conversation on transition planning could be a useful illustration of where this has then supported the development of transition planning frameworks globally.

Currently climate- and nature-related financial regulation mostly operates through disclosure regimes and micro and macro prudential regulatory regimes. In certain jurisdictions disclosure is now being supplemented by approaches to making transition plans mandatory. Within the financial regulation framing, we have seen areas such as conduct, questions for microprudential regulators, stress testing and signalling of intent as viable interventions. Capital requirements, in terms of brown penalising or green supporting factors, have been debated but not enacted.

Green industrial strategies are rapidly becoming powerful levers to move the financial markets. Recognising the growth potential of the green economy and the need to remain competitive in the global market, countries around the world have been channelling public policies and innovative instruments to derisk sustainable investments and shift capital towards low carbon technologies. The U.S. Inflation Reduction Act has driven over US\$115 billion in clean energy investments and created 90,000 jobs in the past two years alone. The EU's Green Deal, Japan's Green Growth Strategy and China's 14th Five-Year Plan are each mobilising billions of dollars to green economy transition. Meanwhile, in the UK, more than 22,800 net zero businesses have spurred economic expansion with 10.1 per cent growth in total economic value since 2023. Together, these approaches are redefining risk-return profiles in financial markets and paving the way for a sustainable economy. However, recently the US Inflation Reduction Act has come under threat from the changing political sentiment, undermining investment certainty.

And in the last couple of years, the conversation on reforming the international financial architecture has been intensifying with the aim of unlocking capital flows to emerging and developing markets. The Bridgetown Initiative has been pivotal to highlighting the need to tackle development and climate together and shining a light on affordable finance for emerging markets and developing economies.

Why we failed

The efforts outlined above have been hugely important and have driven cross-border climate finance from just under US\$50 billion in 2015 to just over US\$125 billion in 2024 (Analysis: Nearly a tenth of global climate finance threatened by Trump aid cuts – Carbon Brief). However, **this ostensible progress has not unlocked a fundamental new paradigm where sustainability is embedded into financial value, thereby enabling the financial system to direct all its latent power towards unlocking action on climate, nature and inequality.** There are a variety of reasons for this.

Against the background of a fractured geopolitical reality, the wave of climate and nature action hit political backlash. The war in Ukraine has brought on an energy and a resulting cost of living crisis, which put pressure on governments around the world to bring in subsidies. The growing debt crisis and rising cost of living are key symptoms of systemic failure. These forces are driving political instability in many parts of the world, and reinforcing polarisation – even in diversified economies. We failed to tackle the underlying grievances as a result of growing inequality. Associated trust deficit meant it was hard to get traction for long term shifts. The argument for sustainability in these circumstances did make the case for sustainability's impact on long-term and short-term (via inflationary pressures) value, for the benefits of risk management, for the interdependence of different financial markets or for the wealth of opportunities that exist in the market. Yet the case was not strong enough for a systemic economic transformation. In this context, the ever increasing demand for energy brought into stark contrast the need to deliver not only cost savings but also scale for sustainable energy sources.

We have not solved the challenge of the time horizon, specifically that effects of climate change will impose costs on future generations that are beyond the typical horizons considered in the business cycle, the political cycle, and monetary and fiscal policy.¹⁰ Financial institutions typically have a short- to medium-term financial and performance focus from the top down. The average tenure of a European CEO is four years¹¹ and the C-suite is, in the main, motivated by meeting short-term financial performance targets given shareholder primacy, albeit with a public nod towards 'group sustainability objectives'. On the product side, as an example, syndicated loans for general corporate purposes are typically of up to five years' duration, allowing banks to take the view that they will most likely be able to exit troublesome sectors ahead of any significant challenges. Another example is 12-month underwriting horizons for a large portion of the insurance market. And the average holding period of stocks went from eight years in the 1960s to under a year in the 2020s.¹² While climate risks are already beginning to have an impact on the creditworthiness of some assets, the damage is not yet sufficiently impactful to materially impact business models.

