THE SUSTAINABLE FINANCE PROGRESS (SFP) FRAMEWORK:

AN INTEGRATED APPROACH TO TRACKING EFFORTS IN G20 ECONOMIES

PILOT APPLICATIONS IN BRAZIL, FRANCE, GERMANY, INDONESIA AND SOUTH AFRICA

About this publication: This working paper was developed by an international consortium co-led by the Institute for Climate Economics (I4CE) and Frankfurt School of Finance & Management (Frankfurt School). It presents the Sustainable Finance Progress (SFP) framework and methodology developed and tested through five country pilots covering Brazil, France, Germany, Indonesia, and South Africa. The country pilots were undertaken by I4CE for France; Frankfurt School for Germany; the Centre for Strategic and International Studies (CSIS) Indonesia; International Institute for Sustainable Development (IISD) and ZeniZeni Sustainable Finance for South Africa; and individual experts for Brazil.

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- ASCOR (Assessing Sovereign Climate-related Opportunities and Risks) (Transition Pathway Initiative and Grantham Research Institute on Climate Change and the Environment, in collaboration with ASCOR partners),

- Climate Action Tracker (CAT) (Climate Analytics and NewClimate Institute),
- E3G Public Bank Climate Tracker Matrix (E3G),
- Fossil Fuel Subsidy Tracker (International Institute for Sustainable Development and Organisation for Economic Co-operation and Development),
- G20 Sustainable Finance Working Group Progress Tracker (G20 Sustainable Finance Working Group),
- Global Carbon Accounts (Institute for Climate Economics),
- Government Energy Spending Tracker: Policy Database (International Energy Agency),
- Green Central Banking Scorecard (Positive Money),
- IDFC Green Finance Mapping (Climate Policy Initiative),
- Public Finance for Energy Database (Oil Change International),
- Sustainable Banking and Finance Network (SBFN) Data Portal (IFC), and
- Sustainable Financial Regulations and Central Bank Activities (SUSREG) Tracker (WWF).

Further information on how these initiatives and databases were used in the development and testing of the SFP framework is provided in the Methodological Annex.

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List of acronyms

ACPR	French Prudential Supervision and Resolution Authority
ADEME	French Government Agency for Ecological Transition
ADB	Asian Development Bank
AFD	French Development Agency
AFT	Agence France Trésor
AMF	French Financial Markets Authority
AI	Artificial Intelligence
BaFin	Federal Financial Supervisory Authority (Germany)
Bappenas	Ministry of National Planning and Development
BCB	Central Bank of Brazil
BEI	Indonesia Stock Exchange
BfN	Federal Agency for Nature Conservation
BI	Bank Indonesia
BMF	Federal Ministry for Finance
BMUKN	Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety
BMWE	Federal Ministry for Economic Affairs and Energy
BNDES	Brazilian Development Bank
C&E	Climate and Environmental
CBD	Convention on Biological Diversity
CDC	Caisse des Dépôts et Consignations
CDP	Carbon Disclosure Project
CMN	National Monetary Council
CPI	Climate Policy Initiative
CRD6	EU Capital Requirements Directive 6
CSDDD	Corporate Sustainability Due Diligence Directive
CSRD	Corporate Sustainability Reporting Directive
DBSA	Development Bank of Southern Africa
DEG	German Investment and Development Corporation
DG BUDG	Directorate-General for Budget
DG CLIMA	Directorate-General for Climate Action
DGEC	Directorate-General for Energy and Climate
DG ENER	Directorate-General for Energy
DG ENV	Directorate-General for Environment
DG FISMA	Directorate-General for Financial Stability, Financial Services and Capital Markets Union
DG INTPA	Directorate-General for International Partnerships

List of acronyms

DFI	Development Finance Institution
EBA	European Banking Authority
ECA	Export Credit Agency
ECB	European Central Bank
EIOPA	Insurance and Occupational Pensions Authority
ESG	Environmental, Social, and Governance
ESMA	European Securities and Markets Authority
ESRB	European Sustainability Reporting Standards
ESRS	European Systemic Risk Board
ETS	Emissions Trading System
EU	European Union
FS	Frankfurt School of Finance and Management
FSCA	Financial Sector Conduct Authority
G20	The Group of 20
G20 Roadmap	G20 Sustainable Finance Roadmap
GBF	Global Biodiversity Framework
GDP	Gross Domestic Product
GFLAC	Climate Finance Group of Latin America and the Caribbean
GHG	Greenhouse Gases
GSDS	German Sustainable Development Strategy
H2A	High Authority for Audit
I4CE	Institute for Climate Economics
IAI	Institute of Indonesia Chartered Accountants
IAM	Integrated Assessment Models
IBSAP	Indonesian Biodiversity Strategy and Action Plan
IDC	Industrial Development Corporation
iGST	Independent Global Stocktake
IISD	International Institute for Sustainable Development
IMF	International Monetary Fund
IO	International Organisations
IPCC	Intergovernmental Panel on Climate Change
JSE	Johannesburg Stock Exchange
KFW	Kreditanstalt für Wiederaufbau (German Development Bank)
KPI	Key Performance Indicator
KTF	Climate Transformation Fund
LCDI	Low Carbon Development Indonesia
LER	Large Exposure Restriction

List of acronyms

LTS	Long-term Strategies
MDB	Multilateral Development Bank
N/A	Not Available
NAP	National Adaptation Plan
NBI	National Business Initiative
NDB	National Development Bank
NDC	Nationally Determined Contribution
NGFS	Network for Greening the Financial System
OECD	Organisation for Economic Co-operation and Development
OJK	Financial Services Authority
PACTA	Paris Agreement Capital Transition Assessment
PT SMI	PT Sarana Multi Infrastruktur
PREVIC	National Superintendence of Supplementary Pension Plans
SARB	South African Reserve Bank
Satgas TEH	Energy Transition and Green Economy Task Force
SBFN	Sustainable Banking and Finance Network
SDG	Sustainable Development Goals
SFDR	Sustainable Finance Disclosure Regulation
SFP framework	Sustainable Finance Progress framework
SFWG	Sustainable Finance Working Group
SGPE	General Secretariat for Ecological Planning
SGPI	General Secretariat for Investment
SVIK	Special Fund for Infrastructure and Climate Neutrality
TCFD	Task Force on Climate-related Financial Disclosures
TLTRO	Targeted Long-term Refinancing Operations
ToC	Theory of Change
TPI	Transition Pathway Initiative
UBA	Federal Environment Agency
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change

Executive Summary

Tracking progress on sustainable finance has taken on renewed importance amid geopolitical, fiscal, and climate- and nature-related pressures, with growing implications for energy security, affordability, economic resilience, and long-term prosperity. Climate- and nature-related risks are already materialising through rising economic and fiscal losses, human harm, and biodiversity decline, while stronger action can reduce exposure to these risks and generate wider economic and social benefits. Sustainable finance is therefore increasingly relevant not only to mobilising investment, but also to how countries manage risks and support sustainable transition pathways.

Action in the G20 is particularly relevant because of its members' systemic economic and financial weight, and because their policy choices generate significant signalling and knowledge spillover effects. G20 economies account for around 85% of global GDP, 80% of world trade, and roughly two-thirds of the global population, and they play a central role in the international financial system. The G20 Sustainable Finance Roadmap, established in 2021, also provides an important reference point as both a shared framework for advancing sustainable finance priorities and an existing tracking effort. Together, these features make the G20 a particularly relevant entry point for coordinated action on sustainable finance, within the group and beyond.

There is a growing need to understand how and where countries are making progress on sustainable finance, yet existing tracking efforts remain uneven and fragmented. Current approaches rely on indicators with varying levels of granularity, inconsistent definitions, and limited integration of real-economy policies and financial-sector outcomes. The review underpinning this paper identified four recurrent gaps: piecemeal and fragmented tracking; reliance on partial self-assessments; limited visibility beyond formal reporting; and weak feedback loops that constrain the systematic identification and sharing of what works, what does not, and under what conditions.

Progress on sustainable finance should ultimately be reflected in real-economy sectoral transitions, which require coherent action across public-policy and financial-system levers rather than isolated policy action. This calls for an approach capable of showing whether the conditions for transition are being put in place across the system as a whole, providing visibility across fiscal, monetary, and regulatory action rather than siloed views. It also requires credible and independent oversight, alongside an approach that combines comparability with sensitivity to differences in national institutions, transition pathways, and stages of progress.

The Sustainable Finance Progress (SFP) framework has been conceived to respond to these gaps by providing an integrated, bottom-up, and context-sensitive approach to tracking progress on sustainable finance. It is designed to support a common understanding of country progress and, in turn, more coordinated action to track this progress, extract lessons learned, and provide evidence-based guidance for enhanced action. Building on existing initiatives, its unique added value lies in connecting commitments, implementation, and financial outcomes into a common analytical structure, while linking real-economy and financial-sector policies and the roles of responsible entities.

This working paper sets out the conceptual foundations and country-level assessment approach of the SFP framework and presents preliminary insights and lessons emerging from its piloting in five G20 economies. The framework was built and refined through pilots in Brazil, France, Germany, Indonesia, and South Africa, which were selected to test its application across diverse political-economy, governance, and sustainable-finance maturity contexts. The pilots were locally led by independent think tanks and experts, providing an impartial and context-sensitive perspective intended to help identify good practices and support peer learning.

The development of the framework combined conceptual grounding with practical testing in order to generate policy-relevant insights. Its design was informed by a review of more than 80 trackers and frameworks on sustainable finance and related policy areas, including the G20 Sustainable Finance Roadmap tracker; around 50 expert consultations; and four dedicated workshops. A bottom-up piloting process was then undertaken with country partners to test, adjust, and strengthen the framework's architecture and indicators, followed by internal and external review to improve consistency and comparability across pilots.

What the framework assesses

The SFP framework follows a Theory of Change, from commitments, through implementation and financial outcomes, and toward real-economy impact, while recognising that these relationships are complex and cannot be interpreted as a simple causal chain. Commitments set the direction for action; responsible entities act across key policy domains; and these actions may contribute to financial outcomes and, over time, broader real-economy impacts. The framework does not seek to establish causal relationships between individual policy actions and observed financial outcomes at this stage. Instead, it adopts a contribution approach, recognising that changes in financial flows and stocks reflect the combined influence of multiple policies and broader economic and financial factors.

The core of the current assessment are the implementation and outcomes pillars, which together capture how policy action and financial flows can support progress toward sustainability objectives. Pillar 1 considers the national-level adoption of international commitments related to the SDGs, Paris Agreement, and Global Biodiversity Framework in the form of concrete strategies, plans and laws. Pillar 2 assesses implementation across four action areas: 1) financial strategy and alignment, 2) fiscal policy and public finance, 3) monetary policy and central-bank operations, and 4) financial policy and regulation. Pillar 3 captures both measurable changes in financial stocks and flows and transparency on these outcomes reflected in publicly available data. Pillar 4 considers real-economy impact conceptually, but impact is not assessed through indicators at this stage, as robust and comparable assessment would require additional capacity, longer time horizons, and stronger empirical evidence on the links between finance, policy action, and real-economy outcomes.

The framework translates this structure into a granular country-level assessment designed to capture both progress made and remaining gaps, capturing not only whether sustainable finance measures exist, but also their quality and the associated financial outcomes. The assessment structure combines qualitative indicators, formulated as statements, and both qualitative and quantitative sub-indicators using cascading questions that examine policy existence, quality, and outcomes. The approach also distinguishes between inaction, information that is not available, and questions that are structurally not applicable to a particular jurisdiction. At this stage, the grading system covers qualitative implementation indicators rather than quantitative outcomes and does not apply indicator weighting.

What the five pilots tell us

The five country pilots provide an initial test of the applicability, coherence, and usefulness of the framework across diverse institutional and policy contexts, rather than final assessments of country performance. In practice, the pilots tested the availability of relevant evidence, suitability of indicators, clarity of definitions, consistency of grading, and the extent to which the framework could capture meaningful differences in national policy and institutional settings. The findings are therefore preliminary and indicative and are intended primarily to show what the piloting process revealed about the framework and where further adjustment is needed.

The framework proved applicable across the five country contexts and generated a structured picture of commitments, implementation measures, and financial outcomes despite significant differences between them. This suggests that its overall architecture is sufficiently robust to support further testing, while also confirming the need for contextual interpretation. The pilots showed in particular that comparability cannot be achieved simply through a common indicator set: differences in institutional mandates, public-finance structures, market configurations, and national policy settings need to be recognised when indicators and results are interpreted.

The integrated approach added analytical value by bringing together policy areas that are often tracked separately. Looking simultaneously across commitments, fiscal policy, monetary policy and central-bank operations, financial policy and regulation, and outcomes produced a more complete picture than fragmented or single-domain tracking. It helped identify, for example, where strategic commitments existed without corresponding implementation measures, where coordination across actor groups was insufficient, and where implementation was taking place without sufficient transparency on financial outcomes.

The pilots also suggest that the SFP framework can address several recurrent gaps of existing tracking approaches, although these conclusions remain provisional. Independent application reduced the inconsistency and selectivity associated with partial self-reporting; bottom-up assessment surfaced implementation gaps not captured in formal reporting; a shared indicator set generated structured findings that can support dialogue and course correction; and integration across commitments and fiscal, monetary, and financial policy provided a whole-of-system assessment within the framework's defined scope.

At the same time, the pilots revealed important methodological and practical constraints that limit what can currently be concluded from the assessment. These include diverging definitions, uneven data availability, calibration challenges across country contexts, and limits to the treatment of financial outcomes. In particular, the first pilot results do not yet allow a robust conclusion on whether stronger commitments and implementation are consistently associated with better financial outcomes across countries.

Lessons learned and way forward

The piloting process generated a set of methodological lessons that are already informing refinement of the SFP framework. These include the need for clearer and more consistent definitions; explicit treatment of questions that are not applicable or for which information is not available; clearer grading instructions; more consistent collection and treatment of financial-outcome data; and careful interpretation of the contribution of policies to financial outcomes without claiming attribution or causality. The pilots therefore served not only to generate preliminary country-level findings but also to identify where the framework itself needs to be strengthened.

The piloting phase has generated a solid foundation for the SFP framework, while identifying important areas requiring further refinement if it is to serve as a reliable and replicable tool across diverse G20 country contexts. The work to date has established the conceptual foundations, technical architecture, and country-level assessment methodology and tested them through five country pilots. It has also generated preliminary country findings and cross-cutting insights while making clearer the methodological boundaries of the current assessment.

The next phase will centre on consolidating and strengthening the methodology while progressively extending its application to additional country contexts. Priorities include further refinement of the technical architecture and indicators, enhanced data comparability, greater alignment with existing initiatives, and continued testing and validation through existing and additional country pilots. Future iterations may also assess subnational contributions and begin linking sustainable-finance flows to selected real-economy impact indicators in sectors where finance-to-impact links are more tractable..

Further application of the framework also creates an opportunity to explore policy mixes and broaden engagement among the actors involved in sustainable finance at the country level. Its integrated architecture across fiscal, monetary, and financial policy can support analysis of combinations of policies that contribute to measured financial outcomes. Embedding the framework within country platforms can also support coordination among ministries of finance, central banks, development finance institutions, regulators, and market participants, including by identifying both what is moving forward and where gaps persist..

Overall, the first five pilots suggest that the SFP framework can provide a more integrated, bottom-up, and context-sensitive picture of country-level sustainable finance progress, while confirming that further methodological refinement is needed. The framework proved applicable across diverse G20 contexts and sufficiently robust to support further testing, but the pilots also confirmed the need for clearer grading instructions, stronger protocols for financial-outcome data, more refined contextual interpretation, and clearer treatment of the contribution of policies to financial outcomes. The next phase therefore builds on a framework that has moved from conceptual design to practical testing, while remaining deliberately iterative as its technical architecture, evidence base, and application are strengthened.

1. Introduction

Sustainable finance has taken on renewed strategic importance amid geopolitical, fiscal, and climate- and nature-related pressures, with growing implications for energy security, affordability, economic resilience, and long-term prosperity. The costs of inaction are already rising, while the benefits of timely action are becoming increasingly clear (Samama, 2025; Deloitte, 2022). Climate- and nature-related risks are already materialising through rising economic and fiscal losses and increasing human harm and biodiversity decline, especially in countries with weaker resilience and tighter fiscal space (D'Orazio, 2025). At the same time, stronger action can reduce exposure to these risks, improve energy security, support cleaner air and better health, enable more resilient growth, and create new investment and employment opportunities. This dual reality is reflected in evidence on disaster-related losses of more than US$ 2.3 trillion annually (UNDRR, 2025) and a projected US$ 2–4 billion per year in direct damage costs to health by 2030 (WHO, 2024), while enhanced action — particularly on climate — could increase global GDP by 60% by 2040, lift 175 million people out of extreme poverty (OECD, 2025), and generate 150 million jobs in low- and middle-income countries by 2050 (World Bank, 2025).

