

Just Transition Finance
Case Studies from
Banking and Insurance

UN 
**environment
programme**

**finance
initiative**

BNDES
Financing Climate-Resilient
Development through
Territorial Approaches

April 2026

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Suggested citation: United Nations Environment Programme (2026). *Just Transition Finance: Case Studies from Banking and Insurance*. Geneva.

Production: United Nations Environment Programme Finance Initiative

Cover photo: Aureliano Soares Martins with one of the cisterns he uses to water his crops. IFAD.org / © Fernanda Oliveira.

This report includes case studies illustrating how banks and insurance companies are embedding just transition considerations in their strategies, processes, products, and partnerships. It reflects practices current at the time of publication and is intended to support financial institutions in considering approaches to just transition; it does not prescribe specific actions or define expectations for financial institutions.

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Participation in the UNEP FI Just Transition Pilot Programme, or inclusion of a case study in this report, does not imply that a financial institution applies or endorses all statements, practices, or recommendations set out in this report.



Executive summary

The transition to low-carbon, climate-resilient economies is not only a technical challenge—it is a social one. Transition pathways that fail to address the needs of workers, communities, and vulnerable populations face growing political and operational risk, while those designed with equity and inclusion at their core are more credible, durable, and effective. Financial institutions play an important role in enabling and financing these pathways.

This report draws on the UNEP FI Just Transition Pilot Programme—a yearlong initiative that convened over a dozen banks and insurers for peer exchange and expert input—to document how just transition considerations are being integrated across banking and insurance. Its main contribution is a set of case studies illustrating how participating institutions are embedding just transition in their strategies, processes, products, and partnerships. These institutions are at different stages of engagement and operate in diverse regulatory, sectoral, and geographic contexts.

The case studies reveal that just transition integration has no single starting point. They are united not by a common method but by a common orientation—identifying where the social dimensions of transition are most material to the institution’s own portfolio, mandate, and client relationships, and building from there. For most institutions, this required organizational groundwork: cross-functional collaboration to bridge silos, internal capacity building to develop shared understanding, and senior sponsorship to establish mandate.

Product and client-facing finance saw significant activity, while partnerships and co-creation also proved essential: virtually every case study involves collaboration beyond the institution itself—with multilateral organizations, public authorities, peer institutions, municipalities, academic partners, or civil society—reflecting that the reach and legitimacy required for just transition finance often exceeds what any single institution can provide alone.

Recommendations

The case studies demonstrate that just transition finance has moved beyond conceptual endorsement into an early phase of applied practice. Institutions are moving past the question of whether just transition is relevant toward how it can be translated into concrete decisions. Building on the framework established in Just Transition Finance: Pathways for Banking and Insurance, ten recommendations provide practical entry points for financial institutions at different stages of engagement:

- 1 Leverage just transition as a horizontal, integrative lens**, connecting climate, social, human rights, and business objectives rather than treating just transition as a standalone agenda.
- 2 Develop place-based and sector-specific strategies anchored in local realities**, leveraging local presence and partnerships to respond to concentrated transition risks and opportunities.
- 3 Embed social dimensions in transition planning**, systematically addressing social dependencies and impacts of institutional plans, and using transition planning as a vehicle for engaging clients on workforce impacts, gender equality, and inclusive transition pathways.
- 4 Align institutional practice with international standards as the baseline**, treating frameworks such as the UN Guiding Principles on Business and Human Rights as a floor rather than a ceiling.
- 5 Engage clients and business partners as co-agents of just transition**, investing in advisory capacity and co-designing financing and protection solutions around client needs.
- 6 Invest in meaningful stakeholder engagement**, developing channels for consultation and transparency that extend beyond existing client relationships to reach workers, communities, and affected populations, and encouraging clients to do the same.
- 7 Advance just transition through partnerships and collaboration**, contributing to public-private partnerships, multi-stakeholder initiatives, and the broader enabling environment for just transition finance.
- 8 Recognize the broadening scope of just transition**, extending approaches beyond industrial phaseout to transition-enabling activities, adaptation, resilience, nature, and the circular economy.
- 9 Invest in governance, capacity, and cross-functional coordination**, addressing internal silos and cultivating senior sponsorship to create mandate and accountability on just transition.
- 10 Develop approaches to measuring and reporting on just transition activities and outcomes**, including simple, decision-useful indicators that can track progress without waiting for comprehensive methodologies to mature.



Case studies: Just transition finance in practice

Click the organization's name on this page to read their case study and click [here](#) to read the full report.

