



Installation at UNEA-5, 2022, in Kenya, made by Benjamin von Wong.²³¹

10. UN Global Finance, the Environment, and Sustainable Development

Global financial governance within the United Nations system plays a central role in advancing sustainable development and addressing the world's most pressing environmental challenges. Through a coordinated network of multilateral mechanisms, funds, and partnerships, the UN mobilises and allocates financial resources to support countries in implementing international environmental agreements and achieving the Sustainable Development Goals (SDGs). This system is designed to ensure that financial flows align with global sustainability priorities—promoting climate resilience, biodiversity protection, pollution reduction, and equitable development. By strengthening transparency, accountability, and cooperation among nations and institutions, UN financial governance helps translate high-level commitments into concrete, measurable actions that foster a more sustainable, environmentally sound, and resilient global future.



Financing for Development and the Addis Ababa Action Plan

With the adoption of the Agenda for Development in 1997 and the Millennium Declaration in 2000, the UN and Member states came to recognise the need for an upgraded system for international finance. With this background, and with support from the Mexican government, the UN organised the first Financing for Development conference in Monterrey, Mexico, in 2002. The FfD process was a reality, and efforts to streamline financial means for regulated global means came into focus. Building on the FfD process, and with financing the 2030 Agenda in mind, the UN member states agreed to, in 2015, the Addis Ababa Action Plan. This is a global framework for financing sustainable development, providing a comprehensive set of policy actions to support the achievement of the SDGs. The Agenda also serves as a guide for governments, international organisations, the private sector, and stakeholders to implement the SDGs and foster sustainable development globally.

Global Environment Facility

Established in 1991, the [Global Environment Facility](#)²³² (GEF) is one of the oldest and most significant international funding mechanisms for addressing global environmental challenges. It serves as a financial mechanism for several multilateral environmental agreements, including the [Convention on Biological Diversity](#)²³³ (CBD), the [United Nations Framework Convention on Climate Change](#)²³⁴ (UNFCCC), the [Stockholm](#)²³⁵ and [Minamata Conventions](#)²³⁶, and the [UN Convention to Combat Desertification](#)²³⁷ (UNCCD). The GEF provides grants and blended financing to support projects in developing countries that address issues such as biodiversity loss, climate change mitigation and adaptation, land degradation, chemicals and waste management, and international waters.

Over the decades, the GEF has evolved into a critical platform for mobilising partnerships among governments, stakeholders, and the private sector. Its integrated approach promotes cross-sectoral solutions that align environmental protection with economic development and poverty reduction. By financing initiatives that demonstrate innovative, scalable, and sustainable practices, the GEF helps countries meet their environmental obligations while strengthening local capacities for long-term resilience.

The Green Climate Fund

The [Green Climate Fund](#)²³⁸ (GCF) was established in 2010 under the UNFCCC as the primary global vehicle for financing climate action in developing countries. Its mandate is to promote a paradigm shift toward low-emission and climate-resilient development by channelling financial resources from developed to developing nations. The Fund supports both mitigation and adaptation projects—ranging from renewable energy transitions and sustainable transport systems to ecosystem restoration and climate-smart agriculture.



Governed by an independent board with equal representation from developed and developing countries, the GCF emphasises country ownership and direct access, allowing national institutions to manage funds and implement projects tailored to their specific needs. The Fund also seeks to mobilise private investment and catalyse co-financing, leveraging limited public resources to achieve larger-scale impact. As the largest multilateral climate fund, the GCF plays a pivotal role in meeting the goals of the Paris Agreement and enhancing global climate resilience.

Climate Investment Funds

Climate Investment Funds are a financing instrument that invests in climate change adaptation and mitigation projects, and are separated into two specialised trust funds: the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF).

The Climate Investment Funds are a financing instrument that invests in climate change adaptation and mitigation projects and are separated into two specialised trust funds: the Clean Technology Fund and the Strategic Climate Fund. As of October 2011, approximately US \$4.3 billion and US \$1.9 billion have been pledged by donors to the CTF and the SCF, respectively. In November 2011, the CIFs approved US\$1.08 billion in near zero interest loans and grants to support countries such as Bolivia, Honduras, India, Jamaica, Lao PDR, Mali, Mexico and Nepal.

Despite these vast sums of money being pledged through the CIFs, figures for the World Bank energy investment illustrate that it will take a significant amount of time to divert investment from the World Bank (via mechanisms such as the CIF) away from fossil fuel-based industries and towards clean and renewable technology. For instance, in 2007-2009, there was a 49 percent versus 15 percent distribution between fossil fuels and renewable energy, respectively; the World Bank still has a long way to go before it achieves a truly 'sustainable' status.

