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Asian Impact Webinar: Investors' and Underwriters' Perspectives on Sustainable Finance in ASEAN

November 24, 2022, 3:00 PM, Manila time

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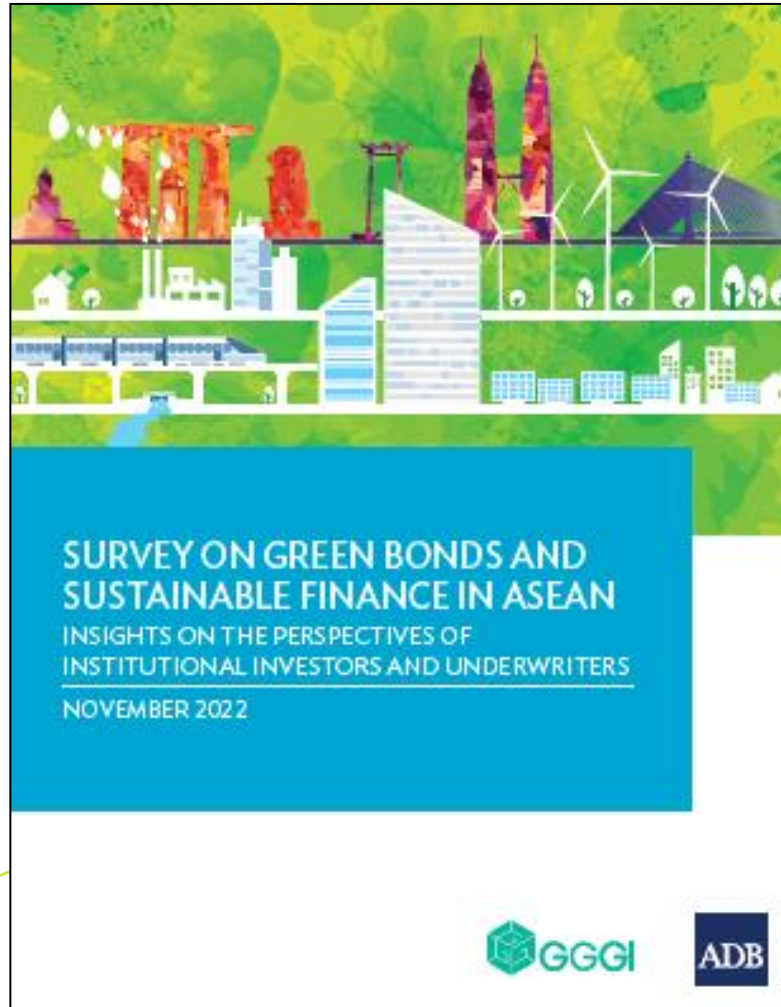


Introduction

(Background and Objective)



