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Financial Centres
for Sustainability

CATALYSING CHANGE:

FINANCIAL CENTRES DRIVING NDC-ALIGNED TRANSITION FINANCE

Working Paper

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About UNDP FC4S

Born out of Italy's G7 Presidency in 2017 and established in mid-2018, the Financial Centres for Sustainability (FC4S) is a global network of 44 financial centres partnering to mobilise finance in support of national sustainability ambitions and development priorities. Contact FC4S at fc4s.secretariat@undp.org.

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Contents

Executive Summary	4
Introduction.....	6
Private Capital Mobilization: A Key Element for Delivering NDCs.....	6
Transition Finance: Complementing Green Finance for Achieving Climate Ambition.....	8
Financial Centers: Catalysts for NDC Ambition through Transition Finance	10
Case Studies: Financial Centres’ Strategies for Catalyzing Transition Finance	12
Workshops Objectives and Methodology	12
Financial Centres and Their State of Transition Finance.....	14
From Guidance to Practice: A Case Study Synthesis	18
Approaches to Identifying Transitional Activities and Investments	18
Reporting of Information on Transition Activities and Investments	23
Transition-Related Financial Instruments and Market Incentives	27
Policy Measures and Public-Private Collaboration	30
Social and Economic Considerations for a Just Transition.....	33
Reflections and the Platform Role of Financial Centres	35

Executive Summary

Achieving Nationally Determined Contributions (NDCs) is increasingly constrained not by ambition, but by the mobilization of finance at scale. While climate targets have strengthened, private capital flows remain insufficient, particularly in emerging markets and developing economies where high capital costs and weak pipelines of investable projects persist. Global investment needs to reach approximately USD 6.3 trillion annually through 2023 to avoid the worst impacts of climate change. Closing this gap necessitates not only the scaling of finance for “green” projects but also channelling capital towards the decarbonization of emissions-intensive and hard-to-abate sectors that are central to national economies. Moreover, as countries increasingly embed just transition principles within their NDCs, financing solutions must reduce emissions while also considering jobs, inclusion, and economic resilience. Climate finance still depends heavily on public sources, which are far too limited to meet the required volumes. In a context of increasingly constrained fiscal space, private finance will continue to play a crucial role.

This report examines the role of financial centres as platforms for operationalizing NDC-aligned transition finance. Positioned at the intersection of policy and markets, financial centres can convene regulators, financial institutions, investors, and the real economy to align capital flows with national climate priorities. They help localize global frameworks, reduce fragmentation across standards, and translate high-level commitments into practical tools, data, and incentives that support investment. Drawing on peer learning under the Financial Centres for Sustainability (FC4S) network and workshops held in Brazil, Mexico, and Singapore, the report distils practical lessons on transition finance across the five pillars of the G20 Transition Finance Framework. A consistent finding across all markets is that implementation of internationally developed frameworks is now the binding constraint, with voluntary uptake, weak incentives, unclear evidence requirements, and persistent data gaps limiting scale.

The case studies show that progress accelerates when transition finance is anchored in national priorities, particularly through NDCs. Together, they point to several take-aways:

- Regulatory frameworks, such as sustainable finance taxonomies, that explicitly recognize transition activities benefit from being complemented by clearer sector-level guidance, incentives, de-risking instruments, and shared data infrastructure to become decision-ready.
- The development of transition plans and disclosures is expanding, yet many entities lack the applied tools needed to tailor transition

planning for different sectors and move from narrative commitments to executable investment pipelines.

- Improving data quality and format standardization along the value chain is deemed crucial, as is using digital reporting platforms and artificial intelligence tools to streamline data collection, processing and analysis.
- Innovative financial instruments, blended finance structures, insurance solutions, and development bank support show promise, but remain uneven and fragmented without coordinated policy signals. Collaboration with development banks and insurers is noted as an option to explore for data access, crowding-in private finance and reducing lending costs.
- Across all pillars, social and economic considerations are central to credibility and durability. Proportionate approaches for micro, small, and medium-sized enterprises, workforce reskilling, and community safeguards are essential to ensure that transition finance supports inclusive growth and strengthens social communities.

Overall, the report underscores the growing importance of financial centres as platforms for bridging climate ambition and implementation. They are uniquely placed to convene supervisors, banks, insurers, investors and project sponsors to agree responsibilities, support feedback loops between transition planning and policy design, and mobilize private capital. As such, financial centres can enable a credible and just pathway to national climate goals, as part of a whole of nation approach.

Introduction

“We must face facts: many commitments remain unfulfilled, while the world faces seismic shocks that make financing challenges harder to solve.”

Secretary-General António Guterres, 2024

Private Capital Mobilization: A Key Element for Delivering NDCs

Transforming commitments such as Nationally Determined Contributions (NDCs) into meaningful and implementable policies that contribute to long-term, zero-carbon, and sustainable development pathways is fundamentally dependent on the availability and effective mobilization of financing at scale. This operationalization is critical to enable countries to pursue low-emission, climate-resilient growth in an inclusive and sustained manner. However, despite growing recognition of the urgency, many countries, particularly developing economies, continue to face persistent challenges in securing the volume and type of financing needed to implement their NDC targets effectively. Global investment needs to reach nearly US\$6.3trillion annually through 2030 to avoid the worst impacts of climate change¹. The Baku to Belém Roadmap’s objective to mobilize at least US\$1.3 trillion annually in climate finance for developing countries highlights the considerable magnitude of this funding gap². Beyond addressing issues of quantity, the necessity of increasing investment in regions and sectors facing the greatest financing deficits remains a key priority.

Fiscal space is narrowing across many emerging market and developing economies. After several years of increase, public climate finance fell by around 13% between 2022 and 2023, amid constrained domestic government budgets³. ODA cuts could further reduce future international public flows. Besides, developing nations pay nearly double the interest rates on sovereign debt compared to developed countries, making access

- 1 Naran, B., Shankar, V., de Aragão Fernandes, P., Dixon, J., Burnett, J., Abraham, S., Stout, S., Connolly, J., Strinati, C. and Buchner, B. (2025) Global Landscape of Climate Finance 2025. Climate Policy Initiative, 23 June. Available at: <https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2025/> (Accessed: 5 March 2026)
- 2 UNFCCC (2025) Report on the Baku to Belém Roadmap to 1.3T. November. Available at: https://unfccc.int/sites/default/files/resource/Relatorio_Roadmap_COP29_COP30_EN_final.pdf (Accessed: 5 March 2026)
- 3 Naran, B., Shankar, V., de Aragão Fernandes, P., Dixon, J., Burnett, J., Abraham, S., Stout, S., Connolly, J., Strinati, C. and Buchner, B. (2025) Global Landscape of Climate Finance 2025. Climate Policy Initiative, 23 June. Available at: <https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2025/> (Accessed: 5 March 2026)

to affordable finance harder⁴. This traps many in a vicious cycle: unable to access concessional finance at scale, they borrow from private markets at high cost, leading to ballooning interest payments that crowd out essential spending. Today, over half of developing countries spend at least 8.6 percent of their public revenues servicing external debt, more than on health or education in many cases, leaving 3.4 billion people in countries where debt costs outweigh investment in human development⁵.

Viet Nam's Experience in Strengthening NDCs through Private Sector Engagement in Agricultural and Rural Development

In 2019, UNDP Viet Nam launched efforts to enhance engagement in financing, supporting and implementing of technically sound and financially viable, risk-informed mitigation and adaptation actions. The initiative identified several barriers to private sector involvement, including limited awareness of the investment opportunities linked to NDCs, unclear investment criteria and incentives, a lack of evidence-based practices, and insufficient data on returns and long-term impact. To address these challenges, UNDP Viet Nam focused on identifying and cataloguing good practices, and scaling them through appropriate financing mechanisms. The agricultural sector has achieved documented reductions in energy consumption (up to 50% for some projects), improved agricultural productivity, and increased income from the sale of agricultural products.

