

Nature Finance: Risks and Opportunities in Eastern Europe, Caucasus and Central Asia

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**Advancing nature-positive investments:
Progress and challenges ahead in the EU's Eastern Neighbourhood**
Brussels, Belgium | Online
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About the GREEN Action Task Force hosted by OECD

- A **long-standing platform** for countries of Eastern Europe, the Caucasus and Central Asia (EECCA), OECD member countries, financial institutions, IGOs, businesses and CSOs.
- Supporting **green economy transition** in EECCA, especially economic and financial aspects
- **Hosted by OECD** as part of the **UNECE “Environment for Europe” Ministerial Conferences** since 1993
- **European Union** being a Bureau Member
- World Bank being one of the three “founding institutions”



Nature finance: Risks and Opportunities

Managing risks

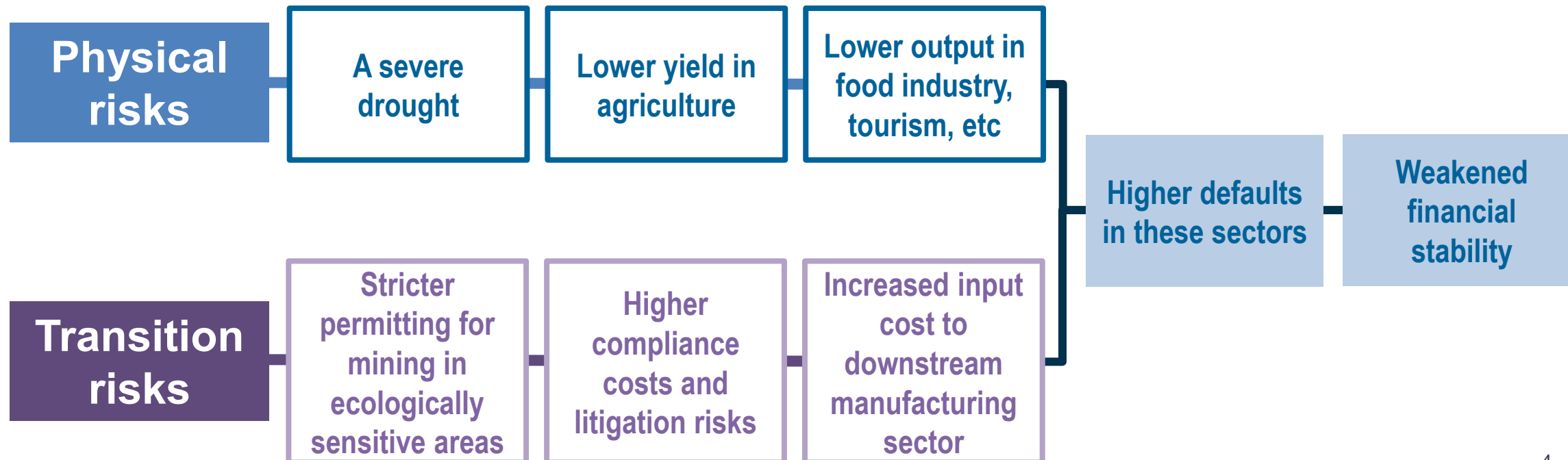
- Understanding how “nature risks” may affect economic and financial systems, and how such risks can be managed
- Partnering with
 - National Bank of Georgia
 - Astana International Financial Centre (Kazakhstan)

Seizing opportunities

- The Nature-based Solutions Innovation Accelerator (NbS-IA)
 - in partnership with Italy and UNEP
 - Central Asia (and Africa)
- Analysis of synergies and misalignment in finance between NDC3.0 and NBSAP in Armenia

What are nature related financial risks?

- *Risks to economic and financial systems arising from the **degradation of nature and transitions toward nature-positive economies** (Based on NGFS, 2023)*



Evidence is increasing, but data and methodological gaps remain.

