

Net Zero Asset Owner Alliance – Second submission to the Baku to Belém Roadmap to 1.3T

The UN-convened Net Zero Asset Owner Alliance (NZAOA), a group of 86 institutional investors managing USD 9.2 trillion in assets, committed to achieving net zero greenhouse gas (GHG) emissions across investment portfolios by 2050, aligning with the Paris Agreement, welcomes the opportunity to further input on the Baku to Belém Roadmap.

Success in reaching the goal of the Roadmap hinges on collaboration between the private and public sectors. The NZAOA stands ready to work with COP presidencies and all parties to the U.N. Framework Convention on Climate Change, providing expertise and support to shape a roadmap that delivers on its USD 1.3 trillion target. Asset owners are not just participants. They are essential partners in unlocking the financial flows required to confront the global climate crisis.

Asset owners have the incentive and knowledge to act on climate. Facing mounting financial risks from the wildfires, extreme weather events, and infrastructure damage caused by climate change, asset owners see clear opportunities for improved returns in a low-carbon economy. Most asset owners have longer investment horizons and therefore work to ensure their assets have value 10-15 years down the line, avoiding stranded assets. A smooth transition to a low-carbon economy is better for portfolios over the long term — it is in line with asset owners' responsibility toward their beneficiaries, stimulates economic growth, job creation, and human capital development, and has the potential to reduce inequalities within and between countries. These are all key tenets of ensuring a just transition.

This submission builds on the NZAOA's previous inputs to the Baku to Belém Roadmap, including a response to the [first call for submissions](#) and an [intervention](#) at the June Climate Meetings in Bonn (SB62).

(a) What are priority short-term (by the end of 2028) and medium-to-long-term (beyond 2028) actions necessary to enable the scaling up of financing for climate action to developing countries? Based on experience to date and evidence, what can those actions contribute to in terms of progress in enabling the scaling up of financing?

Private financial institutions stand ready to work with governments and all stakeholders. The market momentum behind net zero is already evident, and the economic case for net zero remains strong. Investors have started to make progress in efforts to systemically account for and manage climate risk, in line with their fiduciary duties, but they cannot do this without an enabling policy environment. Support from governments can contribute to quickly improving the risk and return profiles of investments and closing gaps in the value chain. Some other actions to scale up finance for climate action include the following.

Catalytic capital

Access to catalytic capital – investment that aims to unlock further investment and impact by accepting disproportionate risk or concessionary returns compared to conventional investments – plays a pivotal role in encouraging private sector investment. However, to accelerate its deployment, it is essential to increase the availability of catalytic capital from public and private

sources and streamline application and reporting processes to reduce administrative burdens that deter potential investors. By addressing these needs, catalytic capital can act as a powerful co-investment force in mobilising private funding.

Standardising blended finance vehicles

Blended finance has proven effective in de-risking investments for private players, but its high transaction costs and long incubation periods remain barriers. Promoting the standardisation of blended finance vehicles and risk-sharing instruments has the potential to reduce complexity for stakeholders and lower costs and accelerate time-to-market for investment opportunities. One initiative that aims to do this is Scaling Capital for Sustainable Development (SCALED), which encourages private capital mobilisation by reducing transaction costs, while enhancing simplicity, efficiency, and speed of the process of setting up blended finance structures. Through these measures, it aims to make blended finance more attractive to all participants and create the basis for easier replicability and scaling.

Scaling bankable projects

The limited pipeline of investable projects that meet institutional investors' hurdle rates and risk appetite across the project lifecycle in emerging markets represents a critical bottleneck. The private capital needed to achieve global climate goals cannot be deployed without a robust flow of viable projects, alongside an enabling policy environment that creates a clear, compelling investment case. Some ways to do this include expanding project pipelines, providing technical support, policy assistance, and resources to de-risk development-stage initiatives.

Increasing MDB private capital mobilisation

Multilateral development banks (MDBs) must prioritise private capital mobilisation to scale efforts effectively. Currently, MDBs mobilise about \$0.60 in private capital for every \$1 on their balance sheets.¹ To reach the roadmap's goals, this ratio must increase to 5:1 by 2035. Actionable steps for MDBs include expanding partnerships with private stakeholders and redirecting operational frameworks to vigorously pursue co-investment opportunities.