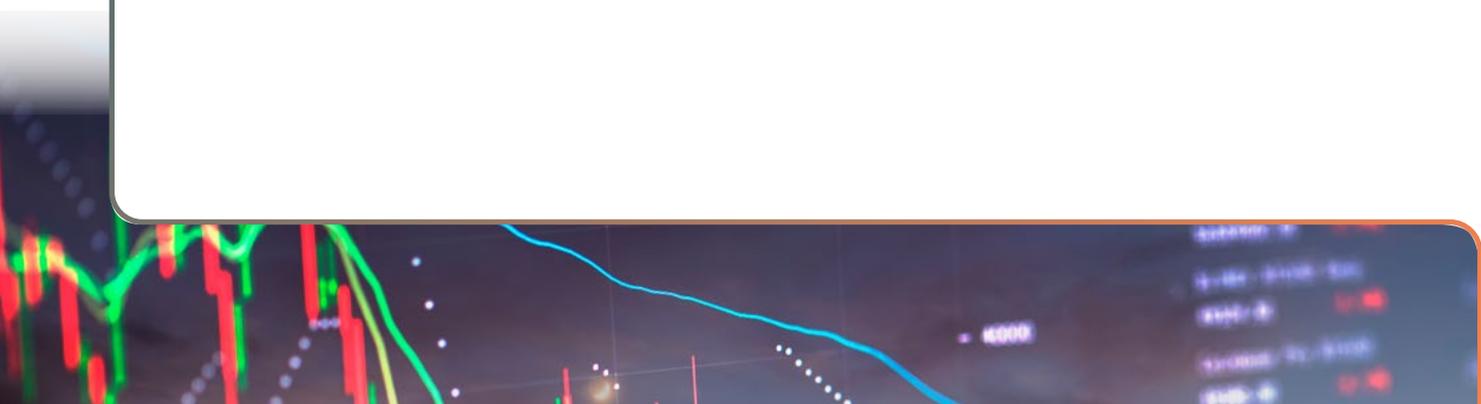
Remuneration has not been sufficiently connected to long-term value creation. Senior bank executives, business line heads and loan originators are typically compensated against delivery of annual performance targets. While there are minor incentives in compensation packages to address sustainability goals, the overwhelming part of the package is driven by short-term profit rather than longer-term value protection and creation.

Externalities are not priced in. Our current economic models incentivise financial institutions to generate profits for themselves while imposing the cost of negative externalities such as climate change, land degradation and pollution on society at large.¹³ Taxation is not used as a tool to curb negative externalities of carbon, plastic, deforestation and the like, which would drive the cost of inputs and thus build in incentives for directing capital. Thus, today's price signals are much louder than fears about tomorrow's value for most financial actors, meaning that market sentiment does not price in sustainability insights.

Physical risk is not embedded in methodologies to assess financial value. While adverse weather events have caused significant financial losses as well as material reductions in GDP in those countries most impacted, they are yet to be incorporated in portfolio assessments.¹⁴ The risk is well evidenced by the fact that two-thirds of S&P 500 companies around the world are estimated to have at least one asset at high risk because of the physical hazards created by a warming climate.¹⁵ It is estimated that a total of US\$81 billion of global trade and at least US\$122 billion of economic activity is at risk on average annually due to disruptions to the most critical ports globally from climate extremes.¹⁶ However, while the awareness of physical climate risks is growing within the financial sector, approaches to addressing them are often not in the models or scenario analysis.

While there has been a lot said about transforming the financial sector, this has often overlooked the fact that it can only finance what is present in the current real economy and is not empowered to bring about a new one. We have overestimated the stewardship power of finance. Most initiatives tend to sit within either the financial or the real economies, rarely bridging the two. Lack of clear sectoral pathways with strong alignment to industrial strategies are (and continue to be) a crucial cause of our failure to mobilise further.

Thus, currently the financial system is not incentivised to consider sustainability in financial decision-making. There are no capital charges on unsustainable activities because the current capital framework is not intended to protect the broader economy from wider climate and nature risks. As a result there is no incentive to exit stranded assets if they are rent bearing in the short term. And because there is a market failure to price the true cost of economic activity, climate-negative and nature-degrading activities make more money than sustainable activities, directing private capital towards anticipated profits. There is also an assumption that market players will all be able to exit at once if market sentiment shifts, which multiple financial crises taught us is not the case. From a compensation perspective, the focus on short-term financial value creation is what drives the markets. Externalities are not priced in. While early voluntary leadership can build momentum, demonstrate feasibility, and give policymakers the confidence to create more supportive enabling environments – and those shaping the agenda stand to gain early mover benefits – ultimately, transformation is only possible when voluntary leadership is supplemented by policy change.



