



TOPIC 4: INTERACTION BETWEEN PUBLIC AND PRIVATE FOR SCALING-UP FUNDING AND INVESTMENTS IN CLIMATE RESILIENCE

GREEN TECHNOLOGY FINANCING SCHEME MALAYSIA

LTF IN-SESSION WORKSHOP

UNFCCC Climate Change Conference

4-5 June 2015

WORLD CONFERENCE CENTER, BONN, GERMANY

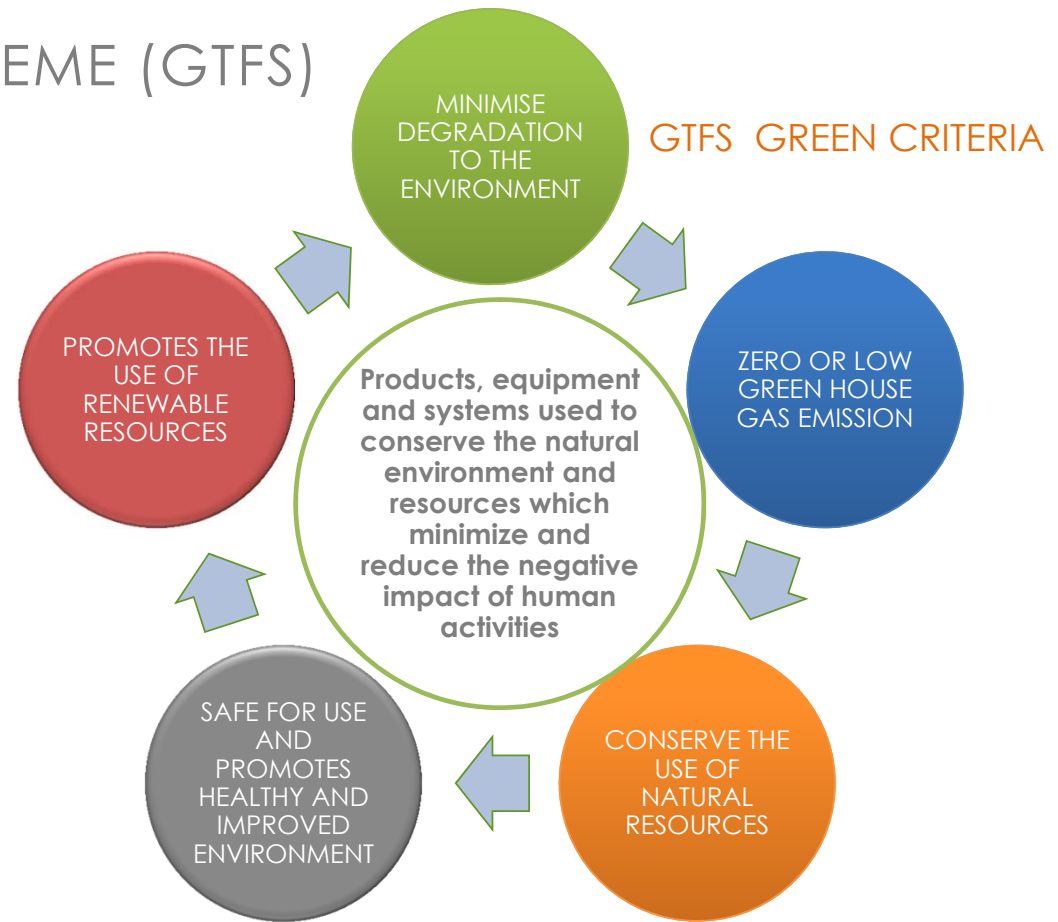
GREEN TECHNOLOGY FINANCING SCHEME (GTFS)

Loan Guarantee Scheme introduced in 2010 till 2015 with a total financing approval allocation of RM3.5 billion (USD1 billion).

Objective is to promote private green investments by providing easier access to financing and at lower financing costs.

