

Forum: Environment Commission (EVC)

Issue: Promoting “green growth” development in the Asia-Pacific region

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Introduction

Asia and the Pacific is the engine of the world economy and the world’s environmental hotspot. The concept of green growth is neither completely disconnected from either fact, nor something imported from elsewhere. In fact, the concept originated in Asia and the Pacific during the Fifth Ministerial Conference on Environment and Development (MCED-5) held in Seoul in 2005, when member States endorsed green growth for sustainable development, a full seven years ahead of the Rio+20 Conference establishing the green economy as an issue for global governance (ESCAP, 2005).

The seriousness is measurable. If present trends continue, over 88 per cent of the 117 measurable SDG targets for the region will be missed by 2030, with 90 per cent of the population still breathing polluted air (ESCAP, 2026a; UN News, 2026). The case for action, and a way forward, depends on three questions, the answers to which follow: financing, decoupling and equitable transition.

Definition of Key Terms

The ESCAP policy brief describes green growth as environmentally sustainable economic growth: growth that is in keeping with the long-term healthy functioning of the planet and of societies on it, including through resilience to the climate crisis and other threats and challenges to development (ESCAP, n.d.). It is a growth strategy, not a degrowth one. The United Nations Environment Programme (UNEP) explains decoupling as the “concept of breaking the linkages between economic growth and resource use and environmental impacts” (UNEP, 2011).

Relative decoupling occurs when pressures increase less than output, and absolute when they decrease as output increases.

The ILO Guidelines on just transition define a just transition as “greening the economy while maximising the benefits and minimising the risks of the transition in terms of fair and

inclusive employment” (ILO, 2015). Green finance involves flows of funds that provide positive environmental impacts, including on ecosystems and biodiversity as well as resource efficiency and pollution control (UNEP, n.d.). Climate finance is more specific, covering only mitigation and adaptation activities. It is therefore a subset of green finance.

Carbon pricing assigns a monetary value to the external (social) costs of emitting greenhouse gases (GHGs) by the entity responsible.

Two principal options exist: a tax fixing the price, and a cap-and-trade scheme fixing the quantity. In the cap-and-trade scheme, the price is determined by the market, and a cap on quantity is fixed (World Bank, n.d.). CBDR addresses the concept of responsibility in that it considers that all States have a responsibility to address climate change but not equally owing to their different capabilities and circumstances (UNFCCC, 2015).

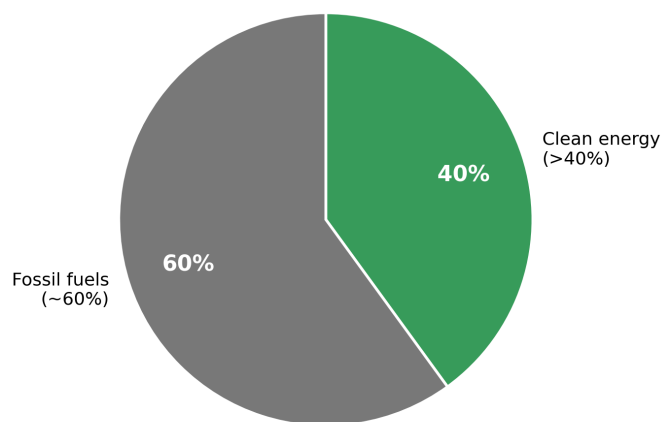
Background Issues

Twenty-year policy architecture

How green growth is capital intensive: grid modernisation, storage, mass transit and industrial retrofitting all require long-term capital long before returns can be expected by investors. As most of the region’s generation and transmission infrastructure is owned by state utilities, this presents a public debt management challenge for the region. Yet this commitment has not resulted in disbursement (Martinus, 2024).

Decoupling and fossil-fuel lock-in

How Southeast Asia's Growth in Energy Demand Will Be Met to 2035 (Stated Policies)



Source: IEA (2026)

Clean energy is on the rise, but demand is outpacing this shift (IEA, 2026).

Southeast Asia accounts for around 9 per cent of the world's population and 4 per cent of global GDP but is expected to account for nearly 20 per cent of the growth of global energy demand up to 2035 under stated policies (IEA, 2026). Clean energy sources are expected to meet more than 40 per cent of incremental demand, but around 60 per cent of the supply will be met by fossil fuels, reflecting about 60 per cent relative decoupling. Regional fossil fuel subsidies of some US\$40 billion per year until now and a significant increase in 2026 have undermined the price signal, and coal-induced air pollution led to an estimated 330,000 early deaths in 2024 (IEA, 2026). Carbon pricing has gained traction in the region with Vietnam establishing an exchange framework and Indonesia and Malaysia enacting registries from mid-2026 and plans to establish their own mechanisms for iron and steel and for energy, respectively (ASEAN Centre for Energy, 2026; Zin Lin et al., 2026).