Action in the Group of 20 (G20) economies is particularly relevant because of their systemic economic and financial weight, and because their policy choices generate significant signalling

and knowledge spillover effects. G20 economies account for around 85% of global GDP, 80% of world trade, and roughly two-thirds of the global population (Bouattour et al., 2026). They play a central role in the international financial system by focusing on financial stability, systemic risk management, regulatory approaches, and market standards. Their policy choices influence financial practices far beyond their borders. Moreover, the G20's own Sustainable Finance Roadmap (G20, 2021), established in 2021, provides an important reference point, both as a shared framework for advancing sustainable finance priorities and as one of the existing tracking efforts. Taken together, these features make the G20 a particularly relevant entry point for coordinated action on sustainable finance, both within the group and beyond.

There is a growing need to understand how and where countries are making progress on sustainable finance to accelerate action through shared learning, yet existing tracking efforts remain uneven and fragmented. Current approaches rely on indicators with varying levels of granularity, inconsistent definitions, and limited integration of real-economy policies and financial sector outcomes. Four main gaps have been identified:

- **Piecemeal and fragmented tracking.** Most tools examine isolated components rather than the system as a whole or policy packages across different arms of government.
- **Reliance on self-assessments.** Self-reported data are inherently partial and inconsistent across countries, limiting comparability and reliability.
- **Limited visibility beyond formal reporting.** Lack of measurable data points over time further hinders progress tracking in a consistent, granular, and comparable way.
- **Weak feedback loops.** What works, what does not, and under what conditions is not systematically identified or shared with actors who can influence decision-making, which limits learning and confidence to act

Progress on sustainable finance should ultimately be reflected in real-economy and sectoral transitions, which cannot be achieved through isolated policy action alone (Stechemesser et al., 2024). This requires coherent action across public-policy and financial-system levers. A framework for tracking progress therefore needs to show whether the conditions for transition are being put in place across the system as a whole, providing visibility across fiscal, monetary and financial policy and regulation rather than assessing these areas in isolation. It should also provide credible and independent insights to inform decision-making and implementation, while strengthening national ownership over how progress is interpreted and acted upon. Finally, it needs to balance cross-country comparability with sensitivity to national context, so that differences in institutions, transition pathways and stages of progress are recognised rather than obscured.

The Sustainable Finance Progress (SFP) framework responds to this challenge by providing an integrated, country-level approach to tracking progress across the financial system. It takes a system-wide perspective, covering the policy and institutional conditions that shape both public and private financial flows, as well as the financial outcomes that can be observed. Public authorities influence the allocation of finance through fiscal, monetary, financial and regulatory instruments, while financial institutions and markets channel capital in response to risk and return considerations, regulatory frameworks and other incentives. By bringing these different dimensions together, the SFP framework provides a common lens for assessing progress towards the alignment of financial flows with transition objectives. It has been conceived to support the enabling conditions for real-economy and sectoral transitions by:

- ✓ providing an integrated approach to tracking country progress on sustainable finance;
- ✓ generating impartial and policy-relevant insights that can inform national action and implementation;
- ✓ enabling cross-country assessment and peer learning while recognising national specificities; and
- ✓ lessons into national and international processes to help sustain momentum over time.

The SFP framework is designed to support a common understanding of country progress on sustainable finance and, in turn, more coordinated action to track this progress, extract lessons learned, and provide evidence-based guidance for enhanced action. Building on existing initiatives, rather than aiming to replace them, its added value lies in connecting these efforts with an integrated, bottom-up approach. The framework connects commitments, implementation, outcomes, and impact within a single analytical structure, linking real-economy and financial-sector policies, the roles of responsible entities, and the resulting financial outcomes. Far from being a purely theoretical exercise, it has been **built and refined through country pilots in five G20 economies[1].** The five pilots were selected to develop a framework across diverse political economy, governance, and sustainable finance maturity contexts, helping to make the framework relevant and robust. The pilots were locally led by independent think tanks and experts who bring an impartial and context-sensitive perspective that can help identify good practices and support peer learning. The framework thus aims not only to generate a more comprehensive and granular picture of country-level progress, but also to act as a catalyst for weaving a broader network at the national level to track progress and strengthen implementation over time.

The framework is grounded in the major international commitments that have shaped the direction of sustainable development over the past decade. The adoption of the 2030 Agenda's Sustainable Development Goals (SDGs) (UN, 2015) and the Paris Agreement (PA) in 2015 (UNFCCC, 2015), followed by the Global Biodiversity Framework (GBF) in 2022 (UNCBD, 2022), established a shared set of objectives that require country-level action and provide an important reference point for assessing progress. Yet, progress in translating these commitments into real-world outcomes is not happening at the pace and scale required, largely owing to insufficient and misaligned financial resources, as reflected in persistent financing gaps for climate, biodiversity, and the SDGs. This is why finance cannot be treated only as a means of implementation. In line with Article 2.1(c) of the PA and Targets 14 (decision-making), 18 (harmful subsidies), and 19 (mobilise finance) of the GBF, aligning financial flows with climate, biodiversity, and broader transition objectives must be understood as part of the transition challenge. The SFP framework complements relevant trackers and frameworks by integrating commitments, implementation, outcomes, and cross-sector policy action in a single country-level assessment.

The development of the SFP framework combined conceptual grounding with practical testing in order to generate policy-relevant insights. Its design was informed by a broad review of existing initiatives, including more than 80 trackers and frameworks on sustainable finance and related policy areas, among them the G20 Sustainable Finance Roadmap tracker. This desk-based assessment was complemented by more than 50 interviews and consultations with experts and institutions, as well as four dedicated workshops to help build and refine the conceptual architecture of the framework. A piloting process was then carried out in the selected G20 economies, using a bottom-up and iterative process with country partners to test, adjust and strengthen its architecture and indicators. The SFP framework complements relevant trackers and frameworks by integrating commitments, implementation, outcomes, and cross-sector policy action in a single country-level assessment.

The purpose of this working paper is two-fold: first, to set out the conceptual foundations and structure of the SFP framework; and second, to present the key findings and lessons learned from its piloting in five G20 economies. It is intended for a multi-actor audience of potential users — including government actors, civil society organisations, technical experts, and private-sector entities — interested in gaining a better understanding of country-level progress on sustainable finance, existing

1 Brazil, France, Germany, Indonesia, and South Africa.

2 Only 35% of SDG targets with available data are on track or show moderate progress, while 47% show insufficient progress and 18% show regression from the 2015 baseline (UN, 2025).

3 The annually finance gap for SDGs is estimated to US$5-7 trillion by 2030 (Mazzucato, 2025). The global climate finance gap is estimated at US$ 6.7 trillion per year by 2030 (CPI, 2025). The annual biodiversity finance gap at around US$ 700 billion (UNCBD, 2024). Overlaps not considered.

gaps, and potential actions to align local efforts with a sustainable transition pathway. The paper presents the framework's development process, conceptual architecture, and proposed country-level assessment methodology (Section 2), followed by preliminary insights from the piloting process (Section 3). It concludes with the main lessons learned and the way forward (Section 4), as an invitation to actors across the ecosystem to connect with and contribute to the continued refinement and implementation of the framework in the coming years.

2. Building the Sustainable Finance Progress (SFP) framework

The SFP framework was developed through an iterative process combining conceptual design with practical testing. It unfolded in two stages. First came the following definition of the framework's conceptual foundations and structure:

- **A critical review of the G20 Sustainable Finance Roadmap as an initial reference point.** Endorsed in 2021, the roadmap is a multiyear, action-oriented G20 document that is intended to focus attention on key sustainable finance priorities, while its Progress Tracker provides an overview of reported progress and existing practices across G20 jurisdictions. These tools were useful for identifying key areas for action and gaps across the international sustainable finance agenda. At the same time, they also highlighted the need for a complementary framework that is more systematic, country-grounded, and assessment-oriented.

- **A broader desk review and consultation process to examine a wide range of trackers and frameworks relevant to sustainable finance.** More than 80 initiatives were reviewed, alongside around 50 expert consultations with actors involved in the design and implementation of tracking efforts and with representatives of relevant public authorities in selected G20 economies. This helped identify methodological trends, blind spots, data gaps, redundancies, and complementarities.

- **Defining the scope and design features with several rounds of iteration.** These rounds aimed to clarify what the framework should cover, how it could complement rather than duplicate existing efforts, and how to balance comprehensiveness, feasibility, and policy relevance. This process led to a first draft of the framework's conceptual foundations, which was further refined through expert exchanges and four virtual workshops involving around 50 non-government experts experts from the international sustainable finance ecosystem.

The second stage was the development and piloting of a country-level assessment approach in selected G20 economies. It involved the following steps:

- **The design of an initial assessment structure to support framework piloting.** This included defining the thematic and geographical scope of the pilots, identifying the indicators and evidence to be collected, and developing an assessment logic able to capture both progress made and remaining gaps.

- **The framework's piloting process, with country teams applying the assessment structure through national ecosystem mappings and indicator-level data collection.** Both primary and secondary sources were used. Primary sources included official reporting and documentation by relevant authorities, while secondary sources included existing trackers, databases, and assessment reports. Data collection and analysis remained human-led, with artificial intelligence tools used to support the identification of relevant information across multiple sources.

- **A review and refining process, which entailed using insights from piloting to improve both the structure and assessment approach.** Internal review helped strengthen consistency within each country assessment, while external review focused on improving coherence and comparability across pilots. The findings from the external review were integrated in country pilots to ensure alignment and quality of results. A final round of thematic workshops with country partners then informed proposals to rephrase, remove, or add indicators and sub-indicators, while preserving both comparability and sensitivity to national context.

The framework's conceptual foundations and structure, and the country-level assessment approach resulting from this process, are presented in Sections 2.1 and 2.2 respectively. The overall development process is further detailed in the "Methodological Annex (Cardenas Monar et al., 2026)."

2.1. Defining the conceptual foundations and structure

The SFP framework adopts three working definitions that provide clarity on its focus and scope: sustainable transition pathways, sustainable finance policies, and sustainable finance. These definitions provide a basis for a common understanding of country-level progress on sustainable finance by clarifying what sustainable finance is, how it is shaped, and what it is intended to support. The definitions adopted are presented in the box below.

Definitions applied in the Sustainable Finance Progress framework

While finance is widely recognised as central to achieving sustainable development, **there is no single universally agreed upon definition of "sustainable finance", and existing definitions vary across jurisdictions and institutions** (OECD, 2024; Migliorelli, 2021). The European Commission (EC, 2025), for example, defines sustainable finance as taking environmental, social, and governance (ESG) considerations into account in financial decision-making. The OECD (2024) analysis highlights the diversity of official definitions and taxonomies across countries. Academic literature similarly points to a heterogeneous and sometimes ambiguous conceptual landscape (Migliorelli, 2021). Definitions of sustainable finance tend to emphasise one of two theoretical approaches: a proactive impact-oriented alignment of finance flows with dedicated sustainability goals, or a reactive risk-oriented perspective to identify, assesses, and manage sustainability-related financial risks (Gramlich, 2026).

The SFP framework builds on these perspectives but adopts a broader approach to capture both risk and impact-oriented policy actions that shape financial actors' behaviour and financial outcomes in support of sustainable transition pathways aligned with the PA, the GBF, and the SDGs. It therefore distinguishes between three interrelated analytical levels: the broader transition process and objectives being pursued; the policy levers that shape the behaviour and incentives of financial actors; and the financial outcomes to which policy action contributes.

Sustainable transition pathways…

…are defined as long-term, country-specific trajectories through which public and private action — including finance, policy, regulation, and institutional change — support the transformation of economies as a whole toward sustainability objectives..

This working definition is informed by the PA's reference to pathways consistent with low-greenhouse-gas (GHG) and climate-resilient development, and by OECD work on aligning finance with transition goals (UNFCCC, 2015; OECD, 2024). It provides the broader context for the framework, recognising that sustainable finance progress is part of wider transition processes that differ across countries depending on national circumstances (e.g., sectoral composition, economic stability, etc.), institutional capacities, and development levels. In the SFP framework, transition pathways provide the reference context for interpreting country progress over time across commitments, implementation, and outcomes.

Sustainable finance policies…

…are defined as public policy interventions, including regulatory, supervisory, fiscal, monetary, and market-governance measures that shape the behaviour of financial-system actors and influence — depending on their design features and ambition — how finance flows and stocks are mobilised, allocated, and aligned with sustainability objectives.

In the SFP framework, sustainable finance policies capture the main levers through which policymakers and other public actors — hereafter referred to as responsible entities — can influence financial alignment with transition objectives. Responsible entities include finance and environmental ministries, inter-ministerial coordination entities, central banks, financial regulators and supervisors, public development banks, and other public authorities with mandates that are relevant to sustainable development and financial alignment. These entities are responsible for the following policies:

- **Real-economy policies:** the range of public policy interventions that may be used to influence the alignment of real-economy investments. These can include economic policies, regulatory policies and standards, government investment and consumption, voluntary approaches, information policies, and sectoral roadmaps.
- **Financial sector policies:** those that "oversee and guide the functioning of the financial system toward ensuring its stability, integrity, and efficiency" (OECD, 2024). These can include (but are not limited to) transparency and information policies, prudential policies, credit allocation, and monetary policies.

This working definition is informed by OECD work that makes it clear that progress depends not only on financial-sector measures but also on wider policy signals, including sectoral roadmaps and standards, that shape investment incentives, risk management, and capital allocation across the economy (OECD, 2024).

Sustainable finance…

…is defined as the financial outcome of public- and private-sector decisions, policies, and instruments that support activities that contribute to sustainability objectives, while repurposing, reducing, and eventually eliminating flows that undermine them.

This working definition builds on the EC's emphasis on ESG-informed financial decision-making, OECD analysis on sustainable finance definitions and finance alignment, and the alignment language in Article 2.1(c) of the PA and Targets 18 and 19 of the GBF (European Commission, 2025; OECD, 2024; UNFCCC, 2015; CBD, 2022). It clarifies what the framework is ultimately concerned with: whether financial flows are moving in ways that support sustainability objectives and away from activities that undermine them. In the SFP framework, sustainable finance is therefore understood as finance that contributes to advancing climate, nature, and broader sustainable development objectives in line with countries' transition pathways. At the country level, these financial outcomes are shaped by the structure of the domestic financial system, including public and development banks, directed credit, guarantee mechanisms, and the allocation behaviour of large financial institutions.

Building on these definitions, the SFP framework adopts a Theory of Change (ToC) that links commitments and implementation by responsible entities to observed financial outcomes, which provides a structured basis to assess country-level progress on sustainable finance. The ToC reflects how countries first articulate commitments at the international and national levels, which set direction and signal intent. Commitments are then operationalised through concrete implementation measures such as policies, regulations, and institutional reforms. Effective implementation in turn generates outcomes in the financial system, such as shifts in capital allocation, enhanced transparency, and improved risk management. These system-level shifts ultimately contribute to deliver real-economy impacts consistent with climate and sustainable-development goals, and countries' sustainable transition pathways.

[4] These commitments are pursued through nationally driven processes, including Nationally Determined Contributions (NDC) under the PA and National Strategic Action Plans (NBSAP) under the Global Biodiversity Framework (GBF). This ensures that country pathways remain context specific.

[5] The commitments under the land degradation convention (UNCCD) are implicitly covered through the Paris Agreement and the Global Biodiversity Framework, given the strong Rio synergies between the conventions.

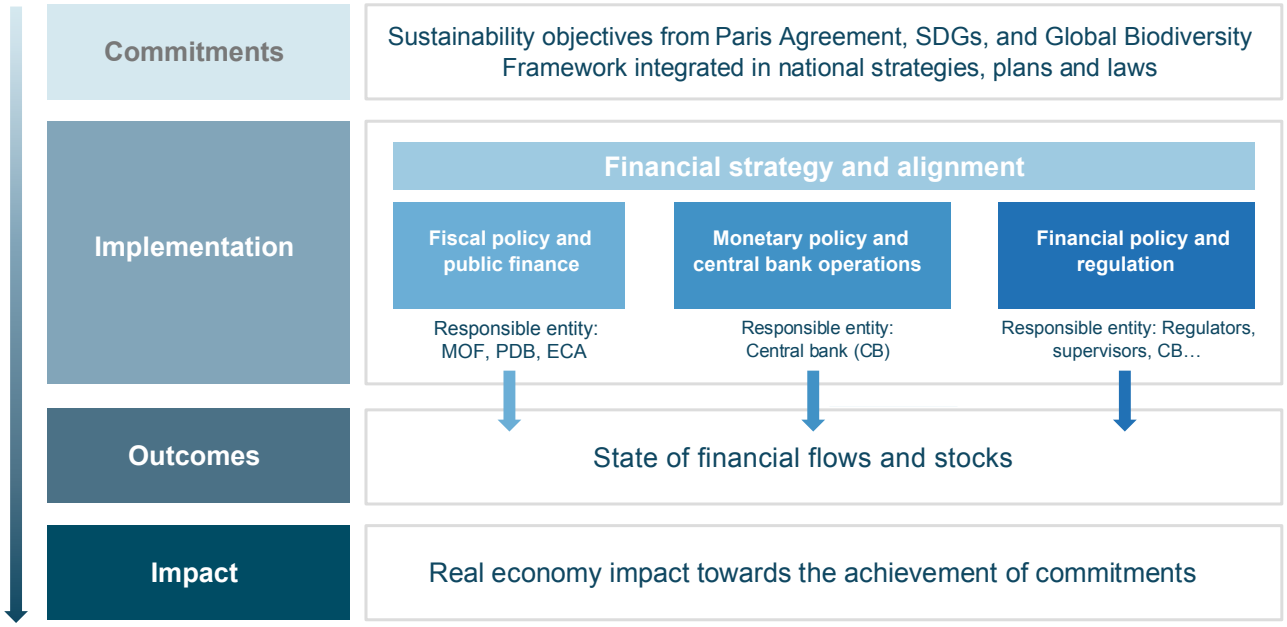
In line with the ToC, the framework is structured with four pillars:

- **Pillar 1: Commitments.** Focuses on the sustainability objectives and transition pathways established at the national level and how these are integrated into national planning processes, governance structures, and laws. International frameworks, including the PA, the SDGs, and the GBF, provide key reference points for these objectives and pathways *(see Pillar 1 below)*.[5]
- **Pillar 2: Implementation.** Covers the realm of action by responsible entities in four action areas that contribute to scale-up and redirect financial flows and stocks toward sustainability objectives and away from unsustainable activities *(see Pillar 2 below).*
- **Pillar 3: Outcomes.** Refers to measurable changes in financial stocks and flows (scale, direction) and trajectory that result from action at the implementation stage, not necessarily as a result of a single action but rather from a combination of measures or policy packages, and ideally as part of an integrated strategy or plan *(see Pillar 3 below).*
- **Pillar 4: Impact.** Focuses on the effectiveness of finance in the form of real-economy impact toward the achievement of commitments or sustainability objectives (e.g., emissions reductions, improvement in biodiversity conservation indicators, increased accessibility of clean energy technologies by low-income households) *(see Pillar 4 below).*

Figure 1 illustrates this ToC and the framework's high-level structure. It shows how commitments set the direction for action, how responsible entities act across key policy domains, and how these actions may contribute to financial outcomes and, over time, to broader real-economy impacts.