Given the public finance trends and the scale of investment needed, the private sector is expected to play a major role in climate finance by complementing public funding and strengthening the broader financing ecosystem. Although there has been encouraging progress—with private finance to EMDEs (excluding LDCs and China) increasing from 43% to 47% of total finance between 2018 and 2022—current private investment levels remain insufficient⁶. For example, the gap between public and private sector contribution to climate blended finance continues to widen, with a growing annual disparity of approximately \$2.95 billion between public and private financing sources despite a growth of private sector financing⁷.

The new generation of NDCs marks a leap forward in quality and signals

4 UNCTAD (2023) *A World of Debt: A Growing Burden to Global Prosperity*. Geneva: United Nations Conference on Trade and Development. Available at: <https://unctad.org/publication/world-of-debt> (Accessed: 11 June 2025).

5 Ibid.

6 Climate Policy Initiative (CPI), 2024. *Global landscape of climate finance 2024*. [online] Available at: <https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2024> [Accessed 22 Jul. 2025]

7 Convergence (2024) *The State of Blended Finance 2024: Climate Edition*. Toronto: Convergence. Available at: <https://www.convergence.finance/resource/state-of-blended-finance-2024-climate-edition/view> (Accessed: 18 June 2025).

of investability. For instance, 87 percent of NDCs 3.0 submitted by the end of 2025 includes costed targets or implementation plans. It sets solid foundations for NDC operationalisation by informing investment decision over the next decade, including by the private sector. Yet, effective private sector engagement in NDC delivery also requires detailed industry pathways, robust project pipelines and the right enabling conditions to trigger coordinated investments, especially for large-scale NDC-aligned projects.

Transition Finance: Complementing Green Finance for Achieving Climate Ambition

As countries commit to more ambitious climate targets through their NDCs, the question of how to finance their implementation has become increasingly urgent. Traditional green finance does not adequately address the needs of many sectors relevant to Nationally Determined Contributions (NDCs), as these are often classified as “transitional” rather than “green”. Transition finance therefore, offers a critical pathway by directing capital to sectors that must undergo significant transformation to align with NDC targets.

An analysis of 128 parties that have published new NDCs by the end of December 2025 reveals that 94% introduced specific measures to deliver a just transition compared to 38% were doing so in the previous generation of NDC. In addition, specific transition finance measures appear in 47% of these new NDCs⁸.

Sectors such as steel, cement, shipping, and fossil fuel-based power generation are highly emissions-intensive and often fall outside the scope of traditional green finance. Given their central role in national economies and their increasing inclusion in NDCs⁹, transition finance is essential to enabling credible and achievable decarbonisation pathways.

The successful implementation of NDCs relies not only on policy ambition but also on the availability of tailored financial solutions that reflect national circumstances and sectoral realities. This is especially relevant for emerging markets and developing economies where fossil fuels continue to underpin growth, and where public budgets are stretched

8 United Nations Development Programme 2025, ‘NDC Insights Series – January 2026, Final Issue. https://climatepromise.undp.org/sites/default/files/2026-02/NDC%20Insights%209_Final%20Issue_Feb%2022.pdf

9 UNDP and UNIDO (2025) From Ambition to Action: How Countries Are Advancing Industry in their NDCs. New York and Vienna: United Nations Development Programme (UNDP) and United Nations Industrial Development Organization (UNIDO). Available at: <https://globalmatchmakingplatform.org/wp-content/uploads/How-Countries-Are-Advancing-Industry-in-their-NDCs.pdf> (Accessed: 22 January 2026)

thin. According to a 2025 report¹⁰, aligning transition finance with NDC priorities, through the development of national transition plans, can help translate high-level climate commitments into credible, investable strategies. By linking NDC targets to costed investment pipelines, policy frameworks, and indicative timelines for phase-out or technology switching, such plans improve investor clarity, strengthen capital allocation decisions, and create more favourable conditions for mobilising low-carbon and transition-aligned investment.

G20 Transition Finance Framework

While there is no single agreed definition of transition finance, it generally refers to financial services that help economies shift toward lower and net-zero emissions, with some definitions honing in on sectors that are harder to decarbonize. The G20 Transition Finance Framework, developed by the G20 Sustainable Finance Working Group and endorsed by the G20 in 2022, aims to guide countries in shaping finance and policies to support this transition. It sets out 22 principles across five key areas: identifying transition activities, improving reporting and transparency, creating suitable financial instruments, designing supportive policies, and addressing social and economic impacts. The framework encourages the use of credible, science-based transition plans, better disclosure of emissions and risks, and stronger incentives for investment. It is flexible and voluntary, allowing countries to apply it in ways that suit their national context. The framework also stresses the importance of a just and inclusive transition, helping protect jobs, communities, and energy access during the shift to a low-carbon economy.

At the same time, climate-aligned investments in renewable energy, sustainable transport, and resource-efficient agriculture generate broad economic benefits. These investments support job creation, enhance energy security, and reduce long-term exposure to global commodity volatility.¹¹ Complementing energy transitions investments with specific measures that deliver on food security, basic services access and governance reforms could lift 175 million additional people out of extreme poverty by 2050.¹² When structured well, such investments are more likely to attract concessional and commercial capital, especially when supported by enabling policy frameworks and strong institutional capacity.

10 NDC Partnership, 2025. Bridging the gap: NDCs 3.0, National Transition Plans (NTPs) and Climate Investment Prospectuses (CIPs). NDC Partnership. Available at: <https://ndcpartnership.org/sites/default/files/2025-03/bridging-gapntps-and-cipsfinal-a4.pdf> (Accessed: 22 January 2026).

11 International Renewable Energy Agency (IRENA) and International Labour Organization (ILO), 2026. Renewable energy and jobs: Annual review 2025. Abu Dhabi and Geneva: IRENA and ILO. Available at: <https://www.irena.org/publications> (Accessed: 22 January 2026)

12 OECD and UNDP, 2025. Investing in climate for growth and development: The case for enhanced NDCs. Paris: OECD Publishing. Available at: <https://doi.org/10.1787/16b7cbc7-en> (Accessed: 22 January 2026)

Increasingly, transition finance is being recognized as a mechanism to operationalize Article 2.1(c) of the Paris Agreement, which calls for making financial flows consistent with a pathway toward low greenhouse gas emissions and climate-resilient development.¹³ To achieve this, countries must strengthen the alignment between their NDCs, long-term strategies, and financing frameworks. Integrated climate and finance planning, particularly through sustainable finance taxonomies and transition finance guidelines can help define credible transition activities and mobilize funding in hard-to-abate sectors¹⁴.

By embedding NDCs into national development strategies and aligning them with transition financing instruments, governments can unlock new sources of investment while sending clear signals to financial markets. Instruments such as transition bonds, climate-themed debt swaps, and blended finance platforms offer practical pathways to accelerate implementation, especially in emerging markets where capital costs are high and investor risk perception remains elevated.

These tools are most effective when supported by clear sectoral decarbonization pathways, tailored to national contexts. As such, transition finance is paramount to NDCs by closing the investment gap, enabling country-led climate ambition, and supporting a more inclusive and just global transition.

Financial Centers: Catalysts for NDC Ambition through Transition Finance

NDCs are core instruments under the Paris Agreement, outlining each country's climate ambitions. Because they reflect national priorities and capacities, it is critical that NDCs are both designed and implemented at the national level. This requires collaboration across government agencies, financial institutions, corporates, and civil society to develop synergistic policies, scale solutions and mobilize resources. Financial centres can play a unique enabling role in this process by serving as hubs for sustainable finance thanks to their convening power, mandate and experience.

