



CLIMATE FINANCE IN SOUTHEAST ASIA

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November 1, 2024

Outline

Key Questions to be Addressed:

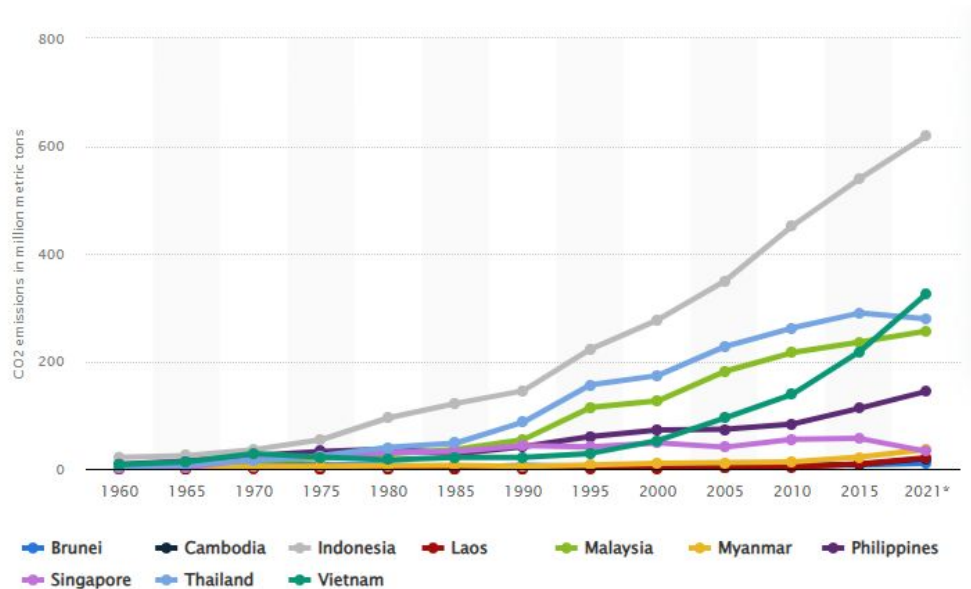
1. How was the State of Climate Finance in your Region?
2. What are Recent Significant Milestones regarding Climate Finance in your Region?
3. What are the Challenges and Barriers to Implementation?



Emission in Southeast Asia

In Asia Pacific, **Indonesia, Vietnam, Thailand, and Malaysia** are among top 10 CO₂ emitters in the region for fuel combustion that exceed 200 mtCO₂e, and Indonesia is also part of top 10 emitters worldwide (IEA, 2022)

CO₂ emissions in the Mainland Southeast Asian (MSEA) countries (Cambodia, Laos, Thailand, Myanmar, and Vietnam) will have **a two-thirds increase by 2040** due to rapid economy growth and associated energy consumption (Liu et al., 2023)

