

**Joint Statement of the 9th ASEAN Finance Ministers' and
Central Bank Governors' Meeting (AFMGM)**
Bali, Indonesia 31 March 2023

1. The 9th Joint Meeting of the ASEAN Finance Ministers and Central Bank Governors (AFMGM) was convened under the co-chairmanship of H.E. Sri Mulyani Indrawati Finance Minister, and H.E. Perry Warjiyo, Governor of Bank Indonesia. For the first time in three years, the Meeting was held in person as the travel restrictions present during the height of the COVID-19 pandemic eased.

ASEAN Chair 2023 Priorities

2. The Meeting welcomed Indonesia's theme of "**ASEAN Matters: Epicentrum of Growth**" for its Chairmanship of ASEAN in 2023. The Meeting commended the timeliness of the Chair's theme that is anchored on three (3) key Strategic Thrusts for the ASEAN Economic Pillar, namely (i) Recovery and Rebuilding, (ii) Digital Economy, and (iii) Sustainability. The Meeting further reiterated its commitment to maintain financial stability and promote deeper financial integration in ASEAN, amidst the uncertain economic outlook that may affect the momentum of ASEAN's economic growth.

Economic Update and Policy Challenges

3. The Meeting exchanged views with ASEAN+3 Macroeconomic Research Office (AMRO), the International Monetary Fund (IMF), the Asian Development Bank (ADB), Financial Stability Board (FSB), Bank for International Settlements (BIS), and the World Bank (WB), on the global and regional economic outlook, risks and development agendas. The balance of risks remains tilted to the downside, including continuing high inflationary pressures, uncertainties over the War in Ukraine, geopolitical fragmentation, tighter global financing conditions that could further worsen debt distress, and the recent heightened volatility in the global financial markets. Stronger regional cooperation in ASEAN is essential to navigate the challenging global environment.
4. The Meeting noted that ASEAN remains a bright spot and a point of resilience in 2023, posing a better prospect than the gloomy global outlook. Despite a slight downward revision, ASEAN's growth projection remains positive, with AMRO forecasting 4.9 percent growth rate for 2023. The downward revision was due to weakening global demand that has lowered growth prospects in trade, despite significant recoveries in travel and tourism in the region. The Meeting also expressed support to maintain ASEAN's position as an epicentrum of economic growth in the future, and reiterated its commitment to achieve sustainable development.
5. The Meeting commended the efforts of the ASEAN Member States (AMS) in containing the resurgence of COVID-19 pandemic and reviving the economy through (i) coordinated efforts to boost vaccination and medical access in countries

where coverage remains low, (ii) prioritising efforts to lower inflation towards target levels, (iii) restoring debt sustainability by implementing restructuring or reprofiling as a part of reform package, (iv) reinforcing supply chains, and (v) providing adequate support to the vulnerable households and sectors.

6. The Meeting acknowledged that the COVID-19 has caused disproportionate adverse impact across sectors. Policies ahead should identify strategies to address scarring effects and to support strong, sustainable, balanced, and inclusive economic growth. The Meeting commended AMS for advancing policy synergy between authorities (fiscal, monetary, and financial sectors) to maintain macroeconomic and financial system stability. The recent global economic challenges and the need to address spillover effects have underscored the importance of strengthening ASEAN macroeconomic policy mix, which are well-calibrated, well-planned and well-communicated.
7. The Meeting commended the efforts of the ASEAN Secretariat and AMRO on further strengthening their collaboration on three key areas of shared interest: (i) regional economic and financial research and surveillance, (ii) capacity building, and (iii) data and information sharing.

Health and Finance Collaboration

8. The Meeting welcomed the proposal to discuss the collaboration between finance and health authorities to strengthen regional health capacity, and the plan to hold a Joint Finance and Health Ministers meeting later this year. The Meeting looked forward to the completion of the report on the gap assessment of global financing and existing international financing mechanisms for pandemic prevention, preparedness, and response (PPR), and the continued discussion to provide a report on modalities for a possible regional financial facility, including through (a) the utilization of the existing COVID-19 and Other Public Health Emergencies and Emerging Diseases ASEAN Response Fund, (b) participation in global pandemic PPR efforts such as The Pandemic Fund established during Indonesia's 2022 G20 Presidency, and (c) strengthened collaboration with the ASEAN Center for Public Health Emergencies and Emerging Diseases, later this year.

