

Concept Note: ASEAN Green Map

This concept note is the Senior Level Committee Task Force on Sustainable Finance (SLC-TF)'s project proposal for the ASEAN Green Map. It is intended to be used for further engagement with external partners to seek funding and assistance in developing the ASEAN Green Map.

Section 1: Background

- 1. ASEAN is one of the most vulnerable regions to the impact of climate change.** Over the past decade, ASEAN countries have faced episodes of severe storms and flooding, incurring significant economic impact in the process. In the long run, it was estimated that if the impact of climate change is left unmitigated, the region could be facing possible GDP per capita losses between 0.7-8.5 percent by 2100 (Kahn et al, 2019).
- 2. The financial sector has important roles to play in addressing climate change by channeling resources to promote and transition towards a low carbon and climate resilient economy.** At the national level, many ASEAN member states have already begun advancing sustainable finance agenda over the past few years. Among these are initiatives that outline the national strategy to develop a sustainable finance ecosystem such as Indonesia's Sustainable Finance Roadmap 2015-2024, the Malaysian Sustainable Finance Initiative, the Philippines Sustainable Finance Roadmap, Singapore's Green Finance Action Plan, and the Sustainable Finance Initiatives for Thailand.
- 3. At the regional level, ASEAN has stepped up its collective efforts to promote sustainable finance across the different sectoral bodies.** The ASEAN Capital Markets Forum (ACMF) developed the Green Bond Standard in 2017 and published the Roadmap for ASEAN Sustainable Capital Market in 2020 which highlights priority actions ranging from establishing reporting requirements and standards, to capacity building and strengthening the link between different segments of the financial sector. The ASEAN Working Committee on Capital Market Development (WC-CMD) also published the Report on Promoting Sustainable Finance in ASEAN and is finalizing the 'Sustainable Finance First for Sustainable Projects' conversation pack, which aims to support policymakers in promoting sustainable financing for infrastructural investments in the region. On the banking side, the Senior Level Committee on Financial Integration (SLC) published the Report on the Roles of ASEAN Central Banks in Managing Climate and Environment-related Risks in 2020, outlining a set of recommendations on how central banks could step up its role to manage the risks associated with climate and environmental change. The 17th ASEAN Central Banks Governors Meeting (ACGM) on 30 March 2021 endorsed the establishment of the SLC Task Force on Sustainable Finance (SLC-TF) to advance the recommendations in the SLC Report as well as other sustainable banking initiatives.
- 4. The 6th ASEAN Finance Ministers and Central Bank Governors Meeting (AFMGM) committed to furthering a cohesive sustainable finance agenda cutting across the banking, capital markets, and insurance sectors, with greater coordination amongst the relevant ASEAN working committees.** Most recently, the ASEAN sectoral bodies (ACMF, WC-CMD, SLC, and the ASEAN Insurance Regulators Meeting) established the ASEAN Taxonomy Board to oversee the development of the ASEAN Taxonomy for Sustainable Finance, the first version of which was released on the occasion of the UN Climate Conference in 2021 (COP26). The ASEAN Taxonomy

is an important milestone and lays the groundwork for further collaboration between ASEAN sectoral bodies in the area of sustainable finance.

5. **In line with the aspiration of the 6th AFMGM, one of the recommendations from the SLC's 2020 report was to consider the development of an "ASEAN Green Map"**. It is envisioned that the ASEAN Green Map would help to ensure the comprehensive development of sustainable finance in the region and unified efforts across the banking, insurance, and capital market sectors, as well as ancillary services that support sustainable financing (e.g. green certification, advisory services, etc.). In essence, the ASEAN Green Map would provide a common blueprint – a roadmap – that ASEAN member states could use as a guide in developing their domestic sustainable finance ecosystem for the region. Given the parallels of building a new financial ecosystem from the ground up, the ASEAN Green Map should also learn from ASEAN Member States' efforts to develop Islamic Finance, and build on sustainable finance initiatives under the various ASEAN sectoral bodies
6. **At the 22nd SLC Meeting on 26 October 2021, the SLC endorsed the SLC-TF's proposed work plan which includes the workplan for the ASEAN Green Map to be led by the Bank of Thailand (BOT)**. SLC members also emphasized the need to coordinate inputs from other sectoral bodies involved in the sustainable finance agenda (ACMF, AIRM, WC-CMD) given the broad scope of the ASEAN Green Map.

Section 2: About the ASEAN Green Map

What is the ASEAN Green Map?

7. **A document that articulates on ASEAN central banks' vision for a comprehensive sustainable finance ecosystem in the region, outlines the essential building blocks for such an ecosystem, and potentially draws relevant non-duplicative recommendations on how to attain said vision.** In doing so, the ASEAN Green Map would need to take stock of ongoing sustainable finance efforts of other ASEAN sectoral bodies [as well as ongoing efforts at the global level] in order to have a holistic view and be able to provide an assessment of the existing gaps and further actions that should be taken. This is necessary to avoid duplication and ensure consistency with existing initiatives and internationally accepted practices.

