

From Baku to Belém to Antalya: Making Sustainable Finance Taxonomies Work

A stocktake of the Taxonomy Roadmap Initiative and priorities for COP31

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Executive perspective

At COP29 in Baku in November 2024, the Central Bank of the Republic of Azerbaijan, the International Finance Corporation, the Sustainable Banking and Finance Network, the International Platform on Sustainable Finance and the United Nations Development Programme launched the Roadmap for Advancing Interoperability and Comparability of Sustainable Finance Taxonomies (Taxonomy Roadmap Initiative, or TRI). The initiative was a response to a growing challenge in sustainable finance. Although sustainable finance or green taxonomies were developed in an increasing number of jurisdictions, they remained difficult to compare and align. This lack of consistency created additional challenges for emerging markets seeking to attract international capital.

Sustainable finance taxonomies are an important element of climate information architecture. The International Monetary Fund defines three building blocks of a climate information architecture: (1) high-quality, reliable, and comparable data to assess risks and foster sustainable finance markets, which require (2) a harmonized and consistent set of climate disclosure standards that support the collection of data, and (3) globally agreed-upon principles for classification approaches to align investments with climate goals—such as climate finance taxonomies. Without this third component—a credible and interoperable classification framework—it will be difficult to build trust in sustainable finance and channel funds towards sustainable activities.

Two years after the initiative was launched, and as the international community looks ahead to COP31 in Antalya, sustainable finance taxonomies have become even more widespread. Several new countries have published their own frameworks or are in the process of developing them. Most importantly, guidance on interoperability was developed to provide a common point of reference as a public good (for example, the

Sustainable Finance Taxonomy Mapper). This guidance and these tools make it possible to compare taxonomies. While taxonomy interoperability and comparability are still relevant, new priorities focus on taxonomy implementation and its impact.

Despite this progress, an important gap remains in the sustainable finance taxonomy ecosystem. We know considerably more about which jurisdictions have introduced them than about how they are used, whether they influence financing decisions, or whether they lead to tangible changes in the real economy. Addressing this issue understandably comes forward as a new priority.

The journey from Baku to Belém and now to Antalya reflects a clear progression: the work has moved from developing taxonomies, to making them interoperable, and now to putting them to use and measuring their impact. The question is whether these taxonomies enable better financial decisions and tangible results in the real economy. This article analyses the progress made so far, considers what the available evidence tells us, and considers what should come next.

1. The context: more climate finance, slower growth, wider gaps

Developments in the broader macro-financial landscape have strengthened the case for more consistent approaches to classifying sustainable activities. According to the Climate Policy Initiative, global climate finance exceeded USD 2 trillion for the first time in 2024 and is estimated to have reached around USD 2.1 trillion in 2025. These figures point to the growing scale of investment in climate action, despite the energy price shock and continuing geopolitical uncertainty.

While the figures are impressive, growth in global climate finance has slowed considerably, from around 30 per cent in 2021 to about 6 per cent in 2024 and an estimated 2–3 per cent in 2025. Meanwhile, financing needs remain substantial. The World Bank estimates that emerging markets and developing economies will require an average of USD 2.4 trillion annually by 2030 to address climate change alone. The broader picture is also concerning: according to the OECD, the annual financing gap for sustainable development has widened by 60 per cent, from USD 2.5 trillion to USD 4 trillion.

The distribution of climate finance reveals another challenge. Around 85 per cent of climate investment in 2024 was mobilised domestically, while advanced economies and China together continued to account for approximately 80 per cent of global flows. International public climate finance also fell by 6 per cent in 2024, following two years of growth. Although cross-border private investment in emerging markets and developing economies is increasing, it remains a relatively small share of global climate finance. The gap is particularly evident in adaptation finance. In 2023, international public

adaptation finance for developing countries stood at around USD 26 billion, compared with estimated annual needs of USD 310–365 billion by 2035.

