



# Toward the acceleration of transition finance in Asia

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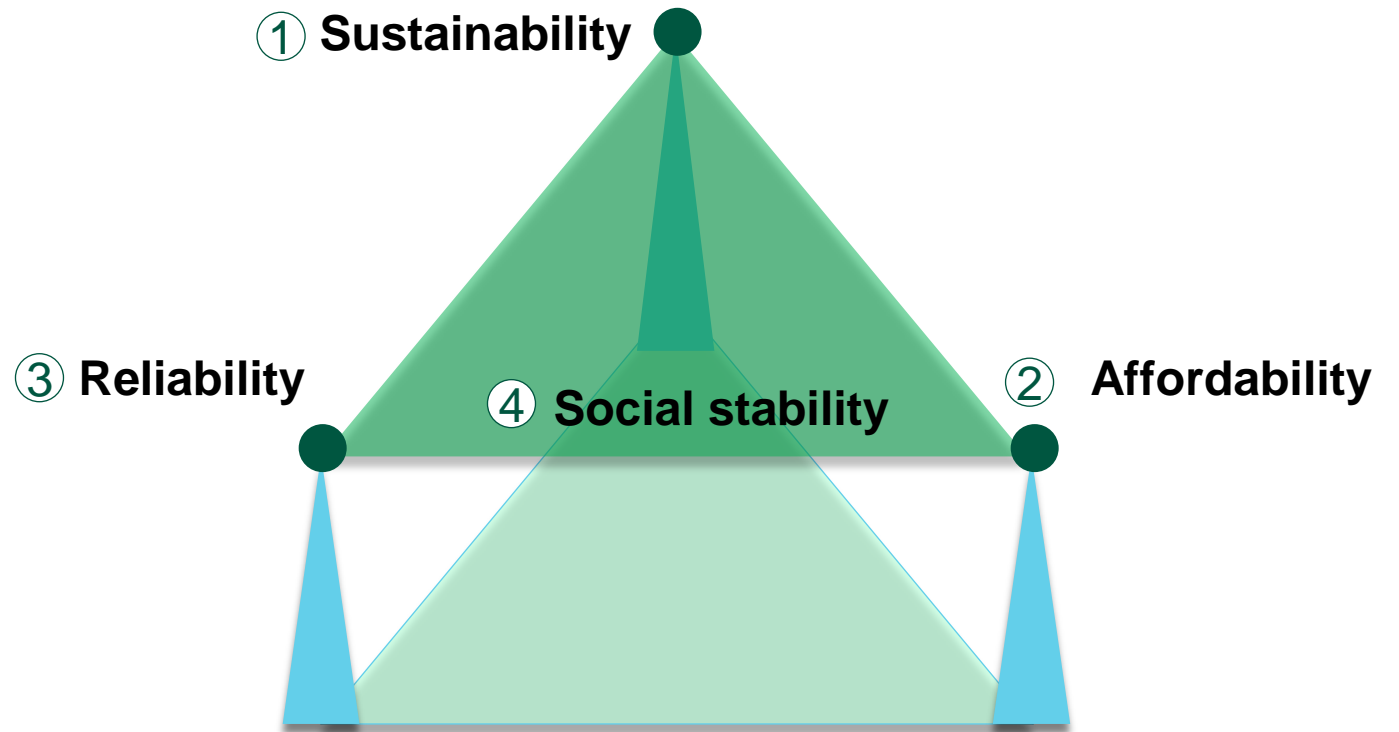
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# Decarbonization balancing affordability and reliability, maintaining social stability is critical for realizing a Paris-aligned transition in Asia