BACKGROUND & OBJECTIVE



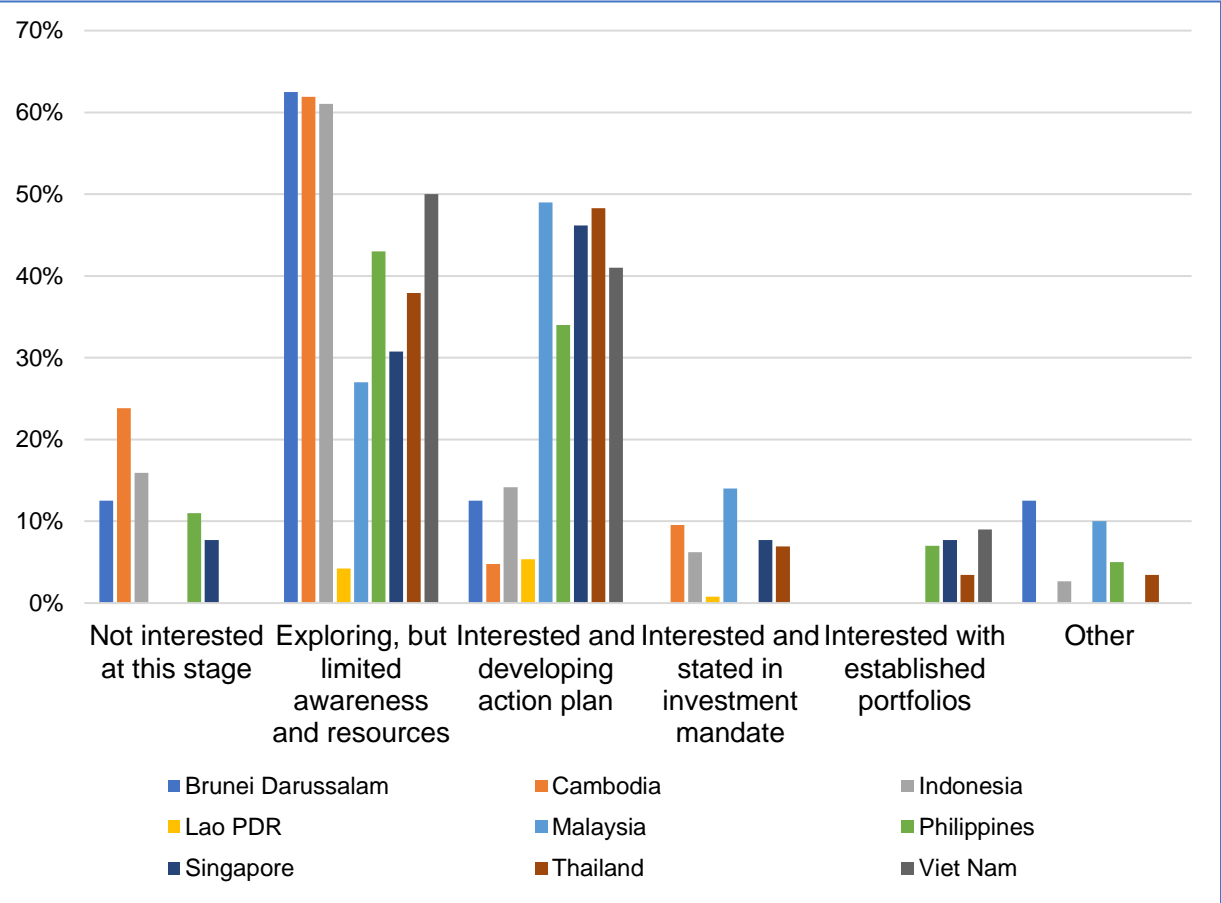
- Objectives of the regional Survey:
 - To identify market drivers, impediments, and development priorities for ASEAN's sustainable finance market
 - To assist development partners in identifying potential areas of support to accelerate the green bond market's development in the region
- Survey duration: from November 2021 to June 2022
- Respondents: across several ASEAN members
 - 314 responses from institutional investors
 - 96 responses from underwriters, advisors, and securities issuers ASEAN
- The survey report has been jointly developed by ADB and GGGI - <https://www.adb.org/publications/survey-green-bonds-sustainable-finance-asean>