Incentives:

- 60% Government Guarantee on financing provided by financial institutions.
- 2% rebate on interest/profit rate charged by financial institutions.





IMPLEMENTATION MECHANISM AND KEY AGENCIES

www.gtfs.my

1) Green Certificate



GREENTECH MALAYSIA
(Promotions, Green Certification, Monitoring)



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA
Coordinator, Regulator

PROJECT COMPANY
Producer: Max RM50 mil for 15 years max
User: Max. RM10 mil for 10 years max

2) Loan

FINANCIAL INSTITUTIONS
(Credit assessment, financing)

3) 2% rebate & 60% guarantee

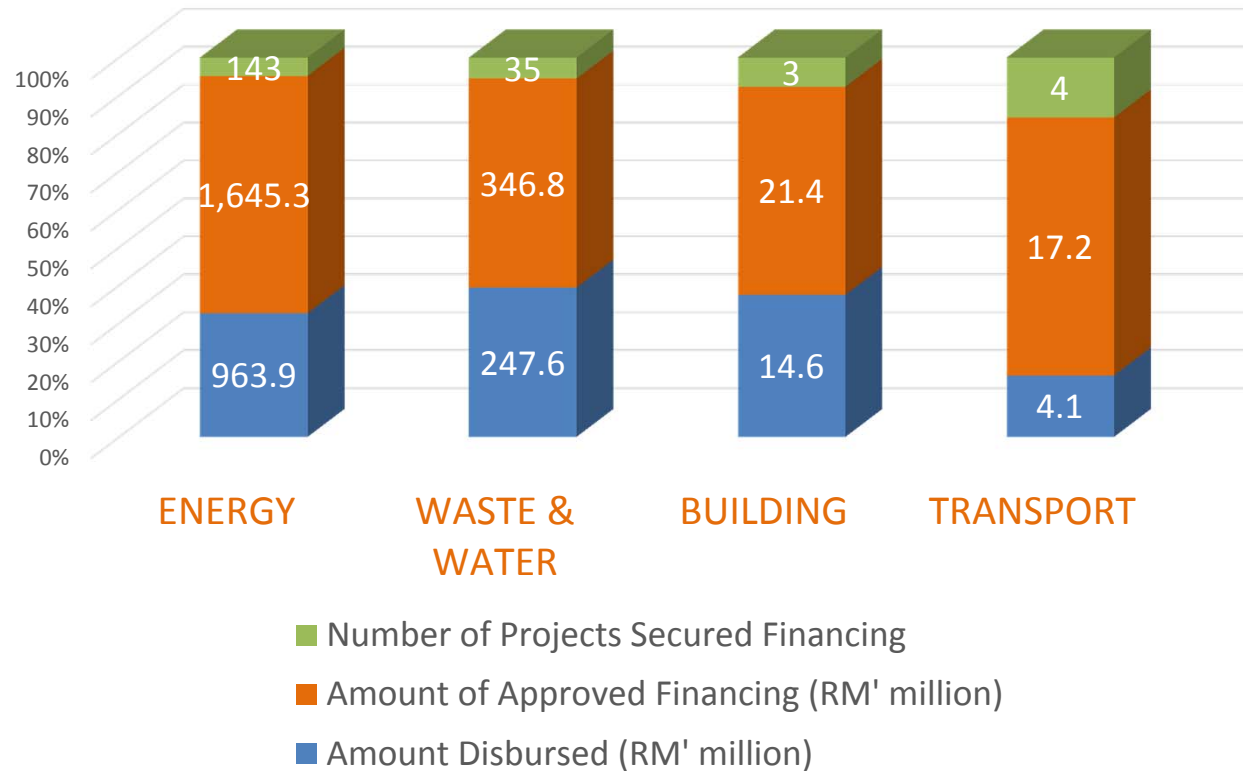


CREDIT GUARANTEE CORPORATION
(Administer guarantee & rebate)

