



The Net-Zero Export Credit Alliance: The case for greater collaboration on climate leadership





The climate crisis demands finance sector leadership

THE CRISIS

To achieve the 1.5°C warming ambition of the Paris Agreement, **CO₂ emissions need to be cut in half every 10 years** until 2050

THE CHALLENGE

To meet this decarbonization goal, the global community will need to **invest about \$4 trillion each year until 2050¹**, in innovative tech, adaptation, and mitigation. **Public sector finance alone is far insufficient to the task.**

¹ *What's the cost of net-zero?* Race to Zero ([link](#))

Net-zero commitments are key to ensuring effective action against climate change

Limiting temperature increase to 1.5 degrees C

The Paris Agreement calls for ratifiers to reduce greenhouse gas emissions and limit irreversible climate change that would happen if temperatures increase more than 1.5 degrees C from pre-industrial levels

Requires 50% decarbonization by 2030

The Intergovernmental Panel on Climate Change (IPCC) found that in order to limit heating to 1.5 degrees C, we need a net-zero global economy by 2050 and **immediate rapid decarbonization reaching 50% by 2030**

To stop irreversible damage

Limiting irreversible climate change is crucial to save the planet and the livelihoods of billions of people

And foster new economic opportunities

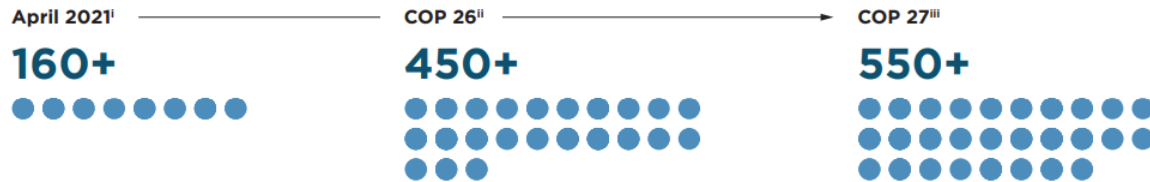
The transition to net zero will also be the biggest commercial opportunity of our generation, **with over \$100TN of investment opportunities**

Financial-Sector Commitment to Net Zero

GFANZ is a global coalition of leading financial institutions committed to mainstreaming the decarbonization of the global economy to reach net-zero emissions by 2050.

Membership growth

Members (One bubble represents 20 members)