These trends point to an important conclusion: when funding grows slowly, identifying, pricing and allocating available capital efficiently becomes even more important. This is where sustainable finance taxonomies have a clear value proposition.

An effective sustainable finance taxonomy framework is essential to fulfil Article 2.1(c) of the Paris Agreement: "Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development." The objective goes beyond increasing the amount of finance specifically designated for climate action. It also requires changes in how financial decisions are made across the economy. Taxonomies can contribute to this shift by helping connect climate objectives with lending, investment and public finance decisions. As part of that architecture, they establish definitions and technical criteria for economic activities that contribute to specified environmental objectives. This gives lenders, investors, issuers, supervisors and public finance institutions a common point of reference for assessing those activities.

However, in order for taxonomies to influence capital allocation, they need to become interoperable across borders or understood by international investors. If similar activities are classified differently in different countries, investors and financial institutions face higher analysis and compliance costs, and comparisons become harder. That is why improving interoperability sits at the heart of the Roadmap. In addition, a lack of interoperability compounds the risks already faced by emerging and developing economies.

2. COP29 in Baku: establishing the platform

COP29 in Baku brought sustainable finance issues, both in terms of the scale and quality of sustainable finance, into the international climate finance agenda.

For the size of sustainable finance, countries agreed on a new collective quantified goal of at least USD 300 billion a year for developing countries by 2035. In addition, countries also agreed on a broader ambition to mobilise at least USD 1.3 trillion annually from all sources.

Meeting goals of this scale requires efficient ways to identify and verify eligible activities across borders, making the quality of the sustainable finance architecture just as important as its scale.

The Roadmap, launched at COP29, does not seek to impose a single global taxonomy. Instead, it provides a voluntary platform for improving consistency between national and regional approaches to sustainable finance. Its work focuses on three areas: identifying

a common core of economic activities, developing shared technical approaches to alignment principles and criteria, and establishing common approaches to transition finance. Together, these efforts are intended to make different taxonomies easier to compare and apply across jurisdictions.

The Roadmap identified two additional areas for further exploration: ensuring that alignment approaches are inclusive, and strengthening verification and assurance mechanisms. Both have become increasingly important since the Roadmap was launched.

The message from Baku was clear: national taxonomies should reflect domestic priorities and circumstances, while remaining understandable and useful to international markets. This principle continues to guide the Initiative.

3. Interoperability is not harmonisation

Interoperability is often confused with standardising taxonomies worldwide or developing a single taxonomy. Regrettably, this misunderstanding makes interoperability efforts difficult. Therefore, clarifying the concept from the outset is crucial. A single global taxonomy is neither a realistic objective nor necessarily the right one. This is because, as discussed below, national priorities, economic structures and transition pathways differ.

Countries do not start their transitions from the same position. Some depend heavily on hydrocarbon revenues, while others rely more on agriculture or services. They also differ in their development priorities, institutional capacity and data infrastructure. These differences should be taken into account when designing a taxonomy. Rather than applying a uniform model, countries should shape their own frameworks around their development strategies and nationally determined contributions (NDCs) documents.

While national ownership is important, it must be balanced with international comparability. A taxonomy designed solely around the domestic context may be well suited to local circumstances yet difficult for foreign investors to interpret. For many emerging and developing economies, this creates a practical challenge. Fiscal resources are usually constrained and local financial markets are underdeveloped, so international capital can be crucial to financing the projects that national taxonomies are intended to support.

The answer lies in interoperability, not uniformity. National taxonomies can retain different criteria, thresholds and legal arrangements while still being understandable to international investors. The key is to make differences transparent, explain their rationale and identify where meaningful comparisons can be made. Interoperability helps nationally relevant frameworks work within the global financial system.

4. COP30 in Belém: building the implementation architecture

COP29 in Baku put taxonomy interoperability on the international agenda. Then the difficult part of how to make interoperability happen started. It was done in the context of preparations for COP30 in Belém. The focus shifted from general concept to establishing the partnerships, mechanisms and practical tools enabling interoperability of taxonomies.

