Policy brief

Towards Net Zero for Export Credits: Building a Public Climate Finance Alliance

Summary

- Export Credit Agencies (ECAs) have significant financial capacity, with combined annual commitments of more than $1.3 trillion, but contribute only a small share of global climate finance flows, highlighting untapped potential.
- Many ECAs have aligned with global sustainability goals in recent years, often focusing on renewable energy financing with ECA-backed volumes of approx. $24 billion globally in 2023.
- A recent alliance launched at COP28 is the UN-convened Net-Zero Export Credit Agencies Alliance (NZECA) which unites ECAs to commit to science-based targets and achieve net zero emissions by 2050.
- The NZECA Target Setting Protocol launched at COP29 provides a framework for ECAs to set and disclose emission reduction targets, focusing on transparency, accountability and alignment with net zero pathways.
- NZECA faces challenges including limited membership, voluntary compliance and balancing climate commitments with domestic economic objectives. Further framework development and broader global engagement is needed.
- Focusing on the green transition, ECAs can play a transformative role in helping to boost climate finance to developing countries to $1.3 trillion per year if they use their tools to de-risk trade and investment, and catalyse private capital.

February 2025

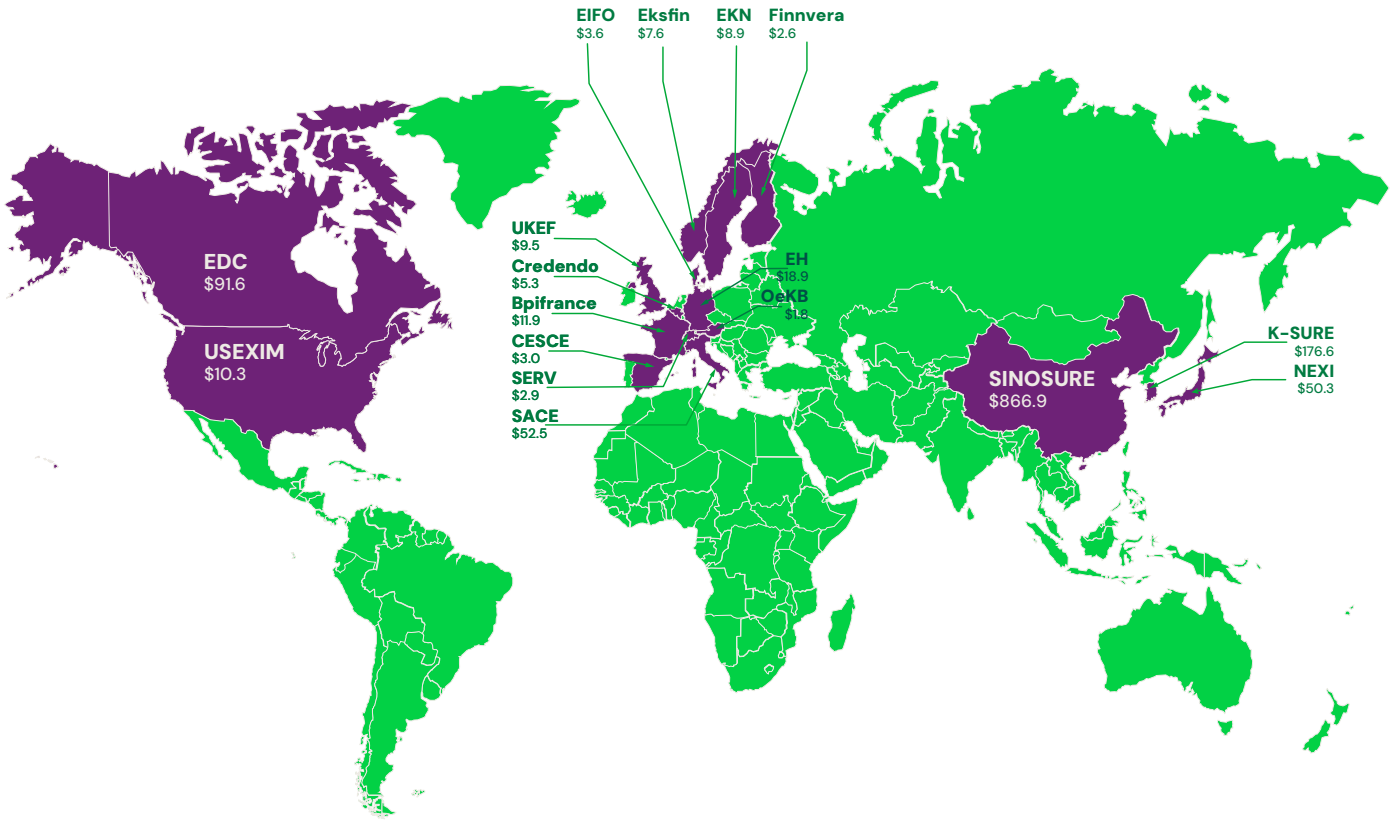
Andreas Klasen, Noah Mihan, Anupama Sen

Public export finance is well-positioned to support net zero efforts

At COP29, the international community pledged $300 billion in public finance and a broader goal of mobilising $1.3 trillion per year to scale up climate finance to developing countries from public and private sources.[1] Export credit agencies (ECAs) and export-import banks have a critical role to play in delivering some of direct public support and, through their risk mitigation mechanisms, catalysing some of the $1.3 trillion. ECAs are (national) public financial institutions that facilitate international trade and foreign direct investment (FDI) by providing support to domestic companies.[2] By reducing the risks and financing cross-border transactions, they enable exports of goods and services and support investment.[3] ECAs use a variety of mechanisms that can support trade-related climate finance. Insurance and guarantees protect exporters and their banks against risks such as political instability, currency inconvertibility and buyer insolvency. Direct loans offer exporters and foreign buyers competitive financing terms, while equity investments support strategic initiatives that promote export growth and technology development. In addition, import guarantees ensure a stable supply of essential raw materials for domestic industries which are crucial for the green transition.

In recent years, ECAs have made significant progress in aligning their activities with global sustainability goals. An example is the sharp increase in ECA-supported renewable energy financing, which grew from around $3 billion in the first half of 2022 to around $24 billion in 2023.[4] Despite their significant financial capacity – the world's 15 largest ECAs collectively commit around $1.3 trillion annually – their overall contribution to global climate finance remains limited. This suggests that there is significant untapped potential for ECAs to play a greater role in financing mitigation and adaptation efforts.[5] ECAs also continue to provide significant financial support for fossil fuels. However, overall financial commitments vary considerably across countries, as shown in Figure 1. These differences are not only due to economic factors but also the different mandates of ECAs. Some focus exclusively on medium and long-term (MLT) support, while others prioritise short-term (ST) insurance or also provide pre-shipment products and domestic coverage, leading to apparent differences in size.

