



ESCAP

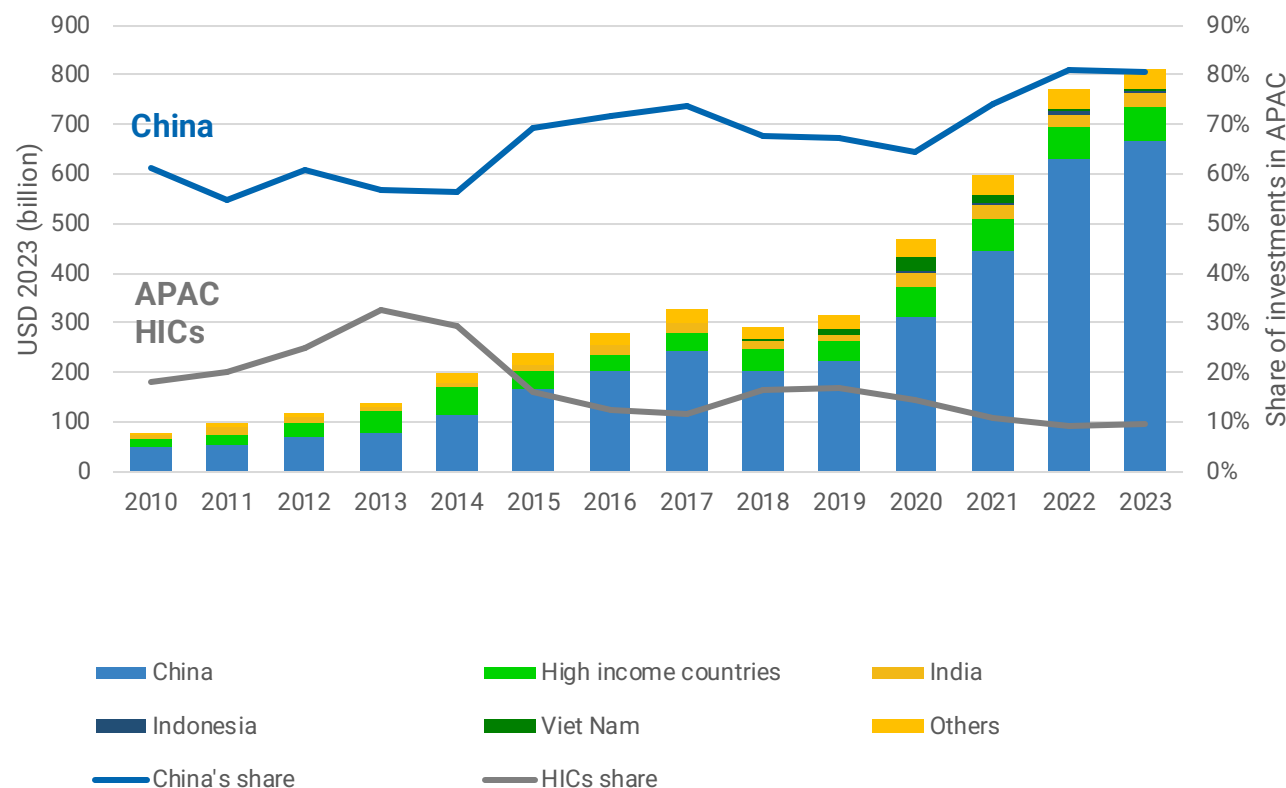
Economic and Social Commission
for Asia and the Pacific

Smart Policies & Regional Synergy for a Sustainable Asia-Pacific

Financing Energy Transition Workstream
Financing for Development Section
Macroeconomic Policy and Financing for Development Division

Challenges in Financing the Energy Transition

Energy transition related investment¹ in Asia and the Pacific, by recipient



Main challenges hindering the energy transition

- Financing challenges
- Critical infrastructure challenges
- Electricity system challenges
- Data and assurance challenges
- *Geopolitical and geo-economic challenges*
- *Policy and governance challenges*