What is the objective of the ASEAN Green Map?

8. **To [be a common blueprint / chart a course] for sustainable finance efforts in ASEAN.** It would establish a unified ASEAN vision for sustainable finance and serve as an overarching guide for all AMS in addressing the urgent need to foster an inclusive green transition [which includes scaling up sustainable financing and accelerating towards Paris Agreement and 2030 SDG goals].
9. **To help focus the attention of the SLC, relevant ASEAN sectoral bodies, networks, initiatives, and other stakeholders to the key priorities of the sustainable finance agenda and set out actions for the SLC to achieve those priorities over the coming years.** The roadmap will help inform the broader SLC agenda on climate and sustainability, future workplans of the Task Force, and other relevant ASEAN work.

What is the definition of 'green' activities under the ASEAN Green Map?

10. **Economic activities that contribute to environmental objectives** such as climate change mitigation, climate change adaptation, and protection of healthy ecosystem & biodiversity.

What sectors would be covered in the ASEAN Green Map?

11. **The ASEAN Green Map will focus on the financial sector and relevant ancillary services related to sustainable finance.** The real sector, while relevant, will not be a focal point of the ASEAN Green Map because it is beyond the area of responsibilities of central banks and financial regulators.

How will the recommendations in the ASEAN Green Map be applied?

12. **The ASEAN Green Map's recommendation are non-binding.** ASEAN sectoral bodies and AMS may choose to apply findings and recommendations outlined by the ASEAN Green Map in whatever way they see fit.

What is the expected benefit of the ASEAN Green Map for member countries?

13. **The ASEAN Green Map will strive to bring value-added to all AMS regardless of their current progress in promoting sustainable finance domestically.** For AMS where domestic sustainable finance efforts are in the nascent stages, the ASEAN Green Map could provide a useful starting point for devising a national sustainable finance roadmap. For AMS that are already making headways in promoting sustainable finance, the ASEAN Green Map could help identify further actions that may not be covered by their current national roadmap. More broadly, the compendium-like nature of the ASEAN Green Map means it could be a useful reference document for both policymakers and the general public.

Who will develop the ASEAN Green Map?

14. **The SLC-TF will hire consultants with the expertise to develop the ASEAN Green Map.** The SLC-TF itself will play an advisory role, providing feedback throughout the process.

Section 3: Key deliverables

15. **The ASEAN Green Map (main document).** Given the nature of the ASEAN Green Map outlined in Section 2 of this concept note, below are the proposed key elements to be included in the ASEAN Green Map main document

Chapters	Details
Chapter 1: Aspirations	<ul style="list-style-type: none">- Brief and non-duplicative discussion of climate change and sustainable finance in the ASEAN context (e.g. risks, financing needs, potential contribution to global climate change efforts, etc.) referencing existing documents- ASEAN's long-term vision and strategy for sustainable finance

	<ul style="list-style-type: none"> - The ASEAN Green Map – Objectives, Definitions, coverage, application
Chapter 2: Building Blocks	<ul style="list-style-type: none"> - Stock taking of ongoing national/regional initiatives - Draw on existing work to establish what are the essential building blocks for an effective sustainable finance ecosystem (i.e. key infrastructures, ways to mobilize funds, etc.)
Chapter 3: Progress, Gaps, and Recommendations	<ul style="list-style-type: none"> - Assessment of current progress, gaps, and opportunities under each building block - Recommendations (if any)

16. **Communication strategies** to promote the ASEAN Green Map and engage stakeholders.

Section 4: Timeline

Time frame	Activities
Q1/2022	<ul style="list-style-type: none"> - Progress update at 23rd SLC Meeting and 8th AFMGM - Finalize concept note and seek partners/consultants for funding/assistance
Q2/2022	<ul style="list-style-type: none"> - Draft an outline of the ASEAN Green Map - Seek inputs from relevant ASEAN sectoral bodies (e.g. ACMF, WC-CMD, AIRM) on the outline - Submit revised/final outline to SLC for intersessional approval
Q3/2022	<ul style="list-style-type: none"> - Drafting of key outputs
Q4/2022	<ul style="list-style-type: none"> - Submit first version of key outputs to 24th SLC Meeting for feedback / approval
Q1/2023	<ul style="list-style-type: none"> - Refine key outputs further - Submit final version of key outputs to 25th SLC for approval - Submit final version of key output to 9th AFMGM for endorsement
Q2/2023	<ul style="list-style-type: none"> - Publication of ASEAN Green Map and stakeholder engagement

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