Firstly, the partnership around the Roadmap broadened. The number of partners grew from five founding institutions to nine. Among those joining were UNEP FI, the Climate Bonds Initiative, the UN Principles for Responsible Investment and Brazil's Ministry of Finance. With Brazil also serving as COP30 host, its participation provided a closer connection between the Initiative and the COP Presidency's finance agenda.

This expansion of the partnership was necessitated by the fact that implementing the concept of interoperability requires a broader coalition of different actors. Governments and regulators set the rules. International organisations, including MDBs, provide technical expertise. Development institutions provide capacity building and concessional finance. Banks and investors apply the criteria to transactions, and issuers structure financial instruments around them. Finally, verification providers help ensure credibility. If any part of this chain is missing, implementation is likely to be compromised. The SBFN, for example, brings together 104 member institutions from 74 countries, representing approximately USD 79.5 trillion in assets, or around 96 per cent of banking assets in emerging markets. Over the past five years, it has conducted more than 20 technical reviews related to taxonomies. Another partner, the Climate Bonds Initiative, has contributed to the development or implementation of more than 30 taxonomies. Also, UNDP is supporting taxonomy development work in Bangladesh, Malawi and Mongolia, with Ecuador, Djibouti, Nigeria and Tanzania. UNEP FI, a global partnership between the UN Environment Programme and more than 500 banks, insurers and investors, contributes practical solutions and tools to support taxonomy interoperability and implementation.

At COP30, the Initiative delivered four main outputs: its first annual Progress Report, the Principles for Taxonomy Interoperability, the Sustainable Finance Taxonomy Mapper, and a dedicated webpage for the Initiative. These deliverables were very important as they provided practical tools for interoperability and comparison of sustainable finance taxonomies.

Beyond these important deliverables, the Initiative participated in the COP30 process to develop the climate action agenda. The Initiative joined Activation Group 20 of the COP30 Action Agenda, which focuses on climate and sustainable finance, and

contributed to the Super Taxonomy initiative proposed by Brazil's Ministry of Finance. The Super Taxonomy was designated a Plan to Accelerate Solutions, a category within the new Action Agenda framework.

COP30 gave taxonomies greater recognition as practical tools for implementing Article 2.1(c) of the Paris Agreement. It also raised their visibility in the broader sustainable finance agenda, including through platforms such as the Circle of Finance Ministers. Overall, the outcome of COP30 helped to advance interoperability between national and regional taxonomy frameworks.

The COP29 and COP30 Presidencies also published the final report of the Baku to Belém Roadmap to 1.3T. The report sets out five areas (“5R”) for action: i) replenishing: increasing grants, concessional finance, and low-cost public capital from donor countries and multilateral development banks; ;ii) rebalancing: addressing severe fiscal space constraints and debt sustainability issues in developing nations; iii) rechanneling: mobilizing transformative private-sector finance and lowering the cost of capital for green investments; iv) revamping: upgrading institutional capacity, technical readiness, and coordination to build scaled climate investment portfolios; and v) reshaping: reforming global financial systems, structures, investment treaty clauses, credit rating methodologies, and climate disclosure frameworks to ensure equitable capital flows.

The COP30 Presidency aims to present an initial progress update at COP31. This would help to create a direct link between the taxonomy agenda and the finance discussions planned for COP31 in Antalya.

5. The evidence base: a 2024–2026 stocktake

The following stocktake builds on the TRI’s 2025 Progress Report, which assesses progress through ten indicators grouped into three stages: development, implementation and use. For development and interoperability, the data extend to 30 September 2025. The table below follows the Report’s structure. It also brings in additional evidence on climate finance flows to connect progress on taxonomies with developments in the wider financing landscape.

