

Concept Note

Creating a UN-Convened Net-Zero Export Credit Alliance (NZECA)

June 2023

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1. Background

There is increasing recognition, including in the intergovernmental process, that the climate crisis can only be managed and averted through a systemic-scale rechanneling of trillions per annum across various sectors of the economy. This recognition is captured in the Paris Agreement's Article 2.1.c that commits world governments to ensure that all financing - public and private - over time becomes consistent with the Agreement's long-term objectives. This means, among other things, that all financial assets, portfolios, financial institutions (FIs), and the overall system over time need to become equally consistent.

Initiatives such as the [Glasgow Financial Alliance on Net Zero \(GFANZ\)](#) and UN-convened alliances, including the [Net-Zero Asset Owners Alliance \(NZAOA\)](#), the [Net-Zero Banking Alliance \(NZBA\)](#) and the [Net-Zero Insurance Alliance \(NZIA\)](#) seek to align private finance with climate goals in accordance with Article 2.1(c) of the Paris Agreement on Climate Change. Based on new climate finance-related mandates, a growing number of export-import banks (EXIMs) and export credit agencies (ECAs) have also introduced ambitious climate strategies. Through close and focused collaboration, ECAs and EXIMs could drive collective net zero climate action across their activities and monitoring of collective progress towards real economy decarbonization.

The Net Zero Export Credit Alliance (NZECA) would be a platform to facilitate this collaboration by catalysing and scaling the role and impact of ECAs and EXIMs in line with global climate policy goals. The NZECA will seek to work closely with existing groups such as the Berne Union and E3F, but it will have differentiated priorities and membership. The NZECA will bring together a high ambition group of leading EXIMs and ECAs to deliver on net zero commitments by 2050 or sooner through the development of methodologies on target setting, reporting, monitoring, and client engagement. The NZECA will also create greater access and representation for ECAs and EXIMs across a number of influential climate finance initiatives such as GFANZ, TCFD, and UNEP FI-led alliances. This will allow ECAs and EXIMs to benefit from involvement in key events, such as future COPs, and collective

discussion on emerging areas of opportunity, such as the capital mobilization efforts for country-level Just Energy Transition Partnerships (JETPs).

2. Rationale and approach

While the [OECD Arrangement](#) (including sectoral understandings) and the [OECD Common Approaches](#) remain the most relevant collective sustainability frameworks for export credits at the international level and initiatives such as the Export Finance for Future ([E3F](#)) coalition, the Berne Union [Climate Working Group](#) and the Powering Past Coal Alliance ([PPCA](#)) indicate the growing importance of officially supported export credits decarbonization, there is still significant potential for alignment of EXIMs' and ECAs' portfolios with science-based pathways towards Paris Agreement goals. This potential can be mobilized through collective effort of EXIMs and ECAs across the whole export credit portfolios consistent with credible net-zero scenarios.

In this context, this concept note proposes the establishment of a coherent alliance to coordinate alignment of leading EXIMs and ECAs with the global climate policy - the Net-Zero Export Credit Alliance (NZECA). The Alliance would be coordinated by a Secretariat hosted by the [UNEP Finance Initiative \(UNEP FI\)](#), comprising key leaders of EXIMs and ECAs with a climate policy mandate and in close collaboration with the Berne Union and E3F, representatives of their guardian authorities and leading scholars. Supported by an Innovation and Knowledge Hub at the Oxford University, the Alliance would help a critical mass of EXIMs and ECAs to catalyse the alignment with the Paris Agreement. The alliance would benefit from access to the GFANZ process, including participation in global climate policy making and coordinating efforts with other financial institutions. Moreover, NZECA would be an entry point to a broader approach regarding a commitment framework for public finance institutions and an enhanced global economic governance, aligned EXIM and ECA strategies, guidance for their execution including initiatives for new financing solutions and risk management processes, as well as portfolio measurement. Working as an alliance enables faster and more consistent progress, an aligned approach and much better track of the collective progress in climate impacts mitigation. This process of alignment and standardization in addition, could also help level the playing field for industries across jurisdictions, providing both more stability for jobs and economic growth throughout the climate transition. In addition, coordinated action of climate and sustainability leaders will provide a powerful momentum and prepare grounds for other ECAs and EXIMs to follow.

Over the last 5 years UNEP FI, has worked with over 200 financial institutions to develop the tools, data, methods and scenarios required for such assessments and disclosures. This experience will help to inform and structure the process of NZECA establishment considering the specific features of EXIMs' and ECAs' operations and portfolios, their main mandates and organizational preferences. The main operational principles for NZECA (in line with other UNEP Fi – convened net-zero alliances) are suggested as follows:

- Led by members, their ambition, objectives and capacity and supported by the UN and academia;

- Leadership-driven;
- Evolving over time, considering the level of technology and climate science development as well as the progress made by members;
- Science-based Paris-aligned target setting, ambitious yet realistic;
- Transparency and accountability as indispensable elements.

