Deal street Asia 10 YEARS | leadership roundtable

British International Investment

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From bankability to scale: Inside the effort to unlock Asia's climate capital

With investable projects still in short supply, development financiers, regulators and developers discuss what it will take to unlock more climate investment in Asia.



Nik Mehta OBE
British High Commissioner, Singapore

Leslie Maasdorp
Chief Executive Officer, BII

Srini Nagarajan
Managing Director and Head of Asia, BII

Sarah Love
Regional Director for Climate, Energy and Nature, Southeast Asia, UK's Foreign, Commonwealth and Development Office (FCDO)

Sze Liang Lee
Director and Specialist Leader, Infrastructure and Blended Finance, Monetary Authority of Singapore (MAS)

Marat Zapparov
Chief Executive Officer, Pentagreen Capital

Fi Dinh
Managing Director and Head of Fund Finance APAC, MUFG Investor Services

Joost van Acht
Chief Commercial Officer, ib vogt

Kavitha Nair
Deputy Editor – PE, DealStreetAsia (Moderator)



The constraint is no longer ambition. It is bankability… The tools built to bridge that gap are now being rebuilt.

Asia's climate transition isn't short of capital. The harder question is whether the region can produce enough deals that commercial investors can actually finance – and then finance again.

The scale of the need is not in dispute. Southeast Asia alone will need an estimated $210 billion a year in green infrastructure to meet its climate goals, and current investment falls short. Globally, some $24 trillion in dry powder is searching for returns.

Yet that capital is not moving into the region at the pace required.

The constraint is no longer ambition. It is bankability.

Commercial investors hesitate to take development or construction risk. Many still see Asian infrastructure as complex and difficult, with returns that compare poorly with those in Western markets. And too many transactions remain one-offs: if the twentieth project is as hard to underwrite as the first, there is no market.

The tools built to bridge that gap are now being rebuilt.

Blended finance has helped bring private investors into projects outside their risk-return thresholds, but its structures are often bespoke and costly, and concessional capital is drying up. Development finance institutions are rethinking how they work – partnering earlier, leaning on the AAA ratings of multilateral lenders, and backing platforms rather than single projects. British International Investment (BII), the UK's Development Finance Institution (DFI) with its $1.6 billion climate finance commitment for Southeast Asia over the next five years, is among those going back to the drawing board.

That creates both the central tension and the opportunity for the market.

Asia has the need, the rising energy demand and the capital waiting on the sidelines. Repeat tenders, platform-level financing and a new generation of blended finance funds are starting to show what can work.

But every deal still has to clear difficult questions around risk allocation, policy support, platform funding, duration, exits and repeatability.

Against this backdrop, a DealStreetAsia Leadership roundtable co-hosted with BII in Singapore brought together:

Nik Mehta OBE,
British High Commissioner to Singapore

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Srini Nagarajan,
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They examined where the market really stands.



> **"Today's conversation is not just about institutions or financial mechanisms. It is also about outcomes."**
>
> **Nik Mehta OBE**, British High Commissioner to Singapore

The UK view

Setting the context, Nik Mehta OBE, British High Commissioner to Singapore, called the subject "one of the defining challenges of our time. How we move from shared ambition to protect our climate for generations to come to the implementation and delivery that will see that ambition realised. With limiting global warming to 1.5 degrees as `our north star', it will take joined-up thinking and every tool in our collective toolbox," he said.

Southeast Asia is "a critical region in terms of climate change impacts", Mehta said. It is home to some of the fastest-growing economies in the world, rising energy demand and enormous clean energy potential. Yet it will need an estimated US $210 billion annually for green infrastructure to meet its climate goals. "We know that current investment falls far short of this."

Bridging that gap "requires new financial architecture, greater risk tolerance, and stronger coalitions between governments, development finance institutions, and private investors", he said.

The UK has long recognised that `climate action and economic growth must go hand in hand', and through its partnerships across Southeast Asia is working to unlock investment in sustainable infrastructure, clean energy and industrial transformation, `while strengthening the conditions that allow private capital to participate with confidence'.

The UK's "partnership with Singapore is particularly important in this regard", Mehta said. Singapore's upcoming ASEAN chairmanship and the UK's G20 presidency in 2027 present "an invaluable opportunity to move these conversations forward". One of the strongest examples of that collaboration, he said, is BII's work in Southeast Asia, which is "helping to turn ambition into action by bringing together development finance, private investment, and local expertise".

"Today's conversation is not just about institutions or financial mechanisms. It is also about outcomes," Mehta said. "We know the destination... Most importantly, how we move from isolated success to systemic change. The UK wants to be a full partner in that journey."

A bigger climate commitment

BII's new strategy, formalised a few months ago, raises its ambition on climate finance.

Up to 40% of its new investments over the next five years will be in the climate domain, Leslie Maasdorp, Chief Executive Officer of BII, said. "This is a little bit counter to the trend we're seeing in some other parts of the world."

