



# *Thailand's Climate Finance Landscape*

## *GHG Mitigation Actions*

Opportunities for further research and policy development

Prepared for World Bank x PIER Climate Finance Policy

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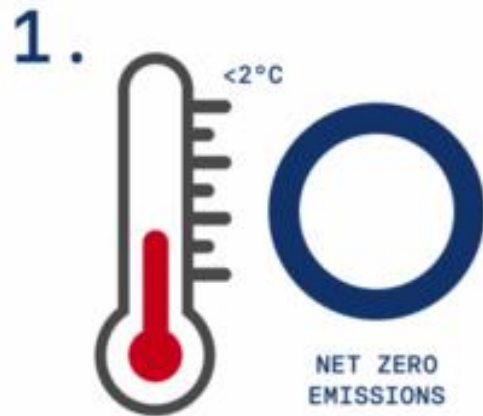
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# Climate Finance plays a crucial role in supporting Thailand to meet the NDC targets on both mitigation and adaptation

## Mitigation\*



- Reduce 30-40% from BAU by 2030
- Carbon Neutrality by 2050 and Net-zero GHG emissions by 2065

## Adaptation\*



Build adaptive capacity and enhance climate resilience across six priority sectors

## Climate Finance



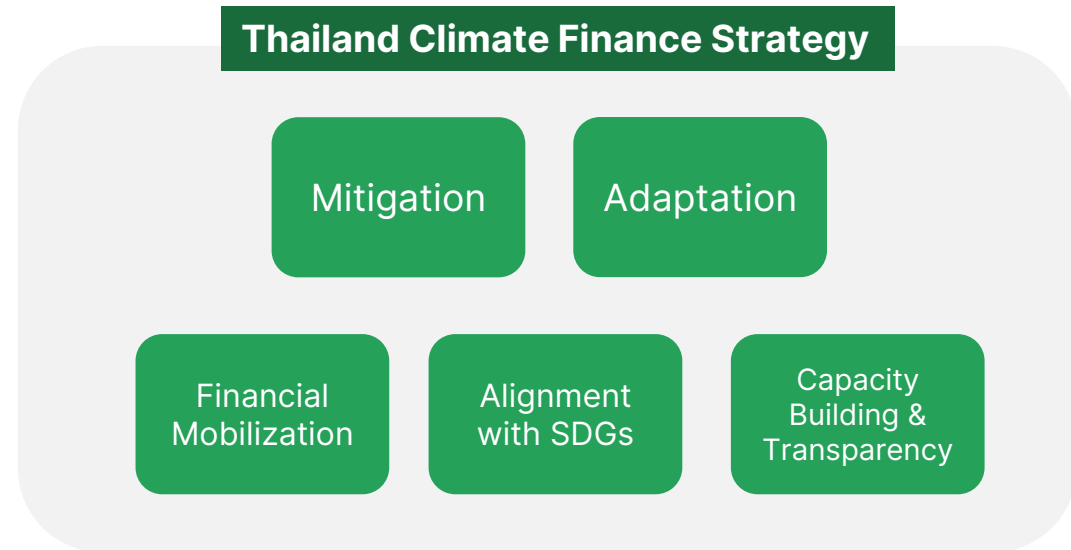
Get the money flowing to support Thailand's climate actions in both mitigation and adaptation

\*Source: Thailand's second updated NDC (UNFCCC, 2022)

# Climate Finance Strategy was developed to serve as a guiding framework for allocating financial resources to address climate challenges and priority projects