Figure 1: New ECA commitments (insurance, guarantees and loans, US$ billion; 2023)



Source: Developed for this paper based on annual reports of ECAs/EXIM banks.

re]

Box 1: ECA Instruments for Climate Finance

Many ECAs have recently launched new products or incentives for climate finance. For example, EKN's "Green Export Credit Guarantee" contributes to climate change mitigation, allowing exporters and banks to insure up to 100% of the value of a transaction. Credendo in Belgium introduced a "Green Package" where projects benefit from favourable conditions such as 98% coverage of the total amount and the mobilisation of an additional budget of €100 million to finance green transactions in order to take more risk. Finnvera has launched a "Climate and Environmental Loan" programme (up to €40 million) with favourable loan conditions.* Germany offers buyer credit insurance with increased cover of up to 98% and a reduction of national content to 30%. In Spain, CESCE created a green investment guarantee for FDI with 99% political and 80% commercial risk coverage, as well as improved conditions for export credit insurance. UKEF launched a £2 billion direct lending facility to finance renewable energy, energy efficiency and climate change adaptation projects. Furthermore, UKEF's standard Export Development Guarantee offers longer repayment terms for clean growth projects.

* While Finnvera operates both as an ECA and as a National Promotional Bank (NPB), this specific programme falls under its NPB function. However, Finnvera has signed up to NZECA in its capacity as an ECA and not as an NPB, reflecting its commitment to aligning its export finance activities with net-zero objectives.

ECAs are highly relevant for global net zero and climate finance targets

Net zero targets worldwide – enshrined in countries' Nationally Determined Contributions (NDCs) – are underpinned by the Paris Agreement objective of limiting the post-industrial rise in temperatures to no more than 1.5-2.0° Celsius above pre-industrial levels. Achieving these goals will require comprehensive strategies to both reduce greenhouse gas (GHG) emissions and remove remaining emissions, as outlined by the Intergovernmental Panel on Climate Change (IPCC).[6]

Climate finance is central to these efforts.[7] Article 2.1c of the Agreement calls for the alignment of financial flows with the objectives of reducing emissions and adapting to the impacts of climate change.[8] Although there are different approaches from public financial institutions, the most commonly-used description of what constitutes "climate finance" is provided by the UN Framework Convention on Climate Change (UNFCCC), which defines the instrument as "local, national, or transnational financing – drawn from public, private and alternative sources (…) that seeks to support mitigation and adaptation actions that will address climate change."[9]

The Glasgow Financial Alliance for Net Zero (GFANZ) established at COP26 highlighted the role of private finance in accelerating global decarbonisation.[10] At COP27, the international community called for multilateral development banks to reform their practices and priorities to support the net zero transition.