With the new UK foreign secretary making climate and development "strong anchor cornerstones of UK foreign policy", BII has "a lot of runway... as we embark on the next phase of our journey".

In Southeast Asia, BII is marking the fifth anniversary of its Asian headquarters in Singapore with a $1.6 billion commitment to climate finance over the next five years. About half of it will be BII's own capital, with a similar amount mobilised from private investors. The money will support economies including Vietnam, Indonesia, the Philippines, Malaysia and Thailand, which rely on high-emitting fossil fuel power generation, in moving to renewables. A significant share will flow through British Climate Partners, a climate finance initiative BII launched earlier this



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Leslie Maasdorp, Chief Executive Officer of BII

year to invest in high-growth, carbon-intensive economies across Asia.

BII is not starting from scratch.

Between 2023 and 2025, it committed nearly US $400 million in climate finance in Southeast Asia. These commitments included investments in ib vogt, Skye Renewables, VPBank, HDBank and Xurya, as well as funds such as Pentagreen Capital's Green Investment Partnership (GIP), Gresham House's SUSI Asia Energy Transition Fund and 100x100 Impact Fund I.

Back to the drawing board

"We are now entering an exciting phase of development finance – a phase of innovation, a phase of new, fresh financial engineering," said Maasdorp. "As we did all the preparatory work for our new five-year strategy, we knew that the old toolkit is no longer fit for purpose. If we want to accelerate and scale investments into climate, we have to go back to the drawing board, and that is exactly what we are doing."

For Srini Nagarajan, Managing Director and Head of Asia at BII, the problem is not a shortage of investor interest. "The problem in Asia is not because there is an absence of ambition from investors to invest. It's more the bankable opportunities," he said.

Why is commercial capital not moving?

The problem, Nagarajan said, is "mostly to do with the risks perceived by the commercial investors", including regulatory risk. Western markets, he added, "are delivering greater returns today, both on risk-free instruments and investment-grade instruments, than what emerging markets can deliver".

Fi Dinh, Managing Director and Head of Fund Finance APAC at MUFG Investor Services, approaches the problem from slightly different parts of the capital stack. "Globally, 24 trillion dollars of dry powder is searching for a 20% IRR," she said.

"The true question is what's stopping that commercial capital from deploying in these particular sectors or segments, and it boils down to repeatability. If the 20th project is as difficult to underwrite as the first project, then we don't have a market. We don't have scale."

She said it is important to understand the type of risk that the current structure is unable to address if the market is to attract a greater share of investors' capital.

Marat Zapparov, Chief Executive of Pentagreen Capital, echoed Dinh's point. The question, he said, is how to make the capital sitting on balance sheets globally flow into where the real market gaps are. Southeast Asian markets are "quite fragmented", he said, "and what can be considered banked and bankable in one market versus another can also be quite different".

Three questions

Investors looking at Asia, or emerging Asia, tend to bring three questions to the Monetary Authority of Singapore (MAS), according to Sze Liang Lee, its Director and Specialist Leader, Infrastructure and Blended Finance.

The first is whether there are enough *opportunities*. "If I can't see enough, I won't spend my time, so building up a pipeline of



"Investors look for opportunity, risk mitigation and repeatability in Asia's climate investments"

Sze Liang Lee, Director and Specialist Leader, Infrastructure and Blended Finance, at the Monetary Authority of Singapore (MAS)

opportunities is important," said Sze Liang.

The second is *risk*. Investors are not comfortable with certain risks, and certain projects that are not properly prepared. "Are there tools to provide some kind of risk mitigation for sensible risks they are uncomfortable with, or where prices are too high to be feasible?" he said.

The third is *repeatability*. If investors are willing to look at one transaction, "then the question is, how do you repeat? Do you have policies around that are supportive, that provide long-term investability… or is it again a one-off?" Risk-mitigation solutions may work for one project, but if the deal cannot be repeated, it stops there.

For MAS, the answer lies in "ensuring that you have opportunities that are investable", supported initially with risk-mitigating solutions to get them off the ground, "but you need policies to sustain longer-term growth".

Partnership by default

Maasdorp pinned the biggest disconnect in turning Asia's climate opportunity into investable projects on the institutions themselves.

"The framework of how we work as an institution is changing," Maasdorp said. In the past, development finance institutions, BII included, operated in an institutionally siloed manner. "What that produces is a friction point where we are unable to scale, because we look at opportunities through the pipeline that each one of us individually generates."

By leveraging their comparative strengths, DFIs will be able to originate much larger transactions, Maasdorp believes. "You will see in the future much less individual BII-focused deals and much more of us partnering with the likes of Clifford Capital, Temasek, IFC and so on."

The point, Maasdorp said, is the need to go into bigger platforms. "You'll hear the word partnership often, but it's not just a partnership of looking for ways to work together and to co-invest," he said.

"It's what we call a partnership-by-default mindset."