It is intended as a simplified guide to the frameworks logic and to the sections that follow, with particular emphasis on the implementation and outcomes dimensions that form the core focus of the assessment. The framework does not seek to establish causal relationships between individual policy actions and observed financial outcomes at this stage. Instead, it adopts a contribution approach, recognising that changes in financial flows and stocks reflect the combined influence of multiple policies and broader economic and financial factors.

Figure 1: SFP framework's high-level building blocks and Theory of Change



Note: Own illustration.

The core areas that the framework tracks are in the implementation pillar and the related outcomes pillar, which together capture how policy action and financial flows can support progress toward sustainability objectives, ultimately reflected in real-economy impacts[6]. The proposed focus for the assessment includes commitments as targets and pathways for implementation, while impact is not included at this stage. Although conceptually essential, impact extends beyond the scope of finance alone, and its systematic inclusion in a comprehensive cross-country assessment framework would require additional capacity and stronger empirical evidence for assessing the links between policy actions, financial flows, and real-economy outcomes. These links are inherently complex due to long causal chains, interactions between policies, time lags, and context-specific factors (König-Sýkorová et al., 2026; Outlaw et al., 2026). The SFP framework therefore adopts a contribution approach, recognising that observed changes in financial flows and stocks cannot generally be attributed to individual policy instruments acting in isolation.

The SFP framework pillars and action areas are further detailed below.

Pillar 1. Commitments

The commitments pillar focuses on how international sustainable development objectives are reflected in domestic frameworks that define national direction and institutional intent. It examines the extent to which the SDGs, the PA, the GBF, and associated instruments are embedded in legislation, institutional arrangements, strategies, and plans at the country level. While broader trade, debt, and financial-system reforms such as commitments under the World Trade Organisation (WTO), the United Nations (UN) Tax Convention, International Maritime Organisation (IMO), as well as the International Monetary Fund (IMF) debt reforms also matter for finance flows and stocks, they fall outside the direct scope of the sustainability objectives of the SFP framework's ToC (figure 1). Assessing national-level adoption of these commitments is essential, as they only influence real-world sustainable financial decisions when they are translated into national objectives and governance structures that establish priorities, frame expectations, and provide a basis for subsequent policy action. In this sense, the commitments pillar captures whether the transition is anchored in a recognised domestic mandate that can orient public institutions, signal long-term direction to market participants, and provide the foundation for implementation.

Table 1 illustrates the scope of the commitments pillar and the main dimensions proposed to assess commitment. It indicates which international commitment areas are covered, the types of domestic frameworks that are examined for evidence of national-level adoption, and the public authorities most directly involved in translating international commitments into national direction and governance arrangements. While the commitments pillar captures international commitments, the implementation pillar, Pillar 2 below, covers the national finance or sustainable finance strategies to meet these obligations.

[6] Real-economy impacts may include changes in greenhouse gas emissions, job creation, economic output, inequality, etc.

Table 1: Commitments pillar – Assessment of international commitments and national-level adoption

Responsible entities: All government bodies with leadership from Ministries of Environment, Ministries of Foreign Affairs		
Sustainable Development Goals	**Paris Agreement**	**Global Biodiversity Framework**
Strategic and legal integration (e.g. national strategies, plans, laws such as NDCs, LTSs, NBSAPs, SDG roadmaps, and other relevant climate, nature and sustainable development strategic planning instruments and laws)		
Governance and institutional arrangements (e.g. inter-institutional coordination bodies and other governance arrangements supporting implementation of climate, nature and broader sustainable development objectives)		
Reporting (transparency) and progress monitoring (e.g. national SDG progress reporting and Voluntary National Reviews (VNRs), reporting and progress monitoring under the PA and GBF)		

Pillar 2. Implementation

The implementation pillar focuses on public action to steer financial flows toward sustainable development objectives. Its importance lies in the fact that financial systems respond to concrete policy frameworks — not only to long-term commitments — through the incentives, constraints, and institutional signals created by governments and public authorities. Looking at implementation therefore makes it possible to assess whether the policy foundations for transition are being put in place: whether authorities are shaping markets, guiding investment, managing risks, and building the institutional conditions needed for finance to support sustainability objectives in practice. In future iterations, the framework may look at sub-national responsibilities in federal systems where relevant; for this iteration, it focuses on the national level. Pillar 2 covers progress in the introduction and/or updating of financing strategies and plans, alignment approaches, and real-economy and financial policies and instruments across four action areas. These include:

- **Financial strategy and alignment,** which is key to ensuring policy coherence and providing clear, economy-wide guidance on the meaning of sustainable finance. This pillar covers financial strategies and plans, principles, and taxonomies[7] concerning a wide range of responsible entities and interinstitutional coordination platforms.
- **Fiscal policy and public finance,** broadly encompassing the scope of action of government institutions with mandates to shape real-economy incentives and allocate, mobilise, or channel public financial resources, including finance and sectoral ministries (e.g., energy, forestry, agriculture) and other public actors, such as public development banks.
- **Monetary policy and central bank operations,** covering action by central banks within both narrow and broader mandates. This includes action related to risk management and financial stability and, where mandates allow, action that can support the financing of the transition.
- **Financial policy and regulation,** focusing on the scope of action of financial regulators, supervisors, and other national competent authorities shaping the rules, oversight, and guidance for private actors, including financial institutions. It is relevant to ensure minimum exposure of financial market participants to systemic climate and nature risks, and to incentivise investment in sustainable activities.

[7] In the SFP, taxonomies are considered as economy-wide alignment frameworks that help define sustainable activities across sectors and are therefore covered under the alignment area.

Pillar 2 of the SFP framework is concerned not only with whether policies exist, but also and more importantly, with their quality. This reflects the fact that the effectiveness of public action depends heavily on design features such as ambition, compliance, stringency, scope, transparency, and operational clarity. Measures that appear similar on paper may differ substantially in how far they shape incentives, guide markets, interact with other measures, and influence financial flows in practice. For this reason, the assessment considers both policy existence and policy quality in order to better capture the substance of implementation rather than formal adoption alone.

The framework recognises that sustainable-finance policies operate within a broader real-economy policy environment; i.e., sectoral policies (industry, transport, agriculture, etc.) that shape investment opportunities, incentives, and constraints. While these policies are not systematically assessed by the SFP, their interaction with fiscal, monetary, and financial policy is important and considered for some real-economy policies and specifically within fiscal policy. Sectoral deep dives should be explored in future phases of the SFP development.

For each action area, more granular sub-action areas and indicator areas have been proposed.

Financial Strategy and Alignment

The financial strategy and alignment action area captures the crosscutting frameworks that help organise and orient sustainable finance action across the system as a whole. They cover two main elements. The first examines the extent to which national climate, nature, and sustainability goals are supported by financial strategies and plans, investment estimates, and other measures that can help connect planning tools for the achievement of sustainability objectives with finance for implementation. This category can include more granular plans, such as disaster risk management or social safeguards and goals (e.g., gender equality). The second element assesses the presence of economy-wide alignment frameworks, such as sustainable finance principles, taxonomies, and other approaches that create a shared basis for interpreting and steering finance across institutions and sectors.This category can include more granular plans, such as disaster risk management or social safeguards and goals (e.g., gender equality)[8]. The second element assesses the presence of economy-wide alignment frameworks, such as sustainable finance principles, taxonomies, and other approaches that create a shared basis for interpreting and steering finance across institutions and sectors.

Table 2: Action area 1 – Financial strategy and alignment

Responsible entities: Relevant government bodies and public authorities, including Ministries of Finance and Environment, inter-institutional coordination bodies, central banks, financial regulators and supervisors	
Financial strategies & plans	**Alignment approaches**
Estimated spending & investment needs to achieve sustainability objectives	Principles for alignment (e.g., G20 Sustainable Finance Roadmap principles, the Helsinki principles of the Coalition of Finance Ministers for Climate Action)
Investment & financing strategies / plans to address estimated needs	Sustainable / green finance taxonomies
	International public finance alignment (e.g., phase out fossil fuel public finance internationally)

[8] The incorporation of social safeguards and goals, such as gender-related objectives, employment security, poverty and inequality reduction targets, and the enhanced participation of Indigenous Peoples and local communities ensures the long-term effectiveness of sustainability-related policies and are hence essential for the success of a sustainable transition.

Fiscal Policy and Public Finance

The fiscal policy and public finance action area captures the main channels through which public authorities shape financial flows and investment decisions by way of public resources, fiscal incentives, and cross-border public finance. This area is a central lever for aligning and mobilising finance with climate, nature, and broader sustainable development objectives, since it influences both the allocation of public resources and the incentives, as well as constraints, facing private actors. Finance ministries and other responsible entities can play a central role through expenditure and investment, taxation and pricing instruments, subsidies, and other fiscal incentives (The Coalition of Finance Ministries for Climate Action, 2026). This action area is organised into categories spanning both domestic fiscal instruments and international public finance.

Table 3: Action area 2 – Fiscal policy and public finance

Responsible entities: Finance ministry, Treasury, Public Development Banks, other public investment vehicles and government bodies						
Fiscal frameworks & rules	**Budgeting**	**Taxes & pricing instruments**	**Subsidies & other incentives**	**Domestic public investment vehicles**	**Mobilisation & catalytic finance**	**International public finance**
Fiscal frameworks & rules	Budget tagging & tracking	Environmental taxation	Fossil fuel subsidies & othera incentives	National Development Banks	Sovereign bonds	Bilateral development finance institutions
Fiscal rules	Public investment guidance tools	Carbon pricing	Clean energy subsidies & other incentives	State-owned Enterprises	De-risking mechanisms	Export credit agencies
		Use of environmental taxation & carbon pricing revenue	Subsidies for household affordability of the transition	Public pension funds	Public-private investment platforms	International financial institutions & multilateral development banks
				Special-purpose vehicles	Carbon crediting frameworks	

The first two categories capture the public financial management (PFM) architecture through which sustainability objectives can be embedded into fiscal decision-making. Fiscal frameworks and rules matter because they can serve as the vehicle to anchor sustainability objectives in medium-term fiscal planning and help governments recognise and manage climate-related fiscal risks. Budgeting tools are equally important because they operationalise those objectives across the budget cycle, including through budget tagging and tracking, appraisal and selection processes, and public investment guidance (among others, see OECD, 2024).

The next two categories focus on the price signals and incentives created by fiscal policy, taxes, and pricing instruments, including environmental taxation, carbon pricing, and the use of related revenues. These instruments influence production, consumption, and investment choices across the economy. Alongside them, **subsidies and other incentives** shape the relative attractiveness of different

activities and technologies. Here, the distinction between fossil-fuel support, clean-energy support, and measures aimed at the affordability of the transition is especially important because subsidy design can either lock in unsustainable patterns or accelerate structural change while cushioning social impacts.

The fifth and sixth categories concern the public institutions and instruments through which governments channel or mobilise capital: domestic public investment vehicles, such as National Development Banks (NDB), State-owned Enterprises (SOE), public pension funds, and Special Purpose Vehicles (SPV). These vehicles provide direct channels for deploying public capital and, in some cases, for shaping markets and investment pipelines (e.g., Bhandari et al., 2021). Mobilisation and catalytic finance add a complementary layer by covering instruments intended to crowd in additional finance, including sovereign bonds, de-risking mechanisms (blended finance, FX risk mitigation), public-private investment platforms, and carbon crediting frameworks (e.g., OECD, 2026). Notably, in federal systems (not covered at this stage), these channels may also include sub-national Public-Private Partnerships (PPP) and concessions used to mobilise long-term infrastructure finance. The mobilisation and catalytic finance instruments are treated separately from international public finance.

The final category captures the international dimension of fiscal policy, namely the ways in which governments influence cross-border public finance flows. This includes bilateral development finance institutions, Export Credit Agencies (ECA) (Downie et al., 2025), and a country's role vis-à-vis international financial institutions and Multilateral Development Banks (MDB) (e.g., Michealowa et al., 2021). In this area, fiscal policy encompasses government-directed international public finance, including Official Development Assistance (ODA), which contributes to sustainability beyond domestic borders and reflects national ambition, accountability for shared outcomes, and alignment with investment strategies and international commitments.

Monetary Policy and Central Bank Operations

The monetary policy and central bank operations action area examines the channels through which central banks can incorporate sustainability considerations into their analytical frameworks, policy, internal operations, and balance-sheet management. Monetary and non-monetary policy tools[9], traditionally focused on price stability, liquidity management, and financial system functioning, are increasingly recognised as channels through which central banks can support or undermine sustainability objectives (Dickau et al., 2021). Climate, environment, and social risks are real (Battiston et al., 2021) and increasingly understood to affect inflation dynamics (e.g., Kotz et al., 2024), collateral valuations (e.g., adding a climate factor as done by the ECB [2025]), credit risk, and long-term financial stability (Bank of England, 2022; Kedward et al., 2022). This action area captures both the reactive, risk-oriented role of central banks in managing sustainability-related risks and, where consistent with their mandates, a more proactive integration of sustainability considerations into monetary and non-monetary policy operations. This includes measures to manage sustainability-related risks, avoid reinforcing unsustainable investment patterns through their own portfolios and operations, and align monetary policy instruments with national and international transition goals. It is structured around five categories.

[9] Monetary policy: Actions undertaken by a central bank to influence money supply and credit conditions in order to achieve price stability (and other macroeconomic objectives, when specified by their mandate); Non-monetary policy: Strategies, governance arrangements and institutional actions undertaken by a central bank that are outside the scope of monetary policy instruments and objectives; Monetary policy operations: operations conducted for the implementation of monetary policy (association with monetary policy asset portfolios); Non-monetary policy operations: operations conducted for the management of central banks' non-monetary policy asset portfolios (own fund, pension funds); Internal central banking operations: operational practices and infrastructure of the central banks (day-to-day operations not linked to asset management, like buildings and IT energy consumption, travel emissions, etc.).

Table 4: Action area 3 – Monetary policy and central bank operations

Responsible entities: Central banks				
Ambition & transparency	**Credit operations**	**Securities market operations**	**Macroeconomic analysis & policy frameworks**	**Own funds & other nonmonetary policy portfolios**
Strategy & mandate, (including membership in leading peer groups)	Discount rates on loans (including targeted refinancing)	Domestic asset purchases (monetary policy portfolio)	Climate-integrated macroeconomic analysis & policy frameworks (inflation targeting, stress testing)	Asset management of nonmonetary policy portfolio
Climate disclosure of own balance sheet	Climate-aligned collateral frameworks	Foreign exchange reserves & international portfolio management		
Transition plans of central banks	Climate-related disclosure requirements for counterparties			

First, the ambition and transparency sub-action area evaluates the extent to which central banks articulate and disclose how sustainability considerations relate to their mandates, strategies, and internal operations. This includes strategy and mandate statements (Dickau et al., 2021), climate disclosure of the central bank's own balance sheet, transition plans, and participation in leading international peer networks, such as the Network for Greening the Financial Sector (NGFS). On transition plans, it refers to a central bank's own transition plan, which may be a long-term strategy to align monetary and non-monetary balance sheets with the central bank's mandates and objectives through the introduction of dedicated instruments. These elements do not by themselves change financial flows, but they shape institutional credibility, policy consistency, and market expectations. They also help signal how far sustainability-related risks and transition considerations are being recognised at the strategic level and whether central banks are building the governance foundations needed for more operational action.

