Cleaner Energy Finance Activities in CEFIA

ACEF 2021 Deep Dive Workshop, “Finance to accelerate energy transition in Asia and Pacific - Public sector initiatives and good practices of private sector “

14th June 2021
The cooperative initiative named **Cleaner Energy Future Initiative for ASEAN (CEFIA)** was created at the 16th ASEAN+3 Ministers on Energy Meeting (AMEM+3) in Bangkok in September 2019, as a platform to facilitate **collaboration between the public and private sectors** for accelerating the deployment of cleaner energy and low carbon technology **in the ASEAN region**.
Key components of CEFIA

**Low Carbon Technology**
Utilizing cleaner energy technology and low carbon technology

**Finance**
Linking projects with the Sustainable Development Goals, and attracting ESG investments

**Institutions**
Developing and improving policy and institutional framework required for introduction and deployment of cleaner energy technology and low carbon technology
Flagship Projects

- **Showcase good practices of cooperation** in introducing technology in parallel with developing appropriate policy and institutional framework, as well as mobilizing public and private finance

- **Demonstrate active cooperation and collaboration** among governments, governmental agencies, private sectors, and academia

- **Call for more ideas** of potential cooperation and move forward toward Cleaner Energy Future of ASEAN
Direction of expected activities in the area of CEFIA finance

Direction of the expected activities by leveraging the efforts of ASEAN+3 is:

1. Creating roadmap for **enhancing regional capabilities** to attract cleaner energy finance
2. Fostering mutual understandings of **risks and enablers in linkage with Flagship Projects**
3. Providing a knowledge-sharing platform for government and private sector, **with a focus on ASEAN financial institutions**

Value sharing of various climate finance frameworks related to cleaner energy finance

Development finance institutions

Investment catalysts by focusing on cleaner energy finance mobilization

ASEAN Local Financial Institutions

Cleaner Energy Project

Market / Business Environment

Ensure a stable, transparent and integrated policy environment addressing key barriers to cleaner energy finance

ASEAN+3 Government

Make a commitment to encourage and lead the social implementation of clean energy projects by providing a medium- to long-term strategy and roadmap.
Key takeaway at the 2nd CEFIA Forum (2 February 2021)

Session III, “Mobilization of Finance for Decarbonization Pathways”

Expected roles and approaches of government in promoting Cleaner Energy Finance

• The government plays an essential role in developing enabling environments for cleaner energy finance. CEFIA can contribute to creating them as a “nexus” among the public sector, private sector, and financial institutions by sharing their needs and voices with the ASEAN secretary.

The current status of ESG investment, and the role of transition finance in the ASEAN

• One of the characteristics of ASEAN is its diversity in the economy. The concept of transition finance, which provides finance to broader industries for their transition to a more sustainable society, seems to fit such a region.

The effectiveness of "visualization" of carbon footprint reductions by financial institutions

• Measuring carbon footprint in a portfolio is effective in reducing it for financial institutions, but there are many challenges. CEFIA recognizes that the visualization of the one to be approached under CEFIA.
**Topic Provided:**
“Baseline study on cleaner energy finance initiative and challenges of financial institutions in the ASEAN region” by Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)

**Discussion Point:**
- Initiatives and solutions to meet the bottlenecks and expected capacity building faced by local FIs.
- Specific measures to achieve cleaner energy finance based on regional characteristics required to promote low-carbon and decarbonization projects.

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**Topic Provided:**
“The importance of visualization of the project's climate impact by financial institutions and how to approach this issue” by International Finance Corporation (IFC)

**Discussion Point:**
- Benefits of the introduction of climate impact measurement platforms for financial institutions and challenges in their introduction.
- Usefulness of the climate impact measurement platform and issues to be approached in the future (including for FIs in ASEAN).
Baseline study for local financial institutions (FIs) in ASEAN

Survey Objective:
- Assess the cleaner energy finance initiatives of FIs in the ASEAN Region.
- Determine the bottlenecks, challenges and needs of FIs in scaling up financing of cleaner energy projects

Capacity Building Needs
- Support for capacity building: (i) business cases, (ii) climate risk and opportunity assessments, (iii) development of guidelines and guidebooks including best practices, and (iv) local application of measurement and assessment tools for energy and GHG-related indicators.