Survey Highlights

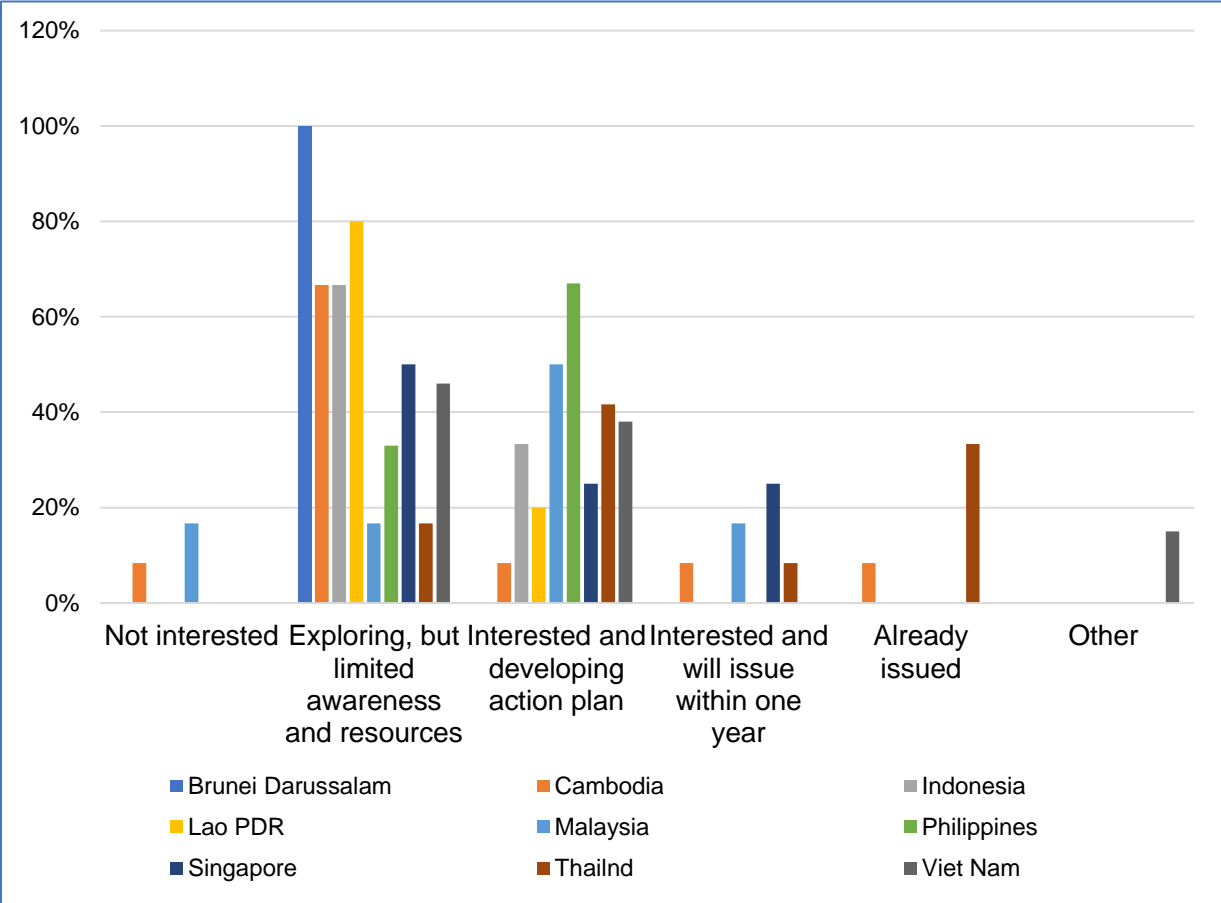


DIVERGENT INTERESTS IN GREEN BONDS ACROSS THE REGION

INTEREST IN INVESTING IN GREEN BOND