Further potential solutions are outlined in the Alliance's paper [Scaling Private Capital Mobilisation: Call to Action \(2023\)](#). Key recommendations as they relate to this topic include the following:

- MDBs should make private capital mobilisation a central objective in their operations;
- where appropriate, MDBs should move from an originate-and-hold to an originate-and-distribute mode, creating structures that are familiar to institutional investors;
- increase the use of demand-driven, standard-form guarantees, liaising across institutions to simplify the product offering to benefit borrowers and private counterparties; and
- work collaboratively with governments, the private sector, and DFIs in the context of country platforms, like Just Energy Transition Partnerships (JETPs).

¹ G20 Independent Experts Group (2023). The Triple Agenda.
https://www.cgdev.org/sites/default/files/The_Triple_Agenda_G20-IEG_Report_Volume1_2023.pdf.

Enhancing data transparency

More informed credit assessment and increased data transparency can lead to more accurately assessed and priced risks in emerging markets. Doing this requires better reporting mechanisms, including the use of tools like the GEMs database and transparency from MDBs and private stakeholders to provide quantitative evidence that actual investment risks are lower than assumed. Improving access to reliable data will lower barriers for investors and boost confidence in the viability of emerging market projects.

Addressing regulatory barriers

Institutional investors like pension funds, banks, and insurance companies manage the bulk of investable capital. However, prudential regulations often disincentivise long-term investments in illiquid assets within emerging markets. Policymakers should focus on revising regulatory frameworks to remove unintended obstacles and encouraging long-term capital deployment as part of global climate finance strategies. Alongside minimising risk, policymakers should also focus on incentivising investment. Developing a supportive enabling policy environment that provides clarity, demand signals, and certainty for investors is critical to ensure financial flows are mobilised.

One way to do this is through clear, coherent transition plans. Government-led national and sectoral transition plans provide visibility on priorities, decarbonisation pathways, and policy levers. They can support implementation of Nationally Determined Contributions (NDCs) and COP outcomes and create the demand signals and pipelines of investable projects that private finance has consistently called for. It mirrors the growing expectation for credible corporate transition plans and could help bridge the gap between ambition and capital mobilisation. This, alongside other potential policy solutions are explored in the Alliance's paper [Unlocking Investment in Net Zero \(2023\)](#).

Improving the quality of climate finance

To deliver meaningful progress towards climate goals, climate finance must evolve from fragmented, short-term, donor-led interventions to high-quality, programmatic approaches that are predictable, country-aligned, and designed to catalyse systemic, long-term transformation. This means embedding climate finance within national development strategies and enabling environments, with financing envelopes that support coherent transitions across mitigation, adaptation, biodiversity, and just transition objectives. Rather than focusing solely on volume, finance quality must be assessed through a broader set of transformational metrics, including accessibility for vulnerable groups, equity outcomes, commercial viability, long-term ownership, and the mobilisation of additional capital. Public Development Banks and local financial institutions have a critical catalytic role in ensuring that finance is well-integrated and responsive to local priorities. By aligning financial flows with systemic reforms – such as fossil fuel subsidy phaseouts, resilient infrastructure investment, and inclusive policy frameworks – high-quality climate finance can unlock deeper, scalable change, laying the foundation for sustained emissions reductions and climate-resilient development.

The NZAOA's upcoming paper on carbon dioxide removal (CDR), will also suggest possibilities for scaling CDR in line with increasing access to blended finance.

Implementation of the Global Stocktake (GST) outcomes and the UAE Consensus

Many of the material actions that governments can implement to shift incentives and therefore flows have been agreed at a global level and within the UNFCCC process. In particular, the UAE Consensus on the first global stocktake includes measures to transition the global energy system that accounts for 75% of global emissions. The measures that all parties agreed to contribute to by 2030 which would triple global renewable energy capacity, double the rate of energy efficiency, phase down unabated coal power, make a just transition away from fossil fuels in energy systems, phase out fossil fuel subsidies, incentivise clean technologies and transport, halt and reverse deforestation, and tackle greenhouse gases including methane would, if implemented in full and on time, transform the incentives in the global economy to align economic activity with climate action and a just transition.