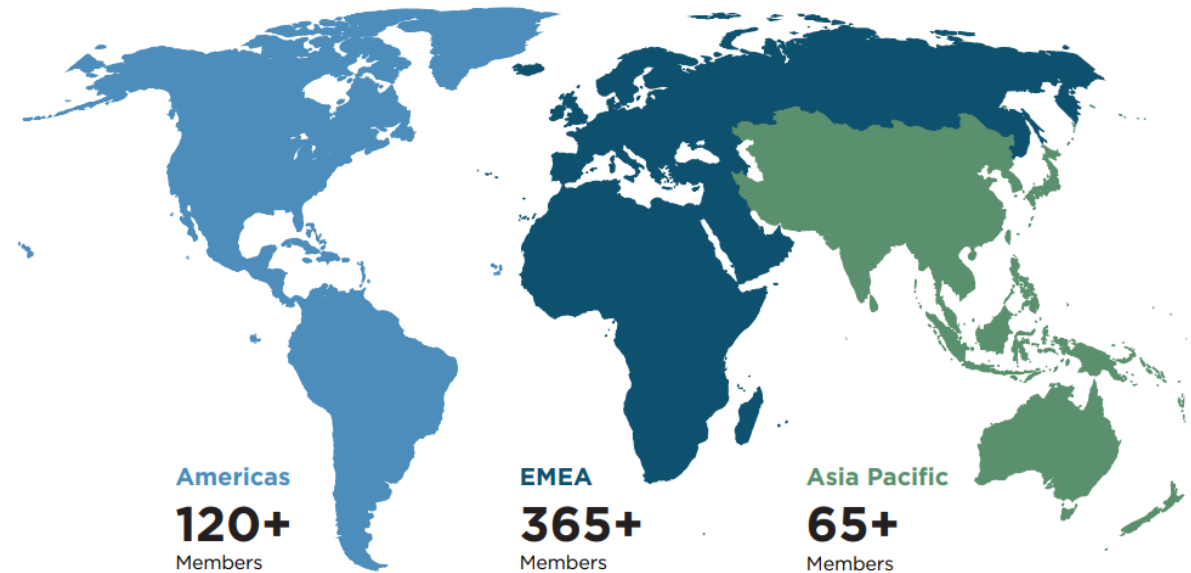


Financial assets^{iv, v}

NZAM \$68TN Assets Under Management	NZBA \$70TN Financial Assets	NZIA \$0.7TN Gross Written Premiums	PAAO \$3.3TN Assets Under Management
NZAOA \$11TN Assets Under Management	NZFSPA 23 Member Firms	NZICI 10 Member Firms	

Geographical breakdownⁱ

Total members: 550+
Jurisdictions represented: 50



i) Membership at the launch of GFANZ, ii) Membership as noted in last year's [GFANZ Progress Report](#), iii) Sourced from Alliance Secretariats, as of 21 October 2022. Financial institutions who are part of multiple alliances were only counted once, iv) Sourced from Alliance Secretariats, as of 21 October 2022; Double-digit integers are rounded up to nearest integer. Overlap possible as any given financial institution may be part of more than one alliance, v) alliances which do not report on financial assets have been represented by their member count.



ECAs and EXIMs must be part of the solution

ECAs and EXIMs have an important role to play in the journey to a net-zero emissions economy by 2050 or sooner. **80 to 90% of international trade¹** relies on public and private trade and export financing, guarantees and insurance.

ECAs and EXIMs provide around **\$2.6 trillion of payment risk protection²**. As a result, they have significant potential to stimulate more sustainable international trade in general and the trade in climate-related technologies in particular.

¹ World Trade Organization (2022)

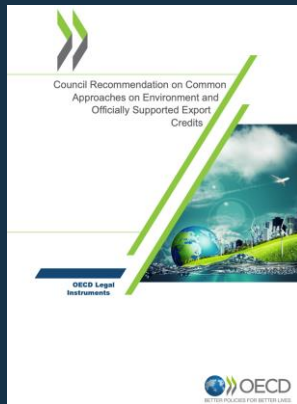
² Berne Union (2023)

As with private finance, growing numbers of ECAs and EXIMs are pursuing ambitious climate strategies

These efforts are currently supported by some collaborative sustainability efforts; however, none of these are focused on high ambition net zero portfolio alignment approaches for ECAs or EXIMs.

Sample of existing collaborative efforts

OECD Common Approaches



This agreement, adopted in 2012, sets recommendations for approaches to undertaking environmental and social due diligence to identify, consider, and address potential environment and social impacts and risks for export credit.

Berne Union Climate Working Group



Operating within the Berne Union, the leading global association for export credit and private insurers, this working group seeks to accelerate climate action in export credit and trade finance by fostering innovation around low-carbon transition.

Export Finance for Future (E3F)



The E3F coalition was launched in 2021 to support a shift in investment patterns towards climate-neutral export projects and to increase transparency.

The Net-Zero Export Credit Alliance will be a new platform dedicated to bringing together a high ambition group to deliver on net-zero commitments by 2050 or sooner

The NZECA will seek to work closely with existing groups, such as the Berne Union and E3F, but will seek to create differentiated opportunities for ECAs and EXIMs.



Bringing together leading ECAs and EXIMs

The NZECA would seek to bring together a subset of ECAs and EXIMs who are committed to delivering on net-zero commitments. This core group will be best placed to develop and mainstream alignment on net-zero approaches for all ECAs and EXIMs through leading by example.



Focused on implementation and accountability for net-zero commitments

The NZECA will seek to delve into the development of methodologies on target setting, reporting, monitoring and client engagement for net-zero commitments for ECAs and EXIMs.



Developing consensus on net-zero approaches

Through a process of alignment and standardization, the NZECA will help level the playing field for industries across different jurisdictions on export credit, which will provide more stability for jobs and economic growth throughout the climate transition.



Creating greater access for ECAs and EXIMs across existing climate initiatives

The NZECA will ensure better collective representation of ECAs and EXIMs across several influential climate initiatives, including GFANZ, TCFD, PCAF, SBTi and the UNEP FI-led net zero alliances.