Financial centres are locations (cities or regions) where banks, asset managers, insurers, stock exchanges, and related professional services cluster, and where a large volume of financial transactions is conducted. Governance models of financial centres vary widely but generally fall

13 OECD, 2022. OECD Guidance on Transition Finance: Ensuring Credibility of Corporate Climate Transition Plans, Green Finance and Investment, OECD Publishing, Paris, <https://doi.org/10.1787/7c68a1ee-en>

14 United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), 2023. Financing clean energy transitions in Asia and the Pacific. ESCAP/APEF(3)/4. Note by the Secretariat to the Third Asian and Pacific Energy Forum, 19–20 October 2023.

into a few patterns: some are run by public authorities or regulators, others by public–private partnership agencies, and some by industry-led associations or independent entities. Stakeholder engagement is typically built in. For instance, public–private partnerships have boards mixing officials and finance executives. Government or municipality-led centres create advisory councils or working groups, so banks, insurers, and investors have a voice in strategy. In several places, these centres have a sustainability mandate managed by specific units, in others, separated entities were created with similar governance models. In 2025, the Financial Centres for Sustainability (FC4S) network gathers 44 of these bodies.

Financial centres are well-positioned to convene and leverage the strengths of government agencies, regulators, financial institutions, investors, and civil society. They can serve as impartial facilitators. Together with their strategic mandate, their governance model makes them powerful platforms for coordinating sustainable finance efforts, shaping both policy and practice. Many collaborate closely with ministries of finance, central banks, financial supervisors, and environmental authorities. Through these relationships, they help shape regulatory frameworks, localize global standards, and align financial policies with national sustainability agendas. Beyond policy engagement, as financial centres intermediate a large share of global capital flows, embedding sustainability into their practices can significantly shift investment patterns.

Anchored in local communities while being internationally connected, financial centres can understand local challenges, raise awareness, build coalitions, channel data, and learn from peers to translate climate commitments into tangible action at the local level.

Financial centres have a proven track record of successfully advancing effective and inclusive sustainable finance strategies. Some have catalysed taxonomy development, supported the integration of sustainability factors into financial decision-making, or promoted climate and nature-related risk management across the financial sector. Many have supported pioneering green and transition finance products nationally.

A recent assessment¹⁵ of financial centres revealed that the persistent gap between current financial flows and the investment required to meet sustainability goals has elevated transition finance as a strategic priority, with nearly all financial centres surveyed integrating the low-carbon transition into their strategies or action plans. However, despite

15 Aranda, C. G., Lourenco, B. D., Benito, I. and Nolan, S. (2023) *Leading Financial Centres Stepping Up Sustainability Action: The FC4S Network 2023 State of Play Report*. Financial Centres for Sustainability (FC4S). New York: United Nations Development Programme.

this growing commitment, only one fifth of respondents¹⁶ currently measure and disclose their progress against low-carbon transition targets, highlighting a critical need for more robust tracking and accountability mechanisms. Transition planning and transition plans¹⁷, which are respectively the strategic process of preparing for and the concrete roadmap outlining an entity's actions, targets, and resource allocation toward a low-carbon, climate-resilient economy, are essential tools to guide this transformation and ensure transparency in delivery. Only about a third of companies that disclosed through CDP (formerly Carbon Disclosure Project) in 2021 have climate transition plans in place¹⁸. This trend is even more pronounced among medium-sized enterprises and companies in emerging markets and developing economies. While the development of transition plans is increasing, it is not happening fast enough to support the development of ambitious NDCs. In particular, while international headquarter have developed transition plans, they are often not translated a country level. This misalignment creates a negative feedback loop where less ambitious NDCs lead in turn to inadequate corporate transition plans, and vice versa. Breaking this cycle will require coordinated action across public and private sectors to mainstream credible transition planning and mobilize the finance needed to achieve national and global climate goals, with financial centres playing a pivotal role in driving this alignment.

Case Studies: Financial Centres' Strategies for Catalyzing Transition Finance

Workshops Objectives and Methodology

As the previous section shows, the pivotal role of financial centres in advancing NDC ambition, this section uses case studies to record practical pathways complementing international high level principles and frameworks, highlighting what has been tried, what worked, what did not, and how others can adapt the lessons. The cases are intended as examples that other financial centres, and similar institutions in different jurisdictions, can follow and tailor to local conditions.

Data gathering began with a peer learning session among financial

¹⁶ Ibid.

¹⁷ Transition Plan Taskforce (2023) *Disclosure Framework*. United Kingdom: HM Treasury. Available at: <https://transitiontaskforce.net/publications/> (Accessed: 24 June 2025).

¹⁸ Sokolowski, A., Boldyreva, T., Jenkins-Long, E., Bamkole, S. and Twigg, S. (2023) *Are companies developing credible climate transition plans? Disclosure to key climate transition-focused indicators in CDP's 2022 Climate Change Questionnaire*. CDP Worldwide. Available at: <https://www.cdp.net/en/research/global-reports/climate-transition-plan-report> (Accessed: 24 June 2025).

centres during London Climate Action Week on Tuesday, 24 June 2025. That session surfaced early insights, tested ideas, and highlighted areas needing deeper practitioner input. Building on that foundation, three workshops were then convened to focus on converting climate ambition into investable transition pipelines and clarifying the roles that market infrastructure, supervisory guidance and public policy can play. The workshops took place in Rio de Janeiro, Brazil on 4 August 2025; Mexico City, Mexico on 22 September 2025; and Singapore on 15 October 2025. These three cities were selected to reflect differing stages of market development and implementation progress, providing variety in the evidence base and enabling comparison of what works across a myriad of settings.

Strategies for Galvanizing Transition Finance: Discussion with Financial Centres at London Climate Action Week 2025

On 24 June 2025, FC4S members met for a peer learning session to exchange approaches for mobilizing transition finance and to map how financial centres can support delivery of NDCs. With countries updating NDCs in 2025, participants framed transition finance as the bridge between national targets and private capital, positioning financial centres as delivery platforms to close policy and finance gaps.

The discussion highlighted that the concept of transition is not always embedded in taxonomies, subsidiaries in developing economies often lack plans and reliable data, and data and reporting remain bottlenecks. Clearer policy signals, interoperable frameworks, and practical data solutions were identified as prerequisites for developing investment-grade transition pipelines aligned with national targets. Priorities included convening country-level dialogue across ministries and markets, strengthening legal certainty for industrial policy and incentives, focusing on implementation and demand stimulation, and prioritizing the highest impact sectors.

Suggested actions for FC4S included bringing the outputs of international initiatives to the country level, supporting cross-government coordination, fostering regional collaboration, providing technical assistance and capacity building, and promoting consistency and interoperability across members. These insights were considered when designing subsequent country level workshops.

The objectives were threefold. First, to surface concrete initiatives already under way in each market and to understand how financial centres coordinate actors around shared transition goals. Second, to diagnose the binding constraints to capital mobilization, including data, verification and risk-sharing gaps. Third, to co-create a list of actionable modalities that

local institutions can implement, while drawing out lessons transferable across jurisdictions.

Financial centres brought together a deliberately mixed group of participants, including ministries and supervisors, exchanges, banks and institutional investors, corporates from hard-to-abate and service sectors, external verifiers, and civil society. Sessions opened with a concise scene setter on the role of financial centres in accelerating transition finance aligned with national climate targets. The workshop in Mexico additionally had the Ministry of Environment presenting the framework for Mexico's updated NDC which introduced the government's roadmap.

A common discussion framework ensured comparability across cities and sessions breakouts were structured around four core pillars mirroring the G20 Transition Finance Framework: identification of transition activities and investments; reporting of transition activities and investments; transition-related financial instruments; and development of public policy instruments. Throughout, a cross-cutting lens on socio-economic outcomes considered human rights, jobs, skills, affordability and the principles of a just transition.

To support practical outcomes, facilitators used uniform prompts and simple evidence templates focused on what is working, what is not, and what can be done in the next 6–12 months. Inputs were consolidated by rapporteurs after each workshop and validated with participants, while insights from the London session were integrated to highlight peer-tested solutions. The resulting case studies are not exhaustive. Rather, they illustrate credible, replicable approaches that financial centres can use to align capital with transition objectives while managing risks and ensuring inclusion.