In practice, that means asking why a partner is not in a deal before the transaction is structured. Until now, he said, the approach has been "after the fact, where you've done the deal, and now you just look to… add a few more institutional partners".

"Working more as a system could bring about a game-changing sea change", he said.

Co-origination and AAA wrappers

Under its new strategy, Maasdorp said, BII's role will evolve in two steps to bring commercial and institutional investors into transactions much earlier.

The *first* is co-origination: originating transactions alongside partners in the region rather than seeking additional investors once a deal has already been structured.

The *second* is developing more innovative structures that can bring together public and private capital, including by drawing on the strengths of multilateral development banks and DFIs.



"The framework of how we work as an institution is changing."

Leslie Maasdorp, Chief Executive Officer of BII

Maasdorp described the need "to structure arrangements… between the multilateral development banks and the DFIs in a much more imaginative way".

Those multilateral lenders are highly rated financial institutions with AAA ratings. "That has huge value," Maasdorp said. "It means that they're the most creditworthy institutions. If they can build wrappers around structures, they're able to make deals a lot more attractive."

"The next phase of the kinds of deals we want to do on the energy transition side would be imaginative partnerships with the multilateral development banks," he said.

Lead or follow

For the past 18 months to two years, BII has also been working out "where we, as the DFI, can lead, and other areas where we should follow", Maasdorp said.

Each institution's balance sheet looks very different, he said. BII does more equity, while some DFIs have greater exposure to sectors that are more amenable to commercial investors. "As we work more in a sort of system-like format, we need to embrace this kind of follow and lead example. We can't all play a leadership role in every financial structure, or in every sector or financial instrument."

In Asia, Maasdorp said, BII can play a leading role in equity and mezzanine financing. The "maturation and more sophistication of the way in which we work together" is another part of the solution, he added.

Why Singapore?

BII is now "experimenting with new structures", Maasdorp said, adding that "Singapore's centrality helps it move from pilot to scale".

He cast the City of London and Singapore as complementary. Singapore is a very small jurisdiction with an outsized capacity to influence and shape what happens in financial markets. The UK is a smaller economy in global terms than the US or China, but when it comes to capital markets, it's right at the heart and centre of financial markets, including for the insurance industry.

"The legal and market infrastructure, the depth of regulatory expertise, the accounting standards and the sophistication of capital markets is what make the UK and Singapore unique", he said.

Some of the largest asset managers and institutional investors, he said, are "all embracing the central role that DFIs and institutions like BII can and should play in helping to de-risk projects, in helping design financial instruments… in such a way that we can crowd in the larger pools of sovereign wealth funds, insurance capital, and pension funds".

This, according to Maasdorp, is the task at hand.

Taking the early risk

"Within the capital stack, when you structure a transaction, there are often risks that commercial investors are just not able to take," he said. Their fiduciary mandates, codified in their commercial objectives, mean they will not take construction risk on a renewable energy project, for example. "Any development or construction risk is something that they do not want to live with."



> **"A key constraint is the need for a more vibrant private equity environment. Intermediation is inadequate to the scale of the problem we have."**
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> **Srini Nagarajan**, Managing Director and Head of Asia at BII

Once BII de-risks a project by taking on that early risk and it begins generating cash flow, other investors can follow. "It's more intertemporal," he said.

He cited a 1.1-gigawatt wind project in Egypt, which is due to open formally in the coming months. "Once that project starts generating revenue, we can bring in pension funds, insurance capital, and institutional investors. There are many projects like that," he said.

BII therefore sees itself as "using our capital more in a de-risking manner, doing the first-loss structures to enable the commercial investors to come in", Maasdorp said.

Platforms, not projects

If bankable deals are the bottleneck, Nagarajan sees a need to build platforms that can scale, rather than finance projects one at a time.

A key constraint, he said, is the need for "a more vibrant private equity environment". "Intermediation is inadequate to the scale of the problem we have."

A stronger private equity environment, "where people generally do controlling businesses", can create "a first level of first-generation entrepreneurs" who build scalable platforms. Those entrepreneurs are "perfectly aligned both in terms of incentives and the objectives to be achieved".

Joost van Acht, Chief Commercial Officer of ib vogt, an international developer of renewable energy and storage projects, said the company has been active in Southeast Asia for around 10 years, particularly in the Philippines, Malaysia and Indonesia. The focus so far, he said, has been on individual projects, with DFIs stepping in to address bankability one project at a time.

"If we want to scale up, we need to think a bit more systemic." That requires the skills involved in delivering projects.

Beyond bankability, each project has its own requirements, including land and grid issues. Addressing these collectively, he said, "would foster a platform approach rather than project-specific".

Four reasons platforms work

The case for platforms rests on their potential to turn individual projects into a repeatable investment model.

Sustainable Asia Renewable Assets (SARA), a utility-scale renewable energy platform set up jointly by BII, FMO and SUSI as part of the SUSI Asia Energy Transition Fund, is one example.

