

Net-Zero Asset Owner Alliance Submission to the Veredas Dialogue

Submission summary

NZAOA, a group of 87 institutional investors committed to achieving net zero across investment portfolios by 2050, views public and private collaboration as essential for achieving the objectives of the Paris Agreement, including Article 2.1(c). NZAOA signatories have demonstrated private sector commitment to the transition.

To address barriers and challenges to the implementation on Article 2.1(c), NZAOA invites the Veredas Dialogue to consider and make recommendations to:

- incentivize investment attraction, including by reducing perceived risk, improving access to catalytic capital, scaling bankable projects, and increasing private capital mobilization by multilateral development banks (MDBs);
- enhance visibility of investment opportunities, by accelerating NDC implementation, and enhancing transparency;
- harmonize standards, including through standardizing blended finance vehicles;
- develop a supportive policy environment, including by facilitating public/private cooperation, addressing regulatory barriers, and introducing transition plans; and
- bridge the gap on financing for adaptation and resilience, including through partnership with the private sector, in addition to mitigation efforts.

Continued engagement on the financial transition across public and private actors

The UN-convened Net-Zero Asset Owners Alliance (NZAOA), a group of 87 institutional investors managing USD 9.2 trillion in assets committed to achieving net zero greenhouse gas (GHG) emissions across investment portfolios by 2050 in line with the Paris Agreement, welcomes the continuation of public and private engagement on the financial transition within the Veredas Dialogue and the opportunity to contribute to it. Asset owners are deeply concerned about the stability of capital markets and the systemic risk that climate change poses to their core business of providing secure retirements, comprehensive insurance offerings, and predictable returns.

NZAOA has been an active participant in previous multilateral processes, including through joining two workshops in the Sharm el-Sheikh Dialogue, publishing two submissions to the Baku to Belém Roadmap, and issuing a call for policy action and collaboration during COP30.¹ NZAOA welcomes the opportunity to build on this constructive engagement to date to contribute to shaping the Veredas Dialogue and the fulfillment of its objectives.

¹ See NZAOA interventions at the [First workshop in 2025 under the Sharm el-Sheikh Dialogue on Article 2, paragraph 1\(c\) of the Paris Agreement and its complementarity with Article 9 | UNFCCC](#); the [First NZAOA submission](#) and [second NZAOA submission](#) to the Baku to Belém Roadmap; and [NZAOA COP30 Call for Policy Action and Collaboration to Accelerate Climate Investments](#).

The importance of public and private collaboration towards the achievement of the Paris Agreement, particularly Article 2.1(c)

In their report, the co-chairs of the Sharm el-Sheikh dialogue noted the need for enhancing the role of the financial system to support the achievement of long-term goals of the Paris Agreement and sustainable development.² To support this, the co-chairs highlighted the need for public and private sector collaboration to ensure that public policy goals and national priorities are reflected to a greater extent in private financial decision-making. The co-chairs further underlined the importance of meaningfully engaging actors beyond the UNFCCC, and holistically involving public, private and civil society actors.

Building on this recognition, NZAOA welcomes the decision that the “Veredas Dialogue will be organized in an open, transparent and inclusive manner, be open to all Parties, and engage all actors, including governments and financial and non-financial sector actors.”³

NZAOA signatories have advanced private sector progress towards the ambition of Article 2.1(c) by decarbonizing their portfolios and increasing climate solutions investment (CSI). By 2024, \$743 billion, or 8% of total signatory AUM, was reported in CSI, reflecting steady growth over four years.⁴

NZAOA signatories play a key role in the global climate transition through practical implementation and active engagement with key stakeholders such as fund managers, public financial institutions, governments, and in international processes. NZAOA signatories are active participants in the Transformational Finance for Climate Group, which brings together public development banks, institutional investors, commercial banks and climate funds.