## Major challenges in Asia

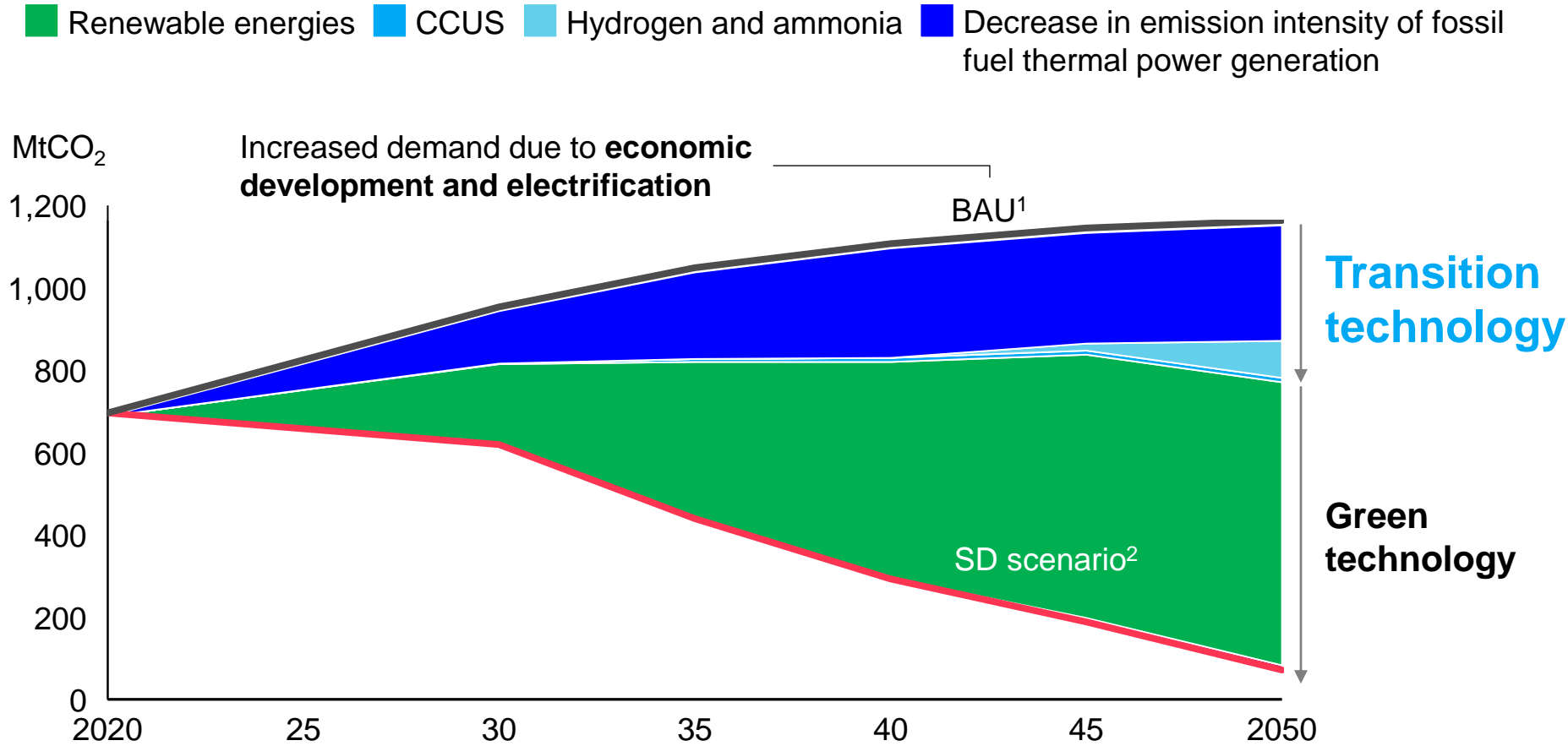
- **Diverse starting points** for decarbonization, e.g., high dependency on coal
- **Varying natural resource availability** for renewable energy
- **Differences in stage of economic growth**, unlike other regions such as Europe

## Important elements for a just and orderly transition



# Transition technologies complement green technology for successful decarbonization in Asian countries

## ASEAN CO2 emissions from power generation



Transition technologies play an important role in a just and orderly transition

1. Business as usual  
2. IEA Sustainable Development Scenario

# ATF SG is aiming to provide practical guides to supplement existing frameworks and share support measures to accelerate TF in Asia

