



საქართველოს ეროვნული ბანკი
National Bank of Georgia

SUSTAINABLE FINANCE ROADMAP FOR GEORGIA

Phase II

2025

Sustainable Finance Roadmap for Georgia

Phase II

2025

Acronyms

ADB	Asian Development Bank
BCBS	Basel Committee on Banking Supervision
CG	Corporate Governance
DSIK	German Sparkassenstiftung for International Cooperation
EBA	European Banking Authority
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECB	European Central Bank
ESG	Environmental, Social and Governance
FSB	Financial Stability Board
G20	Group of Twenty
GHG	Greenhouse Gas
IFC	International Finance Corporation
NBG	National Bank of Georgia
NGFS	Network of Central Banks and Supervisors for Greening the Financial System
OECD	Organization for Economic Co-operation and Development
SBFN	Sustainable Finance and Banking Network
SDGs	Sustainable Development Goals
SF	Sustainable Finance

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Introduction – Setting the Scene

Climate change, environmental degradation, social issues, and other Environmental, Social, and Governance (ESG) factors are increasingly posing significant challenges to the global economy. These challenges are driving—and will continue to drive—profound economic transformations, particularly within the financial sector. The transition to a low-carbon, resource-efficient, and sustainable economy, coupled with the pursuit of a more inclusive society, demands a fundamental shift in how economies and financial systems operate.

Georgia, with its diverse geography and emerging economy, is no exception. The impacts of climate change are already evident, manifesting in more frequent and severe natural disasters such as floods, landslides, and the rapid melting of glaciers. The rising intensity and frequency of these events—floods, avalanches, strong winds, and droughts—are reshaping the nation’s landscape. The consequences are far-reaching, impacting infrastructure, agriculture, public health, and overall economic stability (MEPA, 2021¹).

As these adverse effects become more pronounced, the urgency for Georgia to develop a comprehensive response to climate change and ESG-related issues becomes ever more pressing. To address these challenges, Georgia has committed to several international agreements, including the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. These commitments reflect Georgia’s active participation in global efforts to mitigate climate change and transition to a sustainable, low-carbon economy.

In 2015, Georgia signed the Paris Agreement and submitted its Intended Nationally Determined Contribution (INDC), and in 2021, it submitted an updated NDC (MEPA, 2021²). According to this document, Georgia is unconditionally committed to limiting its domestic total GHG emissions to 35% below the 1990 level by 2030, with a target of 50-57% reduction with international support. Following consultations with the Energy Community, the European Commission, and the Government of Georgia, a new target was set for 2030, aiming for a 47% reduction in GHG emissions compared to 1990 levels, including the land-use, land-use change, and forestry (LULUCF) sector (UNDP, 2024³).

¹ MEPA. (2021). Fourth National Communication of Georgia under the United Nations Framework Convention on Climate Change

² MEPA. (2021). Georgia’s Updated Nationally Determined Contribution

³ UNDP. (2024). Roadmap to Georgia’s Lt-LEDs

Moreover, the goal of achieving climate neutrality by 2050, as outlined in Georgia's Long Term Low Emission Development Strategy (Lt-LEDS) (GoG, 2023)⁴, adopted by the Government of Georgia in 2023, underscores the need for substantial financial investments in both mitigation and adaptation strategies. In addition to climate neutrality, Georgia must also adapt to the impacts of climate change. Low-emission development, climate adaptation, and the transition to a green economy are also crucial elements of the EU-Georgia Association Agreement and the UN 2030 Agenda for Sustainable Development Goals (SDGs).

Finance and investment mechanisms are essential for achieving these ambitious goals, as it is virtually impossible to implement significant transitional projects without substantial financial resources. The state plays a crucial role in shaping these finance and investment mechanisms. However, given the limited financial resources available to the state, it is vital to attract private investment for climate-related activities, create effective systems for green capital markets, and support the flow of financial resources among stakeholders. This approach would enhance and accelerate the financing of green and sustainable activities in Georgia. International financial support is another crucial element in this landscape.

Between 2010 and 2019, Georgia received 5.17 billion Georgian Lari (GEL) in bilateral climate finance, with multilateral financing contributing an additional 2.19 billion GEL during the same period. International financial institutions provided 28.35 billion GEL from 2010 to 2022 (UNDP, 2022⁵). Domestic funding is primarily managed through the state budget, including local and autonomous republics' budgets, coordinated by the Ministry of Finance. However, as of 2024, specific information on climate change expenditures remains unavailable. Private investments also play a crucial role in climate financing, with green loans increasing in recent years and the green bonds market making a notable contribution (NBG, 2024⁶).

Despite receiving substantial international financial aid, Georgia still faces a significant financing gap. The funds required to meet the country's ambitious climate and sustainability goals far exceed the resources currently available. For instance, in terms of mitigation, approximately 13 billion GEL is required, with 8 billion GEL allocated for achieving Georgia's unconditional NDC targets and 5 billion GEL for the conditional NDC targets. For adaptation, the first NDC from 2017 estimated the financial need to be between 4.8 and 6.4 billion GEL (UNDP, 2022).

⁴ Government of Georgia. (2023). Georgia's Long-Term Low Emission Development Strategy 2050 (Lt-LEDS)

⁵ UNDP. (2022). Georgia's NDC Financing Strategy and Investment Plan

⁶ NBG. Sustainable Finance Status Report 2024

However, the updated NDC from 2021, with its more ambitious targets for both mitigation and adaptation, suggests that the actual financing requirement might be much higher. According to sector experts, the financial resources needed for implementing the Lt-LEDS amount to approximately USD 78 billion (GoG, 2023). This shortfall highlights the urgent need for innovative financial solutions and greater mobilization of both public and private capital to bridge the gap.

In this context, the financial sector in Georgia has a critical role to play, not only in financing the transition toward a low-carbon, resource-efficient, and sustainable economy but also in managing the financial risks arising from climate-related and other ESG factors. Financial institutions are uniquely positioned to provide the necessary funding for sustainable projects while managing associated risks. Their ability to mobilize capital, assess risks, and direct investments toward sustainable activities is essential for ensuring the country's long-term financial stability and resilience. A robust banking sector and overall financial stability will be vital for supporting an orderly transition, with financial institutions leveraging their expertise in lending, investment, and advisory services.

Environmental risks, particularly those related to climate change, are expected to become increasingly prominent through both transition and physical risk drivers. These risks could potentially affect all traditional categories of financial risks to which financial institutions are exposed. Additionally, social factors—such as human rights, public health, and working conditions—and governance factors—such as executive leadership, board independence, diversity and professionalism, and stakeholder engagement—can generate financial impacts within the real economy, which, in turn, may affect the financial sector. ESG risks are fundamentally altering the risk landscape for the financial sector, including banking, necessitating decisive actions from all stakeholders.