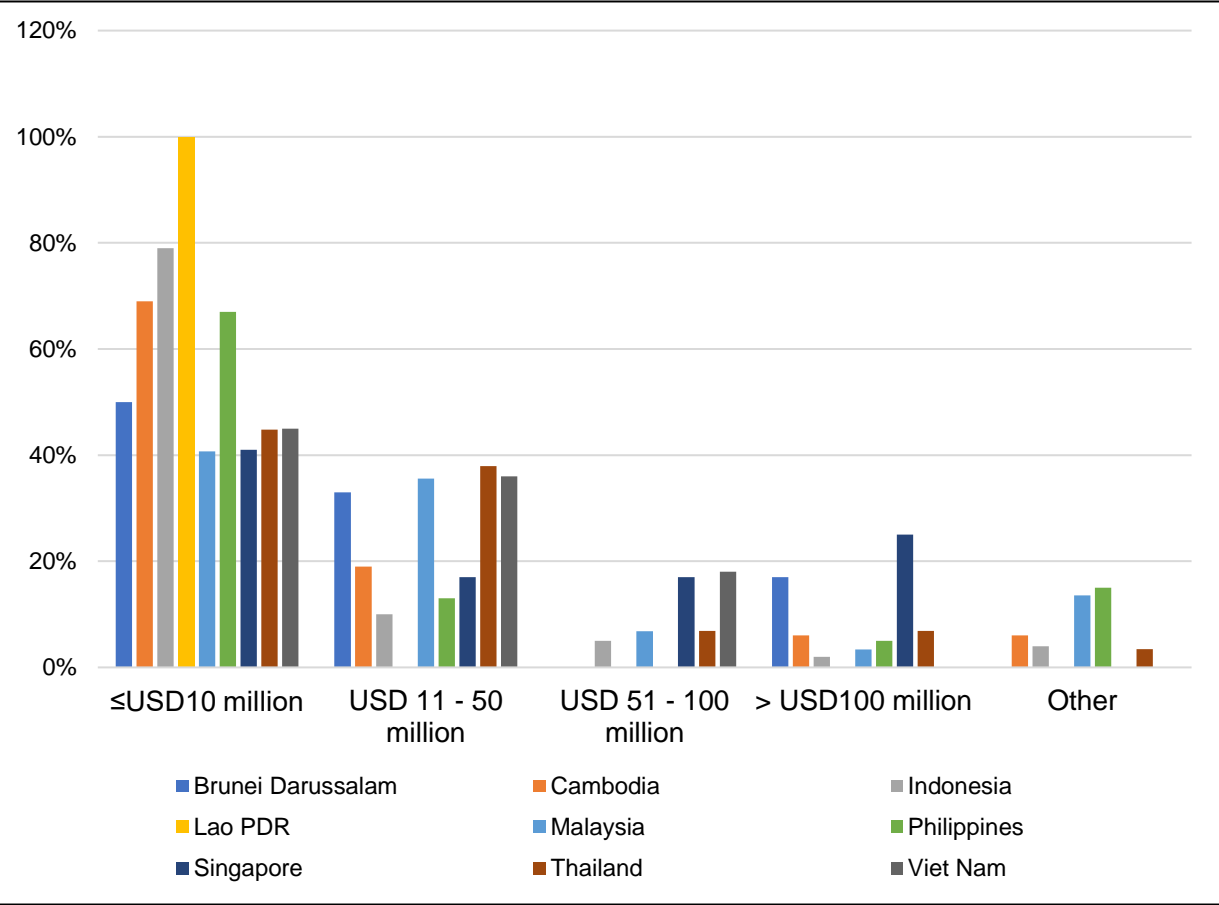


INTEREST IN ISSUING GREEN BOND

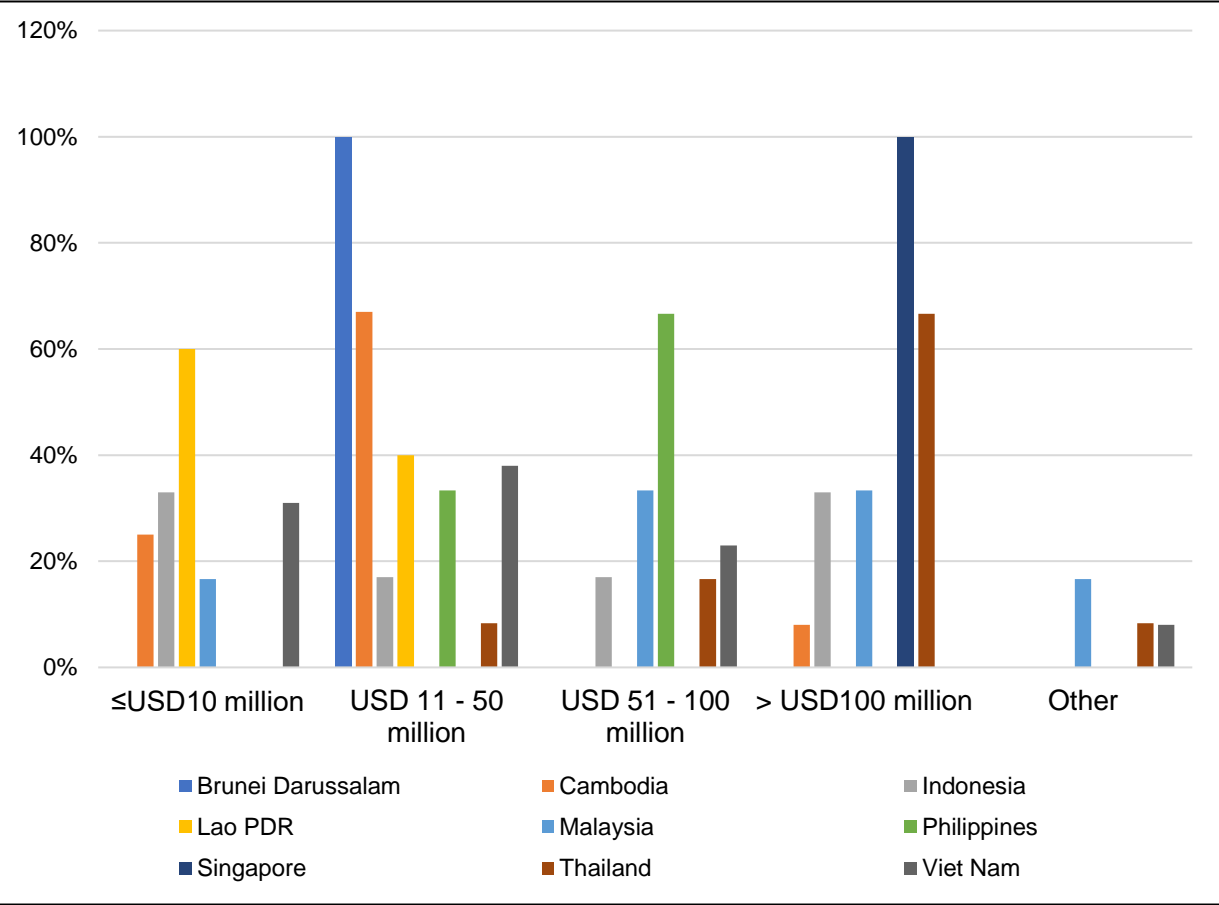


PREFERRED SMALL TICKET INVESTMENT VS. LARGER TICKET ISSUANCE