Table 1. The global sustainable finance taxonomy landscape entering COP31

Indicator	Position entering COP31	Policy significance
DEVELOPMENT		
Jurisdictional coverage (Indicators 1–2)	Over 60 taxonomies in use or under development: at least 35 published national frameworks, over 18 in development, and four published regional frameworks, with further regional work under way in Africa and the Gulf	Proliferation is no longer the question; coherence and usability are

Indicator	Position entering COP31	Policy significance
Geographic distribution (Indicator 2)	Europe and Central Asia 47 per cent, East Asia and Pacific 20 per cent, Sub-Saharan Africa 13 per cent, Latin America and the Caribbean 11 per cent, South Asia 6 per cent, Middle East and North Africa 2 per cent, North America 1 per cent (EU Member States counted individually)	Taxonomies now exist in every region
INTEROPERABILITY		
Classification structure (Indicator 4)	64 per cent of the 53 taxonomies published or in development use an ISIC-derived sector structure; 11 per cent use another structure; the remaining 25 per cent do not document theirs	Among frameworks whose structure is known, ISIC-based classification is close to universal as common architecture
Environmental and social objectives (Indicator 5)	Climate mitigation is within scope of 100 per cent of published taxonomies; approximately 17 include adaptation and resilience for at least some activities; only five in the dataset publish substantial-contribution criteria for social objectives	Consensus is firm on mitigation, partial on adaptation and largely absent on social objectives
Common activity coverage (Indicators 6–7)	In a 14-taxonomy subset, five categories appear in every framework — forestry, new construction, renewable electricity generation, electricity transmission and distribution, and rail transport. Coverage falls below a third for waste-to-energy	A recognisable common core exists and could anchor a shared reference set of activities
Transitional and hard-to-abate activities (Indicator 7a)	Buildings are covered by all fourteen taxonomies in the subset and road freight by all but one; cement, iron and steel, basic chemicals and aluminium by twelve; aviation by seven and minerals extraction by five	Taxonomies have absorbed transition finance faster than is generally recognised, though commodity-linked sectors lag
Granular comparability	The Multi-jurisdiction Common Ground Taxonomy compares 110 common activities across the EU, China and Singapore; approximately 33 per cent are too technically dissimilar for direct comparison and rest on shared indicators instead. Do-no-significant-harm criteria were not mapped	High-level convergence does not translate into criteria-level comparability which is the technical frontier
Interoperability infrastructure	Principles for Taxonomy Interoperability, the Sustainable Finance Taxonomy Mapper, an annual Progress Report and a dedicated website in operation	Interoperability has moved from principle to public-good infrastructure
IMPLEMENTATION AND USE		

Indicator	Position entering COP31	Policy significance
Labelled debt (Indicators 8–9)	Cumulative sustainable debt aligned with the Climate Bonds Taxonomy exceeds USD 6.8 trillion, with annual issuance above USD 1 trillion (by the end of 2025).	The clearest available evidence that shared definitions precede market growth
Mandatory application	Binding application remains confined to a handful of jurisdictions — labelled bond issuance and green lending reporting in China, corporate disclosure in the EU. No jurisdiction mandates taxonomy use in financial supervision	Voluntary frameworks dominate, so uptake depends on demonstrated usefulness rather than obligation
Evidence on effectiveness	No aggregated global dataset exists on portfolio-level application, verified taxonomy-aligned lending, supervisory use or associated real-economy outcomes	The principal measurement gap of the next phase, and the reason for a common approach to effectiveness

Sources: Taxonomy Roadmap Initiative Progress Report (2025); Climate Bonds Initiative; International Platform on Sustainable Finance; Sustainable Finance Taxonomy Mapper.

The evidence points to several important conclusions.

One clear finding is the number of jurisdictions having taxonomy expands rapidly. By September 2025, at least 35 national taxonomies had been published, more than 18 were in development, and four regional frameworks had been finalised. Further regional work was under way in Africa and the Gulf. Taxonomies now exist in every region. The more pressing question is whether these frameworks can guide real financial decisions.