In addition to much-needed reform in the World Bank Group's energy policy, there are also calls for a more effective mainstreaming of environmental considerations into all the World Bank's operations. Phasing out investment in fossil fuels represents an important step in making the World Bank a true agent of sustainable development, but there are a range of other areas, including mining, agriculture, transport and forestry, which require investment. Many argue that niche investment in sustainable development projects will have little impact if 'business as usual' reigns elsewhere within the World Bank's operations. Some claim that the World Bank Group, and specifically the International Finance Corporation (IFC), which acts as the World Bank's private sector arm, continues to provide loans for mining projects that carry significant environmental risks and, as such, have implications for human rights. Infrastructure development projects that are backed by the World Bank Group can also have significant implications for the achievement of sustainability, especially when they involve large-scale road construction or support for energy-intensive industries. Agricultural investment also presents a big challenge - enhancing food production through funding agri-business that is reliant

on fertilisers is not sustainable. Greening the IFIs, therefore, requires ongoing dialogue between the World Bank, its shareholders, and stakeholders, so that sustainable outcomes can be achieved that do not simply ‘do no harm’ but positively contribute to environmental outcomes.

Major Economies Forum

The global sustainable development process has limited jurisdiction over the economic pillar, which is primarily shaped by more powerful intergovernmental groups such as the G8, G20, the Major Economies Forum (MEF), and the World Trade Organization (WTO). While global summit outcome documents articulate commendable aspirations, achieving these commitments will require reforms across these economic governance systems. Legally binding environmental obligations may conflict with WTO rules, and many principles of the 1992 Rio Declaration remain at odds with the largely unregulated global financial system including the post-global financial crisis, remain at odds with many of the principles of the 1992 Rio Declaration, even post-global financial crisis. For sustainable development to succeed, environmental, economic, and social pillars must be complementary rather than contradictory, with governance systems designed to integrate all three effectively.

REDD+ (Reducing Emissions from Deforestation and Forest Degradation in Developing Countries)

REDD+ represents an effort to develop a mechanism that redistributes benefits by providing monetary compensation from developed countries to developing countries that host large forests. These forests deliver global benefits, such as carbon sequestration, yet their preservation costs are not always shared equitably. Despite these opportunities, REDD+ has faced criticism due to its market-based approach, which may have limitations. Establishing appropriate international regulatory frameworks and ensuring the role of global institutions remains a critical challenge for REDD+.

Strategic Climate Fund (SCF)

The Climate Investment Funds (CIF) are financing instruments designed to support climate change adaptation and mitigation projects. CIFs are divided into two specialised trust funds: the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF), which target different types of projects and investments to advance sustainable development goals.

International Financial Institutions

International Financial Institutions (IFIs), including the World Bank and regional development banks, play a critical role in implementing global commitments to sustainable development, particularly by providing finance to developing countries. The World Bank often acts as a trustee for multilateral funds established through UN processes, such as the Adaptation Fund and the

Green Climate Fund, and also manages funds established outside official UN structures, including the Climate Investment Funds (CIF). As such, the Bank dispenses billions of dollars in development finance, which has the potential to support transformational changes toward sustainable development.

However, this role raises two major challenges. First, the World Bank must demonstrate sufficient representation, transparency, and accountability in managing these funds—qualities critics argue it often lacks. The Bank’s decision-making is seen as largely donor-driven, reflecting the priorities of developed countries rather than those of the developing countries it is intended to support. Second, the coherence of the Bank’s broader funding portfolio is a concern. Critics highlight that much of the World Bank’s financing continues to support “business as usual” projects, including investment in fossil fuels and extractive industries. In 2010, for example, the World Bank Group’s investment in fossil fuels reached US\$4.7 billion in just the first ten months, up from US\$3.1 billion in 2008, while funding for coal-fired power stations increased forty-fold over five years to £2.8 billion. A particularly controversial loan in 2010 financed South Africa’s Eskom coal-fired power station. These examples illustrate the tension between the Bank’s potential to drive sustainable development and its ongoing investment in sectors with high environmental risks.

