Key Challenges in Financing the Energy Transition

Cross-border technical dialogue with representatives from Indonesia, the Philippines and Viet Nam.

13:00-15:30 (GMT+7) | August 14, 2024 | Zoom Videoconferencing
Closed-door event and will follow Chatham House rules
– By Invitation Only -
[Version: 31 July 2024]

Context

With 85% of regional consumption sourced from fossil fuels, the Asia-Pacific region faces significant pressure to meet growing energy demands amidst urbanization and industrialization, while ensuring a reliable and resilient energy supply amid geopolitical tensions and natural disasters. As the world's largest consumer of coal, the region's transition to clean energy is challenged by its high reliance on fossil fuels. Addressing this requires strategic financing for renewable energy, innovative technologies, and robust policy frameworks.

In 2022, the governments of Indonesia and Vietnam launched the Just Energy Transition Partnerships (JETPs) in 2022 to boost their energy transition efforts and financing. Subsequently, discussions have ensued on the appropriateness of conventional blended finance, the appropriate de-risking approaches, and efforts to transform business-as-usual modalities. Following the launch of the JETPs, UN ESCAP organized dialogues in 2023 to explore solutions in line with national financing priorities and plans. In 2024, building on this progress, UN ESCAP launched the Financing the Energy Transition Project (FET) in 2024 to assist Indonesia and Vietnam as well as the Philippines, on accelerating finance for energy transitions, recognizing that each energy transition will be unique to each country.

Due to the FET consultations, ESCAP appreciated the three governments' interest in the reports and their willingness to provide feedback. The first output of the FET project will be Report 1 on the Diagnostic on Needs and Challenges of Financing the Energy Transition which will include case studies that will be assessed throughout the 3 countries.

ESCAP’s preliminary analysis will be presented at this first virtual cross-border technical dialogue. This event aims to validate the initial scoping and facilitate deeper exchanges among Member States, emphasizing the importance of collaborative efforts in addressing shared challenges and advancing energy transitions. The commitment from all three governments underscores the potential for significant progress through the FET project. The results of the dialogues and findings will be incorporated into the final reports to be delivered to all three countries for support in accelerating financing for the energy transition.

Objectives

2. Discuss next steps for all 3 governments on the interviews for Report 2 on Transition Finance for Energy Transition and Report 3 on Optimal Coordination Processes and the preparations for the Capacity Building Sessions.
3. Generate an understanding of the challenges, needs priorities and available financing options and modalities for Indonesia, the Philippines and Viet Nam in financing the energy transition.
4. Discuss next steps

What comes next under the FET Project:

1. ESCAP Report 1: Diagnostics of Needs and Challenges in Financing the Energy Transition. This report highlights the needs, priorities, and available financing options and modalities of Indonesia, Philippines and Viet Nam in financing energy transition (September 2024)
2. Organization of 3 country-level training workshop/focus-group discussion/roundtable for Indonesia, the Philippines, and Viet Nam (October 2024)
3. ESCAP Report 2: Transition Finance for the Energy Transition (November 2024)
4. ESCAP Report 3: Optimal Coordination Processes (November 2024)
5. Regional dialogue regarding ways and means to address the challenges in financing energy transition in Indonesia, Philippines and Viet Nam (5-6 December 2024)

Tentative Agenda

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<th>August 14, 2024</th>
<th>13:00 – 15:30 (GMT+7)</th>
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13:00-13:05 (05m) **Technical announcements, observations, recognition**
- Dr. Pierre Horna, Manager of the FET Project and Economic Affairs Officer, Financing for Development Section, Macroeconomic Policy and Financing for Development Division, ESCAP

13:05-13:15 (10m) **Welcoming remarks**
- Ms. Suba Sivakumaran, Section Chief, Financing for Development Section, Macroeconomic Policy and Financing for Development Division, ESCAP

13:15-14:00 (45m) **PART 1: Challenges, needs, and priorities on energy transition financing**
- Setting the scene by Mr. John Yeap, ESCAP Advisor to the FET Project.
- Presentation of the Annotated Outline for Report 1: Diagnostics of Needs and Challenges in Financing the Energy Transition by Dr. Ana Díaz and Prof. Penelope Crosley, ESCAP consultants

14:00-15:20 (1h10m) **PART II: Feedback and discussions**
Moderated by Mr. Michael Williamson, Section Chief, Energy Division, ESCAP

Guide question 1: Are there other financial mechanisms for new capacity in RE that your country wishes to explore or are already implementing that have not been covered by the Annotated Outline?
Guide question 2: What would you like to see and learn from the case studies chosen by the project? Would you recommend a more appropriate case study instead?

Guide question 3: What are your main takeaways from the Annotated Report Outline and what would you like to see be part of the capacity building sessions that ESCAP will be holding in October?

Republic of Indonesia
- Ministry of Finance
- Ministry of Energy and Mineral Resources
- JETP Secretariat Indonesia
- National Energy Transition Taskforce
- PT Sarana Multi Infrastruktur (Persero) - PT SMI
- PT Perusahaan Listrik Negara - PT PLN

Republic of the Philippines
- Department of Finance
- Department of Energy
- Department of Environment and Natural Resources
- Climate Change Commission
- Energy Regulatory Commission

Socialist Republic of Viet Nam
- Ministry of Finance
- Ministry of Industry and Trade

15:20-15:30 (10m)

Wrap up and next steps
Facilitated by Dr. Pierre Horna, Economic Affairs Officer and Manager of the FET Project, Financing for Development Section, Macroeconomic Policy and Financing for Development Division, ESCAP
- Capacity building sessions in all 3 capitals
- 2 reports by the end of the year
- Bangkok culminating event in December