Drawing on BII's experience of building platforms over the past eight years, Nagarajan outlined four advantages of this approach over financing projects individually.

The first is *alignment* with the management team, which Nagarajan described as "most important in any investing world". "You've got a chief executive, and you've got a board which is able to support you." This extends beyond executive structures to building "a well-governed organisation that can stand the test of time".

The second is *credibility*. Having capital backing allows a platform to bid more aggressively for projects, Nagarajan said. "You don't know how comforting it is to start bidding for projects aggressively…



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Joost van Acht, Chief Commercial Officer of ib vogt

assuming you have capital backing behind you." A balance sheet behind the bidder strengthens its credibility with sellers. BII does "a lot more primary than secondary, but at times we do secondaries as well, so that we get a toehold in the countries". The third is *relationships with lenders*. As lenders become familiar with a platform's execution capabilities, they are better placed to support subsequent rounds of funding for different special purpose vehicles (SPVs).

The fourth is *exits*, which, according to Nagarajan, is also very important. "A platform provides you with a breadth of assets with different, diverse risks, which then allows you to maximise value." This can deliver incremental alpha on exit compared with a single asset.

"Platforms are the way to go. That is what Southeast Asia needs. We must create more platforms," Nagarajan said. They can generate the next level of bankable opportunities for institutions such as FAST-P (Financing Asia's Transition Partnership) and BII to invest in together.

"We will definitely do more partnerships like FAST-P, but we will do more platforms as well."

Capital for the platform

FAST-P is Singapore's flagship blended finance initiative, launched by the MAS in 2023.

Zapparov manages the GIP, a blended finance fund under FAST-P, through Pentagreen Capital, established by HSBC and Temasek. "This vehicle is all about partnerships - partnerships between the catalytic funding, sovereign funding, and commercial funding coming together," he said.

For that capital to translate into more projects, however, developers need financing that reflects their requirements. "Developers such as ib vogt have the skills but need capital, and capital of a more differentiated format than what we have traditionally seen here in Asia. Pentagreen, the GIP and others, with support from BII, are "looking to bring capital at the platform level, allowing these companies to apply their expertise to new projects across the region," he said.

The gap is not necessarily in financing individual projects. In the more mature jurisdictions, such as the Philippines and Indonesia in the energy sector from a regulatory perspective, "the senior debt component of a project's capital stack is fairly well solved", Zapparov said. This applies even to newer business models, such as combining battery storage with generation. Financial institutions, mostly domestic lenders, "are getting their head around that risk fairly quickly".

The challenge is financing the companies developing those projects. Private equity-backed and entrepreneurial platforms "are, in practice, fantastic generators of new projects", undertaking the development and construction work. "These are the drivers in many ways of the climate transition in the region. These types of players lack access to capital at the platform level, and traditionally in Southeast Asia, the financing markets were not ready to provide the right kind of product suite."

Other markets offer a potential model. In Australia, Europe and the US, "there is quite a vibrant suite of financial products available for



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younger, mid-market companies to fund their capital contribution into individual projects". Mezzanine financing is "quite an interesting and well-used product" in those markets, he said, making it an opportune time to introduce it to Southeast Asia.

Pentagreen has been deploying mezzanine financing "quite actively", Zapparov said, "including the transaction that we did together with our partners at ib vogt and BII."

Storage: solar plus batteries, but not merchant risk

The financing challenges also play out at the project level. For developers such as ib vogt, solar-plus-storage projects offer opportunities, but merchant risk remains difficult to finance.

For developers, the question of bankability is very practical. Storage is "relatively new" in this part of the world, van Acht said. ib vogt benefits from also being active in Europe, where the UK in particular has led the battery storage market, "both in terms of regulated offtake schemes and the merchant markets".

Merchant structures have now emerged in the OECD part of Asia, "but it has been very challenging in emerging markets here in Asia". What has taken off instead is solar combined with storage, because grids in these markets are generally weak. "In the more advanced markets that is solved by storage. But we now see that some of these markets are kind of leapfrogging the system by demanding that solar comes partially firmed or fully firmed to the market, and that offers a very interesting opportunity for developers like us."

He singled out the Philippines and Indonesia, which are now holding repeated rounds of RFPs for solar plus storage that are "very attractive for us as an investor and developer".

Merchant risk, however, remains off the table. In Southeast Asia's markets as they stand today, merchant risk "is still very hard to finance. Therefore, at present, we don't do it."

Instead, ib vogt sees gains in scaling up the firm offtake still available in most markets, and in programmes with repeated tenders, which he called "one of the very positive developments". The Philippines' auction scheme "has been very reliable in terms of providing new tenders where we can repeat projects". Indonesia has launched a similar programme, and Malaysia has its Large Scale Solar (LSS) programme. "Developers can learn, and… investors have that line of sight on repeatability," van Acht said.

"For the next few years, that is probably going to be the focus before we get to the point where investors will really get comfortable with full merchant risk on battery storage systems," he added.