Macro economic level

- Nature-related shocks can reduce economic output, generate inflationary pressures, worsen fiscal constraints, and pose risks to financial stability.
 - Hungary: a severe drought → decrease GDP growth rate by 3.8%-7.1%.
 - France: A temporary crop shock could raise food prices by about 13%

Financial system level

- Clear evidence on financial sectors' exposure to Nature-related risks (e.g. Evidence in Georgia, many others globally.)
- Some banks already price nature-related risks
 - EU banks tightening lending terms for firms with higher pollution profiles near protected areas

Firm level

- Firms are also increasingly aware:
 - A global survey result: 48 % view nature risks as financially material.
 - 43 % of them perceive physical risks, and 27 % transition risks (n=385)

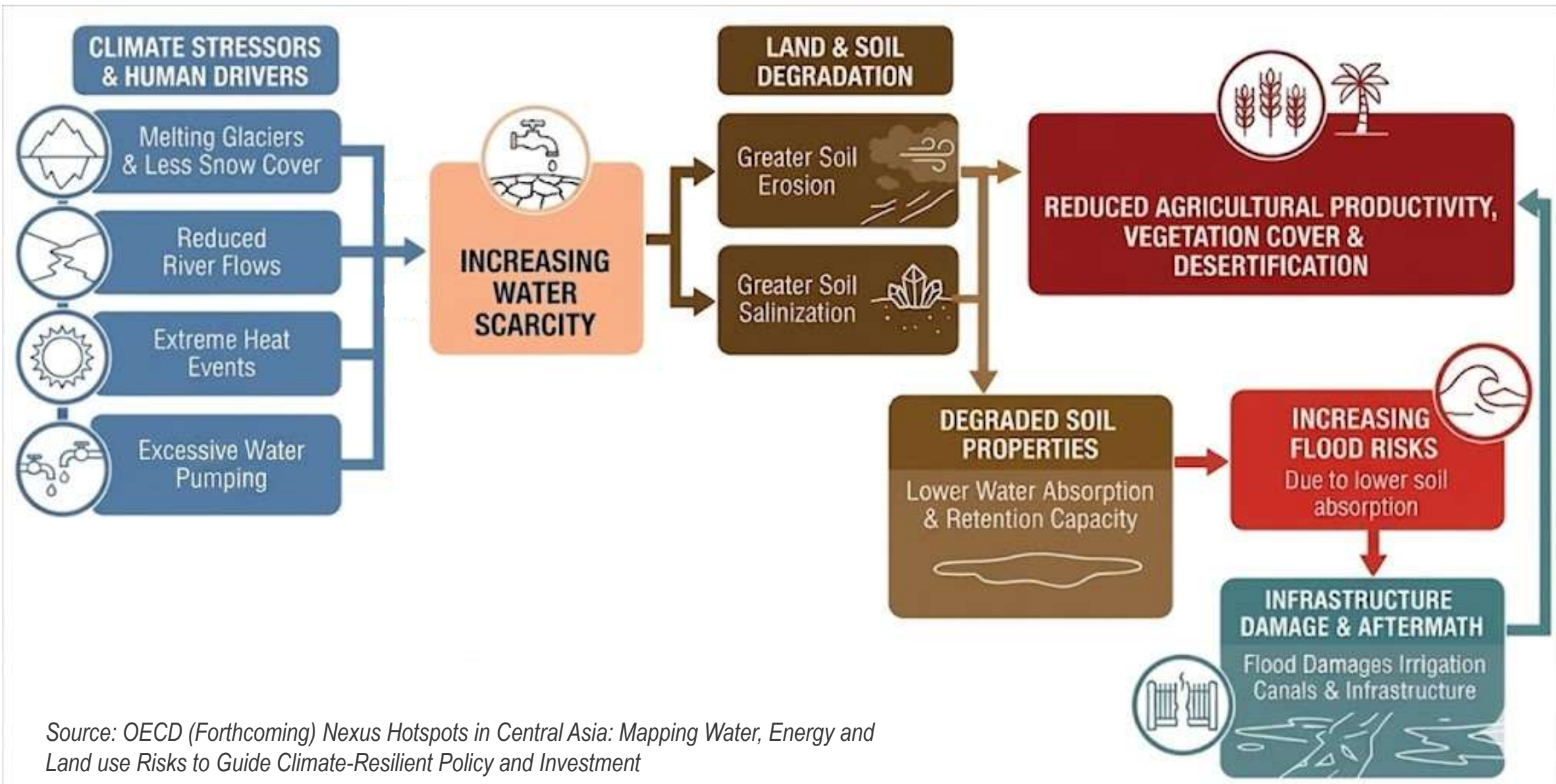
Why do nature-related financial risks matter to Eastern Europe, Caucasus and Central Asia?

