



**Climate Finance  
Innovation Lab (CFIL)  
Charter**

**May 2025**



**Table of Contents**

1.0 Background..... 3

2.0 Purpose ..... 3

3.0 Objectives..... 4

4.0 Scope of activities ..... 4

5.0 Coverage..... 4

6.0 Membership and governance structure ..... 5

7.0 Meetings and proceedings ..... 7

8.0 Confidentiality..... 7

9.0 Amendments to the Charter..... 8

10.0 Effective date ..... 8

## **1.0 Background**

- 1.1. Malaysia has committed to climate goals under the Paris Agreement, pledging to achieve net-zero greenhouse gas (GHG) emissions by 2050. Malaysia's Nationally Determined Contributions (NDCs) also include a commitment to reducing carbon intensity by 45% by 2030 compared to 2005 levels.
- 1.2. Anchored by Malaysia's National Investment Aspiration (NIA), the transition to a low carbon and green economy is a national strategic priority, in driving a more sustainable economic growth, enhancing competitiveness and securing Malaysia's long-term resilience in a rapidly evolving global landscape.
- 1.3. The National Energy Transition Roadmap (NETR), a national strategic roadmap for Malaysia's energy transition, estimated RM1.2 trillion to RM1.3 trillion is required to achieve Malaysia's transition to a low-carbon economy by 2050. Additionally, the Ministry of Energy Transition and Water Transformation (PETRA) highlighted that almost RM400 billion is required for climate adaptation until 2050. Finance plays a key role in enabling the realisation of the outcomes of these national policies, and to support and accelerate climate and nature action in Malaysia, including adaptation measures and nature-based solutions.
- 1.4. Given the sizeable amount of investment and funding required, public sector financing on its own is insufficient. Furthermore, the nature of the funding needs for many of the projects calls for new innovative solutions requiring greater public-private collaboration and partnerships. Blended finance solutions are essential to mitigate risks and bridge the financing gap for marginally bankable projects.

## **2.0 Purpose**

- 2.1 The Climate Finance Innovation Lab (CFIL) aims to serve as a collaborative platform to ideate, develop, and accelerate innovative climate finance solutions and mechanisms that can mobilise private and public finance to support Malaysia's transition to net zero, to strengthen its climate resilience and to advance nature-positive actions.

### 3.0 Objectives

3.1 CFIL is established to:

- 3.1.1 Identify marginally bankable climate and nature-related projects that align with Malaysia's climate ambitions.
- 3.1.2 Explore, develop and mobilise innovative solutions for climate and nature-related finance, including blended finance models and risk mitigation strategies
- 3.1.3 Strengthen public-private collaborations to drive ecosystem development and maturity for climate and nature-related action.

### 4.0 Scope of activities

- 4.1 **Partnership facilitation:** engage and bring together diverse stakeholders to foster partnerships and mobilize resources for impactful climate action.
- 4.2 **Financial instruments innovation:** design and develop innovative financial instruments to support the development and scaling of projects. This may include structuring of innovative solutions and providing technical support to enhance project viability.
- 4.3 **Research and development:** undertake research and analysis of global innovative climate finance mechanisms to inform local strategies and solutions.
- 4.4 **Capacity building:** deliver targeted workshops, training programs, and knowledge-sharing platforms to enhance the technical and strategic capabilities of stakeholders in climate finance.

### 5.0 Coverage

5.1 CFIL will focus on the following thematic areas:

- 5.1.1 Energy transition and green innovation;
- 5.1.2 Circular Economy and sustainable cities;
- 5.1.3 Sustainable agriculture; and
- 5.1.4 Nature-based solutions and biodiversity.

5.2 Examples of projects related to these thematic areas are provided in Appendix 1.

## 6.0 Membership and governance structure

6.1 CFIL will operate as one of the platforms under the Joint Committee on Climate Change (JC3) Co-chairs.

6.2 The structure shall encompass the following:

6.2.1 CFIL Administrator (the Administrator); and

6.2.2 CFIL Project Labs (the Labs)

6.3 CFIL memberships are subject to the following terms:

6.3.1 The Administrator

6.3.1.1 Shall be appointed by the JC3 Co-chairs.

6.3.2 The Labs

6.3.2.1 Lab shall comprise an undetermined number of members depending on project needs, with the following composition:

- a. Project champions;
- b. Capital and protection providers;
- c. Subject matter experts relevant to the project; and
- d. Other relevant stakeholders.

6.3.2.2 Membership of a Lab shall be by institution, which shall retain the right to appoint and make changes to its representatives throughout the duration of the Lab.

6.3.2.3 An institution may withdraw from the Lab by providing a written notice to the Administrator of no less than fourteen days from the intended exit date.

6.3.2.4 A designated Project Lead shall be duly appointed among the Lab members through mutual agreement of all participating members.

6.3.2.5 A designated representative of the Administrator shall be included in the membership of each Lab to oversee coordination and manage secretariat responsibilities related to the Lab's operations.