There is still a lot of education needed, often with off-takers in the development community. Lenders have become increasingly comfortable with renewables. Equity is flowing into platforms, into projects. What is still missing is "a demonstration of success of the full cycle, which then leads to exits". The region has seen only "maybe a handful" of renewables exits that can be considered successful, "and we need to see more of that… for more capital to flow in", van Acht said.



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Size matters

Access to capital at the platform level is one part of the challenge. The size of the market is the other consideration for institutional investors.

Platforms also address a problem of scale. "For institutional capital, Southeast Asia is a small market," Dinh said. "So how do you create the size and scale of it?"

She suggested one way to add capital early. Catalytic capital, whether first-loss philanthropic capital, DFI risk sharing, or mezzanine financing, adds separate building blocks, "but then we are trying to build an ecosystem". One option, she said, is to encourage large global fund managers to invest from their own balance sheets.

Such investments would not carry the same risk and return expectations as those made through their funds on behalf of third-party investors, she said, but they would buy these managers "the ticket for the pipelines of projects".

Mobilising that capital at the very early platform stage would add "an additional block of catalytic capital", creating "almost like a warehousing" of future pipeline for large, PE-style fund managers.

From relationships to an asset class

Asia's financing markets were historically "very much localised", Dinh added, built on relationships with banks that were "not just institutional... it's generational". That made the financing model "extremely entrepreneurial, but it's not repeatable. It's not scalable."

The shift since then has been rapid. Changes that took the US and Europe 15 to 20 years have happened in Asia within five to 10, as the market has moved from basic subscription credit facilities to portfolio- and holdco-level financing and securitisation. Private credit now competes directly with banks.

The challenge is to standardise documentation and underwriting while still allowing for local factors such as currency and market risk, "so that we can create something of an asset class that is more bankable".

Risk, duration & new pools of capital

For Dinh, investors' questions

come down to risk, return, duration and liquidity. Duration is the hardest. Private equity funds typically run for about 10 years, while infrastructure lasts far longer.

Concessional capital, she said, "doesn't talk about the duration mismatch". If the best exit comes in year 15, she asked, "shouldn't there be a pocket of capital to support that five-year gap"?

One test of maturity and repeatability is whether the asset can be securitised. Fund finance, once a niche product, has made that leap and is now tapping into the broader capital market through securitisation structures.

Securitisation is "basically blended finance on steroids. Infrastructure has not, probably because the cash flow is uneven".

There are also pools of capital that have barely been tapped, such as family offices, who typically invest in private equity or real estate as opposed to infrastructure, because



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Sarah Love, Regional Director for Climate, Energy and Nature, Southeast Asia, at the UK's Foreign, Commonwealth and Development Office (FCDO)

they don't really understand the asset class. Insurers can potentially become an important source of capital.

Capital market instruments

Nagarajan stressed that capital-market instruments must play a bigger role.

"If you look at many countries today in South Asia, as well as China, capital market instruments are as important a source of financing as banks. Banks have sector limits and balance sheet limits. You can't continue to invest."

Instruments such as REITs are "a great avenue to try and scale it up", he said, and can improve return on equity. Investors could be interested because such vehicles are `asset-light' and `dividend-yielding'.

"The responsibility on investors like us and FAST-P is also market shaping as opposed to looking at it only on a deal-by-deal basis," he said.

"We as DFIs have a responsibility in making sure that… what we do should have a market-level additionality impact." In practice, that means using individual investments to help create broader changes in the market that can unlock opportunities for other investors and mobilise capital beyond a single transaction.

Blended finance: means, not end

Blended finance has been the subject of two BII reports in the past year, both examining how it has evolved, Maasdorp said. It is more than 10 years old, "but in its modern incarnation, it was kind of born around 2016, although there were many structures before then as well".

"The problem with the blended finance world is that it is very bespoke. It is very transaction specific. It therefore has a lot of transaction cost," he said. "What we're trying to do is to move away from these very bespoke structures, because they're not attractive to your commercial investors." Such structures are difficult to repeat. "If you're going to start from scratch and attempt the transaction, commercial investors lose interest."

BII remains committed to using blended finance where possible, he said. "But… you're not going to reach industrial scale deals through blended finance. They are too… transaction specific."

Reshaping cash flows

Concessional capital, Nagarajan said, "succeeds by structurally reshaping these cash flows, risk profiles, until the asset… really complies with what the commercial investors are mandated to do".

For Nagarajan, FAST-P shows what is possible: "a fantastic initiative… by the Singapore government, very well managed by MAS". The initiative has "identified different strands of how they should address the market", with Zapparov's Pentagreen "managing the sustainable infrastructure" strand, "and more to come in future". BII's participation in FAST-P, he added, "is a classic example of how blended finance can really work" and scale.

Acknowledging Maasdorp's point about the limitations of blended finance, Nagarajan said the objective "is not to try and subsidise returns indefinitely". ASEAN countries "are at least five, seven years behind" some other countries in the energy transition. "We need more bankable



opportunities. We need a regulatory framework which can work very well."

