United Nations Environment Programme
2 June 2025

Committee of Permanent Representatives
Subcommittee meeting
Nairobi, 17 June 2025
09:00 – 12:00 and 13:00- 16:00 (GMT+3)
Hybrid meeting
Conference Room 4 (in person)
and Microsoft Teams (online)

Agenda Item 3: Challenges and opportunities in mobilizing private finance for climate adaptation, pollution, biodiversity loss and the implementation of the Kunming-Montreal Global Biodiversity Framework.

This note has been prepared by the Secretariat to support discussions under agenda item 3, namely, challenges and opportunities in mobilizing private finance for climate adaptation, pollution, biodiversity loss and the implementation of the Kunming-Montreal Global Biodiversity Framework.

The document includes information on how policymakers can create the enabling conditions to align financing that underpins high-impact economic sectors and to unlock private finance to help implement Multilateral Environmental Agreements and enhance resilience.

Following the presentation, the Committee is invited to take note of the briefing and engage in an exchange of views with the Committee members and the Secretariat.

1. Introduction

1. UNEP's Finance Initiative (UNEP FI) brings together a global network of banks, insurers and investors to catalyze action across the financial system to deliver more sustainable global economies. The Initiative supports economic resilience and financial stability through engagement of a network of more than 550 financial institutions, representing assets exceeding USD170 trillion, on sustainability issues to develop global norms, standards and resources to accelerate sustainable finance.
2. UNEP FI engagement of the finance industry aims to support countries on aligning private finance with sustainability objectives, accelerating and scaling up a shift to sustainable consumption and production.[1] Its activities focus on catalyzing the contribution of the finance sector towards mobilizing resources for the implementation of MEAs such as the Paris Agreement on Climate Change, Kunming-Montreal Global Biodiversity Framework (GBF), and Global Framework on Chemicals. UNEP FI's aims to align and unlock private finance that underpins the real economy to address climate change adaptation, chemicals and pollution action and the goals and targets of the GBF.
3. Through global finance sector principles, UNEP FI has established frameworks to help financial institutions systematically address sustainability issues through their operations. UNEP FI provides technical support to facilitate voluntary action to implement the Principles for Responsible Banking (PRB), with signatories representing more than 50% of global banking assets, and the Principles for Sustainable Insurance (PSI), with signatories representing 30% of global insurance premium.
4. UNEP FI's work has two strategic pillars: supporting financial institutions to improve sustainability integration at the organizational level; and supporting countries on creating the enabling conditions for financing for sustainable development. UNEP FI provides countries with technical support to advance interoperable financial policy and regulatory measures to scale up sustainable finance.
5. While UNEP's work on private finance is the focus of this paper, it complement's UNEP's Economy Division interventions to support resilient public finance, optimized for economic, social, and environmental returns through strategic resource allocation that ensures long-term stability.

2. Challenges and opportunities associated with enhancement of the provision and mobilization of resources for climate adaptation in the context of UNEP-FI

Challenges

One-third of modelled costs/ finance needs are in areas that have potential for private financing.[2] UNEP's Finance Initiative has identified barriers and opportunities to mobilizing private financing for adaptation to climate change,[3] including inadequate policies, market barriers, limited climate risk management and disclosure, and lack of harmonization of practices and terminology. Enabling factors include **new approaches and financial instruments, adaptation taxonomies, climate risk disclosure frameworks and transition planning**.[4]

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[1] medium_term_strategy_2022.pdf
[2] https://www.unep.org/fr/resources/rapport-2024-sur-lecart-entre-les-besoins-et-les-perspectives-en-matiere-dadaptation-aux
[3] Driving Finance Today for the Climate Resilient Society of Tomorrow – United Nations Environment – Finance Initiative
[4] https://www.unep.org/fr/resources/rapport-2024-sur-lecart-entre-les-besoins-et-les-perspectives-en-matiere-dadaptation-aux

Opportunities

UNEP FI is helping to address barriers through:

1. **Supporting new approaches and financial instruments through initiatives including:**

    - Technical support and capacity building on financing for climate change adaptation for signatories to the sustainability frameworks for the banking and insurance industries, the Principles for Responsible Banking (PRB) and Principles for Sustainable Insurance (PSI), as powerful tools helping member states to mobilize private finance for sustainable development through their banking and insurance sectors. For example, **PRB Guidance for banks on climate adaptation target setting** (2023) identifies opportunities for commercial banks to enhance resilience through adaptation finance; engagement with clients in sectors vulnerable to the physical risks of climate change and the development of financial products under sustainability frameworks and standards. UNEP FI provides is helping banks to set and implement science-based targets with adaptation actions and financing.