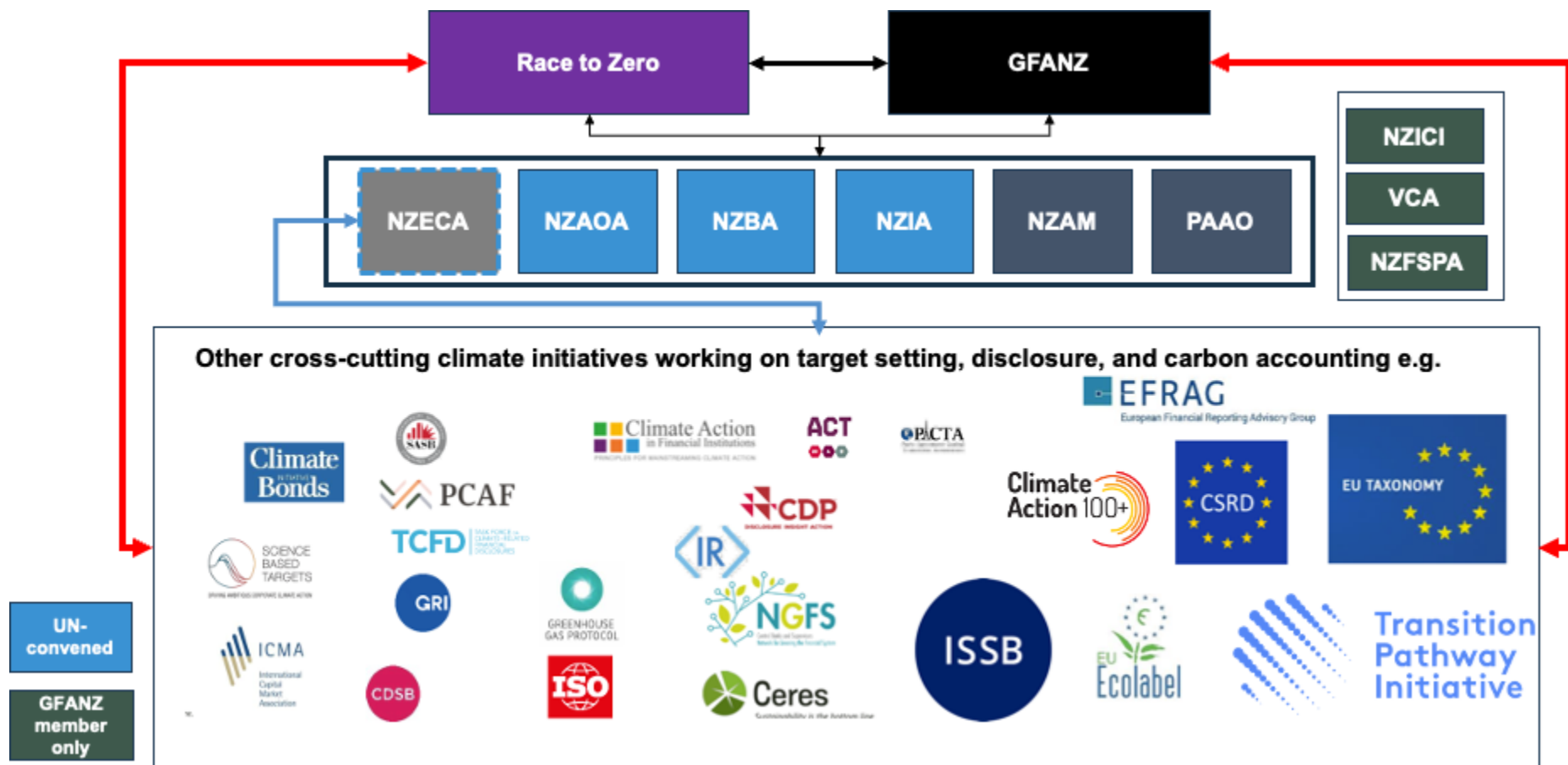
Benefitting from the support of GFANZ, UNEP FI and FCC

The NZECA will be closely supported by GFANZ, UNEP FI and FCC, which enable it to benefit from involvement in key events (e.g. COP28) and emerging topics of shared interest (e.g. JETPs) with the support of leading authorities and scholars on net-zero.