The Climate Policy Initiative (CPI) reports that global climate finance flows, both domestic and international, more than doubled from $608 billion in 2017 to an estimate between $1.5 and $1.6 trillion in 2023 (Table 1).[11] The CPI suggests that flows need to increase to $4.5 trillion per year by 2030, while the Baku Pledge at COP29 outlined the goal of mobilising $1.3 trillion per year to scale up finance to developing countries from public and private sources. These figures underscore the huge financing gap that ECAs could help to fill. ECAs are well placed to contribute to filling this gap, using their resources and expertise to catalyse investment in sustainable projects.

Table 1: Landscape of Climate Finance – Estimated Flows (USD Million)

	2021	2022	2021/22 Average
PRIVATE	**574,250**	**726,696**	**650,473**
Commercial FI	224,929.28	263,578.67	244,254
Corporation	187,523.74	224,226.68	205,875
Funds	5,559.58	6,361.33	5,960
Household/Individual	147,312.01	221,686.05	184,499
Institutional investors	7,198.64	6,836.65	7,018
Unknown	1,727.08	4,007.03	2,867
PUBLIC	**554,978**	**721,560**	**638,269**
Bilateral DFI	26,010	34,106	30,058
Export Credit Agency(ECA)	1,998	2,108	2,053
Government	94,436	120,631	107,533
Institutional investors	14	-	7
Multilateral Climate Funds	3,857	2,002	2,930
Multilateral DFI	85,044	110,879	97,961
National DFI	208,609	268,025	238,317
Public Fund	283	155	219
State-owned FI	44,538	77,292	60,915
SOE	90,191	106,362	98,276
UNKNOWN	**22,444**	**10,751**	**16,598**
Unknown	22,444	10,751	16,598
TOTAL	**1,151,673**	**1,469,008**	**1,305,340**

Source: Naran, B., Buchner, B., Price, M., Stout, S., Taylor, M. & Zabeida, D. (2024) Global Landscape of Climate Finance 2024. [12]

The Net-Zero Export Credit Agencies Alliance (NZECA)

Although ECAs are primarily demand-driven, they can influence the direction of trade flows through their support as they provide financial backing for sectors that are critical to the world's carbon footprint such as large infrastructure, energy and industrial projects. ECAs operate under the remit of government, so there is immense scope for policy intervention to lever ECAs towards net zero goals.

NZECA Overview

The UN-convened Net-Zero Export Credit Agencies Alliance (NZECA) launched at COP28 in 2023 aims to align ECAs with global climate goals. It serves as a critical initiative to phase out fossil fuel support. By committing to ambitious emission reduction targets and promoting accountability among its members, NZECA provides a structured framework for aligning ECAs. It is a Race To Zero-approved coalition of public export finance institutions that have committed to aligning their activities with the goals of the Paris Agreement and achieving net zero GHG portfolio emissions. NZECA tries to address information asymmetry and collaborative action more effectively than previous initiatives related to

public climate finance. The alliance "unites leading public finance institutions committed to delivering net zero economies by 2050 by supporting the decarbonisation of trade and facilitating point action from public and private finance."[13]

NZECA was launched with eight founding members in partnership with the United Nations Environment Programme Finance Initiative (UNEP FI). The current members are: EKN (Sweden), the Export and Investment Fund of Denmark (EIFO), Export Development Canada (EDC), Finnvera (Finland), Svensk Exportkredit (SEK) and UK Export Finance (UKEF). Affiliate members include CESCE (Spain), Etihad Credit Insurance (United Arab Emirates) and KazakhExport (Kazakhstan).[14] Full NZECA members sign up to a series of commitments:

Stated Commitments of NZECA members[15]

Entities who have signed up as full members are committed to transition all operational and attributable GHG emissions from their underwriting, guarantee and lending portfolios and other business activities to align with pathways to net zero by mid-century or sooner. This includes achieving net zero GHG emissions by 2050 at the latest, consistent with limiting global temperature rise to 1.5°C above pre-industrial levels by 2100. They are also required to set and publicly disclose (an) intermediate science-based target(s) for 2030 or sooner, consistent with a pathway to net zero by 2050 at the latest. These targets may initially be aggregate or sector-based in scope, prioritising the most GHG-intensive sectors. However, by 2030, targets should seek to include all emissions as soon as methods allow, ensuring that they are based on materiality and impact.