Food Security

9. The Meeting welcomed the Indonesian Chairmanship's initiative to contribute to financing food security, in a concerted effort to foster prosperity and stability in the region, including collaboration with related sectoral bodies. The Meeting also welcomed the Chair's initiative to propose an ASEAN Leaders' Declaration on Strengthening Food Security and Nutrition under the Economic Pillar.

Financial Integration and Liberalisation

10. The Meeting commended the efforts of the Working Committee on Financial Services Liberalisation (WC-FSL) and their notable progress in financial services liberalisation, including: (i) the ongoing *ad-referendum* signing of the 9th Protocol

to Implement the 9th Package of Commitments of Financial Services Liberalisation under the ASEAN Framework Agreement of Services (AFAS), (ii) the conclusion of the negotiations to upgrade the Annex on Financial Services of the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA), (iii) the commencement of negotiations for the financial services obligations under the ASEAN-Canada Free Trade Agreement (ACaFTA), and (iv) the forthcoming first submission by the ASEAN 6 on the ASEAN Trade in Services Agreements' (ATISA) Non-Conforming Measures (ATISA NCMs) in preparation for the final submission in 2025, as agreed during the AFCDM Working Group Meeting, and (v) completion of capacity building initiatives on the Investor-State Dispute Settlement (ISDS) mechanism and Maritime, Aviation and Goods in International Transit (MAT) Insurance.

11. The Meeting acknowledged that these financial services liberalisation initiatives will help to ensure the resilience of the financial sector, strengthen financial stability, promote financial sector development, and generate new and financially meaningful opportunities to support ASEAN's recovery efforts.
12. The Meeting welcomed the progress in the establishment of the overall framework for the ASEAN Banking Integration Framework (ABIF) Guidelines review with the finalisation of the outcome, deliverables and timeline, and taking into account the recommendations from the AMS Financial Landscape Report and the ABIF Review Survey. The Meeting further acknowledged that the ABIF remains relevant in facilitating financial integration but needs to be reviewed to ensure its continued effectiveness taking into account the development of digitalisation in the financial services sector. The Meeting welcomed the progress on the Digital and Technology Network (DTN) of the ASEAN Cybersecurity Resilience and Information Sharing Platform (CRISP), including further discussions on building capacity for the region, through toolkit development, troubleshooting standards for cyber attacks and other means.
13. The Meeting acknowledged the significant progress of the ASEAN Capital Market Forum's (ACMF) implementation of its Phase 2 Action Plan as set forth in the ACMF Action Plan 2021-2025, which includes: (i) driving higher levels of transparency and disclosure, (ii) continuing regulatory harmonisation, (iii) intensifying capacity building, (iv) amplifying communication and building awareness, and (v) strengthening cooperation and coordination.

Trade and Investment Facilitation

14. The Meeting commended the Working Committee on Capital Account Liberalisation (WC-CAL) for the completion of the stocktake of AMS' sustainable finance development policies and initiatives, which helped AMS to have a more comprehensive understanding on how sustainable finance activities could play an important role in promoting capital flows domestically and within ASEAN. Moreover, the Meeting welcomed the publication of AMS' policies related to capital account liberalisation on the ASEAN Secretariat's website. The Meeting looked forward to the enhancements to the Consolidated CAL Plan, the Guidelines on ASEAN Local Currency Settlement Framework to promote Local Currency

Transactions (LCT) including the establishment of the ASEAN LCT Task Force under WC-CAL, and the continued strong engagement of the WC-CAL with international financial institutions to improve policy dialogue and capacity building initiatives.

