Powering Asia's Future: Energy Resilience and Transition under AZEC ~Part2 Transition Finance~

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Transition Finance Projects at ERIA in 2025

1. Asia Transition Finance Study Group

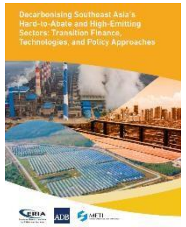
Joined by 40+ financial institutions and government organizations, ATFSG offers a discussion platform for stakeholders within the region to share their challenges on transition finance and discuss way forward.

ATF
Asia Transition Finance Study Group

2. Stakeholder Engagement

Based on the findings and insights from ATFSG, ERIA engages with governments, industry players and financial institutions to take necessary actions.

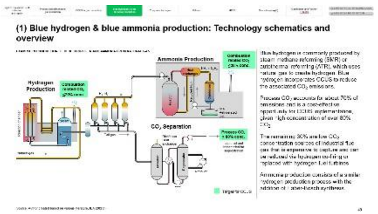
*e.g. ERIA-ADB-METI Joint Report →



3. Knowledge Support Tools

As a research institute for the region, ERIA provides researches and insights to help stakeholders' understanding on topics related to transition finance and support their decisions.

*e.g. Technology List and Perspectives for TF in Asia (TLP) →



Highlight from ERIA-ADB-METI Joint Report

- To deliver energy transition projects across ASEAN, it is vital to deploy technologies across three investment themes – scaling renewables, building green-enabling infrastructure, and decarbonising hard-to-abate & high-emitting assets.
- To guide efforts and support stakeholder dialogue, this paper presents two roadmaps for power and industry.

Context

Stand alone green growth

Insufficient to meet the region's real-world challenges

One goal, various pathways' approach

Essential to deliver energy transition projects at scale across ASEAN with a focus on the three key investment themes

- Achieving the various pathways' approach requires transition finance, technology adoption, and policy and regulatory frameworks.
- To guide these efforts and support informed dialogue among stakeholders, **this paper presents two high-level roadmaps**.

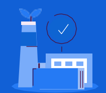
Key investment themes

Scaling up renewables

Continued focus on maximising adoption of zero emission

Building green-enabling infrastructure

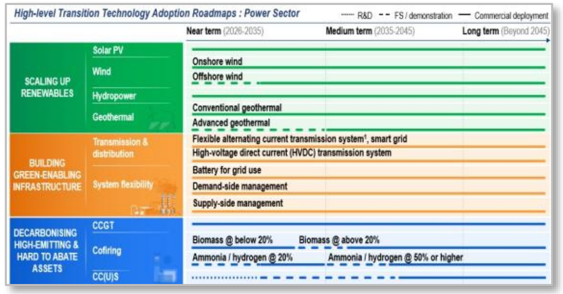
Building critical infrastructure and storage for sustainable growth and energy security

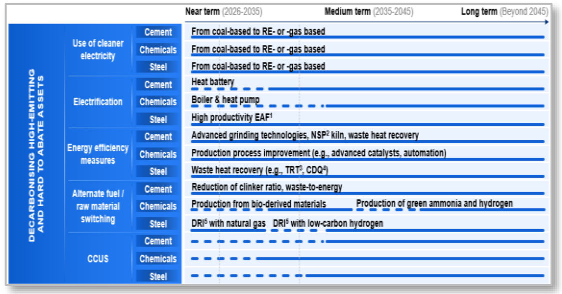


Decarbonising hard-to-abate & high-emitting assets

Supporting the transition to low-carbon operations for high-emitting assets across Power and Industry

