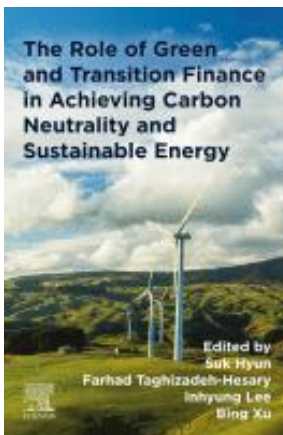


Book Review: *The Role of Green and Transition Finance in Achieving Carbon Neutrality and Sustainable Energy*

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Article Info	Bibliographic information
<p>Book Review</p> <p>Main Object: Economics Scope: Green Finance</p> <p>Received: 07 July 2025 Accepted: 07 July 2025 Published online: 13 July 2025</p> <p>Keywords: bond market, carbon neutrality, clean energy, governance capability, green finance.</p>	<div style="display: flex;"> <div style="flex: 1;"> <p>Editors: Suk Hyun, Farzad Taghizadeh- Hesary, Inhyung Lee, Bing Xu</p> <p>Title: <i>The Role of Green and Transition Finance in Achieving Carbon Neutrality and Sustainable Energy</i></p> <p>Year of Published: 2025 372pp In English eBook ISBN: 9780443247378 Paperback ISBN: 978-0443247361 DOI: 10.1016/C2023-0- 50749-9</p> </div> <div style="flex: 1; text-align: center;">  </div> </div>

Cite this article: Yadav M, Dhaundiyal S. (2026). "Book Review: *The Role of Green and Transition Finance in Achieving Carbon Neutrality and Sustainable Energy*". *Countries Studies*. 4(1): 49-53. doi: <https://doi.org/10.22059/jcountst.2025.398022.1315>.



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 EISSN: 2980-9193
 Publisher: University of Tehran

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The Role of Green and Transition Finance (Elsevier, March 2025), edited by Suk Hyun, Farzad Taghizadeh-Hesary, Inhyung Lee and Bing Xu, undertakes the ambitious task of examining how financial innovation, policy architecture and institutional incentives can collectively facilitate a global energy transition. The anthology positions itself as both a pedagogical primer and policy manual and spans three interlinked sections: (1) The foundations of green and transition finance, (2) Their application to carbon neutrality and ESG¹ targets and (3) Enabling policy frameworks.

In the introductory section, regional perceptions- like Korea's ESG-aligned transition financing infrastructure and Japan's Green Transformation stance- underscore the necessity of contextual nuance. The authors refrain from universalising the theory of green finance, and as an alternative, highlighting how domestic bond markets, domestic banking systems and regulations shape available tools. This lifts the dialogue away from theoretical idealism; however, it does leave open the problem of how harmonisation across different economic administrations might realistically occur.

The next segment explores the practical terrain of positioning transition finance to accomplish net-zero objectives. Sections on ASEAN banking systems and Chinese capital market liberalization, disclose the opportunities and limits of existing market-driven approaches. The collected works discuss the current clean-tech aid voids, enquiring into the feasibility of venture capital co-investment models to overcome this structural problem and scrutinising data irregularities hampering investment movement into green set-up. These empirical examinations are amongst the book's sturdiest parts, aiding academics and specialists with gaining granular understanding on how financial instruments operate in the real world.

The diversity of case studies in this part also exhibit how policy development, institutional strength and marketplace depth are critical aspects that affect the efficiency of transition finance. For instance, the difference between the robust policy scaffolding of the Japanese economy and Indonesia's emerging structure reflects the sequencing's importance. It also displays that the financial mechanisms should work alongside developments in governance capability and regulatory learning. One of the most notable inputs is the study of Korea's Sustainable Bond Market Framework. It gives insight into the growth of classification and how insights of governing trustworthiness, authentication procedures and ESG rating clarity, form stakeholder perceptions.

The carefully selected illustrations provide an analytical explanation of emergent instruments. Though a notable omission in this part is a thorough conversation on how green finance instruments are growing in key sectors, for example, hydrogen, electric vehicles and

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renewable energy integration. In contrast, individual chapters discuss sectoral policies and instruments, predominantly in the three countries, i.e., Japan, Korea and Indonesia. The chapters have further potential for an in-depth study of the interrelation of ESG metrics and investors' observations. For instance, the analytical engagement with hydrogen stimulus as per the U.S. Inflation Reduction Act may have benefited from a relative examination with Asian energy transition strategies, where hydrogen rests as an emergent instead of an established market. Adding such comparative sectoral lenses would further contextualize how capital flows adapt to technological uncertainty and policy variability. The inclusion of sovereign sustainability-linked bonds, performance-based ESG loans and blended finance vehicles shows how these instruments are beginning to converge toward a hybrid model of accountability and return. Such hybridization, the book argues, is not merely a financial innovation but a response to real-world policy fragmentation that demands adaptable and context-specific funding channels.

The policy part rounds off the narrative by inspecting statutory instruments, including various policies from the United States to Indonesia, including ASEAN's energy schemes. The document suitably identifies policy scheme as a contextual aspect and an important factor in determining transition finance markets. It highlights how custom-made rules can work positively and negatively to use private capital pools like feed-in tariffs, credit guarantees and sustainable finance taxonomies. Though this part occasionally over-elaborates, e.g. briefing policy objectives without analytically inspecting application problems, implementation concerns, or unintentional supply outcomes.