15. The Meeting welcomed the progress of the ASEAN Forum on Taxation (AFT)'s initiatives to support the completion and improvement of the network of bilateral tax agreements to address the issue of double taxation, and work towards the enhancement of withholding tax structures to promote the broadening of the investor base in ASEAN debt issuance. The Meeting acknowledged the AFT's endeavour to improve the implementation of exchange of information in accordance with internationally agreed standards as well as deliberate measures to address the issue of base erosion and profit shifting (BEPS). The Meeting acknowledged the discussion to build regional awareness through continued capacity building support from the Organisation for Economic Co-operation and Development (OECD) and ADB in anticipation of the implementation of Pillar Two and sharing of experiences on ways to improve fiscal analysis and fiscal transparency. The Meeting also welcomed the possibility of collaboration on excise taxation and information sharing among AMS and experts to improve readiness for future challenges on international excise issues.
16. The Meeting was pleased with ASEAN Customs' continued progress in their implementation of the Strategic Plans of Customs Development (SPCDs) 2021-2025 program. The Meeting welcomed their initiatives towards the realisation of the ASEAN Economic Community Blueprint 2025 that includes the: (i) Implementation of the Authorized Economic Operator (AEO) and the ASEAN AEO Mutual Recognition Arrangement (AAMRA) where nine (9) AMS have already implemented their national AEO programs; (ii) ASEAN Customs Transit System (ACTS) full live operations wherein Myanmar's preparation to join the ACTS live operations is underway along with an ACTS Sustainability Plan that will be established to ensure the continuity of ACTS after the ASEAN Regional Integration Support (ARISE) Plus program is completed; (iii) On-going finalisation of draft report of the feasibility study on the simplification of customs procedures for ASEAN Low Value Shipments; (iv) Development of the draft ASEAN Guideline on cooperation between Customs Administration and Tax Authorities to enhance cooperation between the two authorities at the national level through various synergy programmes, such as data exchange, joint audit, joint analysis, joint inspection, and joint investigation; (v) Development of the Framework of ASEAN Customs Integrity as a reference for the ASEAN Customs administrations in developing national practices on customs integrity program; and (vi) Continuing cooperation with Dialogue Partners to exchange intelligence information in a timely manner and leverage technology to fight illicit trade.
17. The Meeting welcomed the move towards the full implementation of Electronic Certificate of Origin (e-Form D) for the ASEAN Single Window (ASW), in accordance with the Bandar Seri Begawan Roadmap, to leverage digital technology to accelerate the region's economic recovery and digital integration. Considering that all AMS have successfully exchanged e-Form D, the initiative enhances ASEAN Trade in Goods Agreement (ATIGA) utilisation and further

facilitates seamless trade across the region. Accordingly, the Meeting encouraged all AMS to consider implementing a sunset clause for the paper-based ATIGA Form D to allow for the full implementation of e-Form D in the region in 2023, to support the Priority Economic Deliverable of Indonesia during its Chairmanship. The Meeting commended the progress of the ASW, including the exchange of e-Form D, ASEAN Customs Declaration Document and e-Phyto Certificate, and encouraged the remaining AMS to join the exchange in a timely manner. The Meeting also noted the ongoing discussion on the exchange of trade-related documents with Dialogue Partners.

Financing, Payment and Service Connectivity

18. The Meeting welcomed the rapid development of an interconnected payments network across the region, making ASEAN a global leader in payments connectivity. The Meeting noted the signing of the Memorandum of Understanding (MOU) on Cooperation on Regional Payment Connectivity among the ASEAN-5 members in November 2022, which aims to foster bilateral and multilateral payment connectivity arrangements as part of the region's efforts to strengthen economic integration by enabling fast, seamless and more affordable cross-border payments across the region. The other ASEAN members have been invited to be signatories of this MOU, and the Meeting looked forward to the expansion to include other ASEAN members.
19. On bilateral cross-border payment connectivity, the Meeting was pleased with the progress of current bilateral linkages, and looked forward to the upcoming launches: (1) For QR payments: Cambodia and Viet Nam, Indonesia and Singapore, Thailand and Lao PDR, the Philippines and Malaysia, (2) For remittances: Indonesia and Malaysia, and Thailand and Malaysia, (3) For both QR payments and remittances: Cambodia and Lao PDR, Malaysia and Singapore. These linkages will contribute to the further development of a regional cross-border payments network within ASEAN.
20. On multilateral payment linkages, the Meeting noted the ongoing work on ASEAN Multilateral Payment Linkage Framework to facilitate the regional connectivity of ASEAN members with or without instant payment systems (IPS). Good progress is being made in the collaboration between the Bank for International Settlements Innovation Hub and ASEAN members with instant payment systems (IPS) on the Project Nexus multilateral network model, and ASEAN members without IPS have been invited to join as observers.
21. The Meeting noted the progress of the Working Committee on Payment and Settlement Systems' (WC-PSS) approach to monitoring AMS' progress in meeting the G20 cross-border payment targets on cost, speed, transparency and access, and looked forward to the results of the study covering pilot country-pair corridors for both retail payments and remittances. The Meeting looked forward to the discussion and exploration on the use of Central Bank Digital Currencies (CBDCs) for cross-border payments in the region.