The three shifts for the financial system

All the challenges notwithstanding, a market transition is taking place in certain sectors. The opportunities in the new green economy are worth up to US\$10.3 trillion.¹⁷ The speed of decrease in renewables costs and of increase in capacity available is staggering. Recent numbers from the UK's Climate Change Committee on net cost of transition have shown a decrease by 73 per cent since 2020.¹⁸ And these costs can be borne by the private sector as long as the right incentives are put in place. Further, there is a clear financial benefit to households of the UK reaching its 2040 climate targets. Coal has become largely uneconomical. According to the Intergovernmental Panel on Climate Change (IPCC), feasible adaptation and mitigation options are available now. What is more, there is enough capital in the system to transition. Some investment funds are starting to move on adaptation, realising that physical risks of climate change are here already.¹⁹ So finance needs to change not only to avoid a substantial risk of a disruptive market repricing once the sentiment shifts to reflect physical reality but also to benefit from the multitude of opportunities that such a transition brings.

Three essential shifts are required to benefit from these opportunities. These are: shifting core financial structures to embed sustainability into models that drive financial behaviour; shifting narratives and mindsets away from compliance and incrementalism to value, competition and transformation; and shifting industrial and financial policy towards a framework that clearly sets out transition pathways and incentivises the financial system to commit to long-term plans to deliver on them.

Figure 1: Three shifts required for the financial system with our priorities for accelerating these shifts



1. Shifting industrial and financial policy

Policy advocacy and thought leadership for industrial and financial regulatory innovation



2. Shifting narratives and mindsets

Sustainable finance leadership capacity building
Shifting narratives to unlock a sentiment change



3. Shifting core financial structures

Developing holistic financial models and structures
Demonstrating what is possible and showing how to scale
Unlocking a truly transformative financial architecture for a sustainable economy



Shifting market structures and policy

Even with a better incorporation of sustainability trends into core finance structures and a better understanding of sustainability and ability to innovate from financiers, finance will inevitably follow market incentives. To date early movers have not consistently seen a reward, which is required to incentivise action. To manage systemic risks and seize the opportunity that comes from the sustainability transition we need to adjust market structures. One of the biggest levers here is policy. Private sector leaders need to engage in shaping policy as well as advocate it. Finance has a particular role to play not only in terms of financial regulation – shifting markets requires synergistic moves in both financial regulation and wider policy targeting the real economy.

An enabling and consistent policy and incentive framework needs to both incentivise industrial transformation and drive the financial system to act in the long-term interests of people and planet. This includes supporting the most vulnerable communities to build the resilience that will be needed to cope with climate overshoot, while recognising that under-developed economies have every right to grow and to industrialise through modern technologies to provide citizens with the infrastructure needed for social well-being. A thoughtful approach to alliance building will be required to delineate who is best placed to advocate in which rooms in order to win the argument for such an over-arching policy framework.

A recognition of which policy and regulatory interventions have been helpful and impactful and which have created a compliance culture is required. Fundamentally, for finance to invest in and insure the new economy, it needs an industrial strategy and sector- and country-level transition plans. New institutional and governance innovations, such as ‘country platforms’ to attract and ‘organise’ blended finance investments in transformational development projects, will be needed. Shifting policy frameworks requires not only thinking through viable intervention points, but also a strong business voice advocating such change. Just as finance cannot singlehandedly create a sustainable economy, policy needs loud business and consumer support to enact a truly enabling and ambitious policy framework. **The mosaic of solutions needs to include a mix of incentives and penalties, innovations and scaling mechanisms, individual solutions and financial architectures all targeted at driving finance and insurance away from harmful activities and towards positive impact.**

While finance is a key lever for the transition, the financial market is not able to drive the transition without an ambitious and enabling regulatory framework that creates clear market incentives for action. Such a framework should include two interconnected pillars:

1. Sector-specific and holistic industrial strategy coupled with investable and just Nationally Determined Contributions (Paris-aligned country-level plans for staying within 1.5°C warming) that reflect and embed the global stocktake alongside investable, financeable and equitable National Biodiversity Strategies and Action Plans. This is essential to get the financial system on board – with a clear forward view and the right policy signals, this will give finance the confidence to invest in the transition; and
2. A financial regulatory framework that uses all the tools in the central banks and financial regulators’ toolkits to ensure that sustainability challenges do not threaten the stability of the financial system as a whole, as well as of individual financial institutions, and that the financial system is driven to fund, invest in and insure resilience. This includes, among others, taxation, subsidy, micro and macroprudential financial regulation as well as corporate governance.