OPTIMAL INVESTMENT SIZE

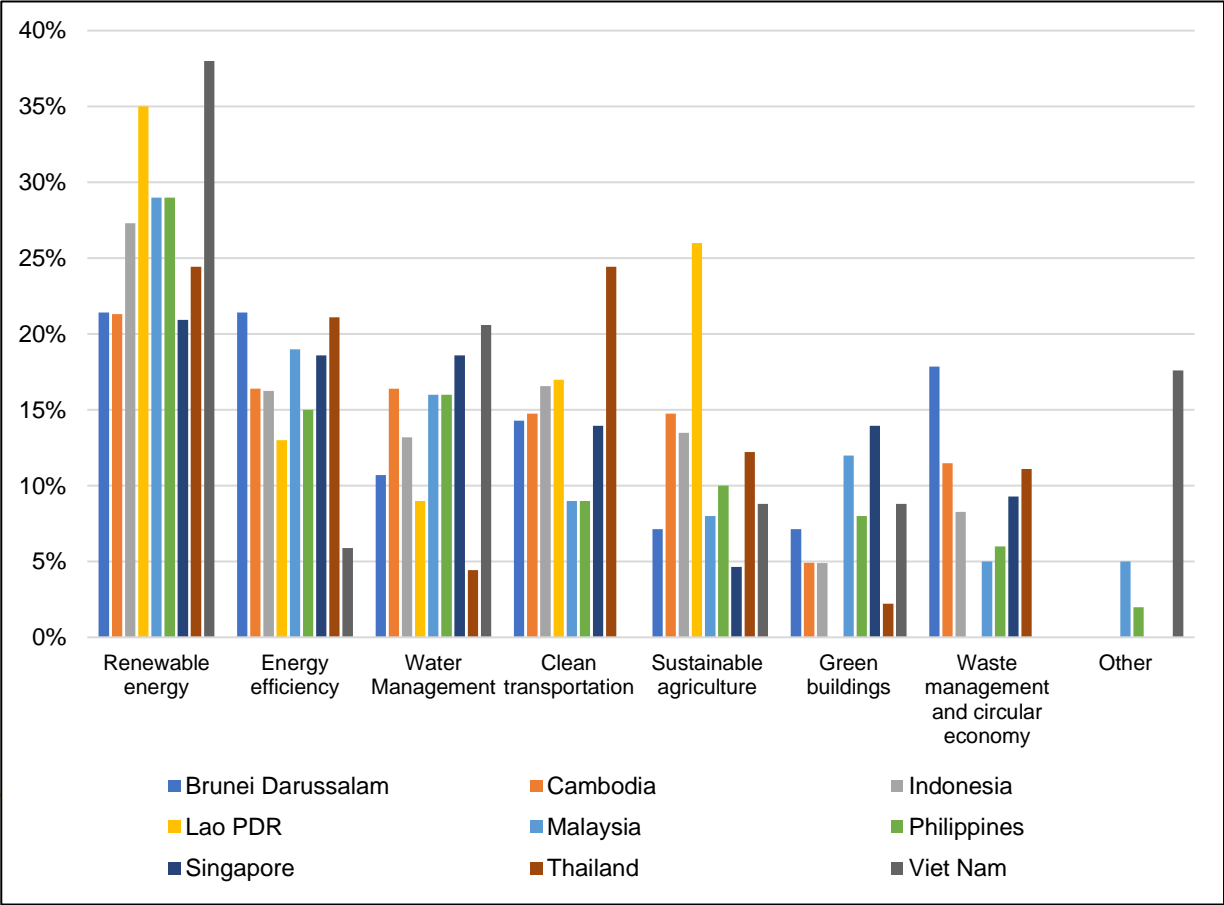


OPTIMAL ISSUANCE SIZE

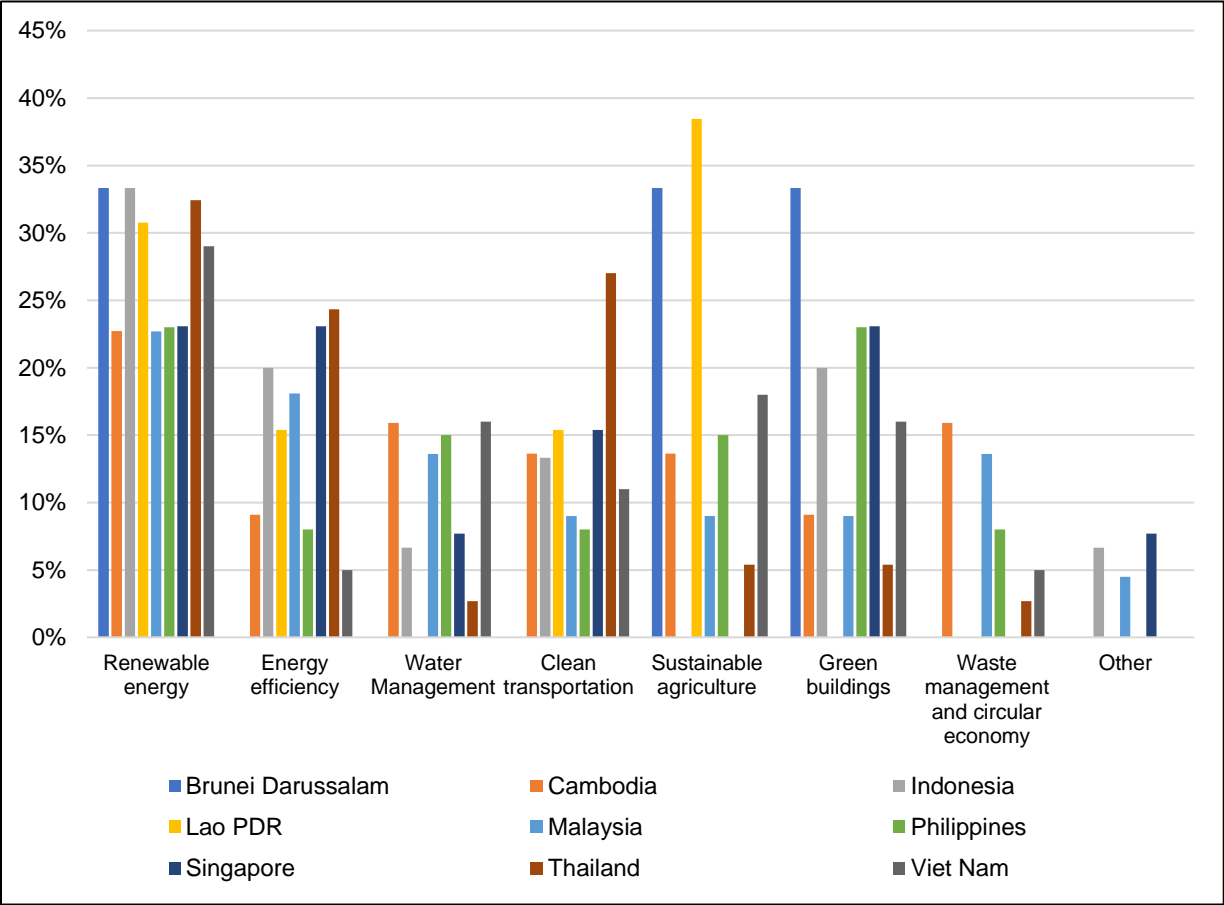