Sustainable Infrastructure Financing

22. The Meeting expressed appreciation for the ASEAN Infrastructure Fund's (AIF's) efforts in mainstreaming into its permanent operations the ASEAN Catalytic Green Finance Facility (ACGF) to provide financing and technical support to ASEAN's green recovery and support to strengthen climate investment planning, including through a high-level ASEAN dialogue on financing climate transitions. The Meeting acknowledged the need to scale up green financing in ASEAN and to strengthen the business process of AIF. The Meeting looked forward to the further study and discussion of the proposal to expand the ACGF's capacity through a three-pronged approach of (a) repositioning the AIF as a green fund, (b) comprehensive assessment on the need and impact of the recapitalisation of the AIF, and (c) optimising the AIF's existing capital, including through innovative financing tools such as asset recycling.
23. The Meeting noted the progress of the Working Committee on Capital Market Development (WC-CMD) and the ACMF on Infrastructure Financing, particularly on the WC-CMD Infrastructure Finance Working Group (IFWG)'s Sustainable Finance for Sustainable Projects Socialisation Webinar, which was organised to reach wider stakeholders in promoting and mainstreaming sustainable finance for infrastructure projects. The Meeting looked forward to the Sustainability Bond Knowledge Sharing which will be held alongside WC-CMD meetings, [where] AMS with sovereign or quasi-sovereign sustainability issuances linked to sustainable infrastructure can share their experience in this space. The Meeting acknowledged the discussions on the Standardised Core Project Finance Loan Documents, made available online by Infrastructure Asia with the support of the Asia-Pacific Loan Market Association.

Sustainable Finance

24. The Meeting welcomed the issuance of Version 2 of the ASEAN Taxonomy for Sustainable Finance (ASEAN Taxonomy) by the ASEAN Taxonomy Board (ATB), which encompasses decision trees, guiding questions and use cases for classifying green and transition activities under the Foundation Framework (complete framework), as well as technical screening criteria (TSC) for the Energy¹ sector under the Plus Standard. Reflecting the region's urgent need for energy transition, the ATB has prioritised the TSC for the Energy sector as the first of the ASEAN Taxonomy's six focus sectors. TSCs under the Plus Standard for the remaining focus sectors will be developed over the next two years.
25. The Meeting commended the ATB for its efforts to facilitate a just and orderly transition for ASEAN, by incorporating social aspects as the third Essential Criteria (EC). This is in addition to the first two ECs – Do No Significant Harm (DNSH) and Remedial Measures to Transition (RMT) – that were introduced in Version 1 of the ASEAN Taxonomy. The Meeting also noted the introduction of criteria to classify the early retirement of coal-fired power plants under the Plus Standard. The

¹ Electricity, Gas, Steam and Air Conditioning Supply

Meeting looks forward to the adoption of the ASEAN Taxonomy by AMS depending on their level of readiness and feedback from stakeholders on Version 2, especially the TSC for the Energy focus sector. The Meeting acknowledged the ATB's consultation process targeted to take place in the second half of this year, to validate and further refine the latest version of the ASEAN Taxonomy.