    - Developing investment frameworks and methodologies that enable private and public financial institutions to **scale investments that contribute to the adaptation goals** of the Paris Agreement. Technical resources are co-developed with development finance initiatives (DFIs) through a UN-convened Adaptation & Resilience Investors Collaborative (ARIC) partnership. UNEP FI supports the partnership with bilateral DFIs, focusing on guidance for investors on physical climate risk and mobilising capital.

    - UNEP FI is supporting a Climate Adaptation Information & Learning Project, **facilitating adaptation-related information exchange across finance actors** through regional Communities of Practice (CoP) including investment funds and micro, small and medium-sized enterprises (MSMEs). The project aims to accelerate innovation and private sector engagement in climate adaptation.

2. **Supporting adaptation taxonomies**

    - UNEP FI is supporting the **development of taxonomies with an adaptation objective** – common definition and qualification of activities and measures can help financial institutions direct capital to manage climate risks. For example, UNEP FI has been providing technical support for the development of national taxonomies in Latin America (including Costa Rica, Panama, Chile) and Southeast Asia, including climate adaptation, as well as supporting capacity building for taxonomy application or climate risk in countries including Thailand, the Philippines, Indonesia and Laos. UNEP FI is also providing technical support for the development of international voluntary standards for financial instruments through the Climate Bonds Initiative in developing criteria for adaptation and resilience bonds/debt instruments.[5]

[5] https://www.climatebonds.net/adaptation-and-resilience

3. **Climate risk disclosure frameworks**

- UNEP FI provides technical support and capacity building on science-based approaches to climate risk assessment and disclosure in the financial sector.[6], [7]

4. **Transition planning**

- The UNEP Forum for Insurance Transition to Net Zero (FIT), which supports the insurance industry's role in the global transition to a climate-resilient economy, has released the first global guide on transition plans for insurance companies.[8] The report assesses key features of insurers' underwriting portfolios—across lines of insurance, the insurance value chain, and insurance actors involved—which need to be taken into account in transition planning. The report outlines the landscape of emerging policies and regulations relevant to transition plans, and the evolution of transition plan frameworks and guidance.

3. Challenges and opportunities associated with enhancement of the provision and mobilization of resources for Chemicals and Pollution

Challenges

UNEP FI provides guidance and research into the role of financial institutions in addressing chemicals and pollution through lending, investment, underwriting and risk management activities, and the enabling policy conditions needed to accelerate financing that mitigates pollution. UNEP FI's White Paper on Navigating Pollution[9] establishes the relevance of the issue to banks, highlighting that while some banks have progressive practices, there remains a gap between widely practiced avoidance of banned and highly hazardous chemicals and the elimination of pollution from financing activities across the global banking sector. Barriers include understanding of risks and opportunities to address pollution, with a wide variation in pollution impacts across sectors. Addressing pollution across the life cycle of supply chain activities is complex, and inadequate disclosures on impacts, accounting and attribution for the economic costs of pollution limits financial sector access to relevant data to inform decision-making. The absence of harmonised sustainable finance taxonomies and metrics to identify and measure progress in redirecting financial flows away from activities that contribute to chemicals and pollution towards solutions to mitigate hazardous substances is a barrier for the redirection of financial flows at a global scale.