Analysis by the IEA finds that implementation of the global stocktake outcomes in full and on time would put the global energy system onto a net zero 2050 pathway, tackling key sources of emissions and therefore climate-related financial risk, whilst lowering costs for consumers. In addition, the resultant financial flows could see in excess of USD 2 trillion per year flow to emerging markets and developing economies (EMDEs).² If the Roadmap sets out clear measures for implementation of the global stocktake outcomes via NDCs, alongside domestic and national policies in addition to implementation and reporting that are followed through and reported upon by all countries, the year-on-year evidence of commitment to implementation would create material evidence that would shift perceptions of future profitability and therefore flows.

(b) What strategies can be implemented to enhance and scale up public and private financing mechanisms for climate adaptation, especially in vulnerable regions?

As identified in the Adaptation Gap Report 2024, adaptation financing needs to shift from reactive, incremental, project-based financing to more anticipatory, strategic and transformational adaptation. Mobilising private finance for adaptation remains challenging, and the Alliance stands ready to engage in a constructive manner to help advance new and innovative solutions.

(c) What other experiences, proposals or approaches could help inform and accelerate efforts to mobilize USD 1.3 trillion in financing, including through grants, non-debt creating instruments, new sources of finance, and strategies to create fiscal space?

NZAOA members, alongside broader private sector actors, have produced significant contributions to guide this process, including case studies, policy recommendations, and frameworks for action. With this in mind, the NZAOA would like to highlight two contributions outlined in our first submission to the Roadmap.

² IEA (2024). From Taking Stock to Taking Action. <https://www.iea.org/reports/from-taking-stock-to-taking-action>.

Blended finance case studies

In 2024, the NZAOA supported the Sustainable Markets Initiative and Investor Leadership Network, Global Investors for Sustainable Development, and GFANZ, to develop thirteen best practice case studies on blended finance.³ The booklet was developed to “harness the increasing momentum for blended finance and support a number of important global initiatives that, through enhanced dialogue with the private sector, seek to mobilise the necessary capital for achieving our global sustainability objectives.” It outlined that “forging an effective and impactful ecosystem requires market-wide consensus over the key imperatives and the required actions needed to accelerate blended finance activity.”

Multilateral financial architecture

Reforming the multilateral architecture remains important to remove barriers and “disenablers” to financing climate action, including high costs of capital, limited fiscal space, unsustainable debt levels, high transaction costs and conditionalities for accessing climate finance. In recognition of this, the NZAOA has developed several papers that recognise key impediments to significantly increasing private capital mobilisation and suggests specific policy solutions to address them.

Links to a selection of relevant papers can be found in the Annex, with summary of key recommendations found below.

- Modernise the governance and business models of MDBs and DFIs to align with the SDGs and Paris Agreement: Despite strong public commitments being made by numerous MDBs and DFIs to prioritise private capital mobilisation, efforts to catalyse private capital have not reached the required levels. Grant-funded technical assistance by MDBs and DFIs is needed at an early stage to secure a robust project pipeline.
- MDBs and DFIs can play an active role in driving private capital mobilisation and blended finance, given their experience and expertise in EMDEs, their higher risk tolerance and their official mandates. We recommend they take the following actions.
 - Develop a more collaborative approach to project preparation and development, including engaging the private sector earlier in project lifecycles, and enabling MDB operated project preparation facilities to be available to the private sector.
 - Increase the use of demand-driven, standard-form guarantees – which have proven effective at mobilising private investment – liaising across institutions to simplify the product offering to benefit borrowers and private counterparties.
 - Develop a set of templates or archetypes, as well as standardised frameworks for financial returns and impact can help reduce the incubation period and transaction costs which impede broad, and faster, deployment of blended finance vehicles.
- There should be more uniformity across MDBs in assessing risk, and definitions regarding defaults and recoveries should be aligned for adequacy and consistency with rating agencies and investors.

³ Sustainable Markets Initiative and Investor Leadership Network (2024). Blended Finance Best Practices: Case Studies and Lessons Learned. https://gisdalliance.org/sites/default/files/2024-10/Blended_Finance_Best_Practice_Case_Studies_Lessons_Learned_0.pdf.