Financial regulators and supervisors, including the National Bank of Georgia (NBG), are actively addressing the challenges posed by climate and other ESG risks. Their goal is to ensure that the prudential framework remains resilient to support the safety and soundness of financial institutions as they finance the economy through the transition to a more sustainable future.

Recognizing the importance of sustainable finance in achieving these objectives, the NBG has been at the forefront of developing a [Sustainable Finance Framework](#) since 2017. This framework entails integrating ESG

considerations into the financial sector, managing associated risks, and facilitating the reallocation of capital flows toward sustainable, including green, activities. These efforts, in turn, contribute to the financial stability and sustainable development of the economy.

The NBG's Sustainable Finance Framework is not just a regulatory initiative; it is a strategic approach to aligning the financial sector with the country's broader sustainability goals. By supporting the reorientation of capital flows toward activities that reduce GHG emissions, protect natural resources, and promote social equity, the framework helps mitigate financial risks associated with climate change and other ESG issues, while also unlocking new opportunities for sustainable economic growth.

As Georgia moves forward with its sustainability agenda, the role of the financial sector becomes increasingly crucial. The Second Sustainable Finance Roadmap outlined in this document provides a strategic pathway for enhancing the financial sector's contribution to the country's sustainability objectives. It identifies key actions needed to strengthen the integration of ESG factors into financial practices, improve the management of climate and other ESG risks, and support the development of sustainable financial products and services.

By strengthening the integration of ESG factors into financial practices, improving the management of climate and other ESG risks, and supporting the development of sustainable financial products and services, this roadmap sets the stage for a resilient and prosperous future. The NBG, through its Sustainable Finance Framework, is committed to ensuring that the financial sector not only supports but also drives the sustainable development of the country.

This roadmap sets the stage for a comprehensive and coordinated approach to sustainable finance in Georgia, paving the way for a resilient and prosperous future. It continues the progress initiated under the NBG's previous action plan on sustainable finance while incorporating necessary adjustments to enhance the existing framework and address emerging areas of focus.

Sustainable Finance – the integration of ESG factors into decision-making processes within the financial sector, the management of ESG-related risks (including climate and nature-related risks), and the reallocation of capital flows toward sustainable economic activities, thereby contributing to financial stability, economic resilience, and long-term sustainable development.

Sustainable Finance Roadmap for Georgia – Phase I Implementation Summary

The NBG developed and released the first Roadmap for Sustainable Finance in Georgia⁸ (hereinafter, SF Roadmap) along with its corresponding action plan in 2019. Over a five-year horizon, this roadmap served as the primary policy document aimed at providing a credible, predictable and stable regulatory framework. Its purpose was to prepare the market for transitioning towards sustainable finance and to facilitate the integration of ESG and sustainability considerations into financial decision-making by providing clear, internationally aligned regulations, policies, tools and guidelines.

The SF Roadmap focused on the four key pillars:

I

Support capacity building and increase awareness

II

Guide the financial flows towards sustainable development

III

Ensure the incorporations of ESG into risk management and decision-making of financial institutions

IV

Support transparency and market discipline

All the actions that were defined under each pillar have been successfully implemented. Actions implemented under each pillar are summarized below, for more detailed information please refer to Sustainable Finance Status Reports⁹. It is worth noting that some actions from the first Roadmap, such as providing and facilitating training and workshops for stakeholders and conducting research on sustainable finance topics, are not one-time activities. These require continuous efforts and will remain part of the new Roadmap as well.

⁸NBG (2019). Sustainable Finance Roadmap for Georgia

⁹The detailed description of activities implemented during 2020-2021, 2021-2022, 2022-2023 and 2023-2024 is presented in the Sustainable Finance in Georgia Status Report 2021, Sustainable Finance in Georgia Status Report 2022, Sustainable Finance in Georgia Status Report 2023, and Sustainable Finance in Georgia Status Report 2024, respectively.

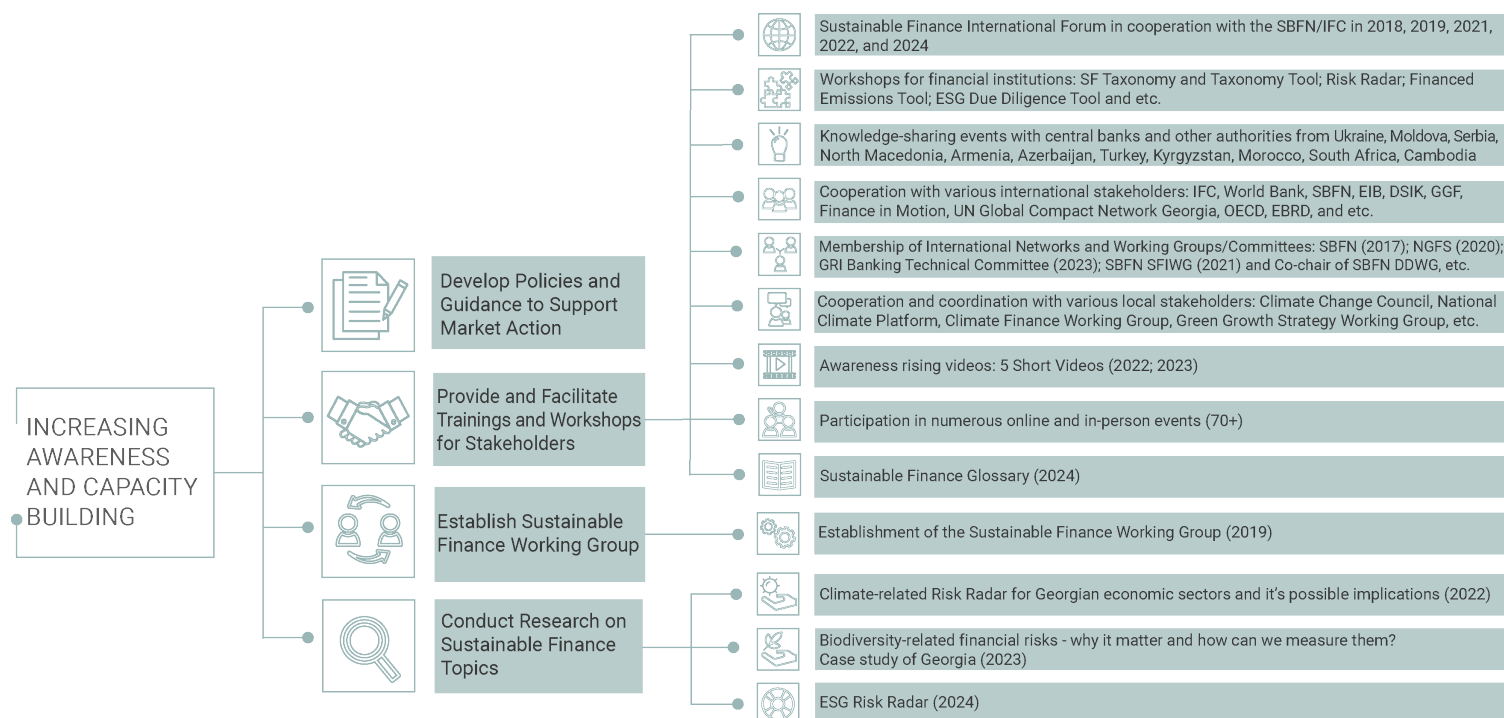
Pillar I. Increasing Awareness and Capacity Building

Main objective: Increasing awareness, providing guidance, and building the capacity of the market on sustainable finance.

