



BOAO FORUM FOR ASIA



Transition Finance for a Net-Zero Future Roundtable

9:00-12:00 am, March 28, 2025

Boao, Hainan

Climate change is a global challenge that has gained increasing urgency, particularly since the adoption of the Paris Agreement in 2015. While notable progress has been made in advancing environmentally sustainable practices, significant challenges remain. The transition to a net-zero future is both complex and capital-intensive, requiring substantial financial support to drive meaningful change. As industries and economies adapt to evolving global climate commitments, transition finance emerges as a critical mechanism to bridge funding gaps and facilitate a gradual shift from carbon-intensive operations to low-carbon, sustainable alternatives. Effective mobilization of transition finance requires a well-coordinated policy framework, clear regulatory guidance, and active participation from financial markets.

In the recent 29th Conference of the Parties or COP 29 held last November 11-22, 2024 in Baku, Azerbaijan, a new agreement to triple climate finance to developing countries from \$100 billion annually to \$300 billion annually by 2035 was reached to assist developing countries in mitigating climate change impacts and transitioning to low-carbon economies. However, developing economies continue to face immense challenges in securing sufficient funding for this transition.

Transition finance is key to enabling industrial upgrading towards greener technologies whilst achieving macroeconomic stability. Given that the energy and industrial structures of most countries in the region differ significantly from those of developed economies, simply replicating Western standards, principles and practices is unlikely to be effective. Nevertheless, deviating from internationally accepted standards also risks deterring international investors. Therefore, there is a need to develop transition finance policies tailored to the characteristics and development needs of ASEAN+3 economies as well as those of other economies across Asia, facilitating global investment to support the transition of the region's high-carbon emitting industries into lower carbon emissions aligned with the pathway to net zero.

As a high-end dialogue platform, the Boao Forum for Asia is dedicated to promoting sustainable development and regional cooperation. The theme of the BFA Annual Conference 2025 is set as "Asia in the Changing World: Towards a Shared Future",

which is aimed at upholding multilateralism, fostering openness and development, and jointly tackling global challenges while remaining focused on Asia.

The objectives of the roundtable are as follows:

- Provide a platform for dialogue on key policy measures and financial instruments supporting transition finance in Asia.
- Discuss challenges in mobilizing transition finance and propose actionable solutions.
- Foster collaboration between policymakers, financial institutions, and industry players in advancing transition finance strategies.
- Identify best practices and innovative financing mechanisms that can accelerate the transition to net zero.

The roundtable will consist of two sessions, each exploring a different dimension of transition finance from both policy and private sector perspectives.

Session 1: Transition Finance for a Net-Zero Future: *Policy Perspectives*

This session will explore the role of governments and regulatory bodies in shaping policies that facilitate transition finance, ensuring alignment with national and global climate goals. Policymakers play a crucial role in setting the regulatory direction, providing incentives, and fostering international collaboration to mobilize the necessary financial resources for transition efforts. Enhanced cooperation between financial institutions, trade bodies, policymakers and regulators across borders will be critical to building momentum behind transition finance, especially when it comes to establishing shared standards, agreed parameters and greater cross-border interoperability. The discussion will highlight policy frameworks, regulatory incentives, and successful implementation models.

Potential topics for discussions:

- What makes Asia's characteristics unique in terms of both the transition to net zero and transition finance?
- What are the key policy frameworks and regulatory incentives that can effectively support transition finance?
- How can central banks and financial regulators integrate climate risk management into financial systems?
- What role does national and international cooperation play in financing the net-zero transition?
- What lessons can be drawn from successful policy-driven transition finance models?

Session 2: Transition Finance for a Net-Zero Future – *Market Perspectives*

This session will discuss the role of the private sector (both financial institutions and non-financial corporates) in scaling up transition finance. The session will focus on innovative financial instruments, investment risk mitigation strategies, and real-world case studies showcasing successful private sector-led transition finance initiatives. Financial institutions and investors must navigate uncertainties while unlocking new opportunities in transition finance markets.

Potential topics for discussions:

- What are the key internal and external challenges preventing financial institutions and non-financial corporates from scaling up transition finance, particularly in Asian economies?
- How can the financial sector be incentivized to invest in transition finance? What innovative financial instruments—such as sustainability-linked bonds, green loans, or blended finance—can accelerate its growth?
- How can non-financial corporates, especially in hard-to-abate sectors, be encouraged to enhance ESG transparency, establish credible transition pathways, and therefore better access transition finance resources?
- What successful transition finance initiatives exist from a market perspective, and what key factors contribute to the best practices? What lessons can be applied across the region?