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SEA green investments rise 20pc

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SINGAPORE: Green investments in Southeast Asia (SEA) rose 20 per cent year-on-year (y-o-y) to US\$6.3 billion (US\$1=RM4.76) in 2023 versus US\$5.2 billion in 2022, with Malaysia being the country that made the biggest jump y-o-y at 326 per cent, according to Southeast Asia's Green Economy 2024 report.

The report by global consulting firm Bain & Company, GenZero, Standard Chartered and Temasek said that power, in particular renewables, remained the largest green investment theme last year in the region.

"(However), it is the increase in investments in green data centres driven by energy efficiency regulations in Malaysia and Singapore, as well as investments in waste management towards water treatment and plastic recycling in the region that drove the largest investment dollars," according to a joint statement on the release of the report.

The report noted that SEA has made significant progress in green investments, but it still has a long way to go to achieve the US\$1.5 trillion cumulative investments needed to fund the region's green transition, with only 1.5 per cent or US\$45 billion investments made as of 2023.

The report also highlighted five accelerators that could expedite green transition in the region, namely a more comprehensive set of policy incentives, innovative finance mechanisms, scaling corporate investments, cluster or pilot developments, and regional collaboration.

"Expanding the Asean Taxonomy could help regional stakeholders align on definitions of credible transition and green finance, which improves investor confidence and increases green capital inflows.

"Joint efforts among governments, cor-

porates and investors to play their respective parts is also equally important," said the report.

Temasek environment, social, and governance (ESG) investment management head and sustainability managing director Park Kyung-Ah said SEA had an outsized role to play in the global net zero ambition, but it faced the dual, often conflicted challenge of meeting the rising need for affordable and reliable energy while simultaneously cutting emissions.

"To seize the green growth opportunity and accelerate the transition in a just and inclusive manner, we need radical collaboration across the public and private sectors, as well as harness the breadth of financial toolkits to catalyse investment flows for sustainable infrastructure and collectively raise the bankability of such projects," said Park.

Meanwhile, as for Malaysia, the report said the country's biggest jump y-o-y in green investments was supported by the large-scale green financing for data centres in Johor—US\$280 million investment in Nusajaya Tech Park and US\$250 million investments in Kulai, as well as, steady investment in solar.

Last year, Malaysia recorded US\$1.03 billion in private green investments, accounting for about 16 per cent of the region's total green investments, but the report noted that significant efforts must be made to meet the required capital investments of US\$27 billion.

To accelerate green energy development in the country, the report recommended driving the deployment of blended finance, further developments in renewables regulations, and continuing the momentum within industrial parks. — Bernama