Opportunities

UNEP FI is generating knowledge and capacity building to inform financial institutions and governments of ways to align private finance with objectives to mitigate pollution through activities including:

- Research and guidance to the financial sector, such as a **paper for banks (Navigating Pollution: A Blueprint for the Banking Sector, 2024)**[10] on assessing risks and opportunities to address pollution from

[6] https://www.unepfi.org/themes/climate-change/a-comprehensive-review-of-global-supervisory-climate-stress-tests/
[7] https://www.unepfi.org/themes/climate-change/scenarios-for-assessing-climate-related-risks-new-short-term-scenario-narratives-by-unep-fi-and-niesr/
[8] Closing the Gap: The emerging global agenda of transition plans and the need for insurance-specific guidance – United Nations Environment – Finance Initiative
[9] White-Paper-on-Pollution-UNEP-FI-Nov-2024-D8.pdf
[10] Navigating Pollution: A Blueprint for the Banking Sector – United Nations Environment – Finance Initiative

all sources. Opportunities include fi**nancing companies that implement resource-efficient practices and reduce pollution, minimising risk exposure to environmental liabilities, and expanding financing for companies producing or deploying innovative technologies**.

- Supporting dialogues and providing knowledge on potential actions and policy options to mobilize private sources of finance to mitigate pollution**, such as strengthening corporate disclosure standards, enhancing the economic and financial viability of solutions** and **supporting the long-term market stability** through appropriate policies explicitly d**esigned with a medium to long-term horizon.**

- UNEP FI included an analysis of pollution coverage in a number of disclosure standards in its report Accountability for Nature - 2025 Update[11]

4. Challenges and opportunities associated with mobilizing resources for addressing biodiversity loss challenges and the implementation of the Kunming-Montreal Global Biodiversity Framework

Challenges

UNEP FI's **briefing on the status of alignment of finance with the KM-GBF** includes challenges in mobilizing finance, such as the need to strengthen policies, regulations and incentives to drive action from businesses and financial institutions, to halt and reserve nature loss by 2030 (From Kunming-Montreal to Cali: Is the Financial System on Track?, October 2024).[12] The paper highlights the finance sector's call for clear policy and sectoral transformation pathways that focus on transitioning underlying economic activities, to genuinely mobilise private resources at the scale required.

Opportunities

UNEP FI supports Parties to the Convention on Biological Diversity and its Protocols in mobilizing private finance for implementation of their NBSAP / nature-related priorities**.** Initiatives to help address challenges include:

- **Public-private collaboration, knowledge sharing and capacity building**: A *Revenues for Nature* project has developed playbooks and is facilitating a Community of Practice that convenes public and private stakeholders to identify investable opportunities aligned with NBSAPs. Together with UNDP BIOFIN, we aim to contribute to implementation of Target 19 of the GBF. This comes under the NBSAP Accelerator to help Parties understand and access private finance for NBSAP implementation. Knowledge is shared through mechanisms including webinars: https://www.unepfi.org/revenues-for-nature-community-of-practice/

- **Data-driven decision-making**:

    - UNEP's Climate Finance Unit (CFU) and Finance Initiative are developing new *country-level* "State of Finance for Nature" reviews (in progress), to provide governments with granular insights into nature finance flows and gaps. We provide capacity support to the CBD on tracking private finance for nature.

[11] https://www.unepfi.org/wordpress/wp-content/uploads/2025/02/Accountability-for-Nature_V1_2.pdf
[12] Response-to-the-Finance-Roadmap.pdf

- UNEP FI supports private sector adoption of the Taskforce on Nature-related Financial Disclosures (TNFD) framework, which sets out a voluntary process to help private sector and financial organizations assess and report on nature-related risks and opportunities and integrate findings into business and financial planning.

- Financial Resources for Biodiversity (FIRE) database: We supply data and undertake calls for inputs to our members to feed into the UNDP-managed database of all funding opportunities – public and private – related to nature.

- **Innovation**: We are working with Oxford University and with support from the European Space Agency to understand how Earth Observation data can help to unlock more quantities of and more impactful finance for nature including via pilots in countries undertaking debt-for-nature conversions https://www.leon-naturefinance.org.There are promising proof of concepts such as sustainability-linked sovereign finance and in the insurance space (documented in our annual webinar series *New Green Shoots: Latest trends and innovations in nature finance*[13]) which should rapidly be more widely rolled out to meet relevant targets by 2030.

