



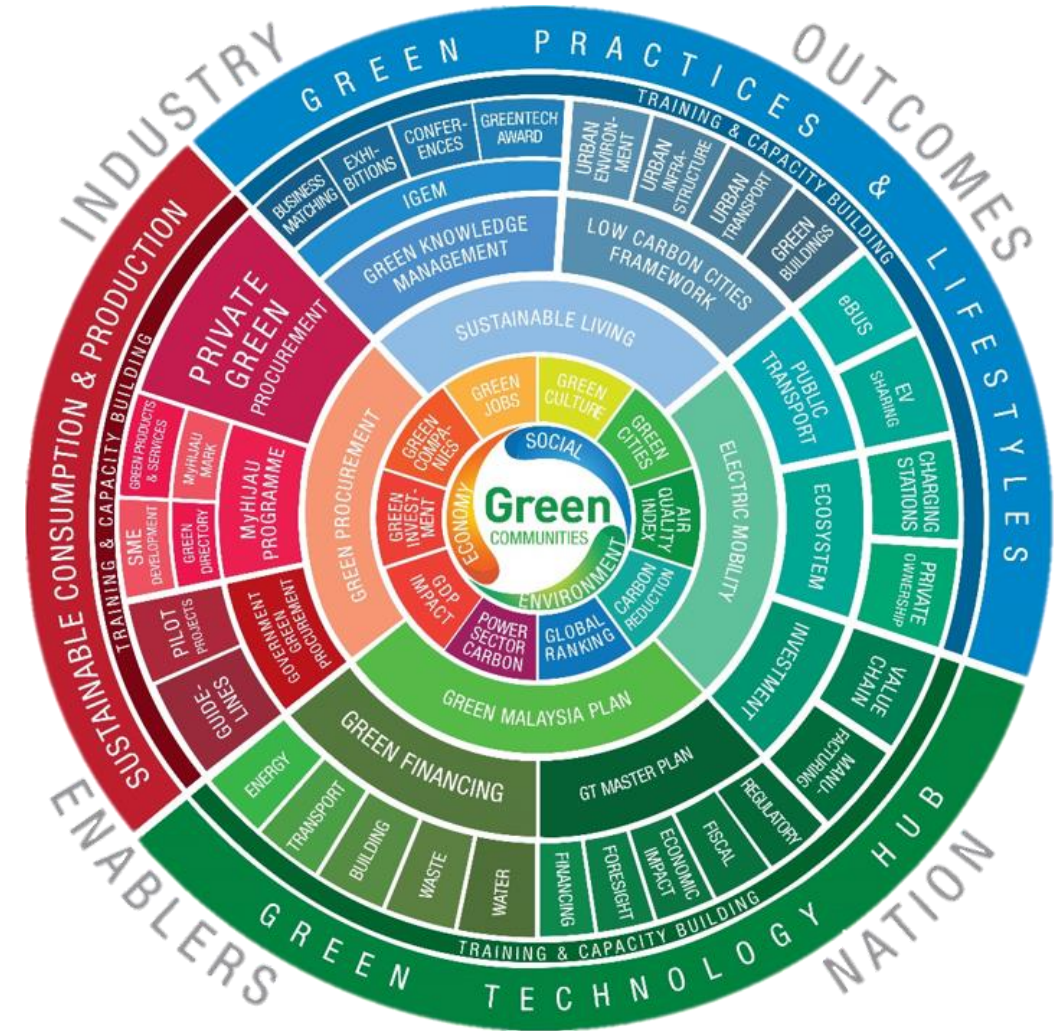
EXPANDING  
PUBLIC  
FINANCING  
INSTRUMENTS TO  
SCALE UP GREEN  
INVESTMENTS

GREEN BANK  
CONGRESS 2016  
MITA KAIGISHO,  
TOKYO, JAPAN

11 October 2016

# OUTLINE

- a. GREEN TECHNOLOGY FINANCING SCHEME
- b. ENERGY EFFICIENCY FINANCING SCHEME
- c. DEMAND FOR GREEN FUNDS
- d. PUBLIC SUPPORT MECHANISM