Financial Centres and Their State of Transition Finance

Mexico City

The Mexican Council of Sustainable Finance (CMFS, Consejo Mexicano de Finanzas Sostenibles) is a non-profit organization representing Mexico's financial system, established in 2016¹⁹. Its founding members and associates include financial associations from the banking sector, institutional investors, stock exchanges, pension fund administrators, and securities institutions. CMFS brings together institutional investors, development and commercial banks, multilateral banks, stock exchanges, industry associations, the private sector, service providers, specialized

19 CMFS (2025) '¿Qué es el Consejo Mexicano de Finanzas Sostenibles?' CMFS website. Available at: <https://cmfs.org.mx/acerca-de-cmfs/> (Accessed: 21 October 2025).

agencies, academia, and civil society. It is governed by a Board of Directors representing all key financial sectors and supported by committees composed of its members, which advance the council's annual agenda across standards, public policy, communication, and sustainable finance and investment.

Mexico has established a national Sustainable Taxonomy led by the Ministry of Finance (SHCP), with an updated 2024 document that guides investment alignment and policy tools; the taxonomy complements broader market guidance and seeks interoperability with international frameworks²⁰. Mexico's emissions trading system began with a pilot (2020–2021) and transition phase (from 2022), with the operational phase expected to commence in 2025–2026. Free allocation of carbon permits is due to decline when full operation starts²¹. Sustainable debt issuance continues to expand, with recent Mexico-focused “state of the market” analysis documenting trends and policy developments²².

As of writing, Mexico submitted an updated NDC in November 2022, including an unconditional 35 percent and conditional 40 percent reduction target for 2030 relative to business-as-usual²³. The government has announced its plan to present the NDC 3.0 during COP 30 in Belém, Brazil²⁴.

Rio de Janeiro

Brazil's Laboratório de Inovação Financeira (LAB) is a multistakeholder public–private forum launched in 2017 by the Brazilian Development Association (ABDE), the Inter-American Development Bank (IADB) and the Securities and Exchange Commission of Brazil (Comissão de Valores Mobiliários – CVM). Its goal is to stimulate innovation and the development of Brazil's sustainable finance ecosystem, mobilizing private resources for projects with social and environmental additionality and contributing to the transition toward a more inclusive, low-carbon economy.

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- 20 Secretaría de Hacienda y Crédito Público (SHCP) (2024) 'Taxonomía Sostenible de México - versión 2024'. Government of Mexico. Available at: https://www.finanzassostenibles.hacienda.gob.mx/work/models/finanzassostenibles/recursos/documentos/TaxonomyEV_2024_V1.pdf (Accessed: 21 October 2025).
- 21 International Carbon Action Partnership (ICAP) (2025) 'Mexican Emissions Trading System - Factsheet'. ICAP. Available at: <https://icapcarbonaction.com/en/ets-pdf-download/59> (Accessed: 21 October 2025).
- 22 Climate Bonds Initiative (2024) 'Mexico: Sustainable debt state of the market 2023'. Climate Bonds Initiative. Available at: https://www.climatebonds.net/files/documents/publications/Climate-Bonds_Sustainable-debt-state-of-the-market-Mexico-2023_EN_Aug-2024.pdf (Accessed: 21 October 2025).
- 23 United Nations Framework Convention on Climate Change (UNFCCC) (2022) 'Mexico: Updated Nationally Determined Contribution (NDC)'. UNFCCC. Available at: <https://unfccc.int/documents/624282> (Accessed: 21 October 2025).
- 24 Secretaría de Medio Ambiente y Recursos Naturales 2025. México avanza en la construcción de una NDC con enfoque de género y derechos humanos. Comunicado de prensa, Gobierno de México, 21 May. Available at: <https://www.gob.mx/semarnat/prensa/mexico-avanza-en-la-construccion-de-una-ndc-con-enfoque-de-genero-y-derechos-humanos> (Accessed: 30 October 2025)

Workshop participants in LAB include representatives from government, industry associations, public and private banks, development banks and funding agencies, companies, NGOs, consulting firms, law offices, and academia. Regulatory agencies such as the Central Bank of Brazil, Susep and Previc also take part, along with the Stock Exchange and trading platforms. It provides working groups and a neutral platform to advance sustainable finance, impact investment, transparency and fintech topics across Brazil's market²⁵.

Brazil updated its NDC in November 2024, setting a 2035 target range equivalent to a 59 to 67 percent cut versus 2005 levels, alongside a 2050 net-zero objective²⁶. Congress approved the framework law for a regulated emissions trading system (SBCE) in November 2024, marking a significant policy step for pricing carbon²⁷.

The Ministry of Finance has advanced a Brazilian Sustainable Taxonomy, including a public consultation in 2024–2025 and subsequent approval steps in 2025, with a formal coordination committee established by decree²⁸. Brazil's sustainable finance ecosystem is deepening through sovereign sustainable bonds and growing labelled issuance by corporates and financial institutions, alongside green economy investment initiatives by BNDES^{29,30}.

Singapore

The Singapore Sustainable Finance Association (SSFA) was launched on 24 January 2024 as the first cross-sector industry body dedicated to advancing Singapore as a leading sustainable finance centre. Its work focuses on key themes including taxonomy, transition finance, blended finance, natural capital and biodiversity, and carbon markets³¹.

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- 25 Laboratório de Inovação Financeira (LAB) [ABDE, BID and CVM] (2025) 'Quem somos'. LAB website. Available at: <https://labinovacaofinanceira.com/quem-somos/> (Accessed: 21 October 2025).
- 26 Government of Brazil (2024) 'Brazil - Second Nationally Determined Contribution (NDC)'. Submission to UNFCCC. Available at: https://unfccc.int/sites/default/files/2024-11/Brazil_Second%20Nationally%20Determined%20Contribution%20%28NDC%29_November2024.pdf (Accessed: 21 October 2025).
- 27 Ministry of Finance (Brazil) (2024) 'Brazilian Congress approves law establishing the Brazilian Emissions Trading System'. News release. Available at: <https://www.gov.br/fazenda/pt-br/acao-a-informacao/acoes-e-programas/transformacao-ecologica/english-version/news/brazilian-congress-approves-law-establishing-the-brazilian-emissions-trading-system> (Accessed: 21 October 2025).
- 28 Ministry of Finance (Brazil) (2025) 'Comitê aprova versão final da Taxonomia Sustentável Brasileira'. News release, 1 September. Available at: <https://www.gov.br/fazenda/pt-br/assuntos/noticias/2025/setembro/comite-aprova-versao-final-da-taxonomia-sustentavel-brasileira> (Accessed: 21 October 2025);
- 29 Tesouro Nacional, Government of Brazil (2024-2025) 'Sustainable bonds - Federal public debt'. Portal Gov.br. Available at: <https://www.gov.br/tesouronacional/en/federal-public-debt/sustainable-bonds/sustainable-bonds-home> (Accessed: 21 October 2025)
- 30 Reuters (2024) 'Brazil funding of green projects from sustainable bonds off to a slow start'. 8 November. Available at: <https://www.reuters.com/sustainability/brazil-funding-green-projects-sustainable-bonds-off-slow-start-2024-11-08/> (Accessed: 21 October 2025)
- 31 Singapore Sustainable Finance Association (SSFA) (2024) 'Launch of the Singapore Sustainable Finance Association (SSFA)'. Press release, 24 January. Available at: <https://www.ssfa.org.sg/launch-of-the-singapore-sustainable-finance-association-ssfa/> (Accessed: 21 October 2025).

Singapore's overall sustainable finance strategy is underpinned by the Green Finance Action Plan, first launched in 2019 and subsequently updated. The plan seeks to position the city-state as a regional and global hub for green finance by strengthening core enablers of the ecosystem, including disclosure standards, capacity building, and the use of technology³². Complementing this, Singapore introduced a carbon tax in the same year, which has increased progressively and is projected to reach S\$45 (Singapore dollars) per tonne of CO₂ in 2026 and 2027³³.