Second, the evidence demonstrates substantial convergence in taxonomy design. ISIC-based sector classifications are used by 64 per cent of the 53 taxonomies published or in development. Another 11 per cent of taxonomies use alternative structures, while the remaining 25 per cent do not document their classification systems. Among taxonomies, ISIC-based approaches are becoming the benchmark.

Convergence is also visible in the activities covered by taxonomies. All reviewed taxonomies include climate mitigation. A detailed review of fourteen taxonomies found a common set of activities: forestry, new construction, renewable electricity generation, electricity transmission and distribution, and rail transport. The fact that these common features have emerged without central coordination suggests that they may reflect practical and technical considerations.

Third, convergence in taxonomy design has not yet translated into convergence in technical criteria. The Multi-jurisdiction Common Ground Taxonomy compared 110 activities across the European Union, China and Singapore, finding that approximately one third could not be meaningfully compared on the basis of substantial-contribution

criteria. In these cases, identifying common ground required shared indicators and approaches rather than a direct comparison of existing criteria. Do-no-significant-harm criteria were not included in the mapping.

This implies that similar high-level structures do not necessarily produce comparable assessments of economic activities at the level of technical criteria. The initial stages of convergence may be relatively straightforward, but the remaining work involves more complex technical questions about thresholds, indicators and assessment methods. This is where efforts to improve interoperability now face their greatest challenges.

Fourth, the foundations for assessing interoperability have been established. The Principles for Taxonomy Interoperability, which consist of seven principles, offer a reference for taxonomy design and implementation. The Sustainable Finance Taxonomy Mapper, in turn, provides a structured way to compare design features and technical screening criteria across taxonomies. The methodology of the tool is publicly available. At the initial stage, comparative assessments were conducted using 11 taxonomies. The annual Progress Report complements these tools by providing a consistent framework for monitoring developments.

The main achievement is that interoperability has moved from a general ambition to a practical agenda, supported by tools for comparing different frameworks.

Fifth, although evidence of how taxonomies are being used remains limited, promising indicators of taxonomy use are starting to emerge. Cumulative sustainable debt issuance aligned with the Climate Bonds Taxonomy has reached USD 6.8 trillion, with annual issuance above USD 1 trillion. By the end of 2025, China's green loan balance had reached USD 6.46 trillion, an increase of 20.2 per cent compared with the previous year. Also, there are some examples that show how taxonomies are being put into practice. Colombia's implementation programme reviewed portfolios worth approximately USD 2.6 billion and supported around USD 82 million in labelled issuance. Georgia has incorporated its taxonomy into loan classification and reporting requirements. In Azerbaijan, commercial banks are subject to mandatory requirements to integrate environmental, social and governance (ESG) considerations into governance, strategy, risk management and disclosure. These requirements provide a supervisory foundation for taxonomy-related reporting and disclosure.

Taken together, these examples show that taxonomy use is no longer purely theoretical. However, the evidence remains fragmented, and a comparable global picture of how taxonomies are being applied is still missing.

Sixth, mandatory application remains limited. Only a small number of jurisdictions have introduced mandatory use of taxonomies. None of the reviewed jurisdictions require the use of taxonomy-alignment data for financial supervision. As a result, the

uptake of most taxonomies depends largely on whether market participants see practical value in using them. This makes implementation support, reliable data infrastructure and greater familiarity among market participants essential to their wider adoption.

Finally, inclusivity remains one of the least developed areas. Social objectives are much less established than environmental ones. Only five taxonomies in the dataset include substantial-contribution criteria for social objectives. There is also no systematic measure of whether taxonomies are usable by small and medium-sized enterprises (SMEs). Given the importance of SMEs for employment and their potential contribution to emissions in many emerging economies, such measure is essential. This is a significant gap: what is not measured is difficult to manage effectively. Inclusivity in alignment approaches was, in fact, one of the two additional areas identified in the Roadmap.

