



Building Back Better: Sustainable Finance for Green Industrialization and Inclusive Structural Transformation

Yin Shao Loong

Intergovernmental Expert Group on Financing for Development

22 March 2022



KHAZANAH
RESEARCH
INSTITUTE

The 2020's pose a triple challenge of:

- Recovery from pandemic;
- Effective climate action; and
- Finding answers to the long-standing challenge of industrialization.

Finance plays a critical role in realizing solutions to all three.

Malaysia's Government-linked Investment Companies

Sovereign Wealth Funds (SWFs)



Institutional Investors



RM1.7 trillion (~US\$410 billion) in assets under management.
One fourth of the market capitalization of Malaysia's stock exchange.

Khazanah Nasional & National Trust Fund (KWAN)



KHAZANAH NASIONAL BHD.

Khazanah Nasional (fund size RM120 billion; US\$28.6 billion) focuses on investment to deliver long-term risk adjusted returns and is able to undertake catalytic investments and other activities to create impactful economic and social benefits.

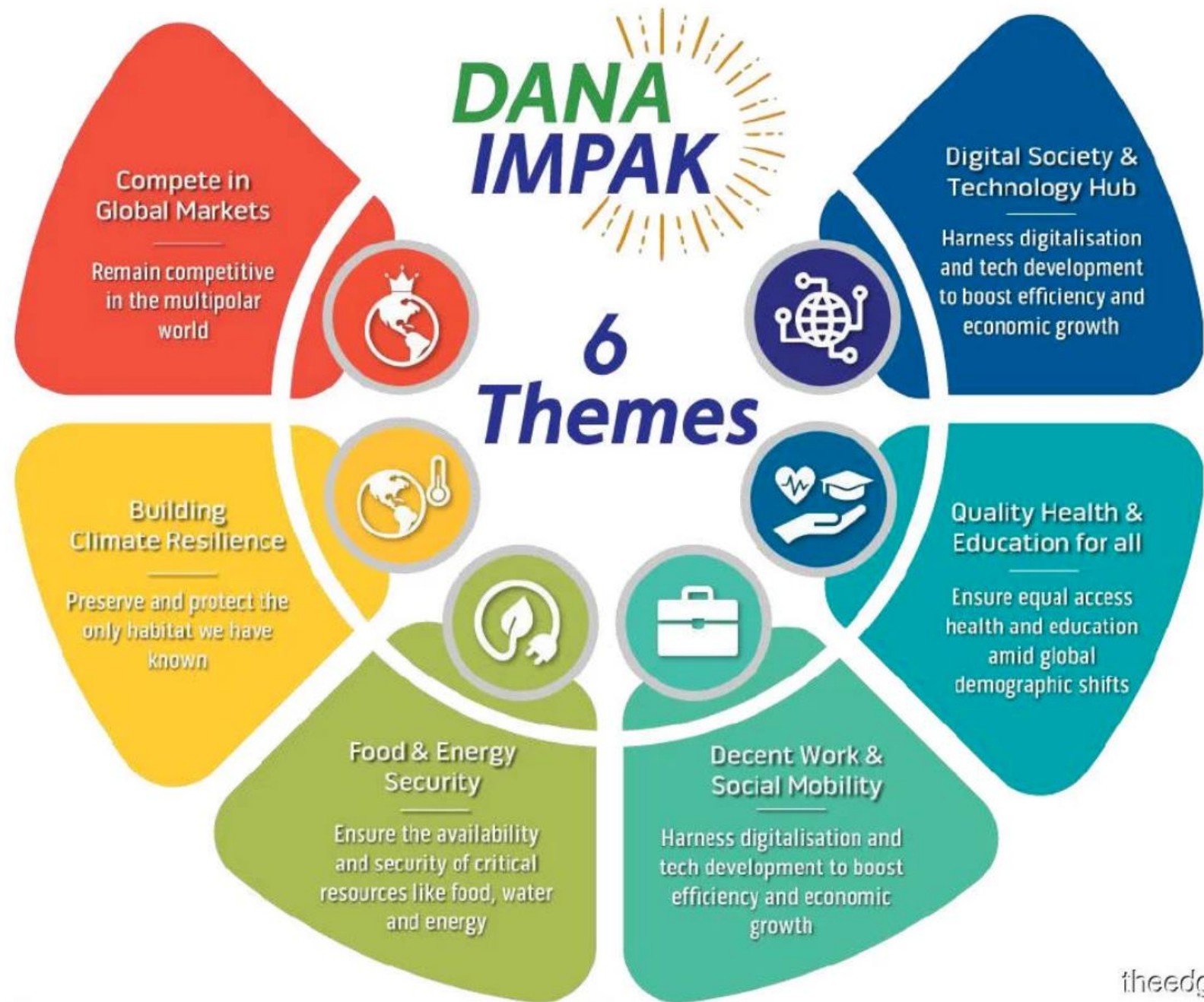


NATIONAL TRUST FUND (KWAN)

The National Trust Fund, KWAN (RM15 billion; US\$3.6 billion) is derived primarily from natural resource payments from Malaysia's national oil company PETRONAS.



KHAZANAH
NASIONAL



RM6 billion
(US\$1.4 billion)

Nature-based Climate Adaptation Programme for the Urban Areas of Penang Island



At A Glance

Country/Region:
Malaysia/Asia-Pacific

Sector:
[Urban development](#)

Grant Amount:
USD 10,000,000

Implementing Entity:
UN-Habitat

Executing Entity:
Ministry of Environment and Water (KASA),
Majlis Bandaraya Pulau Pinang (MBPP),
Jabatan Pengairan Dan Saliran (JPS), Think City

The main goal of the programme is to enhance urban resilience and reduce human and ecosystem health vulnerability to climate change impacts and extreme weather events by implementing nature-based solutions (NbS) to reduce surface temperatures and storm water runoff, as well as to increase social resilience and build institutional capacity.

