**Strategies for Strengthening Green Project Pipelines in Emerging Markets**
***Post-event Report***

The side event "Strategies for Strengthening Green Project Pipelines in Emerging Markets" was held on 25 April 2025 during the 81st commission session of the Economic and Social Commission for Asia and the Pacific (ESCAP). Organized under ESCAP's Climate Invest project, the event was co-hosted by the Securities and Exchange Regulator of Cambodia (SERC), the Ministry of Economy and Development of Mongolia, the Mongolian Sustainable Finance Association (MSFA), and the National Innovation Agency (NIA) of Thailand. The side event aimed to strengthen the development of green project pipelines in emerging markets by identifying best practices to mobilizing sustainable and green finance. It provided a platform for participants to shift from diagnosing challenges to identifying actionable solutions, fostering collaboration in countries across the Asia-Pacific region.

**The key speakers of the side event consisted of:**

- H.E. Sou Socheat, Delegate of the Royal Government in charge as Director-General of Securities and Exchange Regulator of Cambodia (SERC)
- H.E. Mr. Zhiwei Lu, Deputy Permanent Representative, People's Republic of China to the ESCAP
- Mr. Batbaatar Batkhuu, Head of Green Finance Policy Division, Ministry of Economy and Development, Mongolia
- Mr. Nimit Nipattummakul, Innovation Development Manager, Innovation Business Promotion Department, National Innovation Agency (NIA), Thailand
- Ms. Kelly Hattel, Sr. Financial Sector Specialist, Asian Development Bank (ADB)
- Mr. Hamza Malik, Director, Macroeconomic Policy and Financing for Development Division, ESCAP
- Ms. Suba Sivakumaran, Chief, Financing for Development Section, ESCAP
- Ms. Deanna Morris, Economic Affairs Officer, Financing for Development Section, ESCAP

**Opening Remarks**

In the opening remarks, Mr. Hamza Malik provided an overview of the Climate Invest projects, highlighting its mission and key findings from analyses conducted in Cambodia, Mongolia, and Thailand. He emphasized the urgent need to bridge the gap between policy ambition and project execution, the necessity to strengthen local capacity to mobilize green finance effectively, and the importance of leveraging innovative financing tools beyond traditional instruments to unlock new opportunities for green projects.

Mr. Zhiwei Lu reaffirmed China's support for the Climate Invest projects under China-ESCAP Cooperation Programme (CECP). He reiterated China's commitment to advancing sustainable development and sharing knowledge, experience, and best

practice across the region. Additionally, he called on participants to collaborate in transforming ideas into investment-ready solutions.

**Presentation of Findings**

Ms. Deanna Morris shared key findings from the Climate Invest project research. The findings highlighted a substantial estimated financing gap of $5.8-5.9 trillion required for developing countries (excluding China) to meet their climate goals. It was noted that country governments cannot finance this gap alone and called on private sector engagement. However, investors' participation remained constrained by bankability issues, including the mismatch of risk-return profiles, high financing costs in emerging markets, and a lack of structured and investable projects.

The analysis also showed an imbalance in climate finance funding, more than 90 per cent of which flowed to energy and transport sectors while critical areas such as agriculture, water, waste management received less than 10 per cent. This imbalance was a significant barrier in building climate resilience. The non-costed Nationally Determined Contributions (NDCs), policies and regulations barriers for investment, and the absence of net-zero targets and taxonomies has also been seen to impede climate actions across the region.

To address these challenges, three key recommendations for governments were proposed. Firstly, through policy coherence and coordination, governments can establish national climate finance screening mechanisms and expand financing for adaptation projects in sectors such as climate-resilient agriculture, flood protection, and water resource management. Secondly, building a sustainable finance architecture will promote the development of sustainable financial instruments and ensure alignment with international climate finance standards. Finally, capacity building can strengthen the technical and institutional capacities of governments and regulators to identify and develop pipelines of NDC-aligned projects. For the next step, the Climate Invest projects aimed to work directly with governments and key stakeholders to transform the recommended solutions into practical climate finance policies.