- **Policy & regulatory frameworks**: Identifying nature-related regulations for banks (e.g. Mapping the Policy Landscape, 2024), supporting interoperable taxonomy development on biodiversity/nature at country and regional levels (e.g., Common Framework of Sustainable Finance Taxonomies for LAC, 2023),[14] and supporting nature-related corporate disclosure frameworks. Many countries require tailored support on translating NBSAP targets into finance-ready propositions.[15] UNEP-FI published a high-level financial sector roadmap for aligning financial flows with the GBF with the objective to support and enable all interested actors within the financial landscape to build action on nature in line with the GBF's 23 targets for action by 2030. It proposed recommendations for all actors within the financial landscape – finance ministries, financial supervisory entities, public development banks, private financial institutions, investors – on integrating the GBF within their policies and decision-making processes and proposes key actions that each actor can take to support GBF implementation.

Relationship to UNEP's Programme of Work

1. Under UNEP's medium-term strategy (MTS 2022-2025), the Finance and Economic Transformations subprogramme focuses on facilitating the achievements of the UNEP thematic subprogrammes (Climate Action, Nature Action and Chemicals and Pollution Action). The MTS emphasizes the importance of collaborating with partners, accelerating systemic interventions that engage financial and economic actors. 16 The strategy recognizes that shifting finance and business practices towards sustainable patterns of consumption and production – and towards reducing climate impacts, biodiversity loss and pollution – is crucial to realizing the aspirations of the 2030 Agenda. The MTS

[13] https://www.unepfi.org/events/new-green-shoots-2025-latest-trends-and-innovations-in-nature-finance/
[14] https://www.unepfi.org/wordpress/wp-content/uploads/2023/07/Common-Framework-of-Sustainable-Finance-Taxonomies-LAC_-ENG-Executive-Summary.pdf
[15] https://www.unepfi.org/publications/engaging-private-finance-in-the-nbsap-review-and-implementation-sign-posts-for-policymakers/
[16]https://wedocs.unep.org/bitstream/handle/20.500.11822/42683/medium_term_strategy_2022.pdf?sequence=1&isAllowed=y

highlights the need to promote alignment of private finance with sustainability and responsibility, supporting countries and stakeholders in areas including adaptation to climate change.

2. UNEP FI contributes to the Finance and Economic Transformations subprogramme, promoting private finance alignment with sustainable development including goals on issues including climate adaptation and resilience, nature and pollution. It also aims to inform public policies to address systemic risks and steer high-impact sectors towards sustainable pathways. Moreover, UNEP FI's mission aligns closely with UNEP's three strategic objectives: "climate stability," "living in harmony with nature," and "toward a pollution-free planet. This supports the three thematic subprogrammes:
    a. Climate Action: UNEP FI assists financial institutions in addressing climate risks as part of their strategies, governance, and operations. The programme also helps address barriers to aligning financial portfolios with the objectives of the Paris Agreement on mitigation, adaptation and resilience.
    b. Nature Action: Nature is a key focus to engage the financial sector and policymakers on addressing risks and supporting the goals of the Kunming-Montreal Global Biodiversity Framework.
    c. Chemicals and Pollution Action: UNEP FI engages the financial sector on addressing pollution in areas such as chemicals, as well as on financing business models that contribute to the transition to a circular economy to mitigate environmental impacts and optimize resource efficiency.
3. UNEP FI supports UNEP's mandate to help member states find solutions in the field of the environment, to promote the contribution of relevant professional communities to the acquisition, assessment and exchange of environmental knowledge and information, to secure the effective co-operation of, and contribution from, professional communities in all parts of the world; and to provide advisory services for the promotion of international co-operation in the field of the environment (General Assembly Resolution 2997 (XXVII) of 15 December 1972).4 [1]
4. UNEP FI supports implementation of relevant UN Environment Assembly (UNEA) resolutions, including Resolution 4/1 (2019): Innovative pathways to achieve sustainable consumption and production; and UNEA 4/Resolution 4 (2019): Addressing environmental challenges through sustainable business practices.