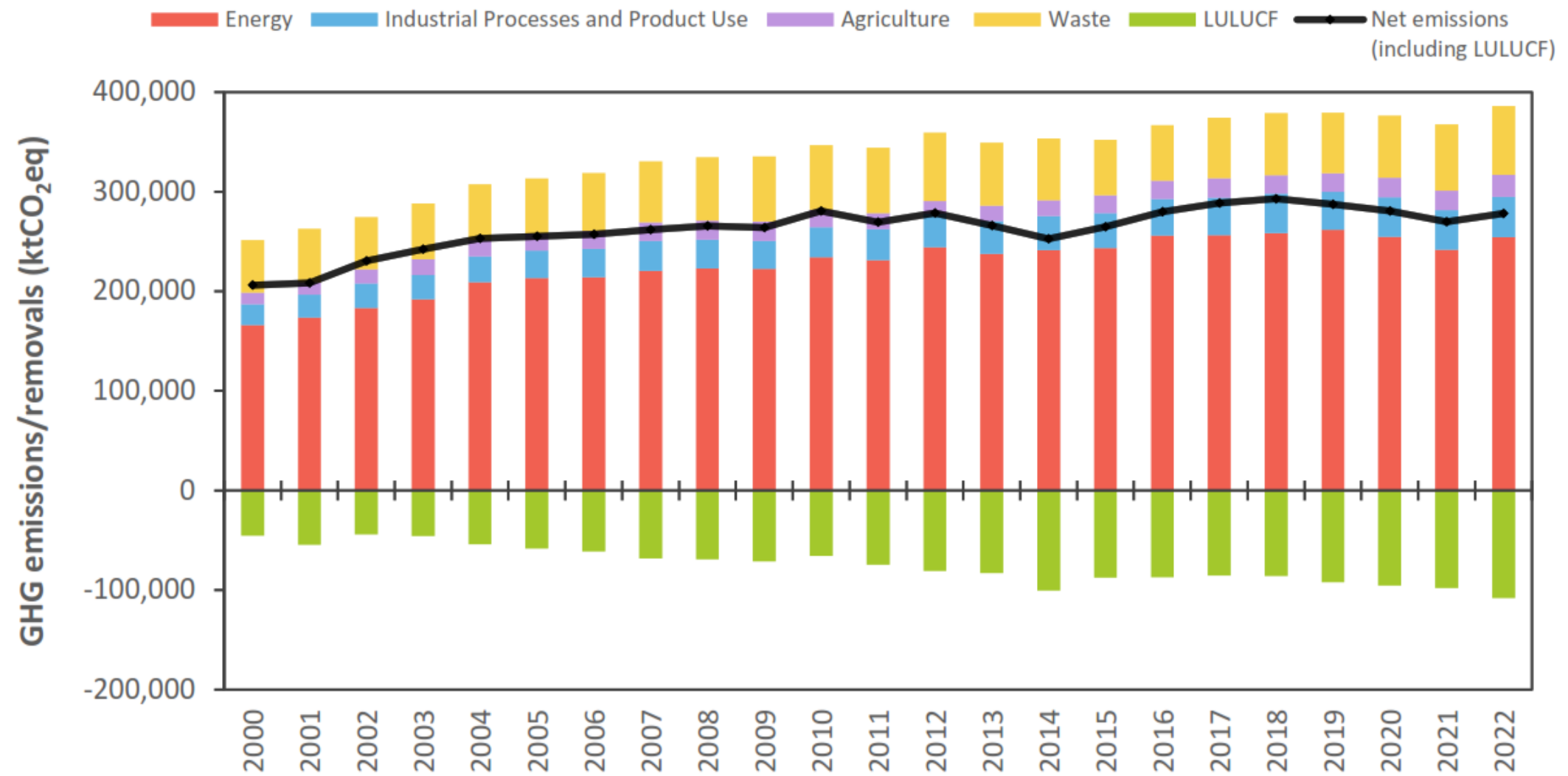


Source: Thailand Climate Finance Strategy 2030 (DCCE)



