

Case Study

Green Economy Agenda of Brunei Darussalam



Name of the Organization

Brunei Economic Development
Board (BEDB)

Country

Brunei Darussalam

SUMMARY OF INITIATIVE

Green Foreign Direct Investment (FDI) in Southeast Asia is increasingly viewed through the lens of sustainable growth and low-carbon transformation. ASEAN attracted USD 230 billion in FDI in 2023, with approximately 25 percent directed toward greenfield projects in renewable energy, sustainable infrastructure, and the circular economy (ASEAN Investment Report 2024). While Brunei Darussalam represents a smaller share of total inflows, its targeted approach seeks to align with global Environmental, Social, and Governance (ESG) investment patterns and reduce economic vulnerability from fossil fuel dependency. In this context, the Brunei Economic Development Board (BEDB), as the national investment promotion agency, supports the attraction and facilitation of green investment by translating policy commitments into bankable opportunities.

Policy frameworks such as the Brunei Economic Blueprint, the Brunei National Climate Change Policy (BNCCP), and the Brunei Vision 2035 provide long-term investment signals that BEDB uses to guide investor engagement, which collectively support low-carbon development and economic diversification goals.

Together, these frameworks outline ambitious goals such as achieving a 30 percent renewable energy share by 2035 and reaching net-zero emissions by 2050. They also estimate a green economic potential valued at USD 760 million and set an annual carbon emissions reduction target between 3.8 and 6.2 million tonnes of CO₂.

Key initiatives, supported by BEDB, include the development of ESG-aligned financial products, enhanced inter-agency regulatory coordination, and pilot green infrastructure projects designed to serve as scalable, low-carbon investment models. While these early efforts mark important progress, their full impact remains to be rigorously assessed, with a comprehensive evaluation of ESG product performance and pilot project uptake still pending.



A microalgae cultivation facility utilizing photobioreactors, Brunei Darussalam

Strategically, Brunei is focusing on sectors where it has potential comparative advantage, such as green hydrogen and methanol, advanced biofuels, and sustainable finance. These sectors were selected based on resource availability, existing institutional capacity, and alignment with regional sustainability goals. Yet, implementation challenges persist, including limited technical expertise in biofuels and underdeveloped regulatory mechanisms for integrating private investment.

Brunei's green FDI strategy navigates the challenges of shifting from a hydrocarbon-based economy through two major solar projects: the 30 MW Solar Photovoltaic Power Plant at Kampong Belimbing, Brunei's largest and first public-private partnership solar facility, and Project SINAR by Hengyi Industries, which aims to deploy up to 476 MWp of solar capacity integrated into petrochemical operations at Pulau Muara Besar.

CONTEXT & CATALYST

Brunei's historically high dependence on oil and gas, contributing more than 50 percent of GDP and over 90 percent of exports, has prompted a reassessment of economic resilience (Brunei Economic Blueprint). Global decarbonization trends and price volatility further amplify the urgency to diversify.

The commitment to net-zero greenhouse gas emissions by 2050, enshrined in national policies, serves both as a climate goal and a strategic response to this economic concentration risk. For BEDB, these commitments function as core investment messaging used to position Brunei for climate-aligned FDI. Increasing renewable energy's share in the national electricity mix to 30 percent by 2035 is one actionable target.

A modest rebound in FDI inflows in 2024, amounting to USD 25.4 million following a net outflow in 2023, provides a tentative sign of investor interest.

FDI remains concentrated in manufacturing, mining and quarrying, and finance, sectors that could evolve to support green transition priorities with the right enabling environment.

RELEVANT NATIONAL STRATEGIES/AGENDA

Brunei's green economy strategy is not standalone but embedded within the national development vision. The Brunei Economic Blueprint, BNCCP, and Brunei Vision 2035 offer an integrated framework for aligning economic diversification with environmental goals.

Implementation mechanisms include inter-ministerial taskforces, technical advisory committees, and targeted programmes led by the Ministry of Finance and Economy, Department of Energy, BEDB, Brunei National Council on Climate Change and Ministry of Development.

However, a clearer articulation of institutional roles, resourcing levels, and enforcement mechanisms would enhance transparency and operational effectiveness. Within this framework, BEDB operationalizes these national strategies from an investment perspective by coordinating investor engagement and supporting the translation of policy objectives into investable projects.