Noting the Sharm el-Sheikh Dialogue co-chairs’ call for increased coordination between public and private actors, and in particular the call for participation from private finance actors, NZAOA welcomes the opportunity to participate in the Veredas Dialogue, the Xingu Finance Talks, and other engagement opportunities. NZAOA also notes the co-chair’s observation that participation in the dialogue was significantly increased at in-session workshops held during sessions of the subsidiary bodies, including representation by private finance actors, and supports the co-chairs’ recommendation that future dialogues should continue to be held, inter alia, during sessions of the subsidiary bodies.⁵

Challenges, barriers, opportunities and recommendations for the implementation of Article 2.1(c)

Noting the findings of the co-chairs in their final report, and the proposed priorities for further discussion under the Veredas Dialogue, NZAOA encourages consideration of the following recommendations as it examines the challenges, barriers, and opportunities for the implementation of Article 2.1(c).

² [Sharm el-Sheikh dialogue on the scope of Article 2, paragraph 1\(c\), of the Paris Agreement and its complementarity with Article 9 of the Paris Agreement. Report by the co-chairs.](#)

³ [Sharm el-Sheikh dialogue on the scope of Article 2, paragraph 1\(c\), of the Paris Agreement and its complementarity with Article 9 of the Paris Agreement. Draft decision -/CMA.7. Proposal by the President](#)

⁴ See [NZAOA 2025 Progress Report \(2025\)](#).

⁵ Report by the co-chairs, §45, §50(h), §50(k), §50(l).

1. Investment attraction

Key message: To achieve global climate goals, we must address investment challenges by adopting a systemic approach to climate finance, improving access to catalytic capital, scaling bankable projects, and mobilizing private capital through enhanced collaboration between governments, MDBs, and the private sector – unlocking transformative solutions for a low-emission, climate-

The co-chairs highlight several challenges faced when attracting investment for climate action, including: geographically and sectorally differentiated capacities to access and attract global climate finance flows – which especially impacts emerging markets and developing economies (EMDEs) and adaptation and resilience projects; management of real and perceived investment risks in the financial sector in relation to climate change; and the need for increased clarity for private sector collaboration.⁶

Informed by its engagements with regard to investable opportunities, including one described below, NZAOA makes the following recommendations.

Improve access to 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. 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 mobilizing private funding.

Scale bankable projects

The limited pipeline of investable projects that meet institutional investors' hurdle rates and risk appetite across the project lifecycle in EMDEs 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.

Increase MDB private capital mobilization

MDBs must prioritize private capital mobilization to scale efforts effectively. Currently, MDBs mobilize about \$0.60 in private capital for every \$1 on their balance sheets.⁷ To optimize the role of MDBs in bridging the finance gap, 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 steps include making private capital mobilization a central objective in their operations; moving, where appropriate, from an originate-and-hold to an originate-and-distribute mode; and creating structures that are familiar to institutional investors.

⁶ Report by the co-chairs, §42, §43, §49.

⁷ G20 Independent Experts Group (2023). The Triple Agenda.

https://www.cgdev.org/sites/default/files/The_Triple_Agenda_G20-IEG_Report_Volume1_2023.pdf.

NZAOA also calls on MDBs to 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 development finance institutions (DFIs) in the context of country platforms, like Just Energy Transition Partnerships (JETPs).

Case study: Togo Partial Credit Guarantee Agreement

Illustrating an investable opportunity to support climate action in EMDEs, 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 USD 4 trillion per year Sustainable Development Goal (SDG) funding gap.

Legal & General (L&G), a leading UK financial services group, major global investor and NZAOA signatory, 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. This represents Togo’s inaugural sustainable loan from international commercial lenders, enabling Togo 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 Banking 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 emerging and developing economies. 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.

2. Enhanced visibility

Key message: systemic action in climate finance is essential to overcoming investment challenges, unlocking catalytic capital, scaling viable projects, and mobilizing private funding to drive a sustainable, low-emission, and climate-resilient future.

The co-chairs noted the need for enhanced visibility of nationally determined approaches to implementing Article 2.1(c), to facilitate tracking collective progress, and enhance transparency. They also underscored the need for better access to information and data availability.⁸ To address these challenges, NZAOA makes the following recommendations.

⁸ Report by the co-chairs, §41, §46.

