

SESSION 6

DEEP DIVE 3

Enabling Policy (Taxonomy)

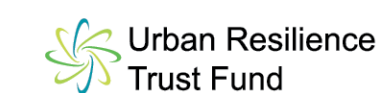
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Facilitator



Esmyra Javier
Senior Climate Change Specialist, ADB

Speakers



Noah Wescombe
Senior Specialist, CADLAS



Ugyen Choden
Deputy Governor,
Royal Monetary Authority
Kingdom of Bhutan



Bayu Dwi Kariastanto
Director, Financial Services
Authority, Indonesia



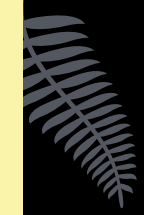
Zarak Khan
Deputy Director
Pakistan State Bank



Miriama Ketedromo
Principal Budget Analyst
Ministry of Finance, Fiji



Gultekin Binte Azad
Senior Manager and Senior
Assistant Vice President
City Bank, Bangladesh



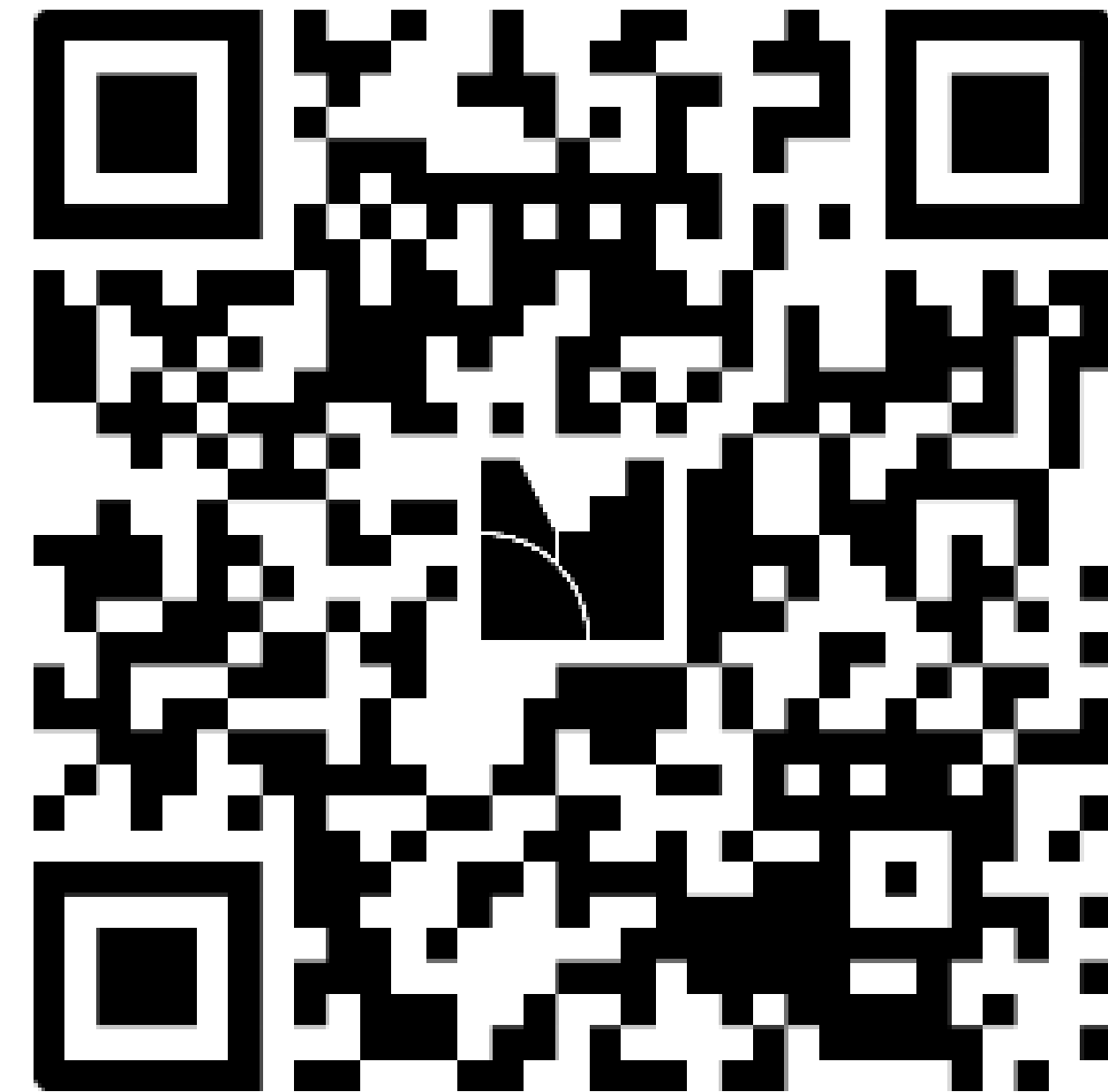
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Taxonomies and adaptation

