



ASEAN Initiatives related to Sustainable Development and ASEAN Integration in Investment

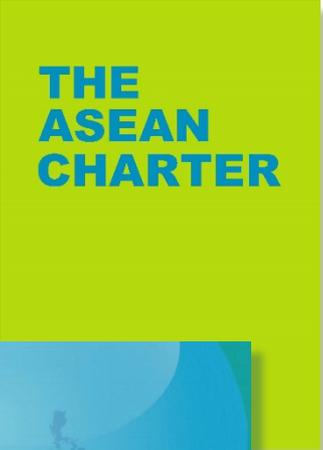
Tan Tai Hiong – ASEAN Secretariat

***Regional Seminar on the Promotion of
Bankable Sustainable Development Goal Projects
30 – 31 May 2018, Bangkok, Thailand***

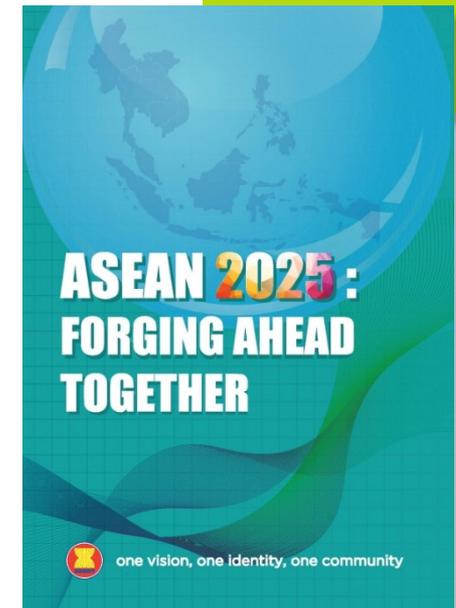
ASEAN's Commitment on Sustainable Development

- ❑ ASEAN is “**RESOLVED** to ensure *sustainable development* for the benefit of present and future generations, and to place the well-being, livelihood and welfare of the peoples at the centre of the ASEAN community building process.” (ASEAN Charter, Preamble)

- ❑ Following the formal establishment of the ASEAN Community in 2015, ASEAN adopted its Community Vision 2025 at the 27th Summit in November 2015 in Kuala Lumpur, Malaysia
 - Includes the Blueprint 2025 of all 3 pillars of ASEAN Political-Security Community (APSC), ASEAN Economic Community (AEC), and ASEAN Socio-Cultural Community (ASCC)
 - Envisions a peaceful, stable and resilient Community with enhanced capacity to respond effectively to challenges
 - Underline the complementarity of the *UN 2030 Agenda for Sustainable Development* with ASEAN community building efforts to uplift the standards of living of ASEAN peoples



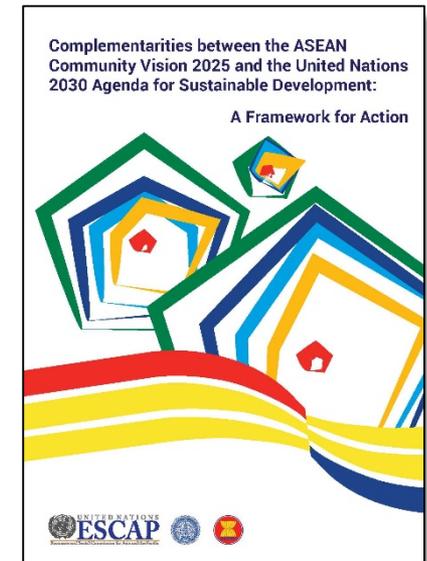
THE
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ASEAN Vision 2025 and UN 2030 Agenda Complementarity

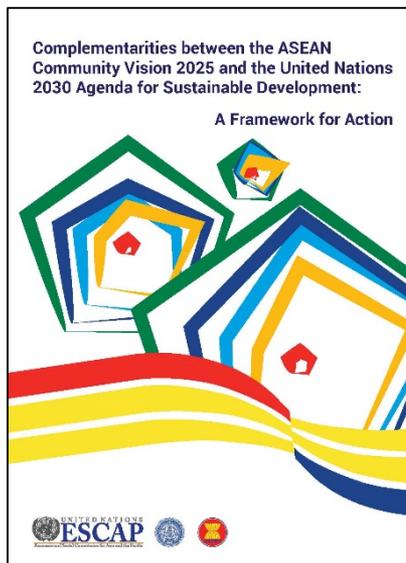
31st ASEAN Summit (Nov 2017, Manila)

