

Inputs of the Russian Federation on the 2026 Forum of the Standing Committee on Finance on financing climate action in water systems and the ocean

The Russian Federation welcomes the opportunity to provide a submission to the Standing Committee on Finance with inputs for the 2026 Forum on financing climate action in water systems and the ocean.

Fostering finance for climate action in water systems and the ocean worldwide is a crucial step to achieve the goals of the United Nations Framework Convention on Climate Change (UNFCCC, article 2) and its Paris Agreement (article 2.1.b), as well as several Sustainable Development Goals (SDGs 6, 13 and 14). Hence, the Russian Federation believes that discussions about water systems and the ocean at the UNFCCC must address their vulnerabilities in the context of climate change and ways to adapt to them. In this regard, the Russian Federation sees the following themes as important priorities for the 2026 SCF Forum:

- improving forecasting of meteorological and hydrometeorological hazards, including early warning systems;
- adaptation finance, including integration of adaptation activities in national taxonomies and relevant finance instruments (green bonds / loans);
- climate insurance and finance linked to risk reduction and resilience.

The Russian Federation suggests inclusion of an additional topic for discussion - Improving access to financial resources of MDBs and vertical climate funds. For many LDCs, as well as developing countries, it is necessary to unlock potential access to financial resources for implementing climate projects in water systems. More transparency in procedures for getting access to financial resources of MDBs and VCFs, as well as equal distribution of these funds, are crucial. For optimizing costs it is essential not to duplicate functions or create new funds, but rely on improving existing institutions and mechanisms.

In recent years, climate change has had an increasingly significant impact on water resources: the interannual runoff distribution changes, and multidirectional trends in the annual runoff changes in various river basins emerge. In this regard, improving water resources management is included as an important element of climate change adaptation in the Second NDC of the Russian Federation.

The Russian Federation provides various climate change adaptation measures to establish a integrated water resources management system and enhance the country's technological sovereignty in this field. For example, the list of national development goals of the Russian Federation for the period up to 2030 and for the long term up to 2036¹ includes halving the volume of untreated wastewater discharged into major water bodies by 2036 and preserving the unique ecological system of Lake Baikal.

The conservation and restoration of marine ecosystems as well as the comprehensive study and rational use of the resources of the World Ocean for the sustainable economic and social development of the Russian Federation are also key priorities in accordance with the Maritime Doctrine of the Russian Federation² and the Strategy for the Development of Marine Activities

¹ Decree of the President of the Russian Federation No. 309, 2024

² Decree of the President of the Russian Federation No. 512, 2022

of the Russian Federation until 2030³. One of the strategic goals of the national maritime policy is aimed at increasing the effectiveness of forecasting changes in climatic conditions in the World Ocean in order to adequately respond to them, promptly prevent possible negative consequences for the coastal zones of the Russian Federation, and support the sustainable development of these territories.

The Russian Federation pursues a comprehensive and systematic climate change adaptation policy at the national, regional, and sectoral levels. A key priority of this policy is strengthening the climate resilience of regions, including in the area of water resources management and conservation. Measures related to water resources are incorporated into approximately 90% of regional climate change adaptation plans across the Russian Federation.

At the regional level, adaptation measures are aimed at implementing integrated water protection activities, enhancing the efficiency of water resources management under evolving climatic conditions, and mitigating risks associated with floods, inundation, and the degradation of water bodies. One advanced regional practice is the development of a distributed information network for monitoring potential hazards and risks in the coastal and marine zone of Primorsky Krai, based on artificial intelligence technologies.

A core set of cross-cutting adaptation measures includes ecological rehabilitation of water bodies, shoreline stabilization and reinforcement works, dredging and clearance of riverbeds, construction, modernization, and safety assurance of hydraulic structures, upgrading of municipal water supply and wastewater infrastructure, implementation of closed-loop (recirculating) water supply systems at industrial facilities, and the monitoring and forecasting of groundwater conditions and other potential hydrological hazards.

Examples and case studies for the 2026 SCF Forum

The Russian Federation would like to highlight some important case studies of climate finance in the water management sector.

- *incentive-based regulation for financing priority green and transition projects*

In 2025, the Ministry of Economic Development of the Russian Federation, the Central Bank of the Russian Federation (Bank of Russia), and VEB.RF⁴ completed a joint effort to identify priority areas for green and transition projects based on the national green taxonomy⁵. Among other priority projects, there are projects in water management sector aimed at constructing and modernizing hydraulic structures, drinking water supply and treatment infrastructure, improving water resource efficiency, and clearing, rehabilitating, and restoring water bodies.

The introduction of incentive-based regulation is intended to stimulate these projects. It is planned to allocate 30% of the capital savings limit already allocated for technological sovereignty and structural economic adaptation projects to loans and bonds for such projects. Depending on the quality of a green or transition project, the risk-weight reduction can range from 10% to 50% of the baseline. This will enable Russian credit institutions to finance a greater number of priority green and transition projects by reducing the capital burden on banks without requiring additional budgetary funding.

3 Order of the Government of the Russian Federation No. 1930-r, 2019

4 Russian state development corporation and investment company.

5 Russian Government Decree No. 1587, 2021

The Government of the Russian Federation adopted this mechanism in 2025. Meanwhile, the Bank of Russia developed corresponding amendments to banking regulations.