The key components enabling individual and collective progress of Alliance members towards real-life positive climate outcomes include:

- A. A strong, credible, formal and explicit commitment** at the appropriate level of ambition and within the appropriate scope (the full portfolio) that is made public including key transparency and accountability mechanisms;
- B. A strong internal mandate**, from the top of the organization, typically the CEO;
- C. Agreed on & detailed guidelines** that translate and operationalize the committed level of ambition into ‘executable’ organizational strategies;
- D. A robust & credible reporting and monitoring framework** that is publicly recognized, well governed and ensures accountability over time;
- E. An accountability mechanism that ensures all Alliance members fulfil the requirements agreed upon;**
- F. Collective platforms of likeminded and equally committed FI peers with a sufficient number of participants**, through which relevant stakeholders can be engaged, systemic topics addressed, and key agendas advanced.

3. Expected outcomes

The main expected outcomes of NZECA creation are:

- I. Boosting progress of ECAs and EXIMs towards net-zero scenarios starting with identification and engagement of a critical mass of EXIMs and ECAs globally as pioneers for the UN-convened NZECA, such as [EDC](#), [EKF](#), [EKN](#), [KEXIM](#), and [UKEF](#);
- II. Ensuring adequate export support in the conditions of economy decarbonization;
- III. Building infrastructure for collective decision making, experience sharing and interaction with various stakeholders for ECAs and EXIMs on climate change and build understanding of their collective contribution to global decarbonization goals;
- IV. Creation of a credible, clear and user-friendly consensus portfolio decarbonization methodology for the broader ECA community which, where relevant, aligns to existing methodologies from initiatives such as PCAF, ISSB and SBTi;
- V. Provision of instruments and guidance for ECAs to engage with their clients and support decarbonization in the key economic sectors and implementation of the national decarbonization strategies;

- VI. Improved representation of EXIMs and ECAs to various global and regional policy processes (including GFANZ, TCFD, SBTi, ISSB, Climate Action 100+) to better account for their interest in and approaches to just transition;
- VII. Monitoring of collective progress towards the Paris Agreement goals, improving transparency and visibility of EXIMs' and ECAs' efforts towards low-carbon economy, ensure additionality between public and private finance in supporting just transition;
- VIII. Pooling resources through collective action on methodological and organizational (communication, stakeholder engagement) processes and gain access to additional external financing and expertise;
- IX. Gaining access to net-zero alliances of private FIs through the infrastructure created by UNEP FI for wider experience sharing, synergies creation and alignment across the financial sector;
- X. Inspiring other public finance institutions in establishing robust commitment frameworks and in creating similar alliances.

4. Catalysing and scaling public climate finance

In a broader context, the project would contribute to catalysing the alignment of other public finance institutions (such as development finance institutions, public innovation funds and national public banks) with the climate policy goals. Insights from the Alliance would inform the creation of similar initiatives, for example the creation of a more general commitment framework for public finance institutions, and a GFANZ-like set of alliances for public bodies.

5. Implementation

5.1 Approach and key milestones

Phase	Actions and milestones
Preparation	<p>Q1 2023</p> <ul style="list-style-type: none"> - Internal resources at UNEP FI and Oxford University are allocated on short-term to set-up the Alliance.
Start-up	<p>Q2 2023</p> <ul style="list-style-type: none"> - One-to-one meetings with the leading EXIMs and ECAs, forming the common understanding of the state of the play; - Establishment of the Alliance Incubation Group to be in constant touch with UNEP FI and Oxford experts, identify the main Alliance tasks, objectives and existing challenges; - Develop a preliminary target operating model and implementation plan collaboratively between the Incubation Group and UNEP FI. <p>Q3 2023</p> <ul style="list-style-type: none"> - Develop commitment text with selected EXIMs and ECAs and increase outreach to EXIMs and ECAs; - Socialize the Alliance establishment idea and the commitment.
Launch	<p>November 2023</p> <ul style="list-style-type: none"> - Official Net Zero Export Credit Alliance launched with leadership from 5-10 countries. <p>Q4 2023</p> <ul style="list-style-type: none"> - Establish the Alliance Steering Committee; - Establish Thematic Working Groups with EXIMs/ECAs; - Hiring the Secretariat personnel (subject to additional funds availability).
Implementation	<p>Q1 2024</p> <ul style="list-style-type: none"> - Increase membership, further develop related tools and other resources, establish links with other net-zero initiatives. <p>Q3 2024</p> <ul style="list-style-type: none"> - Develop Governance Document for the Alliance; - Active communication with governments and regulators on alignment of export credit regulation with net-zero. <p>June 2024</p> <ul style="list-style-type: none"> - NZECA first in-person summit with membership of 10-20 countries. f <p>November 2024</p> <ul style="list-style-type: none"> - Develop NZECA Target Setting Protocol and methodology, launch consultations.
Building further momentum	<p>2025</p> <ul style="list-style-type: none"> - UNEP FI and Oxford Knowledge Hub support 25+ countries to align export finance to net zero. - Members publish their science-based targets. - 1st progress report

