

ASIA CLEAN ENERGY FORUM 2018

HARNESSING INNOVATION TO POWER THE FUTURE

Manila, Philippines • 4-8 June 2018



Opportunities and Models for Early-Stage and Community-Based Renewable Energy Project Finance, and Discussion of Additional Barriers to Unlocking Project Capital at Scale

8 June 2018 (Friday), 9:00 am.m - 5:30 p.m.

Background

The International Energy Agency (IEA) estimates that US\$2.5 trillion of investment is needed in SE Asia's energy infrastructure by 2030. Such investment is far beyond the scale of governments or international donor institutions alone. Green finance has been identified by the UN as essential to implement SE Asia's ambitious global climate plans and clean energy transformation. This Deep Dive Workshop will convene stakeholders in the region to share their experiences and discuss the challenges of attracting early stage capital and some of the larger structural barriers that need to be overcome to spur investment at small and large scales in renewable energy in the SEA region.

The organizers seek to convene and learn from stakeholders in the region about the challenges of clean energy deployment, development, and finance. The workshop will include presentations of experience in green investment frameworks and models from the UK and Japan. The workshop will include expert practitioners with experience internationally and in Asia, and will cover finance barriers such as community involvement in green finance, attracting early stage capital or cost-effective project debt; broader regulatory and market challenges and the range of tools and opportunities that can be facilitated by governments and other stakeholders. The discussions will cover the roles that local communities, donors, philanthropies, research institutes, and others can play to support government, financiers and project developers in the region to stimulate, and navigate, access green finance in order to speed the deployment of low cost clean energy technologies and business models. In addition, organizers will look for feedback from stakeholders on how effective technical assistance, industry engagement, civil society organizing, and diplomacy can more effectively compliment to help overcome these barriers.

Objective of the Workshop

The workshop is jointly organized by the ADB Institute (ADBI), Green Investment Group (GIG), the UK Government, and a group of philanthropies and will present several issues related to financing investments in renewable energy.

The first part of the morning workshop session will be an opportunity to learn more about the UK's green finance expertise, and how it is hoping to share knowledge and build capacity in the region. The UK is the world-leader in green finance, through the City of London, and can provide valuable expertise. The session leaders will encourage discussion about some of the aid programmes the UK is planning to roll out in the region which focus on green finance, and the types of interventions planned. For example, the Prosperity Fund SE Asia Low Carbon Energy programme scheduled to start later this year will provide policy support, capacity building and technical assistance to facilitate green finance flows. It will help strengthen connections between project developers and investors; and partnership coordination and commercial ventures within SE Asia. The session leaders will welcome frank discussion and feedback about what type of interventions would have most impact in improving the operating environment for green finance investment, and thus supporting economic development and business opportunity in Asia.

The next part of the workshop will cover The Green Investment Group (GIG) which was established by the UK Government and is the first institution of its kind in the world. GIG finances infrastructure projects which are green and

profitable. As one of the most active green infrastructure investors in the world, GIG finance complex and challenging projects, large and small, which need help to go ahead. Between them, these projects will contribute to the global transition to a sustainable low carbon future.

Gavin Templeton, Head of Sustainable Finance at GIG, will discuss the history and design of the institution, including innovations in investment and impact measurement. He will also share GIG's plans to work with Asian countries interested in creating their own Green Investment Banks, and how the lesson learned from the creation of GIG might apply in the region.

In the final portion of the morning session foundations will discuss their current and future role in the South East Asia clean energy landscape. The philanthropic community, represented by a diverse range of foundations, has begun to actively engage in grant making across the region using aligned platforms and strategies with the goal of creating an umbrella initiative towards enabling a clean energy ecosystem that can help expedite deployment in the region. Current initiatives include: 1) International Forum for Energy (IFE) developed under the European Climate Foundation focused on civil society engagement; 2) South East Asia Clean Energy Facility (SEACEF) focused on driving investments in early stage project development; 3) Southeast Asia Renewable Energy Initiative (SEA-REI) a new and developing philanthropic umbrella initiative. During the workshop, representatives of the philanthropies will introduce their emerging programmes and then seek input on questions invite such as: How can philanthropy innovate to catalyse faster RES deployment in South East Asia?; What gaps do government and the private sector look to philanthropy to engage on?; and How to stimulate faster change by working in tandem?

IFE (International Forum on Energy) is focused on political engagement with civil society on building up renewable energy expertise and capacity and direct technical assistance to governments, utilities, system operators and local research entities. IFE is a pooled fund established by vanguard funders the Growald Family Fund and the Children's Investment Fund Foundation and is hosted for its set-up phase at the European Climate Foundation.

SEA-REI is a new initiative, in its early stages of planning, that aims to support the acceleration of renewable energy deployment in South East Asia region. The initiative looks to tackle key barriers and support the enabling environment through close collaboration between philanthropy, governments and international agencies. The programme will align with current and planned initiatives, focusing on civil society and industry engagement, technical assistance, donor coordination, high level diplomacy and other market development or finance interventions that may be warranted to help unlock the clean energy market in South East Asia.