Investors must also understand and align with government priorities. "The investors have to resonate with what the government's priorities are. We can't work in isolation." Governments are increasingly prioritising transmission, "because the transmission is really lacking". The Just Energy Transition Partnership (JETP) work supported by the FCDO in Vietnam and Indonesia is "immensely valuable for us to understand the government's thinking on this and how to introduce the commerciality angle", he said.

The need for blended finance also varies by sector. Its "whole idea is to make sure that commerciality comes from the next round, preferably". Some areas, such as adaptation and resilience, "will require multiple rounds of blended finance. But transition mitigation has come to a certain level. It should not require blending after the first round."

"The industry is fast maturing today, and there are ample examples of where investors are making money in other markets." The next step is to build that track record.

"Catalytic capital should not be permanent in nature"

Moving projects towards commercial viability also raises the question of how catalytic capital should be deployed.

For Sze Liang, addressing specific risks and building structures that attract capital more broadly "go hand in hand". "We see the two coming together," he said.

More broadly, catalytic capital should aim to create the conditions for its own eventual transition out as markets and institutions develop the capacity to operate sustainably without a persistent need for catalytic support, explained the senior MAS executive. It should not be permanent in nature. It can support transactions in different ways: by providing longer tenors, absorbing first losses or helping establish a track record.

As Maasdorp also observed, concessional capital is becoming scarcer, making disciplined deployment increasingly important.

Catalytic capital providers are "asking for more reporting in terms of measurable impact", Sze Liang said, sharpening the focus on high-impact climate opportunities.

Another consideration is whether catalytic capital mobilises sufficient commercial investment. "We also need to understand whether the catalytic capital is creating the amount of… commercial capital mobilisation that's needed," he said. "Over the long term, more money needs to be crowded in".

Four tests

For investors to commit capital, these structures need to demonstrate effectiveness.

Sarah Love of the UK's Foreign, Commonwealth and Development Office (FCDO) set out four things she wanted to see before structures become easier for investors to engage with.



Additionality: "We need to be clear… why catalytic capital is needed to incentivise a particular transaction", and what specific risk it is addressing.

Performance: To build confidence in the market, there needs to be evidence of how these transactions are "providing reliable revenue streams" and "helping to allocate risks effectively".

Replicability: "Investors need to see that these transactions are not about an exceptional combination of partners or a very bespoke design. This needs to be replicable and reproducible."

An exit or graduation path: "Over time, we want to be using less concessional capital… this is very scarce and declining." The question is how to reduce the need for concessional capital and public support, and help make this a replicable model.

"We need to make this work in the region," Love said. The region "is at the centre of a lot of these issues that we really care about", including energy security and the climate transition and decarbonisation agenda.

A repeatable blended product

One way to address the challenge of replicability is to structure blended finance so that the financing model itself can be repeated.

Zapparov said the Green Investments Partnership makes the biggest difference through "risk absorption and confidence". For Pentagreen's fund, the blending is "in a way temporary". The fund finances projects and platforms "with the intent that over time, those platforms and projects reach a scale and a level of maturity such that they can be financed directly by any commercial investors".

In the meantime, the fund's blended stack, which includes first-loss capital from FAST-P alongside other sovereign and softer money, allows commercial investors to take a de-risked position "that also generates the reward that commercial investors seek".

That turns the fund itself into a kind of product, with investors backing the vehicle rather than re-examining every deal. "So the blended finance funds themselves are becoming somewhat of a repeatable product," he said.

"The power and the purpose of the blended finance funds that are being created today," Zapparov said, "is to show commercial investors that there are great deals to be done in Southeast Asia, offering an appropriate balance of risk and reward."

No perfect sequence

Policy, project preparation and financing do not have to move in strict order, participants agreed; they need to develop together.

"The different pieces do look like there's a certain sequencing," Sze Liang said. "But… you can't do the project preparation without understanding what the government wants to do and understanding what the investors want." If a project is prepared and the government then decides not to follow through, "everything falls apart", and investors lose interest. What is needed is more coordination. "Capital is available. It's more of how to coordinate the capital", across project preparation, commercial and government pools, with a feedback loop between them.



Love agreed it is "not necessarily a sequence where you have policy, then project prep, then financing", but stressed that the role of policy is really important. Governments, with the support of multilateral development banks and financial partners, can tackle the policy challenges that are holding projects back. Tightening the feedback loop matters, so that lessons are learned through project development and financing, and constraints and barriers are identified. Platforms such as FAST-P and others in the region can bring those policy challenges to the surface and make the point explicit: if a particular regulatory issue is addressed, projects can move forward.

For Dinh, the missing part of the feedback loop is champions. Having watched fund finance develop across Europe, the US and Asia, she asked: "How many champions do you have?" Too often, the same people are talking to each other, which means "you're already converting the converted". "Perception is everything," she said. Governments need to prioritise an issue for it to move, "but then what drives the government to have priority is more and more people talking about it".

