



Joint Statement of the 11th ASEAN Finance Ministers' and Central Bank Governors' Meeting (AFMGM)

5 April 2024, Luang Prabang, Lao PDR

1. The 11th ASEAN Finance Ministers' and Central Bank Governors' Meeting (AFMGM) was convened under the co-chairmanship of H.E. Mr. Santiphab Phomvihane, Finance Minister and H.E. Mr. Bounleua Sinxayvoravong, Governor of the Bank of the Lao PDR.

ASEAN Chair 2024 Priorities

2. The Meeting welcomed Lao PDR's theme of "**ASEAN: Enhancing Connectivity and Resilience**". The theme embodies Lao PDR's vision to strengthen the ASEAN Community, enhance ASEAN cooperation on connectivity and resilience, promote infrastructure connectivity and strengthen ASEAN's relations with external partners while maintaining ASEAN's centrality in the evolving regional architecture. Lao PDR's priorities are anchored on three strategic thrusts of (i) Integrating and Connecting Economies, (ii) Forging an Inclusive and Sustainable Future, and (iii) Transforming for Digital Future.
3. The Meeting welcomed the successful completion of Lao PDR's Priority Economic Deliverable (PED) on "Enhancing Policy Dialogue to Address Financing Gaps and Strengthen Financial Inclusion among MSMEs", which gathered the Working Committee on Financial Inclusion (WC-FINC) together with external partners and key stakeholders, including the Centre for Impact Investing and Practices (CIIP) and the ASEAN Coordinating Committee on Micro, Small, and Medium Enterprises (ACCMSME) to discuss ways and initiatives to narrow financing gaps for MSMEs such as through harnessing digital infrastructure, improving financial literacy, providing incentives to financial service providers, and strengthening credit bureaus. The Meeting noted the progress of the PED on the technical study of the New Generation of ASEAN Single Window (ASW) with the intention of setting a new vision for ASW to be more open, inclusive, and interoperable to ease connectivity and the exchange of electronic trade-related documents. The study would also complement the Bandar Seri Begawan Roadmap's key objective for ASEAN to accelerate initiatives in the areas of trade facilitation and digitalisation and be in line with the ASEAN Digital Economy Framework Agreement (DEFA)

objective, which aims to create a seamless digital trade ecosystem across the region.

Economic Outlook and Challenges

4. The Meeting exchanged views with the ASEAN+3 Macroeconomic Research Office (AMRO), the Asian Development Bank (ADB), World Bank and the International Monetary Fund (IMF) on the global and regional economic outlook, risks and challenges to the region. Although the ASEAN economy is projected to strengthen to 4.9 percent¹ in 2024, downward revisions to the latest projections² illustrate stronger headwinds for ASEAN economy.
5. The Meeting noted that the better-than-expected economic performance of the region is underpinned by strong domestic demand and increased investment activity amid moderating inflation. Amidst lower global commodity prices and lacklustre global demand, export performance in the majority of ASEAN countries were improving, while the anticipated return of tourism to pre-pandemic levels are expected to boost the growth in the region.
6. The Meeting was also cognisant that the risks remain tilted to the downside particularly due to adverse financial spillovers from geopolitical tensions, volatility in the global commodity prices, and weaker economic growth in China. Other structural issues, including climate change, rapid digitalization, and the aging population will continue shaping economic development of the ASEAN region. Stronger regional economies, through strengthening integration and connectivity in ASEAN are essential to navigate the challenging global environment.

Financial Integration and Liberalisation

7. The Meeting commended the efforts of the Working Committee on Financial Services Liberalisation (WC-FSL) on its progress in ongoing and new financial services liberalisation initiatives. These include: (i) the ongoing *ad referendum* signing of the 9th Protocol of the AFAS; and (ii) the continuous efforts of the WC-FSL in transposing its last package of financial services commitments under AFAS in the transition to the ASEAN Trade in Services Agreement (ATISA). The Meeting likewise welcomes WC-FSL's: (i) implementation work linked to the Strategic Directions and Priorities Plans (SDPPs) under the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA); and (ii) positive progress made in the ASEAN-Canada Free Trade Agreement (ACaFTA) negotiations, reaching substantial understanding and consensus on several articles. Finally, the Meeting acknowledged the upskilling-related initiatives pursued by the WC-FSL, through the ASEAN-UK Financial Services Cooperation effort.

¹ ASEAN+3 Macroeconomic Research Office Economic Outlook (AREO) Jan 2024 Quarterly Updates

² ASEAN's growth projection in January 2024 is 0.1% lower than the October 2023 projection

8. The Meeting noted the progress of the ASEAN Banking Integration Framework (ABIF) Review (ABIF Review) and encouraged the Working Committee on ASEAN Banking Integration Framework (WC-ABIF) to sustain the momentum towards concluding the discussions on reviewing the scope and application of the ABIF in light of the developments in the new digital landscape.