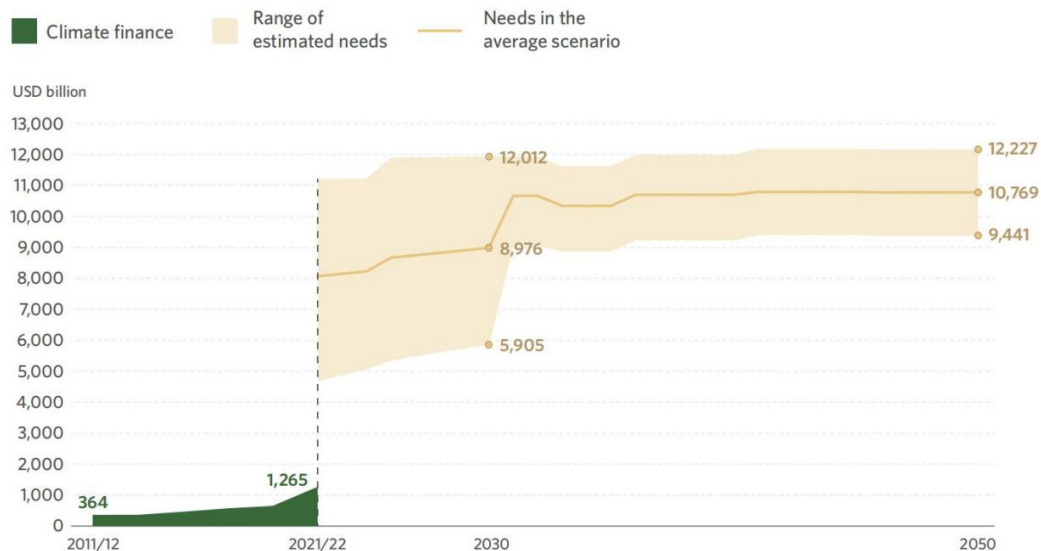


Source: Statista (2023)



Climate Finance Landscape

Global climate finance flows (2011 to 2021, USDbn)



Source: CPI (2023)

The annual climate finance needed increases steadily to **\$9 trillion by 2030** and jumps to over **\$10 trillion per year from 2031 to 2050**.

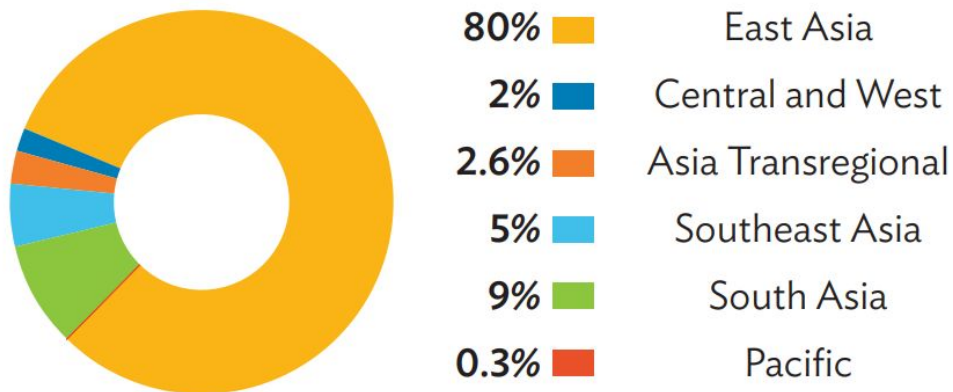
This means that climate finance must increase by at least **five-fold annually**, as quickly as possible, to avoid the worst impacts of climate change.

Delaying action will lead to significantly higher costs for mitigating climate change and dealing with its impacts.



Climate Finance Landscape in Southeast Asia

Destination Subregions of Climate Finance in Asia and the Pacific, 2018–2019 (US\$ billion)

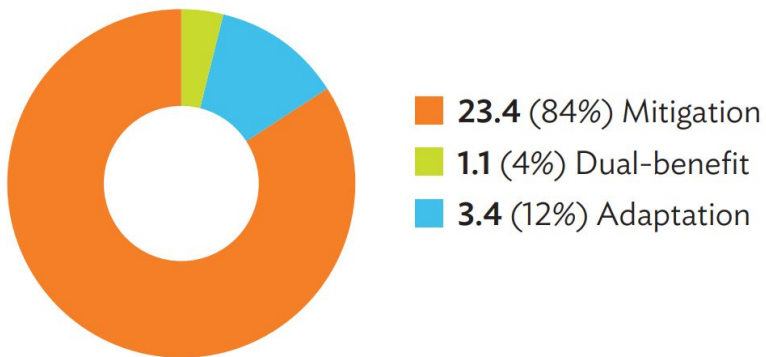


Source: ADB (2023)

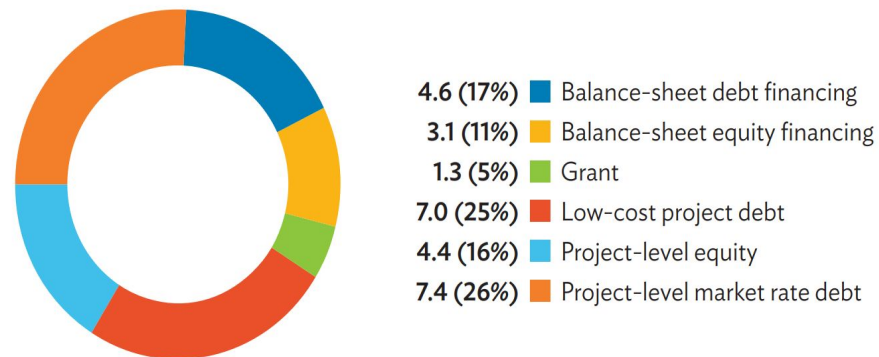
Climate finance in Southeast Asia totaled \$27.8 billion in 2018–2019, or 5% of total climate finance tracked in Asia and the Pacific.