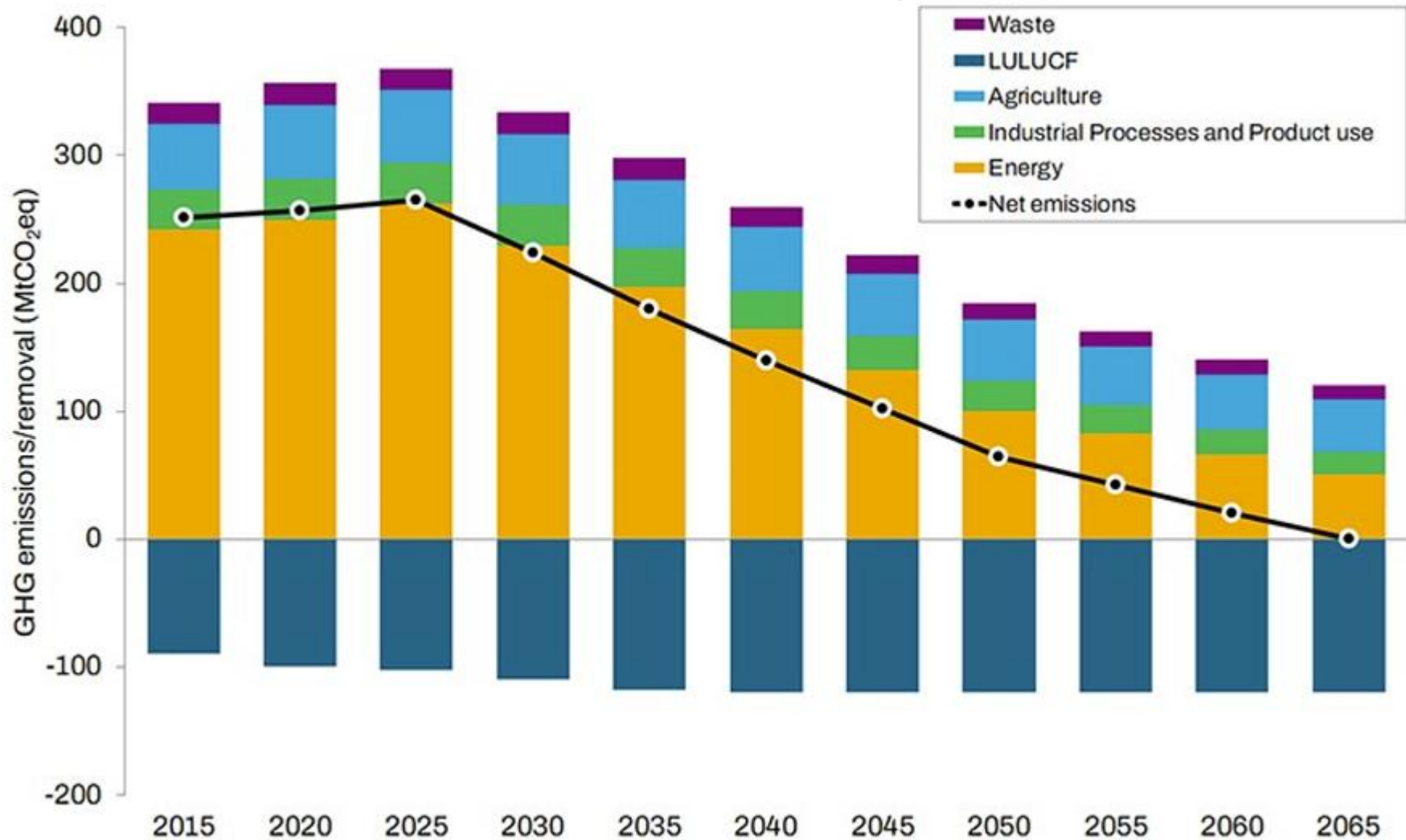
Thailand's approach to climate finance involves securing funds from various sources – public, private, and international – to support both mitigation, which focuses on reducing emissions, and adaptation,

# Thailand's GHG emissions have been generally increasing since 2000



Source: Thailand's 1<sup>st</sup> BTR (UNFCCC, 2024)

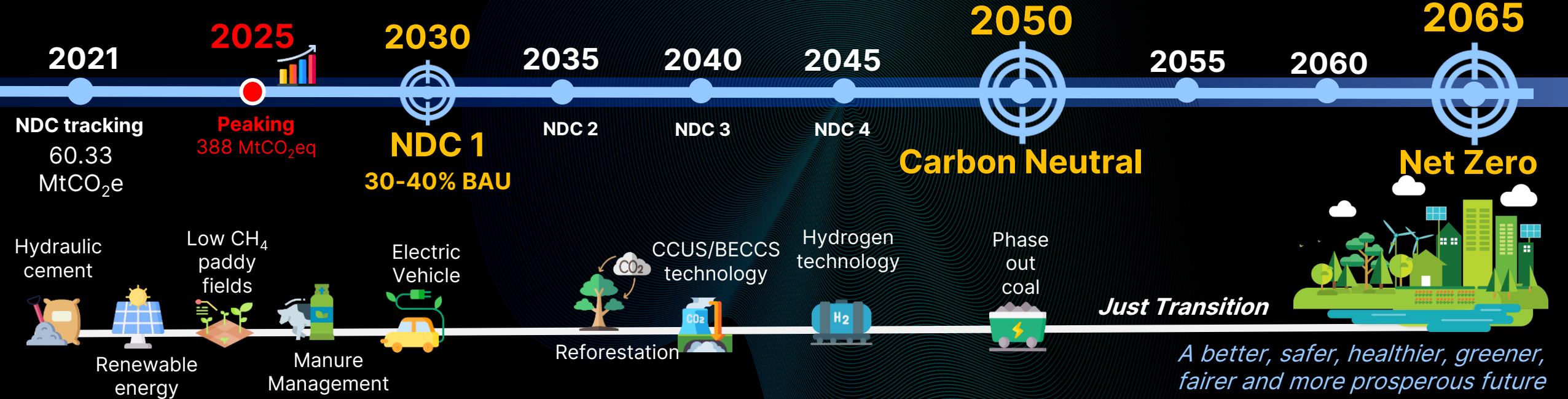
To achieve a net-zero target by 2065, Thailand requires effective implementation of long-term consistence policies & measures as well as substantial investments to reform the energy sector