The NZECA will be the access point between members and a host of other climate initiatives

This will be achieved through:

- A dedicated secretariat, hosted by UNEP FI and supported closely by GFANZ and FCC
- Membership of GFANZ and Race to Zero (all signatories to the NZECA are expected to become members of these groups)



Race to Zero is a global campaign by the High-Level Champions of COP 26. It brings together net zero commitments from a range of leading networks and initiatives across society. To be accredited, initiatives must meet Race to Zero’s ‘minimum criteria’. Institutions cannot join individually.

The Glasgow Finance Alliance for Net Zero is a global coalition of leading financial institutions committed to accelerating the decarbonization of the economy and coordinates the financial sector net zero alliances.

UNEP FI will host a dedicated secretariat

Subject to discussion and agreement with NZECA signatories, the Secretariat responsibilities could include:

- Providing advice on the strategic direction of the NZECA
- Ensuring the NZECA meetings objectives in-time and in-budget
- Providing guidance on political, technical and structural matters facing the NZECA
- Preparing for and coordinating meetings
- Managing strategic outreach to key partners, establishing linkages and regular communications with related initiatives (SBTi, PCAF, TCFD).
- Providing a platform to enable impact reporting and coordinate peer assessment of progress

Advantages of a secretariat hosted by UNEP FI:

- Experience in convening net-zero alliances: NZAOA, NZBA, NZIA
- Established infrastructure of interaction with other actors and processes: TCFD, SBTi, Race-to-Zero, PCAF, CSOs etc.
- Large climate team and access to the broader UNEP expertise
- Access to peer learning from and synergy creation with other net-zero financial institutions



Supported by an Innovation & Knowledge Hub at the University of Oxford

Led by Andreas Klasen

Honorary Research Associate at Oxford

Professor at Offenburg, former Co-CEO of the German ECA and former Berne Union Vice President



The Innovation and Knowledge Hub provides:

- Intellectual leadership
- Research into methodology
- Experience in climate policy, export credits, and global governance.

The Future of Climate Cooperation will support in convening and coordination.

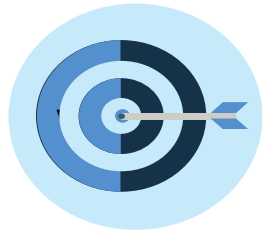


GFANZ unites the net-zero committed financial sector to accelerate the global transition



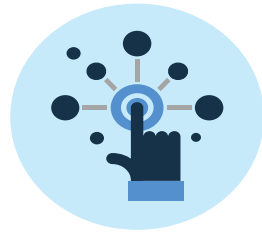
BROADEN PARTICIPATION

Increase the number of firms with net-zero commitments within the financial sector and ensure that such institutions have a vehicle through which to set their own, independent, credible net-zero commitments



RAISE AMBITION

Encourage firms to set commitments that are backed by robust targets and transition plans



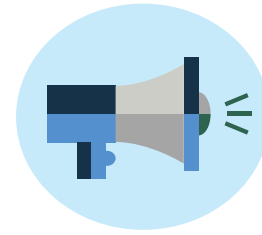
PROMOTE BEST PRACTICE AND VOLUNTARY APPROACHES

Act as a forum across the sector-specific alliances (“Alliances”) on pan-sector challenges, and support cross-fertilization mechanisms (where appropriate) between Alliances and their supporting organizations



SUPPORT COLLABORATION

Support appropriate technical collaboration on substantive and cross-cutting challenges that will accelerate the alignment of investment and lending with net-zero targets



SHOWCASE EFFORTS

Highlight the efforts and achievements of the sector and of individual firms taking the most ambitious climate actions



CONVENE POLICYMAKERS AND SENIOR ALLIANCE MEMBERS

Support discussion on how public and private sector action can be mutually supportive of the goals of the Paris Agreement

The Country Platform Statement and GFANZ's support for Country Platforms and JETPs

In July 2022, GFANZ published the *Private Sector Statement on the potential for Country Platforms to mobilize capital for net-zero transition in EM&DEs*.