Shifting mindsets to embrace new ways of thinking through sentiment shift and capacity building

At its core, any systemic transformation is driven by people, many of whom are used to operating within the status quo. Therefore, any systemic transition needs a recognition that business as usual – or ‘finance as usual’ – is no longer a viable path forward. An enabling narrative that prepares people for change, and that crafts paths for people to shape and guide this change, is urgently needed. This will require shifting the market sentiment about the viability of finance as usual and the desirability of future paths, as well as building new capacity and capabilities to enable active engagement with a changing world and the evolving landscape of risks and opportunities.

The market is currently locked in a narrative that transition to a more sustainable economy is optional and costly, that science is something to be believed in or disputed, and that we can continue with business as usual. This is categorically not the case. **The transition is happening today: the costs are decreasing, the cost of inaction is growing by the minute (now estimated to be equivalent to 11 per cent to 27 per cent of cumulative GDP),²⁰ the value of its opportunities is in trillions, and arguing with climate science is as productive as arguing with gravity.** That is the narrative we need to move forward. Therefore we need to go back to basics to create and present a solid business case to shift the market sentiment to align with the reality of what is already happening.

All these shifts require capacity and capability building within the financial sector and broader economy. Human capital matters as much as financial capital; the transition requires both. Individuals need to be better equipped to respond to the risks and opportunities posed by climate change, loss of nature and growing inequalities. This includes developing a robust understanding of the climate, environmental and social challenges we are facing, being able to clearly articulate the business case for change, develop a systems-wide perspective and translate that into their roles and remits.

This upskilling is required not just within financial institutions, but across key decision-makers within corporates, policy and government. All these audiences need to understand not only the levers for a successful rewiring of the financial system, and ultimately the global economy, but also how to deploy them. Such capacity building needs to take place across the world with bidirectional learning from east to west and south to north, while ensuring that the concepts of equity and justice are threaded through any research, convening, education and policy engagement.



Shifting core financial structures to embed sustainability into models that drive financial behaviour

In addition to moving policy and building capacity, a financial system transformation requires solving three interconnected problems – mispricing risks and externalities within financial models, failing to scale financing of sustainable activities, and lack of flow of finance across borders, requiring three interconnected solutions.

An urgent rethink of financial models that drive financial value assessment is required. Assessments of risk and reward within the financial system direct capital flow. However, for all the reasons detailed above, incentives within the financial system drive financiers to take a narrow, idiosyncratic and short-term view of risk. Financial models must assess, measure and manage environmental and social risks when financing, investment and insurance decisions are made, thus bringing sustainability into the core of financial valuation. The same applies to the opportunities, where without due consideration of environmental and social impacts new projects may become future stranded assets. To complement the work on models, data and knowledge sharing across boundaries is desperately needed to counteract unhelpful and potentially incorrect assumptions about the level of risk in the system and the carriers of this risk.

Finance is driven by the search for profitable opportunities, hence scaling of individual transactions is of utmost importance. Specialised structures are costly in terms of time and money, so we need standardised structures that are easily deployable in bulk. The current financial system has solved this problem in a variety of contexts, for example when mortgages are pooled together to create a tradeable product for large financial institutions as part of mortgage-backed securities. However, it has, so far, been unable to resolve the problem of scale in the climate and nature context, potentially due to the non-standard nature of these transactions. While in the case of mortgages the probability of default was different and size was small, the basic contract was standard. This is not yet the case for investments in nature-based products. There are many fantastic individual projects that exist today to solve individual challenges, for example Aviva's GBP38 million investment in British temperate rainforests, however many lack the size or replicability that is deeply needed to create the scale and pace of transition required. This includes the collation of a standardised toolbox of financial structures that enable delivery of capital into climate and nature solutions. There is also a need for more emphasis on engagement and product building for retail investors to unlock the potential pool of retail funding.

While transitioning the Global North will certainly help, we urgently need to improve the flow of finance towards the sustainable transition of EMDEs. Unless the whole of finance evolves to make all financial flows consistent with the goals of the Paris Agreement, money will continue to go to activities that undermine them. Here international financial architecture is a key piece of the puzzle. This includes international finance institutions, multilateral development banks and monetary authorities responsible for the governance arrangements that safeguard the stability and function of the global monetary and financial systems. Finding the multitude of ways in which the flow of private finance across borders is unlocked is of paramount importance if we are to build a truly sustainable economic and financial system. This includes looking for innovative ways to combine public, private and philanthropic capital to drive scale and volume in sustainability solutions.²¹ It also means recognising that the reform of international financial architecture will only be effective if it incentivises the flow of private finance capital towards commercially viable opportunities, as we indicated in our submission to the Baku to Belém Roadmap.²² This requires addressing risk–return perceptions that hamper the feasibility of investments in these regions, and creating demand signals for projects that support the transition away from fossil fuels.





