**Policy Support in Promoting Green Bonds in Asia**

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**Abstract**

Private green finance is imperative for climate change mitigation and adaptation; however, the share of private green finance remains low, and the studies that tackle the efficacy of policy instruments to promote green finance are limited. Many countries, especially from Asia, implemented different policies to incentivize issuance of green bonds by the private sector. However there is a lack of empirical evidence on the effectiveness of such policies. To date this is the first study providing empirical evidence on the effectiveness of a broad range of green bond policies on the issuance of green bonds. Given the nascent nature of green bonds, this paper documents the effects of several policy instruments in supporting green bonds on the private sector green bonds issuance for 58 green-bond issuing countries, including 11 countries from Asia, over the period January 2010 – June 2020. Using the difference-in-difference specification within the multilevel longitudinal model the paper finds that some green bond policies, such as green bond grants and tax; and cooperation and policy, signals incentives are effective in promoting the issuance of green bonds in the private sector in Asia. Regional cooperation and standardization incentivized private green bond issuance in the EU, but not in the Association of Southeast Asian Nations region. Global cooperation and international standardization had a positive impact on issuance of private green bonds.

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