Key actions implemented:

- **Sustainable Finance Forum:** Established in 2018, the Sustainable Finance Forum is an annual event that has evolved into a vital platform for fostering discussions on sustainable finance development in Georgia and other emerging markets. It brings together central bank officials, financial regulators, government representatives, international experts, and other stakeholders to share global trends, experiences, and best practices. The Forum continues to serve as a catalyst for dialogue, collaboration, and promote knowledge-sharing across regions.
- **Collaboration with International Organizations:** The development of various guidelines, principles, and tools was supported by partnerships with international organizations, including International Finance Corporation (IFC), German Sparkassenstiftung for International Cooperation (DSIK), the Green for Growth Fund (GGF), European Bank for Reconstruction and Development (EBRD), and the European Investment Bank (EIB), among others.
- **Membership in International Networks:** Active participation in global initiatives such as the Sustainable Banking and Finance Network (SBFN) since 2017 and the Network for Greening the Financial System (NGFS) since 2020 has enhanced expertise and commitment. The NBG co-chairs the SBFN Data and Disclosure Working Group and represents SBFN in the Global Reporting Initiative (GRI) Banking Sector Standard Technical Committee.
- **Sustainable Finance Working Group:** Established in 2019, this group fosters coordination with local financial institutions, supporting the development and implementation of tools like the Sustainable Finance Taxonomy, Climate Risk Radar, Financed Emissions, and ESG Due Diligence tools. Workshops and training sessions have been organized to guide financial institutions on integrating these tools into their operations.

- **Knowledge Sharing and Participation in International Events:** Consistent engagement in over 100 international workshops, webinars, and conferences has facilitated knowledge-sharing with experts and stakeholders globally. These events include collaborations with central banks and financial institutions from Europe, Central Asia, and beyond, further strengthening the NBG's expertise and fostering peer learning.
- **Local Awareness Initiatives:** Awareness-raising activities, including videos on climate-related financial risks and sustainable finance, were developed to educate the public and stakeholders. The NBG has also actively participated in local decision-making groups, such as the Climate Change Council and Green Growth Strategy Working Group.
- **Research on Sustainable Finance Topics:** Research plays a crucial role in building a strong conceptual foundation for sustainable finance initiatives and supporting evidence-based policymaking. Examples of research efforts include: *The Climate Risk Radar (2022)*, which assessed physical and transition risks in economic sectors using a top-down approach to identify potential climate-related vulnerabilities; *The Biodiversity-related Financial Risks Report (2023)*, which analyzed the financial system's dependencies and impacts on biodiversity and ecosystem services, providing insights into managing these risks. These and other research projects aim to deepen the understanding of sustainable finance challenges and opportunities, fostering informed decision-making and effective risk management practices.



The actions undertaken within Pillar I of the SF Roadmap aim to enhance awareness and build capacity on sustainable finance as well as to establish local and international partnership and enhance coordination.

Pillar II. Sustainable Finance Flows

Main objective: Supporting driving more capital flows to sustainable sectors and investments to achieve a green and socially inclusive economy.

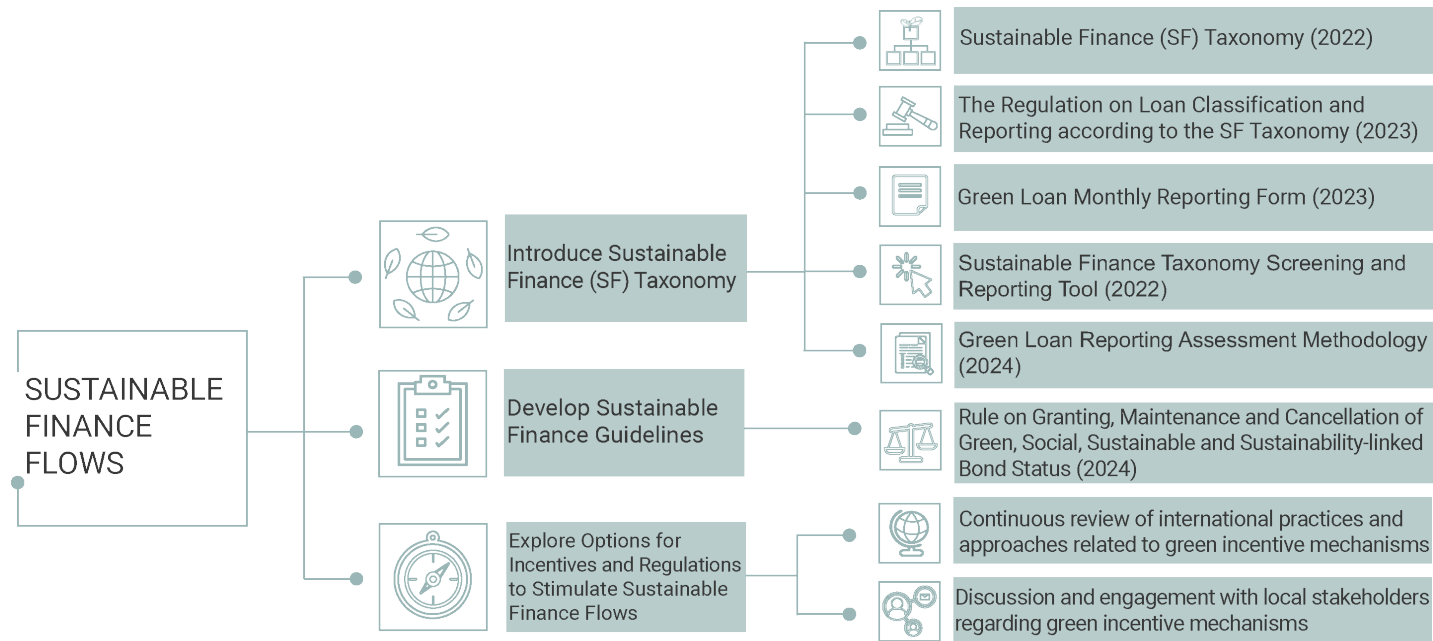
Key actions implemented:

- **Sustainable Finance Taxonomy¹⁰:** Published in August 2022, this classification system identifies green, social, and sustainable economic activities aligned with international standards and tailored to Georgia's context.
- **Taxonomy Regulation¹¹:** Enacted in January 2023, Regulation on Loan Classification and Reporting according to the Sustainable Finance Taxonomy defines green, social, and sustainable loans, requiring banks to report monthly on taxonomy-aligned loans and disclose related data in ESG reporting.
- **Screening and Reporting Tool:** Developed to assist banks in identifying and reporting taxonomy-compliant loans, ensuring consistent implementation. Training sessions were conducted to support bank representatives.
- **Green Loan Reporting Assessment:** Introduced in 2024, this methodology includes questionnaires, sample reviews, and documentation checks to prevent greenwashing, with annual assessments of reported loans.
- **Draft Regulation for GSS+ Bonds¹²:** Released in 2024 for public consultation, this regulation establishes standards for granting, maintaining, and canceling green, social, sustainable, or sustainability-linked bond status to align with international best practices.
- **Incentives and Local Engagement:** Ongoing efforts include exploring green incentive mechanisms tailored to Georgia and engaging with local stakeholders to promote the sustainable finance market.

¹⁰ NBG (2022). Sustainable Finance Taxonomy

¹¹ NBG (2022). Regulation on Loan Classification and Reporting according to the Sustainable Finance Taxonomy

¹² NBG (2024). Draft Regulation on Approving of the Rule on Granting, Maintenance and Cancellation of Green, Social, Sustainable and Sustainability-linked Bond Status



The actions undertaken within Pillar II of the SF Roadmap aim to ensure common definition of green, social, and sustainable loans and bonds in Georgia’s financial sector, the availability of consistent and comparable data, prevent and eradicate greenwashing, and stimulate sustainable finance flows in the country. These efforts significantly contribute to Georgia’s overall Sustainable Development Goals (SDGs).

Pillar III. ESG Risk Management

Main objective: Embedding ESG, including climate-related, issues into risk-assessment frameworks and decision-making processes of financial institutions and corporations.

Key actions implemented:

- **ESG Considerations in Corporate Governance (CG) Codes for Commercial Banks¹³:** Initially introduced in 2018, these considerations were updated in 2021 to define the Supervisory Board's responsibilities for integrating ESG into strategy and risk management frameworks. The updates also specified ESG reporting requirements as part of Basel III Pillar 3 annual report, referencing ESG Reporting and Disclosure Principles¹⁴ for guidance.
- **ESG Considerations in Corporate Governance (CG) Code for Issuers of Public Securities:** Introduced in 2021, these requirements integrate ESG factors into entities' strategies, risk management frameworks, and disclosures, ensuring alignment with sustainability objectives.
- **ESG Guidelines through Double Materiality Perspective¹⁵:** Published in 2023, these guidelines introduce a pioneering, holistic approach to climate and ESG risk management, ensuring that financial institutions evaluate climate and other ESG risks from double materiality perspective. These guidelines also offer comprehensive tools and methods for managing climate risks at both pre- and post-issuance levels, across loan and portfolio contexts, incorporating both inside-out and outside-in perspectives. They align with international standards and provide tailored guidance for the Georgian financial sector, serving as a reference for evaluating ESG risk frameworks and monitoring progress.
- **ESG Due Diligence Checklist Tool:** Developed in 2023 as part of the ESG Guidelines, this tool adopts a double materiality approach and helps financial institutions assess climate and ESG risks at pre-issuance level.
- **Financed Emissions Tool and Methodology¹⁶:** Introduced in 2023, this tool, based on the Partnership for Carbon Accounting Financials (PCAF) methodology, calculates financed emissions across lending activities. This top-down tool addresses data gaps, allowing financial institutions to disclose emissions transparently and better analyze climate-related risks and opportunities.

¹³ NBG (2021). *Corporate Governance Code for Commercial Banks*

¹⁴ NBG (2020). *ESG Reporting and Disclosure Principles*

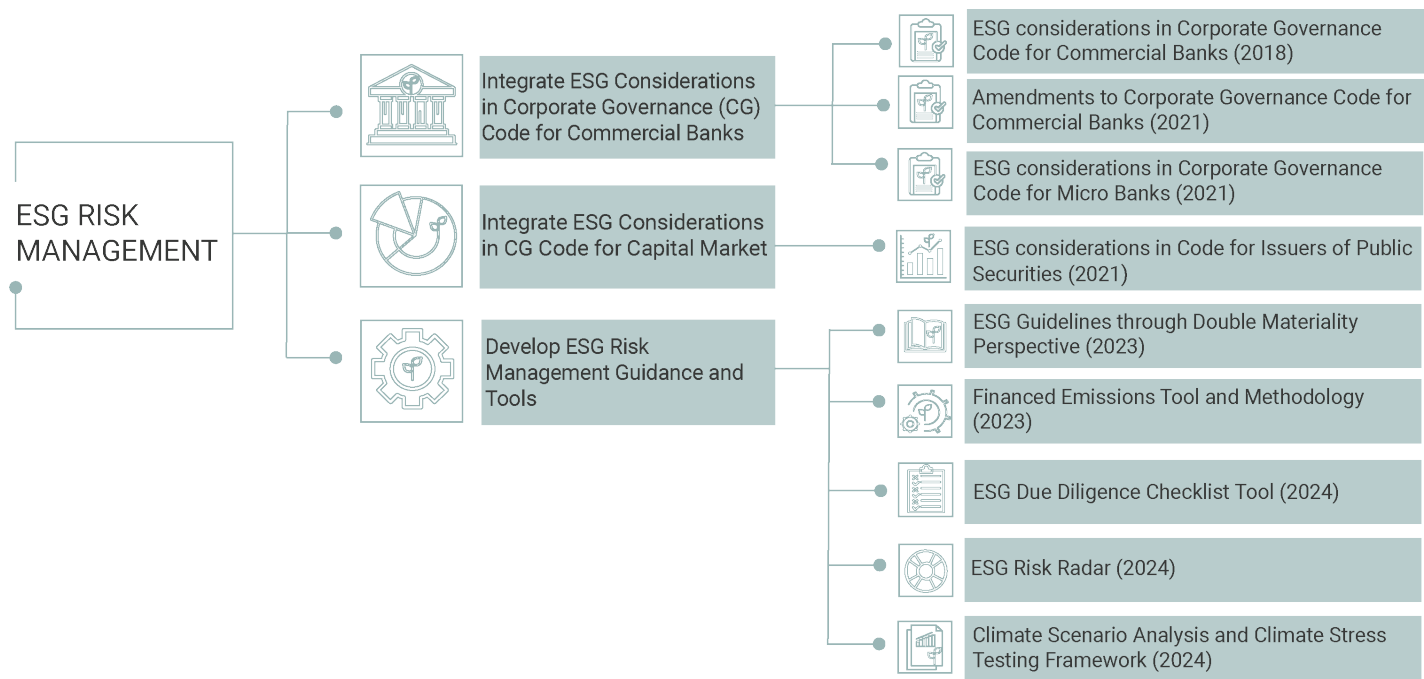
¹⁵ NBG (2023). *ESG Guidelines through Double Materiality Perspective*