Second, the credit operations category focuses on integrating sustainability considerations into the lending terms under which central banks provide liquidity to counterparties. This includes the use of discount rates on loans (targeted refinancing or long-term funding facilities), the application of climate-aligned collateral frameworks, and the introduction of mandatory climate-related disclosure requirements for counterparties. Discount rates of loans for commercial banks to allocate to green projects and increase their stock of green credit and boost green deposits are identified as effective tools in alleviating the financial risks associated with climate change (Wang et al., 2025). Where mandates allow,

[8] Monetary policy: Actions undertaken by a central bank to influence money supply and credit conditions in order to achieve price stability (and other macroeconomic objectives, when specified by their mandate); Non-monetary policy: Strategies, governance arrangements and institutional actions undertaken by a central bank that are outside the scope of monetary policy instruments and objectives; Monetary policy operations: operations conducted for the implementation of monetary policy (association with monetary policy asset portfolios); Non-monetary policy operations: operations conducted for the management of central banks' non-monetary policy asset portfolios (own fund, pension funds); Internal central banking operations: operational practices and infrastructure of the central banks (day-to-day operations not linked to asset management, like buildings and IT energy consumption, travel emissions, etc.).

central banks may depart from a strictly market-neutral approach by favouring counterparties, sectors, or assets with lower exposure levels to sustainability-related risks. These tools can encourage credit recipients to reduce their own exposure to such risks over the mid- to long-term, such as by investing in net-zero technologies or restructuring their business models to account for sustainability risks along their supply chains and production processes. Evidence shows that green credit policies are associated with improved financial performance by supervised banks (Al frijat et al., 2025). Disclosure requirements on (non-) financial corporates play a critical enabling role by ensuring the availability, consistency, and granularity of data needed to design and implement such policy measures (e.g., Campiglio et al., 2018).

Third, securities market operations capture how climate and broader sustainability-related risks are reflected in domestic asset purchases and in the management of foreign exchange reserves and international portfolios. Through their influence on asset prices, yields, and risk premiums, these interventions can affect relative funding costs and contribute to the more accurate pricing of climate- and transition-related risks. This category therefore examines whether sustainability considerations shape portfolio design and management, including through asset selection, tilting, exclusion approaches, and broader portfolio-management practices (e.g., Fender et al., 2020).

Fourth, the macroeconomic analysis and policy frameworks category examines whether climate and sustainability-related factors are embedded in the core analytical tools and policy frameworks that inform monetary policy. This includes the integration of climate and environmental risks into inflation-targeting frameworks (Latif, 2025; Ryan-Collins et al., 2026), scenario analysis, and forecasting models. Incorporating these considerations into macroeconomic analyses helps to ensure that monetary policy decisions reflect the potential impacts of climate change and transition dynamics on price stability, financial stability, and economic performance.

A final category focuses on central banks' own funds and other non-monetary policy portfolios; that is, on the asset management of portfolios outside the core monetary policy responsibility. This includes whether central banks invest in labelled and thematic instruments, integrate climate and environmental factors into nonmonetary portfolios, or align internal operations and balance-sheet management with longer-term sustainable finance objectives. For central banks operating under narrow mandates, these portfolios can represent the primary channel through which they can support sustainability and transition goals (e.g., NGFS, 2020; NGFS, 2024).

Financial Policy and Regulation

The financial policy action area covers the rules, supervisory practices, and market-governance frameworks through which public authorities shape the behaviour of private financial actors and the functioning of financial markets. It focuses on how regulators, supervisors, central banks, and other competent authorities influence risk assessment, information disclosure, product governance, and market conduct. Prudential authorities (macro and micro) typically focus on the safety and soundness of financial institutions and the stability of the system as a whole, while market authorities focus on disclosure, consumer protection, and market integrity. Targeted actors include commercial banks, insurers, asset managers, corporate entities, pension funds, and other institutional investors. At its core, financial policy seeks to preserve financial stability, mitigate systemic risks, and protect the public interest by preventing the failure of financial institutions, while addressing information asymmetries through disclosure, transparency, and consumer protection measures that support informed decision-making and market integrity.

Table 5: Action area 4 – Financial policy and regulation

Responsible entities: Financial regulators, supervisors, central banks, and other market authorities				
Macroprudential regulation & supervision	**Microprudential regulation & supervision**	**Disclosure and transition plans**	**Sustainable investment products**	**Financial market regulation**
Stress testing and system-wide scenario analysis	Differentiated prudential capital requirements	Mandatory climate & sustainability disclosure	Sustainable investment products regulation	Sustainability listing requirements
Macroprudential buffers	Prudential reporting requirements	Sustainability data management	Guidelines for sustainable finance instruments and labelled products	Sustainability integration in fiduciary duties
Large exposure restrictions (LER) and concentration risk limits	Supervision review process	Transition plans (risks & impacts)		Sustainability in stewardship codes
	Prudential transition plans			Greenwashing regulation
	Capacity building & technical assistance			

The categories are interconnected rather than independent. In particular, disclosure and transition-planning requirements provide information that can inform investor duties, stewardship, supervision and other market-conduct mechanisms. Assessments should therefore consider, where relevant, whether the regulatory architecture supports not only the production of sustainability information but also its use by financial actors.

The first two categories encompass prudential regulation and supervision with the aim of ensuring the resilience and soundness of the financial system as a whole and of its institutions. Macroprudential instruments, help identify and manage systemic vulnerabilities, including those arising from climate and environmental risks. These include tools such as stress testing (deMenno, 2023), scenario analysis, capital buffers (Bartsch et al., 2024), and large exposure limits. At the level of individual institutions, microprudential regulation can require banks and other financial entities to account for climate and nature risks when calculating their mandatory capital requirements. (e.g., Castren et al., 2024; Wang et al., 2025). Measures like the supervisory review process, prudential reporting (e.g., Grill et al., 2024), and transition planning foster the integration of climate-related financial risks into institutional risk management. Capacity building and technical assistance measures for financial institutions should aim to identify, assess, and manage climate and environmental risks for enhancing prudential policy (e.g., König-Sýkorová et al., 2024).

The disclosure and transition plans category examines the extent to which sustainability related information and forward-looking planning inform decision-making, and accountability and transparency in financial and corporate sustainability performance are promoted. Mandatory climate and sustainability disclosures, complemented by robust data management systems (digital taxonomies, tagging, and public data utilities), reduce information asymmetries and allow markets and supervisors to better price and monitor sustainability risks change (Wang et al., 2025). Transition plans outlining institutions' strategies to manage and mitigate their climate and environmental impact are key to tracking alignment with national and international climate goals, and thus are an essential enabler of market discipline and credible decarbonisation pathways (e.g., Dickau et al., 2022; Christensen et al., 2021).

A third category covers sustainable investment products and instruments, such as green bonds and ESG-labelled funds, which can help channel private capital toward environmentally and socially beneficial activities. Clear labelling frameworks, product guidelines, and standards for sustainable finance instruments (covering both primary and secondary markets) can strengthen investor confidence, reduce the risk of greenwashing, and support greater consistency between financial innovation and transition objectives (e.g., Owusu et al., 2025; Negi et al., 2025).

Last, the financial market regulation category underpins market integrity and investor protection while embedding sustainability considerations into governance and conduct. Policies such as sustainability listing requirements, integration of ESG criteria into fiduciary duties (e.g., Latella, 2023), stewardship codes (e.g., OECD, 2025), and greenwashing prevention frameworks (e.g., EBA, 2024) ensure that sustainability is systematically integrated into investment decision-making and corporate accountability. These measures help to align capital markets with broader sustainability goals, reinforcing trust and transparency as key enablers of sustainable finance.

Pillar 3: Outcomes

The outcomes pillar captures the measurable financial results associated with implementation and reflected in observable changes in the scale, direction, and trajectory of financial stocks and flows. These include shifts in investment flows, sectoral capital allocation, public and private expenditure, credit exposure, and the composition of financial portfolios across asset classes. Financial outcomes bring evidence of whether policies put in place have effectively redirected finance toward activities that contribute to sustainability objectives and away from those that undermine them. This evidence is provided through a set of indicators that provide both granular and aggregated insights on financial flows and stocks in connection with the four action areas, as illustrated in figure 4 below and further detailed in the Methodological Annex (separate document).

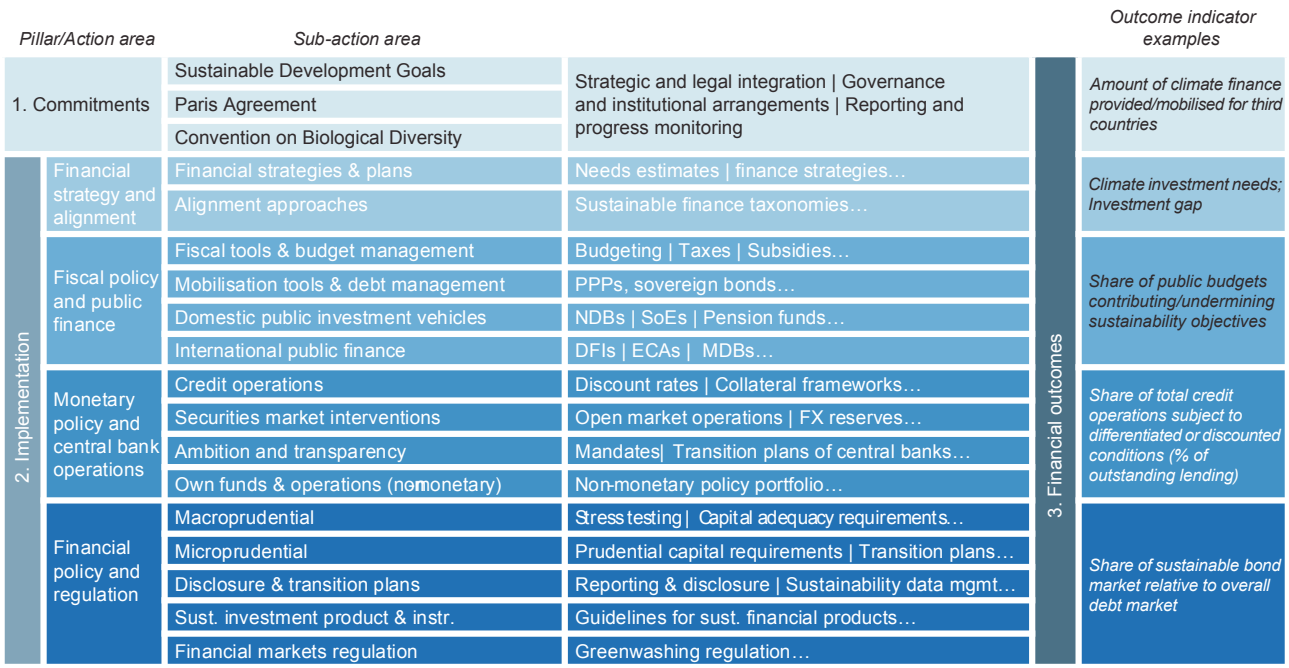
The SFP framework aims to contextualise country-level progress on sustainable finance by linking financial outcomes to relevant sectoral and economy-wide trends. Where possible, financial outcomes are considered relative to an appropriate reference point, so that changes are seen in context rather than in isolation. However, where such data are not available, absolute figures are used as a fallback. In addition, as countries use different definitions, taxonomies, or tagging methods, comparisons of financial outcomes should be read with caution, as the result may reflect classification choices as much as underlying financing volumes.

[10] At this stage, the outcomes layer is mainly captured through flow-based indicators, as stock measures require consistent historical series and clearer methods to account for additions, retirements, and other changes over time. Broader stock coverage may therefore be developed in future iterations as data availability and comparability improve.

The SFP framework adopts a contribution approach, recognising that changes in financial flows and stocks[10] are rarely attributable to a single policy instrument acting in isolation. Financial outcomes reflect the combined influence of policies, regulations, strategies, institutional reforms, market responses, and broader contextual factors that together shape the enabling environment for the transition. The rationale is not to attribute specific financial shifts to individual measures through causal identification, but to assume that implementation efforts contribute to shaping these outcomes. Short-run changes in financial outcomes should not be interpreted as direct effects of the assessed measures, and future iterations could strengthen the analysis by incorporating longer time series for some indicators using comparator baselines, and sensitivity checks to better isolate these influences from the assessed policy mix. While the structure of the SFP framework does not allow for a causal interpretation of the link between policy action and observable changes in financial behaviour and resource allocation, it offers a context-specific and cross-sectoral approach that can inform the assessment of policy effectiveness.

Policy and financial outcome indicators should be interpreted as potentially inter-connected, but not as evidence of cause and effect in either direction. Strong implementation alongside weak outcomes may reflect time lags, policy interactions with compensating effects, or exogenous factors (e.g., changes in interest rates that impact the financial system, economic shocks, etc.) rather than mere policy failure. Conversely, strong financial outcomes alongside weak policy implementation may reflect structural conditions, market dynamics, or temporary effects and should not be interpreted as evidence that policy action is ineffective or unnecessary.

Figure 2: An overview of the SFP framework high-level structure: from commitments to outcomes



Note: Sub-action areas and indicator names were shortened to fit the format.

Pillar 4: Impact

The impact pillar focuses on the extent to which financial outcomes are associated with real-economy change in support of sustainability objectives. This means examining whether shifts in financial flows and stocks are contributing to changes in environmental, social and economic conditions beyond the financial system, including, for example, changes in GHG emissions, climate resilience, and the state of nature and biodiversity, as well as associated socio-economic outcomes such as affordability, inclusion, employment and inequality. In the ToC, impact therefore represents the stage at which financial-system shifts contribute to the achievement of commitments. In its current form, the framework is primarily oriented toward climate and nature-related impacts, while socio-economic dimensions are partially considered, particularly where they intersect with climate and nature objectives, but are not yet addressed systematically across the framework. Socio-economic real-economy impacts, including affordability, inclusion, employment, and inequality, remain important areas for future exploration, provided they can be defined and measured alongside appropriate climate and nature metrics.

Impact is therefore explicitly included in the ToC but is not assessed through indicators at this stage. Assessing impact in a robust and comparable way would require additional capacity, longer time horizons, and stronger empirical evidence on the links between finance, policy action, and real-economy outcomes than is currently feasible, as ex post policy evaluation shows that policy effects are difficult to disentangle within broader policy mixes (Stechemesser et al., 2024). Developing an appropriate approach to measuring impact, including the interactions between environmental and socio-economic outcomes, remains an area for future development.

2.2. Designing and testing a country-level assessment framework

The conceptual foundations and structure of the SFP framework were translated into a country-level assessment framework designed to generate policy-relevant insights while remaining sensitive to national context.[11] The aim is not to prescribe a single model of sustainable finance action but to provide a structured basis for understanding how countries are progressing in light of their own institutional arrangements, starting points, and transition pathways. At the same time, the framework seeks to allow comparability, to the extent possible, so that lessons on progress and gaps can be identified and shared across countries.

The assessment structure provides the analytical basis for gathering and organising country-level information across the framework's pillars and action areas in a comparable way. It is built around qualitative and quantitative indicators. Each sub-action area includes one or more indicator areas for which indicators are formulated as statements. Indicators are then broken down into more granular sub-indicators, referred to as cascading components, that are formulated as questions that follow this logical three-level sequence to capture:

- **Policy existence:** through qualitative indicators that assess whether relevant strategies, governance arrangements, and policy instruments are in place and trigger the following level if existence is confirmed.
- **Policy quality:** through qualitative indicators that examine the ambition, stringency, depth, scope, enforceability, transparency, sectoral coverage, and coherence of these measures with sustainable transition pathways.
- **Policy outcomes:** through qualitative and quantitative indicators that capture, on one hand, transparency of financial outcomes, and, on the other, measurable changes in financial flows and stocks.

[11] Adaptability to the local context is achieved through two approaches: the possibility of grading a non-applicable indicator as such, and the integration of different benchmarks across countries.

This structure is intended to capture both the existence and quality of progress. It does not simply record whether a measure exists but also examines whether its design quality is sufficient to contribute to the stated transition objectives. This is accomplished by highlighting the distinct categories of formal policy adoption, the strength of policy design, and the observable financial changes associated with implementation.