# GREEN TECHNOLOGY FINANCING SCHEME 2010-2017

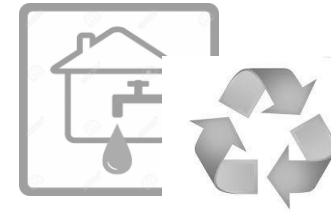
TARGET LOAN  
APPROVALS 2017:  
RM3.5b (USD847m)



- Promote green investments by providing easier access to financing and at a lower financing costs.
- Incentives:
  - 60% Government Guarantee on financing provided by financial institutions.
  - 2% rebate on interest/profit rate charged by financial institutions.



**ENERGY**  
RM2.33b  
(USD564m)



**WATER &  
WASTE**  
RM442m  
(USD107m)



**TRANSPORT**  
RM25.2m  
(USD6.1m)



**BUILDING**  
RM21.4m  
(USD5.2m)

**27 Participating Banks and Financial Institutions**

# RENEWABLE ENERGY –SOLAR FARM

<b>Project Name</b>	<b>Renewable Energy Project – 8MW Solar Farm Project</b>
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<b>Sector</b>	Energy – Solar Farm
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<b>Category</b>	Producer
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<b>Total Investment</b>	RM110m (USD26.6m)
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<b>Finance amount</b>	RM50m (USD12.1m)
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<b>Estimated Annual CO<sub>2</sub> Reduction</b>	8,869.35 tCO <sub>2</sub> eq
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# RENEWABLE ENERGY – SOLAR ROOFTOP

<b>Project Name</b>	<b>Renewable Energy Project – 4 MWp Solar Rooftop</b>
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<b>Sector</b>	Energy – Rooftop
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<b>Category</b>	Producer
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<b>Total Investment</b>	RM43.8m (USD10.6m)
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<b>Finance amount</b>	RM36.8m (USD8.9m)
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<b>Estimated Annual CO<sub>2</sub> Reduction</b>	3,549 tCO <sub>2</sub> eq
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# CASE: WASTE SECTOR - BIOMASS

<b>Project</b>	<b>Biomass Pellets Manufacturing Facility</b>
<b>Sector</b>	Waste
<b>Category</b>	Producer
<b>Raw Materials</b>	Palm kernel shell and wood chips
<b>Total Investment</b>	RM15.8m (USD3.8m)
<b>Finance Amount</b>	RM5.0 (USD1.2m) for raw materials
<b>Estimated Annual CO<sub>2</sub> Reduction</b>	11,325.000 tCO <sub>2eq</sub>
<b>Project Operation Date</b>	Mid 2015



# CASE: WASTE - RECYCLING

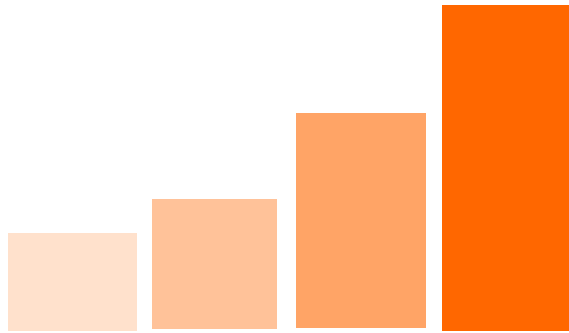
**Project Description** Recycle Paper Mill production line – expansion and construction of waste water treatment plant

<b>Sector</b>	Waste & Water
<b>Category</b>	Producer
<b>Raw Materials</b>	Waste paper
<b>Total Project Cost</b>	RM60m (USD14.5m)
<b>Finance Amount</b>	RM42.5 (USD10.3m)
<b>Estimated Annual CO<sub>2</sub> Reduction</b>	43,146 tCO <sub>2eq</sub>
<b>Project Operation Date</b>	Year 2012



# EXPECTED IMPACT

248 PROJECTS



**GREEN INVESTMENTS:**  
RM5.6b (USD1.36b)

**GREEN  
JOBS**



**SOCIAL:**  
4,201 JOBS CREATED

**CO<sub>2</sub>**



**ENVIRONMENT:**  
Emission reduction  
3.145mtCO<sub>2</sub>eq/yr

# ENERGY EFFICIENCY FINANCING SCHEME

- RM50 million (USD12.1m) **ENERGY EFFICIENCY FINANCING SCHEME** to finance **ENERGY PERFORMANCE CONTRACTS (EPC)**
- Collaboration with Malaysian Debt Ventures (MDV) with 1:3 capital contribution.