The evidence suggests that convergence on social criteria is more challenging than convergence on environmental criteria. This is because assessing social contributions is technically challenging and highly dependent on local circumstances. Differences in social priorities are also justified by national specifics. A more realistic near-term goal would be to establish a common vocabulary and make differences between national approaches transparent. Also, shared reference points for safeguards, and proportionality provisions that account for the capacities of different market participants can be considered.

Work in this area is already progressing. SBFN is developing a toolkit on social objectives in taxonomies. The toolkit will aim to document the approaches its members are already using and comparing them with established market references, including the ICMA principles for social bonds.

6. Shifting priorities from development to implementation and uptake

Progress on sustainable finance taxonomies can be analysed through four stages. The first is **development**, when a jurisdiction defines the taxonomy's objectives, governance arrangements, methodology and technical screening criteria. The second is **adoption**, when the framework is formally approved or incorporated into public policy or regulation.

The third stage is **implementation and market uptake**. At this point, users including banks, investors, issuers and public institutions begin applying the criteria in lending, investment, disclosure and capital-allocation decisions. The final stage is **effectiveness and impact**, when evidence becomes available on whether taxonomy use is influencing financing patterns and contributing to measurable environmental outcomes.

The evidence is relatively strong for the first two stages, but becomes much thinner for the implementation, use and impact stages. This reflects a substantial measurement gap.

The TRI Progress Report provides a useful starting point by grouping taxonomy use cases according to their level of complexity. The three categories and the descriptions below follow the Report's own classification. The first category is low-complexity use cases, which are rule-based applications of a published taxonomy within existing disclosure/ issuance channels (eligibility lists, KPI templates), handled by one or two agencies with little to no modelling. Use cases in this category include issuance of labelled debt, such as green bonds, labelled bank loan products to corporates or retail clients, corporate disclosure of taxonomy-aligned revenue, capital expenditure or operating expenditure. Second is moderate-complexity use cases, which apply where multiple public bodies must coordinate and build new data pipelines (e.g. scenario/ portfolio analysis, budget tagging), with some assurance and guidance or secondary legislation, including limited infrastructure tweaks. It includes product labelling (when a minimum share of portfolio holdings or revenues is taxonomy aligned), budget and government expenditure tagging and supervisory scenario analysis, investment benchmarks, taxonomy being used as common reference point in identifying high priority sectors and activities and linking supervisory risk weights to taxonomy. The third category is long-term, high-complexity use cases, such as applications in monetary policy, collateral frameworks or prudential capital, which raise more sensitive questions about institutional mandates and wider system effects. The examples include purchase of financial assets and green securities using the taxonomy definition by central bank and financial institutions.

The sequence is important. Starting with simpler uses helps countries build the data, skills and market familiarity needed for more demanding applications. Trying to do everything at once can leave a sophisticated framework that is rarely used in practice. It is not surprising that most use cases fall into the low-complexity category.

European taxonomy experience shows that taxonomy must be workable as well as technically sound. In February 2026, the first Omnibus simplification package narrowed the scope of mandatory sustainability and taxonomy reporting in the European Union to entities with more than 1,000 employees and net turnover above EUR 450 million. An accompanying delegated act introduced a materiality threshold for activities accounting for less than 10 per cent of turnover and simplified the do-no-significant-harm criteria. The practical lesson is clear: even jurisdictions with elaborate taxonomies and extensive reporting requirements must address the cost and complexity of applying the rules.

The broader lesson is that proportionality and usability should be built into taxonomies from the outset. For jurisdictions with less developed data infrastructure and more

limited reporting capacity, this is particularly important. A framework must be not only technically sound, but also practical enough for market participants to use.

