NZAOA Submission to the Belém Mission to 1.5

The UN-convened Net-Zero Asset Owner Alliance (NZAOA) — a group of long-term institutional investors committed to achieving net-zero greenhouse gas emissions in portfolios by 2050 — welcomes the opportunity to contribute to the Belém Mission to 1.5.

NZAOA has been an active participant in multilateral processes, including through joining two workshops in the Sharm el-Sheikh Dialogue, publishing submissions to the Baku to Belém Roadmap, the Veredas Dialogue, and the COP30 Presidency Roadmaps, and issuing a call for policy action and collaboration during COP30. NZAOA also actively participates in the Global Climate Action Agenda's Activation Group on climate and sustainable finance.

NZAOA welcomes the opportunity to build on this constructive engagement to contribute to shaping the Belém Mission to 1.5. Further to this submission, NZAOA remains available to engage with the COP31, COP30 and COP29 Presidencies, UNFCCC and other stakeholders to support the development of the report of the Mission ahead of COP31.

The importance of policy certainty for long-term investors

Market momentum behind net zero is evident and the economic case for net zero remains strong (OECD 2026). By the end of 2024, NZAOA signatories had deployed a total of $743 billion in climate solutions, representing 8% of their total AUM, showing a strong commitment to supporting the transition to a low-carbon economy.

To maintain positive momentum, Parties should provide roadmaps to ensure that the promises of the 2023 Global Stocktake translate into concrete delivery. These must support mobilising investment, lending, and underwriting decisions, and enable corporate action, strengthening the transition from negotiation to implementation. NZAOA particularly welcomes action in the areas of:

Accelerated NDC Implementation

Clarity, demand signals, and certainty for investors are critical to ensure financial flows are mobilised. Effective implementation of Nationally Determined Contributions (NDCs) and COP outcomes, underpinned by national policies and transparent reporting, creates clear policy signals and can help build pipelines of investable projects. Their subsequent consistent implementation builds credibility and enables long-term investors to confidently allocate capital. Policymakers and regulators can deliver this by setting strong market signals through the pricing of externalities—via taxation, levies, and/or cap-and-trade programmes—and by establishing other incentives (e.g. subsidies) that will expedite the transition.

International cooperation and active engagement with the private sector

International cooperation is needed to accelerate implementation and economic transformation. New and innovative approaches are required to unlock finance and support for emerging markets and developing economies (EMDEs). Asset owners are working to develop attractive financing solutions that meet the needs of different stakeholders. Case studies of NZAOA signatories' participation in the development of such structures are provided in the next section. Further acceleration of these successes hinges on collaboration between private and public sectors.

Enabling policy environment

Investors are making progress to account for and manage climate risk, in line with their fiduciary duties, but they are dependent on an enabling policy environment. Supportive policies can contribute to improving the risk and return profiles of investments while also closing value chain gaps. Reforming multilateral architecture remains important to improve financing climate action, including high costs of capital, limited fiscal space, unsustainable debt levels, high transaction costs and conditionalities for accessing climate finance. NZAOA has published expert papers that identify impediments and solutions for private capital mobilisation.

Case studies of NZAOA action

L&G participation in Togo Partial Credit Guarantee Agreement

Togo’s Sustainable Financing Framework and 2020–2025 Government Roadmap supports climate adaptation, biodiversity, sustainable agriculture, and clean energy projects. Like many EMDEs, Togo faces significant barriers in accessing long-term, affordable international financing for climate action due to risk-return considerations. These considerations can make it challenging for institutional investors to fund large-scale infrastructure and sustainable development initiatives and thereby contribute to bridging the USD4 trillion Sustainable Development Goal (SDG) funding gap.

Legal & General (L&G), a leading UK financial services group and major global investor, recently partnered with the African Development Bank Group to provide a loan for the Republic of Togo, aimed at propelling the sovereign's sustainable growth and development agenda (AfDB, 2025). This represents Togo’s inaugural sustainable loan from international commercial lenders, enabling the country to raise up to €200 million through a 20-year facility that L&G is extending alongside Deutsche Bank. The partial credit guarantee, provided through the African Development Fund – the concessional lending arm of the African Development Bank Group – demonstrates the power of strategic partnerships in mobilizing private capital for sustainable outcomes.