Nature-related financial risks are:

- Material risks to businesses, financial sector and public finance
- No longer a future concern
- Likely to impact emerging economies (incl. EECCA) more than developed countries
- Not just about climate change
- Compounding, non-linear and endogenous

Compounding natural hazards:

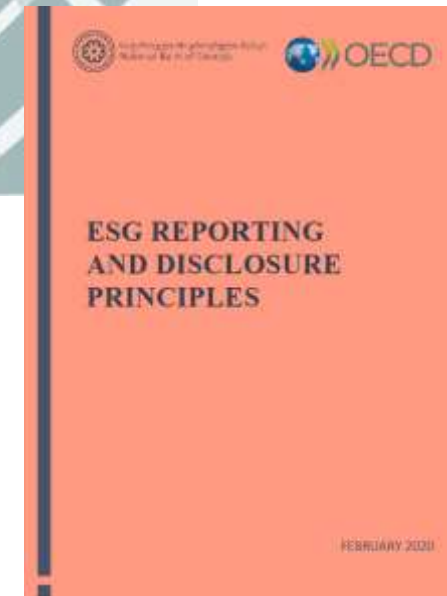
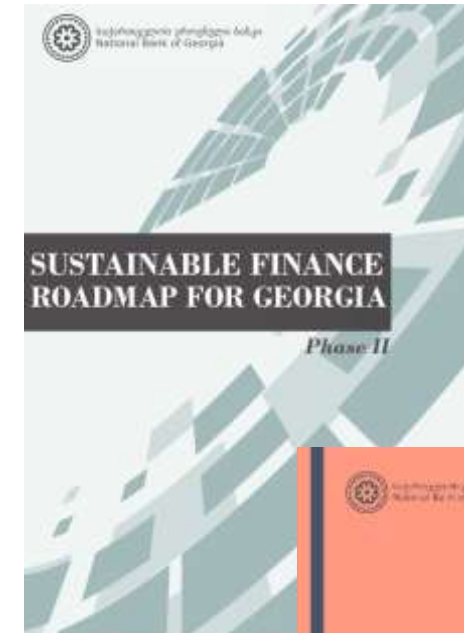
Water scarcity - Land degradation - Floods (e.g. Kyzylorda, KAZ)



Source: OECD (Forthcoming) *Nexus Hotspots in Central Asia: Mapping Water, Energy and Land use Risks to Guide Climate-Resilient Policy and Investment*

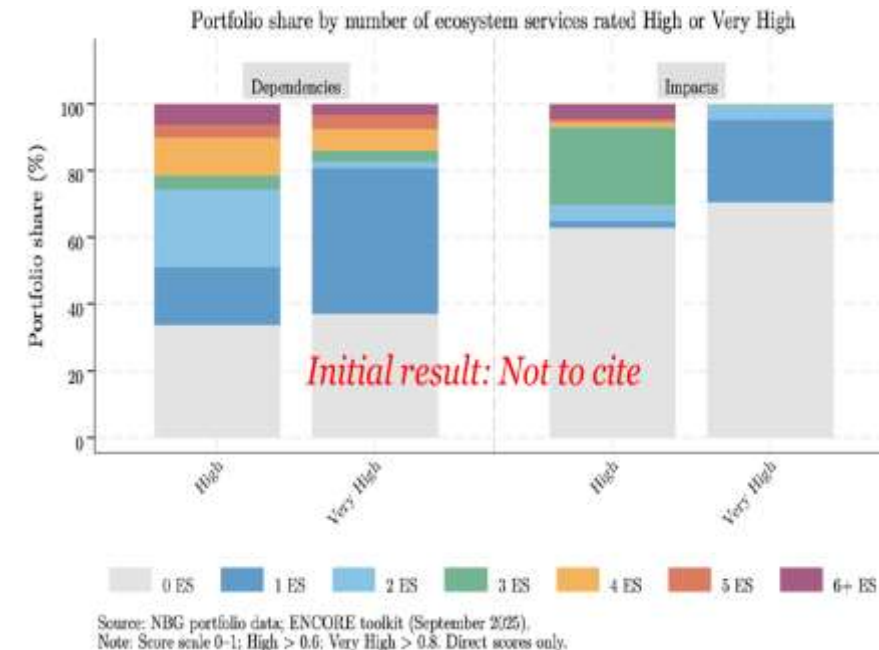
OECD-NBG study on Nature-related Financial Risks: Context and objectives