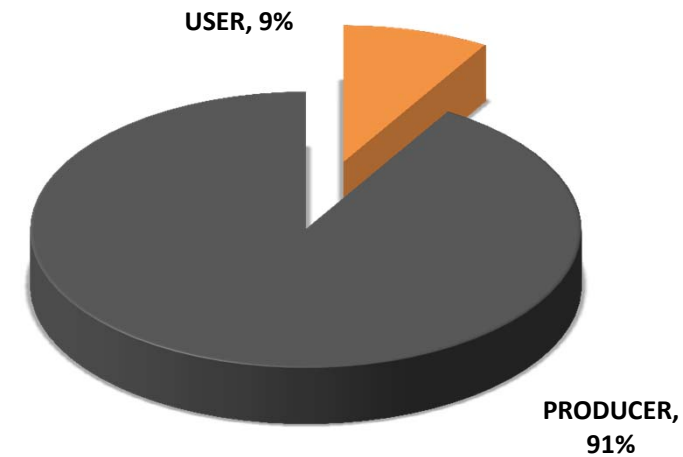


GTFS PERFORMANCE

Breakdown of Financing Approvals By Sector As At April 2015

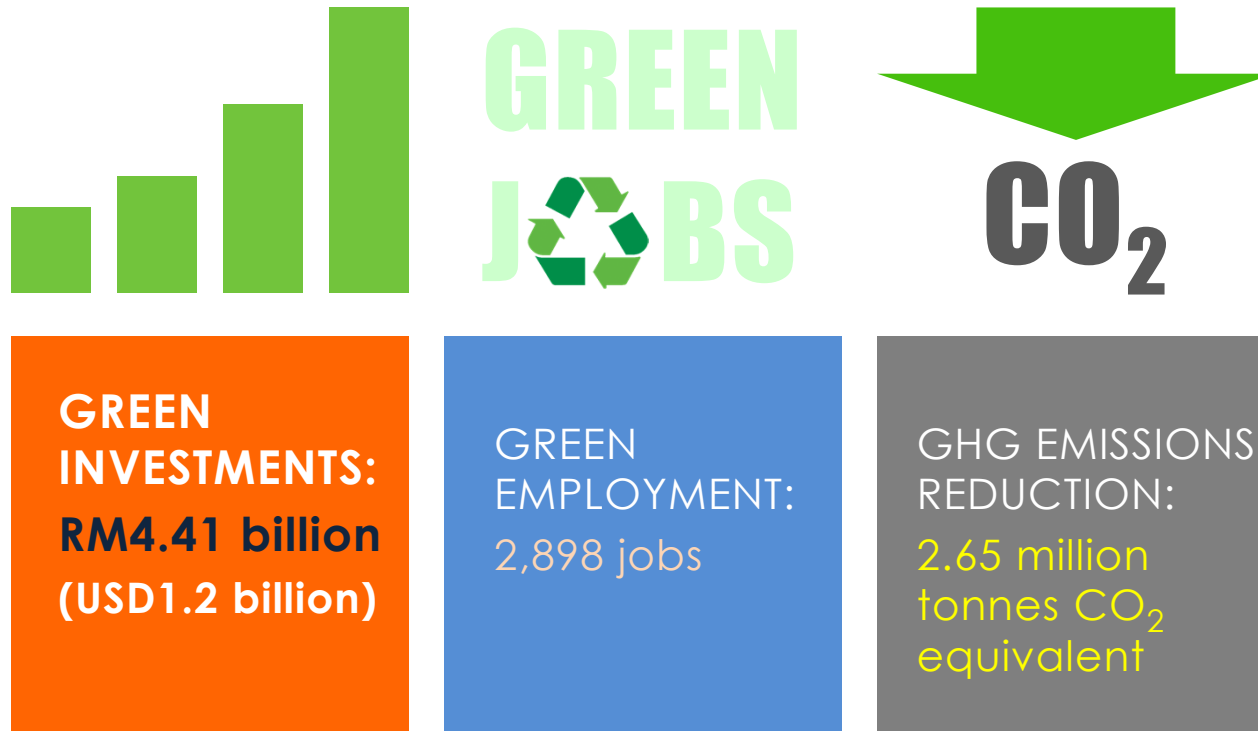


TOTAL FINANCE APPROVAL:
185 projects amounting to
RM2.24 billion **(USD612 million)**



GTFS: IMPACT THUS FAR ...