¹⁶ NBG (2023). *Financed Emissions Tool and Methodology*

- **ESG Risk Radar¹⁷**: First published in 2022 and further enhanced in 2024, this tool provides a scoring methodology to assess climate and ESG risks across Georgian economic sectors. Covering both physical and transition risks, the radar enables banks to evaluate their exposure to high-risk sectors and apply sector-level insights to individual clients, improving climate risk management across portfolios.
- **Climate Stress Testing Framework¹⁸**: Published in 2024, this comprehensive framework evaluates the resilience of financial entities under various climate scenarios. By integrating multiple analytical modules, it assesses physical and transition risks across exposures, including household and corporate portfolios. The framework supports top-down assessments and can be utilized by financial institutions for in-depth, bottom-up stress testing exercises.

¹⁷ NBG (2023). ESG Risk Radar

¹⁸ NBG (2024). Climate Stress Testing Framework



The actions undertaken within Pillar III of the SF Roadmap aim to ensure proper identification, assessment and management of ESG, including climate-related, risks by financial institutions and capital market participants. As well good governance practices that are crucial to ensure proper ESG integration and risk management. All these contribute to mitigating risks and ensuring financial stability and contributing to sustainability of the financial sector.

Pillar IV. Transparency and Market Discipline

Main objective: Ensuring greater transparency and market discipline through minimum ESG disclosure requirements for financial institutions and corporations.

Key actions implemented:

- **Minimum ESG Disclosure Requirements:** Incorporated into Corporate Governance Codes for commercial banks, micro banks, and the capital market, these requirements establish the mandatory minimum for ESG reporting and disclosure.
- **ESG Reporting and Disclosure Principles¹⁹:** Published in 2020, these principles were developed to guide banks in disclosing ESG information consistently and comparably. Accompanied by a standardized ESG Reporting Form, the principles aim to promote transparency regarding banks' ESG practices.
- **ESG Reporting and Disclosure:** Since 2021, commercial banks have been completing the NBG's ESG Reporting Form in line with the ESG Reporting and Disclosure Principles. These completed forms are published on the NBG's website, ensuring accessibility for investors and stakeholders and enhancing market transparency.
- **Annual Sustainable Finance Status Report^{20,21,22,23}:** Published annually since 2021, this report provides an overview of trends, policies, and developments in sustainable finance in Georgia. It includes insights into ESG disclosure practices, sustainable finance initiatives, and trends in the issuance of green, social and sustainable loans and bonds, offering stakeholders a comprehensive view of progress.
- **ESG Scorecard:** The ESG Scorecard evaluates the ESG practices and performance of commercial banks using a scoring methodology based on key ESG indicators. This tool identifies gaps and challenges in ESG implementation, supports policy development, and serves as a progress measurement tool.
- **Information Hub:** The NBG's dedicated webpage serves as a centralized information hub for all updates, guidelines, and tools related to sustainable finance. This platform is consistently updated to ensure stakeholders have access to the latest developments and resources within the NBG's Sustainable Finance Framework.

¹⁹ NBG (2020). ESG Reporting and Disclosure Principles

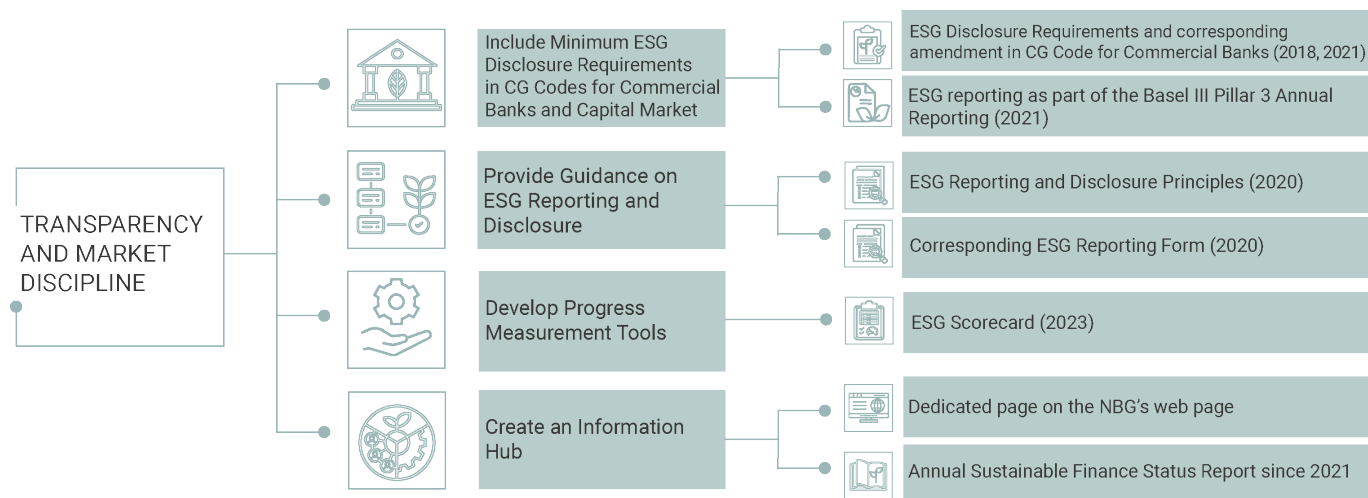
²⁰ NBG (2021). Sustainable Finance in Georgia Status Report 2021

²¹ NBG (2022). Sustainable Finance in Georgia Status Report 2022

²² NBG (2023). Sustainable Finance in Georgia Status Report 2023

²³ NBG (2024). Sustainable Finance in Georgia Status Report 2024

²⁴ <https://nbg.gov.ge/en/page/sustainable-finance>



The actions undertaken within Pillar IV of the SF Roadmap aim to ensure availability of comparable, consistent and decision-useful data and enhance transparency regarding regulatory and policy developments and its implementation by financial sector as well as regarding trends and developments around sustainable finance in Georgia.

THE FIRST PHASE OF SUSTAINABLE FINANCE ROADMAP

Over a five-year horizon, the First Phase of the Sustainable Finance Roadmap served as the primary policy document aimed at providing a credible, predictable and stable regulatory framework.

Its purpose was to prepare the market for transitioning towards sustainable finance and to facilitate the integration of ESG and sustainability considerations into financial decision-making by providing clear, internationally aligned regulations, policies, tools and guidelines.