6.4 CFIL members are expected to fulfil their respective roles and responsibilities as follows:

6.4.1 The Administrator

6.4.1.1 Responsible for day-to-day administration of CFIL. This includes but is not limited to:

- a. All relevant administrative-related work, including but not limited to documentation, record-keeping, platform maintenance, correspondence management, and any other duties incidental thereto.
- b. Subject to 5.0, screen project submissions to determine their eligibility to participate in CFIL.
- c. Identify and enable access to stakeholders including but not limited to funders or technical partners for Lab activities.
- d. Establish and coordinate Labs for the development and mobilisation of solutions.
- e. Track, monitor and evaluate the implementation progress and impact metrics. Progress should be reported to the JC3 Co-chairs periodically.

#### 6.4.2 The Lab

6.4.2.1 Labs shall be established by the Administrator to ensure delivery of project-specific solutions. Tasks include but are not limited to:

- a. Develop, approve, and mobilise the operationalisation of project solutions and financing structures.
- b. Identify and assess policies and regulations applicable to the project for consideration and compliance.
- c. Provide technical assistance to the project, including advisory service.
- d. Identify and enable access to wider networks of stakeholders, including potential funders and subject matter experts.
- e. Establish the impact metrics of the project for progress evaluation.
- f. Track, monitor and evaluate the progress of the project based on established impact metrics. The designated Project Lead shall submit periodic progress reports to the Administrator.

## **7.0 Meetings and proceedings**

### **7.1 The Lab**

- 7.1.1 The Lab to convene physical or virtual meetings, as and when deemed necessary.
- 7.1.2 The quorum necessary to convene a Lab meeting shall be by a common agreement among Lab members. Any decision, excluding institution-specific decisions, shall be achieved by a simple majority.
- 7.1.3 The Project Lead shall chair the Lab meeting. In the absence, he/she may appoint a named alternate to chair the meeting, and the named alternate shall be among the Lab members.
- 7.1.4 Lab members may invite any person (e.g. subject matter experts) to participate in the Lab, subject to approval from the Project Lead, but such person will not form part of the decision making.

## **8.0 Confidentiality**

- 8.1 Any information disclosed to, or opinions expressed by CFIL members shall be treated as confidential.
- 8.2 CFIL members participating in a Lab shall execute a Non-Disclosure Agreement (NDA) to ensure the confidentiality of any information disclosed in connection with the Lab.
- 8.3 CFIL members shall maintain confidentiality of all information shared, made available and discussed, and shall store safely with utmost care any information, materials, documents, notes or any property used for the purpose of CFIL matters. Involvement of third parties in handling information is not permitted, without prior written permission from the Administrator and the project owner.



## **9.0 Amendments to the Charter**

9.1 Any amendments to the CFIL Charter shall be approved by the JC3 Co-chairs.

## **10.0 Effective date**

10.1 This Charter shall take effect upon endorsement by the JC3 Co-chairs and remains effective until amended or replaced.



## Appendix 1: Key sector focus

| Sector                              | Energy transition and green innovation  | Circular economy and sustainable cities  | Sustainable agriculture  | Nature-based solutions and biodiversity   |
|-------------------------------------|---|--|--|---|
| <b>Example of eligible projects</b> | <p><b>7.0</b> Renewable energy (e.g., solar, hydro, wind, wave, waste-to-energy, small modular reactor)</p> <p><b>7.1</b> Energy efficiency (e.g., waste heat recovery systems, energy efficient products)</p> <p><b>7.2</b> Energy distribution and management (e.g., grid enhancement)</p> <p><b>7.3</b> Energy and battery storage</p> <p><b>7.4</b> Green hydrogen (excluding grey hydrogen)</p> <p><b>7.5</b> Bioenergy (excluding biomass derived from unsustainable logging)</p> | <p><b>7.7</b> Climate adaptation infrastructure (e.g., flood mitigation system, drainage and irrigation infrastructure)</p> <p><b>7.8</b> Green building (e.g., GBI/LEED/GreenRE certified – silver equivalent and above)</p> <p><b>7.9</b> Low carbon transport and infrastructure (e.g., mass transit, EV charging infrastructure, green fuel bunkering for ports); (exclude fossil fuel-based transport)</p> <p><b>7.10</b> Water, sanitation, and hygiene systems (e.g.,</p> | <p><b>7.12</b> Food security (e.g., water irrigation, soil management, sustainable livestock management)</p> <p><b>7.13</b> Low-emission agriculture (e.g., Good Agricultural Practice-certified farming, zero-waste farming, smart farming, precision agriculture); (exclude chemical fertilizers and pesticides production, deforestation of high conservation value area)</p> | <p><b>7.14</b> Forestry</p> <p><b>7.15</b> Conservation and protection</p> <p><b>7.16</b> Restoration</p> |

|  |   |   |  |  |
|--|---|---|--|--|
|  | <i>practices)</i><br><b>7.6</b> Carbon capture, utilization and storage <i>(technology-based and nature-based CCUS)</i> | <i>water distribution, water treatment plant)</i><br><b>7.11</b> Resource and waste management <i>(excluding open landfill)</i> |  |  |
|--|---|---|--|--|