To build fund finance as a market, Dinh's team engaged bodies such as the Institutional Limited Partners Association (ILPA) and hosted events with lawyers and service providers. "Then all of a sudden, people have a fear of missing out," she said, describing how growing participation can build momentum and draw more players into the market.

Getting projects ready

Alongside efforts to bring more investors into the market, there is the question of ensuring a pipeline of projects they can finance.

The FCDO focuses on using project preparation support and catalytic capital to build a pipeline of projects for other funders, including BII, but "particularly commercial capital", said Love. Policy also plays an important role in creating "that enabling environment".

Project preparation is most valuable "where you've got a kind of viable idea, but there are still some questions on the part of commercial investors that need addressing". Those questions include how to understand the risks better, how best to allocate them, and where the revenue stream will come from. "It's more than just feasibility studies." It is about progressively addressing the questions "that are stopping an investor from wanting to say yes to a project".

In the FCDO's experience, bringing the different players in the ecosystem into the same room early to discuss the financing structure has been very useful. Without that, developers and governments risk designing a structure and a project that do not address investors' needs. Bringing them together can be "a really helpful part of project preparation, but not perhaps the way we normally think about project preparation".

MAS has been exploring risk mitigation instruments and pools of capital, Sze Liang said. It worked with multilateral development banks and DFIs to encourage project preparation funds and facilities. Blended finance was identified as one way to increase capital in the region. MAS will continue to encourage and



facilitate public and private institutions towards creating more risk mitigation solutions such as guarantees".

Return on effort

Zapparov agreed there will not be a perfect sequence, "and we shouldn't aim for that type of approach". Feedback loops are "super important", and they are already happening across the industry "with the right partners, the right governmental counterparties, the right investors, the right industry bodies all involved".

He warned, however, that an institutional investor looking at Asian infrastructure might conclude "that this all sounds very complex and all very difficult, and the perception is that the return-on-effort (ROE) may be low".

"That's the perception that we need to correct," he said.

In Pentagreen's view, the return on effort of investing in Asian infrastructure "is actually very high. But only if you're working with the right partners, the right intermediaries, backing the right developers, with the right investors, and with the right kind of capital stack, with FAST-P providing first-loss capital alongside other like-minded investors. Done that way, both of the ROEs, return on effort and return on equity, end up being very, very attractive".

Enabling transition finance

Attracting investment into industrial decarbonisation presents a different challenge: progress depends not only on financing structures and investor coordination, but also on national priorities and policy ambition.

BII's new strategy identifies transition finance, including financing to green hard-to-abate sectors, as an important part of its climate approach. It carries an extra layer of complexity, Maasdorp said, which "has got to do with a country's national strategies with regard to decarbonisation".

"Some countries have pushed back their net-zero targets, leading to a perception that momentum behind the decarbonisation agenda has slowed," he said. "However, transition financing remains vital, because progress will depend in part on continuing to invest in large-scale mitigation projects."

The hardest sectors, such as steel and plastics, need long-term plans, and how far these can go depends on how clearly each country has defined its objectives. "Some countries are more ambitious than others."

"A lot of us believe in the climate finance world that the climate agenda will succeed or fail based on what happens here in Asia, because more than 50% of greenhouse gas emissions come from this region, and the fastest growth in new coal capacity is happening," Maasdorp said. The amount of new coal capacity added every day is staggering, yet renewables are also expanding significantly. "So two things can be right at the same time."

With much of the world's industrial growth taking place in Asia, the region has an opportunity to demonstrate leadership and develop successes that others can follow. BII looks to Asia, Australia and its local team "to lead the way in putting those country-specific



plans together around industrial decarbonisation".

But BII is "just one actor within a much broader system", he said. "If Southeast Asian nations are not prioritising transition finance, it's difficult for BII, because we focus on the private sector. We need policymakers and regulators to set the tone and the ambition, enabling us to bring the financing along."

Patient Capital

For Maasdorp, the direction of travel in Asia is clear.

Given "the sheer size and scale of the opportunities", the region has to "wean itself off the concessional capital, which has been central in these blended finance structures". Asia, he said, is where "the greatest potential to do commercial deals" lies.

At the same time, BII must balance this opportunity with its mandate to invest in the world's most capital-constrained markets. Its portfolio stretches well beyond Asia, into low-income countries where structural barriers make mainstream commercial capital extremely difficult to attract. The world's largest asset managers, Maasdorp said, are unlikely to invest directly in many of these markets under current conditions.

Its answer lies in taking `a patient capital lens' underpinned by a clear mandate. "The British government has given us a clear mandate to allocate 25% of our investments for the next five years into low-income countries, which we also refer to as frontier markets - defined as Least Developed Countries by the UN," he said. "That gives us a huge cushion to continue to play a leadership role in these markets, where it is really difficult for commercial players to step into."