This pioneering approach enabled institutional investors to participate while maintaining investment-grade credit risk. The transaction not only secured critical funding for Togo’s sustainable development agenda, but also established a replicable model for insurance-backed financing in EMDEs. It demonstrates the pivotal role of strategic partnerships, credit enhancement mechanisms, and specialist insurers in unlocking institutional capital to bridge the infrastructure and SDG financing gap. Innovative financing, such as in this example, can unlock opportunities for institutional investors to allocate capital towards global development whilst benefiting from the potential for strong returns through credit enhancement.

NZAOA signatory participation in SCALED, a blended finance transformation initiative

Mobilising private capital for sustainable investment in EMDEs continues to fall short of expectations. While public capital is intended to de-risk and mobilize 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 signatories of NZAOA—Allianz, AXA, La Caisse and Zurich—and the Governments of Canada, Denmark, France, Germany, South Africa, and the United Kingdom, the international public-private initiative SCALED (Scaling Capital for Sustainable Development) is designed to overcome these structural barriers and unlock blended finance at scale. SCALED continues the momentum of the NZAOA's calls to action on the need to accelerate blended finance efforts which emphasised how standardisation, streamlined processes, and early alignment between public and private actors are vital to scaling blended finance effectively.

To put these insights into practice, SCALED has been established as a dedicated service and coordination platform that streamlines the blended finance process by:

1. Aligning public and private requirements and a coordinated path through synchronised soft commitments and a coordinated path to first close;
2. Making use of standardised, pre-configured vehicles, contracts, governance and reporting frameworks;
3. Actively facilitating faster and larger first closings through early stakeholder alignment and reusable structures;
4. Onboarding and supporting specialised asset managers through blended finance, structuring and governance expertise; and
5. Supporting ongoing ESG, impact and reporting coordination through standardised frameworks and processes.

This modular, standardised approach promotes early stakeholder alignment, commercial viability, and replicability, reducing transaction costs while improving comparability, reporting quality, efficiency and scale.

Over the next decade, SCALED aims to help mobilise several billion USD towards sustainable development in EMDEs. In 2026, a dedicated entity takes this work forward, establishing SCALED's operating infrastructure. By simplifying and scaling blended finance, SCALED aims to accelerate capital flows into EMDEs, contributing to closing the SDG financing gap and aiming to deliver a "quadruple win" for public investors, private investors, MDBs/DFIs, and asset managers.

NZAOA resources

NZAOA submissions to UNFCCC processes

NZAOA has engaged with UNFCCC and related processes, including on climate finance, Article 2.1(c), fossil fuel transition, deforestation, and the Baku to Belém Roadmap, through submissions and interventions. NZAOA emphasises the importance of clear policy signals, effective implementation of NDCs, stronger public-private collaboration, and an enabling policy environment to mobilise institutional capital, particularly in EMDEs.

- **NZAOA submission to the COP30 Presidency Consultations on Roadmaps (2026)**
- **NZAOA submission to the Veredas Dialogue (2026)**
- **COP30: NZAOA calls for policy action and collaboration to accelerate climate investments (2025)**
- **NZAOA Sharm el-Sheikh Dialogue Intervention at SB 62 (2025)**
- **First** and **Second NZAOA response to the UNFCCC call for submissions for the Baku to Belém Roadmap to 1.3 Trillion USD (2025)**

Selected NZAOA publications

NZAOA 2025 Progress Report (2025)
This report shows NZAOA signatories' strong achievement towards their goals in stakeholder engagement, climate solutions investments, and decarbonization as a tool to ensure long-term sustainable returns.

Addressing Climate Impacts: An overview of NZAOA asset owners' long-term interests and responsibilities (2025)
This paper articulates why addressing climate change, and the mitigation of global warming, aligns with asset owners' long-term economic interests and responsibilities to generate long-term and dependable returns.

Opinion: The public-private key to unlocking $1.3T in climate finance | Devex (2025)
This op-ed highlights the increasing role private finance is expected to play in reaching the global $1.3T goal and discusses private sector concerns and opportunities to support.

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.

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 decarbonization, increasing financial support for decarbonization solutions, developing clear governmental transition plans, and creating an enabling policy environment.

Scaling private capital mobilization: Call to Action (2023)
The Call to Action to heads of state, policymakers and MDB officials recognises three key impediments to significantly increasing private capital mobilisation to fight climate change: inadequate project pipelines, risks too high relative to returns, and data limitations, and suggests specific policy solutions to address them.