5. Next steps

UNEP will continue to work with the financial sector on financing adaptation to climate change impacts; addressing pollution and contributing to the goals and targets of the GBF, supporting the financial sector as well as member states on creating the enabling conditions to accelerate sustainable finance. UNEP FI will promote globally-recognized corporate disclosure and due diligence standards, risk and impact management, harmonized taxonomies, realignment of incentives towards sustainable consumption and production, and transition pathways across high-impact sectors are essential for transparency and finance mobilization. Next steps include:

Climate adaptation

- Capacity building and technical support for banks putting the PRB Guidance on climate adaptation target setting into practice, and developing further guidance with a focus on practical steps in key climate vulnerable sectors, including real estate and agriculture.
- Under a UNEP FI-supported V20 Sustainable Insurance Facility (SIF), UNEP FI will be increasingly working with banks to pilot and implement approaches 'in the field', including through the '100 Banks Initiative' managed by the V20 Sustainable Insurance Facility.
- Technical resources on nature, pollution and climate risk integration in the financial sector, including scenarios and modelling, and risk-related reporting aligned with international disclosure frameworks.

Chemicals and pollution

- UNEP FI is currently developing Pollution Guidance for banks in the buildings and construction sector and agriculture sectors and plans to develop a sector agnostic Pollution Guidance. Pollution Guidance documents will include recommendations on practical actions that banks can take across their internal policies and processes, client engagement, financial portfolios and partnerships.
- UNEP FI is working with partners to analyse financial flows and financial needs across value chains to achieve the Global Framework on Chemicals strategic objectives and targets. The outcome of an initial analysis of the chemicals value chain in the textile sector and key stakeholders and levers of transformation will be discussed at the Global Framework on Chemicals Open-Ended Working Group in Punta del Este, Uruguay, in June 2025. A second phase of analysis will assess financial flows and needs.
- Engaging the private sector through the Finance Leadership Group on Plastics to help finance solutions, inter alia through the development of a Plastics Action Guide for financial institutions;
- Engaging the financial sector on mitigating chemicals pollution, including through the development of guidance for banks on pollution, especially in high impact sectors; and
- Research and awareness raising on the role of the financial sector in supporting implementation of the Global Framework on Chemicals.

Nature

- Supporting private sector financing for nature positive outcomes.
- Supporting the financial sector and policymakers on KM-GBF Goals A and D and targets indicators 15 and 19.

Cross-cutting support for policymakers and the financial sector

- UNEP FI, Climate Bonds Initiative and the Principles for Responsible Investment will launch Interoperability Principles for sustainable finance taxonomies designed to provide a practical framework for policymakers, taxonomy developers and end users. The Principles, which aim to guide taxonomy design and enhance interoperability, will be released at the COP30 as part of the Green Taxonomy Roadmap implementation.[17]
- Supporting the development and/or implementation of taxonomies in countries including Brazil and the ASEAN region.
- Engagement on financing the transition of high-impact sectors such as building and construction, textiles and agri/food systems.

Guiding questions for CPR

Climate

i. How can UNEP support more inter-ministerial collaboration between ministries of environment and ministries of finance, which is important for ensuring that adaptation and nature objectives are integrated into fiscal policy, budgeting, investment planning and financial systems?

ii. What practical steps do you suggest (or need) to strengthen the evidence base and support alignment of public and private finance with national adaptation and biodiversity targets?

[17] https://greencentralbanking.com/2024/11/19/central-bank-of-azerbaijan-green-taxonomy-cop29/

Pollution

iii. How can UNEP support ministries of environment to work with other ministries and inform mechanisms to strengthen industrial, economic and financial sector policies to support alignment of high-impact economic sectors with pollution prevention objectives, including to implement MEAs and other global frameworks such as the Global Framework on Chemicals?

iv. How can pollution prevention be placed more strongly at the center of governments' priorities, recognizing that investing in pollution prevention will ultimately improve health and result in savings?

Biodiversity

i. How can UNEP articulate the environmental imperative for repurposing agricultural subsidies within this entrenched and complex system with several competing interests from local to global level, and power imbalances in decision making?

ii. What recommendations can the CPR propose to integrate the objectives of repurposing declarations, or partnership initiatives or how can UNEA sessions and intersessional periods be used as strategic global platforms to build momentum and foster dialogue on this critical issue?

iii. How can UNEP support member states on developing and implementing effective finance and real economy policy and regulatory frameworks to mobilize financing to align economic sectors driving biodiversity loss and environmental degradation with the goals and targets of NBSAPs?