Ministry of Finance and Economy



GOVERNMENT STAKEHOLDERS / WHOLE OF GOVERNMENT APPROACH

The initiative is driven through collaboration among key ministries and agencies, with BEDB serving as the primary investment facilitation and coordination body working alongside the Ministry of Finance and Economy, Department of Energy, Ministry of Development, the Brunei Climate Change Office (BCCO), regulatory bodies, and financial institutions.

Enablers	Key actions
<p>Green investment promotion: Promoting green investment is central to Brunei’s strategy to attract sustainable capital flows. The country’s low-emission profile and renewable energy potential are emphasized in regional and bilateral forums to position Brunei as a viable destination for climate-aligned investment. Through BEDB, the government facilitates high-level engagement and showcases green sector opportunities, with early efforts reflected in regional cooperation agreements and public-private dialogues (UK–Brunei Green Economy Framework, 2023). BEDB acts as the entry point for green investors, leading targeted outreach, facilitating high-level engagements, and providing investor aftercare.</p>	<p>Position Brunei as a regional green investment hub by leveraging emissions credentials, conservation policies, and targeted international engagement.</p>
<p>Fiscal and financial incentives: Expanding public-private partnerships and formalizing long-term power purchase agreements are critical to providing the certainty investors need to commit capital to green projects. Brunei is actively developing green financial instruments, including ESG-aligned investment portfolios, while exploring tax incentives for projects certified as sustainable. Local banks have introduced sustainable investment products, though comprehensive data on portfolio volumes remains limited. These initiatives are bolstered by ongoing capacity-building programs designed to enhance financial sector expertise in evaluating environmental risks. BEDB supports investors in navigating these incentives and coordinates with relevant authorities to improve project bankability and reduce transaction risks (Brunei Economic Blueprint; Brunei SDG Governance, 2023).</p>	<p>Promote and expand catalytic financial mechanisms including green loans, ESG-compliant funds, and targeted tax relief to mitigate investor risk and align financial returns with sustainability objectives.</p>
<p>Infrastructure and Planning: Green-certified infrastructure projects are under early-stage development, including residential and industrial zones designed for energy and resource efficiency. These initiatives aim to demonstrate the viability of low-carbon infrastructure models that can later attract private capital. BEDB promotes these pilot initiatives as part of an emerging pipeline of investment-ready green infrastructure projects. (Brunei Economic Blueprint).</p>	<p>Develop pilot infrastructure to serve as demonstrators for scalable investment-ready green development models.</p>
<p>Human Capital and Capacity Building: Capacity-building programs led by government agencies and partners have supported training in ESG compliance, project design, and green financial structuring. These efforts aim to raise institutional readiness to engage with green investors, but widespread application remains limited (Brunei SDG Governance, 2023).</p>	<p>Enhance technical and regulatory capacity to support project preparation, investor interfacing, and private capital mobilization.</p>



Enablers <i>(cont.)</i>	Key actions
<p>Governance and Investor Assurance: Brunei has begun to strengthen cross-ministerial coordination through formal taskforces and technical advisory mechanisms. Robust monitoring frameworks are in development to improve investment accountability and align national reporting with SDG commitments (Brunei SDG Governance, 2023).</p>	<p>Consolidate governance and reporting frameworks to build investor confidence through transparency and predictability.</p>

WHAT THEY DID

Brunei laid several foundational elements to support future green investment. These include the development of ESG-aligned financial products by local institutions, the creation of fiscal tools designed to enhance project bankability, and the establishment of inter-agency coordination mechanisms that improve regulatory clarity (Brunei Economic Blueprint). Although these policy-driven instruments remain in early stages, they demonstrate a clear commitment to strengthening the enabling environment for green finance.

Pilot projects within green-certified zones and energy-efficient infrastructure have been launched to test scalable, low-carbon models capable of attracting future investment. Feasibility studies in biofuels and hydrogen, supported by international technical collaboration, have advanced regulatory and institutional expertise (Brunei SDG Governance, 2023).

Brunei has initiated three major projects, BEDB has supported these initiatives through investment facilitation, inter-agency coordination, and engagement with domestic and foreign investors.

The 30 MW Solar Photovoltaics Power Plant (SPVPP) at Kampong Belimbing is Brunei’s largest government-led solar project to date. Developed on a remediated landfill site, the project is led by Seri Suria Power (B) Sdn Bhd, a joint venture between government-linked companies Khazanah Satu Sdn Bhd and Serikandi Oilfield Services Sdn Bhd, alongside Atlantic Blue Sdn Bhd from Malaysia.