In those markets, DFIs and BII in particular will continue to play a vital role, investing where commercial capital cannot yet reach and helping, where possible, to create the conditions for other investors to participate over time.

Signs that the market is moving

The opportunity lies in building on Asia's commercial potential while ensuring development finance continues to reach markets where it remains essential. Initiatives such as FAST-P are part of that effort, testing structures that can attract more private investors and create models that can be replicated at greater scale.

FAST-P runs three programmes, spanning green infrastructure, energy transition and industrial transformation. Whether they create repeatable models for mobilising mainstream private capital will come down to "the demonstration effect", Nagarajan said, "and the track record of what you're setting, where you do have projects on hand where commercial investors have shown interest".

His broader test is growth.

Energy growth has to keep pace with GDP growth, which in some economies is running at around 8% to 10%, across generation, transmission and eventually distribution. Countries increasingly recognise that energy demand is rising and that the cost of renewable energy "has significantly come down".

Distributed generation is also important for an archipelago region.

The aspiration to move from middle-income to higher-income



status, he said, "will drive these economies to provide creative energy support", and that will eventually feed through into regulation. "And that inflection point is happening today." Fiscal discipline comes first, but growth has to bring in revenue, and much of that growth will come from the China Plus One strategy. "I think that will drive the regulations to get more friendly. Some economies are waiting for a rainy day. In some economies it's already happening."

For Sze Liang, FAST-P is itself an attempt to create a demonstration effect. With its three funds, "we are experimenting with different structures, different risk-return profiles. The aim is to let the market show what it is interested in, and to let MAS learn what it can mobilise at scale".

The clearest evidence of scale, Sze Liang said, is when a financing model "is being repeated by others, repeated with new investors, repeated with greater efficiency".

As new investors become comfortable with the risk and the structure, they invest more often. "And when the transaction costs fall, you get the second round effect of getting more players, more investors coming into the deal."

That is why MAS created FAST-P rather than financing deals one by one: to bring investors into a common investment process, let the manager do the work, and build investors' comfort with that process so they will back new funds on a similar basis.

MAS sees progress in two forms. The *first* is "more investors looking at the space, willing to try it out". "That is heartening for us… investors are willing to go along on this journey with us."

The *second* is commercial players launching blended finance funds "that may be competing with FAST-P. But we see that as a good outcome." The less desired outcome, Sze Liang said, would be to build the basketball court and find no other players on it.

Love ended on a positive note. "It feels like the momentum is with us, and there are some really great examples," she said, citing FAST-P. "There are so many opportunities in the region." On transmission, the FCDO does a lot of work on the ASEAN Power Grid, "looking at some of these really complex interconnected projects". There is "a lot of momentum on the regulatory side, on the policy side, but also… interest from finance partners". The FCDO's aim, Love said, is to channel more of the large pools of private capital available into these important projects. "We want to see more projects financed and more replicable models out there, but I think it's moving in a positive direction."

What progress looks like?

The transition from ambition to commercial validation will depend on successful exits. As Nagarajan puts it, "demonstration effect is key": each successful sale of a platform or portfolio can help build confidence in the next investment.

More supportive regulation and proven models from Africa and India could accelerate that process.

The challenge is to turn these examples into a sustained pipeline of investable opportunities across Southeast Asia. ◆

About DealStreetAsia Leadership Roundtable



At a time when most market narratives are still global, our roundtables are designed to turn the lens firmly towards Asia.

We use them to unpack regional trends, opportunities and the evolving interplay between local and global capital – on topics that rarely fit into a single story, whether that's secondaries and continuation vehicles, co-investment structures or new forms of liquidity.

Each session is editorially led by a senior DealStreetAsia journalist or editor, and built on the same reporting spine that underpins our coverage of private capital in Asia. We keep the groups small, the questions sharp, and the conversation technical, so participants can speak at a practitioner level rather than in headline soundbites. Discussion points are tailored to each panellist, but the dialogue is allowed to breathe –the goal is clarity and candour, not choreography.

All roundtables are fully closed-door: no audience, no cameras, just peers around the table.

Our first session focused on secondaries, exploring the shifting mindset around continuation vehicles and broader asset class dynamics. The second centred on China, connecting past and present market dynamics and examining why the region is returning to the spotlight. The third explored India's evolving investment case, from allocation to returns. The fourth revisited secondaries, examining the challenges of scaling Asia's GP-led market.

Participants benefit from extended brand exposure via post-event features in DealStreetAsia's newsletters and analytical coverage, amplifying their contribution to Asia's LP/GP landscape. The result is thought leadership at the highest level, grounded in real market practice, with the Asia story where it belongs: at the centre of the page.

If you're interested in joining, sponsoring or anchoring one of the upcoming roundtables, please contact us below.

kavitha@dealstreetasia.com

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British International Investment

HQ Address
#06-02, 60 Anson Road,
Singapore 079914