Source: Thailand's revised LT-LEDs (UNFCCC, 2022)



# Thailand's Decarbonization Pathway



## NDC Action Plan 2021 - 2030



Energy & Transport



IPPU



Waste



Agriculture

Domestic Implementation  
33.2%

Inter.  
Support  
6.8%

Art. 6  
of PA  
3%



Climate Change Act



Blended Finance



Market Mechanism



Data Center



Technology, R & D



Public Awareness



Energy & Transport



IPPU



Waste



Agriculture



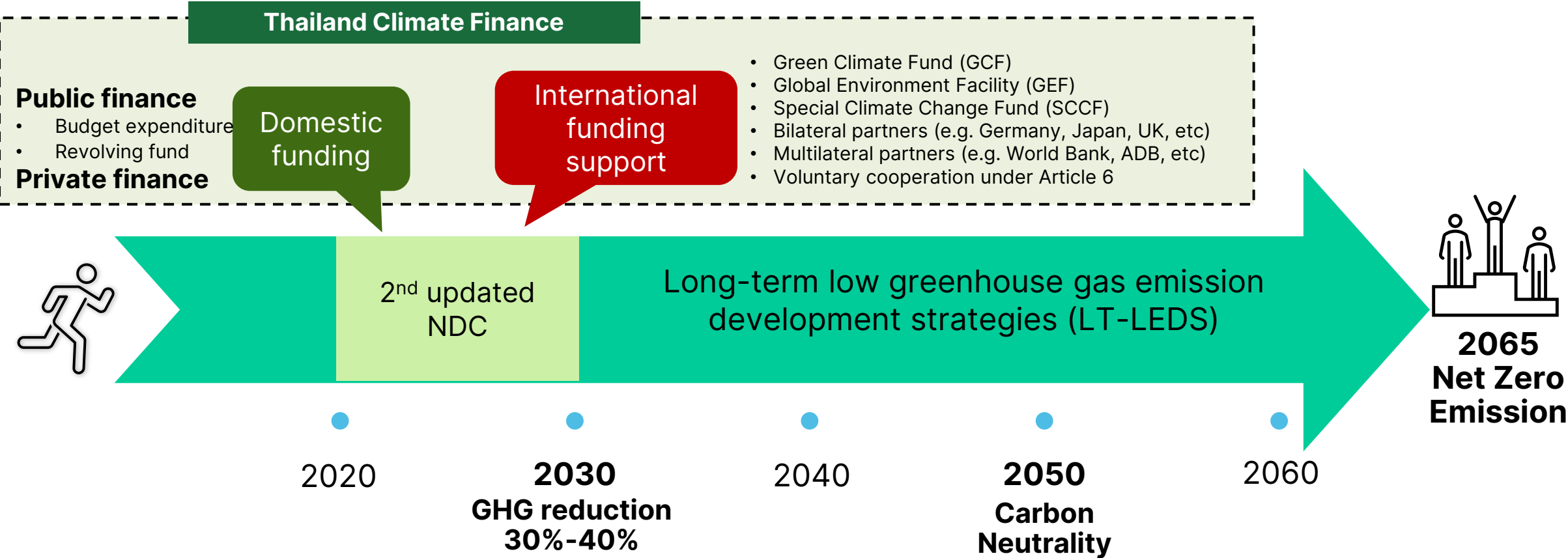
Forest

Emission  
120 MtCO<sub>2</sub>eq



Removal  
120 MtCO<sub>2</sub>eq

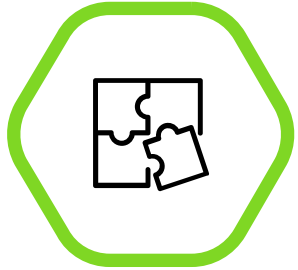
Climate finance\* is essential for Thailand to achieve its NDC goals by providing the necessary financial resources, enhancing institutional capacity, engaging the private sector, and supporting both mitigation and adaptation efforts.