What they are, and what they have delivered

Noah Wescombe

Senior Specialist, Cadlas

A taxonomy is a sequence of tests, not a list

“A classification system identifying activities, assets and/or project categories that deliver on key climate, green, social, or sustainable objectives with reference to identified thresholds and/or targets.” ICMA

A tool for mobilizing capital towards environmental goals by:

- Providing a **common language** for classifying sustainable economic activities,
- Reducing **greenwashing** risks
- Increasing investor **confidence**



Adaptation does not inherit the mitigation template

There is no numeraire

Mitigation has tonnes of CO₂e. Adaptation has no equivalent unit of account, so “substantial contribution” cannot be set as a single threshold.

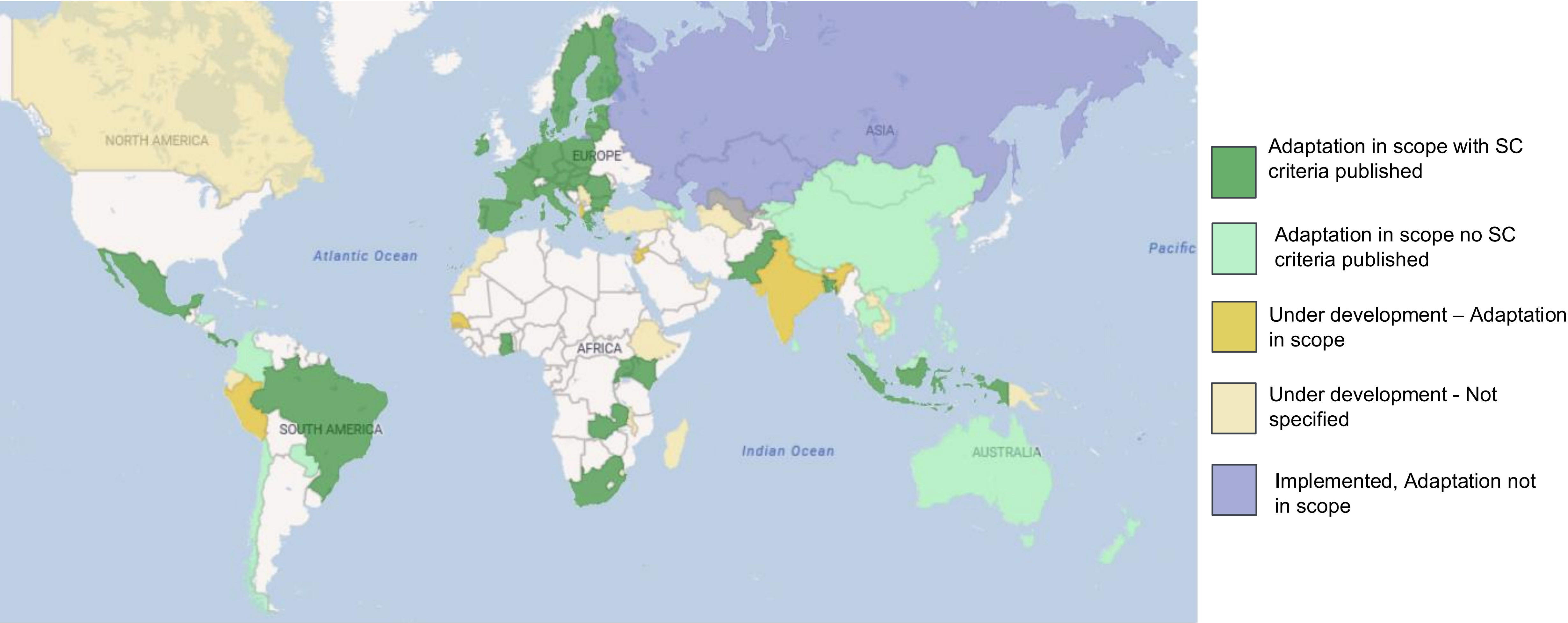
Contribution is contingent on place

The same embankment is adaptation in one basin and maladaptation in the next. Criteria have to carry context, not just technology.

The test points forward

Alignment is judged against a hazard that has not happened yet, which is why every serious adaptation taxonomy carries a maladaptation screen.

Global Sustainable Finance Taxonomy Landscape



Adaptation is in almost every taxonomy. Criteria are not.

~50

taxonomies adopted or in development worldwide, as at December 2025

5 of 10

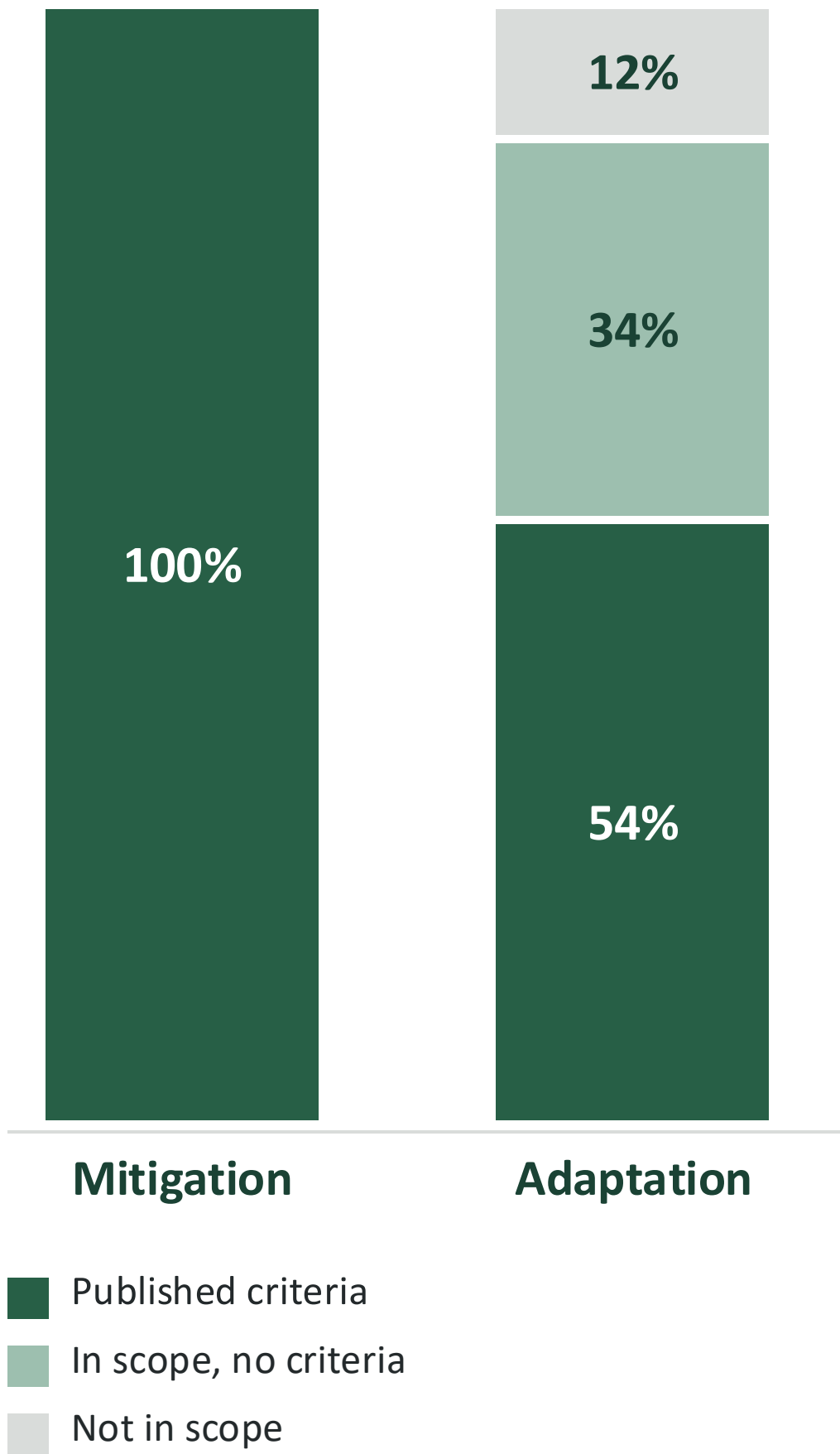
ASEAN Member States have a national taxonomy; ASEAN Taxonomy V4 was published on 6 November 2025 with adaptation as Environmental Objective 2