In December 2023, Singapore issued the Singapore-Asia Taxonomy, the first multi-sector taxonomy globally to include a dedicated transition category, with detailed thresholds across eight focus sectors to catalyse credible transition finance³⁴. This was complemented by the launch of the Finance for Net Zero (FinZ) Action Plan in 2023, which focuses on improving climate data and disclosures, strengthening climate risk management, promoting credible transition plans, and developing green and transition finance solutions and markets while mitigating risks such as greenwashing³⁵. To support implementation at scale, Singapore is scaling blended finance through the Financing Asia's Transition Partnership (FAST-P), with the Green Investments Partnership fund reaching its first close in 2025, and is piloting transition credits as a complementary financing mechanism for early coal retirement^{36,37}.

Building on Singapore's 2030 Nationally Determined Contribution (NDC), the 2035 NDC further anchors the country's long-term climate strategy. It highlights how Singapore's current trajectory, supported by a comprehensive policy mix, technological innovation, growth in green industries, and international collaboration, aligns with the objective of achieving net-zero emissions by 2050³⁸.

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- 32 Monetary Authority of Singapore 2022. Green Finance Action Plan (GFAP) — Infographic. 28 July. Available at: <https://www.mas.gov.sg/-/media/mas-media-library/development/sustainable-finance/gfap-infographic-28-july-2022.pdf> (Accessed: 16 December 2025)
- 33 National Climate Change Secretariat (NCCS) n. d. Carbon tax. Government of Singapore. Available at: <https://www.nccs.gov.sg/singapores-climate-action/mitigation-efforts/carbontax/> (Accessed: 16 December 2025).
- 34 Monetary Authority of Singapore (MAS) (2023) 'MAS launches world's first multi-sector transition taxonomy'. Media release, 3 December. Available at: https://www.sgpc.gov.sg/api/file/getfile/MAS%20Media%20Release_MAS%20Launches%20Worlds%20First%20Multi-Sector%20Transition%20Taxonomy.pdf
- 35 Monetary Authority of Singapore 2023. MAS launches Finance for Net Zero Action Plan. Media release, 20 April. Available at: <https://www.mas.gov.sg/news/media-releases/2023/mas-launches-finance-for-net-zero-action-plan> (Accessed: 16 December 2025)
- 36 Monetary Authority of Singapore (MAS) (2025) 'Green Investments Partnership achieves first close with US\$510 million'. Media release, 8 September. Available at: <https://www.mas.gov.sg/news/media-releases/2025/gip-achieves-first-close-with-usd510-million-in-committed-capital> (Accessed: 21 October 2025)
- 37 Monetary Authority of Singapore (MAS) (2024) 'The Transition Credits Coalition (TRACTION) outlines interim findings'. Media release, 14 November. Available at: <https://www.mas.gov.sg/news/media-releases/2024/traction-interim-report> (Accessed: 21 October 2025)
- 38 National Climate Change Secretariat (NCCS) 2025. Singapore submits 2035 Nationally Determined Contribution Government of Singapore, 10 Feb. Available at: <https://www.nccs.gov.sg/singapore-submits-2035-nationally-determined-contribution/> (Accessed: 16 December 2025)

From Guidance to Practice: A Case Study Synthesis

This section details the data and insights from participants at the workshops in Brazil, Mexico and Singapore. It is structured along the five pillars of the G20 Transition Finance Framework and focuses on what is being used in practice, how approaches are being operationalized within institutions, and the governance arrangements that support credible, investable transitions.

For each pillar, the section briefly sets out the main tools in use, the common challenges, and near-term opportunities. It also notes where findings are broadly similar across markets and where certain jurisdictions stand out, to help readers adapt the lessons to local conditions.

Approaches to Identifying Transitional Activities and Investments

Use of Transition Elements in the Identification of Activities

The Singapore-Asia Taxonomy for Sustainable Finance (SAT) provides a practical classification system that explicitly recognizes transition activities alongside green and ineligible ones. Its traffic light design allows assets and activities that are not yet aligned with a 1.5°C pathway to be classified as ‘transition’, provided that they meet time-bound criteria and can demonstrate credible movement toward becoming green³⁹. This approach combines science-based thresholds with a pathway mindset, while retaining guardrails through Do No Significant Harm and minimum social safeguards.

The SAT taxonomy was widely viewed as useful high-level guidance but still needs deeper sector-level granularity to be fully decision ready. In practice, users ask for clearer sub-activity boundaries, baseline assumptions, measurement scopes, and time-bound thresholds that translate principles into credit and underwriting decisions.

Many participants see certifications as useful signals for identifying eligible activities, but their value varies because schemes are inconsistent, coverage can be patchy in parts of Asia, and costs can be material for smaller issuers. A pragmatic approach is to position certifications as one route to evidence, not a gatekeeper, complemented by equivalent verification pathways such as independent engineering assessments, performance guarantees, or audited data. Building local assurance

39 Green Finance Industry Taskforce (2023) *Singapore-Asia Taxonomy for Sustainable Finance: 2023 Edition*. Singapore: Monetary Authority of Singapore. Available at: <https://www.mas.gov.sg/-/media/mas-media-library/development/sustainable-finance/singaporeasia-taxonomy-updated.pdf> (Accessed 24 October 2025).

capacity and publishing recognition criteria for schemes would help reduce cost and delays while improving consistency.

Workshop participants mentioned that mapping the Singapore-Asia Taxonomy equivalence to other major frameworks would reduce duplication, ease cross-border transactions, and narrow gaps while preserving Asia specific transition features. Moreover, terminology needs to be crystal clear. Users ask for concise definitions and a simple decision path that distinguishes transition from resilience and adaptation, states the current scope, and signals where future updates are expected. Greater clarity on these points is expected to streamline application and improve consistency for supervisors and market participants alike.

Social Inclusion in Sustainable Taxonomies

The Singapore-Asia Taxonomy for Sustainable Finance, Brazil's Taxonomia Sustentável Brasileira and Mexico's Taxonomía Sostenible de México embed social alongside environmental aims. In the workshop, it was reminded that Brazil's action plan frames the taxonomy⁴⁰ as a tool for "sustainable and inclusive development," with socio-economic objectives such as generating decent work and reducing inequalities, underpinned by principles and safeguards. Mexico's taxonomy⁴¹ is similarly built around technical criteria that include Do No Significant Harm (DNSH) and minimum social safeguards and, uniquely, operationalizes social goals via objectives like gender equality and sustainable cities.

Although the SAT include Do No Significant Harm criteria, stakeholders in Singapore wanted clearer articulation of "what good looks like" in local ASEAN contexts, including proportionate stakeholder engagement, community benefit plans that reflect diverse local needs, and transparent disclosure of due diligence findings. The aim is to align with international safeguards while allowing context-sensitive application so social performance strengthens the environmental ambition of transition pathways.

Operationalizing Taxonomies through Incentives, Evidence, and Pilots

Across all three markets, implementation, not design, is the binding constraint. Evidence from Mexico's pilot shows low alignment largely due to missing data (over half of assessed operations lacked information

40 Ministério da Fazenda (2023) *Taxonomia Sustentável Brasileira: Plano de Ação*. Brasília: Ministério da Fazenda. Available at: <https://www.gov.br/fazenda/pt-br/orgaos/spe/taxonomia-sustentavel-brasileira/arquivos-taxonomia/taxonomia-sustentavel-brasileira-dezembro-v2.pdf> (Accessed 24 October 2025)

41 Secretaría de Hacienda y Crédito Público (2023) *Taxonomía Sostenible de México*. Primera edición. México: SHCP. Available at: https://www.gob.mx/cms/uploads/attachment/file/809773/Taxonom_a_Sostenible_de_M_xico_.pdf (Accessed 24 October 2025).

on substantial contribution towards the environmental objective)⁴², and overall take-up remains limited in part because the framework is voluntary and incentives are weak.

