

## Aligning Financial Flows with Climate and Environmental Objectives in Türkiye

Policy and regulatory measures to make financial flows consistent with a pathway towards low-GHG emissions and climate-resilient development — Paris Agreement Article 2.1(c)



### PUBLIC FINANCIAL MANAGEMENT

#### Green Budgeting

Budget programmes and activities are assessed through an environmental lens. The system uses a Programme • Sub-programme • Activity structure, Positive • Neutral • Negative tagging, and outputs for the budget cycle, Parliament and the public.

### SUSTAINABLE FINANCE REGULATION

#### Financial sector tools

The BRSA Green Asset Ratio (mandatory from 2025), climate-related financial risk guidance, CMB sustainable capital market instruments, POA Türkiye Sustainability Reporting Standards and CBRT analysis translate climate and environmental objectives into financial decision-making across the banking, capital markets and central banking sectors.

### REAL ECONOMY & INVESTMENT

#### Türkiye Green Taxonomy

A common classification system defines environmentally sustainable economic activities through six environmental objectives, Significant Contribution, Do No Significant Harm (DNSH), Minimum Social Safeguards, technical screening criteria and disclosure requirements.

**FINANCE FLOWS CONSISTENT WITH LOW-GHG-EMISSION AND CLIMATE-RESILIENT DEVELOPMENT**

Türkiye is building an integrated sustainable finance architecture that aligns public financial management, financial regulation, market instruments and taxonomy-based disclosure with common climate and environmental objectives — operationalising Article 2.1(c) across all financial flows.

## Türkiye Green Taxonomy & Green Budgeting Architecture in Türkiye

Two complementary instruments sharing a common six-objective environmental eligibility framework

**DRAFT**

### TÜRKİYE GREEN TAXONOMY

#### Purpose

Creates a common classification system for environmentally sustainable economic activities; promotes finance flows to sustainable investments; and supports the prevention of greenwashing.

#### Core eligibility logic

Significant Contribution (SC) • Do No Significant Harm (DNSH) • Minimum Social Safeguards (MSS) • Technical Screening Criteria (TSC)

#### EU reference and interoperability

Developed with reference to the EU Taxonomy Regulation while reflecting Türkiye's national circumstances. Cross-border interoperability supports investor confidence, capital market comparability and access to international sustainable finance.

#### Key outputs

Online Taxonomy Management System • KPIs • Reporting • Verification • Taxonomy transition plan

**ONGOING**

### GREEN BUDGETING

#### Purpose

Connects climate and environmental objectives to public financial management by making budget choices visible, comparable and usable in the regular budget process.

#### Policy anchors

NDC • Long-Term Strategy • Climate Law

#### Budget structure

Programme • Sub-programme • Activity

#### Green tagging and use in decisions

Positive • Neutral • Negative tagging supports transparency, accountability and better allocation decisions across the budget cycle, Parliament and the public.

#### Roadmap

Pilot validation → methodology guidance and capacity-building → digital integration → Green Budget Statement

**Environmental lens used for assessment**  
Aligned with the six-objective taxonomy logic

**Climate change mitigation**

**Transition to circular economy**

**Climate change adaptation**

**Pollution prevention & control**

**Water & marine resources**

**Biodiversity & ecosystems**

# Implemented Measures, Regulations and Ongoing Work

## Institutional architecture: public financial management, financial regulation, market instruments, reporting, insurance, and climate risk analysis

DRAFT REG.

### Directorate of Climate Change

Leads the Türkiye Green Taxonomy, including technical screening criteria, reporting, verification and the Online Taxonomy Management System.

ONGOING

### Strategy and Budget Office

Develops the Green Budgeting Architecture in Türkiye, connecting programme-based budgeting with national climate and environmental policy objectives.

IMPLEMENTED

### Ministry of Treasury and Finance

Uses the Sustainable Finance Framework and sovereign green bond issuance to finance or refinance eligible green projects.

IN FORCE

### Banking Regulation and Supervision Agency

Green Asset Ratio (mandatory from April 2025) provides the primary KPI for banks' contribution to environmentally sustainable financing; climate-related financial risk guidance reinforces supervisory practice.

IN FORCE

### Capital Markets Board of Türkiye

Guidelines on green and sustainable debt instruments and sukuk (lease certificates) support transparent issuances and the development of sustainable capital markets.

IN FORCE

### Public Oversight, Accounting and Auditing Standards Authority

Türkiye Sustainability Reporting Standards (TSRS) provide a mandatory disclosure framework for sustainability-related financial information applicable to eligible entities.

ONGOING

### Central Bank of the Republic of Türkiye

Contributes, within its mandate, to analytical work on national taxonomy, carbon pricing mechanisms, climate-related financial risk assessment and the broader sustainable finance agenda.

REPORTING

### Insurance and Private Pension Regulation and Supervision Agency

Insurance, reinsurance and private pension undertakings are integrated into the taxonomy framework through sector-specific KPIs and sustainability disclosure arrangements.

## Way forward

International cooperation, technical exchange and capacity-building — consistent with Paris Agreement Article 9 and the principle of common but differentiated responsibilities and respective capabilities (CBDR-RC) — remain critical enablers for developing countries seeking to advance sustainable finance ecosystems.

Thank you for your attention.

For further information or follow-up questions, please feel free to contact us:

Climate Finance and Incentives Department

[finans@iklim.gov.tr](mailto:finans@iklim.gov.tr)