26. The Meeting reaffirmed its commitment to strengthening cooperation to address the challenges of climate change by investing in transition and green energy technologies to enhance energy security and support the region's journey towards sustainability. The Meeting noted the success of the ASEAN Energy Transition Seminar Series 'Aligning Energy Transition with Economic Development', and High-Level Seminar on 'Financing Transition in ASEAN'. The Meeting encouraged ATB and related stakeholders to explore experts' recommendations from the seminars to further refine the ASEAN Taxonomy. The Meeting also welcomed Chair's proposal to conduct the Seminar on Energy Transition Mechanism and Country Platform Showcase in the second half of 2023.
27. The Meeting welcomed the completion of other ACMF initiatives, including (i) the endorsement of the Sustainability-Linked Bond Standards (SLBS) that will facilitate bond financing that encourages a transition to more sustainable practices, (ii) the endorsement of the Sustainable and Responsible Fund Standards (SRFS) which sets out baseline disclosure requirements for sustainable and responsible funds, (iii) the launch of the Legal Wrappers for the Sustainable Development Goals (SDG) Bond Toolkit to make the toolkit more useful for potential issuers in different AMS, and (iv) the launch of the Knowledge Hub on Sustainable Finance to serve as a 'one-stop' centre to raise awareness and educate participants on sustainable finance-related issues.
28. The Meeting welcomed the collaboration between ACMF and the International Sustainability Standards Board (ISSB) to promote corporate sustainability disclosures through regular engagements, joint events and capacity building.
29. The Meeting acknowledged the WC-CMD's and ACMF's efforts in collaborating with industry through the Joint Sustainable Finance Working Group (JSFWG) Industry Advisory Panel (IAP) in the priority areas of taxonomy; transition standards; disclosures; and strengthening demand and supply.
30. The Meeting welcomed the progress of the ASEAN Insurance Regulators' Meeting (AIRM) initiatives on strengthening ASEAN insurance cooperation by exchanging knowledge and updates on recent developments, particularly on digitalization and sustainability efforts in the insurance sector. The Meeting also welcomed the initiatives in promoting sustainability-related insurance, including through (i) the continued publication of the AIRM Sustainable Finance Newsletter; (ii) sharing the outcomes of the survey on areas related to sustainable insurance products in the ASEAN insurance market, such as on available sustainable insurance products, criteria/method to identify sustainable insurance products, and current measures or incentives to encourage the insurance industry to integrate sustainability into their core business and provide more sustainable insurance products; (iii) the

establishment of a taskforce to conduct a collaborative study on the development of sustainable insurance products in ASEAN; (iv) supporting the implementation of the Circular Economy Framework for the ASEAN Economic Community to facilitate the region's circular economy transition; and (v) the AIRM's continued participation in the ASEAN Taxonomy Board. These initiatives facilitated and enhanced the role of the insurance sector in support of ASEAN's sustainable development goals. The Meeting also noted the progress in developing the ASEAN Compulsory Motor Insurance System.

31. The Meeting looks forward to the completion of the ASEAN Central Banks' development of the ASEAN Green Map, which aims to strengthen the synergy and responses across the various sectoral bodies in developing a sustainable finance ecosystem across the banking, insurance, capital market, and relevant ancillary services sectors in ASEAN.
32. The Meeting commended the good progress made on the implementation of the various courses under the ASEAN Learning Curriculum for Sustainable Finance, led by the South East Asian Central Banks (SEACEN) Research and Training Centre. The meeting looked forward to the second iteration of the programme with enhanced features.

Financial Inclusion

33. The Meeting noted the continued improvement of the average level of ASEAN financial exclusion, which is based on AMS' national data is now at 22.62 percent, already surpassing the 2025 target of 30 percent in the Strategic Action Plans (SAP) for Financial Integration. The Meeting welcomed the completion of the "ASEAN Monitoring Progress 2022: Financial Inclusion in Selected ASEAN countries" report, which highlighted the link between financial capability, financial inclusion, and financial resilience, as well as the conduct of a roundtable on financial consumer protection to support more effective implementation of consumer protection efforts within ASEAN. The Meeting welcomed the Working Committee on Financial Inclusion's (WC-FINC's) collaboration with the ASEAN Coordinating Committee on Micro, Small, and Medium Enterprises (ACCMSME) in the area of MSME financing and digital financial literacy, and looked forward to the upcoming development of the Implementation Guideline to strengthen Digital Financial Literacy in ASEAN and an ASEAN policy toolkit on Upgrading Pathway to support financial inclusion of MSMEs and their access to financing. The Meeting also welcomed the Study on Interoperable Digital Identity (ID) as a Catalyst for Financial Inclusion, which seeks to identify common requirements to enable mutual recognition of digital IDs in the region.
34. The Meeting welcomed the initiative on the development of a platform to exchange information, good practices and country experiences on digital financial services and literacy to support MSMEs, including to facilitate business matching among MSMEs and investors in the region. The Meeting welcomed the result of the high-level dialogue among authorities, academic and private sector to discuss regional initiatives in promoting digital financial services and literacy for MSMEs.