Accelerate NDC implementation

Clarity, demand signals, and certainty for investors is critical to ensure financial flows are mobilized. Effective implementation of Nationally Determined Contributions (NDCs) and COP outcomes, including but not limited to the outcomes of the first Global Stocktake under the Paris Agreement, underpinned by national policies and transparent reporting, creates clear policy signals and pipelines of investable projects. The policies should account for the diversity within asset owners, with each having their own underlying drivers and levers that affect how they fulfil their duties to beneficiaries and clients. Their subsequent consistent implementation builds credibility and enables long-term investors to confidently allocate capital. To support this tailored approach, NZAOA signatories contributed to a paper by the Principles for Responsible Investment (PRI), which presented five investor archetypes and policy solutions to enable their investment.⁹

Enhance data transparency

More informed credit assessment and increased data transparency can lead to more accurately assessed and priced risks in EMDEs. 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 EMDE projects.

3. Harmonization of standards

Key message: Harmonized standards and standardized blended finance vehicles are essential to enhancing transparency, reducing complexity, and accelerating sustainable investment flows – initiatives like SCALED demonstrate how streamlined processes and replicable models can unlock capital at scale, driving impactful climate action in EMDEs.

Enhanced visibility is facilitated by harmonized standards. As noted by the co-chairs, different understandings of and a variety of definitions for the goal of making finance flows consistent with a pathway towards low GHG emission and climate-resilient development are in use. Increased coherence could mitigate the risk of greenwashing, facilitate collaboration on implementation across jurisdictions, improve transparency of implementation, and facilitate tracking collective progress.¹⁰ NZAOA would particularly welcome efforts to increase standardization of investment vehicles including blended finance vehicles.

Standardize blended finance vehicles

Blended finance has proven effective in de-risking investments for institutional investors, but its high transaction costs and long incubation periods remain barriers. Promoting the standardization 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.

⁹ [Who Invests and How?: Unlocking and mainstreaming institutional investment flows to EMDEs \(2025\)](#).

¹⁰ Report by the co-chairs, §39, §46.

Case study: SCALED

Mobilizing private capital for sustainable investment in EMDEs continues to fall short of expectations. Spearheaded by NZAOA signatories - Allianz, AXA, La Caisse and Zurich - and the Governments of Canada, Denmark, France, Germany, South Africa, and the UK, 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, formerly known as the Hamburg Sustainability Platform (HSP), continues the momentum of NZAOA's calls to action on the need to accelerate blended finance efforts through standardization, streamlined processes, and early alignment between public and private actors.

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

- aligning requirements of concessional capital standards, thereby facilitating access for asset managers;
- making use of standardized, pre-configured vehicles, contracts, and reporting;
- actively facilitating faster and larger first closings of vehicles;
- identifying adequate managers who shall manage the investments on the ground and continue to raise funds for the new structures.

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

Over the next decade, SCALED aims to mobilize several billion of 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 aims to accelerate capital flows into EMDEs, close the SDG financing gap and deliver a “quadruple win” for public investors, private investors, MDBs/DFIs, and asset managers.

4. Regulatory changes

Key message: A whole-of-government approach, international cooperation, and an enabling policy environment are critical to overcoming policy fragmentation, addressing regulatory barriers, and unlocking private capital.

The co-chairs highlight the need for increased coordination, noting policy fragmentation could lead to potentially adverse effects.¹¹ A proposed solution is a whole-of-government approach, which NZAOA would welcome.¹² NZAOA recommends the following actions for consideration by the Dialogue.

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 EMDEs. Asset owners are working to develop attractive financing solutions that meet the needs of different stakeholders.

¹¹ Report by the co-chairs, §44.

¹² Report by the co-chairs, §32, §47.

Further acceleration of these successes hinges on collaboration between the 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 by addressing barriers posed by 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, which are provided in Annex.¹³

Address regulatory barriers

Prudential regulations often disincentivize long-term investments in illiquid assets in EMDEs. 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 minimizing risk, policymakers should also focus on incentivizing investment. Developing a supportive enabling policy environment that provides clarity, demand signals, and certainty for investors is critical to ensure financial flows are mobilized.

One way to do this is through clear, coherent transition plans. Government-led national and sectoral transition plans provide visibility on priorities, decarbonization pathways, and policy levers. They can support implementation of NDCs and COP outcomes and create the demand signals and pipelines of investable projects that institutional investors have called for. It mirrors the growing expectation for credible corporate transition plans and could help bridge the gap between ambition and capital mobilization.