REGIONAL OUTLOOK ON POTENTIAL SECTORS: RENEWABLES ENERGY, ENERGY EFFICIENCY, CLEAN TRANSPORTATION

MOST PROMISING SECTORS FOR GREEN BOND INVESTMENT

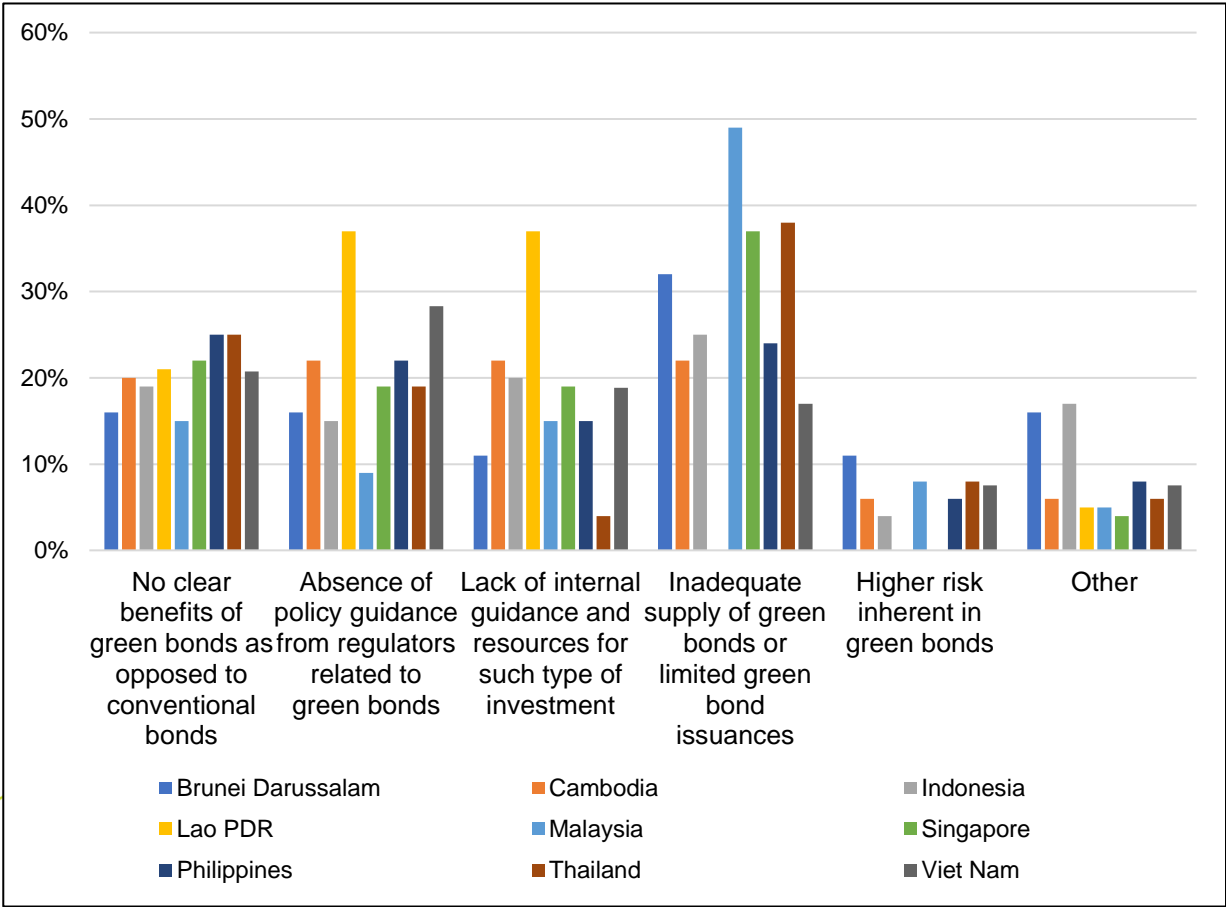


