

Abdul Rasheed Ghaffour: Unlocking opportunities to advance ASEAN climate initiatives

Speech by Mr Abdul Rasheed Ghaffour, Governor of the Central Bank of Malaysia (Bank Negara Malaysia), at the ASEAN Investors Roundtable, Kuala Lumpur, 7 April 2025.

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It is an honour for me to be here today at the ASEAN Investors Roundtable. It is through events like this, where key stakeholders come together, that we can continue to make meaningful progress toward addressing critical climate challenges faced by the region.

This roundtable is indeed very timely, as our region collectively face the devastating impacts of climate events on our economies and communities. As mentioned by Yang Berhormat Minister of Finance II, Datuk Seri Amir Hamzah, the urgency of climate action cannot be over-stated. We must act decisively today, not just to minimise the impact on our region but to capitalise on the opportunities of the future. Taking the necessary steps to build climate resilience not only ensures our economies can continue to grow in a sustained manner but the opportunities presented for climate investments are abundant – ranging from renewable energy projects to low-carbon infrastructure and sustainable agriculture.

ASEAN has made encouraging progress in laying the foundations to mobilise private capital to climate and sustainable finance. This includes initiatives such as the ASEAN Green Bond Standards and ASEAN Taxonomy for Sustainable Finance. However, given the scale of the region's investment needs, private sector investment in climate projects remain insufficient and must be scaled up. Redirecting just 5% of funding from Asian institutional investors towards climate-related activities could generate an additional annual flow of USD8 billion to USD10 billion.¹

But more is required to meet the region's monumental climate goals. With an estimated USD422 billion² needed by 2030 for climate mitigation and adaptation, there remains a huge gap between financing needs and current financing flows. No one party can or should shoulder this alone. To bridge this gap, a practical, collaborative approach involving the public, private and philanthropic sectors is crucial. I believe that public-private-philanthropic partnerships are not just desirable, they are essential to unlocking the full potential for ASEAN's decarbonisation.

Key Regional Projects for Decarbonisation and their Funding Needs

Ladies and gentlemen,

Driving the region's decarbonisation agenda will be a number of key projects, with one such project being the ASEAN Power Grid. The APG, is a critical initiative to meet rising energy demand, while providing a strong foundation for a more sustainable ASEAN and strengthening regional energy security, in turn stimulating economic growth. The APG will facilitate the integration of renewable energy across the region, boosting energy

trade and supporting a cleaner, more sustainable future for ASEAN member states. But making the APG a reality is a enormous effort. This multi-year project calls for substantial investments to the tune of about USD764 billion for power generation and transmission systems through 2040, with USD17 billion for interconnectors alone.³

Meanwhile, Carbon Capture and Storage (CCS) technology is a solution for decarbonising high-emission sectors, particularly those that are difficult to abate or where technologies have not caught up as yet. In Southeast Asia, we have many old oil and gas sites which are prime locations for carbon storage facilities. While CCS technology has been tried and tested dating back to the 1970s, the scale of CCS projects we require today is far greater due to the growing climate commitments and urgency to reach net-zero emissions.

Innovative financing structures to address barriers

These projects are only two of many other current and future ones. While the opportunities are clear, no doubt, there are barriers to making these a reality. The high cost of capital, evolving technology, and the lack of effective risk mitigation mechanisms are primary barriers that often hinder climate projects from progressing beyond the planning stage. And so, we must continue to explore innovative ways to de-risk investments and ensure that appropriate financing is available at all stages of project development, particularly for large-scale and long-term initiatives like the APG and CCS projects.

We have seen blended finance increasingly being utilised to tackle these financing challenges, combining public, private and philanthropic funds to mitigate risks and attract more investment. That said, we must recognise that there is no one-size-fits-all solution. Financing structures can and should differ project to project, tailored to meet the specific needs of each project.

Islamic finance also offers diverse and viable financial instruments, including blended finance structures, which can be utilised to facilitate the region's transition towards a more sustainable and inclusive economy. Today, Islamic finance assets in Southeast Asia stands at USD859 billion.⁴ The sukuk market in ASEAN has seen steady growth, with outstanding sukuk rising from USD364 billion in 2021 to USD414 billion in 2023, with Malaysia and Indonesia being the largest jurisdictions for sukuk issuances.

Over the years, sukuk has gained wider acceptance as an instrument for funding economic development in the region including for infrastructure, transportation and education sectors. For example, in 2018, Indonesia issued the world's first sovereign green sukuk. The proceeds were allocated for environmental and climate projects in renewable energy and sustainable transport. By tapping into Islamic finance instruments, ASEAN nations can access a broader investor base, including those seeking Shariah-compliant investment options. I invite the investment community to leverage the diversified and mature Islamic finance ecosystem in Malaysia.

Conclusion and Call to Action

Ladies and gentlemen,

Advancing ASEAN's climate goals – and financing it – is a monumental effort. Strong partnerships will be key. It is our hope that the regional and global investment community – including both private and philanthropic investors – will join ASEAN member economies in this effort to channel meaningful investments towards the region's low-carbon transition agenda. This dialogue will also be key to sharing knowledge and exchanging ideas to unlock innovative financing structures.

Thank you. I look forward to the fruitful discussions today in our endeavour to build a sustainable and resilient future for ASEAN and beyond.

¹ [Climate Finance Access and Mobilization Strategy for the Member States of the Association of Southeast Asian Nations \(2024–2031\)](#)

² [Climate Finance Access and Mobilization Strategy for the Member States of the Association of Southeast Asian Nations \(2024–2031\)](#)

³ [ASEAN Secretariat's Briefing on Energy Sector](#)

⁴ – As of end 2023 (Source: ICD-LSEG Islamic Finance Development (IFDI) Report 2024)