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The 21st Meeting of the Mediterranean Commission on Sustainable Development (MCSD)

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Addendum 1

Agenda Item 5: MSSD 2026-2035 and its flagship initiatives

MSSD 2026-2035

Note by the Secretariat: This Addendum UNEP/MED WG.625/5/Add.1 is prepared to reflect the comments received by Italy to the title, narrative and tables related to the Strategic Direction 5.5 of document UNEP/MED WG.625/5 (Paragraph 116, Table of the Strategic Direction 5.5, pages 60-61). The comments by Italy were included as a foot note in the document UNEP/MED WG.625/5 that was shared to MCSD Members on 26 May 2025. At the request of Italy, a proposal has been prepared reflecting the Italian comments in the Section related to Strategic Direction 5.5 in track mode, compared to the official version disseminated by the Secretariat. This is shared with the MCSD Members as an alternative proposal to the original one for the consideration of the 21st MCSD Meeting.

UNEP/MAP
Athens, 2025

1. Mediterranean countries require green and sustainable finance and related economic tools to support the necessary transition of the region, particularly to adapt to the impacts of climate and environmental change. To successfully drive this transition, they need a compelling and forward-looking vision that engages ~~their populations~~the relevant stakeholders at all levels, and fosters support for green and sustainable finance and economic policies. This vision should promote a positive and proactive approach to ~~developing financial mechanisms~~foster public and private investments that cater to regional, national, and local needs, while ensuring sustainable economic development and enhancing societal well-being, in line with the~~. This financial transformation must be closely aligned with~~ Strategic Directions (SD) of the MSSD. ~~to ensure that financial mechanisms not only stimulate economic growth but also enhance societal well-being.~~ A deeper understanding of the current landscape of green and sustainable finance and related economic tools in the Mediterranean is thus essential. This includes three elements: the mapping of existing ~~"virtuous"~~ financial instruments ~~and assessing their effectiveness~~with recommendations for scaling up the most effective ones in term of sustainability;~~,~~ the scoping of economic activities in the Mediterranean that contribute to sustainability (taxonomy); and ~~as well as addressing the need to phase out~~ the identification of environmentally harmful subsidies ~~with clear sectoral examples~~in economic sectors that affect the Mediterranean region. ~~Aligning SD with concrete, actionable steps is key to ensuring sustainability while addressing social and employment challenges (green and blue jobs). To establish a~~This would constitute the ~~common~~ Mediterranean Framework for Green and Sustainable ~~Investments~~ Finance, which should be supported by ~~as a foundation for a future potential Taxonomy,~~ ~~Aligning SD with~~ concrete, actionable steps ~~is key~~ to ensure~~ing~~ sustainability while addressing social and employment challenges (green and blue jobs).[1] Mediterranean countries must first tackle the barriers and challenges they face in developing and implementing greener financial strategies. ~~At the same time, i~~In this context, it is crucial to identify opportunities to enhance green and sustainable finance and related economic tools to promote sustainability. The lack of data and structured finance strategies in some countries underscores the heterogeneity across the region, making the creation of a ~~common~~ Mediterranean Framework for Green and Sustainable Finance~~foundational framework and taxonomy, whether sector-specific or holistic,~~ essential for coherent and effective action. ~~Developing a common Framework for Green and Sustainable Investments should be the first step before designing a taxonomy.~~ Additionally, ~~direct links between financial mechanisms and budget lines~~ coherence between public and private financial mechanisms and flows ~~are~~ is necessary to ensure that sustainable strategies and action plans are effectively implemented. Finally, Mediterranean countries must engage in discussions about interconnections and synergies between economic, environmental, and social priorities and involve all relevant stakeholders, national and local, in a cross-cutting, inclusive decision-making process to drive the green and sustainable transition forward.

[1] Comments by Italy: As a general comment to the paragraph, some aspects are to be clarified:
From IT perspective, the objective is to define a Mediterranean Framework for Green and Sustainable Finance, with the following three pillars:
1 - the mapping of financial instruments;
2 - the scoping of sustainable economic activities (i.e. taxonomy of sustainable activities)
3 - the identification of environmental harmful subsidies (EHS).