Roadmaps for power / industrial sectors



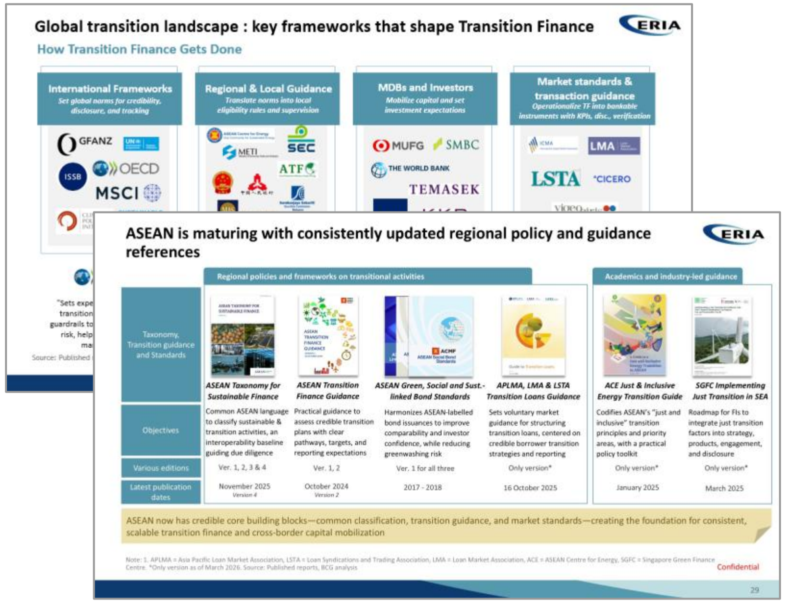


Asia is now moving from TF principles to project-level implementation; AITF-Catalyst is designed to close this implementation gap

Building the "basics" of Transition Finance through guidelines, taxonomies and coalitions / communities (~2025)

Need for "takeoff" of individual projects (2026~)

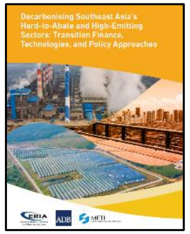
We now have the basics of transition finance covered (both global and regional) through development of guidelines, etc.



ERIA has also contributed to this through building communities and thought leadership / knowledge tools

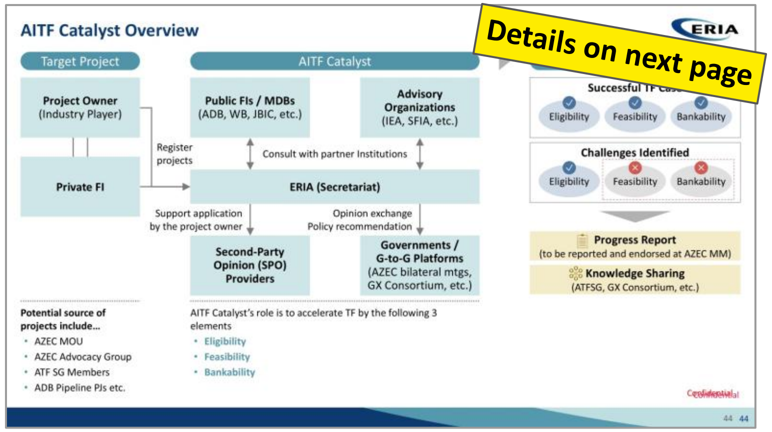
Asia Transition Finance Study Group (ATF-SG)

ERIA-ADB-METI Joint Report



Technology List and Perspectives for TF in Asia (TLP)

Transition Finance in Asia is shifting from high-level concept promotion to **addressing practical challenges, creating concrete deals, and sharing case studies to build broader stakeholder momentum**



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AITF-Catalyst is a project-level platform to solve Feasibility, Eligibility, and Bankability gaps

Target Project

Project Owner

Private FI

Register projects

AITF Catalyst

Public FIs / MDBs
(ADB, WB, JBIC, etc.)

Advisory Organizations
(IEA, SFIA, etc.)

Consult with partner Institutions

ERIA (Secretariat)

Support application by the project owner

Opinion exchange
Policy recommendation

Second-Party Opinion (SPO) Providers

Gov, G-to-G Platforms
(AZEC Bi-mtgs, GX Consortium, etc.)

Outcome

Successful TF Case

Eligibility ✓ Feasibility ✓ Bankability ✓

Challenges Identified

Eligibility ✓ Feasibility ✗ Bankability ✗

Report to AZEC MM
(Playbook)

Knowledge Sharing
(ATFSG, GX Consortium, etc.)

Potential source of projects

- AZEC MOU
- AZEC Advocacy Group
- ATF-SG Members
- ADB Pipeline PJs etc.

