

Financing Green Recovery in ASEAN

Financing a Green Recovery in ASEAN Region

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BACKGROUND

The ASEAN region stands at an economic crossroads: while witnessing remarkable growth, there are mounting concerns over escalating CO2 emissions, surging from 0.5 to 1.7 billion **tons** annually in the last three decades. This signifies the increasing necessity for a more sustainable growth trajectory. The underlying challenge is reflected in the need of an estimated annual investments of USD 190 Billion to finance a clean energy transition that is in line with the AMS climate targets for 2030.

Several initiatives by the ASEAN member states towards more sustainable financial markets are already underway and the ASEAN Development Programme (ASEAN Economic Community Blueprint 2025) underlines the importance of sustainable economic growth. However, due to a lack of an investment-friendly environment and conflicting policy priorities, the transformation towards a low-carbon growth path remains challenging. The project therefore promotes regional coordination, regulatory frameworks and an appropriate classification and incentive structure for the dissemination of sustainable financing approaches in the financial market and an increased mobilization of private capital for sustainable investments.

To these ends, Financing Green Recovery in ASEAN Project is commissioned by German Federal Ministry of Economic Cooperation and Development and implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in cooperation with ASEAN Secretariat. The project aims to improve anchoring of sustainable financing in the financial market in the ASEAN region.

OUR APPROACH



OBJECTIVE

Sustainable finance is more firmly anchored in the financial market in the ASEAN region.



Sustainable and green taxonomies in the ASEAN region have evolved.



The range of sustainable financial instruments in the ASEAN region has expanded.

The project involves all ten ASEAN Member States (AMS) for regional exchange, technical advisory services concerning sustainable financial instruments and respective capacity development measures, as well as technical advisory services for stakeholders of the financial sector.



PILOT COUNTRIES



INDONESIA



CAMBODIA

In two countries, Indonesia and Cambodia, the project provides technical support concerning taxonomy development. However, the emphasis put on financial market harmonisation, particularly regarding taxonomy development, will benefit all AMS.

The project has positive impacts, on the economy, on the environment and as well on the society, all of which directly affect the population in the AMS. While the immediate beneficiaries are the ASEAN Secretariat and relevant ASEAN working groups and bodies, as well as the financial markets in the region, the final beneficiary is the ASEAN population. The effects for the economy, particularly the transition to a more sustainable and resilient economy through a functioning, sustainability-oriented financial market, lead to increased economic competitiveness and employment opportunities.