What makes this section analytically rich is its implicit commentary on how nation-states are repurposing old fiscal tools, such as state-backed guarantees and preferential interest loans, for green transitions. The concept of the catalytic government indicates that green finance is not attained only with the capital flow, but also to answer the emerging challenges of the new technologies. Particularly notable is the discussion of China's 'green credit guidance' and its spillover effect into Southeast Asian financial policy norms. Further, the book emphasises the need for a theoretical assessment of all these progressive transformations in light of the regulatory information. Also discussed fairly, are the differences between ESG disclosure norms, taxonomical outlines and climate-finance assimilation in countries like Japan, Korea and the European continent. The section also focuses on the ESG clarity and its role in creating a positive impact and belief among stakeholders to align market benefits with terrestrial limitations. This chapter serves as an implicit call for harmonized disclosure and verification regimes, underlining the need for meta-frameworks that can navigate policy divergence without stalling climate-aligned investment.

The pervasive idea behind all the chapters is to create a credible pathway for change based on well-defined taxonomies, authentic data

on the climate and financial tools. Still, the book underrates structured threats such as greenwashing, a point underscored by wider literature noting the lower yields but higher demand for green bonds, which is a market reality that can paradoxically incentivize superficial eco-labelling. Although a few sections talk about informational asymmetries in China or obstacles in venture capital, less interrogation is given to how fragile ESG disclosure regimes in ASEAN or Japan could weaken the efficiency of capital movements or how governmental uncertainty might contradict helpful policies.

The book's breath allows comparisons of policy configurations and fiscal prototypes across major regions. Edited volumes struggle to keep narrative uniformity and this edition also faces similar issue. The changes among chapters occasionally seem fragmented and case inferences hardly create understandings through nations or financial tools. A concluding consolidative chapter, interlacing collected lessons and recommending a sequential path from data quality setting to resources distribution and response learning, would have amplified the work's effect. The book's text is clear and easily accessible and an asset for the experts and research students of the field. A stronger critical voice might have interrogated why some regimes approve grants for clean-tech deployment above market-created carbon-pricing, or how local fiscal segment conservatism obstructs modernisation in green securitisation.

The managing editors have assembled a credible multidisciplinary group. Suk Hyun's profound involvement with bond-related market assimilation in Asia, Taghizadeh-Hesary's prolific worldwide scholarship, Lee's effort on disclosure regimes and Xu's leadership on low-carbon industrial systems lend scholarly gravitas. The writers might have drawn more deliberately on non-finance areas like climate studies and behavioural economics-to interrogate why capital inertia continues even when tools exist.

A further conceptual limitation lies in the book's framing of finance as a technical lever and treated as an enabler of the green transition, rather than a battleground of political and institutional power relations. The role of state-governed organisations, central banks and financial regulators requires sharper theoretical framing. Similarly, the emphasis of instrumentation (bond issuance, VC models, subsidies) may overshadow the broader political economy shifts vital for transformations, like the reconfiguration of labour markets or social protection for workforces displaced by decarbonisation.

The book makes a crucial analytical contribution by tracing how diverse jurisdictions decode the 'transition' in transition finance. Furthermore, from its economic framing, the edition engages, albeit briefly, with the social dimensions of the transition. Inclusion of themes like energy poverty, equitable access to clean energy and just transition principles makes an important step towards embedding developmental justice into green finance discourse. Though these aspects are not always

foregrounded, their presence points to an expanding point of inquiry, that the carbon neutrality goals must be in parallel with efforts to protect society from the adverse effects of decarbonisation. Better involvement with these topics, via interdisciplinary methods such as human development or labor economics, could strengthen future editions.

The editors of the books have focused on the interdependence of good governance and energy development along with net-zero policy targets, suggesting that carbon neutrality is a moving policy target influenced by adaptive governance and energy sector evolution. This conceptual flexibility allows the book to prevent the trap of universal metrics and instead align itself with the complexities of fiscal growth, energy shortage and differentiated responsibilities. This process unlocks pathways for integrating just transition codes into investment discussions. Notwithstanding these critiques, the volume is a valuable contribution.

The Role of Green and Transition Finance delivers a detailed, cross-jurisdictional exploration of how finances can and sometimes cannot drive net-zero and sustainable energy goals. The strengths of the book lie in its empirical details, regional coverage and policy-oriented ambition. Its limitations could be underdeveloped critical arguments in some sections: structural obstacles, political economy dimensions and green washing risks need further analytical interrogations. The book serves as a foundational compendium and a stepping-stone for an integrated, critical approach to financing transition. For those seeking a substantive survey of green and transition finance across, Asia, US and Europe, this edited volume is a must read; it however could be paired with a deliberately critical and systems-oriented literature that focuses on themes of underlying power, governance and efficacy challenges.

Conflict of interest

The authors declared no conflicts of interest.

Ethical considerations

The authors have completely considered ethical issues, including informed consent, plagiarism, data fabrication, misconduct, and/or falsification, double publication and/or redundancy, submission, etc. This article was not authored by artificial intelligence.

Data availability

The dataset generated and analyzed during the current study is available from the corresponding author on reasonable request.

Reference

Hyun S, Taghizadeh-Hesary F, Lee I, Xu B. (2025). *The Role of Green and Transition Finance in Achieving Carbon Neutrality and Sustainable Energy*. Elsevier B.V. 372pp.