The International Finance Corporation (IFC), as the private sector arm of the World Bank, continues to fund projects in mining, infrastructure, and agriculture that carry significant environmental and human rights risks. Such investments, especially in large-scale road construction, energy-intensive industries, and fertiliser-dependent agribusiness, can undermine sustainable outcomes. To align IFI financing with sustainable development objectives, ongoing dialogue between the World Bank, its shareholders and stakeholders is essential. Reform efforts must ensure that IFIs not only avoid causing harm but also actively contribute to positive environmental and social outcomes.

The Adaptation Fund

The [Adaptation Fund](#)²³⁹ was established in 2001 under the [Kyoto Protocol](#)²⁴⁰ to finance concrete adaptation projects and programmes in developing countries that are particularly vulnerable to the adverse effects of climate change. Unlike other climate funds that primarily rely on donor contributions, the Adaptation Fund is partially financed through a 2% levy on Certified Emission Reductions (CERs) issued under the [Clean Development Mechanism](#)²⁴¹ (CDM), making it one of the few mechanisms with an innovative revenue stream linked directly to carbon markets.

The Fund focuses on supporting community-based and country-driven initiatives that enhance resilience to climate impacts, including food security, coastal protection, disaster risk management, and water resource management. It also pioneered the “direct access” modality, which allows accredited national and regional institutions to receive funding directly, strengthening local ownership and capacity. The Adaptation Fund has become an essential



model for equitable and accessible climate finance, particularly for small island developing states (SIDS) and least developed countries (LDCs).

The Loss and Damage Fund

The [Loss and Damage Fund](#)²⁴² was established at the UNFCCC COP27 in 2022 as a historic breakthrough in global climate finance. It aims to provide financial assistance to countries facing unavoidable and irreversible impacts of climate change—those that cannot be prevented through mitigation or adaptation efforts. These include losses from extreme weather events such as floods, hurricanes, and heatwaves, as well as slow-onset events like sea-level rise, desertification, and glacial retreat.

The Fund represents a long-standing demand from developing countries for fair recognition of the disproportionate burdens they bear despite contributing least to global emissions. While still under development, the Loss and Damage Fund is expected to coordinate closely with existing climate finance mechanisms and prioritise vulnerable populations, including small island and low-lying nations. Its establishment marks a major step toward climate justice within the UNFCCC framework, signalling a global commitment to addressing the full spectrum of climate impacts—from prevention and adaptation to recovery and reconstruction.

Joint SDG Fund

The [Joint SDG Fund](#)²⁴³ was established by the United Nations in 2017 to accelerate progress toward the Sustainable Development Goals (SDGs) by supporting integrated, multi-agency initiatives. Unlike single-agency funding streams, the Joint SDG Fund provides pooled financing that encourages collaboration among UN agencies, ensuring that development programmes address interconnected social, economic, and environmental challenges simultaneously. Its focus is on promoting systemic approaches that advance multiple SDGs, fostering efficiency and impact at scale.

The Fund prioritises initiatives in countries facing complex development challenges, particularly those affected by conflict, fragility, or humanitarian crises. By integrating gender equality, climate resilience, and inclusivity into programme design, it ensures that interventions reach the most vulnerable populations. Its flexible funding model allows UN bodies to pilot innovative solutions, scale successful interventions, and strengthen national capacities for sustainable development planning.

Through its multi-agency, multi-sector approach, the Joint SDG Fund catalyses transformation, linking global goals with local implementation. It also provides a platform for knowledge sharing and the dissemination of best practices, enabling countries to replicate successful models and accelerate progress toward the 2030 Agenda.

UN Capital Development Fund



The [United Nations Capital Development Fund](#)²⁴⁴ (UNCDF) provides financing to support economic development in the world's least developed countries (LDCs), with a focus on inclusive finance and local development. Its mandate is to expand access to financial services, investment, and local infrastructure, particularly for underserved populations and marginalised communities. By targeting both public and private resources, UNCDF helps countries create sustainable economic opportunities while addressing inequalities.

UNCDF emphasises local solutions to development challenges, such as strengthening municipal capacities, supporting small and medium-sized enterprises (SMEs), and facilitating digital finance. Its programmes aim to empower local actors, enhance financial inclusion, and support the delivery of public services in ways that are equitable, transparent, and sustainable. In this way, UNCDF contributes to building resilient communities capable of responding to environmental, social, and economic shocks.

By integrating development finance with environmental and sustainability priorities, UNCDF plays a key role in linking local economic growth to global SDG objectives. Its investments strengthen the institutional and financial infrastructure necessary to ensure long-term resilience, enabling LDCs to advance sustainable development while addressing poverty, climate vulnerability, and systemic inequalities.

