Finance and Economics Focus

Working with finance ministries, regulators, commercial banks, and insurers to better align the financial system with sustainable development priorities.

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Economic Case for Sustainability Action

- Environmental degradation threatens **economic stability**.
- Responsible business models turn **sustainability challenges into opportunities** for growth and long-term investment.
- **Embedding sustainability in strategy and policy** strengthens economic and financial resilience.
- **Clear policy signals** create the stable conditions needed to mobilize private capital.
- **Finance, corporate and policy leadership mutually reinforce** each other by enabling sustainable business practices.

When sustainability is embedded as a shared pillar of decision-making, it operates not as a constraint but as one of the most reliable drivers of economic and financial resilience.

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* Based on Information document on UNEA7 *Leadership Dialogues: Economic and Financial Resilience depends on Environmental Health*, UNEP/EA.7/INF/13

Sustainable finance frameworks mobilize capital

Framework/Instrument	Mechanism	Impact/Example
National Taxonomies	Defines environmentally sustainable economic activities	Directs capital toward specific green transition activities and credible transition plans
Sustainability-Linked Loans (SLLs)	Links interest rates to borrower's ESG performance targets	Mobilized over $809 billion globally to date; used for efficiency upgrades like water-loss programs in Brazil
Green Bonds	Dedicated financing for specific green assets or projects	Mobilized $3 trillion globally to date; used for many sorts of sustainability projects
Blended Finance	Combines public/concessional capital to de-risk private investment	SCALED fund mobilizing large-scale investment in closing SDG financing gap.

Sustainable finance frameworks mobilize capital by creating standardized definitions, reporting requirements, and incentive structures that bridge the gap between investor demand and impactful projects.

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Framing UNEP's environmental stewardship mandate in economic terms

Finance and Economics Transformation Subprogramme

Finance and Economics Branch

Economic and Fiscal Policy Unit	Financial Policy Unit	UNEP Finance Initiative
Economic and fiscal policy, national budgets and public finance.	Financial regulations, disclosure frameworks and sustainable taxonomies.	Responsible banking, insurance and investment.

Principles for Responsible Banking
Principles for Sustainable Insurance
Principles for Responsible Investment

Bringing economic modelling, fiscal policy and financial mobilization expertise to UNEP's environmental stewardship mandate can strengthen the overall organizational offering to be both grounded in the science but framed in the economic terms that today are increasingly central to government decision making.

1. Circular Economy & Finance

Uruguay
CE financing framework

Indonesia
CE financing strategy + capacity building on CE financing for financial sector

Thailand
Financing for waste management, ETS

India
Circular economy, ecolabels & IGE capacity building for civil servants

2. Public Finance & Green Budgeting

Cambodia
Sustainable budgeting approach

Morocco
ESG/climate risk in Mohammed VI Investment Fund

Kazakhstan
Blue finance instruments & MRV system

Rwanda
NBS—fiscal, legal & regulatory enabling environment

Mongolia
Green economy in 5-year plan; greening Min. of Mining

Uzbekistan
ETS action plan—NETS operationalization

3. Macro Modelling & Just Transition

Brazil
Macro modelling, carbon markets & biodiversity modelling

South Africa
Energy sector social dialogues & macro modelling

Senegal
Macro modelling of National Ecological Transition Strategy

Engaging when a country has a clear policy moment—a new strategy, national plan, or budget reform—where analytical support can directly shape decisions.

Macroeconomic modelling, fiscal analysis, and green economy frameworks.

Helping Finance Ministries mobilise finance for climate, nature and pollution

Guide and Framework, Coalition of Finance Ministers for Climate Action (CFMCA)

103
Finance Ministries
members of CFMCA

>70%
of global GDP
represented by member countries

>40%
of global CO_2 emissions
covered by Coalition members

Climate, nature and pollution are core fiscal challenges.
USD 310bn/year adaptation gap by 2035. USD 200bn/year needed for nature under the GBF. USD 4.5 trillion economic gain by 2040 from ending plastic pollution.

How the Guide turns Coalition reach into country-level action

Climate: adaptation, mitigation & green fiscal reform

USD 310bn/yr

needed by 2035 to close the adaptation finance gap; carbon pricing already mobilised USD 100bn+ in 2024.