SEACEF is building a multi-donor project development fund of \$20M to de-risk and help produce bankable clean energy projects in high impact/growth markets in South East Asia. Its focus is to provide early stage project development capital, pre-construction, for solar, wind and storage projects and may include electric vehicles and efficient cooling business models. It will deploy a type of capital (risk wise) currently scarce in most markets toward technologies that are cost effective, rapidly deployable and mainstream in other regions of the world. This work and other interventions were developed during 2016/2017 by South Pole and Global Climate Capital on behalf of the Packard Foundation.

In the afternoon part of the workshop, ADBI will explain a tool for community-based financing of renewable energy, called Hometown Investment Trust (HIT) Funds, that have been used successfully in Japan. While large energy projects have access to standard financing, many smaller projects lack access. Banks are reluctant to lend or lend at high interest rates. Instead, an innovative form of financing can be used—hometown investment trust funds (HITs). HITs were created in Japan as a new source of financing for solar and wind power. The objective is to connect investors with local projects in which they have personal knowledge and interest. Investors can choose their projects and invest through the internet. Using HITs, many Japanese investors have invested small amounts in local wind and solar projects. In response, local banks have started to invest. HIT funds have since spread to Cambodia, Vietnam, Peru, and Mongolia, and are attracting attention from Thailand and Malaysia. ADBI will organize another workshop in Niigata, Japan, in August, 2018, to show interested governments how HIT Funds work and how they can be applied elsewhere. The ACEF workshop will conclude with a brief introduction to ADBI's later workshop and how governments can participate.

Agenda

- 8:30 **Registration**
- 9:00 **Opening**
David Dole, *Senior Economist, ADBI*
- 9:10 **Session 1: UK Support for Green Finance**
Camilla Fenning, *Head of SE Asia Climate & Energy Network, UK Gov't*
- Discussion**
- 9:50 **Session 2: Pioneering Green Investment – Implementing the Green Investment Handbook**
Gavin Templeton, *Head of Sustainable Finance, Green Investment Group*
- Discussion**
- 10:30 **Coffee Break**
- 11:00 **Session 3: Philanthropies Panel: Current and Future Role of Philanthropies in South East Asia- Moderated by Peter du Pont**
- Rebecca Collyer**, *Director of Power Programme, European Climate Foundation*
Christie Ullman, *Director of Climate, Children's Investment Fund Foundation*
Bill Weil, *Sustainable Finance Specialist, Tempest Advisor*
Matthew Sebonia, *Consultant, European Climate Foundation and Owner of Global Climate Capital*
- 11:40 **Regional Barriers Discussion with Workshop Participants and Stakeholders**
- 12:30 **Lunch**
- 13:30 **Registration for Afternoon Session**
- 13:55 **Opening**
Dr. David Dole, *Senior Economist, ADBI*
- 14:00 **Video message: New Trends of Financial Flows to Renewable Energy (tbc)**
Dean Naoyuki Yoshino,
Dean and Chief Executive Officer, ADBI
- 14:20 - 15:05 **Session 1: Community-based Renewable Energy Development**
Prof. Kazuo Matsushita,
Professor Emeritus of Kyoto University,
Senior Fellow of the Institute for the Global environmental Strategies
- Discussion**
- 15:05 **Coffee Break**
- 15:20 **Session 2: Experiences and Lessons from the Community-based Renewable Energy Development in Japan**
Mr. Noriaki Yamashita,
Senior Researcher / Trustee, Institute for Sustainable Energy Policies
Part-time Lecturer, Graduate School of Economics, Kyoto University
- 16:05 **Session 3: Discussion**
Challenges & opportunities for Community-based energy development
- 16:05 – 16:25 *Group discussion for practical ideas that can be done in your country:
challenges and opportunities for community-based power development*
- 16:25 – 17:00 *Plenary Discussion*
- 17:00 **End of Seminar**

Speakers

Camilla Fenning, UK Government

Camilla Fenning works for the British Government as the Head of the South East Asia Climate and Energy Network. Based at the British High Commission in Singapore, Camilla travels throughout South East Asia to highlight the British government's policies on climate change and energy issues. In particular her role is to advocate and support ambitious policies in the region to meet the Paris Agreement climate change goals, and to encourage and help facilitate the region's transition to a low carbon economy. One current aspect of her work is to deliver in South East Asia a UK government aid programme on low carbon energy through the UK's Prosperity Fund, which aims to reduce poverty through inclusive economic growth. This programme, scheduled to begin this year until 2022, will focus on capacity building and technical assistance interventions on Green Finance and Energy Efficiency in Thailand, Malaysia, Vietnam, Indonesia, Burma and the Philippines.



Gavin Templeton, Head of Sustainable Finance, Green Investment Group

Gavin leads GIG's international green bank advisory activity, which works with governments globally in setting up national green finance institutions. I continue to work on the development of GIG's green intellectual property, having previously led the team that created GIG's Green Principles, Green Investment Handbook and Green Impact Report. I have worked in finance and commodity markets for 20 years, beginning my career at BP before moving to Morgan Stanley, Rabobank and VTB Capital. Over my career I have worked in roles covering sales, marketing, business development, origination, trading and analysis. I have worked on the sustainability agenda since the beginning of the European Emissions Trading Scheme and United Nations Clean Development Mechanism, as well as financing renewable energy and emission reduction projects across Europe, Africa, Asia and the Americas.



