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**Title: Sustainable Finance in Frontier Markets: The Case of Vietnam**



Sustainable finance has developed at a considerable pace over the past decades, and financial systems are increasingly aligned to sustainable development. The issues concerning sustainable finance are particularly relevant to promoting growth and stability in frontier markets. My research explores the issues and challenges that affect the development of sustainable finance in frontier markets, with a focus on market development in Vietnam. While sustainable finance in emerging markets have received ample attention from market participants, policy makers as well as scholars, the same focus has not apply to frontier markets. The lack of attention can be partly explained by the higher level of risks due to political instability and inadequate regulations. However, frontier markets see an even greater need for sustainable finance. They not only have suffered more severely from global climate change as well as internal social issues, but they are also more susceptible to exploitative investing activities that can aggravate the problems.

Efforts to promote sustainable finance in emerging markets have focused on two key areas. The first area encompasses the development of capital market products such as green bonds, social impact bonds, renewable energy investments and sustainable funds. The second key development of sustainable finance concerns the integration and disclosure of Environmental, Social and Governance (ESG) risks into investment analysis. My study surveys the nascent space of sustainable finance in frontier markets, and when necessary draws examples from the richer literature of sustainable finance in emerging markets. The final goal is to draw lessons from existing initiatives to present a list of recommendations to facilitate the development of sustainable finance in Vietnam.

Sustainable finance not only helps promote overall growth and stability, it also addresses specific issues that are related to the Sustainable Development Goals. Given the growing importance of mobilizing the private sector to drive sustainable growth, this paper seeks to provide insights into the issues and challenges facing frontier markets as they develop sustainable finance initiatives.