Another element for ECAs is to prioritise in the decarbonisation of the real economy. ECAs under NZECA have committed to support exporters and, where possible, other stakeholders in the transition to net zero emissions. Another commitment was to end new direct support for the fossil fuel sector by the end of 2024 for founding members, and within 12 months of joining for members joining after 2024.

Furthermore, ECAs under the NZECA commit to set their targets and navigate portfolio decarbonisation that are credible and internationally recognised. These scenarios should show no/low overshoot, rely conservatively on negative emission technologies, and seek to minimise inconsistencies with other Sustainable Development Goals (SDGs). Efforts should be prioritised where ECAs can have the most significant impact, focusing on the most GHG-intensive sectors within their portfolios. Financing low/no emission infrastructure, which is essential for the transition to a net zero economy, is also a focus area.

Finally, ECAs have committed to publish annual evidence that they are taking action in line with these commitments. This includes publicly sharing progress to ensure consistency with best practice and collective reporting. Progress must be reported in two key areas: firstly, against absolute emissions and/or emissions intensity targets in accordance with international and national GHG reporting protocols or climate portfolio adjustment methodologies; and secondly, against a high-level, reviewed climate strategy that includes an outline of forward-looking climate-related actions and sectoral policies covering short- and mid-term activities.

Timelines are set out for the implementation of many commitments. Additionally, NZECA explicitly addresses the use of offsets, stating that the priority will be on emissions reduction over the use of external offsets, and that offsets should not be used to meet interim and longer-term net zero targets, except in limited applications. Further, it states that the reliance on carbon offsetting for achieving end-state net zero should be restricted to carbon removals to balance residual emissions, and that offsets should always be additional and certified.

Target-setting as an instrument to align with net zero goals

Presented at COP29 in 2024, the NZECA Target Setting Protocol (TSP) provides a framework for aligning ECA activities with net zero pathways.[16] It creates guidance to members on the implementation of their commitments, with a particular focus on setting long-term and intermediate (2030) targets and related disclosures. While the protocol is primarily addressed at NZECA members, it is designed to accommodate the wide variety of public export finance institutions globally. The intention is that it can be used as general guidance for the transformation of export finance portfolios towards net zero while recognising the diversity of these institutions' mandates, national contexts and capacities. The protocol lays out mandatory and supplementary emissions reduction targets.

Mandatory targets in the TSP for full members are set as a minimum and could either be absolute emission reduction targets and/or emissions intensity targets. Absolute emission reduction targets focus on decreasing portfolio GHG emissions by a set amount within a defined timeframe, and may either be portfolio-wide, sector- or product-specific. The TSP states that they shall be formulated in accordance with no/low overshoot scenarios aligned with a 1.5°C pathway. Emissions intensity targets are normalised

metrics that reflect emissions reductions in relation to a specific output/metric, which can either be economic or physical. Physical intensity targets put emissions in relation to a physical output and are thus sector specific. Economic intensity targets typically put emissions in relation to economic/financial metrics (for e.g., tCO2e/(million €). Economic intensity targets could be portfolio-wide, sector or asset class/product specific.

Supplementary targets in the TSP are non-obligatory and constitute three categories:

- **Engagement targets** include a spectrum of metrics and approaches associated with ECAs engagement with stakeholders relevant to achieving their decarbonisation objective (for e.g. number of customers to whom transition risk and planning advice has been provided). Emissions associated with ECA and Exim banks portfolios are Scope 3 emissions and therefore depend largely on GHG performance of members' customers in the real economy; therefore, this target encourages NZECA members to manage their portfolio emissions through active engagement with real economy actors.
- **Climate/transition finance targets** are the most common type to manage the amount of support directed towards transition or climate solutions. Climate/transition finance targets can be set in absolute (e.g., exposure, premium amount, amount supported, US$) or relative (weight in the portfolio) metrics.
- **Energy transition targets** focus on the energy sector transition needs and help to manage the project pipeline accordingly. Calculated as the ratio between financing for low carbon energy solutions and financing for legacy fossil fuel energy assets, energy transition targets may be used by members with significant exposure to the energy sector, particularly with high legacy exposures to the fossil fuel energy sector. Such sectors have significant needs for transition support.

Disclosure and reporting also form an important part of the Target Setting Protocol in relation to embedding transparency. ECAs are required to disclose their targets and report progress annually on their policies and strategies for achieving net zero, preferably in coordination with NZECA. Full alliance members are expected to report progress on their commitments made on intermediate-term and long-term GHG-reduction targets, new policies to end direct support for the international unabated fossil fuel energy sector, and high-level climate policies and actions. The NZECA Secretariat managed by UNEP FI reports this progress annually.