Rebecca Collyer, Director of Power Programme, European Climate Foundation

Christie Ullman, Director of Climate, Children's Investment Fund Foundation

Bill Weil, Sustainable Finance Specialist, Tempest Advisor

Matthew Sebonia, Consultant, European Climate Foundation and Owner of Global Climate Capital



Prof. Kazuo Matsushita,

Professor Emeritus of Kyoto University,
Senior Fellow of the Institute for the Global Environmental Strategies

Kazuo Matsushita served as Professor of Graduate School of Global Environmental Studies (Global Environmental Policy), Kyoto University, between 2001 and 2013. He also served as Visiting Professor of United Nations University Institute of Advanced Studies (UNU-IAS) and an Examiner for Environmental and Social Guidelines at Japan International Cooperation Agency (JICA). Before holding these positions, he worked at several institutions including the Ministry of Environment of Japan, the Environment Directorate of the OECD, and as a Senior Environment Planning Officer of the United Nations on Conference on Environment and Development (UNCED). He has long been engaged in environmental administration, particularly global environmental policy and international environmental cooperation. His major research areas are sustainability studies as well as climate change and biodiversity conservation policies and global environmental policies from the viewpoint of environmental governance.



Mr. Noriaki Yamashita,

Senior Researcher / Trustee, Institute for Sustainable Energy Policies
Part-time Lecturer, Graduate School of Economics, Kyoto University

Noriaki Yamashita is senior researcher and Trustee at the Institute for Sustainable Energy Policies (ISEP) in Tokyo and part-time lecturer at Kyoto University in Kyoto. And he also studies at Berlin Free University in Germany as PhD student. He has been working on research and advocacy in renewable energy policy of local governments. Currently he has engaged in analysis of local renewable energy policies and troubles on utility-scale solar PV developments.



Dean Naoyuki Yoshino,

Dean and Chief Executive Officer, ADBI

Naoyuki Yoshino is Dean of the Asian Development Bank Institute; Professor Emeritus of Keio University, in Tokyo, Japan; and Chief Adviser at the Japan Financial Services Agency's Financial Research Center. He obtained his PhD from Johns Hopkins University in 1979. He was a visiting scholar at the Massachusetts Institute of Technology and has been a visiting professor at various universities including the University of New South Wales (Australia), and Fondation Nationale des Sciences Politiques (France). He was an Assistant Professor at the State University of New York at Buffalo and an Economics Professor at Keio University from 1991 to 2014. He was appointed chair of the Financial Planning Standards Board in 2007, and also served as chairperson of the Japanese Ministry of Finance's Council on Foreign Exchange and its Fiscal System Council. He was also a board member of the Deposit Insurance Corporation of Japan, chairperson of the Meeting of Japanese Government Bond Investors (Ministry of Finance), and was President of the Financial System Council of the Government of Japan. He was conferred honorary doctorates by the University of Gothenburg (Sweden) in 2004, by Martin Luther University of Halle-Wittenberg (Germany) in 2013 and the Fukuzawa Award for his contribution to academic research in 2013.



Dr. David Dole,
Senior Economist, ADBI

David Dole joined ADBI in February 2016. He was previously country director at the Asian Development Bank's Resident Mission in Armenia (2011–2015), principal evaluation specialist in the Independent Evaluation Department (2009–2011), head of the Economics Unit at the People's Republic of China Resident Mission (2006–2009), and senior economist in the Economics Research Department (2001–2006). He has a PhD in economics and an MA in statistics from the University of California, Berkeley.



About the Organizers

The workshop is co-organized by the ADB Institute (ADBI), Green Investment Group (GIG), the UK Government and a coalition of philanthropies.

The ADB Institute

ADBI provides intellectual input for policy makers in ADB's developing member countries (DMCs). It does so by conducting research with a focus on medium- to long-term development issues of strategic importance that affects the region and through capacity building and training (CBT) activities that contribute to ADB's overarching objective of poverty reduction.

The Green Investment Group

GIG was established by the UK Government and is the first institution of its kind in the world. GIG finances infrastructure projects which are green and profitable. As one of the most active green infrastructure investors in the world, GIG finance complex and challenging projects, large and small, which need help to go ahead. Between them, these projects will contribute to the global transition to a sustainable low carbon future.

The UK Government

The UK is the world-leader in green finance, through the City of London, and can provide valuable expertise. The session will be an opportunity to learn more about the UK's green finance expertise, and how it is hoping to share knowledge and build capacity in the region.

Philanthropies and Foundations

The philanthropic community, represented by a diverse range of foundations, has begun to actively engage in grant making across the region using aligned platforms and strategies with the goal of creating an umbrella initiative towards enabling a clean energy ecosystem that can help expedite clean energy deployment in the region.

For any questions, please contact:

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Gavin Templeton, Head of Sustainable Finance, Green Investment Group
(gavin.templeton@greeninvestmentgroup.com)

Camilla Fenning, UK Government (camilla.fenning@fco.gov.uk)