Trade and Investment Facilitation

9. The Meeting commended the efforts of the Working Committee on Capital Account Liberalisation (WC-CAL) on the substantial liberalisation achieved in ASEAN Member States' (AMS) capital accounts. The Meeting noted the progress made in improving the CAL Heatmaps as well as the individual CAL plans. The Meeting also encouraged WC-CAL to continue conducting and enhancing its policy dialogue and information exchange mechanisms on capital flows and foreign exchange measures among the AMS.
10. The Meeting commended the completion of work of the ASEAN Local Currency Transaction (LCT) Task Force and welcomed the establishment of the ASEAN LCT Framework which identified the key objectives of enhancing accessibility and efficiency in local currency transactions and promoting its wider adoption by market participants in the region. The Meeting endorsed the principles, strategic area priorities, key elements, strategy, scope of activities, and ecosystem to guide AMS in their policy and regulation approaches towards promoting the use of local currency for cross border transactions as set out in the ASEAN LCT Framework.
11. The Meeting welcomed the revised TOR of the WC-CAL which seeks to not only achieve orderly capital account liberalisation but also to strengthen dialogue on the policy tools necessary to respond to shocks faced by the region. The Meeting looked forward to WC-CAL's work to further support ongoing and future capital account liberalisation efforts of the AMS, to discuss macroeconomic and financial developments, policy mix and approaches, and promote local currency transaction within the region.
12. The Meeting noted the progress of the Customs initiatives that support the realisation of the objectives of the ASEAN Economic Community (AEC) Blueprint 2025, including, the pathfinder implementation of the ASEAN Authorised Economic Operator Mutual Recognition Arrangement (AAMRA); Myanmar's ASEAN Customs Transit System's (ACTS) live implementation; the development of guidelines for the exchange of information on e-commerce data between Customs administration and e-commerce operator; the successful completion of the 1st Joint Customs Control operation; and the finalisation of the gap analysis paper for Customs Reform and Modernisation (CRM).
13. The Meeting welcomed the Study of a New Generation of ASEAN Single Window as one of Lao PDR's PED that would eventually provide

recommendations on policy, technical and legal aspects to enable the interoperability of ASW with other platforms. The Meeting also noted the recent agreement to amend the ASEAN Trade in Goods Agreement (ATIGA) e-Form D to support additional functions on the exchange of ATIGA e-Form D on cancellations and query; the live operations of the ASEAN Customs Declaration Document (ACDD) among nine (9) AMS; and encouraged the remaining AMS to expedite the completion and implementation of electronic document exchange within the region. The meeting also noted the progress on the exchange of trade related documents with Dialogue Partners.

14. The Meeting commended the Working Group on ASEAN Forum on Taxation (AFT) on the progress of its initiatives relating to the completion and improvement of the bilateral tax treaty network amongst AMS, including the recently concluded Brunei and the Philippines Double Taxation Avoidance (DTA) Agreement that addresses the issue of double taxation, and encouraged AMS to work towards the completion and improvement of the network of bilateral tax agreements to improve the investment climate in the region. The Meeting also welcomed progress on the enhancement of withholding tax structure within the region, through discussions on withholding tax best practices 3 and 4, updates by AMS on their implementation of the internationally agreed Exchange of Information (EOI) standards; and the promotion of raising awareness on the international taxation issues relative to the AMS' preparations in the base erosion profit shifting (BEPS) Pillar 2 implementation, digital tax administration in order to enhance domestic resource mobilisation, EOI, Crypto-Asset taxation challenges; and new possibilities to support revenue and social goals. The Meeting also noted the accomplishments of the Sub-Forum on Excise Tax cooperation and its initiatives to further AMS' excise tax information sharing among themselves, including excise tax regulations on tobacco and alcohol products for the members' joint learning experience in improving their readiness for future challenges on international tax issues.

Financing, Payment and Service Connectivity

15. The Meeting welcomed the progress in the adoption and promotion of cross-border QR payment in ASEAN, with the launching of Cambodia-Lao PDR, Cambodia-Viet Nam, Singapore-Indonesia, Singapore-Malaysia, and Lao PDR-Thailand linkages, which continues to position ASEAN at the forefront of QR payment integration globally. The Meeting encouraged the Working Committee on Payment and Settlement Systems (WC-PSS) to continue identifying current challenges in the adoption and usage of cross-border QR payments, come up with concrete actions to promote adoption, and push for collaboration between central banks and the banking industry associations to further drive usage. The Meeting also welcomed the launch of the cross-border person-to-person (P2P) fund transfer linkage between Singapore-Malaysia, which enables instant fund transfers via proxies like mobile phone numbers.