Different capacity levels and just transition

Singapore and Malaysia have advanced regulatory and financial systems capable of supporting carbon markets, while Cambodia, Laos and Myanmar are heavily dependent on donor-funded projects and REDD+ crediting, without an emissions trading scheme or carbon tax.

Pacific small island developing States are in a different situation, with theirs a focus on adaptation and grants rather than industrial decarbonisation. The Maldives – which has chaired CED9 – has argued that climate-vulnerable States should not be penalised with additional financial burdens (ESCAP, 2026b). Even within States, coal-dependent provinces face concentrated job losses which national transition plans rarely assess. A further obstacle is legal, not fiscal: early decommissioning of coal-fired plants exposes governments to the risk of compensation claims under investment treaties through investor-state arbitration (Hug, 2026).

Organisations and Major Countries Involved

ESCAP (Economic and Social Commission for Asia and the Pacific)

Convenes the ministerial process and holds the regional green growth mandate and is rolling out the Energy Transition for Green Growth and Prosperity (ETGGP) programme, a three-year initiative with more than US\$4 million committed.

UNEP (United Nations Environment Programme)

Co-chairs the ministerial process, supports the region's environmental assessment base

and advocates for absolute pollution and resource use targets, opposed by growth-first Member States.

GGGI (Global Green Growth Institute)

A treaty-based organisation in Seoul that focuses on green growth planning in Member States; it is the most relevant player to this debate but one that is often neglected.

ADB (Asian Development Bank)

It is the Main source of capital for the energy transition in the region and manages the Energy Transition Mechanism (ETM) to facilitate the early phase-out of coal plants. It prefers blended and concessional mechanisms to simple grants.

ASEAN (Association of Southeast Asian Nations)

ASEAN works through the ASEAN Taxonomy for Sustainable Finance and ASEAN Energy programmes but has been cautious in extending commitments at a regional level as it has been respectful of national sovereignty.

The Republic of Korea

Conceived of the idea at MCED-5 and is the host country for GGGI. It maintains a “bridge-donor” position, financing capacity building and technology transfer while pursuing the interests of its own energy-intensive industries.

The People's Republic of China

Dominates in the manufacturing of renewables and exports much of the region's solar panels and batteries, in addition to continuing to finance fossil generation. It is a proponent of the CBDR principle and has opposed trade measures labelled as climate policy.

The Republic of India

Drawing a distinction between energy access and industrial development as the key levers of decarbonisation. It is a chief advocate of the CBDR and has rejected submission to uniform targets or peaking data imposed by external actors.

The Republic of Indonesia

The test case for the region's coal transition as recipient of the largest JETP. It is in favour of disbursed concessional finance on its terms and has protested commitments that would make existing utility assets financially stranded.

The Republic of Maldives

Chair of CED9 and is a representative of climate-vulnerable States that are looking for adaptation finance and simplified access modalities and a focus on grants rather than loans and other debt-raising options.

Possible Solutions

Finance

A regional concessional-finance and de-risking facility, administered by ESCAP with the support of the ADB and with a pool of resources provided by the donor States and multilateral banks, would assume the first-loss risks and take the form of grid modernisation, storage and early coal retirements which private investors would have otherwise declined to finance; this would help bridge the disbursement gap but would not address the pledge gap. Incentivising the development of ASEAN-aligned taxonomies would facilitate the flow of cross-border capital without multiple due diligence requirements, harmonise national legal regimes and bridge the disbursement gap.

Decoupling

An ESCAP-administered MRV-capacity building programme that would facilitate the design of MRV systems by low-capacity States before they join the CCMS and a regional Article 6 cooperative framework to allow developing States to buy into a deal, while strengthening their domestic implementation capacity. At the same time, delegates could address the disbursement gap with a staged reform of fossil fuel subsidies, which would reallocate some of the US\$40 billion support to universal cash transfers rather than maintain an artificially low cost for energy.

A targeted SKIP (Skills, Jobs and Innovation in the Period of Transition) programme, delivered through the facility and accompanied by technical assistance from the ILO, that would specifically earmark the costs of transition rather than leave them to national budgets, and differentiated coal phase-down timelines, such as those provided for in the Regional Programme of Action 2026–2030, that take country capacities into account. The committee could also touch on treaty language that would specify that any just transition measures are excluded from dispute settlement, reducing the legal risks faced by governments.

Accountability.

Uniform green growth indicators with obligatory reporting to ESCAP. The very fact that 88 per cent of the goals were not on track suggests that the current approach to accountability is inadequate, as do the statistics that only 55 per cent of the region's SDG indicators have at least two data points, rendering them effectively unmonitored. The eligibility for the finance facility could be made conditional on reporting (ESCAP, 2026a).

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