Climate Finance Allocation in Southeast Asia, 2018–2019 (\$ billion)



Climate Finance Instruments in Southeast Asia, 2018–2019 (\$ billion)



Source: ADB (2023)

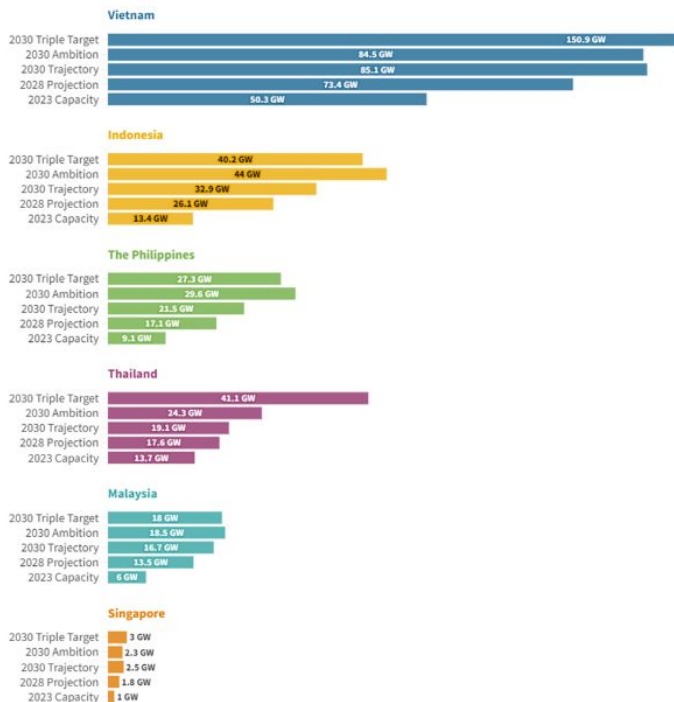
Mitigation finance dominated climate finance, reaching a total of \$23.4 billion (84%) in 2018–2019; 50% of this total (\$12.5 billion) was for renewable energy, and 42% (\$10.0 billion), for transport, and the rest for forestry and water and waste management (8%).

Of Southeast Asia's climate finance total in 2018–2019, 68% (\$19.0 billion) took the form of debt funding, and concerns were raised over the prospect of a heavy debt load, which could erode the financial capacity of recipient countries.



Milestones: Renewables Development

Chart comparing renewables capacity, projections, trajectory, ambitions, and tripling target



On current projections and trajectories, none of the six ASEAN markets studied will succeed in tripling their renewables capacity by 2030.

Vietnam and Singapore are the only countries that, based on current trajectories, will meet their own renewables ambitions by 2030. Notably most of the other countries' ambitions either meet or surpass the tripling target.

Source: Southeast Asia Public Policy Institute (2024)

Indonesia Case: Climate Finance for Energy Transition

Indonesia Climate Pledge

Indonesia 1st NDC, 2016

Unconditional NDC target: 29% below BAU by 2030

Conditional NDC target: 41% below BAU by 2030



Long Term Scenario for Low Carbon and Climate Resilient, 2021

- peak GHG emission by 2030
- FOLU net sink
- Net Zero Emission by 2060 or sooner