5. Adaptation financing

The co-chairs noted that approaches to implementing Article 2.1(c) should involve increasing the scale of investment in adaptation and resilience-building.¹⁴ As identified in the Adaptation Gap Report 2025, mobilizing private finance for adaptation remains challenging, and NZAOA stands ready to engage in a constructive manner to help advance new and innovative solutions.

¹³ The PRI's [Global Policy Toolkit](#) and the Transformational Finance for Climate Group's paper on [Unlocking Systemic Effects \(2025\)](#) provide further recommendations on developing a whole-of-government approach.

¹⁴ Report by the co-chairs, §32.

Annex – Resources

NZAOA Submissions and Articles

[COP30: NZAOA calls for policy action and collaboration to accelerate climate investments \(2025\)](#)

This call for action and collaboration was published during COP30 in response to the Summary Note on Presidency Consultations and the Eleventh Letter from the Presidency. It details NZAOA's three key asks to accelerate NDC implementation, encourage cooperation and engagement with the private sector, and develop an enabling policy environment.

[NZAOA Sharm el-Sheikh Dialogue Intervention at SB 62](#)

This is a recording of the Expert & Practitioner Panel on Opportunities to support NCQG implementation through Article 2.1(c) of the Paris Agreement, held at SB 62. NZAOA's intervention, which discusses the role of asset owners, recommendations for the Dialogue, and priorities going into COP30, can be found from 49:30 onwards.

[First response to the UNFCCC call for submissions for the Baku to Belém Roadmap to 1.3 Trillion USD \(2025\)](#) and [Second response to the UNFCCC call for submissions for the Baku to Belém Roadmap to 1.3 Trillion USD \(2025\)](#)

These documents detail the text of NZAOA's submission to the UNFCCC's call for submissions. It includes discussions on the importance of a supportive enabling policy environment for investors and considerations in mobilizing private investment.

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

This op-ed in Devex 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.

NZAOA Briefing Documents

[Blended Finance Briefing Document \(2025\)](#)

Significant capital is available but does not flow in sufficient quantities to EMDEs, due to high perceived risk making it difficult for financial institutions to lend or invest without breaching fiduciary or regulatory constraints. This briefing document synthesizes existing NZAOA work on blended finance, a tool to de-risk and encourage investment.

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. It also explains why, by extension, managing climate risk falls within the fiduciary duty of asset managers working on their behalf.

[How to get to the Net?: A discussion paper on carbon dioxide removal \(2025\)](#)

Removing emissions from the atmosphere and storing them durably is vital to achieve net zero by 2050. This paper offers several recommendations to enhance the scalability of carbon dioxide removal (CDR) solutions and carbon markets, based on an outline of the current CDR landscape.

[Guidelines and recommendations for halting deforestation \(2025\)](#)

Given that deforestation is a major source of GHG emissions, addressing deforestation is critical to achieving net zero emissions targets and managing climate risk. This paper provides guidelines for investors and recommendations for companies, policymakers, and data providers to halt deforestation, underscoring the need for collaboration.

[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 carbon 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 minimizing competitive distortions.

[Call to action on climate urgency \(2024\)](#)

Asset owners are deeply concerned about the stability of capital markets and the systemic risk that climate poses to their core business of providing secure retirements, comprehensive insurance offerings, and predictable returns. This paper discusses the imperative for urgent action and reiterates other NZAOA policy asks.

[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.

[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.

[Scaling private capital mobilization: Call to action \(2023\)](#)

With the goal of fighting climate change and delivering on the SDGs ten organizations—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 recognizes 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.

[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 SDGs. In this call on policymakers NZAOA details five asks to accelerate and scale blended finance.

[Renewed call to action to asset managers for climate-focused blended finance vehicles \(2022\)](#)

In the context of the persistent need for capacity-building and knowledge-sharing in this field, NZAOA issued a renewed call to action to organize presentations of blended finance product offerings and give visibility to the latest innovative vehicles.

[Scaling blended finance \(2021\)](#)

Asset owners face many obstacles to investing in climate solutions in emerging markets. This 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.

[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, NZAOA, and GFANZ, this publication aims to harness the increased momentum behind blended finance.