Those are the three aspects that should constitute the Mediterranean Framework.
This is because there is a difference between the mapping of financial instruments, the tagging of sustainable economic activities, and the identification of EHS.

As a first step, it is necessary to understand which are the economic activities that contribute to sustainability, then, as a second step, the financial instruments, that can be used to gather capital for investments in such sustainable economic activities, can be identified. Finally, to align the public financial flows and policy instruments to the objectives of sustainability, it is necessary to identify EHS.

This is important to have a common understanding of the terminology and the logical linkages between the various steps.

Strategic direction 5.5: **Promote an integrated financial ecosystem through a Mediterranean Framework for Green and Sustainable Finance aiming to foster the channeling of private and public capital into sustainable investments.** **~~Lay the groundwork for a Mediterranean Taxonomy of Green and Sustainable Activities to ensure communities and infrastructures adjust to environmental risks, by first setting a common regional framework for classifying public and private financial flows~~**		
Actions	**Responsible Actors**	**Time frame**
National		
5.5.1. Develop ~~a~~ national Frameworks for Green and Sustainable ~~Investments~~ Finance, ~~integrating diverse~~ identifying financial and policy instruments (e.g., green and blue bonds, concessional loans, grants, investment funds, tax incentives for accelerating the ~~energy~~ sustainable transition, and climate risk insurance) to facilitate financial flows to sustainable investments, while supporting adaptation, resilience-building, and considering social implications and acceptability.[2]	National governments, local authorities, financial institutions	2030
5.5.2. Develop national green and sustainable finance networks bringing together different stakeholders (e.g. financial institutions, governments, private sector, academia, and NGOs) to enhance collaboration, share best practices, and facilitate knowledge exchange on green and sustainable finance.[3]	National governments, local authorities, financial institutions, private sector, academia	2030
Regional		
5.5.3. Develop a ~~regional~~ Mediterranean Framework for Green and Sustainable ~~Investments~~ Finance that incorporates Mediterranean-specific challenges and priorities to guide investments in green and sustainable projects, particularly on adaptation ~~projects~~, ~~ensuring compatibility with~~taking into account national priorities.[4]	Regional institutions, national authorities, regional/international donors, Plan Bleu	2030
5.5.4. Develop a Mediterranean-wide sustainable finance network connecting financial institutions, governments, private sector, academia, and NGOs to foster cross-border collaboration and accelerate sustainable investment (supporting both adaptation and mitigation efforts).	Regional institutions, financial institutions, governments, private sector, academia, NGOs	2030
5.5.5. Develop and implement regional guidelines for green and sustainable budgeting practices to integrate environmental and climate objectives into both annual and multi-year national and regional budgets.	National governments, local authorities, regional/international institutions, Plan Bleu	2030
5.5.6. ~~Support the development~~Identification of ~~green and sustainable investment~~ major strategic projects, including proposals by local communities, that are key[5] to enhance sustainability in the whole Mediterranean,	National governments, local authorities, financial institutions, private sector, academia, Plan Bleu	2030

[2] Comments by Italy: countries should have the flexibility to determine whether a single national framework or different frameworks are needed, and on which financial instruments they should apply.
[3] Comments by Italy: The same flexible approach should be allowed when determining the pool of stakeholders to be engaged in the national network.
[4] Comments by Italy: amendments to be introduced in alignment with the rationale of the introductory paragraph
[5] Comment by Italy: the support is preferred in the identification of major strategic projects that are necessary to enhance sustainability in the whole Mediterranean in synergy with the MSSD, rather than in the development of such projects.

Strategic direction 5.5: **Promote an integrated financial ecosystem through a Mediterranean Framework for Green and Sustainable Finance aiming to foster the channeling of private and public capital into sustainable investments.** **~~Lay the groundwork for a Mediterranean Taxonomy of Green and Sustainable Activities to ensure communities and infrastructures adjust to environmental risks, by first setting a common regional framework for classifying public and private financial flows~~**		
Actions	**Responsible Actors**	**Time frame**
with the aim to attract capital flow. ~~, backed by the appropriate financial tools, and facilitate community consultations and working groups to ensure active participation and ownership~~.		