
Innovative use of public finance offers an opportunity for ASEAN governments

- Infrastructure gap remains – need for co-financing from public sector, multilaterals and private sector
- Innovative tools gaining traction
 - Blended finance – protection to private sector against “first loss”
 - Asset Recycling/ monetisation
 - Asset Securitization – “take-out” facility
 - Green and Blue bonds – potential to cover larger number of sectors
 - De-risking tools – effective use of public money to mitigate/manage certain risks

Barriers to scaling up Innovative Finance

Infrastructure project development barriers

- Policy and regulatory stability
- Equitable risk allocation
- Lack of properly prepared projects
- Prioritisation of projects
- Multilaterals to help via credit enhancement projects (sub-sovereign projects)
- Financial incentives

Promote Innovative financing on a larger scale

- Innovative financing Policy Framework
- Elevation of importance of E & S requirements
- Innovation across Sectors
- Capacity Building
- Flexibility in approach
- Collaboration between public, private and MDBs

5 key messages for ASEAN finance policymakers

Message 1. Improve PPP regulatory frameworks

Message 2. Promote credit enhancement and de-risking tools (green vehicles)

Message 3. Encourage standardisation of innovative finance approaches – formal ASEAN Innovative Finance Frameworks

Message 4. Conduct innovative finance pilots in different sectors to demonstrate potential

Message 5. Build capacity and awareness of innovative finance across ASEAN