Sustainable Finance Roadmap for Georgia – Phase II

This roadmap outlines the NBG's work plan on sustainable finance. It builds on and replaces the NBG's first roadmap on sustainable finance in Georgia²⁵, published in April 2019, as all the actions in the first roadmap have been implemented successfully. The roadmap details the NBG's approach and objectives in the areas of ESG and sustainable finance, and it describes the associated planned activities and timelines.

While the first Sustainable Finance Roadmap focused on establishing a regulatory foundation through the introduction of key regulations, guidelines, and tools to support the financial sector's transition to sustainable finance, the main focus of the second roadmap is to further advance the regulatory framework and strengthen Georgia's sustainable finance landscape. This will be achieved by updating, improving, and enhancing existing regulations, guidelines and tools and introducing new ones. Additionally, it emphasizes monitoring the financial sector's implementation of these measures, including assessing compliance, evaluating progress, identifying gaps and challenges, and providing feedback to ensure continuous improvement.

The second Sustainable Finance Roadmap builds on the key directions outlined in the first edition while introducing additional pillars to address an expanded scope and evolving priorities. These pillars are now categorized into Core Pillars and Supporting Pillars. The Core Pillars focus on the fundamental aspects of sustainable finance and include: Sustainable Finance Flows; Climate, Nature, and ESG Integration and Risk Management; and Transparency, Disclosure, Reporting, and Measurement. Recognizing the importance of integrating climate and ESG considerations into the central bank's own operations, internal policies, and activities, a new pillar, Greening the National Bank of Georgia, has been added. The Supporting Pillars are cross-cutting in nature and encompass actions necessary to implement activities outlined in the Core Pillars. They focus on Capacity Building and Awareness as well as Local and International Coordination and Partnership.

²⁵ NBG (2019). Sustainable Finance Roadmap for Georgia

Objective of the Roadmap

The Sustainable Finance Roadmap outlines the planned actions by the NBG for the development of sustainable finance. It summarizes the initiatives the NBG intends to implement in the near future, along with the corresponding timeframes. The ultimate goal of this roadmap is to provide a credible, predictable, and stable regulatory framework to advance sustainable finance in Georgia. The roadmap aims to support the incorporation of sustainability issues into decision-making by providing coherent and consistent actions and allowing time for the system to adapt.

The ultimate objective of the Roadmap will be achieved through the following key goals:

- Driving capital flows toward sustainable sectors and investments to support the transition to a green and socially inclusive economy.
- Integrating Climate, Nature, and other ESG considerations into risk assessment frameworks and decision-making processes of financial institutions and corporations.
- Promoting transparency and market discipline by ensuring useful, comparable, and consistent ESG disclosure requirements for financial institutions and corporations.
- Raising awareness, providing guidance, and building market capacity to advance sustainable finance practices.
- Strengthening international and local cooperation and partnerships to foster collaboration and align efforts.

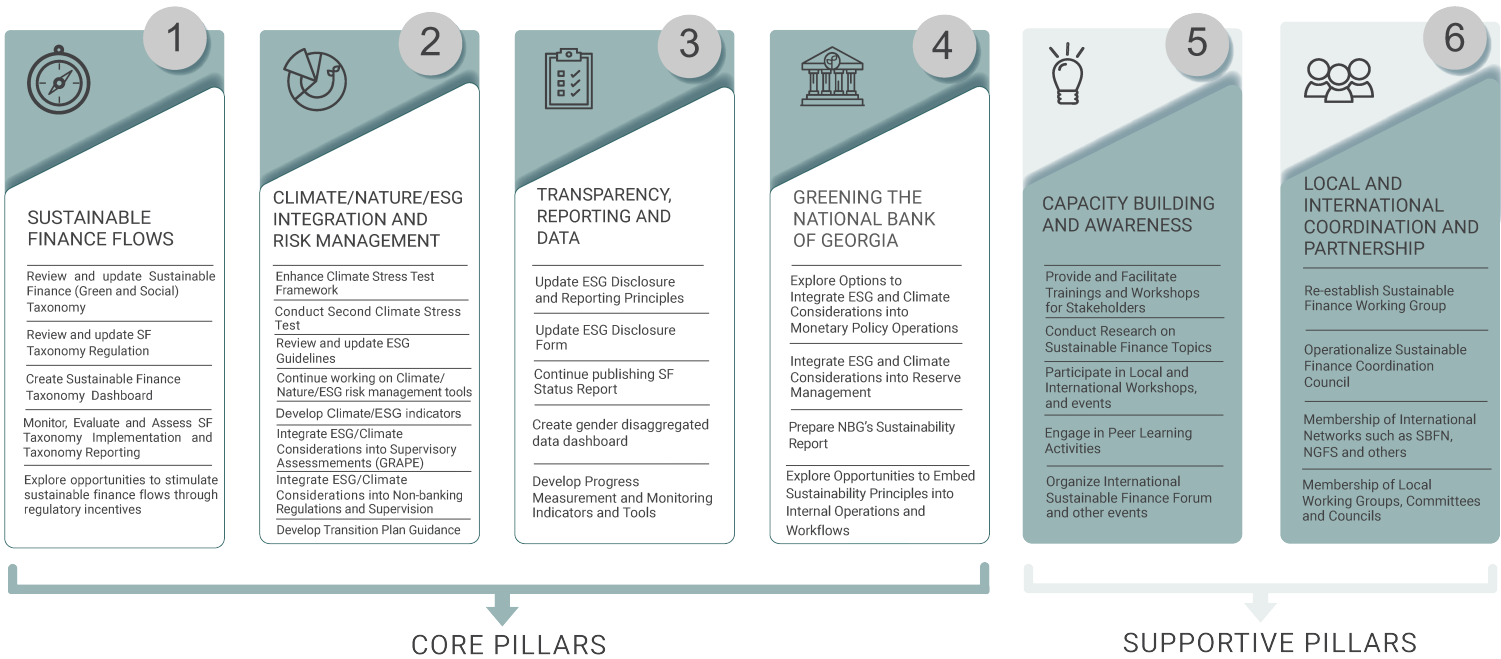
Sustainable finance is a key factor contributing to sustainable development; therefore, the roadmap is aligned with other actions planned by the Government of Georgia in this regard. It addresses environmental concerns, particularly those related to climate change and biodiversity loss, as well as social and governance issues.