Key points from the statement include:

Country-led with clear priorities for ambitious net-zero transition

1. **Must be country-led, tailored to the specific priorities and conditions** of each lead country, and grounded in ambitious efforts to decarbonize in support of Paris-aligned Nationally Determined Contributions (NDCs)
2. **Work with its Development Partners and other Platform Participants** through the Country Platform governance framework to agree that the proposed decarbonization plan has sufficient ambition, is executable, and that it will be pursued and supported through time
3. **Work with the private sector to develop a baseline Financing Roadmap** for net-zero aligned development 'in-scope' for the Country Platform
4. **Collaborate with an independent process to identify and validate loans, investments, and projects** as net-zero aligned and tied to the country's NDCs to provide additional certainty for Platform Participants and private finance

Upstream de-risking: create enabling conditions for private capital

5. **Concentrate significant Country Platform resources upstream**, including strengthening enabling environments and developing local capacity to bring more bankable net-zero projects to market
6. Have **up-front transparency on project pipelines** aligned with the scope
7. **Streamline approaches and products** to facilitate decisions and transactions

Downstream de-risking: develop efficient channels for blended and commercial capital

8. Bilateral donors, MDBs, and other actors with responsibility for deploying catalytic capital should seek to **pool concessional capital resources**
9. **Encourage private finance to continue to support existing clients** on their net-zero transition.
10. **Acknowledge the barriers to private capital flows** that lie well-outside the borders of a Country Platform



[LINK TO THE STATEMENT](#)



GFANZ is currently supporting multiple Country Platforms included the Just Energy Transition Partnerships (JETPs) across Indonesia, Viet Nam, as well the Egypt's Nexus for Water, Food, and Energy (NWFE) program. Across these country platforms GFANZ is providing support by:

- Convening private finance to mobilize capital to the country platforms
- Exploring innovative and collaborative financing mechanisms
- Assessing the main barriers to private sector finance
- Providing consultative support to the Country Platform leadership

How to get involved

- There is an open opportunity to get involved with the NZECA without needing to commit to membership immediately. ECAs and EXIMs are welcome to join an ‘incubation group’ which will meet regularly over coming months to develop the priorities, structure and launch plans for the NZECA.
- ECAs and EXIMs interested in hearing more about the NZECA or the incubation group are welcome to contact:
 - **UNEP FI:** Remco Fisher (kai.fischer@un.org) and/or Rahnuma Chowdhury (rahnuma.chowdhury@un.org)
 - **Oxford:** Andreas Klasen (andreas.klasen@hs-offenburg.de)
 - **GFANZ:** Eileen Wang (ewang@gfanzero.com)

Incubation Group Concept



Semi-formal
brainstorming group,
no commitments



Working with peers and
future Secretariat
experts



Will exist only until the
NZECA launch at
COP28



Developing core
NZECA outputs e.g.
the Commitment Text

Next steps - timeline



- Runthrough the Commitment text and confirm process for finalising
- Discuss the Governance model, discuss/refine draft structure from UNEP FI
- Finalise the Governance document
- Plan for COP28 launch, including comms strategy
- NZECA is launched at COP28
- Incubation group dissolves, and NZECA is formed by founding signatories

Q2	Q3	Q4	Q1 2024
<p>15-16 June: TXF Global 2023 & other conferences</p> <ul style="list-style-type: none"> • Eric Usher (Head of UNEP FI) to share the NZECA concept • Andreas Klasen and reps working on the NZECA to have a number of informal meetings 	<p>July: Wider ECA group meeting / webinar</p> <ul style="list-style-type: none"> • Conduct an ECA group meeting / webinar in late July with a wider participation of ECAs; preceded by the wide outreach through various channels (please share ideas) and bilateral discussions with interested ECAs 	<p>November: COP28</p> <ul style="list-style-type: none"> • Official NZECA launched with leadership group • Structure of working groups, leads and 2024 priorities are finalised 	<p>January onwards: Implementation of the NZECA workplan</p> <ul style="list-style-type: none"> • Priorities over the year will likely include increasing the membership, developing related tools and other resources, establishing links with other net-zero initiatives, and the first in-person summit of the membership