- **Context:** Building on engagement with the National Bank of Georgia (NBG) on green and sustainable finance, including developing the NBG ESG Reporting and Disclosure Principles.
- **Objective:** Strengthen understanding and management of nature-related financial risks while supporting implementation of the Sustainable Finance Action Plan 2025–2028.
 - Potential economic and financial impacts from nature-related risks in Georgia
 - Nature-related financial risks in the NBG’s ESG Reporting and Disclosure Template
 - Shifting from assessment to management



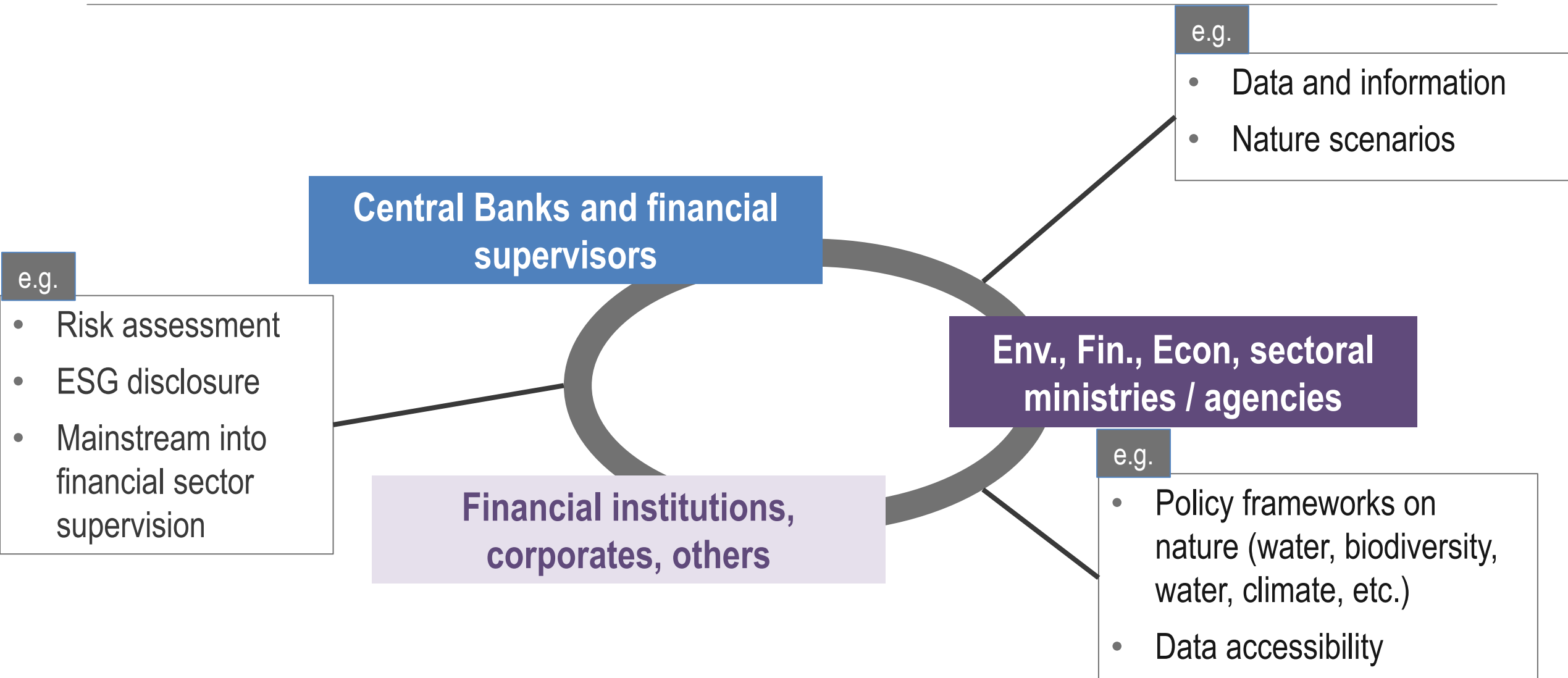
OECD-NBG study on Nature-related Financial Risks: Approach and initial findings