The project operates under a 25-year power purchase agreement with the Department of Electrical Services, providing long-term energy sales guarantees that support investment certainty. This initiative marks Brunei’s first large-scale solar project under a public-private partnership framework (Borneo Bulletin. (n.d.). *Brunei signs solar project landmark agreements*, <https://borneobulletin.com.bn/brunei-signs-solar-project-landmark-agreements/>)

Project SINAR, launched by Hengyi Industries at Pulau Muara Besar Industrial Park, is a phased solar energy installation aiming to reach up to 476 MWp of photovoltaic capacity. The initial phase targets 48 MWp, with solar panels installed on rooftops, car sheds, and open spaces across the industrial park. Pulau Muara Besar benefits from high solar irradiance, making it well-suited for solar power generation. The solar energy generated will primarily support Hengyi’s petrochemical refinery operations, with any surplus contributing to the national power grid (Hengyi Industries. Hengyi Industries launches Project SINAR, a major solar energy initiative in Pulau Muara Besar. (<https://www.hengyi-industries.com/media/press-releases/hengyi-industries-launches-project-sinar.-a-major-solar-energy-initiative-in-pulau-muara-besar/>)). As of February 2026, Stage 1 of Project SINAR has entered its operational phase, delivering over 50 MWp of installed capacity across 36 hectares, comprising 80,374 photovoltaic panels (630W each) supported by 24 MWh of energy storage.



The project is expected to generate up to 84,000 MWh of clean electricity annually, supplying approximately 7% of the refinery's total energy requirements. It is projected to reduce carbon emissions by an estimated 137,180 tonnes of CO₂ per year, representing a significant contribution to Brunei Darussalam's target of achieving at least 30% renewable energy capacity by 2035 under Wawasan Brunei 2035 (https://www.mofe.gov.bn/2026/02/12/pr_12022026_hengyi/)

Jets Sdn Bhd, an FDI-backed company, has launched Southeast Asia's first net-zero, solar-powered shrimp farm in Serasa, Brunei, integrating AI technology to optimize production and maintain a zero-carbon footprint. The facility, part of the Net-Zero AquaPV Project, is expected to deliver its first export harvest by year-end. It complements Jets' existing hatchery operations and focuses on producing sustainable, organic, and halal shrimp. Jets operates as a subsidiary of the DABANC Group and is part of a joint venture that includes Brunei government investment through the Strategic Development Capital Fund, highlighting strong public-private collaboration in advancing innovative and sustainable aquaculture.

This project supports Brunei's efforts to boost high-value food exports while reducing greenhouse gas emissions in line with its sustainability goals (Biz Brunei. (2025, July). *Brunei launches Southeast Asia's first net-zero, solar-powered shrimp farm.* <https://www.bizbrunei.com/2025/07/brunei-launches-southeast-asias-first-net-zero-solar-powered-shrimp-farm/>).

Hibiscus Petroleum Berhad has commenced construction of a 12 MWp ground-mounted solar photovoltaic plant at Sungai Liang Industrial Park (SPARK) in Brunei. The facility, expected to be operational by the end of 2026, will supply renewable electricity exclusively to the Group's Low-Pressure Compressor facility at the Onshore Processing Plant.

The project is designed to reduce operational emissions, enhance energy efficiency, and improve the reliability of power supply to critical industrial infrastructure. It contributes to Brunei's national target of achieving at least 30% renewable energy capacity by 2035 and reflects increasing integration of renewable energy within the country's oil and gas sector as part of the broader energy transition. (Hibiscus Petroleum Berhad, Press Release, 9 February 2026)

WHAT IS NEEDED

To accelerate the transition from foundational readiness to actual investment flows, Brunei can focus on enabling conditions that support project development and capital mobilization. While feasibility studies and capacity-building efforts are underway, there is limited evidence of a robust pipeline of green projects reaching the investment-ready stage (Brunei SDG Governance, 2023). Moving from preparatory work to implementation will require tools that reduce risk and improve project visibility for investors.

Enhancing fiscal instruments, such as green bonds or sector-specific investment funds, could help channel finance toward scalable opportunities. At the same time, aligning permitting processes, standardizing project criteria, and improving the clarity of regulatory pathways will be essential to build investor confidence. These steps may help transition pilot demonstrations and early-stage policy frameworks into platforms for private capital engagement.

Institutional stakeholders have taken important steps in improving ESG literacy and policy coherence, but investor feedback loops and transaction-level guidance remain underdeveloped. Building market traction will likely require more structured outreach to institutional investors, SMEs, and international partners.

