



TURBOCHARGING INVESTMENT

**INTERNATIONAL LESSONS FOR
FINANCING SECTOR TRANSITION PLANS**

**WWF SUMMARY PAPER
SEPTEMBER 2026**

About WWF

We're WWF, the leading global environmental charity and we're bringing our world back to life. We are tackling the causes of nature loss. And we're finding solutions so that future generations inherit a world where nature is thriving and the climate is stable.

About this report and acknowledgements

This project was led by Aoife Blanchard and Alex Allenby, with contributions from Rick Parfett and Robin McGhee. We would also like to thank David Walsh, Laurence Picton, Karen Ellis and Matt Scott for their valuable insights and feedback.

WWF-UK would like to thank the team at Nature Positive for their contributions to this summary paper. Their accompanying technical report, informed by extensive policy analysis and engagement with international stakeholders, provided a critical evidence base for the solutions set out here. We also thank the stakeholders who generously shared their time and expertise through interviews and correspondence, helping to inform the findings presented in this paper.

Publishing office

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Designed by Louisa Grant

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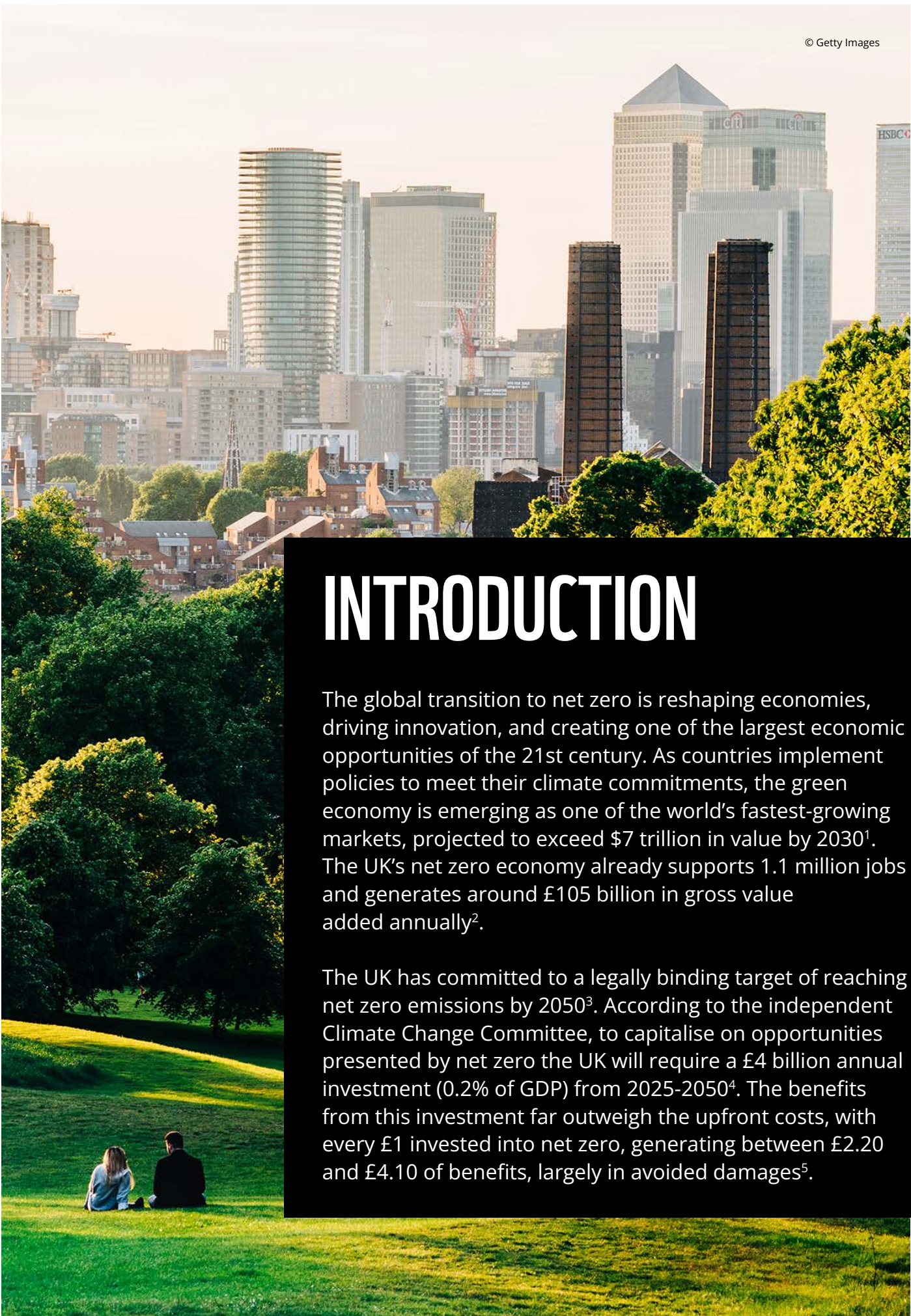
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INTRODUCTION