Peace and Development Trust Fund

The [United Nations Peace and Development Trust Fund](#)²⁴⁵ (UNPDF) was established to support integrated peacebuilding and development initiatives in countries affected by conflict, fragility, or post-crisis recovery. Its aim is to provide flexible, catalytic financing that enables UN agencies and partners to implement comprehensive strategies that address both immediate humanitarian needs and longer-term development objectives.

UNPDF promotes coordinated approaches across peace, governance, human rights, and environmental sustainability, recognising the interconnections between security, development, and ecological resilience. By pooling resources from multiple UN agencies, the Fund enhances efficiency, reduces duplication, and strengthens multi-stakeholder partnerships at national and local levels. Its programmes are aimed at reaching the most vulnerable populations, including women, youth, and marginalised communities, ensuring that recovery and development initiatives are inclusive and equitable.

The Fund's role is particularly critical in post-conflict contexts, where institutional capacity is limited, governance is fragile, and environmental risks are often exacerbated by social instability. UNPDF financing provides the flexibility to respond to evolving conditions while supporting integrated planning, long-term resilience, and sustainable development outcomes in fragile and conflict-affected states.



Country-Level Peace and Development Trust Fund

The [Country-Level Peace and Development Trust Fund](#)²⁴⁶ (UNPDF) is a decentralised mechanism that operates at the national level to support context-specific peacebuilding and development efforts. Unlike the central UNPDF, which addresses multiple countries or regions, these funds are tailored to the priorities and needs of individual countries, allowing for targeted interventions that respond to unique political, social, and environmental challenges.

Country-level UNPDFs focus on strengthening governance, promoting inclusive economic development, and addressing environmental vulnerabilities in fragile contexts. They enable local governments, stakeholders, and UN bodies to collaborate closely, ensuring that programmes are aligned with national development strategies and peacebuilding agendas. By emphasising country ownership, these funds enhance the sustainability of interventions and build local capacity to manage complex challenges over the long term.

UNPDF has two sub-Funds. [The Secretary-General's Peace and Security Sub-Fund](#),²⁴⁷ is aimed at financing projects and activities that support world peace and security. And the 2030 Agenda for Sustainable Development [Sub-Fund](#),²⁴⁸ is intended to finance activities in support of the 2030 Agenda and the Sustainable Development Goals adopted by Member States in September 2015.

Through flexible and responsive financing, the Country-Level UNPDF supports a wide range of activities, from institutional capacity building and public service delivery to environmental restoration and climate adaptation. This approach ensures that peace and development efforts are locally grounded, inclusive, and able to address interconnected social, economic, and environmental risks effectively.

Least Developed Countries Fund

The [Least Developed Countries Fund](#)²⁴⁹ (LDCF) was established under the United Nations Framework Convention on Climate Change (UNFCCC) to support the most vulnerable nations in adapting to the adverse impacts of climate change. Primarily targeting least developed countries (LDCs), the fund finances projects that enhance resilience in sectors such as agriculture, water resources, health, and coastal management, while integrating ecosystem-based solutions to address climate risks.

The LDCF is managed by the [Global Environment Facility](#)²⁵⁰ (GEF) and provides grants, technical assistance, and capacity-building support to help LDCs implement [National Adaptation Plans](#)²⁵¹ (NAPs). It emphasises long-term, country-driven strategies that build institutional capacity and foster community-level resilience. By focusing on the specific vulnerabilities of LDCs, the fund ensures that adaptation measures are equitable, context-sensitive, and aligned with national sustainable development priorities.

Over time, the LDCF has become a key instrument for operationalising climate adaptation in the world's most vulnerable countries. Its projects demonstrate how targeted financing can

protect livelihoods, ecosystems, and infrastructure while supporting broader SDG implementation, ensuring that climate resilience and sustainable development go hand in hand.

Private Sector Engagement and Corporate Accountability

The private sector has a significant impact on social, economic, and environmental outcomes, and its role in sustainable development governance has been widely recognised. In response, numerous initiatives have been developed, including sustainability reporting frameworks, indexes, and sustainable investment portfolios. Key international initiatives include the Global Reporting Initiative (GRI), the UN Global Compact, the Principles for Responsible Investment, the ISO 26000 standard on social responsibility, and the UNEP Statement of Commitment by Financial Institutions on Sustainable Development. These efforts operate at national, regional, and international levels, reflecting growing corporate commitment to environmental and sustainable development objectives.