Guide equips MoFs to integrate climate into debt sustainability analysis, build sovereign green / resilience bonds and pricing instruments, reform fossil fuel subsidies.

Nature: aligning budgets & reforming subsidies

USD 200bn/yr

in nature finance needed by 2030 under GBF Target 19, alongside reform of USD 500bn in nature-harmful subsidies.

The Guide supports MoFs to embed nature in budget cycles, identify and reform harmful subsidies, and unlock private nature finance.

Pollution: circular economy & fiscal instruments

USD 4.5 trn

in economic gains achievable by 2040 from systemic action on plastic pollution (UNEP, 2023).

The Guide supports MoFs to deploy producer responsibility schemes, levies and incentives that shift production and consumption toward circular models.

Sources: CFMCA; UNEP Adaptation Gap Report 2025; CBD GBF; UNEP Turning Off the Tap (2023); World Bank, State and Trends of Carbon Pricing 2025.

UNEP has been given the unique mandate to update the CFMCA Guide and Framework and to help translate it nationally.

The Guide gives 103 finance ministries a shared framework to act on climate, nature and pollution through the levers they hold: tax, debt, expenditure, and private capital mobilization.

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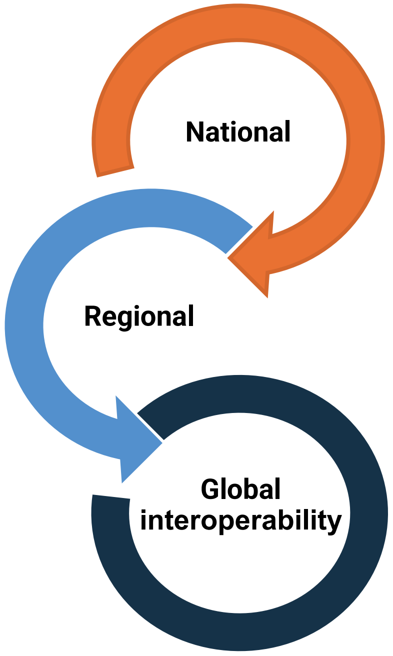
Supporting sustainable taxonomies

- Taxonomies help to mobilize capital by providing a common language on sustainable finance, reducing transaction costs and providing confidence to investors.
- Over 60 countries have adopted or are developing a national taxonomy.
- Global interoperability: UNEP supports governments and central banks with a global taxonomy guide for Net Zero Nature Positive (NZNP) Taxonomies.



- Taxonomy development
- Taxonomy implementation & pilots
- Best practices & usability

- Regional harmonization
- Consensus building
- Implementation guidance

- Principles
- Tools
- Collaboration
- Guidance

National mandates

Brazil | Panama | Costa Rica | Chile | Canada

Regional mandates

EU Sustainable Finance Advisory Hub	**EU** Platform on Sustainable Finance
LAC Common Framework for Taxonomies	**ASEAN** Adaptation Taxonomy

National and regional mandates focused on taxonomy development, implementation and pilots, regional harmonization and global interoperability.

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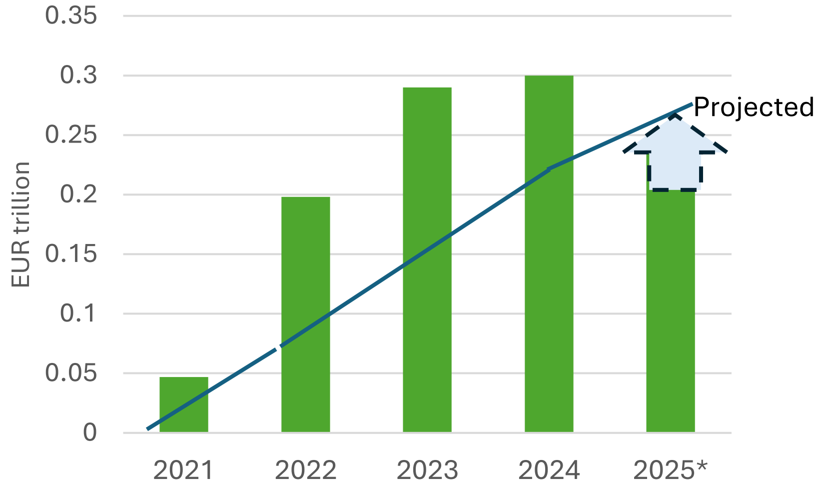
Impact of taxonomies