Companies also report uncertainty about what documentation investors and supervisors will accept as sufficient evidence. In Mexico's assessment, the absence of clear, uniform ESG rules created asymmetries, and translating qualitative social features into quantitative, decision-useful metrics proved especially challenging, again fuelling confusion about "what good looks like". In Singapore, practitioners prefer decision-useful metrics over labels. For buildings, whole-asset performance indicators and verified retrofit savings are more informative than single-point metrics such as an appliance efficiency rating. Clear priority metrics with transparent calculation methods, boundaries, and data provenance will reduce interpretation risk, improve comparability, and support consistent monitoring, reporting, and verification.

To accelerate credible adoption, three practical steps were suggested. First, tie taxonomy use to benefits, whether financial (for example, cheaper credit or guarantee support) or reputational (for example, recognition schemes), to offset early compliance costs. Second, publish sector-specific implementation notes that spell out boundaries, metrics, data sources, and acceptable evidence pathways for both environmental and social objectives. Third, expand and publicize pilots to road test criteria, close data gaps, and normalize reporting, building on Mexico's recent pilot experience and mirroring regional practice where pilots are used to surface usability issues before scaling.

Aligning Incentives, Harmonization and Data for Scalable Taxonomy Adoption

Participants across all three jurisdictions repeatedly cited shared data infrastructure as a foundational enabler that converts fragmented disclosures into consistent, decision-grade information for lenders, investors and supervisors. Common data utilities with standard templates, open Application Programming Interfaces (APIs) and transparent governance were highlighted as ways to reduce duplication, lower compliance costs and improve comparability across issuers, projects and portfolios.

Interoperability and harmonization across taxonomies were likewise recurring themes. Stakeholders called for mapping and aligning domestic taxonomies with regional and global frameworks through crosswalks and

42 Secretaría de Hacienda y Crédito Público (2025) Reporte de resultados y recomendaciones del Programa Piloto de la Taxonomía Sostenible de México (TSM). Ciudad de México: SHCP. Available at: https://www.finanzassostenibles.hacienda.gob.mx/work/models/finanzassostenibles/recursos/documentos/taxonomia/Resultados_Programa_Piloto_TSM.pdf (Accessed 24 October 2025)

mutual recognition to cut duplication and reduce opportunities for label arbitrage, with clear translation tables and guidance to help users navigate differences without losing local relevance.⁴³

Incentives and de-risking instruments linked to taxonomies were also emphasised as recurring needs in all three financial centres. Participants pointed to linking taxonomy aligned activities to guarantees, concessional capital, tax incentives and outcome-based payments to improve risk -profiles and reward credible transition plans, with public finance and development partners crowding in private capital by recognizing alignment in pricing and access to instruments.

Finally, Nationally Determined Contributions were cited in Mexico and Brazil as a practical compass for prioritizing sectors and turning policy ambition into investable demand. Translating NDC targets into sector level pipelines supported by country platforms, with clear eligibility criteria and instrument menus for each sector, was seen as a way to connect available capital with a limited pool of high-quality projects and help intermediaries originate transactions more efficiently.

43 Shortly after the workshops, in Nov 2025, the Sustainable Finance Taxonomy Mapper was launched to facilitate the comparison and connection of sustainable finance taxonomies across different countries. <https://sustainabletaxonomymapper.org/>

PILLAR 1

Approaches to Identifying Transitional Activities and Investments

Main tools in use

Taxonomies:

- » [Singapore-Asia Taxonomy for Sustainable Finance \(SAT\)](#)
- » [Taxonomía Sostenible de México](#)
- » [Taxonomia Sustentável Brasileira](#)

Guidance for taxonomy operationalization:

- » [Guidance for Leveraging the Singapore-Asia Taxonomy in Green and Transition Financing](#)
- » [Public consultations \[Mexico\]](#)

NDCs and their operationalization guidances

Near-term opportunities for financial centers

- » Map and align domestic taxonomies with regional and global frameworks through mutual recognition, clear translation tables and guidance to help users navigate differences. As a resource, see the COP30 launch of the [Sustainable finance taxonomy mapper](#)
- » Link taxonomy aligned activities to incentives (financial and/or reputational) and de-risking instruments. Expand and publicise pilots to road test criteria, close data gaps, and normalise reporting.
- » Build shared data infrastructure (e.g., common data utilities with standard templates, open Application Programming Interfaces (APIs) and transparent governance)
- » Translate NDC targets into sector level pipelines, supported by country platforms, with clear eligibility criteria and instrument menus for each sector. Resource: on-going global initiative to align financial centres with climate goals in NDCs [P.A.C.T launch](#) + [COP30 CP hub launch](#)
- » Complement certification by building local assurance capacity and creating verification pathways such as independent engineering assessments, performance guarantees, or audited data.

Reporting of Information on Transition Activities and Investments

Practical Implementation of Transition Plans

Participants repeatedly highlighted consolidation and alignment to international standards as a recurring theme that helps level the playing field. In that regard, the integration of the Transition Plan Taskforce (TPT) disclosure material into the International Sustainability Standards Board (ISSB)⁴⁴ guidance is a major consolidation that reduces fragmentation and gives preparers and users a clearer anchor for expectations.

Progressive disclosure was also a recurring theme among the private sector noting that phased implementation allows actors to scale up gradually. Participants emphasized proportionate requirements and staging for different entity sizes, alongside a focus on improving data quality, controls and assurance over time.

Many real economy participants reported that substantial effort is going into drafting transition plans, yet a recurring concern is the limited availability of practical methodologies for transition plans execution. A key challenge involves translating overarching climate commitments made by multinational corporations and financial institutions at the headquarters level into actionable subsidiary transition plans at the country level. This includes establishing concrete, measurable steps that are aligned with country-specific NDCs. Stakeholders also pointed to gaps in sector playbooks, near-term milestones, capital-expenditure linkage, governance triggers and key performance indicators that translate narrative plans into operational delivery.

Guidance on transition planning itself was not generally viewed as the biggest hurdle, which participants illustrated by referencing Singapore's guidance for banks, insurers and asset managers. The recurring ask was for more applied tools and templates that show how to adapt such guidance to specific sectors and organizational contexts.

Avoidance behaviour emerged as another recurring theme. Without clarity, incentives or support, companies are reporting minimally or delaying adoption, and many questioned whether publishing transition plans unlocks better access to finance. Participants also flagged that definitions of materiality remain challenging in certain jurisdictions, creating uncertainty about scope, depth and prioritization within plans.

44 IFRS Foundation (2025) 'IFRS Foundation publishes guidance on disclosures about transition plans'. Available at: <https://www.ifrs.org/news-and-events/news/2025/06/ifrs-publishes-guidance-disclosures-transition-plans/> (Accessed 24 October 2025)

Supporting Micro-, Small- and Medium-Sized Enterprises (MSMEs) to Report is Critical Yet Overlooked

Recent guidance, including the G20 Sustainable Finance Report 2024⁴⁵, calls for proportionate MSME accommodations, such as phased timelines, clear guidance and, where permitted, phased assurance or limited exemptions, supported by digital tools and shared data to reduce reporting burden. It also highlights targeted capacity building and voluntary MSME standards that interoperate with ISSB while allowing local flexibility.

Building on this guidance, participants repeatedly underscored that inclusion of micro, small and medium sized enterprises is critical, especially for Scope 3 disclosures in emerging and developing economies where MSMEs dominate supply chains and local markets. Excluding MSMEs creates persistent data blind spots that weaken transition planning, financed emissions estimates, nature-related reporting and social due diligence across value chains. It also hinders the assessment of project sustainability and the financing of such projects through sustainable financial instruments.

Recurring barriers were cited around affordability and data availability, which deter MSME participation especially when buyers or financiers do not require disclosure. High compliance costs relative to thin margins, limited digital record keeping, inconsistent templates and scarce technical support lead many MSMEs to report minimally or opt out altogether, reinforcing the data gap and slowing adoption across the supply chain. Beyond the need to carefully standardize data for reporting purposes, a key conclusion was the importance of engaging with clients to obtain the necessary information and investing in capacity building to improve data quality.