5.2. Financing

NZECA work (including the Secretariat) at the kick-off stage is supposed to rely on mixed financing, primarily provided by external philanthropic donors. The full-scale operational pattern, including financing needs and sources, will be determined by the Steering Group when operational.

5.3 Organisation

Administrative arrangements of the project will include:

- **NZECA:** An ‘Alliance’ comprising:
 - EXIM and ECA members, forming a Steering Group, a Representatives Steering Group and working groups and interacting with advisory bodies if needed. The possible Alliance structure and work tracks after the full-scale launch is presented at Figure 1 below. The actual structure is to be designed and approved by the members, considering member needs and preferences as well as the Alliance evolution over time and resources available.
 - Secretariat: A full secretariat based at the UNEP FI staffed as follows (subject to financing available):
 - NZECA Secretariat Lead and Thematic Hub Lead (part-time);
 - NZECA Programme Supervisor (full-time);
 - NZECA Senior Project Manager (full-time);
 - NZECA Communications Lead (full-time);
 - NZECA Programme Assistant (full-time);
 - NZECA Administration Assistant (full-time).

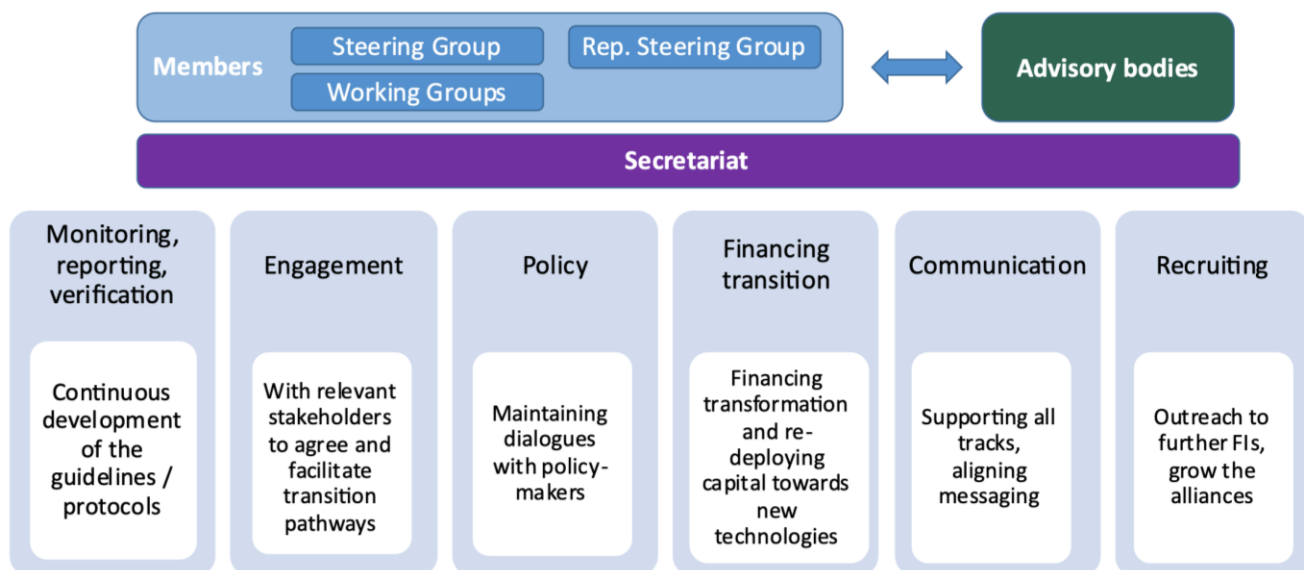


Figure 1. Sample structure and work tracks of NZECA when fully operational.

- **Innovation and Knowledge Hub:** A public finance hub at the University of Oxford led by Andreas Klasen (Professor at Offenburg, former Co-CEO of the German ECA and former

Berne Union Vice President) in his capacity as a Visiting Fellow at Oxford, which would provide intellectual leadership and research on the initiative, drawing on vast experience in climate policy, officially supported export credits and global governance. The hub would be a joint initiative of the Blavatnik School of Government and the Smith School of Enterprise and the Environment. Intended staff would include, in particular, a Postdoctoral Research Fellow, External Research Support, as well as Future of Climate Cooperation Support.