

IFC-Cagamas MOU to boost Malaysia's green building finance

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KUALA LUMPUR: The International Finance Corporation (IFC), a member of the World Bank Group, and Cagamas Bhd have signed a memorandum of understanding (MoU) to expand green building finance in Malaysia as part of efforts to reduce carbon emissions and support the country's net-zero target by 2050.

In a joint statement today, the two said that the collaboration aims to support climate-friendly investments in housing and construction sectors while helping financial institutions develop green financing products such as green bonds, credit lines, and funding for sustainable cooling technologies in line with Malaysia's climate goals.

This is IFC's first engagement in the green building sector in Malaysia. It established a presence in Malaysia in 2023. Cagamas is Malaysia's national mortgage corporation.

"It also aims to help financial institutions build pipelines of bankable projects, manage environmental, social, and climate risks in the building sector, as well as to facilitate dialogue to address barriers to sustainable housing development between the public sector and banking sector, among other initiatives.

"The collaboration also seeks to make green housing more affordable and accessible to lower-income groups and women in Malaysia by growing the market for green mortgage products and addressing other housing finance gaps," the statement said.

World Bank Group country manager for Malaysia Judith Green said the partnership supports demand for green housing while also contributing to Malaysia's inclusivity efforts.

"Together, we aim to improve access to housing and reduce emissions, encourage climate-smart investment in the building sector, and strengthen the financial sector's capacity to support Malaysia in achieving its climate commitments under the Paris Agreement," she said.

The Paris Agreement is a global climate treaty adopted in 2015 to limit temperature rise to well below 2 degrees Celsius while aiming for 1.5 degrees Celsius above pre-industrial levels.

Cagamas president and chief executive officer Kameel Abdul Halim said the collaboration is part of efforts to expand Malaysia's green and affordable housing, adding that working with IFC will help support sustainable development in the sector.

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