AITF Catalyst's role is to **identify bottlenecks, connect actors, develop support packages** addressing **Feasibility, Eligibility, and Bankability gaps** (not direct funding)

Catalyst is supporting real-world projects ranging from WtE, Gas to Power to CCS, across value chain, country, and project phase

AZEC MOU Others

Mapping of Pilot Projects

	Example Areas	Feasibility Study	Demonstration	Large-Scale Demonstration	Full Commercialization
Energy	Waste to Energy (WtE), Biofuel,Hydrogen/ammonia (production), Geo-thermal		1 **Biofuel in green industrial park**		2 **Waste-to-Energy in Philippines**
Power	Gas (CCGT), Gas-cofiring (hydrogen, ammonia), LNG, Low Emission Coal			3 **LNG to Power in Indonesia**	**LNG to Power with CCGT**
Infrast-ructure	Storage, APG, Grid, Micro Grid		4 **Storage battery in an industrial park**		
Industry	Industrial Green Field, CCUS, EE	5-2 **Fuel conversion from Hydrogen** 6 **CCS in Malaysia**			5-1 **Low Carbon Fertilizer**

Confidential

Challenges: Catalyst has identified granular and interconnected project-level bottlenecks

Not Exhaustive

Feasibility

Policy and Regulatory Readiness

- Missing frameworks delay project implementation (**e.g., wheeling, certificate schemes**)
- Permitting and operational procedures are often not yet in place (e.g., **direct procurement, biogas certification**)

Market and Incentive Design

- Projects are often not viable without **price support, subsidies, or market mechanisms**
- Securing credible **off-takers** remains difficult

Technology Readiness & Supply Chain

- Deployment risks remain for technologies not yet validated at scale
- Enabling infrastructure and supply chains are often missing (e.g., **CO_2 transport and storage**)

Eligibility

Alignment with Roadmaps and Taxonomies

- Difficulty in following detailed and complex guidelines and taxonomies
- Gap between current technological feasibility and taxonomy requirements (e.g. co-firing levels)

Reputational Risk Management

- Limited precedents and unclear transition positioning create reputational concerns, esp. for FIs

Third-party Review & Authorization

- Securing credible third-party review and authorization for projects

Bankability

Project Profitability

- Unresolved feasibility gaps often weaken project economics and bankability

Shortage of Blended Finance providers

- The number and diversity of entities providing blended finance are insufficient, limiting adequate risk-taking capacity
- Use of blended finance is limited to specific cases and is not scalable across a broader range of projects

Insufficient Finance Structuring Capabilities

- Many FIs still lack experience in project finance and blended finance structuring
- Risk allocation approaches remain underdeveloped

Approaches: Catalyst support focuses on converting project-level bottlenecks into practical interventions

Feasibility

Policy Dialogue

- Engage policy makers on project-specific bottlenecks (e.g., certificate schemes, biofuel sales permitting)
- Bring implementation issues to AZEC / G-to-G platforms
- Advise on price support and incentive design

Regulatory and Implementation Support

- Support stakeholder coordination and implementation design (e.g. off-taker matching)
- Draw on global precedents for regulatory design

Eligibility

Transition Narrative Support

- Support project-level transition narrative development as input to roadmap / taxonomy processes
- Support in framing the transition case for SPO review
- Feed project-level lessons into regional policy discussions on pathways and taxonomies

Bankability

MDB/FI engagement and financing pathway support

- Facilitate project-specific discussions with MDBs (ADB etc.) on financial structuring and support options
- Identify applicable public financing schemes and introduce project owners to relevant counterparts

(Observation) The Role of Transition Finance for Asia: From “decarbonization enabler” to “resilience anchor”

[Original Context]
Asia’s structural constraints on energy:
1) Growing energy demand / 2) Fossil fuel dependency / 3) Diverse development stages

[Recent Geopolitical Context]
(Geopolitical tensions, supply disruptions, security concerns, etc.)

→ **Higher emphasis put on regional resilience as policy goals.**

[TF’s Foundational Governing Question]
“**How can we achieve decarbonisation** without sacrificing energy security and economic growth?”

[Reframed Governing Question]
“**How do we build regional resilience** in a sustainable manner / without carbon lock-in?”

Transition Finance can be utilized as a tool to strengthen regional resilience.