Scope

The NBG is the central bank and the primary regulator of the financial sector in Georgia. It exercises supervision over the entire financial sector, with the exception of the insurance sector. According to the Organic Law of Georgia on the National Bank of Georgia, the NBG is fully authorized to supervise various financial institutions, including Commercial Banks, Microbanks, Banking Groups, Non-bank Depository Institutions, Microfinance Institutions, Independent Registrars of Securities, Brokerage Companies (excluding insurance brokers), Stock Exchanges, Central Depositories, Specialized Depositories, Asset Management Companies, Accountable Enterprises, Currency Exchange Units, Investment Funds, Payment System Operators, Payment Service Providers, Credit Information Bureaus, and Loan Issuing Entities.

Given that commercial banks constitute the majority of the financial sector, most of the activities outlined in the roadmap are directed at banks. However, there are also activities that apply to other players in the financial sector.

Pillars of the Roadmap



Core Pillars ■

Pillar 1: Sustainable Finance Flows

This pillar focuses on developing and optimizing mechanisms to channel financial resources toward green and social activities while mitigating the risk of greenwashing. Key actions include reviewing and updating the Sustainable Finance (Green and Social) Taxonomy and its corresponding regulation to ensure alignment with current best practices—particularly the EU Taxonomy—along with changes in referenced standards and laws in Georgia, and lessons learned from the initial years of adoption and use. This may involve editing or adding new activities and revision of technical screening criteria as necessary.

The pillar also includes updating the Green Loan Monthly Reporting Form, introducing a Social Loan Monthly Reporting Form, and creating a dashboard based on these forms to monitor the implementation of the SF Taxonomy and enhance data availability and accessibility for Green and Social Loans. Furthermore, the methodology for assessing Taxonomy reporting will be improved, with annual or semi-annual assessments conducted to minimize the risks of greenwashing.

This pillar also focuses on exploring opportunities to stimulate sustainable finance flows through regulatory incentives, further supporting the growth of sustainable finance market in Georgia.



- Review and update Sustainable Finance (Green and Social) Taxonomy
- Review and update SF Taxonomy Regulation
- Create SF Taxonomy Dashboard
- Monitor, evaluate and assess SF Taxonomy implementation and Taxonomy Reporting
- Explore opportunities to stimulate sustainable finance flows through regulatory incentives

Core Pillars



- Enhance Climate Stress Test Framework
- Conduct Second Climate Stress Test
- Review and update ESG Guidelines
- Continue working on Climate/Nature/ESG risk management tools
- Develop climate/ESG risk indicators
- Integrate ESG/Climate considerations into supervisory assessment (GRAPE)
- Integrate ESG/Climate considerations into non-banking regulations and supervision
- Develop Transition Plan Guidance

Pillar 2: Climate/Nature/ESG Integration and Risk Management

This pillar focuses on strengthening the integration of climate, nature-related, and other ESG considerations into the financial sector's decision-making and risk management practices. Key activities include enhancing the Climate Stress Test Framework and conducting a second climate stress test. It also involves updating ESG Guidelines by incorporating guidance on ESG risk management for retail loans, adding materiality assessment guidance, and addressing feedback from the initial implementation. These updates may also necessitate revisions to the Corporate Governance Codes for commercial banks and micro banks, which define the requirements for Climate/ESG integration and risk management.

Further efforts under this pillar include the development of climate/nature/ESG risk indicators and risk management tools to better evaluate risks within the financial sector and support improved risk management practices.

Additionally, this pillar aims to develop guidance for transition planning, enabling financial institutions to set targets and prepare comprehensive plans aligned with international best practices, such as the framework established by the Transition Plan Taskforce.

Moreover, it seeks to integrate ESG and climate considerations into supervisory assessments, particularly within the General Risk Assessment Program (GRAPE), as well as into regulations and supervision across sectors beyond banking.

Core Pillars ■

Pillar 3: Transparency and Reporting

This pillar underscores the importance of transparency and accurate reporting in sustainable finance. Key actions include updating ESG Disclosure and Reporting Principles and revising the ESG Disclosure Form to enhance consistency and alignment with international standards, such as the European Sustainability Reporting Standards (ESRS), IFRS Sustainability Disclosure Standards S1 and S2, and the Global Reporting Initiative (GRI) Standards. These updates will also incorporate feedback and lessons learned since 2021.

The continued publication of the Sustainable Finance (SF) Status Report, which provides information on policies and regulations implemented by the NBG, sustainable finance market developments, and the financial sector’s progress, is another focus of this pillar.

Additionally, it involves creating a gender-disaggregated data dashboard to support women MSMEs’ access to finance by promoting data-driven decision-making. To develop the dashboard, which will be publicly available, a definition for women-led and women-owned enterprises will be introduced, and a reporting template will be designed to collect the required data from financial institutions.

This pillar also encompasses the development of indicators and tools, such as the Sustainable Finance Compass, that will enable the NBG to measure and monitor progress, track individual bank and overall sector development, and design tailored policy responses.



- Update ESG Disclosure and Reporting Principles
- Update ESG Disclosure Form
- Continue publishing SF Status Report
- Create gender disaggregated data dashboard
- Develop progress measurement and monitoring indicators and tools

Core Pillars ■



- Explore options to integrate ESG and climate considerations into monetary policy operations
- Integrate ESG and climate considerations into reserve management
- Prepare NBG’s sustainability report
- Explore opportunities to embed sustainability principles into internal operations and workflows

Pillar 4: Greening the NBG

Integrating climate and ESG considerations into the operations, internal policies, and activities of central banks and financial sector regulators is crucial for leading by example and demonstrating a commitment to sustainable practices. This approach enhances credibility, aligns with global standards, and ensures a comprehensive response to climate and ESG challenges within the financial system.

This pillar focuses on embedding sustainability and ESG considerations into the operations and work of the NBG. It includes exploring ways to incorporate ESG and climate factors into monetary policy operations and reserve management. Additionally, the pillar emphasizes the preparation of the NBG’s own sustainability disclosure report and examining opportunities to integrate sustainability principles into the bank’s internal operations and workflows.

The Core Pillars focus on the fundamental aspects of sustainable finance and include: Sustainable Finance Flows; Climate, Nature, and ESG Integration and Risk Management; and Transparency, Disclosure, Reporting, and Measurement. Recognizing the importance of integrating climate and ESG considerations into the central bank’s own operations, internal policies, and activities, a new pillar, Greening the National Bank of Georgia, has been added. The Supporting Pillars are cross-cutting in nature and encompass actions necessary to implement activities outlined in the Core Pillars. They focus on Capacity Building and Awareness as well as Local and International Coordination and Partnership.

■ Supporting Pillars

Pillar 5: Capacity Building and Awareness

This supporting pillar is dedicated to raising awareness and building capacity among stakeholders on sustainable finance. It involves collaborating with various partners, including industry associations and international organizations, to organize and facilitate training sessions, workshops, and research on sustainable finance topics. These efforts target both the NBG and the financial sector, as well as other beneficiaries, to raise awareness and build capacity.