A new action plan for shifting finance

Against the backdrop of a changing and challenging geopolitical context, the systemic transformation of industry is already underway. **We need to respond to the current moment not with dismay and loss of momentum, but with new thinking, new coalitions and alliances, new narratives and new solutions for a well-managed transition, which takes into account the scientific underpinning and the reality of sustainability challenges ahead.**

Across the financial system, a range of different types of stakeholders need to collaborate, engage and be brought along on the journey. This includes asset owners, investors (private and institutional), banks, insurers, private equity and private debt companies, and venture capitalists alongside corporates in the industries that are key for the transformation. **We need new strategies to move the financial system and new spaces to convene its actors to co-develop and execute the vision of finance at the core of a sustainable economy.** This challenge is not just for CISL and its Centre for Sustainable Finance to address but also for the multitude of our partners.

Our focus on this journey will be to collaborate, co-create research and tools, build narratives and the human skills and capacity required to rewire the global financial system to support a sustainable economy. While it is a journey that CISL has been travelling for over 30 years, we will continue learning and rethinking which approaches are required to drive lasting and meaningful impact. CISL's Centre for Sustainable Finance has almost a 20-year history in convening and co-creating research and tools with the financial sector to drive change. We currently collaborate with 50 global financial institutions. Under the Centre for Sustainable Finance umbrella our leadership platforms have been engaging with insurance, banking and investment communities since 2007. With the mission of redirecting capital to sustainable economies, we combine our strengths in convening, innovation, foresight and capacity building towards a transformation of the economic and financial system with the academic rigour and the breadth of expertise that the University of Cambridge brings. It is now time to take this collaboration to the next stage and align around a set of priorities to deliver actionable change.

In this context, our priorities for the next phase will be to:

- 1. Build an evidence base for and advocate an enabling industrial and financial regulatory framework.** We will strengthen the evidence base for an enabling and robust policy framework within the global environment and work with financial institutions to drive policy change.
- 2. Help shift sentiment, rebuild momentum and build capacity to support sustainable finance leadership.** We will continue to build capacity among financiers and non-financiers alike on what a truly transformational sustainable finance agenda looks like, and enable leaders in emerging markets and developing economies to create financeable and insurable pipelines.
- 3. Develop financial models and structures that reflect real-world risks and opportunities and enable long-term value creation.** Collaborating with the brightest minds in this space and building on our work encompassing nature risk frameworks and engagement frameworks, as well as a guide for building resilience in investment portfolios, we will work with financial institutions to bring about better understanding of the risks of climate change and biodiversity loss, and the financial materiality of its impact on societies. This will incorporate nature into financial valuations, bring externalities into financial models and develop understanding of the impacts of the transition on society.



- 4. Demonstrate what is possible and show how to scale.** We have created a number of use cases demonstrating how to assess nature risk in portfolios as well as showcase solutions for driving capital away from activities that are harmful and towards climate- and nature-based solutions. We will continue to publish use cases across the world and collate the variety of scaling solutions to enable a swift and efficient delivery of capital. Through this work we aim to help financial institutions identify and close opportunities to generate revenue from the transition.
- 5. Contribute to unlocking a truly transformative financial architecture for a sustainable economy.** We will collaborate with our partners to ease the flow of finance across borders towards emerging markets and developing economies. We will work with public and private finance and engage with international gatherings, to bring the voice of private finance. We will advocate more clarity and coherence within policy frameworks to mobilise private capital into countries and sectors that are most in need of transition capital.

We will deliver on these priorities within a new open collaboration structure to bring together our partners through our leadership groups and build new collaborations to supercharge our impact in the sustainable finance space. Join us and help us accelerate the rewiring of the global financial system to support a sustainable economy.

- Across 2025, CISL will be hosting a range of events and masterclasses for businesses looking to shape market transformation.

Visit the hub
www.cisl.cam.ac.uk/rewiringfinance
or get in touch with us [here](#)
to find out how to get involved.

**Rewiring
Finance**

The text 'Rewiring Finance' is written in a bold, white, sans-serif font. The word 'Rewiring' is on the top line and 'Finance' is on the bottom line. The text is positioned on the right side of the page, with a white arrow pointing to the right behind it. The background is a dark teal color with a white, wavy line graphic that starts from the bottom left and moves towards the right, ending under the 'Rewiring Finance' text.

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