Asia LEDS Partnership NDC Finance Community of Practice: accelerating investment into clean energy across Asia

Why an Asia NDC Finance Community of Practice?

Countries in Asia are developing rapidly and moving to implement their Nationally Determined Contributions (NDCs) under the Paris Agreement. Investment in low carbon infrastructure and large-scale renewable energy deployment is central to realizing these commitments and moving towards the clean, sustainable and high-growth economies of the future. Attracting climate finance and investment—particularly from the private sector—is essential to meeting these objectives.

The IFC has estimated a need for over $1 trillion for three countries in the region alone: Vietnam, Indonesia and Philippines¹. In 2016, IRENA and the ASEAN Center for Energy (ACE) found that an annual investment of $27 billion would be required for Southeast Asia to get 23% of their primary energy from renewables by 2025. To put this in context, development banks have only invested

around $6 billion into renewables across all South East Asia over the last seven years\(^2\). There is an urgent need to accelerate deployment of capital into clean energy across the region.

Strong partnership and linkage between the public and private sector on enabling environments for finance mobilization, combined with targeted capital market interventions to address existing gaps in the climate finance landscape, are urgently needed to accelerate progress. To answer this call, the LEDS GP and Asia LEDS Partnership, with support from the Finance Working Group, are launching an Asia NDCFinance Community of Practice (Asian NDCF CoP). The NDCF-CoP will be an applied and interactive network for national and subnational governments, with engagement from business and private sector actors, technical institutions, non-profits and other international organizations.

**What will the Asia NDC Finance Community of Practice Do?**

Examples of priority topics that were developed with member feedback in 2017 are below. Core focal areas will be further refined in consultation with NDC Finance CoP members at the initiation of the CoP in May 2018.

**Primary priority topics**

Based on feedback from Asia LEDS Partnership members, the NDC Finance CoP will give initial priority to learning and technical collaboration on two broad categories:

- **Lowering the cost and risk of capital.** The NDC Finance CoP will identify—and where possible deploy—strategies and interventions to lower the cost and risk of capital for renewable energy finance. Lower cost capital, in particular debt, has been identified as a key need and is particularly important in markets where fossil fuel prices are heavily subsidized and renewable energy may not be cost-competitive (as is the case across much of Asia). The NDCF CoP will examine various country and region-specific interventions that will be decided by the members of the CoP, but will likely include: blended capital, green bonds, green banks, corporate renewable energy deployment, and low carbon project preparation and financing strategies.

- **Attracting private finance through smart policy and enabling environments.** The NDC
Finance CoP will focus on key regulatory and enabling environment issues that impede capital flows into clean energy infrastructure in the region. This includes work on regulations, permitting, pricing and other financial incentives administered by CoP member governments. The NDCF CoP will place a particular emphasis on facilitating public private dialogue and exchange on key regulatory and policy matters in a targeted and neutral manner. The NDCF CoP will examine various country and region-specific interventions that will be decided by the members of the CoP, but will likely include: direct power purchase agreements for clean energy, regulatory and permitting streamlining, policy de-risking instruments, and renewable energy auctions and other procurement tools.

**What will the Asia NDC Finance Community of Practice achieve?**

The NDCF CoP will address real-time finance, policy and technical challenges to rapidly accelerate investment flows into clean energy NDC implementation efforts across the region. It will do this by bringing together key government and private sector decision makers to:

1. Rapidly identify key barriers to investment mobilization in clean energy at the political, regulatory and financial levels on a country-by-country basis

2. Develop quick response political, regulatory and capital markets interventions to address those barriers

3. Coordinate with partner country governments, donors, philanthropy and the private sector to implement the identified interventions and solutions in a targeted and cost-efficient manner.

**LEDs GP Finance Working Group in action: driving clean energy deployment through corporate demand**

Beginning in late 2017, the LEDs GP FWG, in collaboration with the Clean Energy Investment Accelerator (CEIA), has engaged with the recently formed Renewable Energy Buyers Alliance-Vietnam (REBA-V) on key policy and regulatory matters related to corporate and industrial procurement of renewable energy. The members of the FWG are working with partner implementing organizations to provide direct input into key Vietnamese regulatory agencies, including ERAV and MPI, on the emerging direct power purchase agreement rules for direct contracting between private sector buyers and renewable energy generators. This is an important step in strengthening the finance and regulatory environment for renewable energy in Vietnam. In 2018, the FWG will work with partners to continue to identify key policy recommendations and to explore opportunities to leverage corporate procurement of renewable energy as a key driver for policy, regulatory and political advances, as well as opportunities for corporate finance of supply chain renewable energy deployment across the region.