- ❑ Reaffirmed that the ASEAN Community Vision 2025 and the UN 2030 Agenda for Sustainable Development will be implemented in a mutually-reinforcing manner
- ❑ Noted Thailand-ASEAN Secretariat-ESCAP Joint Report on *“Complementarities between the ASEAN Community Vision 2025 and the UN 2030 Agenda for Sustainable Development”*
 - AMS have made notable progress in promoting economic, social and environmental advancement
 - Complementarities cut across all pillars of political-security, economic, and socio-cultural areas in the ASEAN Community Blueprint
 - Identifies 5 priority areas of complementarity to help focus actions, with flagship initiatives for each of these areas
 - Identifies 2 additional flagship initiatives to enhance the complementarities



ASEAN Vision 2025 and UN 2030 Agenda Complementarity

Priority Areas of Complementarity

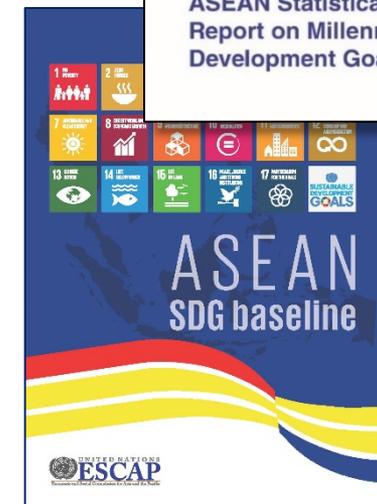
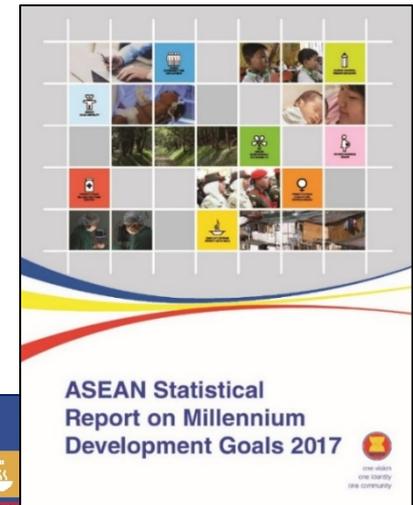


Areas of Complementarity	Recommended Flagship Initiative
Eradicating poverty	Improving Nutrition and Reducing Stunting in ASEAN
Infrastructure and Connectivity	ASEAN Council for Sustainable Infrastructure
Sustainable Management of Natural Resources	ASEAN Resource Panel
Sustainable Consumption and Production	Greening Small and Medium Enterprises in ASEAN
Resilience	ASEAN Risk Transfer Mechanism
*Enhancing Complementarities	ASEAN Centre for Sustainable Development Studies and Dialogue ASEAN Programme for Knowledge and Outreach on Complementarities

ASEAN and ESCAP are now cooperating to implement the recommended flagship actions

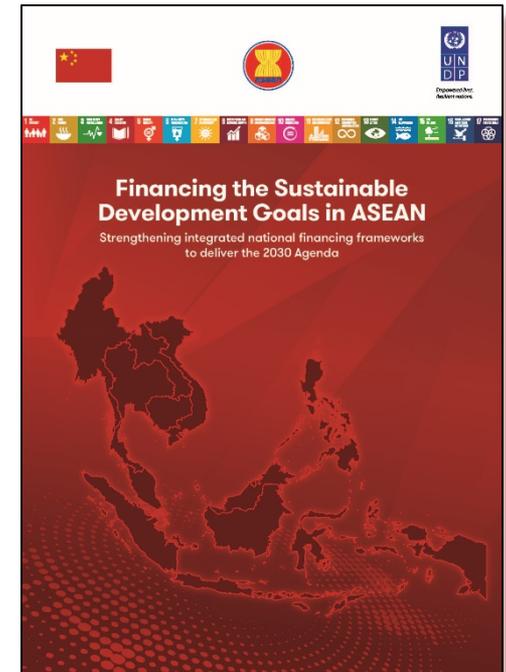
Measuring SDG Statistics

- ❑ *Working Group on the ASEAN Sustainable Development Goal Indicators (WGSDGI)* was established in November 2016 to address the statistical requirements in monitoring the SDG indicators in ASEAN.
 - Work is still in initial stage. To-date only met in a workshop format and will commence official meeting in Q3/2018
- ❑ ASEANStats published “*ASEAN MDG Statistical Report*” in August 2017
 - Contains detailed ASEAN progress in achieving MDGs (1990-2015), and a preliminary list of SDG indicators in ASEAN.
 - The process of refining and finalising this list would also require regional policy considerations, that has yet to commence.
- ❑ ASEAN Secretariat also tracked the AEC sectoral outcomes-level key performance indicators which are related or similar to the global SDG indicators.
- ❑ ESCAP published “*ASEAN SDG Baseline*” in October 2017
 - Provides a snapshot of the baseline status of SDGs 1-16 in ASEAN as of 2015, benchmarked against the Asia-Pacific regional target.