Expectations of CEFIA
- **Serves as a platform** for sharing best practices in cleaner energy finance, conducting training, and providing data and insights for innovation.
- **Act as a regional network of private sector groups**, including financial institutions, technology experts, and businesses, to support local financial institutions’ financing operations related to clean energy technology.

Conducted by Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)

Founded in 1976, the purpose of ADFIAP is to advance sustainable development in Asia and the Pacific and to assist members through advocacy, collaboration, conferences, professional development, advisory service, business cooperation and information exchange.
CEFIA Digital Platform

Cleaner Energy Future Initiatives for ASEAN (CEFIA)

A new initiative called the “Cleaner Energy Future Initiative for ASEAN” or “CEFIA” serves as a platform to facilitate collaboration between public and private sectors for accelerating the development and deployment of cleaner energy and low carbon technologies in ASEAN region. CEFIA Digital Platform to facilitate collaboration between public and private sectors for accelerating the development and deployment of cleaner energy and low carbon technologies in ASEAN region.

Objective for CEFIA Digital Platform

• To enhance roles (Showcase, Workspace, Databank, and Catalyst) through Digital Collaboration.
• To provide various information of CEFIA activities to facilitate knowledge sharing and various collaborations.

Recordings

• Live Webinar Video, “Fostering mutual understandings of bottleneck and opportunities for accelerating cleaner energy finance”
• Virtual Workshop Video, “Visualization of carbon footprint reductions by financial institutions”, etc.

Presentation Materials

• ADFIAP: Baseline Study on Clean Energy Finance Initiatives of Financial Institutions in the ASEAN Region
• IFC: CAFI - Climate Assessment for Financial Institutions Platform, etc.

https://www.cefia-dp.go.jp/
Draft Outline of Idea Note on CEFIA Collaboration Roadmap

Through co-work on the development of “CEFIA Collaboration Roadmap”, public and private sectors deepen their understanding on how policy, business, and finance actors can be involved in energy transition through CEFIA activities.

CEFIA Collaboration Roadmap

- Theme #1: CEFIA Visualisation
- Theme #2: CEFIA Finance Theme
- Theme #3: CEFIA Flagship programmes Theme

[Proposed collaboration with APAEC]

Cross cutting areas of PA6 (REPP)

Proposing linkage with cross cutting areas of PA6 (REPP) or individual EE and RE areas, ESCO

Linkage with PA1 (ASEAN Power Grid), PA4 (EE&C) area, PA5 (RE) depending on the project type and sector-specific roadmap development
Expected Milestones in CEFIA Financing Activities

**Creating a hub for facilitation of Cleaner Energy Finance in ASEAN**

- Enhancing regional capabilities to attract cleaner energy finance
  - Enhancing the capability of ASEAN local FI’s implementing and build a track record successful investment
  - Enhancing capability of ASEAN local FIs in cleaner energy project risk assessment and valuation

- Developing collaboration platform for accelerating cleaner energy business
  - Support institutions in developing enforcement platform
  - Proof of concept of collaboration platform including ASEAN local FIs
  - Facilitate exchange of experiences among MDBs, International /ASEAN local FIs

- Launching Cleaner Energy Finance Flagship Project in CEFIA
## Tentative ideas for capacity building programme

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<tr>
<th>Theme</th>
<th>Tentative Ideas for training topics</th>
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<tr>
<td><strong>Accelerating Transition Finance</strong></td>
<td>• Long term 2050 goal consistent with global net zero&lt;br&gt;• Short- &amp; medium-term emission reduction targets (transition pathway)&lt;br&gt;• Classification of sector, technology, and activity</td>
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<td><strong>Sector/industry-specific finance (e.g., CEFIA Flagship Project)</strong></td>
<td>• Policy and program&lt;br&gt;• Project formulation and evaluation&lt;br&gt;• Results monitoring and reporting: GHG emission and the opportunity to mitigate GHG emission</td>
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<td><strong>Visualization of GHG emission reduction</strong></td>
<td>• Concept and methodology&lt;br&gt;• Disclosure of Scope 1, 2 &amp; 3 emissions and current emission intensity performance&lt;br&gt;• Improved company- and activity-level emissions data&lt;br&gt;• Linkage between company’s target and each project</td>
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