The global transition to net zero is reshaping economies, driving innovation, and creating one of the largest economic opportunities of the 21st century. As countries implement policies to meet their climate commitments, the green economy is emerging as one of the world's fastest-growing markets, projected to exceed \$7 trillion in value by 2030¹. The UK's net zero economy already supports 1.1 million jobs and generates around £105 billion in gross value added annually².

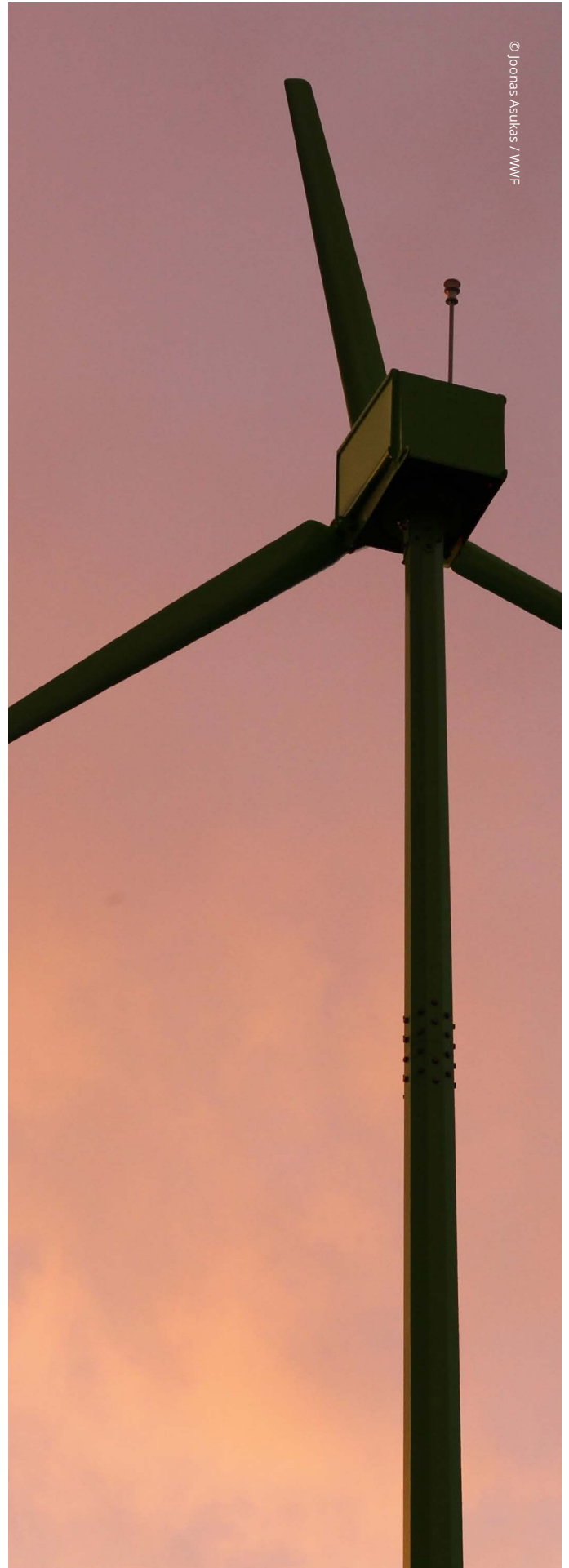
The UK has committed to a legally binding target of reaching net zero emissions by 2050³. According to the independent Climate Change Committee, to capitalise on opportunities presented by net zero the UK will require a £4 billion annual investment (0.2% of GDP) from 2025-2050⁴. The benefits from this investment far outweigh the upfront costs, with every £1 invested into net zero, generating between £2.20 and £4.10 of benefits, largely in avoided damages⁵.