## Existing frameworks (examples)

### Global standards

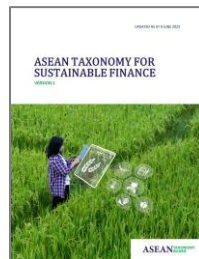


### Decarbonization pathways



+ National decarbonization pathways

### Taxonomies

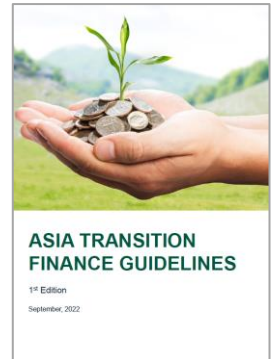


- ASEAN Taxonomy
- National taxonomies

## Achievements by ATF SG

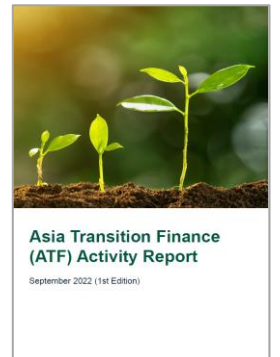
### ATF Guidelines

- Unique guidance with references and case examples of Asian countries
- Guidelines outlining practical steps to assess suitability of TF



### Activity Report

- Report on TF challenges and 7 support measures to various stakeholders through discussions among SG members



# Through the activities last year we identified 3 remaining issues, then we focused 3 key activities this year

## Remaining issues from last year

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- Complexities in application of various references including pathways, roadmaps, and taxonomies
- Needs to go beyond FIs to accelerate transition finance
- Needs to identify more granular level of challenges and potential solutions for concrete actions with stakeholders



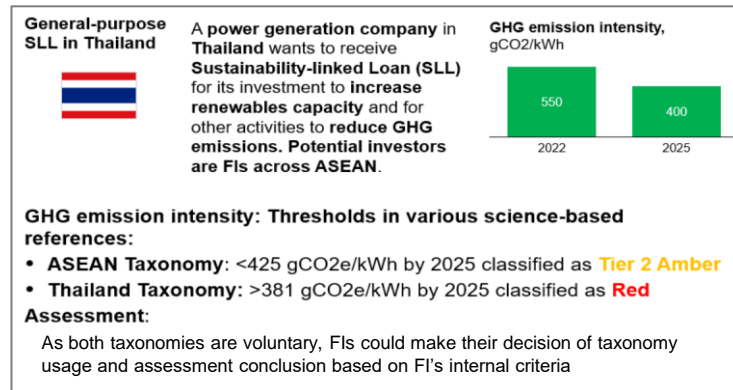
## Focused activities this year

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- 1 Reinforce peer learning opportunities to complement available references
- 2 Set interactive sessions with public authorities and energy/industry players
- 3 Conduct a survey to SG members to identify key enablers for transition finance

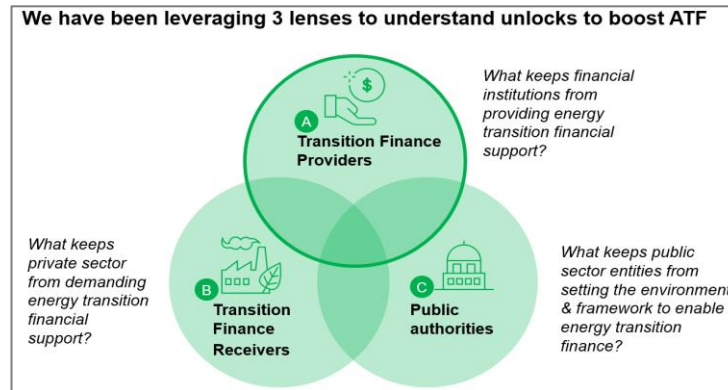
# ATF SG conducted various activities to address the issues mentioned before and share findings among the members