BNDES

INDUSTRY

- Development finance

REGION

- Brazil

CLIMATE FOCUS

- Adaptation
- Mitigation

KEY THEMES

- Development and blended finance
- Climate-resilient livelihoods
- Territorial investment plans
- Gender and youth focus
- Water
- Partnerships: international and local actors

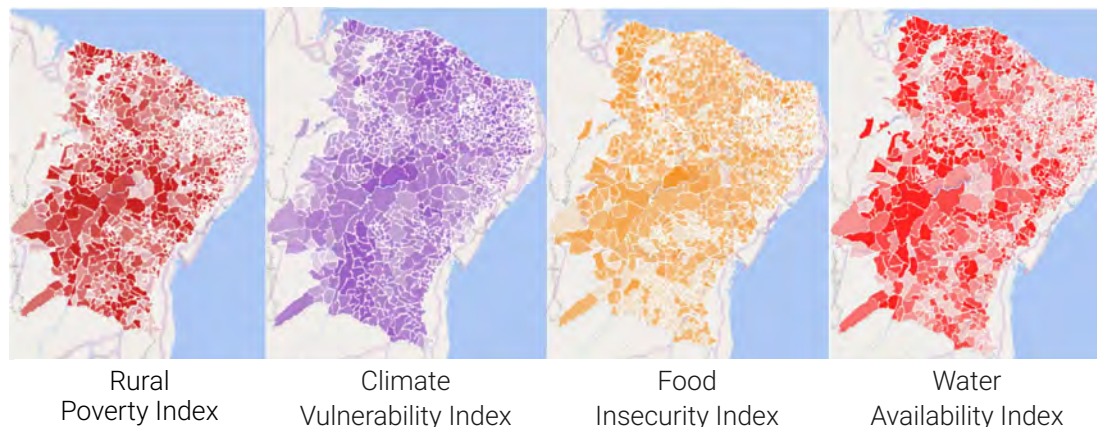
Banco Nacional de Desenvolvimento Econômico e Social (BNDES) is Brazil's national development bank, contributing to socio-environmental and climate objectives. These strategic priorities converge in the semi-arid region of Northeastern Brazil. Water stress aggravated by climate change is threatening livelihoods and social fabric in areas that already face poverty and food insecurity; women and youth are particularly at risk. To meet this challenge, working in partnership with the International Fund for Agricultural Development (IFAD), BNDES has developed a blended finance model and project structure to build climate, ecological, and livelihood resilience in the region. In a pioneering partnership that bridges international, national, and subnational actors, BNDES also seeks to hone a scalable agroecology model for arid regions around the world. The programme also reflects a core lesson for financial institutions more broadly: economic, social, and environmental objectives are not trade-offs but mutually reinforcing drivers of durable value creation.

Financing Climate-resilient Development through Territorial Approaches

BNDES plays a leading role in Brazil's climate transition and ecological transformation, including through strategic leadership and financing for low-carbon infrastructure, climate change adaptation, and resilient livelihoods. The Bank's operational priorities are formally aligned with the [National Policy on Climate Change](#), and many of its capacities and responsibilities translate directly to its leadership in the country's climate response. For example, BNDES manages the credit window of the [National Climate Change Fund](#), provides grants through the BNDES Socioambiental Fund, and manages the [Amazon Fund](#). It also has a long track record in strategies to combat water scarcity in the semiarid regions of Brazil.

The Caatinga biome, a semi-arid ecoregion in Northeastern Brazil, is one of Latin America's most climate-vulnerable areas. Compared to the early 1980s, climate change has driven an increase in drought frequency and duration (from an average of 30 months to more than 50 months), and the area affected by drought has expanded from 49% to 94% of the territory.^{1,2} These impacts are expected to intensify in coming decades as temperatures continue to rise. Drought creates acute harm to rain-fed agriculture, but it also damages long-term yields and ecosystem integrity by accelerating soil erosion and loss of vegetative cover. Moreover, agricultural losses are mostly felt by family farming.³ The population of the Caatinga region is largely smallholder family farmers; high rates of food insecurity and poverty affect most communities. The increasing exposure to acute and chronic climate stressors compounds existing vulnerabilities—

including health,⁴ socioeconomic underdevelopment, deforestation, and land degradation—in a critical case of intersecting economic and ecological fragility.



Maps outlining overlapping vulnerabilities in Brazil's semi-arid Northeast |

Source: [BNDES | Sertão Vivo Semeando Resiliência Climática em Comunidades Rurais do Nordeste](#)

Financing Climate-resilient Development through Territorial Approaches

Recognizing these interlocking vulnerabilities, in partnership with International Fund for Agricultural Development (IFAD), BNDES spent years designing—and recently launched—a programme calibrated to the scale and complexity of the challenge. [Sertão Vivo](#), named after the region's cultural identity, is a multi-layered programme that includes three components (i) support for climate-resilient productive systems (CRPS), (ii) water access, and (iii) knowledge management. It bridges broad-based interventions and small-scale support,

ranging from family farmers networks and collective production systems down to backyard gardens. Territorial Resilience Investment Plans promote coherence and synergy across activities. They are also key tools for embedding the programme’s youth and gender transformational focus and its prioritization of traditional, indigenous, and afro-descendant communities.

The first component, CRPS, will drive a productive transformation that raises and diversifies incomes through new practices, markets, and skills—while embedding climate resilience and emissions reductions throughout. It targets not only a transformation of economic activities, but also of the underlying skills base, including in schools for youth. By steering agricultural practices and products toward closer harmony with the local environment, the programme seeks to build a foundation for long-term economic and ecological resilience.