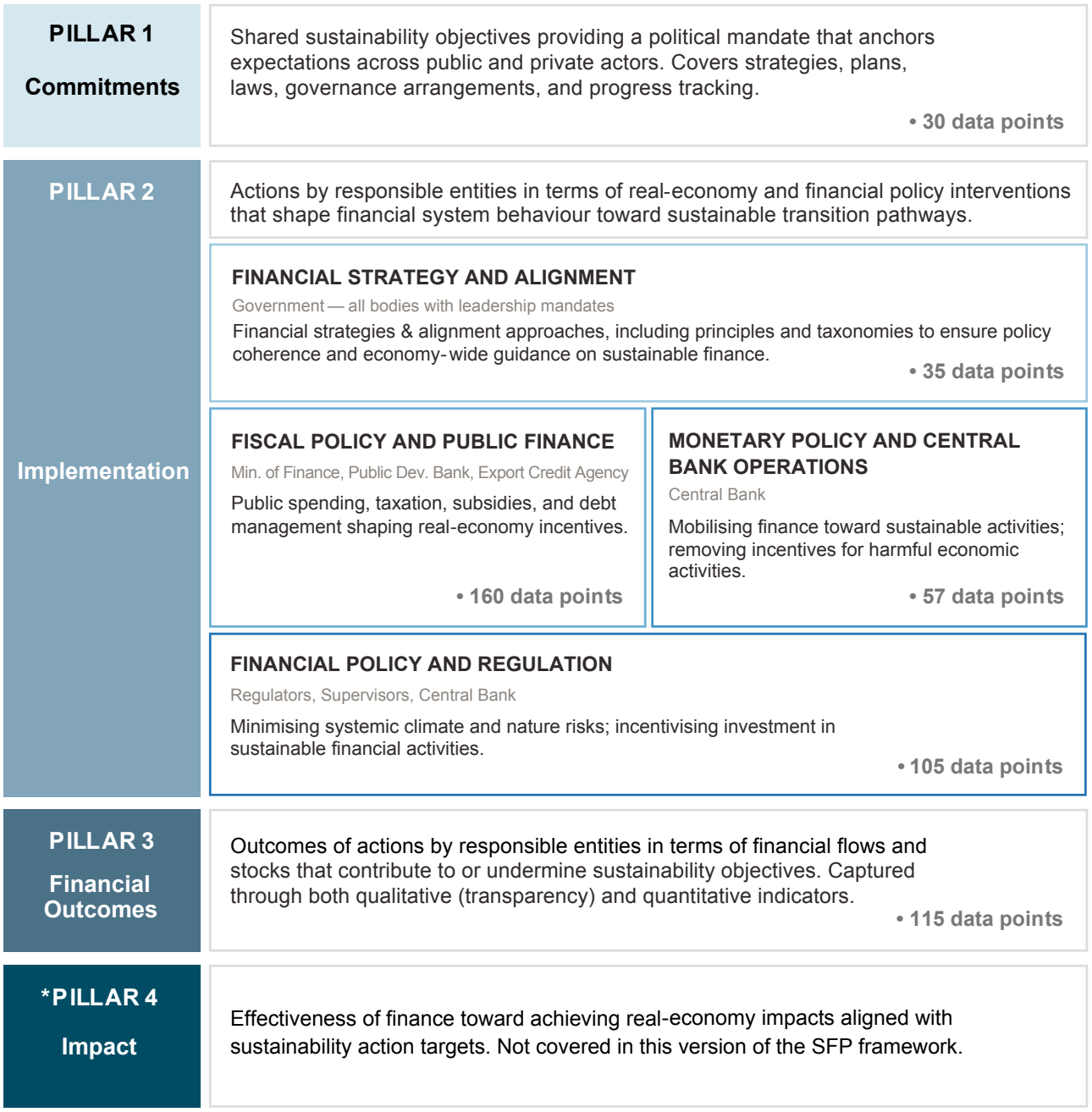
The assessment structure is also designed to accommodate cross-country differences in how sustainable finance is pursued. It builds on existing indicators from identified data sources wherever possible, while also incorporating ideal indicators[12] where important dimensions of progress were identified but suitable sources had not yet been found. In this way, it serves not only as a tool for assessment, but also as a means of highlighting remaining data and measurement gaps in the sustainable finance landscape. Indicators are adapted where necessary to reflect institutional differences across jurisdictions, including between advanced and emerging economies, and some questions may not apply in all country contexts. Where relevant, ambition levels are interpreted in light of national circumstances and the principle of common but differentiated responsibilities and respective capabilities (CBDR-RC). Sustainable finance ecosystem mappings carried out by country teams were a key step of the piloting process for this purpose. The framework thus supports cross-country learning and comparability without assuming uniform institutions, policy mixes, or transition pathways.

In total, the assessment structure includes over 60 indicators and 400 sub-indicators covering qualitative and quantitative data points. The number of data points does not imply the relative importance of a given action area. Figure 3 below illustrates this structure.

The framework is primarily designed as a comprehensive diagnostic and action-oriented toolkit that helps countries identify relevant policy options, gaps, and opportunities for progress. Its breadth is therefore informative and should not be interpreted as a prescriptive checklist. Sensitivity to country-specific policy trends and instruments is considered when necessary to highlight progress. While financial outcome indicators are usually time-sensitive, indicators related to policy existence and ambition are more static. A subset of indicators and associated scoring logic can be updated more frequently as new data become available, while the broader framework can be repeated at regular intervals to track change over time.

[12] Ideal indicators are not weighted or graded differently than those extracted from existing sources.

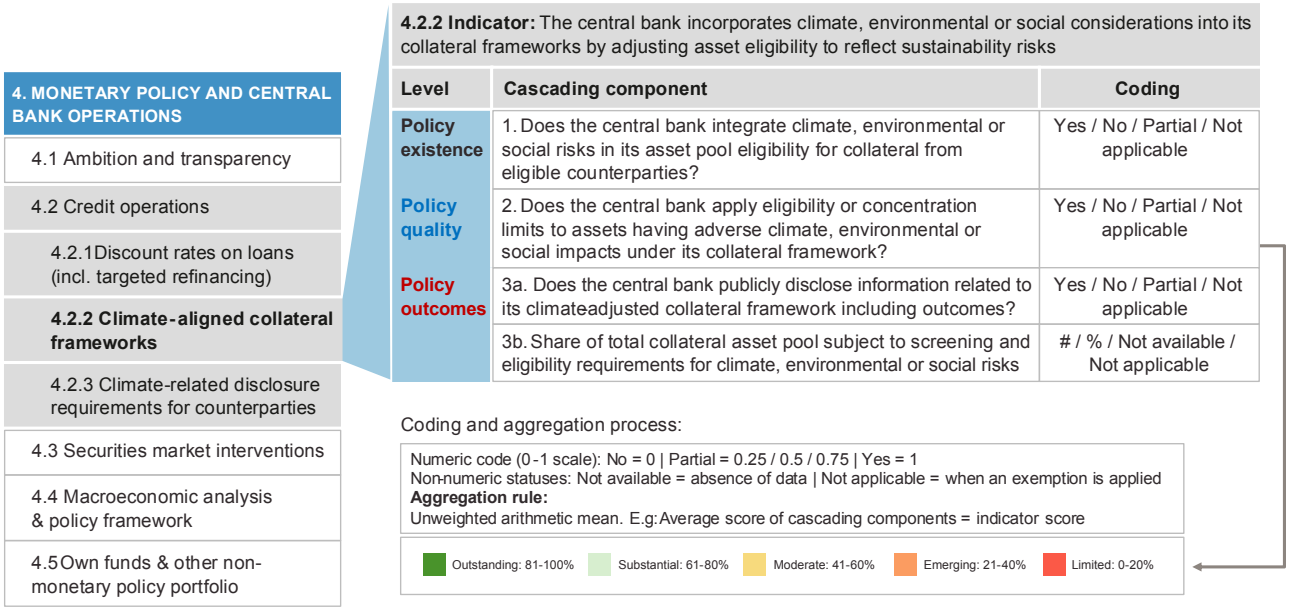
Figure 3: Assessment structure of the SFP framework



Note: Own illustration. Pillar 4 is not covered in this version of the SFP framework.

The assessment methodology combines a qualitative and quantitative assessment logic with a multilayered grading system to identify both progress and gaps. Cascading questions are answered based on structured desk research. Qualitative answers to questions — referred to as "score backing statements" — provide the basis for qualitative coding and quantitative analysis using a grading system illustrated in Figure 4 below. Cascading component scores are then aggregated into an indicator-level score that reflects both the presence and quality of policy action, while distinguishing it from outcome measurement. These scores are then translated into a progress scale to summarise performance in each action and sub-action area.

Figure 4: SFP framework assessment logic and grading system



Note: May be subject to further changes as the project evolves. Own illustration.

In addition to the three-level coding to assess policy existence and quality, two categories were used to identify data gaps and accommodate cross-country differences. A „Not available“ code was used to flag when information that was needed to answer a cascading question was not found. A „Not applicable“ code was assigned whenever a question could not be addressed due to structural or systemic reasons relevant to the corresponding jurisdiction, rather than in cases of inaction or misalignment in policymaking. For example, if the country did not have an NDB, it would be exempt from related indicators. Thus, indicators are never missing from the assessment, but they can be graded with either 0 (lowest score), “Not available”, or “Not applicable” depending on the context.

At this stage, the grading system does not include weighting or cover the outcomes level. Therefore, all indicators were assessed on an equal ground, and scores reflect inputs from qualitative indicators only, capturing insights from policy existence and quality. Weighting based on policy relevance or hierarchy is an element that was recommended by several experts and is planned to be further explored in future iterations of the framework (see section 4.1. on lessons learned).[13] In addition, a thorough assessment of quantitative outcomes indicators is also intended to be explored with consistent historical data and clear benchmarks over time, which could not yet be covered under the timeline and capacity constraints in this exercise.

Scores and outcome indicators must be read side by side, but not as evidence of cause and effect in either direction. Strong implementation alongside weak outcomes may reflect time lags or exogenous factors rather than policy failure. Conversely, strong outcomes alongside weak implementation may reflect structural conditions, market dynamics, or temporary effects and should not be interpreted as evidence that policy action is unnecessary.

[13] For instance, drawing on approaches such as V-Dem’s aggregation of difficult-to-observe concepts into valid and reliable estimates (Varieties of Democracy Institute, 2024) may provide a suitable method

This approach was tested through five country pilots carried out with in-country partners. For this first piloting exercise, the thematic scope focused on climate and nature objectives, while also reflecting broader sustainable development objectives at the commitment level and social aspects where relevant and feasible. The geographical scope covered five G20 economies: Brazil, France, Germany, Indonesia, and South Africa. **The assessment framework developed for this purpose includes an assessment structure and a methodology with a grading system, both refined through lessons from the piloting process.**

3. Insights from piloting the SFP framework in five countries

The SFP framework was piloted to test the applicability, coherence, and usefulness of the assessment structure and methodology across diverse institutional and policy contexts. The country pilots should be understood primarily as a testing phase for the framework itself rather than as final country assessments. The findings presented are therefore preliminary and indicative, meaning that they illustrate the framework's potential rather than constitute definitive country assessments. The main purpose is to show what the piloting process revealed about the ability to generate relevant insights, with adjustments needed, and what this implies for further refinement. The preliminary findings in this section provide a concise overview of what the pilot revealed, while more detailed country-level results are presented in Tables A1–A5 in the Annex. The pilot tests ended in April 2026. Therefore, changes in the regulatory environment, legal frameworks, policies, and names of ministries that occurred after April 2026 are not reflected in this working paper.

3.1. What the pilot process tested

In practice, the pilots tested not only the availability of relevant evidence but also the suitability of the indicators, the clarity of definitions, the consistency of grading, and the extent to which the framework could capture meaningful differences in national policy and institutional settings. This was particularly important for identifying where questions were non-applicable, where indicators needed to be reformulated, and where structural differences between countries needed to be better reflected without undermining comparability.

The piloting process also provided an opportunity to test whether the SFP framework addresses some of the identified recurrent weaknesses of existing tracking efforts. Table 6 summarises what the pilots suggest the framework can add in practice, while also making clear that these are still provisional conclusions from a testing phase.

Table 6: How the SFP framework piloting addresses key tracking gaps

Known gap	Addressed by the SFP pilot
Weak feedback loops	Consistent tracking against a shared indicator set helped generate structured indicator-level findings that can support evidence-based dialogue and course correction.
Prevalence of static assessment approaches	A subset of indicators and associated scoring logic can be updated more frequently as new data become available, while the broader framework can be repeated at regular intervals to track change over time.
Limited visibility beyond formal reporting	Bottom-up assessment surfaced implementation gaps that are not captured in formal reporting, providing more granular and complete data at the indicator level.
Reliance on partial self-assessments	Independent application reduced inconsistency and selectivity inherent to self-reporting.
Piecemeal and fragmented tracking	Integrating commitments and fiscal, monetary, and financial policy into one framework generated a comprehensive "whole-of-system" assessment within the framework's defined scope, while not covering the impact dimension at this stage.

At the same time, the piloting revealed important methodological and practical constraints. These include diverging definitions, uneven data availability, calibration challenges across country contexts, and limits to the treatment of financial outcomes (further detailed in Section 4.1). The first pilot results are preliminary and do not yet allow a robust conclusion on whether stronger commitments and implementation are consistently associated with better financial outcomes across countries. The cross-country (Section 3.2) and country-level (Section 3.1) findings presented in the next sections are complemented with insights into opportunities for further action and methodological challenges at a glance.

3.2. Cross-cutting insights

Several cross-cutting insights emerged from the pilot process.

The framework proved applicable across diverse country contexts. Across the five pilots, it was possible to generate a structured picture of commitments, implementation measures, and financial outcomes despite significant differences in political economy, governance arrangements, and levels of sustainable finance maturity. This suggests that the overall architecture of the framework is sufficiently robust to support further testing, while also confirming the need for contextual interpretation.

An integrated approach added clear analytical value. Looking simultaneously across commitments, fiscal policy, monetary policy and central bank operations, financial policy and regulation, and outcomes helped produce a more complete picture than fragmented or single-domain tracking efforts. This was particularly useful for identifying where strategic commitments existed without corresponding implementation measures, and where coordination across actor groups was insufficient and implementation was taking place without sufficient transparency on financial outcomes.

Context sensitivity comes first in the assessment. The pilot process showed that comparability cannot be achieved simply through a common indicator set. Several indicators required adjustment or careful interpretation in light of differences in institutional mandates, public finance structures, market

configurations, and national policy settings. The framework aims to generate actionable country-specific insights, while comparability is pursued only to the extent that it does not override differences in national institutions, public finance structures, market configurations, and policy settings. The pilots therefore reinforced the importance of adapting indicators to country context rather than assuming institutional uniformity.

Data availability remains a major constraint. In several cases, relevant information was dispersed across institutions, not publicly available, or not reported in forms that support consistent comparison, particularly for quantitative financial outcomes. The pilots therefore highlighted not only policy gaps but also important transparency and reporting gaps that affect the strength of the assessment.

The pilot phase was as useful for refining the framework as for generating country-level insights. Beyond the preliminary country-level findings generated through framework application, the pilots identified where the framework is already robust, where further calibration is needed, and where methodological improvement should be prioritised. Thus, the pilot contributed both substantive insights and practical lessons for strengthening the structure and methodology. But first pilot results are preliminary and do not yet allow a robust conclusion on whether stronger commitments and implementation are consistently associated with better financial outcomes across countries.

3.3. Country-level insights

The country pilots generated preliminary insights on country progress that illustrate both how the SFP framework performs across different national contexts and how those contexts shape the structure of the framework. In line with the purpose of the pilot phase, the country snapshots below should be read primarily as evidence from applying and testing the assessment structure and methodology, rather than as complete or final country assessments. They combine four elements:

- a short description of the relevance of the SFP framework in the country context,
- the national sustainable finance landscape,
- a summary of what the pilot revealed about framework applicability in that context, and
- a concise overview of preliminary insights on country progress.

The more-detailed preliminary country tables A1–A5 detail progress, including what is moving forward and what requires further action in the respective pilot country.

The pilots for Indonesia, Brazil, and South Africa were essential, as they enabled the author team to test the framework's ability to remain flexible, and to avoid misleading comparisons where the underlying governance regime requires a different interpretation.

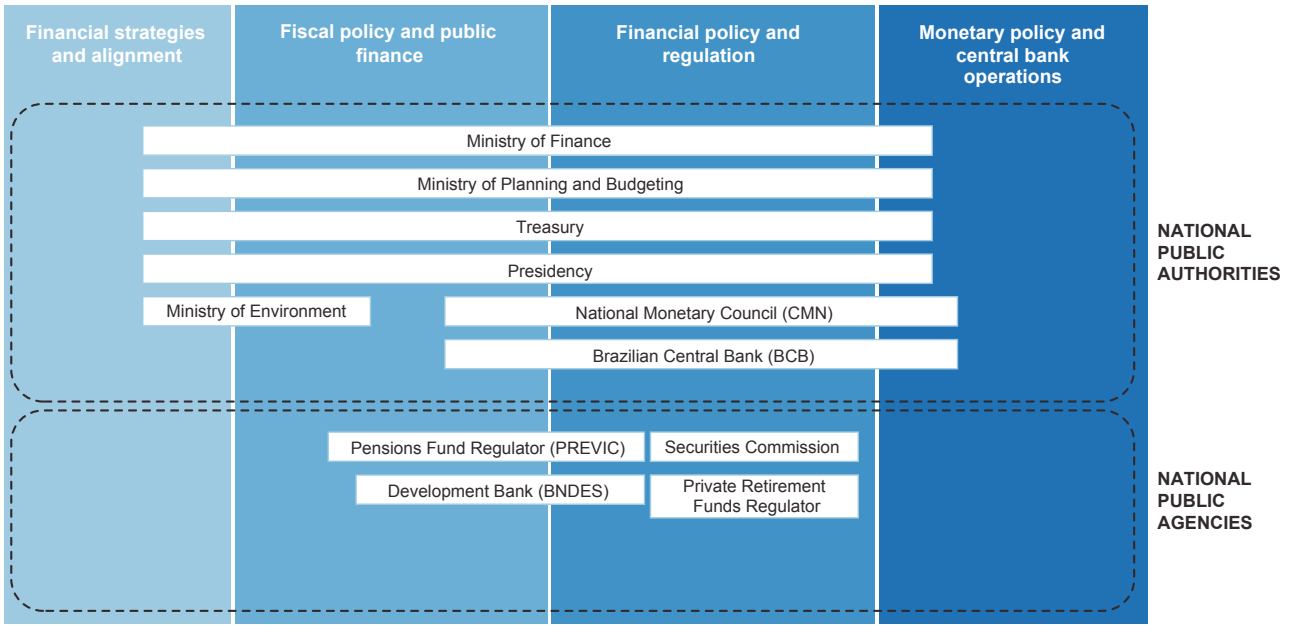
Brazil

Brazil provides a useful pilot context because it combines strong policy momentum on sustainable finance with a regulatory setting in which public regulation, market-based approaches, and disclosure frameworks interact in distinctive ways. Its federal governance structure highlighted a limitation of the framework's current national-level scope, as relevant policies and actions may be developed and implemented by sub-national authorities and are therefore not systematically captured by the assessment. The pilot helped test the extent to which the framework can capture progress in a system where public action is relatively advanced in some areas, while regulatory modalities and data availability remain uneven. It also brought

out an important methodological issue: the need to distinguish more clearly between different regulatory modalities, including mandatory rules and “comply or explain” approaches, and to reflect more explicitly how self-regulatory or market-led elements interact with public frameworks. The pilot pointed to gaps in financial needs assessment and in operationalisation of sustainability-related risks in prudential / central bank-related policies. It also highlighted limited availability of quantitative information on financial flows contributing to transition objectives.