16. The Meeting noted the progress of WC-PSS and the Bank for International Settlements Innovation Hub (BISIH) for the Project Nexus multilateral payment linkages with the expected completion of Phase III and the subsequent kick off of Phase IV. The Meeting welcomed the signing by Brunei Darussalam of, and the accession of Lao PDR to, the Memorandum of Understanding (MOU) on Regional Payment Connectivity (RPC). The Meeting looked forward to the accession of the remaining AMS to the RPC and the expansion to other countries or jurisdictions beyond ASEAN.
17. The Meeting welcomed the completion of the study on “Baseline Assessment to Inform the ASEAN Approach Towards Measurement of G20 Cross-Border Payment Targets” which underscored the progress and opportunities to further narrow the gap in meeting the G20 targets of cost, speed, transparency, and access for both cross-border retail payments and remittances in ASEAN.

Sustainable Infrastructure Financing

18. The Meeting welcomed the ASEAN Infrastructure Fund’s (AIF) repositioning to a regional leader in green finance, through mainstreaming of the ASEAN Catalytic Green Finance Facility (ACGF) and aligning the AIF’s financing to the ACGF’s Investment Principles and Eligibility Criteria, and in parallel with the ASEAN Taxonomy for Sustainable Finance’s (ASEAN Taxonomy) objectives in funding infrastructure projects in ASEAN. The Meeting also welcomes the AIF administrator’s yearly assessment of the alignment of newly approved projects with the ASEAN Taxonomy. The Meeting also takes note of the AIF’s next steps towards optimising AIF’s existing capital and mobilising more resources for sustainable infrastructure, including its initiative to conduct a comprehensive strategic review of its operations in response to the region’s critical need for climate-resilient infrastructure.
19. The Meeting noted the progress of the Working Committee on Capital Market Development (WC-CMD) notably on WC-CMD’s Infrastructure Finance Working Group on the sustainability bond knowledge sharing with the aim to facilitate financing for sustainable infrastructure projects in the region through sustainable bond issuances. The Meeting was pleased with the progress of WC-CMD’s collaboration with the ASEAN Capital Markets Forum (ACMF) on the ASEAN Taxonomy and the ASEAN Transition Finance Guidance which serves as a common set of guidance for what constitutes a just, credible and orderly transition, and the study on Accelerating Decarbonisation in ASEAN through Voluntary Carbon Markets (VCM) that is focused on disclosure and transition perspective for the region.

Sustainable Finance

20. The Meeting noted the conclusion of the ASEAN Taxonomy Board's (ATB) targeted consultation process on the ASEAN Taxonomy Version 2³, which ran from June to November 2023. The response to the consultation, which involved stakeholders from the financial and real economy sectors, government bodies, regional and international organisations as well as non-governmental organisations was largely positive and reinforced the need for a regional taxonomy. The consultation had provided several suggestions on improving clarity in definitions and usability, which were subsequently incorporated, where relevant, into the updated iteration of Version 2, that was released on 19 February 2024. The Meeting noted that Version 2 is now in effect, and serves as a clear demonstration of the region's commitment to enable a just, credible and orderly transition.
21. The Meeting welcomed the publication of the ASEAN Taxonomy Version 3, which was released for consultation on 27 March 2024. The ASEAN Taxonomy Version 3 comprises several refinements to the assessment methods for *Do No Significant Harm* and the technical screening criteria (TSC) for two more focus sectors, namely Transportation and Storage and Construction and Real Estate under the Plus Standard. The Meeting supports the ATB's continued development of TSC that are robust and inclusive, taking into account the diverse circumstances of AMS while remaining interoperable with other international frameworks and standards, as it develops the TSC for the remaining three focus sectors and two enabling sectors.⁴ This is critical to ensure a just, credible and orderly transition for ASEAN while affirming the ASEAN Taxonomy's role as the overarching guide for AMS to effectively orient capital towards a more sustainable and resilient ASEAN.
22. The Meeting welcomed preliminary outcomes and recommendations of the ASEAN Green Map under the purview of ASEAN Central Banks Senior Level Committee. The Meeting looked forward to the completion of the ASEAN Green Map, which will articulate ASEAN's vision for a comprehensive sustainable finance ecosystem in the region and outline the essential building blocks for such an ecosystem. The Meeting also welcomed the progress of the second iteration of the ASEAN Learning Curriculum on Sustainable Finance and look forward to the third iteration later this year.
23. The Meeting welcomed the protocol for ACMF-International Financial Reporting Standards (IFRS) Foundation Dialogue on IFRS Sustainability Disclosure Standards that was signed last October 2023. The protocol serves as a guide

³ The ASEAN Taxonomy Version 2 encompasses decision trees, guiding questions and use cases for classifying green and transition activities under the Foundation Framework, as well as Technical Screening Criteria (TSC) for the Energy sector (i.e. Electricity, Gas, Steam and Air Conditioning Supply) under the Plus Standard.