THE ROLE OF SECTOR TRANSITION PLANS

The UK's Net Zero Council, a partnership between government, business, and civil society providing strategic leadership towards net zero, is overseeing the development of Sector Transition Plans (STPs). These plans will help to bridge the gap between national carbon budget delivery plans and corporate transition plans for key sectors.

By providing greater clarity on the policies and financing needed to deliver emissions reductions, STPs can unlock investment, economic growth, and energy security. Through their Finance Plans, STPs can identify funding gaps, map investment needs, and provide clearer signals to finance institutions on future investment opportunities.

However, producing transition plans alone will not guarantee delivery. Mobilising investment at the pace and scale required remains one of the key delivery challenges facing the UK's net zero transition. Ensuring that STPs can attract private as well as public capital will therefore be essential to achieving the UK's net zero ambitions.



INTERNATIONAL LESSONS AND ENABLING CONDITIONS

WWF has commissioned new research to explore how leading economies are mobilising investment for the net zero transition, and to identify transferable lessons for UK STPs. Drawing on case studies from Australia and Singapore, alongside interviews with investors and industry leaders, the research identified a consistent message:

ATTRACTING INVESTMENT REQUIRES COORDINATED INSTITUTIONS, INVESTABLE PROJECT PIPELINES, AND STRONG ENABLING CONDITIONS.

Across the international case studies, stakeholders highlighted the importance of credible long-term policy commitments to provide confidence in the commercial viability of projects over their lifetime. While long-term policy stability is inherently a political issue and therefore beyond the scope of this report, the findings highlight the importance of institutions and cohesive policy frameworks that can provide confidence beyond political cycles. The development of STPs can play a key role here, setting out a long-term partnership between government, investors and industry.

Investors also emphasised the importance of confidence in future demand. Demand-side signals like carbon pricing were consistently cited as critical to the commercial case for low-carbon investment. Stakeholders in Australia highlighted the absence of carbon price mechanisms as a barrier to demand for low-carbon technologies.

Given ongoing discussions on closer alignment between the UK and EU Emissions Trading Schemes, this paper does not assess UK carbon pricing policy. However, the international evidence underlines the importance of strong demand-side signals in attracting investment.

While wider enabling conditions including credible long-term policy commitments and strong demand-side signals are critical to unlocking investment in STPs, the recommendations in this paper focus on how the UK can strengthen institutional coordination and develop investable project pipelines through existing structures.

CHALLENGE 1: A COORDINATION GAP IN TRANSITION FINANCE

No single institution currently has an explicit mandate to align interventions across the public finance landscape, combine different forms of public and private capital, and support the delivery of investable project pipelines. As a result, support is often fragmented across separate programmes that are individually valuable, but can be insufficient to materially alter project risk-return profiles on their own.