Additionally, the pillar emphasizes participation in local and international events, fostering peer learning, and hosting an international Sustainable Finance Forum to promote knowledge sharing and collaboration. To stay informed about ongoing challenges and plan further actions, the NBG will regularly review international developments and conduct research on sustainable finance topics, such as biodiversity, nature-related risks, and climate-related financial risks specific to Georgia.



- Provide and facilitate trainings and workshops for stakeholders
- Conduct research on SF topics
- Participate in local and international workshops, seminars, and events
- Engage in peer learning activities
- Organize international SF Forum and other events

Supporting Pillars ■



- Re-establish Sustainable Finance Working Group
- Operationalize SF Coordination Council
- Membership of International networks such as SBFN, NGFS
- Membership of local working groups, committees and councils
- Continue cooperation with international organizations

Pillar 6: Local and International Coordination and Partnership

This pillar focuses on enhancing coordination and collaboration at both local and international levels. It includes re-establishing the SF Working Group, whose members will continue to include representatives from financial institutions, with the aim of improving its governance and increasing its efficiency.

Additionally, this pillar involves operationalizing the SF Coordination Council, a newly established inter-agency group chaired by the NBG. The council comprises representatives from the Ministry of Environmental Protection and Agriculture of Georgia the Ministry of Economy and Sustainable Development, the Ministry of Finance of Georgia, and the Service for Accounting, Reporting, and Auditing Supervision (SARAS). The Council's primary objective is to coordinate existing and forthcoming regulatory policies and activities related to sustainable finance in Georgia, as well as to facilitate information exchange among its members.

The pillar also emphasizes maintaining active membership in international networks, such as the SBFN and NGFS, as well as participating in local working groups, committees, and councils to advance the sustainable finance agenda.

Implementation of the Roadmap

The implementation of the action plan outlined in this roadmap will be led and coordinated by the Sustainable Finance Division within the Financial Stability Department of the NBG. The division will work in close collaboration with other relevant departments and divisions within the NBG, depending on the specific activity. These include the Supervisory Policy Department, the Macroeconomics and Statistics Department, the Specialized Risks Department, and the Securities Market Supervision Department, among others.

In addition to internal coordination, the NBG will engage with representatives from the financial sector, including commercial banks and the Banking Association, to ensure the effective implementation of the roadmap. Cooperation with these stakeholders will be essential to achieving the shared goal of advancing sustainable finance across the financial system.

The successful implementation of the roadmap will also require strong coordination and partnerships with various ministries and government entities. Key partners include the Ministry of Agriculture and Environment of Georgia, the Ministry of Economy and Sustainable Development of Georgia, SARAS, and Enterprise Georgia. These collaborations will be vital for aligning the roadmap with broader national policies and ensuring its integration within the country's economic framework.

The implementation of the Phase I action plan was made possible with the support of international partners such as the International Finance Corporation (IFC), the Sustainable Banking and Finance Network (SBFN), DSIK, the European Investment Bank (EIB), the Green for Growth Fund (GGF), Finance in Motion, the Organisation for Economic Co-operation and Development (OECD), the World Bank, and the United Nations Global Compact. Their continued support will be equally crucial for the successful implementation of the Phase II action plan.

This multi-stakeholder approach, combining expertise and resources from local and international actors, will ensure the effective execution of the roadmap and contribute to advancing sustainable finance in Georgia.

THE SECOND PHASE OF SUSTAINABLE FINANCE ROADMAP

The Second Phase Sustainable Finance Roadmap provides a strategic pathway for enhancing the financial sector's contribution to the country's sustainability objectives.

It identifies key actions needed to strengthen the integration of ESG factors into financial practices, improve the management of climate and other ESG risks, and support the development of sustainable financial products and services.

The second roadmap focuses on advancing Georgia's sustainable finance framework by updating and enhancing regulations, guidelines, and tools while introducing new ones. It also emphasizes monitoring implementation, assessing compliance, identifying gaps, and providing feedback for continuous improvement.

This roadmap sets the stage for a comprehensive and coordinated approach to sustainable finance in Georgia, paving the way for a resilient and prosperous future. It continues the progress initiated under the NBG's previous action plan on sustainable finance while incorporating necessary adjustments to enhance the existing framework and address emerging areas of focus.



Appendix

Action Plan with timeline

ACTION PLAN		2025	2026	2027	2028
CORE PILLARS	Sustainable Finance Flows				
	Review and update Sustainable Finance (Green and Social) Taxonomy	●	●	●	
	Review and update Sustainable Finance Taxonomy Regulation	●	●		
	Create Sustainable Finance Taxonomy Dashboard	●	●	●	●
	Monitor, Evaluate and Assess SF Taxonomy Implementation and Taxonomy Reporting	●	●	●	●
	Explore opportunities to stimulate sustainable finance flows through regulatory incentives	●	●	●	●
	Climate/Nature/ESG Integration and Risk Management				
	Enhance Climate Stress Test Framework	●	●	●	●
	Conduct Second Climate Stress Test		●	●	
	Review and update ESG Guidelines		●	●	
	Continue working on Climate/Nature/ESG risk management tools	●	●	●	●
	Develop Climate/ESG indicators	●	●	●	●
	Integrate ESG/Climate considerations into supervisory assessment (GRAPE)	●	●		
	Integrate ESG/Climate considerations into Non-banking Supervision	●	●	●	●
	Develop Transition Plan Guidance		●	●	
SUPPORTIVE PILLARS	Transparency, Reporting and Data				
	Update ESG Disclosure and Reporting Principles	●	●	●	
	Update ESG Disclosure Form	●	●		
	Continue publishing Sustainable Finance Status Report	●	●	●	●
	Create gender disaggregated data dashboard	●	●		
	Develop progress measurement and monitoring indicators and tools	●	●	●	●
	Greening the NBG				
	Explore options to integrate ESG and climate considerations into monetary policy operations	●	●	●	●
	Integrate ESG and climate considerations into reserve management	●	●	●	●
	Prepare NBG's sustainability report		●	●	
	Explore opportunities to embed sustainability principles into internal operations and workflows	●	●	●	●
	Capacity Building and Awareness				
	Provide and facilitate trainings and workshops for stakeholders	●	●	●	●
	Conduct research on Sustainable Finance and ESG topics	●	●	●	●
	Participate in local and international workshops, seminars, and events	●	●	●	●
	Engage in peer learning activities	●	●	●	●
	Organize international Sustainable Finance Forum and other events	●	●	●	●
	Local and International Coordination and Partnership				
	Re-establish Sustainable Finance Working Group	●	●		
	Operationalize Sustainable Finance Coordination Council	●	●	●	●
	Membership of International networks such as SBFN, NGFS, etc.	●	●	●	●
	Membership of local working groups, committees and councils	●	●	●	●
	Continue cooperation with international organizations	●	●	●	●



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