Box 2: Examples of Target-Setting Implementation

EIFO Exclusion of Fossil Fuels in the Energy Sector: The Danish ECA is aligned with the government's decision to end public financing and export promotion services for fossil fuels in the energy sector abroad. EIFO has chosen to extend the ban to all business activities and thus also domestic business activities. This means that the ECA does not finance fossil-fuelled power plants nor support activities such as extraction, drilling, refining, and related infrastructure and logistics. The ban allows limited and clearly defined exceptions for the gas sector until 2025.**

UKEF Export Finance Sustainability Strategy 2024-29: The UKEF's first Sustainability Strategy was published in 2024, succeeding the previous Climate Change Strategy put forth in 2021. The strategy aims to accelerate climate finance contributions by providing £10 billion of "clean growth finance by 2029" and establishing an internal transition plan. The British ECA also includes TCFD within the annual reports and accounts, publishing and reporting against decarbonisation targets.

EKN Ceasing Issuing Guarantees for Coal: Official EKN policy now states that guarantees will not be issued should the product or service be intended for use in coal extraction, transport, or power generation. This goes further than the COP26 Agreement on ending ECA-support for unabated coal-fired power plants. Similar, though slightly-less stringent bans exist from EKN on oil and gas exploration, extraction, production, storage, and transportation (there are exceptions for existing infrastructure).***

** EIFO. (2023) Climate policy. Available at: https://www.eifo.dk/media/ffbipx2u/climate-policy.pdf (Accessed 3 February 2025).

*** EKN. (2023) Sustainability policy. Available at: https://www.ekn.se/globalassets/dokument/hallbarhetsdokument/en/ekn_sustainability_policy_2023.pdf (Accessed 17 January 2025).

Is NZECA a demonstrable case of alliance-driven climate action?

Factors underpinning NZECA's effectiveness

It could be argued that NZECA is a demonstrable case of alliance-driven climate action for public financial institutions. Three key factors underpin its effectiveness:

NZECA differs from previous alliances of export finance institutions such as Export Finance for Future (E3F) by making net zero commitments. Members pledge to transitioning all operational and attributable GHG emissions from their underwriting, guarantee and lending portfolios to net zero pathways by mid-century or sooner. This includes achieving net zero CO_2 emissions no later than 2050. In addition, members are required to set and publicly disclose science-based interim emission reduction targets for 2030, ensuring a clear and measurable trajectory towards long-term goals. These commitments mark a significant departure from previous initiatives that lacked a sound accountability mechanism.

NZECA is also one potential example of effective global cooperation on climate finance, as its members collectively recognise the critical role of trade and export finance in driving the transition to a low-carbon economy. By supporting exporters and facilitating emissions reductions in the real economy, NZECA promotes a shift in financial flows towards carbon-neutral, climate-resilient projects and investments. With the Target Setting Protocol, the alliance has developed a standardised framework in a very short time that sets benchmarks for implementation and management based on scientific best practice. As a living document allowing for iterative improvements, it can encourage innovation and collaboration, and can ensure that NZECA remains adaptable to evolving climate challenges.

Accountability and transparency appear to be embedded in NZECA's work. The Target Setting Protocol encourages members to publicly disclose their progress through annual sustainability reports, following recognised frameworks such as the Taskforce on Climate-related Financial Disclosures (TCFD) and the UK's Transition Plan Taskforce (TPT) Disclosure Framework. The TPT, for example, requires organisations to outline their strategic ambitions, implementation strategies, engagement plans, metrics and governance structures.[17] To further strengthen accountability, members that fall short of their targets are required to provide detailed explanations, corrective actions and projections for future alignment. This robust transparency mechanism ensures that NZECA members are held to high standards and fosters trust among stakeholders.

Challenges to be addressed to achieve impact

Despite its promising framework, NZECA faces challenges that should be addressed to sustain its early successes and achieve long-term impact:

The Target Setting Protocol is non-binding and relies on voluntary compliance and the goodwill of member organisations. While this approach facilitates initial participation and exposes members to public scrutiny and reputational risk, it lacks the enforceability needed to ensure consistent progress. By comparison, legally binding frameworks, such as the UK's 2008 Climate Change Act, have driven significant and sustained emissions reductions through mandatory carbon budgets. Strengthening the protocol with binding elements could increase effectiveness while balancing NZECA's ambition and outreach to increase membership. Furthermore, the first iteration of the Target Setting Protocol contains some ambiguities in its target definitions, leading to potential inconsistencies in implementation. This allows members to set targets that are appropriate for their specific context. However, clearer guidance would ensure that members adopt consistent methodologies for setting and measuring emission reduction targets.