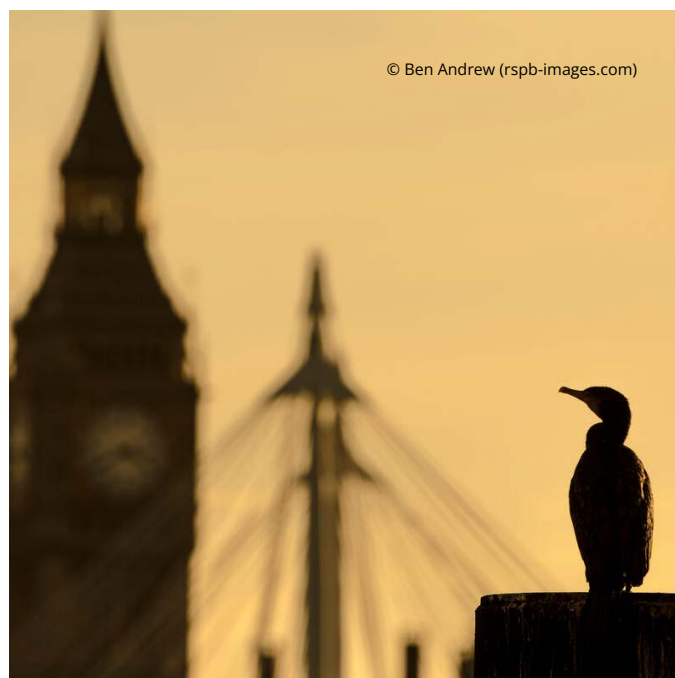
Stakeholders emphasised that the UK does not lack capital, institutions or the investment appetite for net zero. The UK already possesses many of the institutions to mobilise investment, including innovation funders such as UK Research and Innovation (UKRI) and its constituent Innovate UK, public investors such as the National Wealth Fund (NWF), development finance expertise such as British International Investment (BII), and sector planning processes through the Net Zero Council.

SOLUTION 1: ESTABLISH A COORDINATING PLATFORM TO UNLOCK PRIVATE INVESTMENT AT SCALE

International case study

Singapore has developed a highly coordinated transition finance ecosystem, combining public funding, supportive policy frameworks, and blended finance structures to help projects attract private investment as they mature.

Their flagship mechanism is the Financing Asia's Transition Partnership (FAST-P), run by the Monetary Authority of Singapore (MAS). FAST-P combines concessional capital



from the Singaporean Government, with contributions from multilateral development banks, development finance institutions, and philanthropic investors to finance transition projects across South-East Asia⁶. By absorbing more project risk, these partners enable commercial investors to back projects that might otherwise be considered too risky.

While operating in a very different economic context to the UK, Singapore provides a useful example of how public, concessional, and private capital can be coordinated through a single platform. The recommendation does not seek to replicate FAST-P's geographical or investment focus, but rather its ability to coordinate multiple sources of capital through a central institution.

Singapore's experience suggests that capital can be mobilised more effectively when different forms of finance are coordinated through a single institution. To apply this learning, the UK would first need to assess whether its existing institutions have the mandates, capital base, and governance arrangements to perform this role.

Recommendation

The UK already has many of the institutional components demonstrated by Singapore's FAST-P model, including concessional capital, development finance expertise, and private investment partners. However, unlike Singapore, these institutions are not currently structured as a coordinated platform, and no UK institution holds a mandate equivalent to MAS.

A coordinating institution could use STP Finance Plans to identify priority investment opportunities, align public and private capital around agreed sector pathways, and help support the creation of a pipeline of investable projects aligned with STP priorities.

The National Wealth Fund (NWF) is currently the UK's principal public finance institution for mobilising private investment into clean energy and industrial transformation. Unlike many sector-specific bodies, it operates across multiple transition-critical sectors and has an explicit mandate to crowd in private capital. While the NWF helps address the shortage of commercial finance for individual projects, it does not have a formal role in coordinating finance across the wider public investment landscape. This creates an opportunity to explore whether its existing position could be expanded to include a broader coordination function.

HM Treasury should explore establishing a formal capital-stacking platform capable of coordinating transition finance across public and private institutions. As a first step, it should commission a review of the NWF's mandate to decide if it could fulfil this role.