Expected impact when all **185 certified green projects** have commenced operation.





BREAKDOWN OF PROJECTS SECURED FINANCE BY FINANCIAL INSTITUTIONS

No.	Name of Financial Institutions	Number of Projects Secured Financing	Amount of Financing (RM 'million)
1	MDV	19	242.6
2	SME Bank	17	114.6
3	Maybank	17	249.2
4	UOB Bank	16	59.5
5	OCBC Bank	15	164.1
6	Bank Pembangunan	12	305.4
7	HSBC Amanah	10	87.8
8	AmBank	8	88.9
9	Standard Chartered	7	140.2
10	HSBC Bank	6	71.7
11	Affin Islamic	6	32.6
12	Affin Bank	6	15.1
13	RHB Bank	5	108.4
14	Hong Leong Bank	5	28.7
15	Maybank Islamic	5	141.2
16	Public Bank	5	16.3
17	AmIslamic	4	65.8
18	CIMB Bank	4	38.3
19	RHB Islamic	4	38.3
20	Kuwait FH	3	117.0
21	CIMB Islamic	3	20.1
22	Bank Rakyat	2	6.1
23	Alliance Bank	2	16.4
24	Agro Bank	2	12.5
25	OCBC Al-Amin	1	5.0
26	Bank Islam	1	50.0
	TOTAL	185	2,235.7 (USD612m)

26 commercial and Islamic Financial Institutions out of 47 are participating in the GTFS programme



GTFS: TYPES OF PROJECTS FINANCED

Type of Projects	Green Project Certificate		Projects Secured Financing		Financing Amount (RM)
	Number of Projects	Percentage (%)	Number of Projects	Percentage (%)	
Biogas Power Plant	29	7.7%	14	7.6%	135,052,600
Biomass Power Plant	19	5.0%	13	7.0%	406,878,610
Compost	18	4.7%	4	2.2%	39,451,000
Dry Fiber	10	2.6%	4	2.2%	8,670,000
Energy Efficiency	40	10.6%	12	6.5%	44,441,052
Green Product Manufacturer	61	16.1%	23	12.4%	189,512,960
Hydro Power Plant	15	4.0%	8	4.3%	264,858,250
Pellet Plant	21	5.5%	5	2.7%	61,345,117
Pulp	7	1.8%	3	1.6%	97,500,000
Solar Farm	15	4.0%	14	7.6%	450,176,640
Solar-BIPV System	103	27.2%	69	37.3%	409,223,010
Waste Recycling	41	10.8%	16	8.6%	128,608,106
TOTAL	379	100.0%	185	100.0%	2,235,717,345 (USD612m)

GTFS Challenges and Issues

Financial institutions and investors take a cautious stand in investing in the green sector which is considered new and high risks due to start-ups and minimal track record.

Financiers are generally risk-averse in green investment, due to novel technologies and business models where they lack pertinent information and face information asymmetries.

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

195 GTFS Projects worth about RM3.5b or USD1b have yet to receive financing.

Continue awareness raising and capacity building to address the still limited knowledge and unfamiliarity of green technology within financial institutions as well as investors and project developers