- Initial analysis of how Georgia’s bank lending is exposed to nature related financial risks
 - >50% of the lending depends, and nearly 40% impacts, highly on more than 1 ecosystem services
- Exploring “nature scenarios” of key physical and transition risks
- Econometric analysis of how these risks may impact Georgia’s economy and financial stability
 - GDP growth potential
 - Inflation
 - Non Performing Loans, etc
- Workshop on how to “use” the result to better manage nature related financial risks



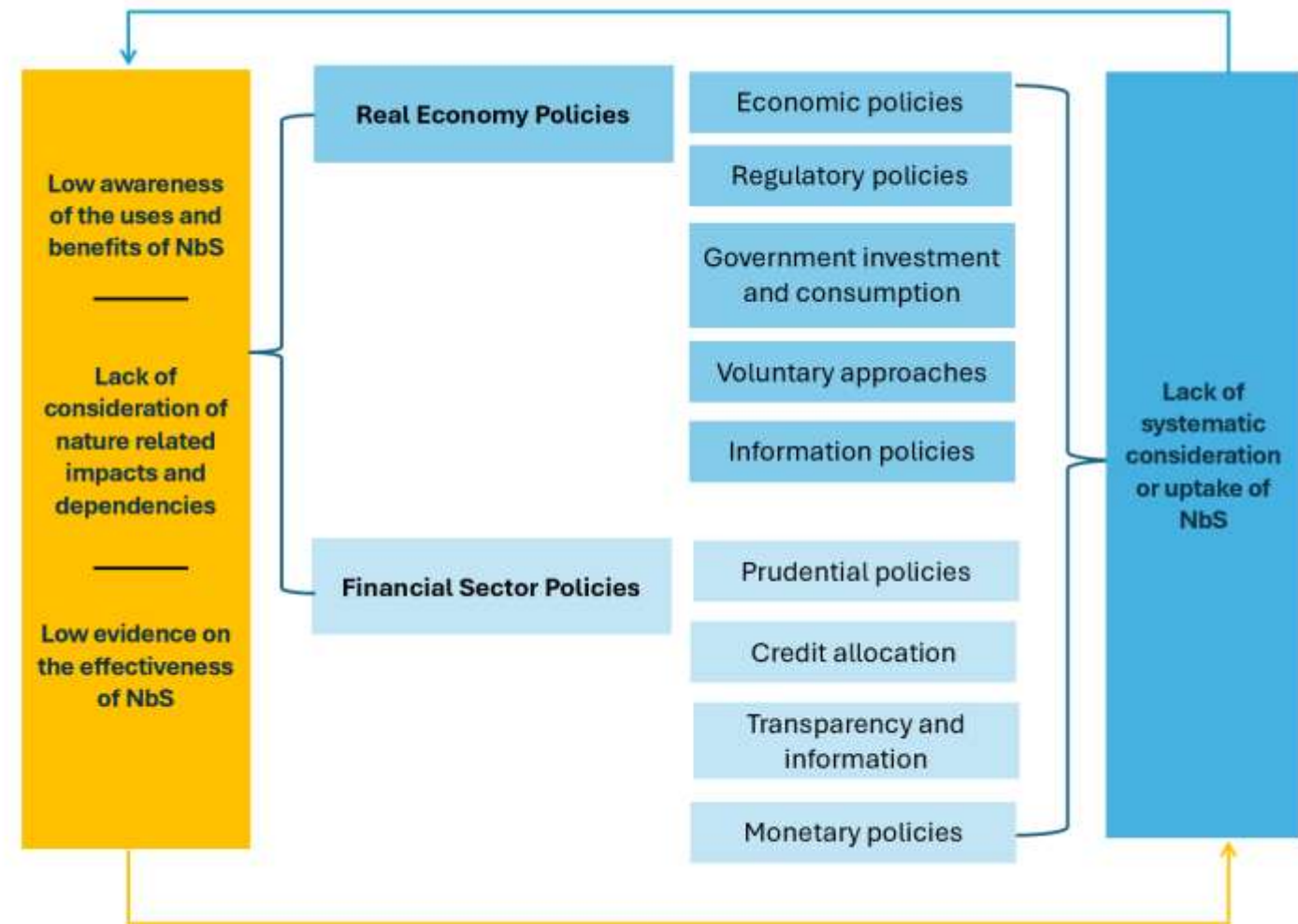
Source: OECD&NBG (forthcoming)