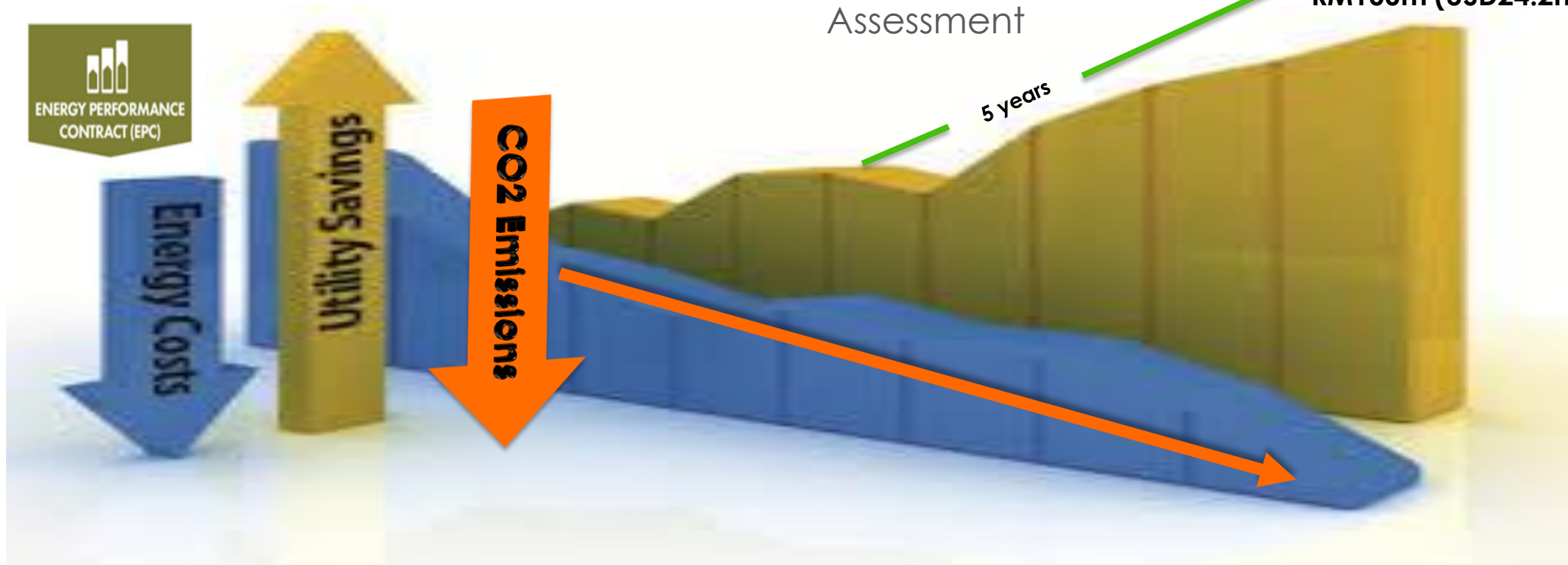


Green Verification Assessment

Credit Assessment



Total Financing of RM100m (USD24.2m)



# MARKET CONSTRAINTS TO GREEN INVESTMENTS

## GTFS Challenges and Issues

Risk averse and cautious stand by private investors and financial institutions

– green sector considered as:



novel technologies and business models lack pertinent information and face information asymmetries.