Financing of SDG in ASEAN

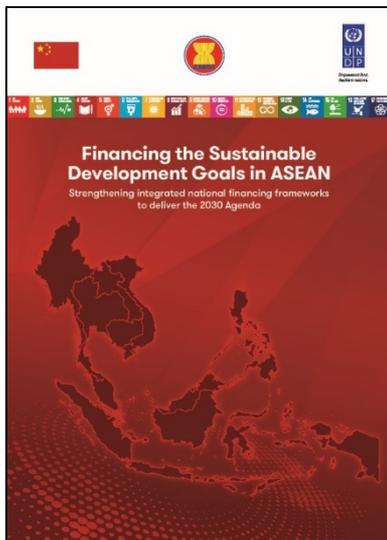
- ❑ ASEAN, China and UNDP launched a publication on financing the implementation of SDGs in ASEAN on 17 Nov 2017 at the ASEAN Secretariat in Jakarta.
 - Discussed at a Symposium on 21–22 August 2017 in Chang Rai
- ❑ The study focuses on streamlining development financing and strengthening domestic resource mobilisation in ASEAN in order to finance national development. It also highlights China's financing in ASEAN.
 - Changing scale and mix of financing in the region,
 - Recommendations about how to strengthen policies and institutional structures that govern approach to finance, and steps to maximise the impact of finance on the SDGs.
- ❑ The study is overseen by SOCA and SOMRDPE.



Financing of SDG in ASEAN

Key Findings of the Study

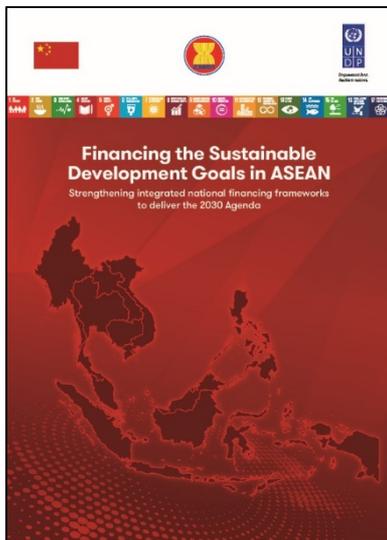
- ❑ The scale and diversity of finance available is growing. However, key finance flows remain scarce and limited for some countries.
- ❑ Stimulating sufficient quantities of quality private investment is a key challenge to unlocking private contributions toward the SDGs.
 - It is important to manage competition for FDI.
- ❑ Use international public finance catalytically, by planning for future decrease in concessional finance, is the key.
 - increase growth of South-South cooperation and investment in the region, to narrow financing gaps in areas such as infrastructure
- ❑ There is significant potential to drive regional progress if resources can be mobilised and channelled into investments that will yield sustainable development results.
 - Country contexts vary and ultimately efforts to strengthen the financing of SDGs will need to be country driven.



Financing of SDG in ASEAN

Highlights of the Recommendations of the Study

- Establish code of conduct for tax competition in FDI promotion
- Strengthen capacity of tax authorities to raise revenue
- Reduce the cost of intra-regional remittances to $\leq 5\%$
- Establish targets for attracting private investment on its impact on all aspects of sustainable development.
- Agree on an investment framework with China to maximize its sustainable development impact
- Plan and monitor the impact of domestic revenue mobilisations on sustainable development outcomes of public services and investment
- Plan ahead for the time when international public finance (including climate finance) is likely to be scaled back
- Establish a comprehensive, long-term financing strategies
- Establish financing framework peer review mechanism and knowledge sharing platform on financing for SDG at ASEAN level



ASEAN's Regional Investment Frameworks

ASEAN IGA, 1987 (amended 1996)

- ASEAN Agreement for the Promotion and Protection of Investments
 - Provisions on Protection and Investor-State Dispute Settlement

AIA, 1998 (amended 2001)

- Framework Agreement on the ASEAN Investment Area
 - Provisions on facilitation, promotion & liberalisation
 - Temporary Exclusion List and Sensitive List

ACIA, 2009 (amended 2014 and 2017)

- ASEAN Comprehensive Investment Agreement
 - Contain section on Investor-State Dispute Settlement
 - Reservation Lists for 5 sectors and services incidental to them

ASEAN Comprehensive Investment Agreement (ACIA)

Objective

- To create a free and open investment regime in ASEAN in order to achieve the end goal of economic integration under the ASEAN Economic Community (AEC)

Legal Enforcement

- Signed on 26 Feb 2009
- Came into force on 29 Mar 2012
- Amended on 26 Aug 2014 to improve mechanism to modify ACIA reservations
- Further amended on 21 Sep 2017 and 20 Dec 2017 following progress in resolving built-in agenda of the ACIA