- *use of green financing instruments for sustainable water resources management projects*

In the Russian Federation, green financing instruments are applied to support projects focused on sustainable water resources management. A notable example is the issuance of green bonds, verified in compliance with the International Capital Market Association (ICMA) Green Bond Principles and the national green taxonomy, to finance the modernization and operation of the water supply and wastewater disposal system in Yuzhno-Sakhalinsk⁶. The total volume of financing for this project amounted to 150 million rubles.

The project delivers significant environmental benefits, including substantial reductions in greenhouse gas emissions, improved water efficiency, and increased volumes of treated wastewater. The project is expected to generate significant and measurable environmental effects over the entire concession period of 50 years. In particular, the modernization of infrastructure is projected to result in an annual reduction of greenhouse gas emissions of 8,471 t CO₂-equivalent, beginning from the second year of operation, with cumulative avoided emissions estimated at 415,079 t CO₂-equivalent over the project lifecycle. In addition, the project is expected to reduce water losses by approximately 8,920 thousand m³ per year, corresponding to a total reduction of 437,080 thousand m³ over the implementation period. Furthermore, the increased efficiency and capacity of wastewater treatment facilities will lead to an annual increase in treated wastewater volumes of 2,483 thousand m³, amounting to a cumulative increase of 121,667 thousand m³ over the project duration.

- *National Risk Office, modelling and assessing damage from floods*

Russian National Reinsurance Company (RNRC) provides reinsurance under all corporate property programs in the Russian market, including the most complex disaster risks. RNRC has launched the National Risk Office project (Risk Office), aiming to create a knowledge base on such risks and build models for assessing the impact of disasters on insured assets and the Russian economy. Nowadays it is focused on developing the methods of modelling and assessing damage from possible or real floods.

This project is a joint effort of the Russian Academy of Sciences, the Federal Service for Hydrometeorology and Environmental Monitoring (Roshydromet), the Ministry of the Russian Federation for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters and the Federal Service for State Registration, Cadastre and Cartography (Rosreestr).

The models are built based on official Russian data and rely on open scientific research, which increases their transparency and verifiability. The main goal of the models is to bring their relevance into line with the economic problems.

The project is based on an automated information and analytical system – a digital tool that reduces calculation time. The system takes into account geographical and climate data, the vulnerability of facilities and insurance parameters, and can generate damage scenarios for specific cities, streets and even buildings.

The Risk Office currently provides the following information for the insurance market:

⁶ <https://www.acra-ratings.ru/press-releases/5772/?ysclid=mkuxn0y1ob409448405>

- data for billing and underwriting
- data for stress testing
- assessments of insurance portfolio accumulation
- data for the calculation and calibration of reserves and capital
- identification of parameters for portfolios to be reinsured.

The constituent entities of the Russian Federation may find the following data useful for:

- assessment of territories by exposure
- economic feasibility assessments of preventive measures
- rapid assessments of expected and actual damage from natural disasters
- data for management decisions related to disaster risks.

The Risk Office already operates data on floods for 40 constituent entities of the Russian Federation. A geoinformation system (GIS RNRC) was developed and introduced to assess the exposure of territories and facility portfolios.

- *National projects “Ecology” (2019-2024) and “Ecological Well-being” (2025-2030)*

National projects are strategic initiatives aimed at achieving critical goals in the country's economic, social, scientific, technological, and cultural development. They cover a wide range of areas—from education and healthcare to infrastructure and innovation—and are conceived as a powerful tool for accelerated development and modernization .

The implementation mechanism for national projects includes several key elements:

- clearly defining the goals and objectives to be achieved within each project
- creating a special working group or task force for each project, including representatives from various levels of government, experts, and stakeholders. These groups are responsible for coordinating project work, monitoring its implementation, and achieving its goals.
- each project is accompanied by a system of indicators that allow for assessing its effectiveness and making adjustments during implementation.

Funding for national projects is provided from the federal budget and the budgets of the constituent entities of the Russian Federation.

From 2019 to 2024, three federal projects related to water management were implemented within the framework of the national project "Ecology":

- federal project "Volga Recovery" – the project's activities were aimed at improving the ecological state of the Volga River and ensuring the sustainable functioning of the Lower Volga water management system by reducing the proportion of polluted wastewater discharged into the Volga River by three times by the end of 2024 and implementing a set of measures to restore water bodies in the lower Volga, including additional flooding of the Akhtuba River.
- federal project "Preservation of Unique Water Bodies" – measures were implemented to restore and ecologically rehabilitate water bodies with an area of 1.259 thousand hectares, improve the ecological state of lakes and reservoirs with a total area of at least 27.033 thousand hectares, and improve the ecological state of 602.01 km of the hydrographic network.

- federal project "Preservation of Lake Baikal" – the project's activities were aimed at preserving and restoring Lake Baikal, preserving and restoring the bioresource potential and biodiversity of the Baikal Natural Territory's water bodies, and reducing the anthropogenic load on the Lake Baikal ecosystem.

Currently, the national project "Ecological Well-being" includes the federal project "Water of Russia." Target indicators and objectives include halving the volume of untreated wastewater discharged into major water bodies by 2036 and preserving Lake Baikal's unique ecological system.