**Who are the members of the Asia NDC Finance Community of Practice?**

The Asia NDCF-CoP brings together government representatives from governmental departments such as the Ministries of Energy and Environment, Ministries of Finance and Investment, and
National Energy Commissions with representatives from the private sector, utilities, academia and international organisations that design, finance and implement renewable energy deployment. Experts, both regional and international, in specific areas such as regulation, investment, development modelling and finance are called in for specific sessions requested by CoP members.

Countries and institutions that are members of the Asia LEDS Partnership are invited to nominate NDC Finance CoP participants by April 5th, 2018. Participation of national and subnational government officials is prioritized and comprise the bulk of the CoP membership. However, participants are welcome from technical institutions, private firms, NGOs and/or international organizations working on renewable energy analysis, finance, policies and deployment. The direct and active involvement of these stakeholders across Asia is key to the success of the NDCF-CoP.

**For Asian policy makers and implementers, the Asia NDCF CoP offers a valuable opportunity to:**

- Learn with and from other Asian countries through direct and collaborative peer to peer exchange
- Work with clean energy and climate finance pioneers from around the world to design policy and regulatory frameworks and create enabling financial environments to meet national development, electrification and climate change-related objectives
- Engage with the private sector development and investment community to understand what is needed to unlock private investment and accelerate financial flows
- Access new tools and technical assistance to develop country-specific, tailored policy, market and finance solutions

**How will the Asia-CoP operate?**

The Asia-CoP is a member-led initiative supported by LEDS GP. Technical assistance work in the focus areas of policy and finance will be led by the LEDS GP Finance Working Group. In 2018, the Asia NDC Finance CoP will focus on peer learning, knowledge exchange, and expert assistance on these two topics and may address additional issues over time based on participant interests.

This work will take place through bilateral and direct country technical assistance interventions, as well as larger in-person and remote group capacity building, peer exchange and training sessions. The direct assistance work will feed back to the larger CoP group through workshops, meetings, webinars and knowledge products such as case-studies and guides that capture country and practitioner learning and experience.

Webinars and case studies will be developed using key market practitioners that are actively engaged in the design, development and deployment of the priority topics in order to give CoP members real-time examples that can be applied to their local market and conditions.

**Activities**

The Asia NDC Finance CoP may conduct the following activities depending on demand from its members:
• Regional peer learning and training workshops
• Peer-to-peer site visits and exchanges
• Country-specific expert and peer advisory support
• Cross country collaboration on common measures
• Web seminars
• Online, moderated discussions
• Joint work products and proposals on capital market interventions, regulatory frameworks, etc.
• Case studies and sharing of tools and methods

Urgent action is needed in order to accomplish the ambitious infrastructure, climate change mitigation and resilience objectives that Asia-CoP members have identified as part of their NDC commitments. The Asia-CoP seeks to capture and disseminate key, real time learnings from the rapidly evolving climate and renewable energy policy and finance arenas through direct peer to peer engagement and exchange. Once participants are selected, they will work together to develop a work plan, along with refined goals, activities, and outcomes.

Who are we?
The Asia LEDS Partnership is a voluntary network of government and nongovernmental partners working to advance LEDS and green growth in Asia. It builds on, and cooperates with, existing regional Asian networks and initiatives, and links efforts in Asia with related work in other regions. Representatives from over a dozen Asian countries are actively engaged in the Asia LEDS Partnership, as well as numerous international partners. The Asia LEDS Partnership is one of four regional partnerships of the Low Emission Development Strategies Global Partnership (LEDS GP). The LEDS GP was founded in 2011 to facilitate peer learning, technical cooperation and information exchange on the formation and implementation of climate-resilient, low-emission development strategies.

Join us!
Membership is free and is open to individuals or organizations. You can become an ALP member by completing a cost-free membership sign-up form. For further information on the Asia LEDS Partnership please visit http://www.asialeds.org. You could also write to us at alpsecretariat@iclei.org.