## 1 Peer learnings : hypothetical case studies



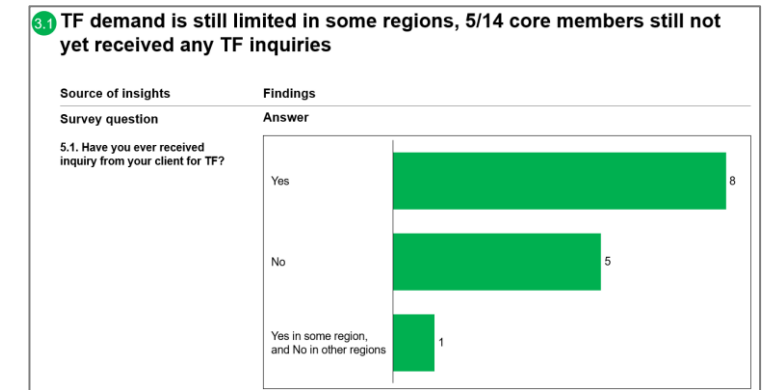
- Collaborated with SFIA to learn ASEAN taxonomy
- Highlighted the features as an overarching reference
- Emphasized the needs to refer requirements of taxonomies

## 2 Interactive sessions: energy/industry session



- Invited leading energy and industry players in Asia
- Highlighted importance of cross-sectoral collaborations

## 3 Survey to ATF SG members



- Identified less TF demand in some countries
- Reconfirmed the importance of governmental regulations
- Highlighted the needs for financial supports incl. blended finance

# Through these activities, The ATF SG identified 3 key enablers to accelerate TF in Asia in its Annual Report

Detail follow

## Key Enablers

**#1 Strong mandate and clear roadmaps/pathways by governments**

**#2 De-risking mechanisms through governments' supports**

**#3 Simplified TF guidelines tailored for SMEs and data platform widely available to stakeholders**



# Transition projects often face economical challenges— de-risking mechanisms by collaborations with various sectors would be the key

## Challenges of transition projects



**Projects by some transition technologies might not be economically viable**

- Loss of future revenue
- High cost due to technology maturity level (e.g., hydrogen, ammonia)



**FIs and energy/industry players would not be able to justify investment or finance on economically unviable project**

## Potential enablers and required approach

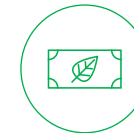
**De-risking mechanisms are the key to make the transition projects viable**

### EXAMPLES

#### Revenue support



Feed-in Tariff/  
Feed-in Premium/  
Contract for  
Difference (CfD)



Guarantees



Tax reduction for supply  
chain, e.g., IRA in the US

**Cross-sectoral collaborations among stakeholders are the key to achieve these mechanisms**

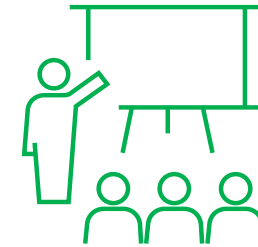


# Going forward, ATF SG will accelerate collaborations with public authorities and energy/industry players while continuing learning sessions

In the next phase, ATF SG will...



**Accelerate collaborations  
with public authorities and  
energy/ industry players**



**Continue peer learning  
sessions**

**Especially collaborations with public agencies  
including energy and finance authorities would be critical**

# Study Group would like to thank all the SG members and contributors

(x) # of confirmed participants

Category	Participants	Participants	Global FIs					
Core members	Financial Institutions (20)	Asia FIs	Global FIs					
		 <small>A member of MUFG, a global financial group</small>  <small>ธนาคารกสิกรไทย KASIKORNBANK</small>	 <small>krungsri นครศรี</small>   	   	  	     		
Observers/ Discussion partners	Development banks, ECAs, and others (6)	Multi-lateral	State-affiliated	Commercial				
		 <small>International Finance Corporation WORLD BANK GROUP</small> <small>Creating Markets, Creating Opportunities</small>	 <small>日本政策投資銀行 Development Bank of Japan</small>		 <small>国際協力銀行 JAPAN BANK FOR INTERNATIONAL COOPERATION</small>	 <small>NEXI Capital and Securities Insurance</small>		
	Public agencies and finance associations (13)	 	 	 	 	 	 	
Knowledge Contributors (4)				 <small>Economic Research Institute for ASEAN and East Asia</small>	 <small>株式会社 日本格付研究所 Japan Credit Rating Agency, Ltd.</small>			