Data availability and portfolio-specific complexities pose challenges for monitoring and enforcement. For example, in cases where physical intensity targets (absolute emissions reductions) are impractical, NZECA members may rely on economic intensity metrics (e.g., emissions per financial output). While this flexibility accommodates diverse portfolios, it complicates efforts to assess overall progress. Improved data collection and monitoring frameworks can be essential to address these gaps.

NZECA members face inherent tensions between their climate commitments and domestic economic objectives. Unlike development finance institutions (DFIs), which have an explicit mandate to support the Sustainable Development Goals (SDGs), ECAs are primarily tasked with promoting exports and FDI. This narrow focus can limit systemic change within member organisations, especially when climate-focused goals conflict with economic priorities.

Currently, the NZECA membership includes only nine ECAs. Given that there are 25 ECAs in the EU alone, as well as numerous agencies in the Global South, the alliance's reach is relatively narrow. Broadening the membership base will be essential to increase NZECA's global impact and encourage wider participation in net zero initiatives.

How ECAs can enhance their ability to align with net zero

Refining the Target Setting Protocol for wider impact

To maximise the impact of climate finance, the NZECA Target Setting Protocol should be further refined to establish best practices for implementing net zero targets across public finance institutions. This refinement could extend beyond ECAs to include DFIs, national development banks and/or innovation funds. By creating a more standardised framework, NZECA can help prevent high-carbon lock-ins and reduce the risk of stranded carbon-intensive assets.[18] Many DFIs, responding to developed countries' climate commitments under the UNFCCC, have already adopted internal carbon pricing mechanisms to guide investment decisions. The European Investment Bank (EIB), for example, has incorporated such measures to align its operations with climate change objectives. Some multilateral development banks (MDBs) have gone further by developing operational principles and assessment frameworks for mitigation and adaptation investments.[19] While only a limited number of bilateral DFIs have adopted strict net zero targets, these early adopters demonstrate the value of predictability, transparency and credibility in preventing greenwashing and facilitating strategic project planning.[20] A notable example is Finnfund, which has set rigorous net zero targets and supported afforestation projects to achieve them.[21]

To further strengthen the Target Setting Protocol, NZECA could also introduce sector-specific quantitative indications and milestones, and improve accountability mechanisms through peer review and enforcement measures. Strengthening collaboration with initiatives such as the Partnership for Carbon Accounting Fundamentals (PCAF) and merging efforts with E3F could provide a consistent approach. Future alignment with methodologies and frameworks could increase the credibility of the protocol and facilitate consistent application across different institutions. According to discussions with NZECA members, they see the protocol not overly complex to implement. Members have also expressed enthusiasm for collaboration and knowledge sharing to effectively achieve these goals.[22]

Increasing financial support for the green transition

A key priority for ECAs is to phase out support for fossil fuels and redirect investment towards renewable energy. In addition to supporting green finance, all NZECA members should implement explicit fossil fuel divestment policies, including binding commitments to end direct and indirect support for coal, oil and gas projects. This transition would be in line with the Organisation for Economic Co-operation and Development (OECD) phase-out target, which calls for a complete phase-out of coal financing by 2030. Stronger disclosure mechanisms should also be put in place to track remaining fossil fuel-related financing within ECA portfolios and establish clear exit strategies. ECAs should also align their activities with the COP28 agreement to triple global renewable energy capacity by 2030, which requires an increase to at least 11,000 GW and a doubling of annual energy efficiency improvements to 4% by that year.[23]

Achieving these ambitious goals will require substantial investment, particularly in countries where infrastructure gaps are most pronounced. ECAs can play a key role by using their financial instruments to de-risk investments, leverage private capital and support scalable renewable energy solutions such as solar photovoltaics (PV). Studies highlight the potential of PV in various applications, including large-scale rooftop installations, floating PV systems coupled with hydropower, and bifacial PV systems along transport corridors.

Focusing on investments with the highest returns, such as blended finance programmes and co-financing mechanisms, would enable ECAs to further contribute to the mobilisation of the additional $1.3 trillion per year needed for climate finance to developing countries by the COP29 target.[24] While ECAs alone cannot deliver this total, their role in de-risking investments and leveraging private capital is critical to meeting global commitments. Such measures would also reduce carbon lock-in risks, as illustrated by US-EXIM's financing of the carbon-intensive Sadara plant in Saudi Arabia.[25] Lending decisions should be rigorously aligned with climate goals to avoid inefficiencies, such as simultaneous financing of oil and gas projects and wind farms.[26]

Broadening NZECA's membership for greater impact

NZECA's impact has been limited by its relatively small membership base, which currently includes nine export finance institutions. Given the global scale of the climate finance challenge, expanding the alliance's membership is critical. Discussions with stakeholders suggest that growth should prioritise inclusivity and capacity building, particularly among ECAs in the Global South.