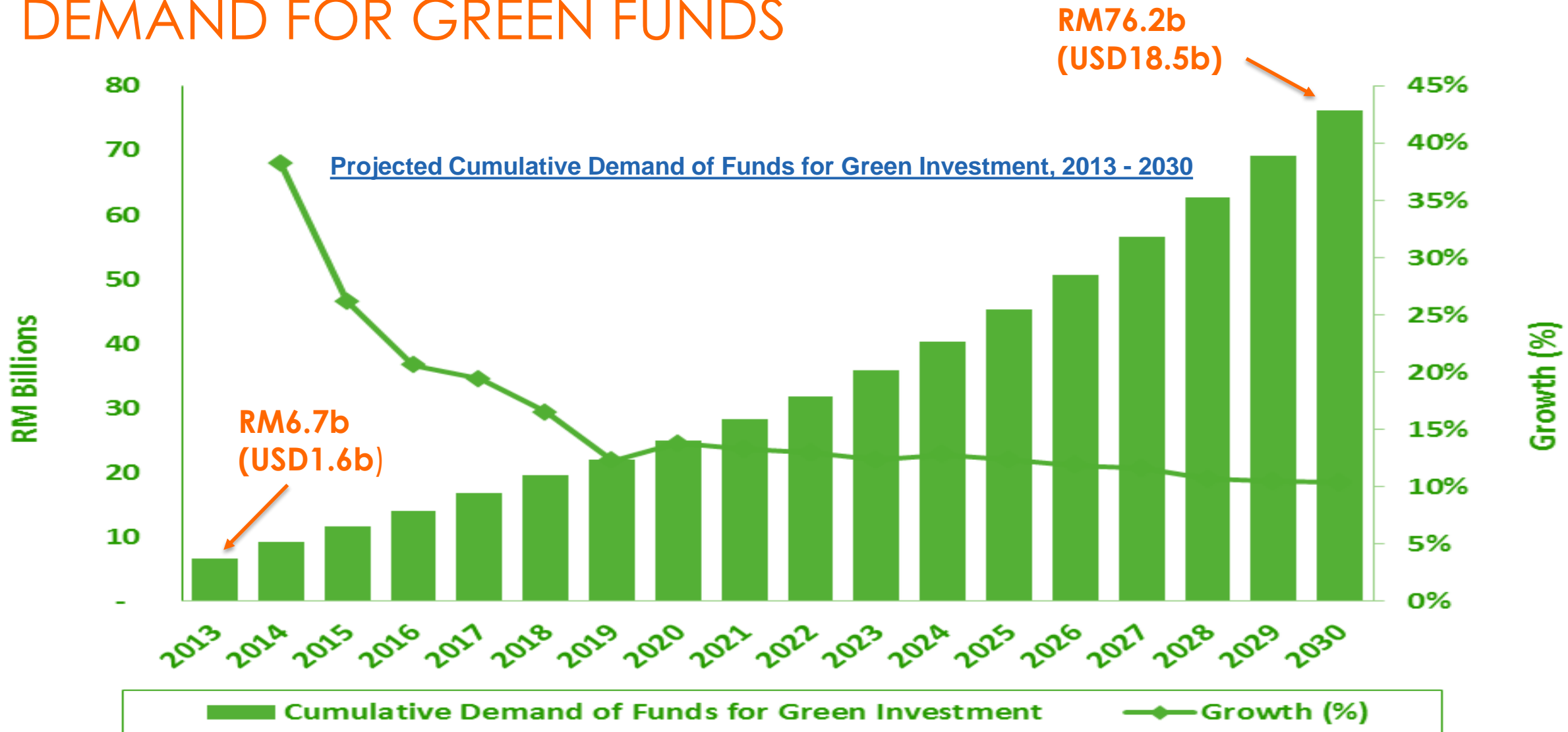


new and high risks due to start-ups and minimal track record.



knowledge gap in evaluating novelty green technology and involved high cost of due diligence checks.