The review should assess whether the NWF's existing remit allows it to coordinate financing across multiple public institutions and private investors, and whether any governance, legislative or institutional changes would be required to support a formal capital-stacking approach.

If the review concludes that the NWF is not best placed to perform this function, HM Treasury should consider establishing a dedicated coordinating vehicle, similar to Singapore's FAST-P Office. The design, mandate and governance of any new organisation should be informed by the findings of the review.

The UK is already supporting Singapore's FAST-P through BII. While BII would be unsuitable to lead a UK transition finance mechanism given its international mandate, its experience as an investor in FAST-P could provide valuable insights. HM Treasury should draw on this expertise when assessing options for a UK equivalent model.





CHALLENGE 2: THE UK LACKS A CLEAR PATHWAY FOR PROJECTS TO MOVE FROM INNOVATION TO DEPLOYMENT

The UK's Net Zero Council STP Guidance⁷ identifies the 'missing middle' of transition finance between early-stage grant funding and commercial deployment. This results in promising projects struggling to progress through the development pipeline. While STPs can help identify investment opportunities and financing needs, further mechanisms are needed to help projects progress from innovation to commercial deployment.

UKRI/Innovate UK provide grant funding for early-stage innovation, while the NWF provides concessional finance for commercial-stage deployment which can exclude early-stage projects. A funding gap

can emerge in the middle of the innovation chain because UKRI/Innovate UK and the NWF operate under separate mandates and there is currently no formal pathway linking innovation unlock to deployment finance.

The UK already has programmes designed to support the commercialisation of innovation. For example, UKRI has established a £9 million Proof of Concept Fund to help bridge the gap between academic research and private investment⁸. Despite this initiative, there remains no formal pathway linking early-stage grant funding to deployment finance at scale. As a result, the "missing middle" identified by the Net Zero Council remains a persistent challenge.

SOLUTION 2: BUILD AN INVESTABLE PATHWAY FROM INNOVATION TO DEPLOYMENT

International case study

The Clean Energy Finance Corporation (CEFC) is an Australian government-owned green investment bank, which provides concessional finance for projects that are ready to scale. The Australian Renewable Energy Agency (ARENA) provides upstream support for research and development to deploy transition projects through grant funding. These organisations occupy similar positions in the development pipeline to the UK's NWF and UKRI/Innovate UK respectively.

Australia addressed the 'missing middle' by using legislation to formally link ARENA's grant funding with CEFC's concessional finance, through a £523.2 million⁹ Clean Energy Innovation Fund. Under a jointly governed structure, the two organisations maintained separate but complementary mandates, while providing a clear pathway for projects to move from innovation funding into deployment finance. This reduced the risk of promising projects stalling as they moved towards commercialisation.