A Convention on Corporate Social Responsibility (CSR) and Accountability is one initiative that could provide a framework to integrate sustainable development governance into the business and corporate sector. The idea of establishing such a convention has gained traction as sustainability reporting, ethical investment, and voluntary corporate initiatives have grown rapidly. The rise of sustainability indexes, the Global Reporting Initiative, the UN Global Compact, the ISO 26000 standard on social responsibility, and the Principles for Responsible Investment all demonstrate a stronger commitment by corporations to sustainability. The new ISO 17298, adopted in October 2025 and called Biodiversity in Strategy and Operations, is the first global biodiversity standard, marking a shift from carbon to nature accounting, which may also sound promising. This ISO is a new international standard to help organisations take action for nature. It will help organisations see how their activities interact with biodiversity, help them prioritize actions at both operational and landscape levels, set measurable objectives and monitor progress and integrate biodiversity into broader sustainability efforts. Meanwhile, stakeholder organizations, labour groups, and social movements around the world continue to call on businesses to act responsibly and take accountability for the social, economic, and environmental impacts of their activities. This ongoing debate has become increasingly visible in mainstream media as public expectations for corporate behaviour evolve.



References

- ²³¹ <https://www.gettyimages.com/detail/news-photo/thirty-foot-monument-themed-turn-off-the-plastics-tap-by-news-photo/1238740724?adppopup=true>
- ²³² Global Environment Facility. *Global Environment Facility*. <https://www.thegef.org/>
- ²³³ Convention on Biological Diversity. *Convention on Biological Diversity*. <https://www.cbd.int/>
- ²³⁴ United Nations Framework Convention on Climate Change. *UNFCCC*. <https://unfccc.int/>
- ²³⁵ United Nations Development Programme. *Basel, Rotterdam, and Stockholm Conventions*. <https://www.undp.org/chemicals-waste/conventions/brs>
- ²³⁶ United Nations Development Programme. *Minamata Convention on Mercury*. <https://www.undp.org/chemicals-waste/conventions/minamata>
- ²³⁷ United Nations Convention to Combat Desertification. *The UNCCD*. <https://www.unccd.int/convention/overview>
- ²³⁸ Green Climate Fund. *Green Climate Fund*. <https://www.greenclimate.fund/>
- ²³⁹ Adaptation Fund. *Adaptation Fund*. <https://www.adaptation-fund.org/>
- ²⁴⁰ United Nations Framework Convention on Climate Change. *The Kyoto Protocol*. <https://unfccc.int/process-and-meetings/the-kyoto-protocol>
- ²⁴¹ United Nations Framework Convention on Climate Change. *The Clean Development Mechanism*. <https://unfccc.int/process-and-meetings/the-kyoto-protocol/mechanisms-under-the-kyoto-protocol/the-clean-development-mechanism>
- ²⁴² United Nations Framework Convention on Climate Change. *Fund for Responding to Loss and Damage*. <https://unfccc.int/fund-for-responding-to-loss-and-damage>
- ²⁴³ Joint SDG Fund. *Joint SDG Fund*. <https://www.jointsdgfund.org/>
- ²⁴⁴ United Nations Capital Development Fund. *UNCDF*. <https://www.uncdf.org/>
- ²⁴⁵ United Nations. *United Nations Partnership Development Framework*. <https://www.un.org/en/unpdf>
- ²⁴⁶ Ibid.
- ²⁴⁷ United Nations. *UNPDF for Peace*. <https://www.un.org/unpdf/peace>
- ²⁴⁸ United Nations. *United Nations Partnership Development Framework*. <https://www.un.org/en/unpdf#:~:text=2030%20Agenda%20for%20Sustainable%20Development%20Sub%2DFund>
- ²⁴⁹ United Nations Framework Convention on Climate Change. *Least Developed Countries Fund*. <https://unfccc.int/process-and-meetings/bodies/funds-and-financial-entities/least-developed-countries-ldc-fund>
- ²⁵⁰ United Nations Framework Convention on Climate Change. *Least Developed Countries Fund*. [https://unfccc.int/process-and-meetings/bodies/funds-and-financial-entities/least-developed-countries-ldc-fund#:~:text=Global%20Environment%20Facility%20\(GEF\)](https://unfccc.int/process-and-meetings/bodies/funds-and-financial-entities/least-developed-countries-ldc-fund#:~:text=Global%20Environment%20Facility%20(GEF))
- ²⁵¹ Ibid.