Source: IRENA's analysis based on Bloomberg New Energy Finance 2024, ESCAP "Financing the Energy Transition in the Asia Pacific" in: Financing For Development Report Series 6 (Forthcoming June 2025)

¹"Spending to deploy clean technologies, as well as investment in the clean energy supply chain, equity investment in climate-tech companies, and debt issuance for energy transition purposes." (Energy Transition Investment Trends 2025, Bloomberg NEF)

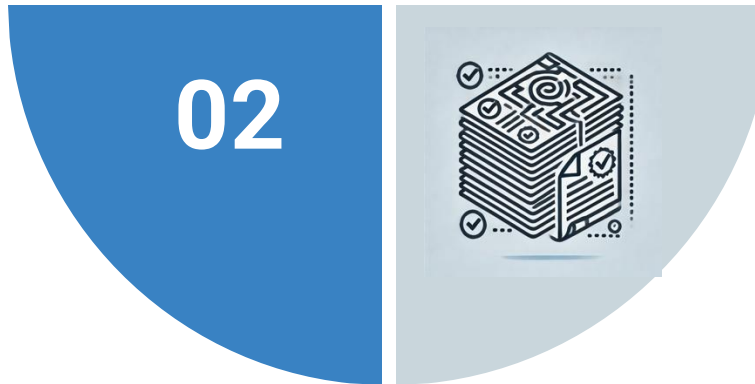
²Total energy sector investment pertains to investments in all fuel types including fossil fuel (for confirmation with IRENA's data)

Conflicting national policies and regulatory uncertainty



In Indonesia, the simultaneous support for both the ambitious **renewable energy target** of 23% of its energy mix by 2025 and the **expansion of CFPPs**

Granting permissions for energy projects in the Philippines involves **multiple agencies**. One project needed **374 approvals**



Complex and multi-layered permitting process

Limited oversight and transparency



A **lack of transparency** in Indonesia's approval and monitoring processes.

Similarly, in Viet Nam, the **limited capacity of regulatory bodies**

Sources:

(1) ESCAP, "Diagnostics of the Needs and Challenges in Financing the Energy Transition. The cases of Indonesia, the Philippines, and Viet Nam" (Forthcoming, March 2025)

(2) ESCAP, "Governance and Coordination in Financing the Energy Transition in the Asia-Pacific Region: The Cases of Indonesia, the Philippines, and Viet Nam"

An example is Viet Nam's grid infrastructure limitations in handling the **surge in solar** capacity.

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Challenges in grid infrastructure and renewable energy integration

Geo-economic fragmentation

05



Politically motivated policies such as **Increasing local technology manufacturing, enacting tariffs, extending military alliances to cooperation on clean energy supply chain**

Governments **facing fiscal constraints. Private investors become more risk averse.** This makes renewable energy projects, which tend to have high upfront costs, more difficult to scale

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Economic crisis and energy price shocks

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(2) ESCAP, "Governance and Coordination in Financing the Energy Transition in the Asia-Pacific Region: The Cases of Indonesia, the Philippines, and Viet Nam"

Reform fossil fuel pricing,
energy subsidies, and
contracts

Modernize and expand
transmission and grid
infrastructure

Governments should
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partnership approach with
private investors and
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Solutions to Financing the Energy Transition

Implement innovative
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Recommendations for policy coherence and regulatory frameworks

One-stop permitting process that consolidates all necessary approvals into a single streamlined system. (e.g. EVOSS)

Indonesia

- Strengthen policy coherence by having a lead ministry for cross-ministerial alignment

Philippines

- Optimize EVOSS + Knowledge portal
- Enhance liaison offices between national and local governments

Viet Nam

- Support local implementation, the COP26 steering committee, and existing efforts to streamline permitting procedures

2024

ESCAP's Country-level work

- Special Renewable Energy Financing Zones
- Carbon Credit Framework
- National Energy Transition Financing Plan

2025

ESCAP's upcoming regional energy transition facilitation

- Technical Assistance to 10 countries
- Catalyses private finance (grants for project preparation)
- Regional data repository
- Regional convening

2026 and beyond