\*Climate Policy Initiative (CPI) analyzed that the transition to a low-carbon, resilient, and just economy could be the most significant investment opportunity of our lifetime.

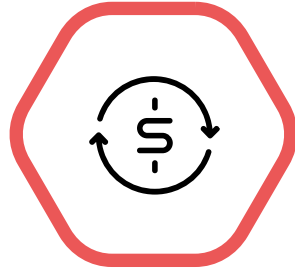


# Attracting private sector investment requires a strong enabling environment, integrated climate finance, financial instruments, private investment, and robust monitoring and evaluation



## Enabling Environment

Enhance and strengthen ecosystem of green investment



## Public Finance

National planning, budgets and revenue integration with climate aspects



## Financial & Economics Instruments

Structure and develop financial and economic instruments to stimulate investment



## Private Finance

Private Sector Investment and funding in appropriate risk-reward profile activities



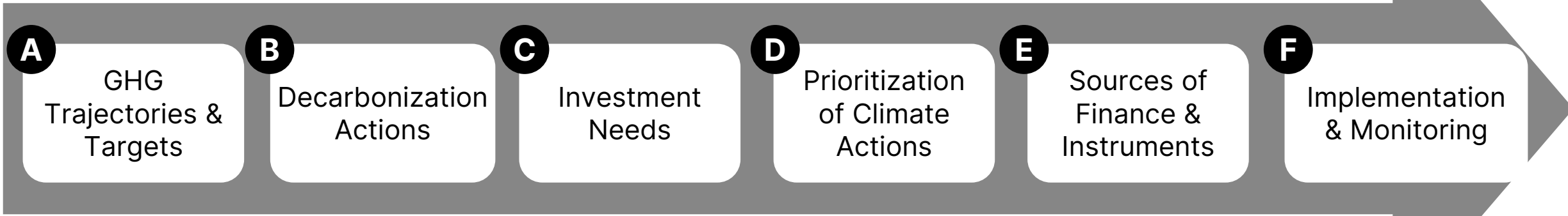
## Monitoring and Evaluation

Monitoring & Evaluation to promote transparency and effectiveness of climate finance

### Creating enabling environment to:

1. Redirecting capital investments towards a sustainable and low carbon economy.
2. Integrating sustainability into comprehensive risk management frameworks.
3. Promoting transparency and long-term strategic planning.

# Five Key Questions to be addressed in Climate Finance Policy Development



## How much money do we need for climate actions?

1. **What are targets and what are the quantified investment needs** to achieve them across all relevant sectors (both mitigation and adaptation)?

2. **What is our current climate finance landscape** – who are the existing funders, what are the current flows, and where are the most significant gaps compared to our needs?

