Supporting a Strong, Inclusive and Sustainable Recovery in ASEAN

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President
Asian Development Bank

ASEAN Finance Ministers’ Meeting’s Special Session between ASEAN Finance Ministers, Central Bank Governors, and Heads of International Financial Organizations
30 March 2021
A DB’s response to COVID-19

- A DB announced $20 billion comprehensive COVID 19 response package 13 April 2020
- As of 26 March 2021, A DB committed $17.0 billion for DMCs and the private sector
- A DB mobilized $12.1 billion in cofinancing from development partners and commercial sources

Quick-Disbursing Budget Support: COVID-19 Pandemic Response Option (CPROs) in 2020

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>1,508</td>
</tr>
<tr>
<td>Philippines</td>
<td>1,505</td>
</tr>
<tr>
<td>India</td>
<td>1,500</td>
</tr>
<tr>
<td>Bhutan</td>
<td>20</td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>50</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>500</td>
</tr>
<tr>
<td>Mongolia</td>
<td>100</td>
</tr>
<tr>
<td>Nepal</td>
<td>250</td>
</tr>
<tr>
<td>Georgia</td>
<td>102</td>
</tr>
<tr>
<td>Pakistan</td>
<td>500</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>50</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>20</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>500</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>1,078</td>
</tr>
<tr>
<td>Maldives</td>
<td>50</td>
</tr>
<tr>
<td>Thailand</td>
<td>1,500</td>
</tr>
<tr>
<td>Cambodia</td>
<td>250</td>
</tr>
<tr>
<td>Palau</td>
<td>20</td>
</tr>
<tr>
<td>Samoa</td>
<td>20</td>
</tr>
<tr>
<td>Myanmar</td>
<td>250</td>
</tr>
<tr>
<td>FSM</td>
<td>14</td>
</tr>
<tr>
<td>Cook Islands</td>
<td>21</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>100</td>
</tr>
<tr>
<td>Papua New Guinea</td>
<td>250</td>
</tr>
<tr>
<td>Marshall Islands</td>
<td>16</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>17</td>
</tr>
</tbody>
</table>

TOTAL ($ million) 10,191*

*Based on US dollar equivalent at time of signing.

Technical Assistance and Grants

- $194 million in technical assistance and quick-disbursing grants to 41 DMCs for urgent needs
- A DB worked closely with other MDBs and UN agencies

Private Sector Support

- $502 million in direct private sector lending
- $3.1 billion through short-term financing program (trade/supply chain finance, micro-finance guarantee program)
ADB support for COVID-19 vaccines

- ADB announced $9 billion Asia Pacific Vaccine Access Facility (APVAX) on 11 December 2020
- To support DMCs access and distribute COVID-19 vaccines safely and swiftly
- As of 26 March 2021, ADB committed $425 million vaccine support ($400 million in new loans and $25 million from ongoing project repurposed for purchase of vaccine in the Philippines)
- ADB mobilized $300 million in cofinancing from development partners

Asia Pacific Vaccine Access Facility

- Two Components:
  (i) Rapid Response Component—Procuring vaccines
  (ii) Project Investment Component—Support for distribution
- Vaccine Eligibility Criteria:
  (i) procured via COVAX; or
  (ii) WHO prequalified vaccine manufacturer; or
  (iii) authorized by a Stringent Regulatory Authority (SRA) for manufacture in an SRA country or SRA-authorized manufacturer in a non-SRA country
- Access Criteria:
  (i) Assessment and national vaccine allocation plan acceptable to ADB
  (ii) An effective development partner coordination mechanism with partners such as WHO, UNICEF, GAVI, COVAX, World Bank Group, and others

Private Sector Support and Technical Assistance

- In addition to APVAX, ADB will support vaccines through
  (i) Nonsovereign operations for supply and trade financing, storage, logistics, and distribution
  (ii) Technical assistance for needs assessments, capacity building, project design and implementation
Key policy issues to ensure strong, inclusive and sustainable recovery

- **Strengthen regional cooperation and integration**
  - Maintain sound macrofinancial policies and reinforce regional financial safety nets
  - Deepen regional trade and supply chains
  - Build regional health security

- **Enhance domestic resource mobilization**
  - Strengthen tax systems and international tax cooperation
  - Develop local currency bond markets with thematic bonds
  - Catalyze green finance to mobilize private sector resources
Maintain sound macrofinancial policies and reinforce regional financial safety nets

Eventual interest rate rise in advanced economies may trigger capital outflows and drive currency volatility in emerging economies.

Further enhance the Chiang Mai Initiative Multilateralisation (CMIM) by:

- Making it more flexible and responsive
- Improving its operability and market confidence
- Implementing the plan to institutionalize local currency contributions

AUS = Australia, CAN = Canada, EUA = euro area, JPN = Japan, UKG = United Kingdom, USA = United States. Sources: Bloomberg and national data.