<10%

of African markets are covered by a national or regional taxonomy. Asia-Pacific and the Middle East sit near 20%; Europe is above 50%

How far each objective is operationalised

Share of surveyed taxonomies



UNEP FI Adaptation Finance Taxonomy Playbook

Four ways jurisdictions write the criteria

The design choice is not settled, and it is consequential

Process-based

The activity qualifies by running a vulnerability assessment to a prescribed standard.
EU, South Africa, Brazil

Measure whitelist

Named measures qualify automatically, on the view that they are adaptive almost everywhere.
Brazil, Rwanda

Quantified criteria

A threshold the asset must meet. Sea wall above 2 m; material rated to 1.2 K/W.
Rwanda, Brazil

Proxies

An external label or certification scheme stands in for the test.
Building Resilience Index

Typology and examples: UNEP FI Adaptation Finance Taxonomy Playbook

What taxonomies have delivered, and what they have not

WHAT THEY HAVE DELIVERED

USD 69bn

of adaptation and resilience use of proceeds in the twelve months to Q2 2025, against USD 30bn in the equivalent period of 2019. Cumulative stock is USD 595bn.

Asia-Pacific overtook Europe

for the first time, USD 25.2bn against USD 24.6bn in that same period. The centre of gravity has moved to this region.

7x oversubscribed

Tokyo Metropolitan Government's USD 350m resilience bond, June 2025, certified against Climate Bonds resilience criteria, drew USD 2.5bn of bids. Standardisation is doing work.

WHAT THEY HAVE NOT

~99%

of that adaptation spend carries no adaptation label. It rides inside general-purpose green and sustainability bonds, invisible to anyone trying to size the market.

5.6%

of total GSSS issuance is adaptation and resilience. The share has sat between four and nine per cent since 2019. Taxonomies have not moved it.

10% / 16%

of turnover and CapEx respectively are EU-Taxonomy-aligned across 332 non-financial companies for FY2024, against eligibility of 36% and 46%. Eligible is not aligned, and aligned is not financed.

A taxonomy removes a definitional barrier. It does not remove the other two. Adaptation projects still lack clear revenue streams and still come in at a scale too small to interest institutional capital. Classification is necessary market infrastructure and helps identify relevant solutions, but it needs to connect to a pipeline.

Moderator



Noah Wescombe
Senior Specialist, CADLAS

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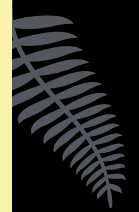


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Questions?



- Discuss with the person next to you, what are your main takeaways from the session so far?
- Looking at your national context, which aspects of the discussion did you find most relevant?
- What do you think are the main challenges in implementation of taxonomies? What do you think are the main enabling factors?