⁴ The remaining three focus sectors are: Agriculture, forestry and fishing; Manufacturing; and Water supply, sewerage, waste management. The remaining two enabling sectors are: Information and communication; and Professional, scientific and technical.

for ACMF's future engagement with the IFRS Foundation International Sustainable Standards Board (ISSB). This would facilitate ACMF's provision of ongoing feedback to ISSB on its standards development and delivery of capacity building initiatives to ACMF Members and stakeholders.

24. The Meeting commended the ACMF on their endorsement last October 2023 of Version 1 of the ASEAN Transition Finance Guidance (ATFG), which served as a common set of guidance for what constitutes a just, credible, and orderly transition. The Meeting looked forward to the next stage of work on the ATFG, which will consist of stakeholder consultations to seek feedback on and validate the key elements set out in Version 1, and to develop plans to improve the Guidance from input received.
25. The Meeting also welcomed the publication of the Handbook for cross-border offering of ASEAN Sustainable and Responsible Funds (SRF) under the ASEAN Collective Investment Schemes (CIS) Framework (Handbook for "ASEAN CIS-SRF") that was endorsed last October 2023. It aims to provide guidance to market participants on the different regulatory requirements and administrative procedures that apply to the cross-border offering of ASEAN CIS-SRF in each signatory jurisdiction.
26. The Meeting is pleased with the endorsement of the revised version of the ASEAN Corporate Governance Scorecard (ACGS) to align with the updated G20/OECD Principles of Corporate Governance, incorporating recent developments in capital markets and corporate governance practices, focusing on rights and equitable treatment of shareholders, transparency and disclosure, board responsibility, and the new area of sustainability and resilience.
27. 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 sustainability and digitalisation. AIRM also discussed the role of insurance sector in supporting ASEAN's sustainable development goals and digital transformation. The Meeting also welcomed member initiatives in promoting sustainability-related insurance, including through sharing best practices (i) on sustainable insurance in sectors like transportation, agriculture, micro and health insurance; (ii) on insurance agency management for sustainable development of insurance markets; while and (iii) supporting the implementation of the circular economy framework for the ASEAN Economic Community to facilitate the region's circular economy transition. The Meeting discussed and welcomed the publication of the ASEAN Insurance Surveillance Report 2023, which highlighted the performance of the global and regional insurance sectors, while providing updates on regional cooperation and integration initiatives in the insurance sector under the AEC Blueprint 2025. The Meeting also noted the progress in the implementation of the ASEAN Compulsory Motor Insurance System.

Financial Inclusion

28. The Meeting noted that ASEAN's average financial exclusion level of 20.77 percent and financial inclusion infrastructure readiness of 86.57 percent as of December 2023 has surpassed the 2025 targets of 30 percent and 85 percent respectively in the Strategic Action Plan (SAP) for Financial Integration 2016-2025. The Meeting commended the WC-FINC for its role in promoting financial inclusion within ASEAN.
29. The Meeting welcomed the finalised ASEAN Policy Toolkit “The Trust Quotient: Unlocking Responsible Digital Payments for Micro-Merchants” (Toolkit), which highlighted key behavioural insights from micro-merchants, to build trust and extend the use of digital payments infrastructure and low-cost channels that are now common across ASEAN. Accordingly, this Toolkit also offers policy recommendations to support the adoption of digital financial services and digital payments to drive greater financial inclusion of microenterprises. The Meeting also welcomed the completion of the study on “Interoperable Digital ID as a Catalyst for Financial Inclusion in ASEAN”, which underscored the potential of cross-border digital IDs to enhance access to financial services and drive cross-border transactions and trade in ASEAN.
30. The Meeting looked forward to the WC-FINC's continued engagement with ACCMSME as well as other relevant international organisations and strategic partners in further promoting financial inclusion and financial literacy among MSMEs.