To achieve this, NZECA could introduce an "observer" category within its expanded membership programme. Observer members would commit to participating in knowledge sharing, piloting NZECA methodologies and contributing to alliance initiatives, without immediately assuming the full responsibilities of active membership. This structured approach would provide a pathway for observers to transition to full membership, ensuring they are well prepared to meet NZECA's rigorous standards.

The proposed observer programme would include annual status renewals based on participation and demonstrated progress, access to capacity building resources, formal meetings and peer dialogue with NZECA members, opportunities to contribute to advocacy, regulatory development and outreach activities, and a clear and transparent process for progression to full membership. By broadening its membership and fostering inclusivity, NZECA can increase its influence and ensure that diverse perspectives and contexts are represented in global climate finance strategies.

Conclusions

The urgency of the net zero transition requires innovative and collaborative solutions, and ECAs are uniquely positioned to play a transformative role. By leveraging their financial mechanisms, expertise and strategic alliances, such as the Net-Zero Export Credit Agencies Alliance, ECAs can drive substantial progress in climate finance and fill critical gaps in global financing. The NZECA framework, with its science-based commitments, transparent protocols and strong accountability measures, demonstrates the potential for public financial institutions to align with the Paris Agreement and accelerate decarbonisation. However, realising this potential will require addressing challenges such as limited membership, voluntary compliance, and balancing climate goals with economic priorities.

To increase impact, NZECA needs to broaden its membership, further refine its target-setting protocol and increase financial support for green transitions, particularly in the Global South. Expanding partnerships, promoting inclusivity and ensuring rigorous implementation of climate-smart financing strategies will be key to unlocking the full potential of ECAs. As global leaders in export finance, ECAs have an opportunity and a responsibility to champion the transition to net zero. Through sustained collaboration, robust commitments and innovative financial solutions, ECAs can make a significant contribution to a sustainable future and demonstrate the power of global alliances in overcoming the climate crisis. Policy levers and measures for wider impact and a way forward discussed above are summarised in Table 2 below.

Table 2: NZECA Policy Levers and Measures

	Policy Lever	Challenges	Measures
Short term (12 months)	Target setting	Refining the NZECA Target Setting Protocol for wider impact	Establish best practices for implementing net zero targets for public finance institutions Improve sector-specific target and milestones approach Improve accountability mechanisms through peer review and enforcement Strengthen collaboration and/or merge efforts with PCAF and E3F
Medium term (12-18 months)	Membership	Broadening NZECA's membership for greater impact	Introduce "observer" category within expanded membership programme Introduce annual status renewals of observer category based on participation and demonstrated progress Foster inclusivity and transparency in helping ECAs achieve full membership status
Longer term (18-60 months)	Financial support	Increasing financial support for the green transition	Phase out support for fossil fuels and redirect investment towards renewable energy Stronger disclosure mechanisms to track remaining fossil fuel-related financing within portfolios Align activities with COP28 agreement to triple renewable energy capacity by 2030 Renewed focus on investments with highest returns, i.e. blended finance programmes and co-financing mechanisms

Endnotes

1 UNFCCC (2024) COP29 UN Climate Conference Agrees to Triple Finance to Developing Countries, Protecting Lives and Livelihoods. Available at: https://unfccc.int/news/cop29-un-climate-conference-agrees-to-triple-finance-to-developing-countries-protecting-lives-and (Accessed 30 January 2025).

2 Examples of major ECAs include Euler Hermes (EH) in Germany, the Export-Import Bank of the United States (US EXIM), Nippon Export and Investment Insurance (NEXI) in Japan, Sinosure in China and UK Export Finance (UKEF).

3 Klasen, A. & Schedler, K. (2024) What can we learn from service model analysis? An application in the government export finance sector. Public Policy and Administration. https://doi.org/10.1177/09520767241251911.

4 HSBC (2024) Opportunities in the net zero transition – a look at export credit agencies. Available at: https://www.gbm.hsbc.com/en-gb/insights/sustainability/opportunities-in-the-net-zero-transition-a-look-at-export-credit-agencies (Accessed 17 January 2025).

5 A challenge remains the lack of bankable climate projects, particularly in developing markets. ECAs typically support exports from their home countries, often requiring a certain percentage of domestic content. This means that an ECA's ability to engage in climate finance is shaped by the structure of its national export sector. Smaller countries, in particular, may be constrained by a more limited portfolio of climate-related export offerings, reducing their capacity to contribute to global green finance.

6 IPCC (2022) Climate Change 2022. Mitigation of Climate Change. Available at: https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_FullReport.pdf (Accessed 17 January 2025).