MOST PROMISING SECTORS FOR GREEN BOND ISSUANCE

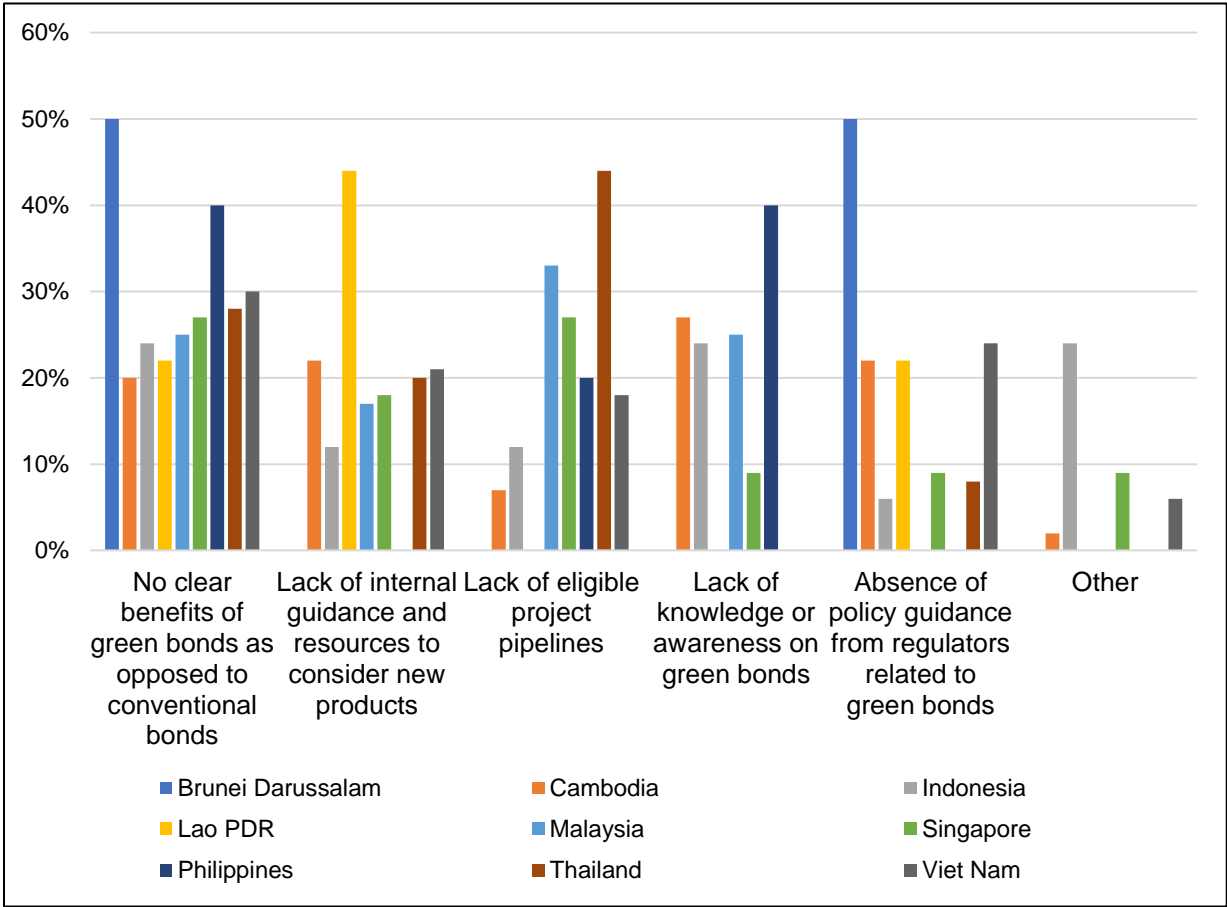


INADEQUATE SUPPLY OF GREEN BONDS IS ONE OF THE MAIN FACTORS