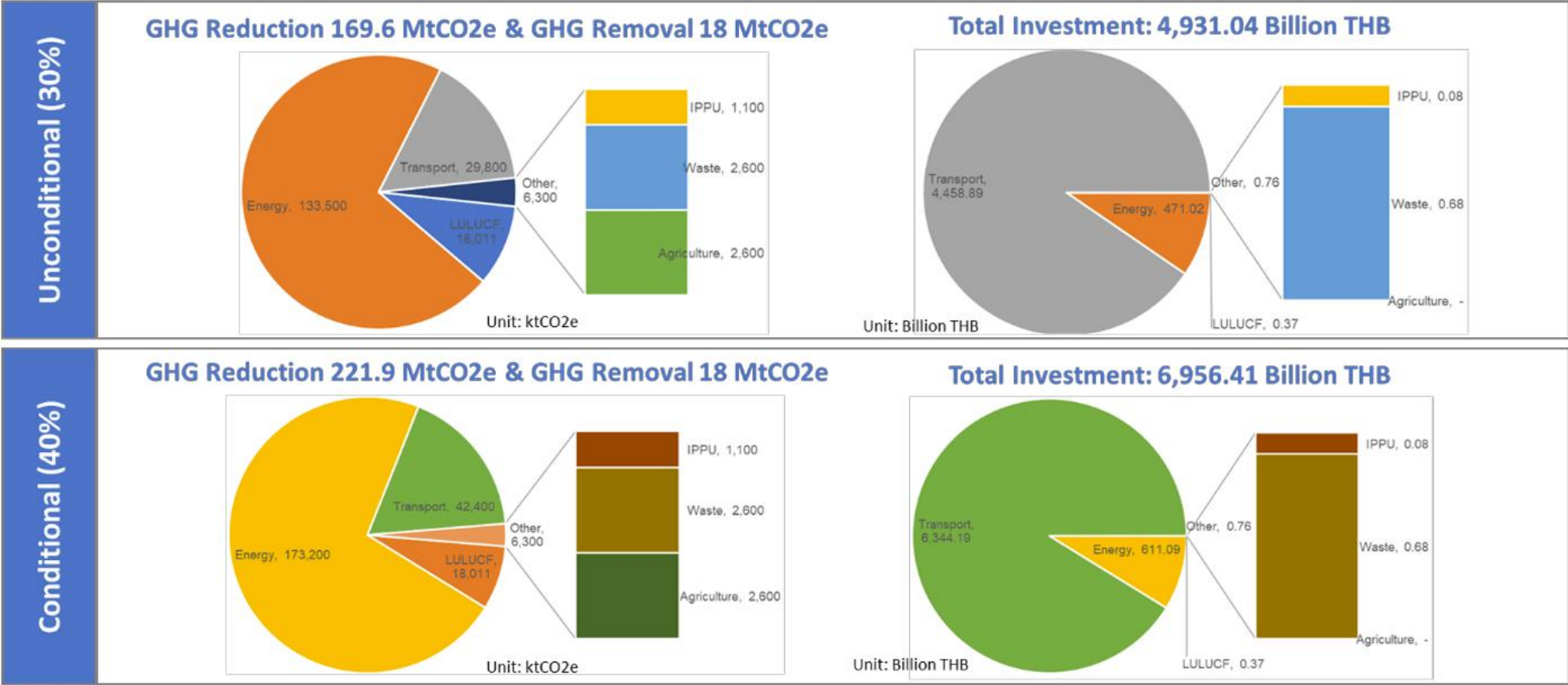
## How do we effectively and sustainably access, mobilize and scale up climate finance?

3. **What are the sources of finance** (public, private, international private), and what specific policy and regulatory changes are needed to unlock them?

4. **What institutional arrangements and capacities are needed** to effectively manage, track, and report, and how will we build them?

5. **How will we ensure that a climate finance strategy promotes a just & inclusive transition**, while also contributing to sustainable development goals?

It was estimated that Thailand requires approximately THB 5,000 billion (unconditional target) and up to THB 7,000 billion (conditional target) to meet its NDC commitments.