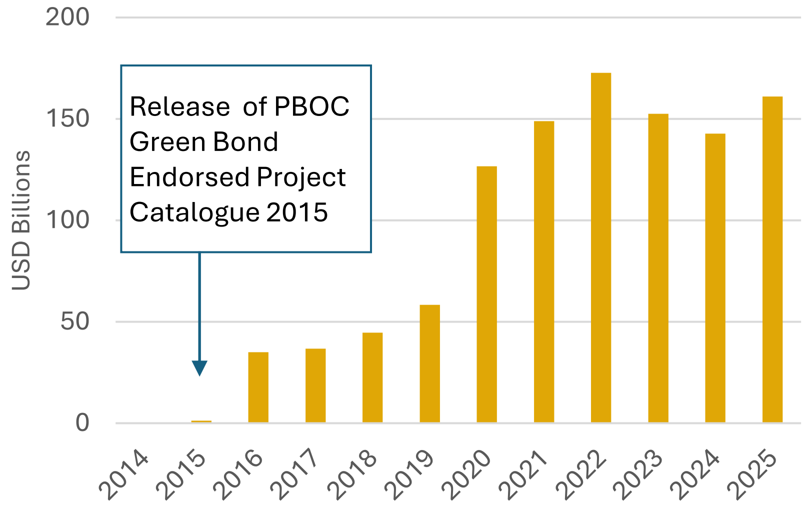
EU Taxonomy-aligned Capital expenditures with financial flows going to projects in clean energy, low carbon infrastructure, green buildings.



Source: Bloomberg

**2025 data collection not yet complete*

The release of the **People's Bank of China Green Bond Endorsed Project Catalogue** in 2015 catalysed a large and active green bond market in a year



Sources: Climate Bonds Initiative
China Green Finance and Development Centre

Taxonomies are a building block that support and enable the growth of credible sustainable finance markets

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UN Responsible Banking Community

350+
Signatory banks

85+
countries

~50%
of global banking assets

Convened by UNEP Finance Initiative (UNEP FI)