Co-operation: Key to assessing and managing nature related financial risks



Opportunities side: Nature-based Solutions in Central Asia (NbS IA)

- Pilot projects in Central Aisa – green and grey infrastructure (water, energy, road transport, urban)
- Looking into enabling policy frameworks
 - Real economy policies
 - Financial sector regulations
- Business case for investing in NbS: How embedding nature-related risks impacts decision making for infrastructure investment



Source: OECD (2020), "Nature-based solutions for adapting to water-related climate risks"

Armenia: Draft analysis of synergies and misalignments in finance for NBSAP and NDC

Desktop assessment of Armenia's NDC3.0 and updated NBSAP (draft)

- Showing where Armenia can align climate and biodiversity action for greater impact
 - Strong convergence in forestry, land restoration and ecosystem management, while biodiversity protection is still less consistently embedded in agriculture, water, energy and land-use policies.
- Translating NDC 3.0 and the draft NBSAP into a concrete co-benefit pipeline
 - 22 actions across forestry, land use and agriculture with potentially promising co-benefits
- Helping prevent climate investments from creating biodiversity trade-offs
 - By flagging risks linked to hydropower, reservoirs, wind, large-scale solar, biogas and grey flood infrastructure, the analysis makes the case for early safeguards, spatial screening, etc.
- Sets out possible financing and governance approaches
 - Proposing how green budgeting, climate and biodiversity tagging, blended finance, PES, Article 6/carbon finance

Nature finance work at the GREEN Action TF

	Scope	Nature of work	Countries / Forums
<div data-bbox="25 442 593 678" style="border: 2px solid #0070C0; padding: 10px; text-align: center;"> Assessing Nature-related Financial Risks </div>	<ul style="list-style-type: none"> • Macroeconomic • Sectoral 	<ul style="list-style-type: none"> • Econometric analysis / • Review of financial supervisory frameworks (e.g. disclosure) 	Georgia and Kazakhstan
<div data-bbox="50 763 624 999" style="border: 2px solid #4F81BD; padding: 10px; text-align: center;"> Seizing Opportunities to mobilise Finance for Nature </div>	<ul style="list-style-type: none"> • Sectoral • Project-level 	<ul style="list-style-type: none"> • Analysis of the enabling policy environment for investment in NbS <i>(real economy and financial sector)</i> 	5 Central Asian countries Armenia (NDC & NBSAP analysis)
<div data-bbox="89 1085 662 1320" style="border: 2px solid #8E7CC3; padding: 10px; text-align: center;"> Facilitating discussion on nature finance </div>	<ul style="list-style-type: none"> • Country engagement • OECD forums 	<ul style="list-style-type: none"> • Policy dialogues based on results of analytical work 	OECD working party meetings In-country policy dialogues (GE and KZ, as well as Armenia – tbc)

Next steps and contact

- The OECD / GREEN Action TF welcome further interest from the EU Eastern Partnership Countries
- Another session will be held on 15-16 June in Paris/online during the 2026 GREEN Action Task Force Annual Meeting
- Please contact us anytime for discussion or brainstorming on potential collaboration with the OECD/Task Force on nature finance.

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GREEN Action Task Force 2026 Annual Meeting

Conference In person Workshop

Date
15-16 June 2026

Location
Paris, France

<https://oe.cd/GATF2026>