(d) What key actors and existing multilateral initiatives should be considered or involved, as appropriate, to support the delivery of the USD 1.3 trillion target?

As mentioned above, there is already a substantial body of ongoing work across various international multilateral forums that can serve as a foundation to build towards continuity, coherence, and momentum in achieving climate finance objectives. Past and current G20 presidencies have played a key role in pushing these issues forward: the G20 Rio de Janeiro Leaders' Declaration highlighted that the G20 is well suited to address major geopolitical, socioeconomic, and climate and environmental challenges "through much needed international cooperation and political drive."

B20 Task Force on Finance and Infrastructure

Under the auspices of Brazil's 2024 G20 presidency, and with the support of the Brazilian National Confederation of Industry, the B20 Task Force on Finance and Infrastructure prepared a policy paper comprising a series of actionable recommendations focussed on accelerating private capital deployment at scale for climate investments that support long-term sustainable growth and a just transition in EMDEs.

These recommendations spanned several key issue areas, including:

- the need to increase the quantum of catalytic finance available to co-invest with the private sector;
- the importance of public development finance institutions (MDBs, DFIs) making private capital mobilisation a central objective of their operations;
- a series of policy measures aimed at achieving a consistent regulatory treatment of transactions across jurisdictions;
- recognition of the risk mitigating features of blended finance and de-risking strategies; and
- updating prudential capital requirements and external credit rating methodologies that accurately reflect the actual – rather than perceived – risks of investing in developing country economies.

The Net Zero Asset Owner Alliance (NZAOA)

The Alliance and its members are committed to supporting the real economy in its transition to a net zero emissions world. Over the past five years, Alliance members have built momentum in redirecting larger portions of capital towards climate solutions. Starting with climate solution investments of USD 87 billion in 2020, Alliance members more than quadrupled their combined climate solution investments to USD 380 billion in 2022 and most recently to USD 555 billion in 2023.

The Alliance also shows absolute emissions reduction is possible. Even with a growing membership, the Alliance has achieved a notable reduction in absolute financed GHG emissions. The latest data shows cohorts recorded reductions of at least 6 per cent annually, aligned with the IPCC's 1.5°C pathways. The Alliance sees the reductions as an important demonstration to the

rest of the investment ecosystem that decarbonisation is possible but must be pursued in the real economy.

The NZAOA has also established the knowledge, methodologies, and frameworks essential for steering the investment ecosystem toward a sustainable future. The Alliance has formed six working tracks, which in turn have developed over 20 working groups—providing platforms for asset owners to discuss topics ranging from climate solutions to asset manager engagement. Collectively, these groups have dedicated more than 3,000 hours of peer exchange, producing twelve discussion papers, six calls to action, and four position papers.

As part of this, it is important to consider the roles of different stakeholders across the investment value chain can play. Insurance providers can help evaluate and improve the risk profile of investments. Insurance can be used to support risk assessments, and insurance and insurance-like products, alongside guarantees, and blended finance solutions, can de-risk investments.

Delivering at scale requires viewing the financial system holistically across the entire investment life cycle, rather than through fragmented interventions. MDBs and development finance institutions can enhance additionality by increasing undersupplied financing, including early-stage project development finance, while insurers and pension funds provide the longer-term capital needed to sustain projects over decades. Coordinating these actors as part of a coherent financial architecture will ensure that financing is not only mobilized at the global level but also translated into real investment in-country. This longer-term perspective is critical to ensuring that climate and development outcomes are delivered consistently, while crowding in private capital in a way that supports resilience, low-emission development, and sustainable growth.

Transformational Finance for Climate Group

The Transformational Finance for Climate Group brings together leading public and private financial actors, including through their work with the NZAOA. Some of the key stakeholders they bring together from both developed and developing countries include the International Development Finance Club (IDFC), Finance in Common Summit (FiCS), Green Climate Fund (GCF), UN Environment Programme Finance Initiative (UNEP FI), Principles for Responsible Investment (PRI), and the Mainstreaming Climate in Financial Institutions Initiative. Collectively, these organisations represent over 40% of global financial assets and a network of more than 500 public development banks. Alongside their work with the NZAOA, the Group also collaborates with other Net Zero alliances, including the Net Zero Banking Alliance (NZBA) and the Net Zero Export Credit Agencies Alliance (NZECA), and other stakeholder convening groups such as the Network for Greening the Financial System (NGFS). As such, the Group serves as a unique platform for coordinated action and consolidated input into global climate finance processes.