Note: Sample includes selected ASEAN economies. Portfolio equity includes Indonesia, Malaysia, Philippines, Thailand, and Viet Nam. Portfolio debt includes Indonesia, Malaysia and Thailand only. Source: Institute of International Finance and national source.
Deepen regional trade and supply chains

- Take advantage of global supply chain reconfiguration
  - Regionalization
  - Diversification

- Enhance competitiveness by addressing nontariff trade barriers; promote digitalization
  - Reduce behind-the-border bottlenecks
  - Improve trade logistics and efficiency
  - Promote paperless trade

- Provide trade and supply chain finance to help SMEs join international trade and supply chains
Build regional health security

Regional Health Security in ASEAN

ASEAN Strategic Framework for Public Health Emergencies
• Enhances ASEAN preparedness, detection, response and resilience to public health emergencies
• Helps establish Regional Reserve for Medical Supplies

ASEAN Vaccine Security and Self-Reliance
• Builds on existing vaccine manufacturing and logistics capacities in several ASEAN countries

ASEAN Center for Public Health Emergencies and Emerging Diseases
• Strengthens region-wide disease surveillance and outbreak response
Strengthen tax systems and international tax cooperation

Tax-to-GDP ratio in most ASEAN DMCs below Asia-Pacific average—some downward trends

- **Tax policies** play a vital role in domestic resource mobilization
- **International tax cooperation** crucial to closing international tax loopholes and addressing tax evasion.
- Six ASEAN members joined Inclusive Framework on BEPS; eight ASEAN members joined Global Forum on Tax Transparency
- ADB establishing Regional Hub on Domestic Resource Mobilization and International Tax Cooperation

*2019 figures are estimates.
Note: Data do not include Social Security Contribution. DevAsia (Developing Asia) refers to ADB’s developing member economies with available data.
Source: ADB Key Indicators Database, IMF Article IV Reports, OECD.Stat, and World Bank World Development Indicators.
Deepen LCY bond markets with thematic bonds

ASEAN+3 Asian Bond Markets Initiative (ABMI)

- Technical assistance helps DMCs create ecosystem for sustainable LCY bond market development in ASEAN
  - Strengthen capacity of local service providers to provide green bond verification service, approved by Climate Bonds Initiative
  - Organize knowledge events and capacity building programs
  - Publish detailed guidance for issuing green bonds on AsianBondsOnline
  - Provide technical support to potential thematic corporate bond issuers

ASEAN Capital Markets Forum (ACMF)

- Technical assistance promotes interconnected, inclusive and resilient ASEAN capital market
  - Develop ASEAN sustainable finance taxonomy, ensure alignment of sustainable finance initiative with regional working committees, and private sector
  - Develop and promote ASEAN Green, Social and Sustainable Bonds Standards with $6.5 billion local currency issuances
  - Support for ACMF Roadmap for ASEAN Sustainable Capital Markets

Size of LCY Bond Market in ASEAN Markets (Total Outstanding Size, $ billion)

Green, Social, and Sustainable Bonds in ASEAN Markets (Total Outstanding Size, $ billion)

ASEAN = Association of Southeast Asian Nations.
Note: Data include the markets of ASEAN5 (Indonesia, Malaysia, the Philippines, Singapore, Thailand), and Viet Nam. For green, social, and sustainable bonds chart, data cover ASEAN5 only.
Source: AsianBondsOnline calculations based on Bloomberg LP data.
### Catalyze green finance for a green recovery

**ASEAN Catalytic Green Finance Facility (ACGF)**

**Objective:** Provide de-risking funds and technical assistance to scale up green projects in the region

Launched 2019 by the ASEAN Infrastructure Fund, which is owned all ASEAN countries and ADB

Administered by ADB

### Integrated Support Offered

<table>
<thead>
<tr>
<th>Mobilizing loan and technical assistance funds from ACGF partners</th>
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<tbody>
<tr>
<td>• $1.4 billion financing commitments from 6 partners (ADB, EIB, KFW, AFD, Rep. of Korea, EU) for green projects</td>
</tr>
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<td>• TA funds available for incorporation of innovative green finance instruments and approaches in projects</td>
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<th>Newly launched “Green Recovery Program” - first of its kind in Asia</th>
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<tr>
<td>• Green Climate Fund approved support of $300 million (March 2021) for eligible green projects</td>
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<tr>
<td>• Aims at designing $ 4 billion of projects with co-financing to be mobilized from development partners and private capital sources</td>
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<table>
<thead>
<tr>
<th>Technical Assistance – Capital Markets</th>
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<tbody>
<tr>
<td>• Support to Thailand, Indonesia and Philippines to develop green, social, sustainability bonds</td>
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</table>