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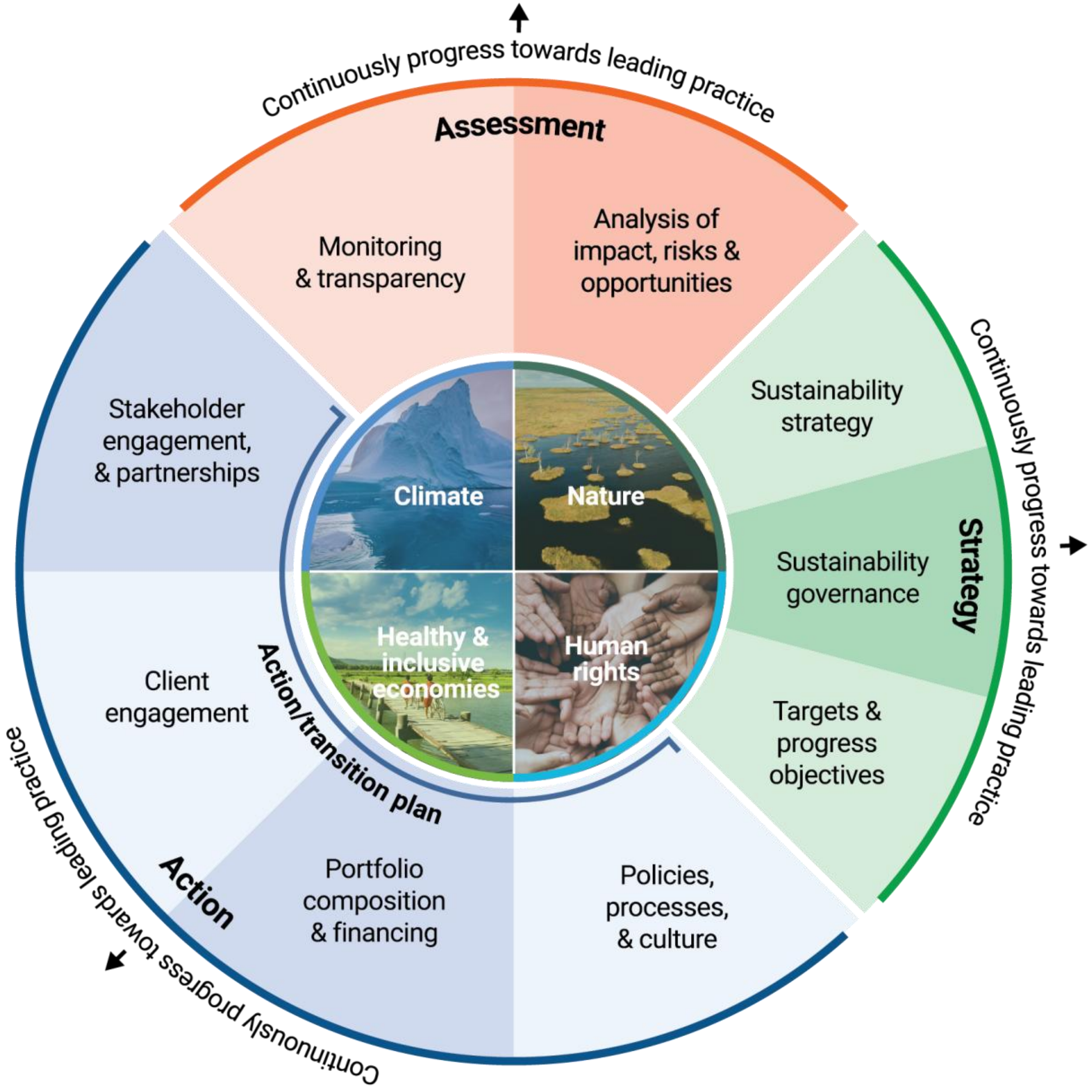
Principles for Responsible Banking

Principles for Responsible Banking



To join the UN Responsible Banking Community, **banks commit to implementing Principles for Responsible Banking (PRB).**

The six Principles shape a responsible banking sector by **driving innovation, progress and leadership whilst also inspiring global norms and best practice**.

PRB Responsible Banking Journey wheel is a visual representation of the **ambitious, continuous progress** that signatories make as they **advance from foundational to leading practice.**

Greater value to clients, shareholders and society

Implementing responsible banking practices enables banks to:

- Better advise and support their **clients** through their sustainability transitions
- Understand and manage sustainability-linked **risks and impacts** across their portfolio and business
- Identify and seize **opportunities** to expand their client base and develop new offerings
- Show **leadership** and demonstrate how they positively contribute to society
- Meet their **regulatory sustainability obligations**

Inspires global norms, good practice and better business

(PRB Biennial Progress Report (2025))

Global norms:

- In joining Responsible Banking Community, banks contribute to **development and piloting of new approaches** to help pioneer and inspire global sustainability norms;
- Representing 50% of global banking assets, as individual banks implement the PRB, they help establish **new practices and norms on a regional and global scale**.

Good practice:

- 99% of PRB signatories **embedded sustainability in governance** at board, CEO, or senior executive levels; nearly half have sustainability performance in **executive compensation;**
- 99% **conduct impact analysis,** influencing recent regulation in Europe to embed as regulatory requirement.
- adopt sector-specific environmental **credit risk policies** at twice the rate of non-PRB banks;
- 90% offer **sustainable financial products;** half have public sustainable finance targets, with 14 of the largest banks alone pledging US$ 6.5 trillion for sustainable finance in their markets.

Better business:

- 61% of PRB signatories in top quartile of MSCI's **ESG leaders' index;**
- PRB banks access financing at **lower cost of capital** compared to non-PRB banks.

Responsible banking => prudent risk management & opportunities identification = better run banks rewarded by lower cost of capital

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Principles for Responsible Banking

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unep.org

Thank you

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