The Group has been actively engaged in advancing the Baku to Belém Roadmap, including through contributions to the first Call to Action, participation in the Bonn Climate Change Conference, and the planning of publications and events ahead of COP30. It has also contributed to the New Collective Quantified Goal (NCQG) process with a position paper released during COP29 ([NCQG and Sharm el-Sheikh dialogue Joint Statement](#)), and supported the Sharm el-Sheikh Dialogue delivering a presentation in September 2025 on aligning financial flows with Article 2.1(c) of the Paris Agreement.

SCALED

Mobilising private capital for sustainable investment in EMDEs continues to fall short of expectations. While public capital is intended to de-risk and mobilise private investment, transactions remain too complex, slow, and small-scale to meet global needs. Vehicles are often bespoke and take years to set up, by which time market contexts may shift, reducing attractiveness for institutional investors and slowing the creation of a diversified market.

Spearheaded by four members of the NZAOA - Allianz, AXA, La Caisse and Zurich - and the governments of Canada, Denmark, France, Germany, South Africa, and the UK, SCALED, formerly known as the Hamburg Sustainability Platform (HSP), is designed to overcome these structural barriers and unlock blended finance at scale. SCALED continues the momentum of the Alliance's calls to action on the need to accelerate blended finance efforts which emphasized how standardization, streamlined processes, and early alignment between public and private actors are vital to scaling blended finance effectively.

To put these insights into practice, SCALED will create a dedicated, regulated service company that streamlines the blended finance process by:

- virtually pooling required private and public capital (soft commitments);
- making use of standardised, pre-configured vehicles, contracts, and reporting;
- actively facilitating faster and larger first closings of vehicles; and
- identifying adequate managers who shall manage the investments on the ground and continue to raise funds for the new structures.

This modular, standardized approach ensures early joint target-setting, commercial viability, and replicability, reducing costs while increasing efficiency and scale.

Over the next decade, SCALED aims to mobilise several billion USD into sustainable investment. It aims to launch its first investment vehicle in 2026, with a global investment strategy and replicable standards in place. By simplifying and scaling blended finance, SCALED will accelerate capital flows into EMDEs, closing the SDG financing gap and delivering a “quadruple win” for public investors, private investors, MDBs/DFIs, and asset managers.

Annex

NZAOA Resources

[Opinion: The public-private key to unlocking \\$1.3T in climate finance | Devex \(2025\)](#)

This article highlights the increasing role of private finance in meeting the new collective quantified goal, the opportunities provided by the Baku to Belém Roadmap, and that asset owners have the incentive and expertise to act.

[A Call to Action to Governments to Respond with Urgency on Systemic Climate Risk \(2024\)](#)

Asset owners are deeply concerned about the stability of capital markets and the systemic risk that climate poses to their core business amidst recording-breaking climate disruption. This paper discusses how systemic risk can be managed by decisive urgency action by governments by committing to, and implementing, national policy reforms consistent with 1.5°C carbon budgets and development pathways.

[Thermal Coal Position Paper \(Updated 2024\)](#)

The burning of thermal coal for energy is the single largest contributor to man-made global temperature increase. This position paper calls on companies and policymakers to stop planned coal projects, cancel new coal projects, and phase out all unabated existing coal-fired electricity generation.

[Updated Governmental Pricing Position Paper \(2024\)](#)

Governmental carbon pricing is a necessary part of the climate policy toolkit required to achieve net zero emissions and reach the Paris Agreement goal. This paper provides five guiding principles needed to develop effective carbon pricing policy instruments – ensuring appropriate coverage; delivering a just transition; providing a predictable price signal; and minimising competitive distortions.

