

# Asia Clean Energy Forum 2018

Deep Dive Workshop - 08 June 2018



UK Government

Opportunities and Models for  
Renewable Energy Project Finance:  
**UK's support for Green Finance**



UK Government

# Green Finance

---

**Green Finance** is the mobilisation of private capital into investments in sustainable and environmental projects and infrastructure





# UK's support for Green Finance

## UK's goal

To reduce UK emissions by 80% by 2050 from the 1990 levels

Emissions cut by over 40% since 1990	GDP increased by 2/3 over the same period	Electricity production: coal produced 2012 = 40% 2017 = 7% 2018 = ?	The UK will close all its non-abated coal fired power stations by 2025
--------------------------------------	---	---	--

- **The UK is decarbonising faster than any G7 or OECD country.**
  - Globally, renewable power generation capacity had its largest annual increase yet in 2017 (estimated 178GW of capacity added)
  - In 2017, renewables accounted for 70% of net additions to global generating capacity. New investment in renewable power and fuels was almost \$279 billion up from \$274 billion in 2016 and more than twice that of new fossil fuel and nuclear power capacity.

## UK low carbon leadership



Power, UK has 40% of the global installed capacity of offshore wind



Electric vehicles - low emission vehicle exports were estimated to be £2.5 billion in 2015



Low carbon financial and professional services - UK legal and finance advice is behind a third of new clean energy projects



UK Government

# UK's support for Green Finance

---



## London Stock Exchange

- Ranked first among major stock exchanges on the UN's Sustainable Stock Exchanges index
- Unrivalled in its comprehensive specialist offering for green bonds
- Has 64 green bonds already listed (worth over \$20bn)
- Home to 250 foreign banks and manages 17% of all international bank lending: more than any other financial centre
- According to TheCityUK report, the UK is the world's largest net exporter of financial services, and has been for the last decade.



UK Government

# The UK Prosperity Fund's SE Asia Low Carbon Energy Programme

The four year aid programme is aimed to support South East Asia's shift towards low carbon energy. It will focus on two specific areas which match host government needs and areas of UK expertise: Green Finance and Energy Efficiency.

The programme will provide policy support, capacity building and technical assistance to facilitate green finance flows and improve the regulatory, policy and practical conditions for energy efficiency measures.

**How much?**     **Approx. £15m**

**When?**             From November 2018 to March 2022

**What for?**         To address barriers to low carbon transition which are hindering the region's economic progress, poverty reduction and hampering additional key livelihoods including health, climate change resilience, and gender equality

**How?**                Capacity building and technical assistance

**What?**                Green Finance and Energy Efficiency

**Where?**             The Programme will operate in the Philippines, Thailand, Burma, Malaysia, and Vietnam. Indonesia will only be involved in the Green Finance interventions as it will have its own programme on Energy Efficiency.



UK Government

# Why low carbon energy and SE Asia?



**Extreme vulnerability to climate change**

Business-as-usual emission levels could cost SE Asia 7% of GDP a year by 2100 – twice the global average



**Significant Low Carbon infrastructure needs**

Significant investment - £386bn by 2030 – is needed in order to deliver climate commitments



**Untapped demand for Green Finance**

An estimated £207bn of private capital is needed for clean energy projects and other environmental initiatives



**Huge energy efficiency potential**

EE measures could save up to 35% of energy consumption in SEA (UNESCAP)



## Green Finance

Technical assistance to strengthen policy and regulatory frameworks, including through greater alignment of Green Finance standards

Technical assistance to enable governments to realise the opportunities of Green Finance, including via Climate Investment Plans

Capacity building to governments, financial institutions and project developers to raise awareness and reduce risk perceptions

Activities that build institutional linkages and accelerate the matching of suitable green projects with suitable finance, including by leveraging UK strengths in Green Finance



UK Government

# The UK's International Climate Fund

---



UK Government's  
**International Climate Fund**  
committed to spend  
**£5.8bn from 2016-2021**





- This is new programme currently in early design. It is the next phase of the SIP Latin America which is being delivered by the Inter American Development Bank, launched in December.
- The main objective will be to unlock **private sector investment** in sustainable infrastructure to support countries in Asia to deliver their NDC commitments.
- We will do this by addressing **market barriers** though supporting regulatory and policy reform, increasing the capacity of banks to invest in sustainable infrastructure; and use concessional finance to de-risk projects to leverage private sector investment.
- Sectoral focus most likely **Energy** (Renewables, Energy Efficiency), storage and **Clean Transport (perhaps EVs)**.
- Likely to target Indonesia, Vietnam, Malaysia, Thailand, Bangladesh, Pakistan and Philippines. Maybe others.
- Launch project target in early 2019. Still working on what delivery model to use.
- Recently finished scoping study to **identify market barriers** and possible **interventions** to address these.

# Asia Clean Energy Forum 2018

Deep Dive Workshop - 08 June 2018



UK Government

Opportunities and Models for  
Renewable Energy Project Finance:  
**UK's support for Green Finance**