

SHIFTING INVESTMENT AWAY FROM FOSSIL FUELS IN SOUTHEAST ASIA

To limit global warming to 1.5 °C, countries in Southeast Asia need to stop the expansion of coal and phase out coal for power generation. Shifting investment away from fossil fuels towards renewable energies is key to this transition as a study by Climate Analytics and Friedrich-Ebert-Stiftung shows.

CURRENT SITUATION

The region is dominated by countries with expansion plans for coal-fired power generation

Emissions will increase above
THE 1.5 °C BENCHMARK

INDONESIA THAILAND VIETNAM PHILIPPINES

HAVE EXPANSION PIPELINES LARGER THAN THEIR CURRENT CAPACITY

Current trends and targets

are still far from consistent with the Paris Agreement

Investment trends in Southeast Asia have not been as strongly influenced by the growing fossil fuel divestment movement because of a

LOWER LEVEL OF AWARENESS OF THE CLIMATE-RELATED RISKS AND A LOWER LEVEL OF TRANSPARENCY IN INVESTMENT DECISIONS

NEED TO MEET RAPIDLY INCREASING ENERGY DEMAND

ENERGY SECURITY IS A PRIORITY

THE POLICY DIRECTION OF THE REGION STILL FOLLOWS A FOSSIL FUEL-INTENSIVE PATHWAY

under current policies, the electricity mix will see little change

ACTION PLAN TO PHASE OUT COAL

Global investment in low-carbon energy and end-use energy efficiency needs

TO BE SCALED UP BY ABOUT
USD 1.4 TRILLION per year

BETWEEN
2020 AND 2024

INCREASE INVESTMENT IN LOW-CARBON ENERGY

DIVESTMENT FROM HIGH-CARBON FOSSIL FUELS

SIGN A MORATORIUM ON NEW COAL

SOLAR AND WIND HAVE THE LARGEST POTENTIAL for EXPANSION!

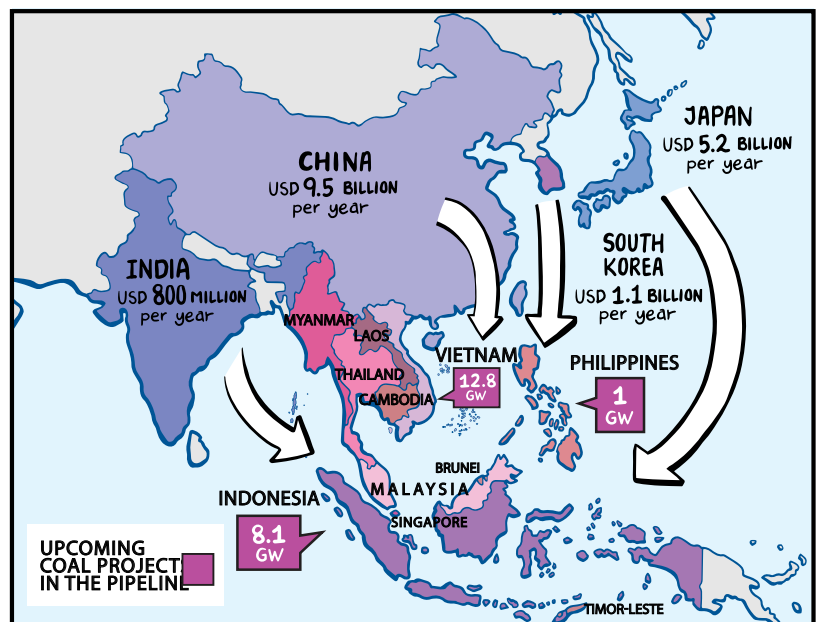
LARGE REDUCTIONS NEEDED WITHIN THE NEXT 10 years

COAL-FIRED POWER GENERATION NEEDS to be PHASED OUT GLOBALLY BY 2040

COAL INVESTMENT IN THE REGION

Coal-fired power generation in Southeast Asia is heavily subsidized – both through public finance from abroad as well as domestically. This creates an **uneven playing field** and therefore a barrier for faster expansion of renewable energy.

DOMESTIC AND INTERNATIONAL FOSSIL-FUEL SUBSIDIES



VISION TO TRANSITION TO 100% RENEWABLE ENERGY IN SOUTHEAST ASIA

SOUTHEAST ASIA HAS VAST, LARGELY UNTAPPED RENEWABLE ENERGY RESOURCES

RENEWABLE ENERGY CAN REPRESENT **85% BY 2030**, AND **100% BY 2050**

Energy-transition scenarios indicate where investment needs to flow: into power grids, transmission lines and grid flexibility measures to integrate larger shares of variable renewable energy. Overall investment has to increase to make the transition happen.