Tackling Data Gaps with AI and Digital Tools

Participants repeatedly noted that data availability remains a constraint, but that Artificial Intelligence (AI) and digital tools offer practical ways to streamline collection and analysis. Automated extraction, validation and aggregation can shorten reporting cycles, improve consistency and make information more decision-ready across firms and portfolios.

Stakeholders also pointed to the role of digital reporting platforms, particularly open-source solutions, in strengthening transparency and integrity. Shared, auditable code bases and standardized templates can reduce duplication, lower vendor lock-in and make it easier for different

45 G20 Sustainable Finance Working Group (2024) G20 Sustainable Finance Report. G20 Brazil Finance Track, September 2024. Available at: <https://g20sfdwg.org/wp-content/uploads/2024/10/2024-G20-Sustainable-Finance-Report.pdf> (Accessed 24 October 2025)

users to verify, reuse and compare data. These efficiencies can drive costs down, which is especially valuable for micro, small and medium-sized enterprises.

Reporting social impacts was highlighted as particularly challenging because evidence is often qualitative and context specific. Interpretations of social risks and outcomes differ across sectors and jurisdictions, making boundaries, materiality and severity hard to align. Without consistent indicators and baselines, narratives are difficult to translate into quantifiable, comparable metrics, which limits aggregation and assurance.

PILLAR 2

Reporting of Information on Transition Activities and Investments

Main tools in use

- » [Guidance for developing transition plans](#)
- » MSME reporting standards
- » [Principles for integrating adaptation and resilience considerations into transition plans of financial institutions and corporates \(thereafter firms\) and/or other disclosures](#)

Near-term opportunities for financial centers

- » Offer advice on how to tailor transition planning for different sectors and organizational settings, and on turning narrative transition plans into actionable steps for implementation. Resource: ITPN report [“Sector transition plan: a bridge between national ambition and company transition plan”](#).
- » Engage with policymakers to:
 - establish a clear and consistent definition of ‘materiality’
 - introduce proportionate and staged disclosure requirements tailored to entity size.
 - prioritize the inclusion of micro, small, and medium-sized enterprises (MSMEs) in reporting frameworks, especially for Scope 3 disclosures in emerging and developing economies where MSMEs play a dominant role in supply chains and markets.
- » Offer capacity building to improve data quality across the value chain, strengthen internal controls and assurance mechanism over time, and use Artificial Intelligence (AI) and digital tools to streamline data collection, processing and analysis.
- » Promote standardized data formats and the use of digital reporting platforms, with shared, auditable code bases and standardized templates, to strengthen transparency, reduce duplication, minimize vendor lock-in, and facilitate data verification, reuse, and comparison.

Transition-Related Financial Instruments and Market Incentives

Innovative Financial Instruments Still at a Nascent Stage

Participants noted that while there is a wide array of transition-related financial instruments in some jurisdictions, integration is still limited. The market remains fragmented across structures and use cases, and pipelines are not consistently matched to the most suitable instruments. A practical next step would be to map and coordinate available instruments against transition objectives so that issuers, lenders and investors can see where each tool fits and how it complements others. There was also a call for greater clarity from regulators on how transition instruments should be structured, taxed and reported. This is particularly pertinent for blended finance and sustainability integrated vehicles, where participants asked for clearer rules on eligibility features, disclosure expectations, verification routes and ongoing reporting to give markets confidence and reduce transaction friction. Participants in Mexico also found linking of instruments to taxonomies particularly impactful. They pointed to a case whereby a development bank's issuance of thematic bonds aligned to the sustainable taxonomy were oversubscribed due to strong demand.

Finally, participants encouraged the use of instrument combinations as an innovative method to crowd in diversify approaches to raising capital. Stacking direct financing with private equity, funds of funds and other structures can better reflect local market conditions and risk profiles. At the same time, sustainability-linked instruments were viewed as less competitive than conventional products on returns and transaction costs, and participants observed that regulation remains the primary driver of adoption in the near term.

Development Banks and Insurance as a Lever for De-Risking and Untapped Intelligence

Participants repeatedly underscored that insurance can be a powerful lever to de-risk transition investments, drawing on the sector's deep data assets and risk analytics. The use of claims histories, engineering surveys and catastrophe models can sharpen due diligence, pricing and monitoring, while targeted covers such as performance guarantees, weather and catastrophe protection, liability and completion policies can mitigate construction, technology and operational risks. Used well, this untapped intelligence can also inform eligibility screens, milestones and early warning indicators within transition plans.

A Singaporean use case was brought up, where insurance firms have begun offering scenario-planning as a consultancy service to help corporate clients build mitigation and adaptation plans. There is strong

potential to scale this by using common tools and templates, tying the results to loan and insurance conditions, and supporting supply-chain partners, so plans turn into real budgets, clear timelines and measurable risk reduction.

The role of development banks was highlighted as indispensable for crowding in private finance. Guarantees, first-loss tranches, risk sharing with local lenders, longer tenors and local-currency facilities can reduce the cost of capital for innovative projects, particularly in emerging markets. Coordinating these instruments with insurance solutions can further lower residual risks, accelerate pipeline conversion and make transition transactions more bankable at scale.

Integrating Adaptation and Nature into Transition Projects

Transition-related projects should also include climate adaptation⁴⁶ and nature themes so that they reach a wider set of funders and users and increase the supply of viable projects which participants noted are in short supply relative to the demand. Adaptation and nature are closely intertwined with mitigation and should not be treated as separate silos. For example, energy and industrial upgrades can be paired with water efficiency and ecosystem restoration, and agricultural transitions can embed soil health and biodiversity outcomes alongside emissions goals.

In practice, this means embedding adaptation and nature criteria within transition taxonomies, plans and instruments, with clear outcomes for resilience and ecosystem services, simple indicators, and proportionate safeguards. A joined-up approach allows projects to demonstrate multiple benefits, tap a broader mix of financing sources and convert more concepts into financeable pipelines without adding unnecessary complexity. This approach also addresses tendencies in tackling not just climate transition-related challenges but also sustainability as a whole.

46 Short after the workshops, the 2025 G20 Presidency and SFWG Co-chairs Sustainable Finance Report was published. It includes recommendations on how to integrate adaptation and resilience considerations into the transition plans and/or other climate disclosures of financial institutions and corporates. https://g20sfwg.org/wp-content/uploads/2025/10/2025-G20-SFWG-Presidency-and-Co-chairs-Sustainable-Finance-Report_vf.pdf

PILLAR 3

Transition-Related Financial Instruments and Market Incentives

Main tools in use

- » [TRACTION \(Transition Credits Coalition\)](#)
- » Sustainability linked Bonds and Loans
- » Blended Financing

Near-term opportunities for financial centers

- » Advise on how to combine instrument use and diversify approaches to crowd in capital and spread risk.
 - » Provide Insurance intelligence for scenario planning, eligibility screens overall risk reduction.
 - » Collaborate with development banks and insurers to access data, crowd private finance and reduce lending costs.
 - » Include climate adaptation and nature themes to reach a wider set of funders and users.
-

Policy Measures and Public-Private Collaboration

Governance as a Tool to Solve Ambiguity

Participants repeatedly noted ambiguity over who does what in transition finance, particularly around guarantees and mandates for governments, the private sector and development banks, and that these roles differ by country. Financial centres can help by acting as practical platforms where policy and application meet, convening supervisors, banks, insurers, investors and project sponsors to agree responsibilities, timelines and information needs as part of a whole of nation approach.

Transition-related policy implementation should be iterative, with clear feedback loops between transition planning and policy design so lessons from pilots and early transactions feed into updates. Striking a balance between practicality and policy was a recurring theme, with calls to clarify when and how public guarantees are used, what evidence is required from market participants, and how responsibilities shift as markets mature.