The second component improves water access for groups in highly vulnerable situations. It provides technologies for water harvesting, storage, treatment, and reuse, such as cisterns, small dams, and groundwater storage basins. These ‘social technologies’ are small-scale and locally familiar, grounded in established practices and thereby reducing barriers to broader uptake. The third component centers the knowledge contributions of youth, rural women, and traditional communities, while also building their capacity in sustainable practices. This component also supports knowledge exchange among the programme’s stakeholders, state governments, and even beyond Brazil’s borders through the exchange of knowledge, skills, resources, and technologies with other semiarid regions.

Sertão Vivo: Project components		
Component 1 Climate Resilient Productive System (CRPS)	Component 2 Water access	Component 3 Knowledge Management and Scaling-up
CRPS Investment Plans for family farmers	Disseminate efficient practices of access, harvest, storage and use of water	Planning, knowledge management, monitoring and evaluation
CRPS Investment for Collective Areas		Scaling up and sharing
CRPS Farmers Network		Capacity and awareness building
Territorial Resilience Investment Plans		

Sertão Vivo: Project components

These three components are designed to address distinct but inter-related challenges, in a coordinated approach that bridges short-term and long-term solutions. For example, water technologies are essential for addressing short-term needs and they play a central role in long-term resilience. However, they are not sufficient for addressing the chronic water stress the region will face in coming decades. This requires a more thorough transformation of local economic structures and the practices and skills that power them. Sertão Vivo aims to address both timescales in tandem. Furthermore, by focusing on familiar technologies and leveraging local knowledge, the project is designed to create an impact that will endure beyond the project’s completion.

Sertão Vivo is complex in its design, including its strategic objectives and the range of its interventions. Yet, building the blended finance arrangements and institutional partnerships behind the project was perhaps even more challenging in its complexity. It blends financing from BNDES, IFAD, and the Green Climate Fund (GCF). All three organizations contribute a portion of the programme's loanable funds, in addition to other forms of support, including grants and technical expertise. BNDES is the national executing entity but also relies on state governments for implementation and supplementary funding. On the ground, beneficiaries are envisioned not just as 'recipients', but also as participants, contributing with resources such as labour and materials. This strengthens local ownership and reduces long-term dependence on grant funding.

This institutional coordination was no easy feat. It was the first time IFAD had raised funds together with a development bank, which required extensive work to align policies and contracts. Monitoring social, gender, and environmental impacts across several partners also present an operational challenge. Implementing across multiple states requires intensive coordination and capacity building: for example, training state technicians in climate-resilient agriculture. In addition, BNDES also needed to negotiate with the federal government to obtain a sovereign guarantee on the reimbursable funds from GCF and IFAD, to satisfy the international organizations' funding requirements.

Challenges, enablers, and lessons

The arduous efforts of institutional alignment are paying off, and the programme is already showing transformative potential. As the promise of the initiative became clear, BNDES drew from its own resources to expand the programme budget, which then triggered IFAD to do the same. This allowed the number of states approved for the programme to expand from four to six, reaching more than 300,000 families—up to 1.3 million people—while reducing annual GHG emissions by 735,000 tons CO₂e.⁹³ Additionally, Sertão Vivo and the lessons learned through its implementation are also expected to inspire and inform financial strategies well beyond the programme's direct scope. The programme, and its concessional funds in particular, have prioritized the most vulnerable regions and groups. Yet, once the approach is established, it can be applied in neighboring states or expanded eligibility criteria with less concessional support—and thus greater scalability. Private finance currently plays a limited role, though the programme is designed to shift toward greater private sector leadership over time. For commercial financial institutions, rather than replicating the full public sector architecture, the scalable insight lies in the trajectory: early concessional support reduces risks for livelihoods and systems, enabling a gradual transition toward commercially viable finance as capabilities and cash flows strengthen.

Meanwhile, BNDES also expects to adapt some of the solutions developed within Sertão Vivo for Brazilian farmers in other biomes. Further yet, the programme embedded global replicability as a principle from the outset. By contributing to the evidence base of effective interventions and directly facilitating south-south knowledge exchange, Sertão Vivo aims to contribute to transformative models for people-centered climate adaptation in semi-arid regions in Latin America and around the world.

Although not all financial institutions design place-based programmes from the ground up, Sertão Vivo highlights transferable practices: grounding financial strategies in territorial realities, engaging local actors as knowledge partners, setting clear objectives and responsibilities, and embedding monitoring and course-correction throughout implementation.



ifad.org / © CETRA

Endnotes

- 1 International Fund for Agricultural Development (IFAD). Planting Climate Resilience in Rural Communities of the Northeast (PCRP): Funding Proposal FP143. GCF/B.27/02/Add.03. Submitted to the Green Climate Fund Board, 27th Meeting, November 2020. Rome: IFAD; 19 October 2020. Available from: greenclimate.fund/sites/default/files/document/gcf-b27-02-add03.pdf [Accessed 4 March 2026].
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