Disaster Risk Financing

31. The Meeting was pleased with the completion of the ASEAN Disaster risk Financing and Insurance (ADRFI) Phase 2, including the three pillars of risk assessment, risk advisory and capacity building under the program offices of the Institute of Catastrophic Risk Management (ICRM) of Nanyang Technical University and the ASEAN Secretariat. On risk assessment and risk advisory, the Meeting noted the completion of the Insurance Exposure Data for all the 6 AMS participating in the ADRFI-2 and the delivery of the finalised country risk reports and ASEAN regional risk report. The ADRFI-2 data and analytics platform will help policymakers quantify their financial exposure to natural disasters, assess financing gaps and possible disaster risk financing solutions, and plan for targeted capacity building. On the capacity building, the Meeting welcomed the successful rolling-out of six (6) capacity building activities to strengthen AMS resilience on disaster risk.
32. The Meeting noted the initiative of the ICRM to continue the ADRFI 2 platform through the support of the ASEAN+3 fora to further promote synergies with the SEADRIF initiative. ASEC and ICRM will prepare the necessary TOR that will set out the technicalities of the platform transfer which covers data governance and security to provide further clarity for the AMS on data management.

Cross-Sectoral Collaboration

33. The Meeting noted the progress of discussions on Indonesia's proposal to establish an ASEAN Cross-Sectoral Working Committee (ACS-WC) with three sub-working groups to address potential cross-cutting issues on disaster risk financing and insurance, health and food security matters in collaboration with the relevant sectoral tracks such as the Health and Food, Agriculture & Forestry sectors. The meeting encouraged the ASEAN Secretariat to coordinate further discussion with the relevant sectoral bodies on the said proposed initiative. The meeting also encouraged officials to discuss the proposal to convene the 2nd ASEAN Finance and Health Ministers Meeting.

Revisiting the Working Committee Mandates

34. The Meeting welcomed the progress of the revisiting the mandates of the finance and central bank process working committees, including the endorsement of the High-Level Guidelines (HLG) and the proposed TOR of the Task Force on the Revisiting of the Working Committee Mandates. The Meeting encouraged all the Working Committees to use the HLG to come up with a timeline aligning with the Post-2025 initiative in order to conclude with the overall review of their mandates.

ASEAN Treasury Forum

35. The Meeting commended the progress made on the initiative to establish the ASEAN Treasury Forum (ATF) as a peer-learning platform for AMS to discuss public financial management and treasury policies and practices. In recognition of the firm support from all AMS during the previous discussions, the meeting endorsed the establishment of the ATF to encourage collaboration between AMS in improving the financial ecosystem in the region and contribute to the strengthening the ASEAN finance process. The Meeting looked forward to the launching event of the ATF and the first meeting scheduled to be held in the second semester of 2024 in Indonesia.

Guidelines in Engaging and Collaborating with Prospective External Partners for the ASEAN Finance Cooperation

36. The Meeting endorsed the Guidelines in Engaging and Collaborating with Prospective External Partners for the ASEAN Finance Cooperation which provides broad guidance on how External Partners could engage the ASEAN Finance Process, including its sectoral bodies and working committees.

ASEAN – UK Financial Services Cooperation

37. The Meeting welcomed the ASEAN-UK Financial Services Cooperation that would provide support to ASEAN on three work strands, namely: (i) market infrastructure to strengthen regional market infrastructure through knowledge sharing, digitalisation of capital markets, and development of a financial services roadmap; (ii) financial access and inclusion to improve access to finance by MSMEs through knowledge sharing, regulatory landscape, and payments and settlements system; and (iii) green finance to further promote better environmental, social and governance disclosures through knowledge sharing.
38. The Meeting welcomed the ASEAN-UK Economic Integration Programme (EIP) which is a five-year economic development programme worth up to GBP25 million to facilitate capacity building and knowledge sharing with all member states on regulation, trade, and financial services. The Meeting noted that the Financial Services Pillar aims to support the Strategic Action Plan 2025 and beyond on increasing financial inclusion among individuals and businesses, particularly MSMEs and women through demand-led and tailored projects/partnerships to sectoral bodies and member states.
39. The Meeting noted the UK Mission to ASEAN Study on Trade and Supply Chain Finance and acknowledged the importance of trade finance in unlocking the potential of trade, the challenges limiting access to trade finance, and possible solutions.

Dialogue with the Business Councils

40. The Meeting expressed appreciation to the ASEAN Business Advisory Council, the US-ASEAN Business Council, and the EU-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 economic agenda towards sustainable, resilient and inclusive growth.

Conclusion

41. The Meeting appreciated the support given by the ASEAN Secretariat to the 11th AFMGM and its Related Meetings.
42. The Meeting expressed its deep appreciation to Lao PDR for hosting the 11th AFMGM and its Related Meetings and looked forward to Malaysia's Chairmanship in 2025.