George Town and Bayan Lepas, the two sub-districts or mukims in Penang have been selected based on a combination of their likely climate change impacts, land use and community

Project Component 1: Adaptation to the urban heat island effect through urban greening	US\$ 3,175,000
Project Component 2: Built projects for storm water and flood management	US\$ 2,725,000
Project Component 3: Comprehensive vulnerability / baseline assessment and action plans in targeted communities	US\$ 160,000
Project Component 4: Strengthening social resilience	US\$ 975,000
Project Component 5: Institutional capacity and knowledge transfer platform	US\$ 1,381,977
Project execution cost	US\$ 799,613
Total project cost	US\$ 9,216,590
UN-Habitat Project Cycle Management Fee	US\$ 783,410
Grant Amount	US\$ 10,000,000

Strategy and Climate Finance

- **Development finance is limited. Climate finance more so.**
- **Climate finance is skewed towards mitigation. Adaptation is only a quarter.**

Developing countries need to sift through competing priorities based on national needs and objectives. Avoid excessive mitigation burdens and tackle adaptation challenges.

- **Adaptation is highly local and context-specific. Local and national partners for climate funding.**
- **International cooperation and knowledge sharing.**
- **Industry adaptation lacking. Protect the gains of industrialisation.**
- **Policy should avoid false solutions, e.g. carbon markets & carbon capture and storage.**
- **Solutions from distinctive features of developing economies: indigenous knowledge, state-owned enterprises/SWFs**

KHAZANAH
RESEARCH
INSTITUTE

RETHINKING HOUSING: BETWEEN STATE, MARKET AND SOCIETY

A SPECIAL REPORT FOR THE FORMULATION OF
THE NATIONAL HOUSING POLICY (2018 – 2025), MALAYSIA



Lead Author: Suraya Ismail

KHAZANAH
RESEARCH
INSTITUTE

Follow KRI on social media to
keep up-to-date with our research:



@KRInstitute



@KRInstitute or
www.facebook.com/KRInstitute/



Khazanah Research Institute



@krinstitute