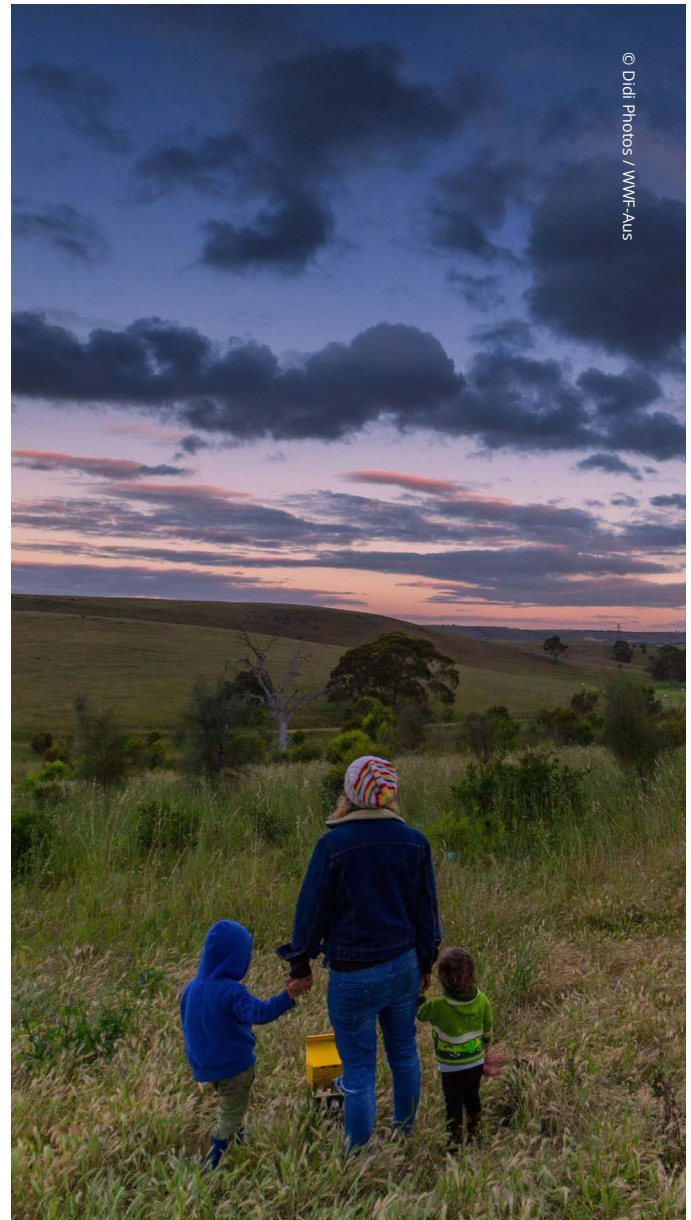
Recommendation

In partnership with DBSIT and DESNZ, HM Treasury should identify the most effective mechanism for addressing the 'missing middle' identified by the Net Zero Council. This assessment should draw on international examples such as Australia's CEFC-ARENA model and explore how UKRI/Innovate UK and the NWF could be connected through a structured financing pathway that supports projects from innovation to deployment.

In this partnership, UKRI/Innovate UK would hold responsibility for the provision of grant funds and technical expertise in the early stages of project development. NWF would provide the concessional capital and hold accountability for investment performance once projects are deployed commercially. This will however require reviewing their mandates to determine how a joint delivery model could function in practice.

The assessment should consider whether governance changes, legislative amendments, or new institutional arrangements are needed to create a seamless financing pathway between innovation funding and deployment finance.

However, creating a financing pathway alone will not guarantee deployment if supporting supply chains are unable to scale alongside projects. Australian stakeholders identified supply chain constraints as a barrier to scaling transition projects. Suppliers are often reluctant to invest in additional capacity without confidence that future demand will materialise, while transition projects are slowed by a lack of mature supply chains. This creates a cycle of underinvestment that slows deployment. By providing greater clarity on future



technology pathways and investment needs, STPs can help strengthen demand signals and support investment across both projects and their associated supply chains.

To ensure investment is focused on delivering strategic transition benefits rather than simply hitting quotas, the joint investment criteria for this partnership should be developed to assess eligibility based on both sectoral need and commercial viability. A strategic approach to investment would be to prioritise sectors with the highest emissions reduction potential and which lack access to appropriate finance.

CONCLUSION

The research is clear: the foundations for the UK's green transition already exist. The challenge is to connect institutions, capital and projects into investable pathways. Without investable project pipelines and mechanisms to mobilise capital, STPs risk identifying opportunities without securing the investment needed to deliver them.

The recommendations in this report set out practical steps the government can take to strengthen the coordination of transition finance and create clearer pathways from innovation to deployment. Together, these reforms would help channel investment into the UK's STPs and accelerate delivery of the net zero transition.



Businesses and financial institutions stand ready to work with government¹⁰ to translate STPs into investable opportunities, unlocking capital at the pace and scale required to deliver the economic, environmental and energy security benefits of the transition.

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