



UN Climate Change High-Level Champions

**79th Session of the Economic and Social Commission for Asia and the Pacific
and
The Second Edition of Asia Pacific Regional Forum on “Climate Initiatives to
Finance Climate Action and the SDGs”**

**Part 2 of the
Special Session on Catalyzing Climate Finance and Investment:
Challenges in Building a Project Pipeline – the Role of Project
Preparation**

*organized by ESCAP, the COP27 and COP 28 Presidencies and the UN Climate Change High Level
Champions*

17 May 2023, 13.30-14.30 hrs (hybrid, Bangkok and online)

The 79th Session of the Commission, with a theme of ‘Accelerating climate action in Asia and the Pacific for sustainable development’, represents an opportunity to focus on solutions to the climate crisis, especially considering the region’s large contribution to global emissions and the critical role the region can play in achieving climate targets as set by the Paris Agreement. Member States across the Asia-Pacific region urgently need to accelerate plans to meet emission reduction goals, including finding financing for such plans.

Transitioning at sufficient scale and pace to achieve net zero targets, especially moving energy sources away from fossil fuels and particularly coal, is critical to achieving the region’s Nationally Determined Contributions (NDCs). Successful clean energy transitions require a massive scale-up and reallocation of capital away from fossil fuel-based energy towards renewables, energy efficiency, electrification of end-uses and solutions for decarbonization of emissions-intensive sectors, such as carbon capture and storage, and green hydrogen in steel, transport, and other industries. This low carbon transition requires a clear vision and active planning, supported by sufficient financing.

In this vein, some member States of ESCAP have success stories to share, such as the Indonesian phasing out of coal power with the Just Energy Transition Partnership (JETP) and the Vietnamese JETP. This Special Session and the second edition of Regional Forum on Climate Initiatives to Finance Climate Action and the SDGs seeks to draw upon the lessons learnt from progress made in financing the net zero transition and will discuss opportunities to attract more finance for climate mitigation, adaptation, and transition. It offers an opportunity to member States to share innovative practices used in financing their NDCs.

While investors have committed in large volumes to country platforms such as the JETPs in the Asia-

Pacific region, a critical constraint to generating more investments for the low carbon transition is insufficient volumes of investment-ready projects. A major challenge is to develop a sufficient number of investment-ready projects that can be presented well to investors and get the necessary financing. Many member States have insufficient time, resources and expertise in these early stages of project preparation.

At early development stages, climate action projects can face significant risks. Much of the time, resources used in the early stages of project preparation are insufficient to carry out necessary activities – such as preparation of pre-feasibility and feasibility studies, contract negotiations, land acquisition, permitting, resource assessments and energy audits – to reach final investment decision. Inadequate regulatory frameworks in these areas can cause delays and cost overruns. In some cases, the resources required to prepare investment-ready projects exceed the grant facilities for preparation activities. In countries with the greatest investment needs, there is a persistent lack of risk capital available to fund early-stage development for projects and businesses, which means that even potentially lucrative investments with high potential may not advance past the drawing board.

There are two important levers to support early-stage development of clean energy projects. One effort is to address the regulatory enabling environment for development, including through creation of government “one-stop shops”, which provide integrated administrative and planning services and make it easier to speed projects along to the financing and implementation stages.

Another approach to bridge early-stage financing gaps is through project preparation facilities, which can channel international capital and enable access to climate finance along with valuable technical assistance. For example, newly announced project preparation facilities by the Climate Finance Leadership Initiative (CFLI) and Bloomberg, and the Glasgow Financial Alliance for Net Zero (GFANZ) can provide lessons to the Asia-Pacific region on how to address the costs of project preparation and develop stronger investment ready pipelines in the region.

Part 2 of the Special Session will discuss how to prepare better investment-ready pipelines in the region, in order to increase the likelihood of accessing funds by member States for climate action projects.

Objectives:

The main objectives of Part 2 of the Special Session are to discuss:

- Innovations and experiences from across Asia and the Pacific in developing investment-ready project pipelines in sectors related to the low carbon transition;
- Issues and challenges, particularly in the scope of project preparation in preparing domestic energy sector stakeholders and projects to access climate finance; and
- Potential solutions and the “way forward” to ensure that all ESCAP member States can collectively work towards meeting NDCs and achieving SDG 7: Affordable and Clean Energy.

Overall, the three parts of the Special Session provides a unique opportunity to highlight the challenges

and action needed in the Asia-Pacific region to meet the region’s NDCs and address the various climate vulnerabilities faced by the region’s member States. The session seeks to reinforce the importance of a proactive, strategic view in transitioning to more sustainable economies that attract more sustainable finance across the region. The event provides an opportunity to share perspectives and learn from across the ESCAP region on approaches to finance the energy transition, to enhance the understanding of challenges faced by ESCAP member States on accessing climate finance and discuss potential solutions to address these challenges.

Tentative Programme for Wednesday 17th May 2023

Part 2: Challenges in Building a Project Pipeline – the Role of Project Preparation Meeting Room A, United Nations Conference Centre	
13.30-13.35	<p>Part 2 Opening</p> <ul style="list-style-type: none"> • Welcome remarks by Mr. Hongpeng Liu, Director, Energy Division, ESCAP
13.35-14.25	<p>Challenges in Building a Project Pipeline - the Role of Project Preparation Funds</p> <p>This session will feature perspectives from multilateral donors and international organizations, who have had experience in supporting Member States in accessing finance for the energy transition. It will focus on the challenges in building a pipeline, the utility of project preparation funds, the lack of insufficient project preparation funds, and the need for more such funds.</p> <p>Moderator: Ms. Suba Sivakumaran, Chief, Financing for Development Section, ESCAP</p> <ul style="list-style-type: none"> • Context Setting Remarks from H.E. Mr. Arifin Tasrif, Ir., Minister of Energy and Mineral Resources, Indonesia • Context Setting Remarks from Ms. Peseta Noumea Simi, CEO of Ministry of Foreign Affairs and Trade, Samoa • Context Setting Remarks from H.E. Dr. Phan Chi Thanh, Ambassador Extraordinary and Plenipotentiary to Thailand, Viet Nam • Mr. Trigg Talley, Senior Advisor to the Special Presidential Envoy for Climate and Director, Climate Negotiations and Programs, U.S. Department of State • Mr. Tero Tapio Raassina, Climate Finance Expert, Global Green Growth Institute • Mr. Nopadej Karnasutra, Senior Executive Vice President - Investment, Innovation and Sustainability, B.Grimm Power PCL • Representative from Standard Chartered Bank
14.25-14.30	<p>Part 2 Closing Remarks</p> <ul style="list-style-type: none"> • Hamza Ali Malik, Director, Macroeconomic Policy and Financing for Development Division, ESCAP