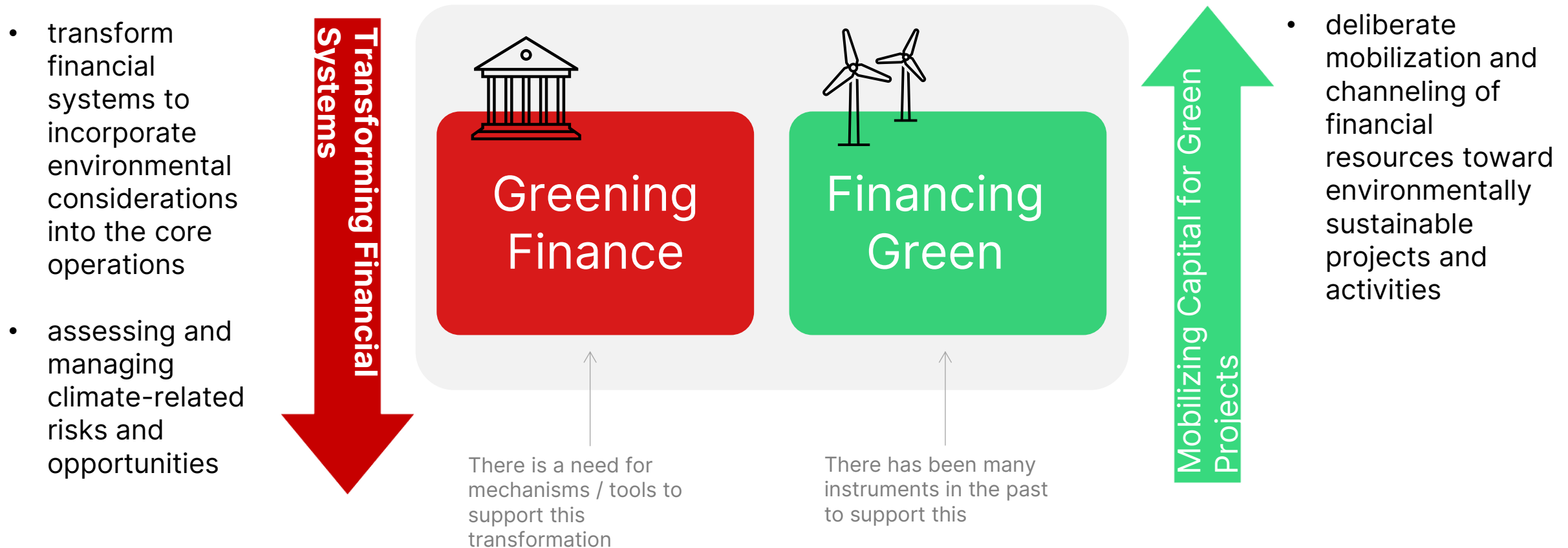


Remark: The monetary figures have been estimated based on mitigation measures considered in the recent versions of sectoral NDC action plans, while prorated to cover larger reduction targets of 30% and 40% for unconditional and conditional potentials, respectively<sup>15</sup>. Detailed analysis must be conducted after the revised NDC sectoral action plans published, expected by the first quarter of 2024.

Source: Thailand Climate Finance Strategy 2030 (DCCE)



# The dual imperatives of Financing Green and Greening Finance form a complementary and potentially synergistic approach to accessing, mobilizing, and scaling up climate finance



Source: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/679081/EPRS\\_BRI\(2021\)679081\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/679081/EPRS_BRI(2021)679081_EN.pdf)

# Thailand is in a process of developing several instruments to mobilize and scale up climate finance

## Information Instruments

### **Thailand Taxonomy**

Guiding Green & Transition Investments

a classification system that defines which economic activities are considered sustainable or contribute to climate goals

## Financial Instruments

### **Sustainable Finance**

Mobilizing Resources for the Green & Transition

Sustainable/Climate finance specifically refers to funds directed towards climate mitigating and climate adaptation