Brazil’s sustainable finance landscape is shaped by a coordinated set of government institutions. The Ministry of Finance plays a central role in advancing sustainable finance policies, including sovereign sustainable bonds, the EcoInvest Program, and the broader Ecological Transformation Plan. The Ministry of the Environment and Climate Change leads the national climate policy and biodiversity strategy. The Central Bank of Brazil (BCB) integrates climate risk into prudential supervision and financial regulation, while the Brazilian Securities and Exchange Commission (CVM) is responsible for implementing mandatory climate and sustainability disclosure rules aligned with IFRS/ISSB standards. In addition, the National Treasury manages sustainability sovereign bonds strategy, and the National Development Bank (BNDES) operates as a major public financial institution mobilising climate finance. This actor mapping is presented in Figure 5, which provides a visual overview of the main responsible entities and their roles in the pilot context.

Figure 5: Mapping of key actors in Brazil’s sustainable finance landscape



Note: Own illustration. Non-exhaustive. Official names of institutions may change. The pilot tests ended in April 2026, changes that occurred after this date are not included.

Preliminary insights on country progress suggest strong commitments and a relatively mature governance architecture for sustainable finance, including notable progress in sovereign sustainable debt instruments and taxonomy development. In the pilot test, areas for improvement were also identified, including the integration of sustainability-related risks in prudential and monetary policy frameworks, as well as the development of time-bound and mandatory transition planning requirements. Further details are provided in Table A1.

France

France provides a pilot context characterised by relatively high institutional maturity but also by the complexity of interaction between national and European frameworks. This interaction made it especially useful for testing how the SFP framework handles multi-level governance, advanced regulatory environments, and cases where the main challenge is less the absence of frameworks than uneven delivery and outcome transparency. The pilot was particularly helpful in distinguishing between relatively advanced strategic and regulatory structures and more uneven progress in financing roadmaps, implementation signals, and observable financial outcomes. It also reinforced a broader methodological lesson from the pilot process: advanced policy architecture does not necessarily translate into equally strong visibility on financial outcomes.

France's sustainable finance landscape is characterised by close interaction between national and EU-level institutions. At the national level, the Ministry of the Economy, Finance and Industrial, Energy and Digital Sovereignty plays a central role in economic and financial policy, public finances and the financing of the transition, while the Ministry for Ecological Transition is responsible for key areas of climate, environmental and transition policy. Cross-government coordination of the ecological transition is supported by the General Secretariat for Ecological Planning (SGPE), placed under the authority of the Prime Minister, which coordinates the development of national ecological planning and works across ministries to support its implementation.

This institutional architecture is complemented by specialised administrations and bodies, including the Directorate-General for Energy and Climate (DGEC), responsible for energy and climate policy, and the General Secretariat for Investment (SGPI), which coordinates and supports strategic public investment, notably through France 2030.

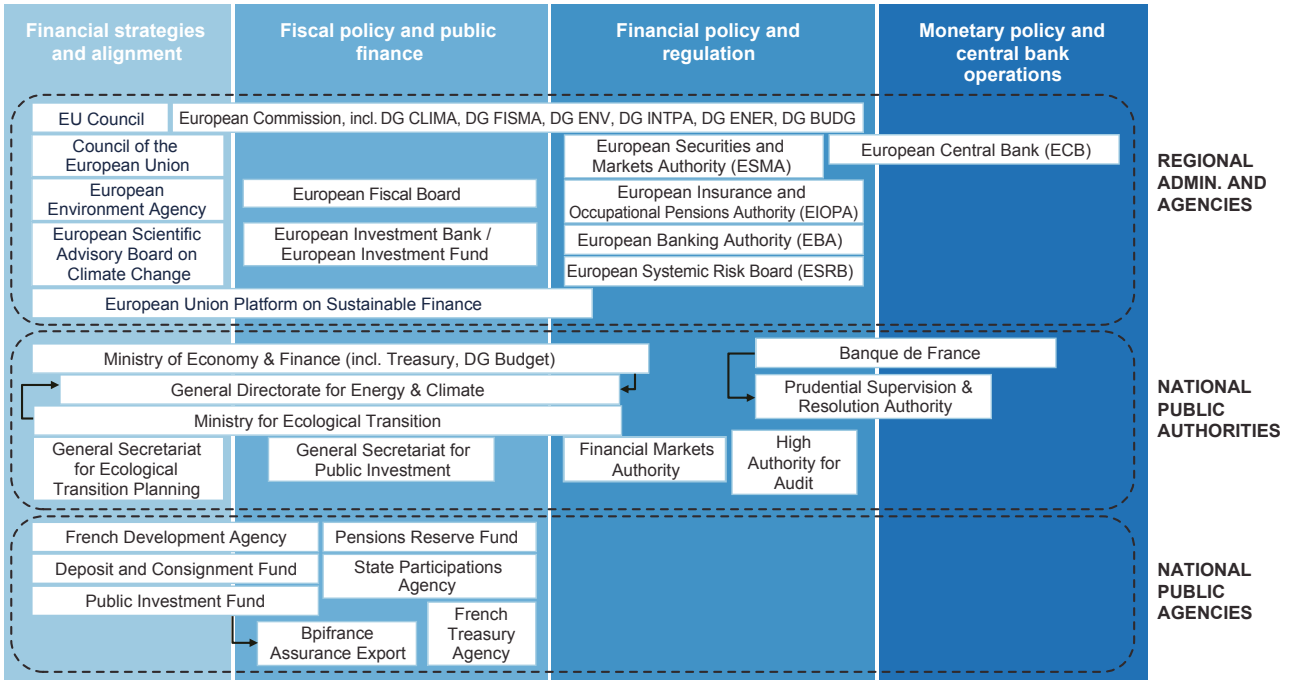
Public financial institutions and state-backed financial actors perform complementary but distinct functions. The Caisse des Dépôts et Consignations (CDC) and Bpifrance play important roles in financing and investing in the ecological transition, supporting businesses, territories and transition-related projects through a range of financial instruments. The French Development Agency (AFD) implements France's international development and partnership policy and provides financing internationally, while Agence France Trésor (AFT) manages the State's debt and treasury, including sovereign issuance through France's green sovereign bond (Green OAT) programme.

Financial policy, regulation and supervision operate within a particularly integrated national and EU-level architecture. At the national level, the Autorité des marchés financiers (AMF) regulates financial markets and market participants, while the Autorité de contrôle prudentiel et de résolution (ACPR), backed by Banque de France, supervises the banking and insurance sectors. Other specialised national bodies contribute to specific components of this architecture, including the High Authority for Audit (H2A) in relation to the supervision of statutory audit and sustainability assurance. At EU level, the European Commission develops the regulatory framework, while the European Supervisory Authorities—the European Banking Authority (EBA), European Securities and Markets Authority (ESMA) and European Insurance and Occupational Pensions Authority (EIOPA)—contribute to regulatory convergence and supervision within their respective sectors; the European Systemic Risk Board (ESRB) contributes to macroprudential oversight. Banking supervision is further integrated through the Single Supervisory Mechanism, involving the European Central Bank (ECB) and national competent authorities, including the ACPR.

Monetary policy is institutionally distinct and is conducted within the Eurosystem, with the ECB determining euro-area monetary policy and Banque de France participating in its formulation and implementation in France.

Figure 6 provides an overview of this institutional landscape, showing how key national and EU-level actors are positioned across the main SFP policy areas.

Figure 6: Mapping of key actors in France's sustainable finance landscape



Note: Own illustration. Non-exhaustive. Official names of institutions may change. The pilot tests ended in April 2026, changes that occurred after this date are not included.

Preliminary insights on country progress suggest substantial growth in strategic planning and alignment with EU-level frameworks and public finance tools but also persistent weaknesses in delivery. In particular, the pilot highlighted continuing investment shortfalls, the absence of a binding financing roadmap for mitigation, adaptation, and nature, and uneven integration of climate and nature considerations into fiscal and financial signals. Further details are provided in Table A2.

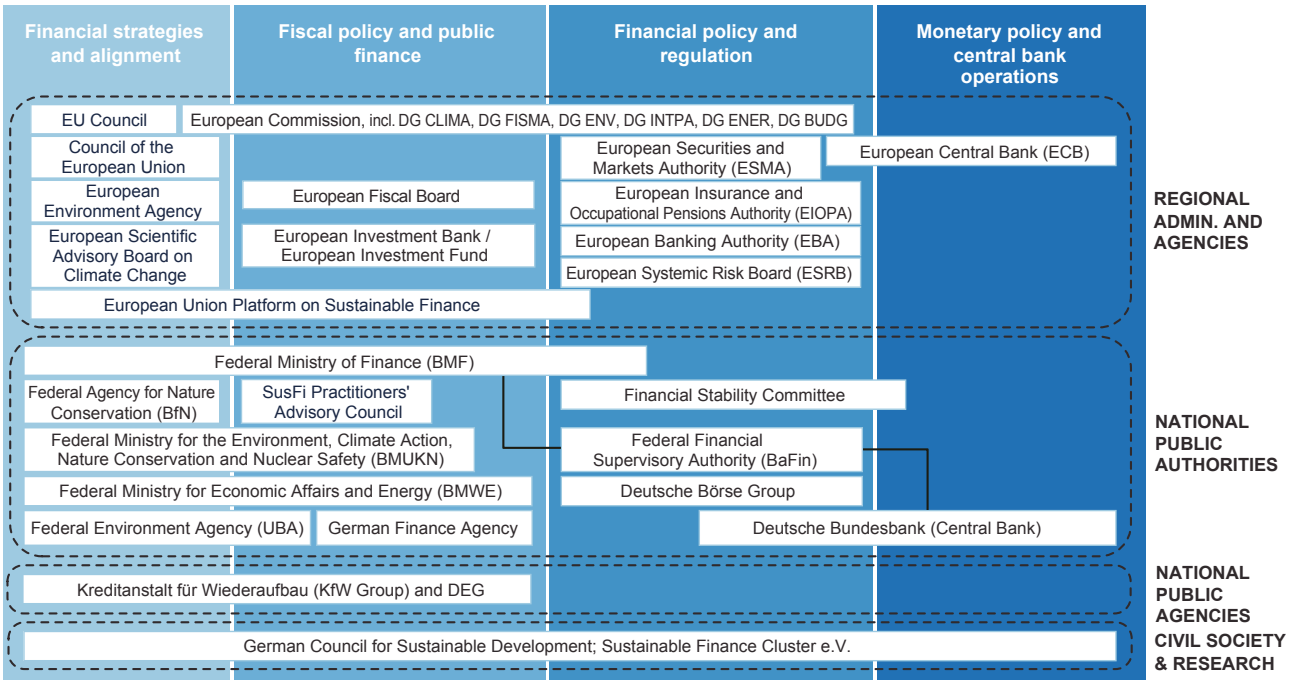
Germany

As with France, Germany is a useful pilot case for testing the framework in a setting where supranational regulatory structures shape national implementation. The pilot was particularly helpful in showing how the framework performs in a context with advanced disclosure systems, relatively high public and financial capacity, and strong alignment with European and international standards, while still requiring sensitivity to country-specific institutional arrangements. It also provided useful methodological input on the treatment of institutional specificities, including cases where certain indicators should be treated as non-applicable rather than as evidence of inaction.

Germany's sustainable finance landscape spans national authorities, supervisors, public financial institutions, advisory bodies and EU-level actors. The Federal Ministry of Finance (BMF), which supported the 2021 German Sustainable Finance Strategy, is the principal interface between national regulators, the financial sector and EU institutions. Because most sustainable finance regulation originates at EU level, the BMF plays a pivotal role in shaping German positions and ensuring national implementation. Other

key authorities include the Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety (BMUKN) and the Federal Ministry for Economic Affairs and Energy (BMWE), which steer biodiversity and climate topics, with energy and industry as key sectors. Complementarily, the Federal Environment Agency (UBA) and the Federal Agency for Nature Conservation (BfN) support with emissions data and scientific and technical advice. Financial market oversight rests primarily with the Federal Financial Supervisory Authority (BaFin), while the German Finance Agency manages sovereign green bond issuance. The Kreditanstalt für Wiederaufbau (KfW) and DEG channel financing into the real economy via concessional lending, promotional programmes and development finance abroad. Key advisory bodies include the German Council for Sustainable Development, the Sustainable Finance Cluster and the Sustainable Finance Practitioners' Advisory Council („Praxisbeirat Sustainable Finance"), which advise key actors to varying degrees on mobilising capital and capacities for the transition, as formulated in the Federal Climate Change Act (Klimaschutzgesetz) and its legally binding 2045 net-zero target. The actor mapping is presented in Figure 7.

Figure 7: Mapping of key actors in Germany's sustainable finance landscape



Note: Own illustration. Non-exhaustive. Official names of institutions may change. The pilot tests ended in April 2026, changes that occurred after this date are not included.

Preliminary insights on country progress suggest that Germany performs strongly where EU-level frameworks provide binding structures and where public financial instruments help create an enabling environment for transition. At the same time, the pilot highlighted continuing gaps in integrated financing plans and budget tracking, and unclear signals on fossil-fuel phase out. Further details are provided in Table A3.

Indonesia

Indonesia is a particularly important pilot context for testing framework applicability in a complex multi-actor governance setting. The pilot revealed that relevant information is often dispersed across multiple ministries, regulators, and state-linked financing vehicles, making both evidence gathering and interpretation more dependent on robust actor mapping than in more centralised systems. This information played an important role in testing whether the framework can remain comparable while also reflecting differences in institutional complexity, financing structures, and energy-system characteristics. The pilot also generated particularly useful methodological lessons for framework refinement, including the need to better capture innovative financing tools such as blended finance and results-based payments, and to avoid overly narrow treatment of subsidy indicators in contexts where energy mixes differ substantially from those of advanced economies. For instance, high emission-intensive energy mixes in countries with lower economic development are being assessed less strictly than advanced economies.

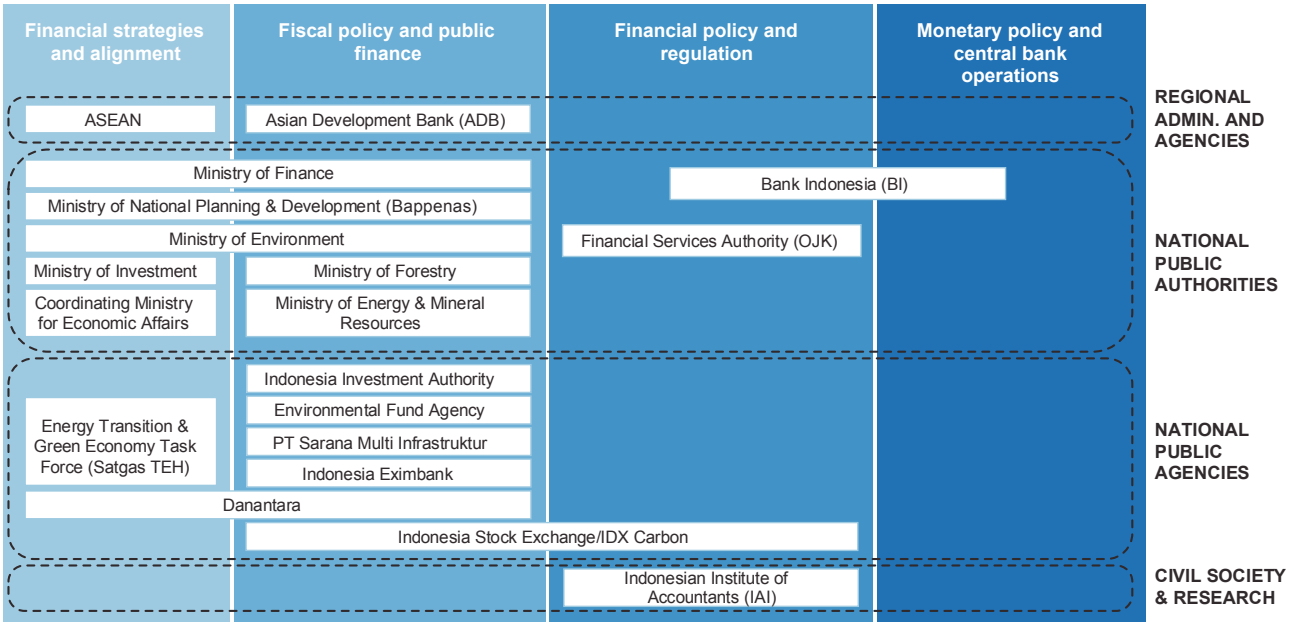
Indonesia‘s sustainable finance landscape is characterised by a multilayered institutional structure involving fiscal authorities, financial regulators, state-owned financing vehicles, and market actors, which results in a relatively complex coordination architecture. At the core, the Ministry of Finance oversees fiscal policy and sovereign financing, while Bank Indonesia (BI) manages monetary stability and macroprudential policy. Financial sector supervision is conducted by the Financial Services Authority (OJK), and capital market operations are facilitated by the Indonesia Stock Exchange (BEI).