[Tackling Hidden Emissions for a Net-Zero Transition: A discussion paper on Scope 3 integration \(2024\)](#)

On average, 75 per cent of a company’s GHG emissions fall under Scope 3, making it crucial for asset owners to account for, report on, and integrate into their climate strategy. However, there are many challenges to doing so. This paper unpacks the various challenges, provides potential solutions, and offers an outlook and next steps for incorporating Scope 3 emissions consideration in portfolio decarbonisation.

[Blended Finance Case Studies \(2024\)](#)

This booklet showcases thirteen successful examples of blended finance vehicles that can serve as templates for accelerating the design and deployment of future instruments. Developed by the Sustainable Markets Initiative and Investor Leadership Network, with support from Global Investors for Sustainable Development, the NZAOA, and GFANZ, this publication aims to harness the increased momentum behind blended finance.

[Unlocking Investment in Net Zero \(2023\)](#)

This paper spells out the economic imperative for net zero and describes the steps needed to

enable this path, including accelerating the pace of decarbonisation, increasing financial support for decarbonisation solutions, developing clear governmental transition plans, and creating an enabling policy environment.

[Scaling Private Capital Mobilization: Call to Action \(2023\)](#)

With the goal of fighting climate change and delivering on the Sustainable Development Goals (SDGs), ten organisations—representing some of the largest financial institutions—jointly issue a Call to Action to Scale Private Capital Mobilization to heads of state, policymakers and MDB officials. The Call to Action recognises three key impediments to significantly increasing private capital mobilization: inadequate project pipelines, risks too high relative to returns, and data limitations and suggests specific policy solutions to address them.

[Position on the Oil and Gas Sector \(2023\)](#)

The global economy is currently dependent on oil and natural gas as fuels and feedstocks for a variety of critical sectors. However, use of these resources significantly contributes to the climate crisis. This paper address expectations for three systematically influential stakeholder groups: companies, policymakers, and investors, to effectively transition away from oil and gas dependency.

[Call to Action on Scaling Blended Finance \(2022\)](#)

Policymakers must facilitate the scaling of blended finance structures to fund climate solutions if the world is to achieve both the Paris climate goals and the UN SDGs. In this call on policymakers the NZAOA details five asks to accelerate and scale blended finance.

[Scaling Blended Finance \(2021\)](#)

Asset owners face many obstacles to investing in climate solutions in emerging markets. The NZAOA Scaling Blended Finance discussion paper investigates these barriers, argues that blended finance vehicles can provide the necessary structures to help close the existing funding gaps in climate investment globally, and provides potential solutions for scaling blended finance globally.

External Resources

The following documents are provided for information only. The NZAOA is not responsible for and does not endorse third-party content, websites or resources included or referenced herein. The inclusion of examples or case studies does not constitute an endorsement by the NZAOA or NZAOA Signatories.

[Aviva Investors submission to the NCQG](#)

This is Aviva Investor’s submission for the technical expert dialogue on the New Collective Quantified Goal (NCQG). It highlights the importance of sending signals to the private sector, recognising the need of private capital to reach the necessary scale of climate finance, and placing the NCQG in the context of the global transition and NDC ambition and delivery.

[Blended Finance Task Force | Sustainable Markets Initiative](#)

The Task Force aims to promote leadership and collaboration in the Blended Finance space, in the pursuit of tangible, scalable and lasting sustainable business and financing practices It contains resources such as blended finance case studies and recommendations for policymakers.

Fossil Fuel Subsidies (International Monetary Fund)

This report highlights size and impact of fossil fuel subsidies and calls for fossil fuel reform. It suggests the following are incorporated when reforming subsidies: comprehensive energy sector reform plan, transparent and extensive communication, phased in price increases, improving the efficiency of state-owned enterprises, measures to protect the poor, and automatic pricing mechanisms.

B20 Brazil Final Communique: Policy Recommendations to the G20

This report developed by the Business 20 (B20) Brazil, the business representatives of G20 countries, provides policy recommendations to address global economic challenges and advance sustainable development. It covers five different topic areas, including accelerating a fair net-zero transition. Central to the recommendations in this area is the objective of closing the widening climate finance gap and harnessing the transformative potential of net-zero solutions, which requires mobilizing substantial investments from both the public and private sectors.