7 Rocco, P. & Foster, N. (2023) Financing Net Zero: How to incentivise credible climate action through sustainability-linked and transition finance. Available at: https://www.carbontrust.com/news-and-insights/insights/financing-net-zero-how-to-incentivise-credible-climate-action-through-sustainability-linked-and-transition-finance (Accessed 17 January 2025).

8 Fankhauser, S., Srivastav, S., Sundvor, I., Hirmer, S. & Shrimali, G. (2023) Net zero portfolio targets for development finance institutions: Challenges and solutions. Global Policy. 14(15), 716-729.

9 UNFCCC (n.d.) Introduction to Climate Finance. Available at: https://unfccc.int/topics/introduction-to-climate-finance (Accessed 17 January 2025).

10 Michie, A. (2022) The role of the global financial system in financing the transition to net zero. Global Policy. 13(4), 557-562.

11 Naran, B., Buchner, B., Price, M., Stout, S., Taylor, M. & Zabeida, D. (2024) Global Landscape of Climate Finance 2024. Available at https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2024 (Accessed 30 January 2025).

12 Ibid.

13 UNEP FI. (2024) Net-Zero Export Credit Agencies Alliance. Available at: https://www.unepfi.org/climate-change/net-zero-export-credit-agencies/ (Accessed 17 January 2025).

14 We would like to thank the NZECA members and affiliate members for engaging in informal discussions at and after a workshop held in Oxford, in relation to this research.

15 UNEP FI. (2024) The Net Zero Export Credit Agencies Alliance Commitment Document. Available at: https://www.unepfi.org/wordpress/wp-content/uploads/2023/11/NZECA-Membership-Commitment-Text.pdf (Accessed 17 January 2025). The following section summarises the core elements of the Commitment Document.

16 UNEP FI. (2024) NZECA Target Setting Protocol. Available at: https://www.unepfi.org/themes/climate-change/nzeca-target-setting-protocol (Accessed 17 January 2025). The following section summarises the core elements of the Target Setting Protocol.

17 UK TPT. (2023) Disclosure Framework. Available at: https://www.ifrs.org/content/dam/ifrs/knowledge-hub/resources/tpt/disclosure-framework-oct-2023.pdf (Accessed 17 January 2025).

18 Caldecott, B. (2020) Defining transition finance and embedding it in the post-Covid-19 recovery. Journal of Sustainable Finance & Investment. 12(3), 934-938.

19 Fankhauser et al. (2023).

20 Doshi, S., Levy, C., Pinner, D., Powis, C. & Stephens, D. (2021) Aligning portfolios with climate goals: A new approach for financial institutions. Available at: https://www.mckinsey.com/capabilities/risk-and-resilience/our-insights/aligning-portfolios-with-climate-goals-a-new-approach-for-financial-institutions (Accessed 17 January 2025).

21 Finnfund. (2021) Climate and energy statement guides our climate actions. Available at: https://finnfund.fi/en/impact/policies-and-statements/climate-and-energy-statement/ (Accessed 17 January 2025).

22 Doshi, S., Levy, C., Pinner, D., Powis, C. & Stephens, D. (2021) Aligning portfolios with climate goals: A new approach for financial institutions. Available at: https://www.mckinsey.com/capabilities/risk-and-resilience/our-insights/aligning-portfolios-with-climate-goals-a-new-approach-for-financial-institutions (Accessed 17 January 2025).

23 Acen, C., Bamisile, O., Cai, D., Ukwuoma, C. C., Obiora, S., Huang, Q., Ozsahin, D. U. & Adun, H. (2024) The complementary role of carbon dioxide removal: A catalyst for advancing the COP28 pledges towards the 1.5 °C Paris Agreement target. Science of the Total Environment. 947, 174302. https://doi.org/10.1016/j.scitotenv.2024.174302

24 UNFCCC (2024).

25 Skovgaard, J., Finkill, G., Bauer, F., Ahman, M. & Nielsen, T. D. (2023) Finance for fossils – The role of public financing in expanding petrochemicals. Global Environmental Change. 80, 102657. https://doi.org/10.1016/j.gloenvcha.2023.102657

26 Discussion with key NZECA stakeholders.

Acknowledgments

The authors are grateful to Sam Fankhauser (Smith School of Enterprise and the Environment) and Thomas Hale (Blavatnik School of Government) for comments on earlier drafts, and to members of the ECA and EXIM community and UNEP FI for engaging with this Brief. All remaining errors are the authors'. Thanks to the Smith School Comms team Lucy Erickson, Tom Pilsworth and Liliana Resende for support with design and strategic communication. This work was supported by a grant from the 'Future of Climate Cooperation' project.