Indonesia Enhanced NDC, 2022

Unconditional NDC target: 31.89% by 2030

Conditional NDC target: 42.3% by 2030

→ energy sector target: 23% RE in the TPES by 2025

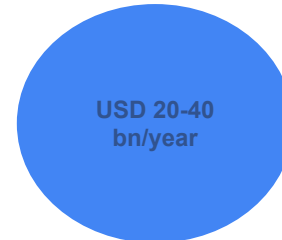


Indonesia Second NDC (draft), 2024

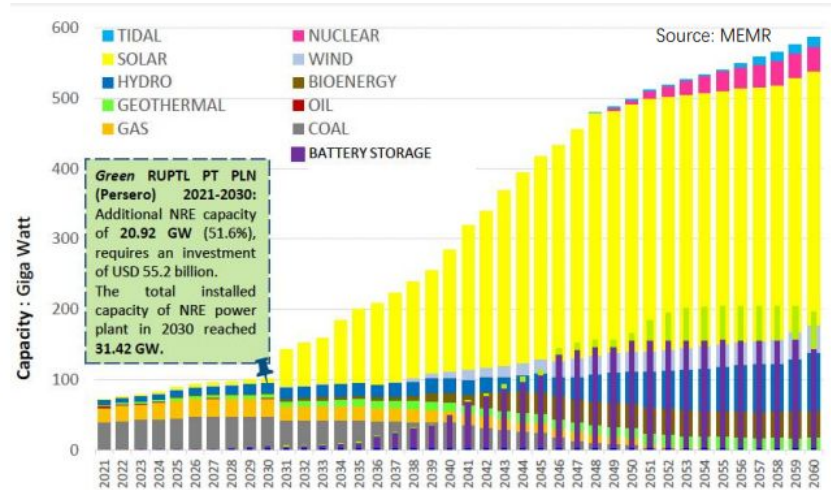
Unconditional NDC target: 56.62% by 2030 and 57.83% by 2035

Conditional NDC target: 29.10% by 2030 and 23.05% by 2035

Investment Needs to Reach Net Zero Emission on Power



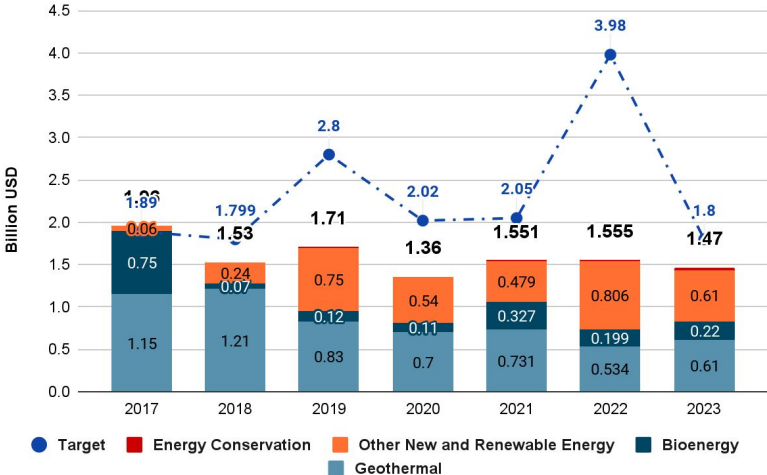
Renewable energy capacity based on NZE 2060 scenario





Indonesia Case: Climate Finance Realisation

Investment Realisation in New Energy, Renewable Energy, and Energy Conservation Sub-sector



Source: MEMR (2024)

The average national climate financing over the past seven years amounted to USD 5.4 billion, covering **only a quarter of the required funds** (MoF, 2024) as Indonesia needs USD 21.6 billion based on its NDC.

Below USD 2 billion is allocated annually for energy sector, or less than 5% of the financing needs (MEMR, 2024)



Challenges and Barriers of Climate Finance

| | | |
|----|-------------------|--|
| 01 | Financial Barrier | Private Sector Finance Misalignment: Policy, legal, and regulatory frameworks often do not create an enabling environment for private sector engagement. |
| 02 | Policy Barrier | Limited National Climate Policy: Challenges in establishing effective national climate policies to support access and utilization of climate finance across various sectors. |
| 03 | Capacity Barrier | Data Gaps: Lack of historical climate data socioeconomic statistics limits countries ability to justify financing proposals |

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THANK YOU

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