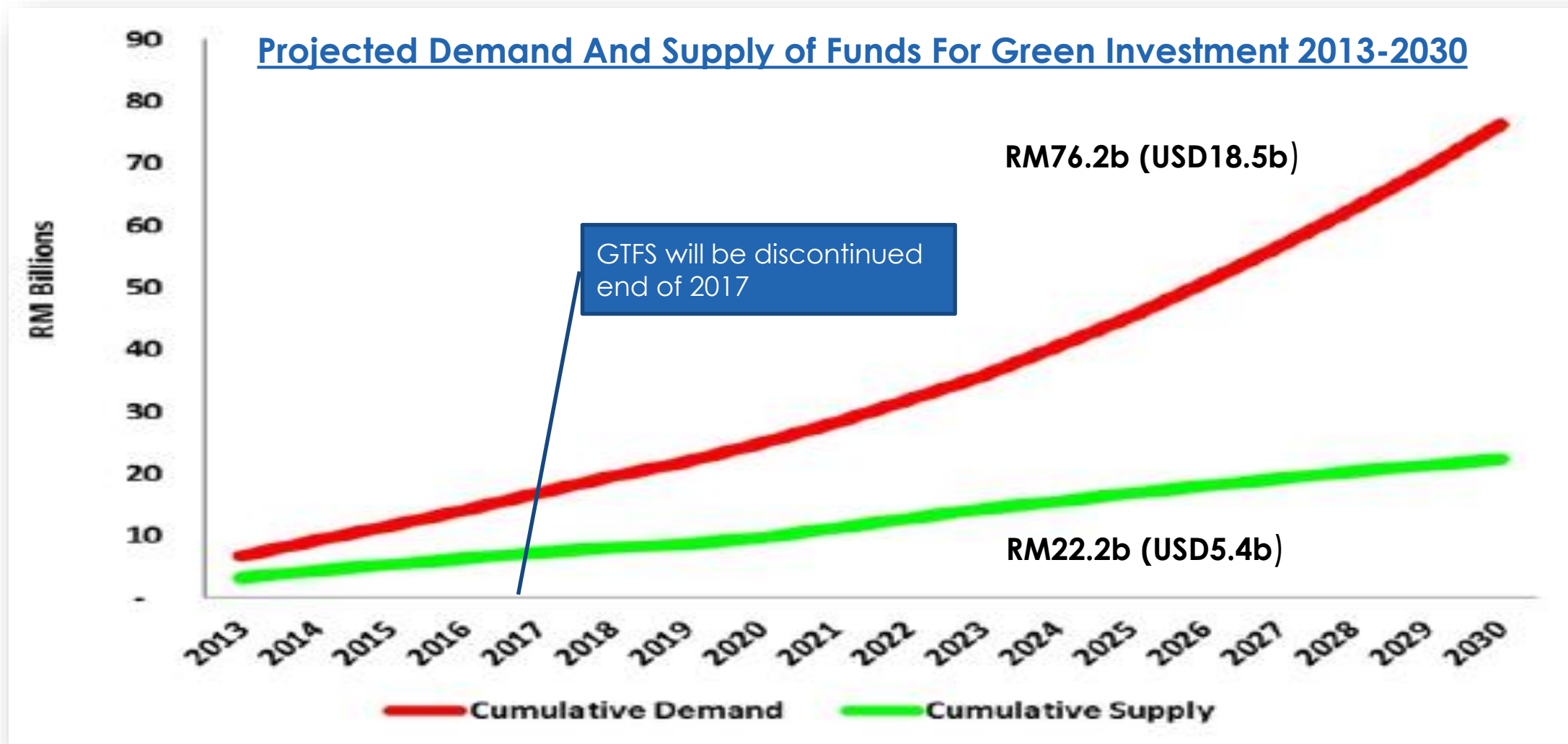
# DEMAND FOR GREEN FUNDS



Source: Protégé Associates

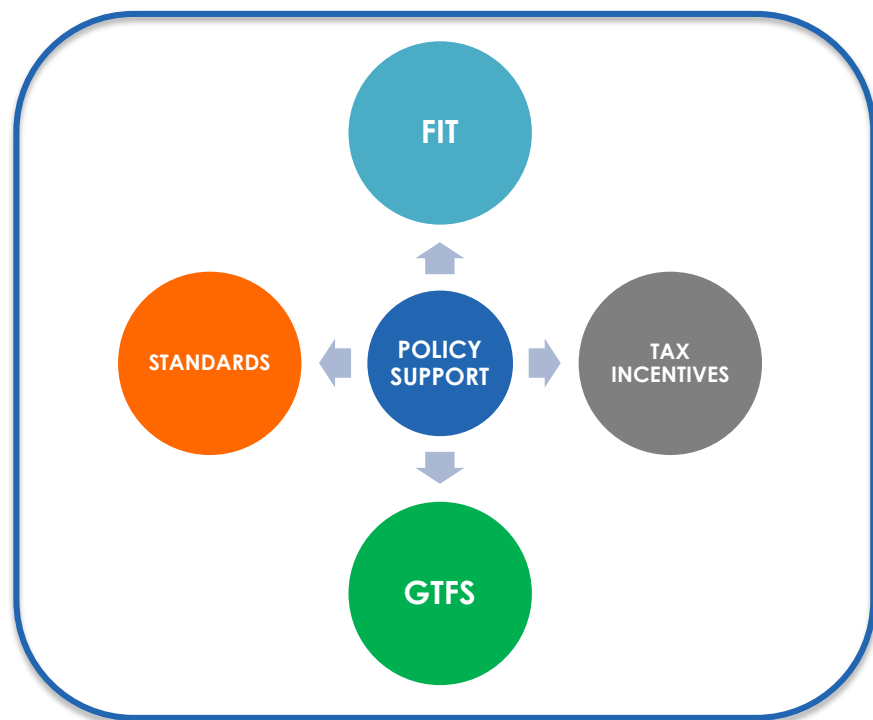
CAGR of 15.4%

# BUSINESS AS USUAL



# PUBLIC SUPPORT MECHANISM

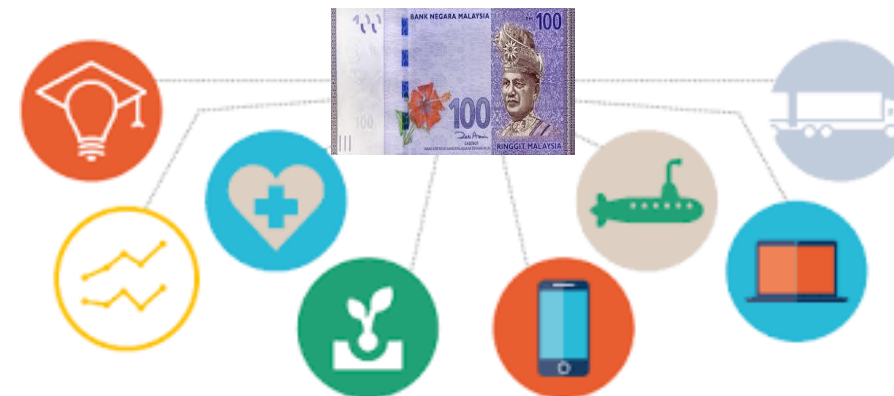
The government has addressed the issues in green investments providing an enabling framework.



However,



- existing programmes such as loan guarantees and tax incentives although important, but are insufficient to accelerate the green transformation at scale.
- Government budget and resources are constrained due to other priority development areas.



# OPPORTUNITIES FOR GROWTH



Support from multilateral and bilateral institutions and global organisations for the formation of a full-fledged Malaysian Green Bank.



A specialised innovative financial vehicle to leverage and mobilise private financing in accelerating the growth of green investments

## Equity Instruments

- Direct capital investment
- Private equity
- Venture Capital

## De-Risking Instruments

- Insurance to cover risks in non-conventional technologies
- Loan guarantees

## Debt Instruments

- Concessional Finance
- Debt Funds
- Project Finance
- Bonds

It represents a more sustainable intervention designed to efficiently fill up the gap in the financial landscape and hasten the speed and scale of green investment activities in a more effective manner.



**CATALYSING  
GREEN  
GROWTH**

Syed Ahmad  
Syed Mustafa  
CEO

No. 2, Jalan 9/10,  
Persiaran Usahawan, Seksyen 9,  
43650 Bandar Baru Bangi,  
Selangor Darul Ehsan, MALAYSIA

T: +603-8921 0800  
F: +603-8921 0801/0802

E: [info@greentechmalaysia.my](mailto:info@greentechmalaysia.my)  
[www.greentechmalaysia.my](http://www.greentechmalaysia.my)