Moreover, the Ministry of National Development Planning (Bappenas) is an important player in sustainable finance, given its role as the national development planner. This includes advancing climate finance through the Low Carbon Development Indonesia (LCDI) initiative and biodiversity finance through the Indonesian Biodiversity Strategy and Action Plan (IBSAP).

On the strategic alignment side, the Ministry of Investment and the Coordinating Ministry for Economic Affairs play a central role in shaping Indonesia’s broader sustainable finance target and strategy, helping to align investment promotion and cross-sectoral economic policy with the country’s climate and development commitments. Complementing this, the Ministry of Environment and the Ministry of Energy and Mineral Resources are key in translating these targets into sector-specific incentive structures, such as by offering fiscal and non-fiscal incentives to R&D in clean energy technologies, thereby supporting market actors that contribute directly to Indonesia’s climate targets. Coordination across this landscape is fully supported by the Energy Transition and Green Economy Task Force (Satgas TEH), established to align policy and resolve cross-authority bottlenecks among ministries, agencies, and local governments to drive economic transformation through energy transition and a green economy.

Beyond these central institutions, Indonesia has developed several specialised financing vehicles (e.g., the Environmental Fund Agency, Indonesia’s Investment Authority). Furthermore, Indonesia depends heavily on state-owned financing entities to channel and structure development funding, such as PT Sarana Multi Infrastruktur (PT SMI), operating under the Ministry of Finance, and Danantara, the newly established sovereign holding platform. At the regional level, ASEAN and the ADB play a complementary role by providing overarching frameworks, technical support, and investment alignment, particularly in advancing Indonesia’s sustainable finance taxonomy. This mapping is presented in Figure 8.

Figure 8: Mapping of key actors in Indonesia's sustainable finance landscape



Note: Own illustration. Non-exhaustive. Official names of institutions may change. The pilot tests ended in April 2026, changes that occurred after this date are not included.

Preliminary insights on country progress suggest that Indonesia has developed a relatively coherent set of strategies for advancing sustainable transition and a disclosure architecture aligned with international frameworks but that many of the main challenges relate to coordination and transparency rather than to a simple absence of policies. Specifically, implementation remains uneven across fiscal, monetary, and financial policy, with limited quantification of climate/biodiversity financing needs, limited fiscal signals, and largely principle-based financial regulation. Further details are provided in Table A4.

South Africa

South Africa provides a pilot context in which high-level commitments coexist with uneven implementation signals and significant data gaps. The pilot contributed substantially to the broader methodological discussion on non-applicability, calibration, and the treatment of diverse public-finance institutions.

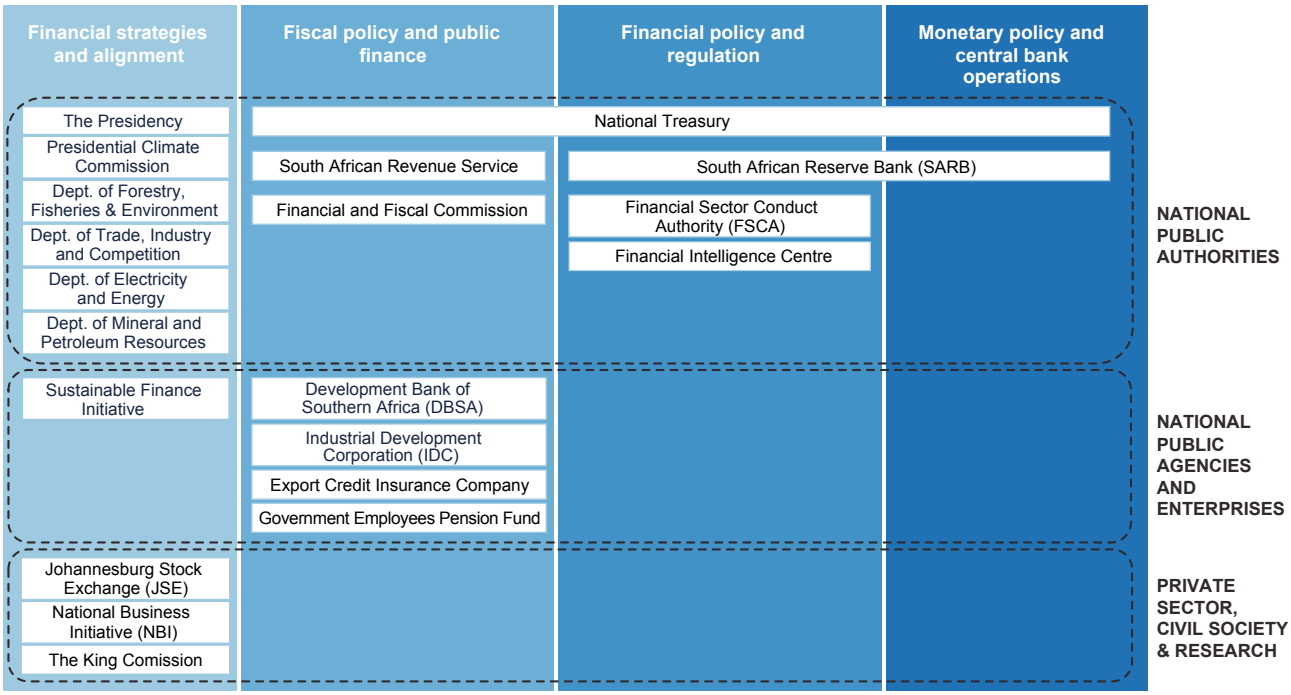
South Africa's sustainable finance landscape is shaped by a mix of line ministries, public institutions, regulators, market actors, statutory organisations, and research bodies that interact closely to drive the national agenda. For example, National Treasury has overall responsibility for fiscal policy, public finance, and financial sector policy, and the South African Reserve Bank is responsible for monetary policy, financial stability, and prudential financial sector regulation, while financial market conduct regulation is the responsibility of the Financial Sector Conduct Authority (FSCA). National Treasury also chairs the multistakeholder Sustainable Finance Initiative.

The country has several Development Finance Institutions that are a key conduit for sustainable finance, the largest of which are the Development Bank of Southern Africa (DBSA) and the Industrial Development Corporation (IDC). Stock exchanges such as the JSE play an important market-making role, and industry organisations such as the National Business Initiative (NBI) foster collaboration, knowledge sharing, and capacity building across sectors. Other actors play an important role depending on the area of

sustainability. For example, from a climate change perspective, the Presidential Climate Commission is an independent, multi-stakeholder advisory body that is chaired by the President and has a mandate until 2030 under the Climate Change Act, while the Department of Forestry, Fisheries and Environment sets climate policy and the Ministry of Electricity and Energy sets policies in both those areas, and the Presidency houses the Just Energy Transition Project. This non-exhaustive mapping of sustainable finance actors is presented in Figure 9.

Preliminary insights on country progress suggest that South Africa has strong high-level commitments and an emerging sustainable finance architecture but that implementation remains uneven across fiscal, monetary, and financial policy. The pilot pointed in particular to weak fiscal signals, limited quantification of financing needs, incomplete integration of some financial actors, and significant transparency challenges. Further details are provided in Table A5.

Figure 9: Mapping of key actors in South Africa's sustainable finance landscape



Note: Own illustration. Non-exhaustive. Official names of institutions may change. The pilot tests ended in April 2026, changes that occurred after this date are not included.

4. Lessons learned and the way forward

The pilot phase generated lessons on both the analytical value and the methodological limits of the SFP framework. This section focuses on what those findings imply for the framework's refinement, future use, and potential replication.

The central lesson is that the SFP framework can provide a structured basis for assessing sustainable finance progress, but its credibility depends on clear methodological safeguards. These include a shared terminology, transparent scoring rules, careful treatment of non-applicable indicators, stronger financial-outcome data protocols, and a cautious interpretation of the relationship between policy implementation and financial outcomes. These safeguards are particularly important because the framework is intended to support peer learning without assuming that countries have identical mandates, institutions, financial systems, or transition pathways.

The lessons below therefore point to refinements that are needed to strengthen the framework's robustness, usability, and relevance for future application. Lessons learned encompass identified challenges and limitations, as well as opportunities for improvement or solutions to address specific issues. The way forward (Section 4.2) builds on these lessons and proposes concrete action points.

4.1. Lessons learned from SFP framework piloting

The testing of the SFP framework across country pilots, together with the thematic workshops held as part of the engagement process, revealed five main methodological and practical lessons. These concern: 1) definitions, 2) country-context calibration and non-applicability, 3) scoring consistency, 4) data availability for financial outcomes, and 5) the interpretation of links between implementation, financial outcomes, and impact. Table 7 summarises the lessons learned and the corresponding solutions or areas for further work identified.

Table 7: Summary of lessons learned and actions taken to address them

Lesson learned	What the pilot phase showed	Actions taken during piloting and areas for future development
(1) Common definitions are essential for consistent assessment.	Applying a common framework across diverse national contexts reveals significant variation in how key terms are defined, from sustainable finance itself to specific policy instruments and financial outcomes.	A common country-agnostic glossary to harmonise definitions was developed and applied to support more consistent interpretation across pilots. The glossary will remain a living document that may be complemented and refined as additional countries are piloted and new definitional issues emerge.
(2) Not applicable, not available, and no evidence of action must be treated separately.	Utilising a single framework structure for diverse political economies risks misrepresenting performance, particularly for emerging economies or countries where certain indicators are structurally irrelevant. This scenario should be treated differently than cases when evidence is not publicly available or a policy is not in place.	Each country team flagged country-specific deviations and added the "not-applicable" grade. In addition, a set of comparable indicators was developed, and the pilots applied the following grades and rules: i) **not applicable**, where the question does not fit the country context; ii) **not available**, where relevant data or evidence could not be found or accessed; and iii) **no evidence of action (graded with 0)**, where the policy or tool appears not to exist. Further options, such as weighting approaches, may be explored to tailor the framework to country-specific needs.
(3) Scoring needs clearer guidance and review.	Scoring involved expert judgement, especially for partial implementation, pilot-phase measures, "comply or explain" approaches, voluntary guidance, self-regulation, and cases where responsibilities are spread across several authorities.	Simple wording edits and reorganisation of selected cascading questions were carried out to improve clarity. A peer-review and quality-assurance process was conducted. Part of the work ahead should focus on strengthening scoring guidance, including the intent of key questions, evidence requirements, and interpretation of partial scores. Scoring peer review findings should be used to improve consistency.
(4) Financial-outcome data require a more systematic approach.	Quantitative financial-outcome data were uneven across countries and action areas. Data were often dispersed, not publicly available, reported in different formats, or not directly linked to the relevant policy area. This limits the ability to compare financial outcomes consistently.	International datasets were used, where relevant, to complement national sources and address selected data gaps. For the way forward, a financial outcome data protocol should clarify preferred data sources, reporting periods, currency treatment, treatment of overlapping flows, and distinctions between public/private and domestic/international finance. Where outcome data are unavailable, the framework should still capture whether responsible entities monitor and disclose relevant information. Further partnerships with data providers should be explored to close remaining gaps.
(5) The framework assesses contribution, not attribution or causality.	The pilots confirmed that it is difficult to attribute specific financial outcomes to individual policies or regulations. Financial flows are shaped by policy packages, market conditions, institutional mandates, and broader macroeconomic factors.	The framework links assessed policies and financial outcomes through a contribution approach, without claiming to prove the causal attribution of observed financial shifts to individual measures. Contributions of policies to financial outcomes may be further strengthened, while future iterations may distinguish more directly measurable effects for specific policy measures (e.g., green capital ratio affecting bank lending), from broader reforms (e.g., transparency or reporting measures), whose impact is more difficult to isolate.

4.2. Way forward

The way forward for the SFP framework should centre on consolidating and strengthening the methodology, while also progressively extending its application to additional country contexts. The piloting phase has generated a solid foundation but also identified important areas requiring further refinement to serve as a reliable and replicable tool across diverse G20 country contexts. Expanding pilots to new countries is therefore both a methodological imperative by testing robustness, comparability, and adaptability across a wider range of institutional settings and a step toward broader application over time to drive real-economy impact.

The presented elements are not strictly sequential. Some can and should advance in parallel, while others depend on prior milestones being met. At the same time, each element carries its own logic, meaning that progress or delays in one area need not block momentum in the others.

Strengthening the technical architecture and assessment methodology. The next phase prioritises further refinement of the framework's architecture, including methodological adjustments, indicator improvements, and enhanced data comparability across countries. Particular attention will be given to alignment with existing initiatives to strengthen coherence. This will involve structured engagement with UNDP, UNCTAD, the World Bank, OECD, BIS, and other key international organisations, as well as international NGOs, and think tanks. This also includes more structured testing of how AI-assisted approaches can improve the efficiency, consistency, and replicability of data collection and assessment, particularly for indicators where information is fragmented. Future iterations may also assess subnational contributions and begin linking sustainable finance flows to selected real-economy impact indicators, starting with a limited set of sectors where finance-to-impact links are more tractable. Improvements will be tested and validated through application in existing pilots and in additional country pilots.

Extending the piloting process. Building on the established partnerships, the framework will extend to additional country pilots in 2026 (e.g., COP31 co-hosts Australia and Türkiye, 2027 G20 Presidency United Kingdom, key regional countries such as Italy, Mexico, China, or India), to primarily technical architecture and assessment methodology, but also become policy-relevant in the G20 context. The pilot phase showed that credible application of the framework requires specific in-country conditions, including familiarity with national sustainable finance landscape and institutional arrangements. In addition, the next phase will aim to further examine differences in grades across emerging and advanced economies.

Exploring policy mix insights and broadening actor engagement. The framework's integrated architecture to track particularly fiscal, monetary, and financial policy opens a distinctive analytical opportunity that fragmented or single-domain tools cannot easily provide. For instance, this includes the identification of national policy mixes under which combinations of policies contribute to measured financial outcomes. Embedding the framework within country platforms can support coordination among ministries of finance, central banks, development finance institutions, regulators, and market participants. This includes understanding not only what is moving forward but also where gaps persist (e.g., see preliminary country findings in Tables A1–A5).

Conclusion

The Sustainable Finance Progress (SFP) framework builds on existing initiatives to provide an integrated, bottom-up, and context-sensitive approach to assessing country-level progress on sustainable finance across commitments, policy implementation, and financial outcomes. Its added value lies in bringing these dimensions into a single analytical structure spanning fiscal, monetary, and financial-policy levers, while recognising the roles of different responsible entities. In doing so, the SFP framework provides a basis for developing a shared understanding of countries' progress toward sustainable transition pathways and for generating evidence-based guidance to support enhanced cross-sectoral policy action.

Country pilots showed the framework's overall architecture can be applied across diverse G20 contexts and generate policy-relevant insights, while confirming that cross-country comparability requires careful interpretation of national circumstances. Differences in institutional mandates, public-finance structures, regulatory models, and market configurations shape both the relevance of individual indicators and the interpretation of results. The pilot findings should therefore be read as preliminary evidence from testing the framework, rather than as final country rankings or definitive assessments of performance.

The pilots also helped identify methodological safeguards that need to be strengthened for the framework to provide a credible, consistent, and context-sensitive basis for future assessment. These include shared definitions; explicit distinctions between non-applicability, unavailable evidence, and absence of action; clearer grading guidance and quality assurance; and a more systematic approach to financial-outcome data. Just as importantly, the framework should continue to interpret the relationship between implementation and financial outcomes through a contribution lens rather than imply causal attribution to individual policies. Strengthening these elements will be essential to balance sufficient comparability for peer learning with the flexibility needed to reflect national circumstances.

The next phase should consolidate this foundation through further methodological refinement and country testing, with the longer-term aim of strengthening the framework's value as a tool for policy dialogue, learning, and action. Priorities include refining the technical architecture, improving data comparability, extending testing to additional countries, and using the framework to explore how combinations of fiscal, monetary, and financial policies contribute to financial outcomes over time. Broader engagement with national authorities, international organisations, research institutions, and data providers can help strengthen the evidence base and embed the framework in policy processes. Ultimately, the value of the SFP framework will lie not in producing a single score, but in enabling a more transparent and shared understanding of where sustainable-finance systems are progressing, where gaps remain, and what policy action can support greater alignment with sustainable transition pathways.