HOW TO GET THERE:

RECOMMENDATIONS TO ACCELERATE THE TRANSITION

INTRODUCE CARBON PRICING



Enhance the signal to investors that there are strong economical and financial arguments favouring a fast transition away from fossil fuels

ANALYSE AND ADDRESS COUNTRY-SPECIFIC BARRIERS



Coupled with a move to accelerate the transition and with a focus on high upscale targets

ADDRESS INCONSISTENCIES IN ENERGY POLICIES



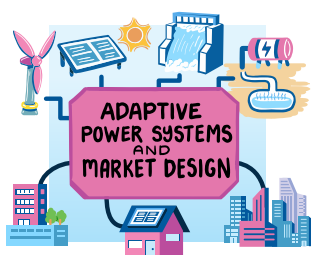
Through collaboration between stakeholders and assessments of pathways to remove them

INTRODUCE TAILORED INCENTIVES



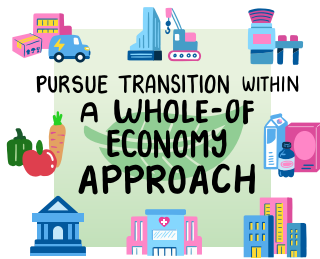
To enhance investment both in large-scale renewable energy projects as well as in distributed prosumer energy and storage

ADAPTIVE POWER SYSTEMS AND MARKET DESIGN



To adapt to the reality of an increasing share of variable renewable energy and making this an objective

PURSUDE TRANSITION WITHIN A WHOLE-OF-ECONOMY APPROACH



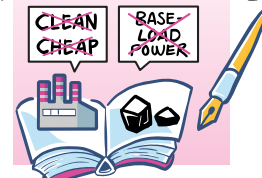
Countries should develop long-term low-carbon development strategies and significantly enhance their Paris Agreement Nationally Determined Contribution targets

ENCOURAGE SUPPORT TO DEVELOP NATIONAL AND REGIONAL SCENARIOS



As well as roadmaps for a just transition process to realise synergies between development objectives

CHANGE THE PARADIGM & NARRATIVE



No longer externalize the costs to the environment

MORATORIUM ON NEW COAL AND DEVELOPMENT OF NATIONAL TRANSITION PLANS TO PHASE OUT EXISTING COAL-FIRED POWER GENERATION BY 2040



This would attract investments into clean energy and give the institutional investors a clear signal about long-term policy and direction

TAP INTO OPPORTUNITIES for GREEN INVESTMENTS AND CHANGING PUBLIC FINANCIAL FLOWS



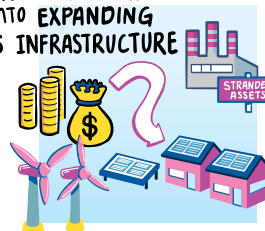
COVID-19 recovery and stimulus packages are a unique opportunity to direct and incentivize investments and attract green finance

JOINT VISION to TRANSITION to 100% RENEWABLE ENERGY



Open dialogue with all stakeholders should focus on identifying needs for support and finance the shift of investments

AVOID INVESTMENTS INTO EXPANDING GAS INFRASTRUCTURE



To prevent creating future stranded assets

THE ROLE OF CIVIL SOCIETY



CIVIL SOCIETY ORGANIZATIONS HAVE A SIGNIFICANT ROLE IN THE ENERGY TRANSITION PROCESS BY:

- **Raising awareness** of the risks of both sticking to the current narrative of delaying the necessary transition, and the need to shift investments.
- **Changing the narrative** by enhancing awareness of the vulnerability of countries in the region to climate change and the benefits of achieving the Paris Agreement 1.5°C limit.

ASSISTING IN DISSEMINATING ROBUST FINDINGS

and translating them into clear demands on objectives and goals for national and subnational governments.

IN PARTICULAR THEY CAN:



- **Call for a moratorium on new coal**, and the development of phase-out plans, including Just Transition plans to achieve the phase out of coal by 2040.



- **Demand the development of a vision and roadmap to 100% renewable energy**, integrating the transport and industry sectors.



- **Call for a moratorium on investment in large-scale gas infrastructure**, and demand a clear assessment of alternative options.



- **Call for renewable energy targets for 2030, 2040, and 2050** that are consistent with a pathway to 100 per cent renewable energy, taking into account the benefits of electrification of end-use sectors.



- **Question assumptions** for example, about costs and benefits that underlie government or government agency power system plans and are supported by national and international experts.



- **Create awareness** of the risks of stranded assets and ignoring catastrophic climate change impacts.