Strengthening these channels can support the conversion of policy momentum into viable green investment deals that align with Brunei's long-term climate and economic goals (Brunei SDG Governance, 2023).

RESULTS

Between 2022 and 2024, Brunei initiated a number of foundational activities to support its green FDI ambitions. These include the introduction of ESG-aligned financial instruments by domestic financial institutions and the signing of memorandums of understanding (MoUs) for green infrastructure, circular economy initiatives, and biofuel feasibility assessments (Brunei Economic Blueprint; Brunei SDG Governance, 2023).

While these developments indicate growing policy momentum and institutional engagement, the absence of publicly available data on financial flows, investment volume, or project implementation timelines limits the ability to assess effectiveness at this stage. The results remain largely qualitative and illustrative rather than quantifiable.

Evidence of investor engagement, such as reported increases in interest in sustainable finance, reflects a positive shift in market awareness, but the extent of actual investment mobilization remains to be seen. As such, early outcomes are best understood as signals of readiness rather than indicators of transformation.

The initiation of solar projects marks a significant milestone in Brunei's green economy ambitions. The Kampong Belimbing SPVPP highlights innovative land remediation for renewable energy, combined with a clear PPP investment framework supported by contractual guarantees.

Project SINAR integrates solar power within an existing petrochemical industrial park, reducing transmission losses and demonstrating synergies between the energy transition and Brunei's established oil and gas sectors. Together, they provide practical examples for scaling low-carbon infrastructure and refining regulatory and financial frameworks to attract additional private investment.

While these projects signal growing implementation capacity, comprehensive data on investment volumes, operational performance, and socio-economic impacts remain limited, reflecting the early stage of Brunei's green infrastructure development.

MONITORING AND EVALUATION

Brunei's monitoring and evaluation (M&E) approach is gradually evolving into a more strategic tool to support its green economy transition. Core indicators under development include biofuel production, CO₂ emissions avoided, certified processing facilities, and employment along the bioenergy value chain (Brunei National SDG Report, 2023). Data is collected through national surveys, third-party verification, and project-level reporting, led by the Ministry of Finance and Economy, BEDB and Brunei Climate Change Office (Brunei SDG Governance, 2023).

Although progress has been made, challenges persist in achieving consistent data quality and linking activities to measurable outcomes. Current efforts focus more on inputs than on assessing the actual effectiveness of policies. Strengthening these feedback loops is critical to building investor confidence and enabling performance-based funding. Benchmarking practices are also being introduced to improve internal policy design and ensure alignment with evolving international sustainability standards (ASEAN Biofuel Strategy, 2023).



A structured M&E system is now being used to track broader progress, including metrics such as green-certified projects, sustainable finance mobilization, and job creation in low-carbon sectors. These indicators are integrated into Brunei's SDG reporting architecture to support coherent tracking across initiatives (Brunei SDG Governance, 2023).

KEY TAKEAWAYS

Brunei's green transition is firmly anchored in national strategies that integrate environmental stewardship with sustainable economic diversification. The government has initiated foundational measures such as introducing ESG-compliant financial products, piloting low-carbon infrastructure projects, and strengthening regulatory frameworks in emerging sectors like hydrogen and biofuels.

While these efforts demonstrate institutional readiness, significant investor-driven activity remains limited. A modest rebound in FDI inflows in 2024 signals growing interest, yet public data does not yet confirm a tangible shift of capital toward green sectors.

Advancing further investment will depend on establishing a robust pipeline of investable projects, enhancing risk-sharing mechanisms, and expanding targeted outreach to prospective investors.

Essential investor tools, including deal pipelines, standardized reporting frameworks, and cross-border engagement platforms, are still nascent or largely undeveloped. Brunei's progression from early-stage initiatives to substantial capital mobilization will hinge on translating policy commitments into concrete, bankable opportunities supported by credible metrics and transparent governance.

The country is actively developing green-certified infrastructure that emphasizes energy and resource efficiency, aiming to demonstrate scalable, low-carbon development models capable of attracting private capital (Brunei Economic Blueprint, 2020–2035).

CONTACT

Brunei Economic Development Board (BEDB)

Design & Technology Building,
Simpang 32-37, Anggerek Desa Technology Park,
Bandar Seri Begawan, BB3713,
Brunei Darussalam

673-223-0111

673-238-4830

info@bedb.gov.bn



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