Further work is needed to measure implementation of the taxonomies and their impact on financial decisions. This work should primarily answer the following fundamental questions:

- How many financial institutions are applying taxonomy criteria, and to what share of their portfolios?
- What proportion of sustainable bond issuance is taxonomy-aligned rather than merely labelled?
- How much lending is assessed against taxonomy criteria, and how is that assessment verified?
- How are supervisors using taxonomy alignment data in risk analysis, stress testing and supervisory capital calculation?
- Are public financial institutions using taxonomies to build investable project pipelines?
- Is taxonomy alignment demonstrably reducing the cost of identifying investable opportunities, or affecting pricing?
- What environmental and resilience outcomes are associated with taxonomy-aligned activity?

The lack of a comprehensive global dataset makes it difficult to determine whether taxonomies are influencing financial decisions or contributing to broader policy objectives.

7. COP31 in Antalya: a proposed taxonomy agenda

COP31 will take place in Antalya from 9 to 20 November 2026. Türkiye will host and hold the formal Presidency, while Australia will serve as President of Negotiations.

Türkiye's own green taxonomy is under development, and mandatory verified reporting through a dedicated electronic taxonomy system is scheduled to begin on 1 January 2027. The National Green Finance Strategy and Action Plan for 2026–2029, coordinated by the Ministry of Treasury and Finance, aims to establish a comprehensive green finance framework and support the country's green transition. Türkiye is therefore approaching a critical transition: just weeks after COP31 concludes, its taxonomy framework is expected to move into mandatory implementation. Therefore, this timing makes Antalya a natural setting for a practical discussion about what implementation involves and what countries need to make it work.

The COP31 platform will be a good opportunity to bring the people responsible for designing and using taxonomies into one practical discussion. This could take the form of a taxonomy day, a dialogue among supervisors and regulators, an Action Agenda event, or a combination of these. It should bring together policymakers, central banks, supervisors, banks, investors, insurers, issuers, development finance institutions and verification providers.

The central question should focus on how taxonomies can inform financial decisions, improve the allocation of capital and support the transition to a more sustainable economy:

1. What is working? Which jurisdictions have successfully embedded taxonomies into financial regulation and market practice, and what did that require in sequencing, resourcing and institutional design?
2. What can be replicated? Which implementation models, guidance materials, proxies and digital tools transfer across contexts, and which are irreducibly jurisdiction-specific?
3. Where are the barriers? Where do data availability, institutional capacity, verification capacity, market depth or regulatory design prevent effective use?
4. What should be measured next? Which indicators would allow taxonomy use, capital mobilisation and real-economy impact to be assessed consistently across jurisdictions?

Conclusion

Two years after the launch in Baku, sustainable finance taxonomies are at a different stage of development. Their number has grown considerably, and many jurisdictions with the capacity to develop them have already done so. Global climate finance now exceeds USD 2 trillion a year. TRI has produced shared principles, a functioning mapping tool and an annual framework for tracking progress. There is also clear convergence in classification structures, environmental objectives and a core group of economic activities. The main gap is convergence at the level of technical criteria.

The investment gap remains enormous, growth in climate finance is decelerating, and adaptation is chronically underfunded. Coverage of social objectives and smaller enterprises remains thin. In this environment, the priority for the next phase is not to develop more frameworks. It is to make existing and emerging frameworks work better. In other words, the priority is to move beyond development and focus on implementation and market uptake. Interoperability must be supported by tools that institutions can use.

At the same time, we should be realistic about what taxonomies can achieve. They provide a common classification system, reduce information costs and make comparisons easier. On their own, however, they cannot lower the cost of capital, create a pipeline of bankable projects or remove the structural barriers facing emerging markets.

The evidence reviewed in this article shows how quickly the taxonomy landscape has expanded, how climate finance has reached record levels, and how large the investment gap remains. It also highlights a persistent lack of information. We know much more about the existence and design of taxonomies than about how they are used and what they achieve. Closing this gap should be a central goal of the next phase of international cooperation. With its coordination role, practical tools, technical assistance, knowledge sharing and growing evidence base, the TRI is well placed to lead this process.

COP29 established the platform. COP30 built the implementation architecture. COP31 should demonstrate market uptake and impact.