ING submission to the Belém Mission to 1.5

Submission by ING Bank N.V. ('ING'). ING is a leading European commercial bank with global activities, and offer retail and wholesale banking services to customers and clients in over 100 countries.

Which action areas and solutions have the highest impact potential to support the submissions, ambition and implementation of NDCs and NAPs?

Implementing NDCs and NAPs will require unlocking financing at scale for new technologies and solutions. The economic system is built on interdependencies: between governments, industry, consumers, technology providers, and finance. Unlocking financing at scale depends on a few critical factors within that ecosystem.

Factors that have high impact potential for unlocking financing that supports the transition are:

- Stable, clear government targets and standards that create predictable market demand.
- Strong incentive mechanisms, such as carbon pricing or fiscal measures, that improve the economics of transition solutions needed for climate mitigation and climate adaptation.
- Public-private risk sharing (e.g., in the form of government-backed loan guarantees) especially for early-stage technologies that may be beyond risk appetite for commercial banks.

Stable, clear targets and standards

Long term planning for transition by governments is essential. Clear government targets and standards can create market expectations that drive private investment. Investors require certainty to commit to capital intensive technologies with long payback periods, especially in markets with volatile energy and fuel prices (and uncertain carbon pricing) or infrastructure bottlenecks.

Clear government targets (e.g. phasing out combustion cars by 2035, 100% clean power by 2040) and standards (like mandating % of green hydrogen in industrial gas) create market expectations that pull forward private investment. Banks frequently cite policy uncertainty as a risk; conversely, when a future mandate is seen as ironclad, companies will be more likely prepared to make investments to comply.

A cautionary tale is when policy reverses consistent direction which can hamper the direction of travel in the market. Clear regional and national transition pathways per sector/industry are valuable in setting clear expectations for all stakeholders about the path to follow. The same long-term clarity would be welcomed for adaptation. In addition, banks and those financed by banks benefit from clear transparency standards, such as the CSRD.

Incentive mechanisms

There are several incentive mechanisms that policy makers can focus on or scale to accelerate the transition. For example, a robust carbon price makes fossil options more expensive and clean technologies more competitive, strengthening the demand for low-carbon solutions, creating bankable markets.

However, volatility or political uncertainty around carbon prices can deter projects and hence stable or minimum carbon price signals can assure investors. Contract for Difference schemes or long-term power purchase agreements (PPAs) which guarantee a fixed price for output (electricity, hydrogen, etc.), are an example of such signals and are critical for first commercial plants that have high costs today. By de-risking future revenue, they enable banks to finance infrastructure on the back of predictable cash flows.

Tax policy can also incentivise bankable projects. Accelerated depreciation or tax credits for clean technology investments improve project cash flows and credit metrics. In 2025, the EC recommended that member states deploy tools like immediate expensing for eligible green capital expenditures and targeted tax credits, aligned with relaxed state-aid rules. All such policies must be designed to avoid windfall profits, undue burden on ratepayers, or rewarding of projects that would have happened anyway.

Public-private risk sharing

Even with better economics, many clean tech projects – especially first-of-a-kind plants or scale-ups of new solutions – carry technical and execution risks that may be at odds with the requirement for commercial banks to prudently manage risks. This is where public-sector co-financing and guarantees can make a decisive difference.

In the EU context, the flagship is InvestEU, which uses an EU budget guarantee to enable the EIB and others to invest in higher-risk projects. According to Invest-NL (a Dutch agency), such EU-backed guarantees “significantly enhanced our ability to take on risk and provide larger investments”. The EU is looking to expand these mechanisms under its Green Deal Industrial Plan, and we note the EBF also urges standardized tools and greater public risk appetite in blended finance.

In this sense, public finance should complement, not compete with, private finance. Public-sector support should focus on the hardest to abate sectors (e.g. aviation, cement, steel), on early-stage technologies, and on helping ensure inclusion.

Society is transitioning to a low-carbon economy. So are our clients, and so is ING. We finance a lot of sustainable activities, but we still finance more that’s not. See how we’re progressing via ing.com/climate.