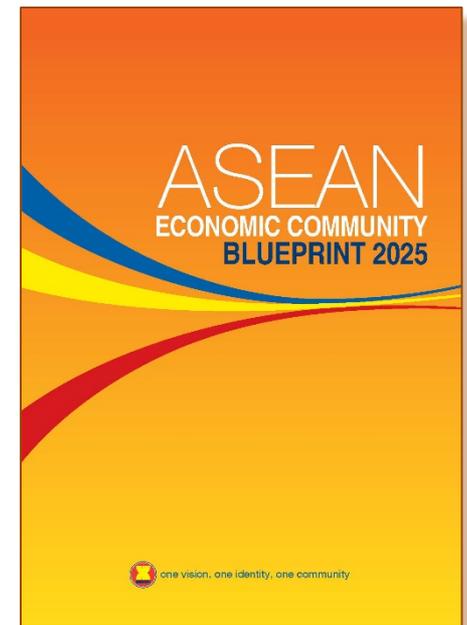
Structure

- 4 pillars of liberalisation, protection, facilitation and promotion
- 49 Articles, 3 Annexes, and 1 Schedule of Reservation List
- Direct & portfolio investment
- Manufacturing, agriculture, fishery, forestry, mining and quarrying and services incidental to these sectors

ASEAN's Investment Agenda

- ❑ ASEAN Economic Community (AEC) Blueprint 2025
 - Adopted along with ASEAN Community Vision 2025 at the 27th Summit in November 2015 in Kuala Lumpur, Malaysia
 - The Blueprint builds on the achievements and early gains of AEC 2015, while taking into consideration the evolving global context and relevant developments, to set a forward-looking direction for ASEAN for the next 10 years

- ❑ In terms of investment, ASEAN aims to enhance further its attractiveness as an investment destination globally through the establishment of an open, transparent and predictable investment regime in the region.
 - The improvement in the investment environment in ASEAN is being achieved through the implementation of the ASEAN Comprehensive Investment Agreement (ACIA)



Implementation of 4 Pillars of ACIA



ACIA and Investing in SDG

- ❑ While providing for a legal framework for integration among ASEAN Member States (AMS) across 4 pillars of investment (namely liberalisation, facilitation, promotion and protection), ACIA does *not* dictate how investments within a country shall be administered (e.g. to which sector, how much, procedural requirements etc.). This is up to individual policy and procedures of each AMS.
- ❑ The preamble of ACIA, nonetheless, recognise the importance of investment in promoting ASEAN's economic development
 - **“CONVINCED** that *sustained inflows* of new investments and reinvestments will *promote and ensure dynamic development* of ASEAN economies”
- ❑ There have been increasing realisation (and reflected in their policies) among AMS that promoting *Foreign Direct Investment (FDI)* is not only about promoting the quantity of FDI, but also about ensuring that the FDIs are high quality and in line with their development goals, especially SDG.

ASEAN Member States' Efforts to Enhance Investment in SDG

- ❑ Long- and medium-term economic development plans which are in line with SDG
 - Generally address issues of poverty alleviation, sustainable development, climate change, social development, competitiveness, innovation, etc.
 - AMS generally aims at elevating their development or income-status
- ❑ Promoting and facilitating investments which are in line with SDG
 - Focusing on environmental-friendly industries, diversification of economies, labour-intensive sectors, technology-intensive sectors, less-developed regions, etc.
- ❑ Improving overall ease of doing business and investment facilitation
 - Reform of laws and regulations, streamlining of procedures, one-stop services, on-line-based investment administration, improving tax policies, investor handling, etc.
 - Participating in Investment Policy Reviews conducted by OECD
- ❑ Enhancing Public-Private Partnership (PPP), particularly in infrastructure development
 - ASEAN Principles for PPP Frameworks was adopted on a voluntary basis in 2014 to improve the PPP environment, and to address issues related to cross-border projects.



Closing Remarks

- ❑ ASEAN Member States are committed to implement their ASEAN Community Vision 2025 and the UN 2030 Agenda for Sustainable Development, which are complementary and cross-cutting through all areas of political-security, economic and socio-cultural pillars.
- ❑ Investment policy is one important tool to mobilise resources to develop the economy, and ASEAN Member States have undertaken continuous improvement to their investment policies to ensure that foreign investments contribute to their overall economic development goals, including sustainable development.
- ❑ Investment policies are subject to constant dynamism of global economy, business practices and technology. ASEAN Member States' active involvement in Free Trade Area (FTA) negotiations and/or Bilateral Investment Treaties (BITs) are likely to also shape ASEAN's future investment policy developments, as well as sustainable development policies.



Thank You

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