Annexes
Country pilot preliminary findings

Table A1: Brazil's preliminary country-level findings

Area	What is moving forward	What requires further action
Financial strategy and alignment Financial strategies, alignment & investment planning	**Legally anchored climate neutrality target** Brazil's most recent NDCs (3.0), ratified and published in November 2024, reaffirm a 2050 climate-neutrality target. **Structured governance framework** SDG implementation is coordinated through the reinstated National Commission for the Sustainable Development Goals (CNODS). **Release of the Brazilian Sustainable Taxonomy** Standardized nationwide classification system to determine sustainable investments for different economic activities and financial assets.	**No country-level estimate of investment needs for SDGs** Aggregate and official climate, adaptation, biodiversity, and SDG investment needs are not available. **No unified financing strategy for SDGs** Brazil demonstrates only partial alignment between its investment initiatives and SGDs.
Fiscal policy and public finance Public budgets, taxation, subsidies & investment vehicles	**Release of a sustainable bond framework and issuance of sovereign securities** Sovereign sustainability-related bonds have been issued under a formal Sustainable Bond Framework designed to attract international investors. **Operational green budget tagging system** Daily budgetary expenditure is assessed in terms of both positive and negative climate-related contributions.	**Carbon pricing instruments under development** Definition of scope, rates, sectoral coverage, and operational design pending. **No time-bound phaseout plan for fossil fuel subsidiesa** Domestic fossil fuel subsidies are not formally committed to phaseout, and a timeline and scope are not yet defined.
Monetary policy and central bank operations Central bank operations, collateral frameworks & nonmonetary portfolios	**Acknowledgement of climate-related financial risks** Banco Central do Brasil (BCB) acknowledges climate-related risks as drivers of food price volatility, energy shocks, and macro-financial instability. **Integration of sustainability considerations in nonmonetary policy** Investments in green and sustainability-labelled bonds within foreign reserves management as part of non-monetary policy operations.	**No integration of sustainability-related risks in monetary policy frameworks** Pricing and eligibility are determined by liquidity manageament and inflation objectives rather than sustainability attributes. **Absence of a time-bound transition plan with quantifiable metrics and targets** Annual sustainability reports remain qualitative and are not anchored in a forward-looking transition plan aligned with 2050 objectives.
Financial policy and regulation Prudential regulation, disclosure frameworks & sustainable investment products	**Adoption of disclosure requirements aligned with international standards** Mandatory sustainability disclosure requirements for listed companies aligned with IFRS/ISSB standards.	**Sustainability-related risks not yet incorporated into prudential tools** Sustainability-related risks are not yet fully incorporated into prudential frameworks. Climate-adjusted capital requirements and climate-related macroprudential buffers remain largely undeveloped. **No binding supervisory expectations and regulations on transition planning** Transition planning remains voluntary and lacks a dedicated supervisory regime.

Note: Only illustrative, non-exclusive. Findings are summarised and do not aim to provide a detailed description of country-level progress. Areas for further improvement are not prescriptive. The pilot tests ended in April 2026, changes that occurred after this date are not included.

Table A2: France's preliminary country-level findings

Area	What is moving forward	What requires further action
Financial strategy and alignment Financial strategies, alignment & investment planning	**Strong strategic and alignment foundations** International commitments are well embedded in national and EU-level strategies, including taxonomy and disclosure frameworks to ensure consistency across financial actors. **Structured approach to transition financing** Dedicated multi-year ecological transition financing strategy (2024) and initial investment needs estimates support prioritisation. **Credible international alignment signals** International public-finance alignment commitments have been implemented, in the form of restrictions to fossil-fuel finance abroad.	**No binding financing roadmap** Existing financing strategies are not yet translated into a time-bound plan to fill the climate and nature investment gaps. **Persistent transition financing shortfalls** Available estimates still point to sizeable gaps between investment needs and current financing levels (~€87bn EUR gap in 2024). **Partial fossil fuel finance restrictions** International public finance restrictions for oil and gas remain partial and exceptions are still not clearly defined.
Fiscal policy and public finance Public budgets, taxation, subsidies & investment vehicles	**Advanced green budgeting and expenditure tracking** Annual "Budget Vert" tracks environmentally positive and harmful public spending. **Broad fiscal support for the transition** Carbon pricing (covering 60% of emissions), environmental taxation, and targeted subsidies to influence investment and consumption across sectors. **Strong public finance mobilization** Public banks, state investors, and mobilisation tools play an active role in steering capital toward sustainable activities.	**Limited integration in fiscal frameworks** Climate and nature considerations not systematically embedded in fiscal rules, medium-term frameworks, or debt analysis. **Weak pricing and subsidy signals** Carbon pricing diluted; fossil fuel subsidies persist without phaseout plan. **Gaps in investment governance** Inconsistent sustainability criteria and uneven public actor alignment hinder delivery.
Monetary policy and central bank operations Central bank operations, collateral frameworks & nonmonetary portfolios	**High ambition and transparency** Banque de France and the ECB (Eurosystem) have integrated climate considerations into strategy, disclosures and participation in international peer initiatives. **Strong nonmonetary portfolio alignment** Banque de France own funds and nonmonetary portfolios show advanced use of exclusions, targets, and sustainable asset allocation. **Progress in securities operations and macroeconomic analysis** Climate risks embedded in collateral, asset purchases, and stress testing; advanced climate tilting.	**No targeted credit operations** ECB has not introduced differentiated refinancing conditions or dedicated green lending facilities. **Partial risk integration** Limited coverage of nature and physical risks; no full exclusion framework for high-impact assets. **Incomplete transition planning** Despite strong disclosures, there is no clear long-term Paris-aligned pathway across central bank operations.
Financial policy and regulation Prudential regulation, disclosure frameworks & sustainable investment products	**Advanced climate risk supervision** Robust climate stress testing, climate risk management rules, scenario analysis, and prudential expectations for banks and insurers. **Comprehensive disclosure and transition planning framework** Mandatory EU frameworks (CSRD, ESRS) with strong national implementation, requirements on transition plans. **Strong sustainable-product and market-integrity frameworks** Product labels, listing requirements and anti-greenwashing measures support credibility in sustainable finance markets.	**No binding prudential measures** Climate risks not reflected in capital rules, macroprudential buffers, or exposure limits. **Limited nature risk integration** Nature and double materiality not fully embedded in supervision. **Data and supervision gaps** Public sustainability data utilities and centralised access points under development. Limited oversight of transition plans.

Note: Only illustrative, non-exclusive. Findings are summarised and do not aim to provide a detailed description of country-level progress. Areas for further improvement are not prescriptive. The pilot tests ended in April 2026, changes that occurred after this date are not included.

Table A3: Germany's preliminary country-level findings

Area	What is moving forward	What requires further action
Financial strategy and alignment Financial strategies, alignment & investment planning	**Legally anchored climate neutrality target (2045)** Federal Climate Change Act; among the most binding legal frameworks in the G20. **Comprehensive governance architecture** GSDS, NAP, NBS 2030, and Sustainable Finance Strategy (2021) align with SDGs, PA, and GBF. **Top G20 provider of international climate finance** EUR 11.8bn in 2024; ODA at 0.67% of GNI; biodiversity finance growing (EUR 1.36bn in 2023).	**No unified national sustainable financing plan** Climate, adaptation, biodiversity, and SDG investment needs not consolidated; complicates gap analysis. **Fragmented planning across mitigation, adaptation, and resilience** LTS and NAP remain institutionally separate; weakens coherence of long-term transition narrative.
Fiscal policy and public finance Public budgets, taxation, subsidies & investment vehicles	**Climate and Transformation Fund (CTF)** EUR 212bn committed 2024–2027; ring-fenced green investment vehicle at scale. Additionally, an extra-budgetary "Sondervermögen" for climate purposes worth EUR 500 billion is in place since 2025. **National ETS covering ~83% of emissions** Revenues earmarked via CTF; complemented by EU, ETS, and national environmental taxation. **KfW and ECA aligned with climate and nature objectives** KfW EUR 50m Currency Exchange Fund; ECA reducing fossil fuel finance internationally.	**No binding sustainability KPIs in medium-term fiscal framework** Sustainability-linked spending shares and quantitative targets absent from fiscal planning. **Green budget tagging system incomplete** Daily budgetary expenditure is not assessed against its impact on sustainability objectives; fossil fuel subsidy monitoring outdated. **No time-bound phase-out plan for fossil fuel consumption subsidies** Remaining subsidies not formally committed to phaseout; timelines + scope require clarification.
Monetary policy and central bank operations Central bank operations, collateral frameworks & nonmonetary portfolios	**Bundesbank sustainable investment strategy covering 100% of nonmonetary portfolios** Negative screening, tilting, and thematic allocations; NGFS founding member. **Advanced climate risk integration via ECB** Climate-aligned collateral frameworks; climate disclosure requirements for counterparties from 2026. **Leading climate stress testing and macroeconomic scenario analysis** Quantified damage estimates integrated into long-term planning; robust supervisory frameworks.	**No Paris-aligned transition plan for full balance-sheet operations** Interim 2030 milestones for balance-sheet alignment with EU climate objectives not yet articulated. **Limited targeted monetary lending incentives** No conditional refinancing or green funding-for-lending schemes compatible with ECB mandate.
Financial policy and regulation Prudential regulation, disclosure frameworks & sustainable investment products	**Comprehensive EU-anchored disclosure architecture** CSRD, SFDR, EU Taxonomy, and CSDDD implemented; among G20's most advanced disclosure systems. **BaFin and Bundesbank recognise climate and environmental risks as systemic** Advanced stress testing, scenario analysis, and supervisory training embedded in oversight. **Sovereign Green Bond Framework (2020) supporting Europe's largest ESG debt markets** Robust public and private issuance; twin-bond approach enhancing market liquidity.	**Risk recognition not yet translated into binding prudential tools** **Climate-adjusted capital requirements, exposure limits, and concentration restrictions absent.** **Sustainability disclosures remain fragmented** Pending full EU access-point implementation; data consolidation gaps limit comparability.

Note: Only illustrative, non-exclusive. Findings are summarised and do not aim to provide a detailed description of country-level progress. Areas for further improvement are not prescriptive. The pilot tests ended in April 2026, changes that occurred after this date are not included.

Table A4: Indonesia's preliminary country-level findings

Area	What is moving forward	What requires further action
Financial strategy and alignment Financial strategies, alignment & investment planning	**Robust and coherent SDGs and climate targets** SDGs are backed by a strong legal framework, included in the National Medium-Term Development Plan, and operationalised through an SDG Roadmap. Indonesia's Second NDC (NDC 3.0) is supported by the Nation's Low Emissions Development Strategies (LTS-LCCR 2050) and the National Long-Term Development Plan. **Financial needs estimates at least US$ 472.6 billion to achieve target** NDC 3.0 outlines climate investment needs across four sectors (energy, agriculture, FOLU, waste), while the Sustainable Finance Roadmap and SDG Roadmap provide scenarios to achieve them.	**Limited cross-institutional coordination** Coordination across ministries, regulators, and specialized financing vehicles remains complex, with potential overlaps in mandates and reporting lines.
Fiscal policy and public finance Public budgets, taxation, subsidies & investment vehicles	**Extensive fiscal support for climate-positive projects** Introduction of Presidential Regulation 110/2025 on Economic Carbon Value, clean energy incentives, R&D super tax deductions, EV subsidies, and blended finance platforms under PT SMI; establishment of BPDLH as a dedicated environmental fund. **Comprehensive sustainable investment guidance frameworks for the public sector** Release of the Sustainable Government Securities Framework, ESG guidance for public investment (PMK 68/2024), and environmental approval requirements under Government Regulation 22/2021. **Climate Budget Tagging (CBT) Consistency** Tracks fiscal spending on mitigation and adaptation since 2016. In 2024, total CBT realisation reached approximately US$ 7.83 billion, with ~US$ 2.39 billion for mitigation and ~US$ 5.42 billion for adaptation.	**Fragmented adoption of climate KPIs in fiscal frameworks** Targets and metrics for climate-related expenses are not consolidated in a single fiscal framework. **No time-bound phase-out plan for fossil fuel production subsidies** Subsidies for fossil fuel production lack a time-bound phase-out plan. **Limited progress in carbon pricing instruments** The carbon tax has not been fully implemented. The ETS is limited to the energy sector, with a minimum tariff below international benchmarks.
Monetary policy and central bank operations Central bank operations, collateral frameworks & nonmonetary portfolios	**Acknowledgement of climate-related financial risks** Bank Indonesia (BI) is a member of NGFS and has formally acknowledged climate and environmental risks as potential sources of systemic risk. **Growing institutional awareness of sustainability-related risks** The BI has begun internal climate risk monitoring and has conducted a Climate Risk Stress Testing (CRST) using NGFS Phase 4 scenarios to assess transitional risks.	**Limited transparency and no integration of sustainability-related risks** Sustainability-related risks are not yet embedded into monetary policy tools; transparency on risk exposure remains limited. **No sustainable strategy adopted yet** The BI has yet to develop a comprehensive sustainability strategy aligned with NDC targets that covers monetary and nonmonetary policy.
Financial policy and regulation Prudential regulation, disclosure frameworks & sustainable investment products	**Comprehensive disclosure architecture** Release of Indonesia's Sustainable Finance Taxonomy (TKBI); introduction of ESG disclosure requirements and the adoption of IFRS S1 and S2 in the Sustainability Disclosure Standards. **Exemplary progress in capital markets regulation and guidelines** Regulations for sustainable debt instruments aligned with international standards (e.g., ICMA); Climate Risk Management and Scenario Analysis (CRMS) guideline for larger banks.	**Absence of a systemic approach to risk mitigation** Regulatory focus remains concentrated on banks, with limited integration across insurers, pension funds, and asset managers. **Limited integration of sustain. risks** Micro- and macroprudential policy tools are yet to reflect sustainability risks. **Limited binding prudential requirements** Focus remains largely disclosure-oriented rather than prudentially binding.

Note: Only illustrative, non-exclusive. Findings are summarised and do not aim to provide a detailed description of country-level progress. Areas for further improvement are not prescriptive. The pilot tests ended in April 2026, changes that occurred after this date are not included.

Table A5: South Africa's preliminary country-level findings

Area	What is moving forward	What requires further action
Financial strategy and alignment Financial strategies, alignment & investment planning	**Strong climate and biodiversity commitments** SDGs, PA, and GBF embedded in national law and strategies. **Emerging sustainable finance architecture** Structure provided by JET-IP, Green Finance Taxonomy, and Just Transition Framework. **Initial investment needs assessments** Climate and biodiversity financing needs partially quantified.	**Fragmented financing framework** No consolidated, economy-wide sustainable investment plan. **Data gaps for biodiversity finance** Limited data on commitments and allocations.
Fiscal policy and public finance Public budgets, taxation, subsidies & investment vehicles	**Public-private renewable energy investment programmes** Utility-scale renewable energy investments mobilised through programmes such as the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). **Emerging green fiscal tools** Green budget tagging and environmental fiscal reforms are under development to improve tracking of climate-related spending. **Public-private investments: fostering utility-scale renewable energy** Targeted subsidies, tax incentives, and blended finance instruments support clean energy and infrastructure investment.	**Limited transparency and implementation** Inconsistent disclosure of investments and incentives; lack of measurable targets. **Weak and uncertain carbon pricing** Low carbon tax with high exemptions and rollback risks.
Monetary policy and central bank operations Central bank operations, collateral frameworks & nonmonetary portfolios	**Recognition of climate-related financial risks in financial stability analysis** Climate-related risks are increasingly acknowledged within supervisory guidance and financial stability assessments. **Regulatory framework for voluntary disclosures** Supervisory expectations for climate-related risk management and reporting in place. **Initial steps in sustainable portfolio management** Green and thematic allocations in nonmonetary portfolio; net-zero target for SARB operations.	**Limited operationalisation of climate risks** Strategic recognition not translated into policy tools. **No green monetary instruments** No preferential lending or green refinancing facilities aligned with taxonomy. **No climate integration in credit operations** Collateral framework is strictly market-neutral; no tilting or exclusion policies in place.
Financial policy and regulation Prudential regulation, disclosure frameworks & sustainable investment products	**Robust institutional architecture via Twin Peaks** Clear separation of prudential and market conduct supervision. **Climate risk supervision emerging** Climate-related risks recognised as impacting financial stability; guidance and stress testing for banks and insurers. **Strong governance and disclosure foundations** ESG integration supported through the King Code on Corporate Governance, JSE sustainability disclosure guidance, and the national Green Finance Taxonomy.	**Largely voluntary and principle-based framework** Limited mandatory requirements on transition plans and disclosures. **No binding prudential measures** Climate risks not reflected in capital rules or exposure limits. **Data, taxonomy, and supervision gaps** Limited public reporting; pension schemes and development finance excluded from prudential indicators.

Note: Only illustrative, non-exclusive. Findings are summarised and do not aim to provide a detailed description of country-level progress. Areas for further improvement are not prescriptive. The pilot tests ended in April 2026, changes that occurred after this date are not included.

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