OUTREACH PROGRAMMES

- INDUSTRY
- INVESTORS
- FINANCIAL INSTITUTIONS

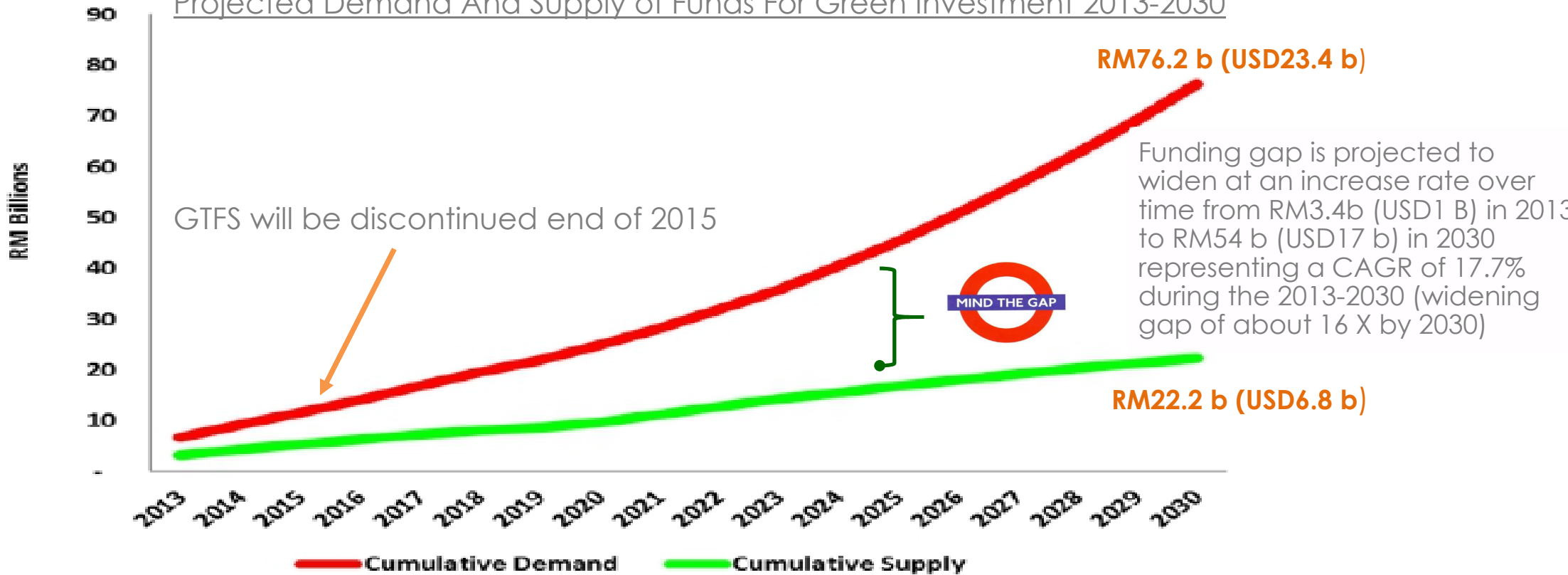
BUSINESS MATCHING AND PITCHING SESSIONS

TRAINING PROGRAMMES

- INDUSTRY
- FINANCIAL INSTITUTIONS

BUSINESS AS USUAL: MIND THE GAP

Projected Demand And Supply of Funds For Green Investment 2013-2030



Source: Protégé Associates



SCALING UP GREEN INVESTMENTS

OPTION 1

Continuation with the GFS with added attractive features for the financial institutions

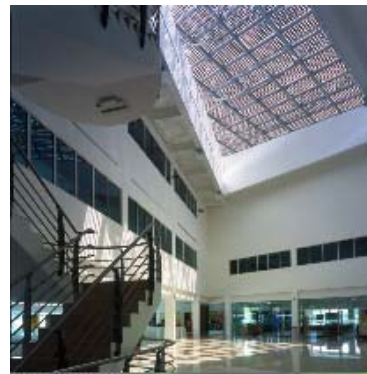
- Increase in financing limit for capital intensive projects
- Guarantee on all green component costs

OPTION 2

A specialised innovative financial mechanism such as a fund or financial institution be established to leverage and mobilise private financing narrowing the financing gap in accelerating the growth of green investments



“Catalysing green technology deployment as Malaysia’s strategic engine for socio-economic growth”



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