35. The Meeting noted the slight drop in insurance penetration in the region, due to the pandemic. However, with the easing of travel restrictions and movements in the region, the Meeting looked forward to a better trajectory of insurance penetration in the near term together with the acceleration of digitalization initiatives and amendments to regulations to enable insurance businesses to seamlessly adapt to the new operating environment accelerated by the pandemic.

Disaster Risk Financing

36. The Meeting welcomed the progress made by the ASEAN Disaster Risk Financing and Insurance (ADRFI) Phase 2, to help policymakers such as ministries of finance and insurance regulators quantify their financial exposure to natural disasters, assess the gap from existing contingency financing, adopt effective natural disaster risk management and reinsurance solutions on an ex ante basis, and plan for targeted capacity building to enhance financial resilience. On Risk Assessment and Risk Advisory, the Meeting noted the completion of the Economic Exposure Database (EED) and Economic Loss Database (ELD) for seven (7) AMS, one country more than the initial target, and the completion of the first five (5) AMS individual country profiles for perils and exposures. On the capacity building programme, the Meeting also welcomed the good progress made with the holding of a workshop on Building Financial Protection for Public Assets and two (2) workshops on risk assessment and risk advisory with the ADRFI 2 Data Platform. The Meeting also noted the ongoing discussion on possible expansion of the scope for the ASEAN Cross-Sectoral Coordination Committee on Disaster Risk Financing and Insurance to include other risks such as pandemic health risk, to assist with recovery and rebuilding in AMS.

Strengthening ASEAN Finance Process

37. The Meeting welcomed Indonesia's plan to hold a Second AFMGM in August 2023. The Meeting further noted the Indonesian Chairmanship's proposal to hold a Second AFMGM as a regular cycle under the ASEAN Finance Sector Cooperation, and tasked the AFCDM Working Group to discuss further the proposal to increase the frequency of the AFMGM and on modality of the AFMGM, for reporting at the next AFMGM. The Meeting also encouraged the Working Committees under the Finance Sector to accelerate the accomplishment of 2023 priority economic deliverables and Annual Priorities by the Second AFMGM.
38. The Meeting emphasised the importance of strengthening ASEAN's collective role and voice as the primary driving force in fostering regional collaboration and maintaining its central role in regional cooperation with external parties. In the Finance Process, this includes the discussion on strengthening regional financial stability, with enhanced regional financing arrangements and macroeconomic surveillance amidst the challenging global environment.
39. As the ASEAN Economic Community (AEC) Blueprint will end in 2025 in the midst of dynamic global economic developments, ASEAN should respond to these dynamics promptly with agility. Accordingly, ASEAN WCs should always tackle the

most important economic and financial issues systematically to be able to deliver the relevant solutions beneficial to the regional economic and financial stability and prosperity. Against this background, the Meeting acknowledged Indonesia's proposal for revisiting ASEAN WCs mandates, and looked forward to further deliberation. This initiative will be made in line with the achievement of the AEC 2025 in order to meet challenges beyond 2025.

Promoting ASEAN Asset Class

40. The Meeting acknowledged the progress by the ACMF in raising the quality and visibility of ASEAN Publicly Listed Companies through the ASEAN Corporate Governance Scorecard (ACGS).
41. The Meeting welcomed the launch of the ASEAN CIS Digital Repository in October 2022, which aims to promote and publicise cross-border fund offerings in ASEAN.

Digital Assets

42. The Meeting acknowledged the importance of digital assets and the progress made by the ACMF Members on exchanging experience and recent update on policies and regulatory frameworks on digital assets and has encouraged greater exchange of views on digital asset developments amongst the relevant ASEAN working committees.

Dialogue with the Business Councils

43. The Meeting expressed appreciation to the ASEAN Business Advisory Council, ASEAN Financial Institutions CEOs, EU-ASEAN Business Council, and the US-ASEAN Business Council on the lively exchange of views on relevant regional and global issues. The Meeting recognised the significant roles and contributions of ASEAN's industry partners in supporting ASEAN's initiatives in advancing regional post-pandemic economic recovery towards sustainable, resilient and inclusive growth.

Conclusion

44. The Meeting appreciated the support given by the ASEAN Secretariat to the 9th AFMGM and its Related Meetings.
45. The Meeting expressed deep appreciation to Indonesia for its excellent hosting of the 9th AFMGM and its Related Meetings in person for the first time in three years.

