

REGIONAL COOPERATION MECHANISM ON LOW CARBON TRANSPORT: IDENTIFICATION AND DEVELOPMENT OF CLIMATE FINANCING MECHANISMS

AN OVERVIEW OF GREEN FINANCING IN MALAYSIA

MINISTRY OF TRANSPORT MALAYSIA

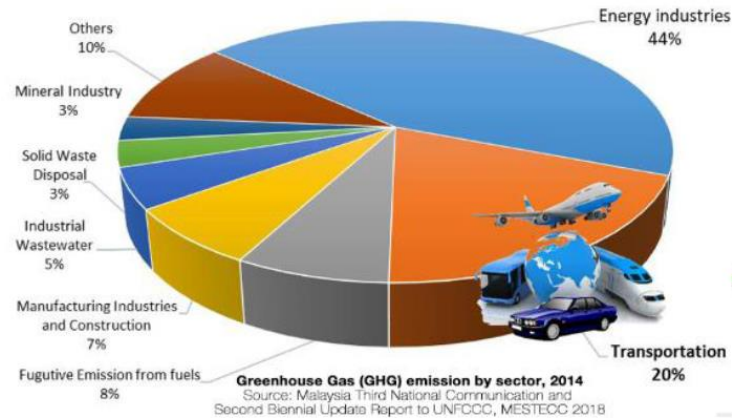
ADB HEADQUARTERS | 16 - 17 MAY 2024



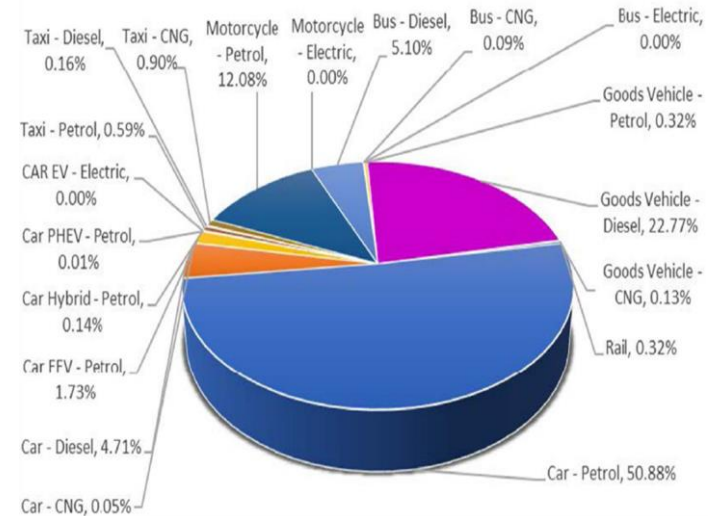
GHG EMISSIONS IN THE TRANSPORT SECTOR

- The transport sector contributes 20% of total domestic GHG emissions.

- 90% of emissions are from road transport. (private vehicles 51%, commercial vehicles 23%, motorcycles 12%)

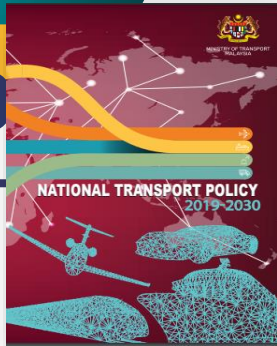


The transport sector's GHG emissions



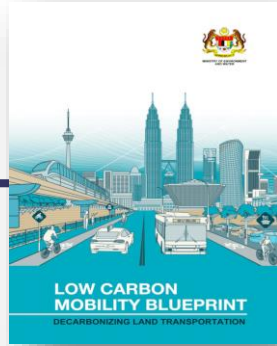
Source: *Low Carbon Mobility Blueprint 2021-2030*

POLICY RELATED TO SUSTAINABLE TRANSPORT

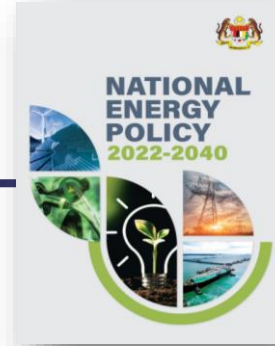


Policy Trust 4: Advance towards green transport

- In line with the SDG2030, this thrust ensures that the transport system will be efficient, clean and resilient with minimal impact to the environment.

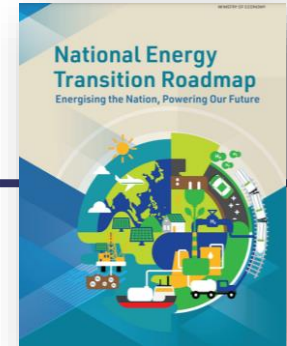


- Aiming for **10,000 EV** charging points throughout Malaysia by 2025 .
- Enhance the usage of clean energy – biodiesel, etc.



Targets by 2040:

- Urban public transport modal share: **50%**.
- EV share: **38%**
- Alternative fuel standard for heavy transport: **B30**
- LNG as alternative fuel for marine transport: **25%**



- Developing future capabilities and shaping demand in the green energy market.
- 6 energy transition levers: **Energy Efficiency, Renewable Energy, Hydrogen, Bioenergy, Green Mobility, Carbon Capture, Utilization and Storage (CCUS).**

GREEN TECHNOLOGY FINANCING SCHEME (GTFS)

-The GTFS was launched in 2010 and was extended on 2017 -> 2020 -> 2024.

-The GTFS provides:

- i. 60% to 80% government guarantee
- ii. Rebate of 1.5% per annum on interest/profit rate

-The implementation = to ensure green technology based projects continue to receive support for the development of the green technology industry.



What Sector Can Be Funded?



Energy



Water



Building



Transport



Waste



Manufacturing



CHALLENGES

1. LIMITED FUNDING



Malaysia Green Technology Funds



International Climate Funds

- 📌 The allocations from various sources – still too small - not strong enough to push the low carbon agenda to the intended level.
- 📌 The allocation of funds to low carbon transport projects may be limited by:
 - i. the availability of resources; and
 - ii. competing demands from other sectors.

CHALLENGES

2. LACK OF INCENTIVES

- 📌 The lack of incentives (monetary and in-kind) for local authorities, developers and communities for them to participate, monitor and measure the initiatives.
- 📌 For example: Logistic sector

SHIPOWNERS

-The Shipowners in Malaysia are facing challenges, particularly in getting funds to support efforts to adopt green shipping practices as green technology ships require high costs.

-This is because high-tech green ships require high costs.



SMEs

-The upfront costs of investing in new trucks or technologies for green logistics can be prohibitive for businesses, especially small and medium enterprises (SMEs)



CHALLENGES

3. LACK OF KNOWLEDGE OR SKILL

- 📌 Still lack of internal expertise for transport technology in Malaysia.
- 📌 Requires technology transfer among developed countries.
- 📌 Examples: Technology transfer in Malaysia's Mass Rapid Transit (MRT) project – signaling system
- 📌 The cost of technology transfer and the project's return must be balanced since a large investment in technology transfer would diminish the project's profitability.





**THANK
YOU**