Policy coherence remains a major challenge in certain jurisdictions, with the lack of coordination across ministries and between federal and local authorities becoming a source for guidelines and policies that could potentially oppose each other. As an example, public authorities could align information requirements across agencies to avoid asymmetries and ensure better effective coordination. Sector-specific roadmaps can align objectives, tools and data requirements, setting out who leads, expectations, and how progress will be monitored. Financial centres can support this by translating roadmaps into implementation and vice versa; by creating a consultative process for the creation of these roadmaps so they are as inclusive and as practical as possible.

Multilateral organizations also have a key role in connecting actors across jurisdictions and aligning expectations. Better coordination across policy making spaces in international forums can help reduce duplication and conflicting signals, while joint initiatives can pool technical assistance, guarantees and knowledge to crowd in private capital for transition projects.

Carbon Pricing: Communication, Design and Results

Stakeholders in Singapore have viewed Singapore's carbon tax as generally effective, helped by clear communication and iterative design. The Government conducted a public consultation on the Carbon

Pricing Bill in 2017 and published responses to feedback⁴⁷ which points to several communication and implementation features that have supported acceptance and effectiveness. It then implemented a robust measurement, reporting and verification framework under the Carbon Pricing Act from 2018⁴⁸. The tax covers a large share of national emissions and allows liable facilities to use eligible international carbon credits to offset up to 5 percent of taxable emissions from 2024. Together, these measures have maintained policy momentum and market clarity as rates increase.

A potential solution was to also bring carbon-credit value forward, projects can pool and pre-sell future credits using forward purchases or multi-year offtake agreements, which provide upfront or scheduled cash flows that help finance implementation. In parallel, a carbon contract for difference can stabilise revenues by topping up the market carbon price to an agreed strike price, reducing investor exposure to carbon price volatility and de-risking capital deployment.

Collaborative Platforms to Scale Blended Finance

Participants in Singapore also pointed to Singapore's Financing Asia's Transition Partnership (FAST-P) as a prominent example of blended finance that brings together public, private and philanthropic capital to fund Asia's transition. Its Green Investments Partnership reached a first close of about US\$510 million in September 2025, with Pentagreen Capital appointed to manage the fund and partners including Temasek, IFC and others⁴⁹.

At the same time, participants across jurisdictions noted that the market is still in an early phase and real-economy impacts will take time to evidence as pipelines are built and transactions season. Coverage to date focuses on capital raised, programme pillars and intended use cases rather than delivered outcomes, underscoring that evaluation of effectiveness is still in progress.

47 REACH Singapore (2017) Public Consultation Paper for Draft Carbon Pricing Bill. Ministry of the Environment and Water Resources. Consultation period: 31 Oct 2017 to 8 Dec 2017; response to feedback issued 18 Feb 2018; last updated 24 March 2025. Available at: <https://www.reach.gov.sg/latest-happenings/public-consultation-pages/2017/public-consultation-paper-for-draft-carbon-pricing-bill/> (Accessed 24 October 2025)

48 Attorney-General's Chambers Singapore (2024) Carbon Pricing (Measurement, Reporting and Verification) Regulations 2018. Singapore Statutes Online, version as at 17 December 2024. Available at: <https://sso.agc.gov.sg/SL/31B-RG1-23-2018-RG1?DocDate=20241217> (Accessed 24 October 2025)

49 Monetary Authority of Singapore (2024) 'Singapore Commits US\$500 Million in Matching Concessional Funding to Support Decarbonization in Asia' [Media release], 12 November 2024. Available at: <https://www.mas.gov.sg/news/media-releases/2024/singapore-commits-us%24500-million-in-matching-concessional-funding-to-support-decarbonisation-in-asia> (Accessed 24 October 2025)

PILLAR 4

Policy Measures and Public-Private Collaboration

Main tools in use

- » Carbon tax and credits
 - [Singapore Carbon Tax](#)
 - » Convenings
 - » Collaborative Platforms, for example to Scale Blended Finance
 - [Singapore's Financing Asia's Transition Partnership \(FAST-P\)](#)
-

Near-term opportunities for financial centers

- » Act as practical platforms where policy and application meet, convening supervisors, banks, insurers, investors and project sponsors to agree responsibilities, timelines and information needs as part of a whole of nation approach
- » Support feedback loops between transition planning and policy design so lessons from pilots and early transactions feed into updates

Social and Economic Considerations for a Just Transition

Several social and economic issues were already noted under earlier pillars where they were context specific, for example MSME inclusion in data and disclosure, workforce capacity under transition planning, and community safeguards in taxonomy use. This section draws those threads together and highlights the cross-cutting considerations that shape a just transition.

Strengthening Social Policy Integration

Participants emphasised that social protection systems and labour market policies should be actively linked to transition roadmaps, especially by governments. Practical linkages include budgeting for targeted income support during sector change, active labour market programmes that connect workers to new roles, and place-based measures that help communities manage short-term disruption while unlocking longer term benefits.

MSMEs were raised consistently because they face hurdles in adopting reporting standards, gathering reliable data and accessing affordable capital. These constraints leave gaps in Scope 3 data, limit participation in taxonomy aligned financing, and slow diffusion of cleaner technologies. There is a clear need for proportional requirements, clearer guidance and support with low-cost digital tools to bring MSMEs into the transition on credible terms.

Social equity was not framed as a mere safeguard but as a driver of competitiveness and innovation. When firms and public agencies design projects that create quality jobs, strengthen local supply chains and deliver visible community benefits, they improve productivity, resilience and licence to operate. This reframing encourages decision makers to treat equity outcomes as part of value creation rather than a compliance add-on.

Finally, sustained investment in upskilling and reskilling is needed to address capacity constraints flagged across pillars. Regulators, municipalities and companies, especially smaller ones, often lack the technical skills to operationalize frameworks. Embedding practical training, mentorship and credential pathways into transition plans helps build the capabilities required to plan, finance and deliver projects at scale.

PILLAR 5

Social and Economic Considerations for a Just Transition

Main tools in use

- » Labour market programmes that connect workers to new roles
- » Place-based measures that help communities manage short term disruption while unlocking longer term benefits

Near-term opportunities for financial centers

- » Assist governments in connecting transition roadmaps with social protection systems and labor market policies.
 - » Develop comprehensive guidance and provide support through affordable digital solutions to facilitate MSMEs' credible participation in the transition.
 - » Encourage the incorporation of practical training, mentorship, and credentialing pathways within transition strategies.
-

Reflections and the Platform Role of Financial Centres

Across the three case studies, differences in market maturity shaped both priorities and tone. In Singapore, discussion concentrated on execution inside a developed ecosystem where guidance is ample and institutional capabilities are advanced. Participants leaned into sector pathways, verification consistency and data arrangements that turn transition plans into investable pipelines. In Brazil, the centre of gravity was the move from design to use. A credible policy architecture is forming, yet participants emphasised implementation bottlenecks, proportionality considerations and the value of pilots and harmonized asks across authorities. In Mexico, the national taxonomy is already informing practice and development banks are active, so attention turned to converting NDC targets into visible project pipelines, improving disclosure quality for decision making and aligning instruments with policy signals.

A unifying thread across cases is the convening power of financial centres acting as coordination platforms. These entities connect ministries and supervisors, market infrastructures, banks and institutional investors, corporates, assurance providers, civil society and academia. By translating high-level goals such as NDCs into shared tools, common vocabulary and workable processes, they lower transaction costs, reduce duplication and improve comparability. They can steward crosswalks between domestic and international frameworks, power their implementation, help coordinate verification expectations, and promote data practices that are accessible and decision ready. Crucially, they are well placed to keep socio-economic safeguards in view so that transition finance remains credible, inclusive and aligned with long-term national objectives.

These cases present a time-bound snapshot drawn from focused workshops and are not exhaustive. Discussion time was limited and the evidence reflects current practice rather than a complete survey of activity in each market. Even with these constraints, the case studies provide a clear picture of where momentum is strongest, where practical hurdles persist and how financial centres can anchor collaboration. Read together, they offer a grounded basis for deeper, sector-focused exploration as markets and policies continue to evolve.



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