**Roundtable of National Perspectives on Green Finance**

The roundtable invited speakers from Cambodia, Mongolia, and Thailand to share the successful stories and best practice in strengthening green project pipelines in their countries.

H.E. Sou Socheat emphasized the importance of collaboration in Cambodia's experience. He explained that Cambodia's early-stage capital market was initially faced with significant challenges in raising investors' awareness and encouraging their participation. As the regulator, the SERC gained support from the ADB to develop the Detail Guidance on Green Bond Issuance aligned with ASEAN Green Bond Standards. Based on this guidance, SERC cooperated with ESCAP to launch the Cambodia Sustainable Bond Accelerator Program, which has already successfully supported two

thematic bonds issuance in Cambodia and two more issuances currently in the pipeline. The SERC also provided tax and non-tax incentives and engaged guarantors and credit rating agencies to boost bond issuers' confidence.

Moving forward, the SERC is a member of the working group to initiate Cambodia Sustainable Finance Taxonomy led by the National Bank of Cambodia. At the same time, SERC has also engaged on the development of Cambodia's Sustainable Finance Roadmap. Notably, Cambodia will transform from voluntary to mandatory ESG disclosures in 2027. In the long-term, the SERC aims to advance transition finance and the carbon market in Cambodia.

Mr. Batbaatar Batkhuu highlighted the crucial institutional progress Mongolia has made in mainstreaming green finance across national policy and planning through the establishment of the Green Finance Policy Division within the Ministry of Economy and Development of Mongolia. The newly established division plays a critical role in screening green projects and developing legal frameworks to attract green investment. Key initiatives include collaborating with the Ministry of Environment and Climate Change to draft a climate change law that will legalise green finance instruments and criteria. Additionally, the division is developing Mongolia's National Green Finance Strategy, which will support mid-term and long-term policy efforts to mobilize capital for green projects. The division will also implement the readiness proposal recently approved by the board of Green Climate Fund (GCF) as well as the agreements with South Korea and Singapore on developing carbon markets.

Mr. Nimit Nipattummakul introduced the National Innovation Agency (NIA) of Thailand, an organization under the Ministry of Higher Education, Science, Research and Innovation with a mission of transforming Thailand into an innovation nation. The NIA focuses on identifying and supporting early-stage climate tech solutions to help these solutions mature into bankable green projects. By supporting innovation from students, researchers, small and medium enterprises (SMEs), and large enterprises, the NIA mobilizes financial resources to entrepreneurs and scales up innovation to the market. The NIA provides early-stage startups with trainings to help them develop ideas and create product prototypes. A specific programme has been designed for climate-tech startups, offering tailored service and solutions to support connections with partners and government. The NIA also implements growth mechanism and expands innovation in Thailand into global market by creating international cooperate networks.

Ms. Kelly Hattel explained the practice of the ADB's policy-based lending programme. In Cambodia, the programme comprises three sub-programmes, with the first sub-programme designed to make policy-based loans to establish the foundation for sustainable finance. The reform promoted by the second sub-programme will be based on the first sub-programme's achievements, ensuring the momentum of reforms. Ms. Kelly Hattel also underscored the challenges of cross-government engagement and emphasized the importance of partnership in delivering technical assistance and

capacity building for the reforms. Through policy-based lending programme supporting cross-sector reforms and framework establishment, ADB has unique opportunity to bring together all stakeholders and recognise government's commitments to national, regional and global targets. She highlighted the ADB's collaboration with ESCAP – while ESCAP is supporting the development of the government's sovereign sustainability bond framework and the Sustainable Finance Roadmap, ADB has incorporated these policy actions into its policy-based lending programme.

**Closing Remarks**

In the closing remarks, Ms. Suba Sivakumaran highlighted green project pipelines as the critical interface between green finance and the real economy. She warned that the changing geopolitical situation, tariffs, and uncertainties could reduce investors' confidence and bring long-term challenges to green project pipelines and green industrial development. Looking ahead, the upcoming Fourth International Conference on Financing for Development (FFD4) aims to deliver final outcomes to establish country platforms and project pipelines, which require a favourable real economy and finance sector.