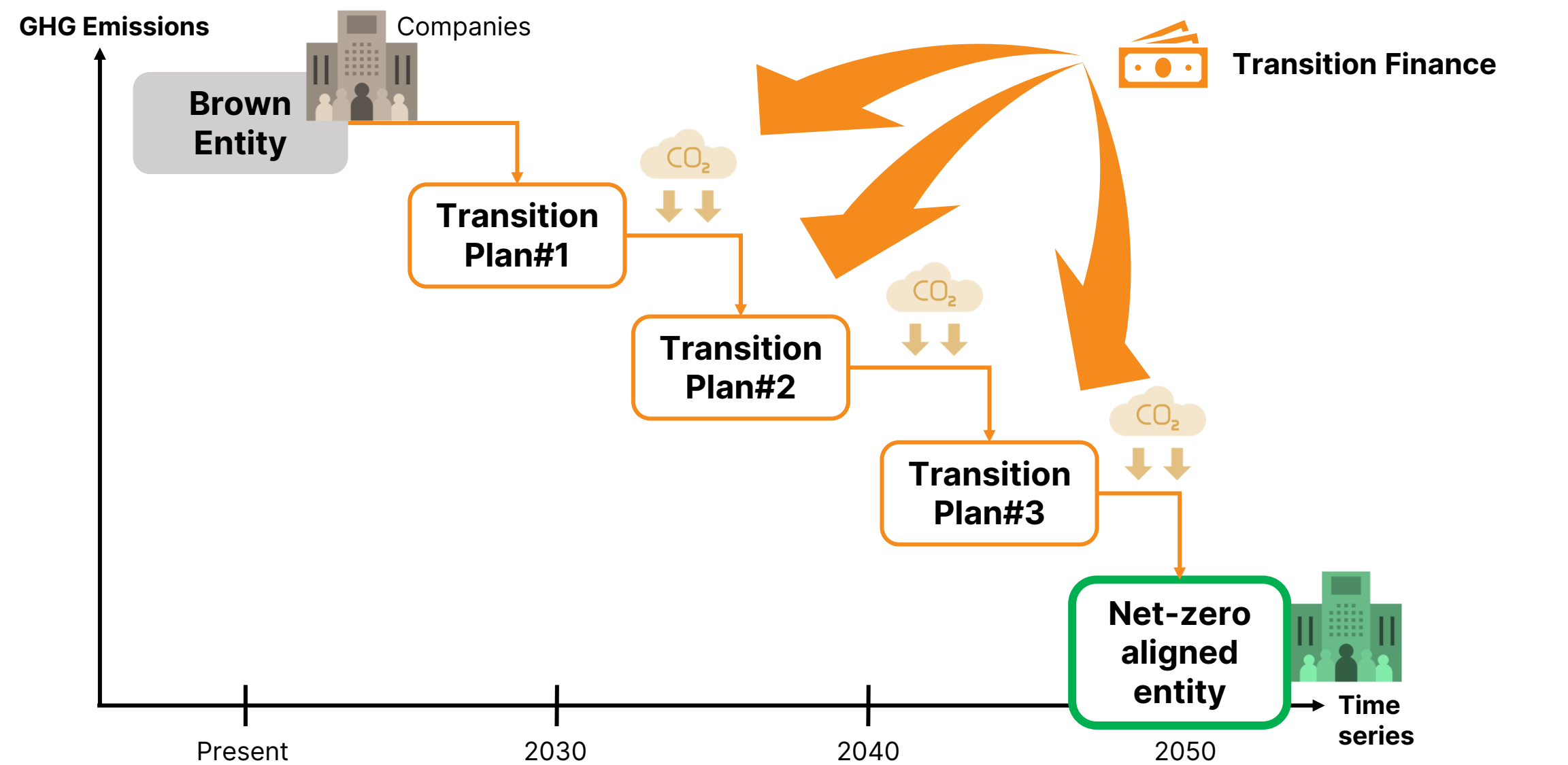
## Economic Instruments

### **Carbon Pricing Instruments (CPIs)**

Driving Behavioral Change

Putting a price on carbon can encourage businesses and individual to adopt lower-carbon practices and invest in cleaner technologies

# Transition finance provides the crucial bridge for Thailand's high-emission sectors to meet NDC targets while sustaining economic development





# It is also crucial to effectively manage, track, and report the climate finance at various levels : national, sector and organization

The efficient allocation of capital for climate actions is not only essential for achieving the climate goals but also critical for enhancing long-term value through improved operational efficiency and mitigating anticipated risks.



## Examples of Capital Allocation and Indicators of Transition:

1. % of CapEx aligned with the Green Taxonomy
2. % of OpEx aligned with the Green Taxonomy
3. % of revenue aligned with the Green Taxonomy
4. Investment value (mTHB) in low-carbon product manufacturing
5. Investment value (mTHB) in research and development (R&D) focused on low-carbon technologies
6. Investment value (mTHB) in addressing climate change risks
7. ...

# Opportunities for Research and Policy development in Climate Finance

## 1. Sector-Specific Cost-Effectiveness

- ✓ **Research:** Develop detailed Marginal Abatement Cost Curves (MACCs) for key sectors
- ✓ **Policy:** Prioritize cost-effective mitigation actions & inform carbon pricing/incentive policies based on sector MACCs

## 2. Unlock Private Investment

- ✓ **Research:** Identify barriers to private sector investment in sector-specific projects (risk, finance gaps, etc)
- ✓ **Policy:** Develop de-risking mechanisms, incentives & instruments to mobilize private adaptation finance

## 3. Innovative Finance Mechanisms

- ✓ **Research:** Explore & adapt innovative finance (e.g. blended finance, crowdfunding, fintech)
- ✓ **Policy:** Pilot & scale up tailored innovative finance instruments to broaden funding sources & reach

## 4. Enhance Transparency & Accountability

- ✓ **Research:** Assess current climate finance tracking (e.g. climate budget tagging); identify transparency gaps & best practices.
- ✓ **Policy:** Strengthen tracking & reporting systems and establish accountability mechanisms for climate finance.

## 5. Integrate Climate into Budgeting

- ✓ **Research:** Analyzing existing budget processes and identifying entry points for climate integration.
- ✓ **Policy:** integrate climate finance considerations into national & sub-national development planning and budgeting

# WHAT IGNITES CREATIVE ENERGY?



COMMITMENT



COMPETENCE



COLLABORATION



COMMUNICATION



COMPASSION



CREATIVITY



CLARITY



CONTENTIOUSNESS



COFFEE

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