HINDERING MARKET GROWTH

MAIN OBSTACLES PREVENTING INVESTMENT IN GREEN BONDS

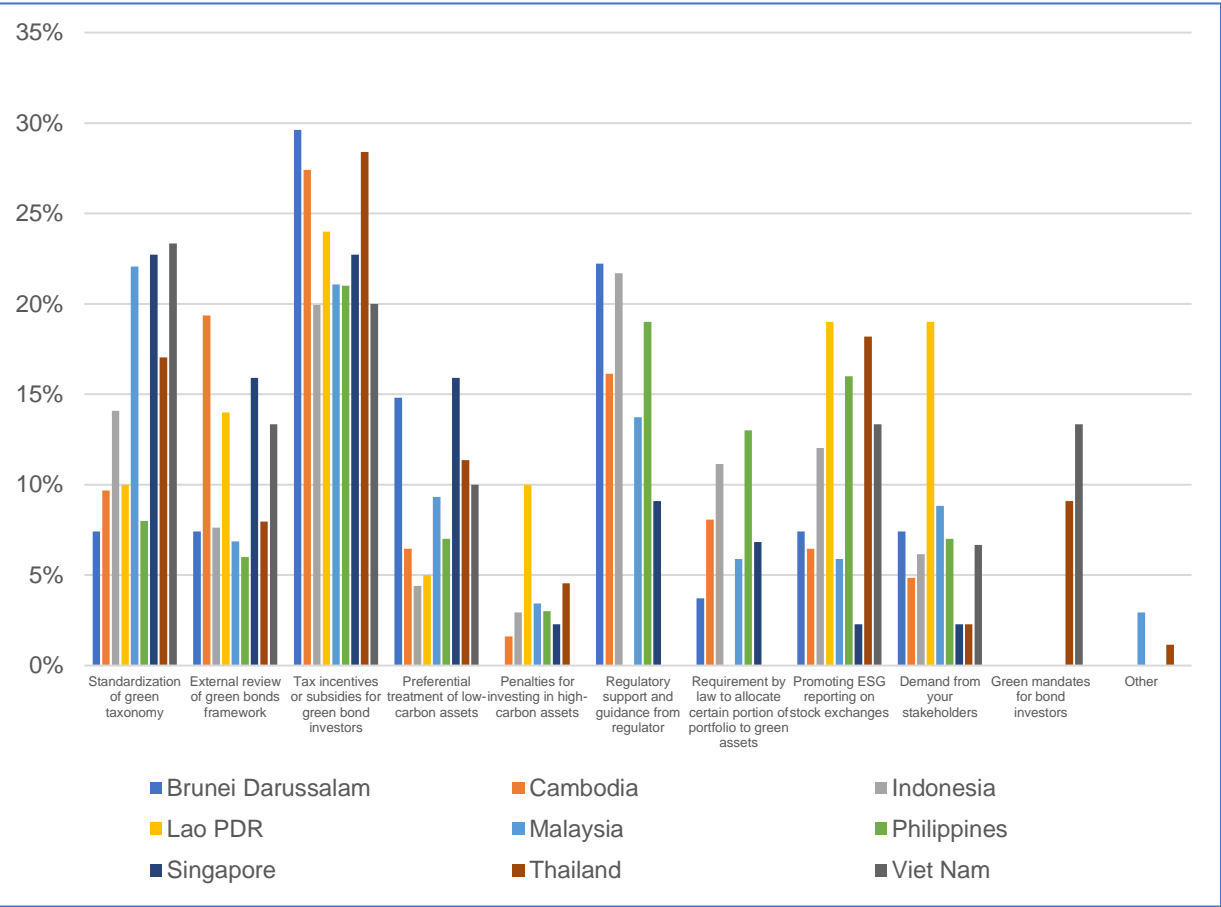


KEY OBSTACLES FOR ISSUING GREEN BONDS

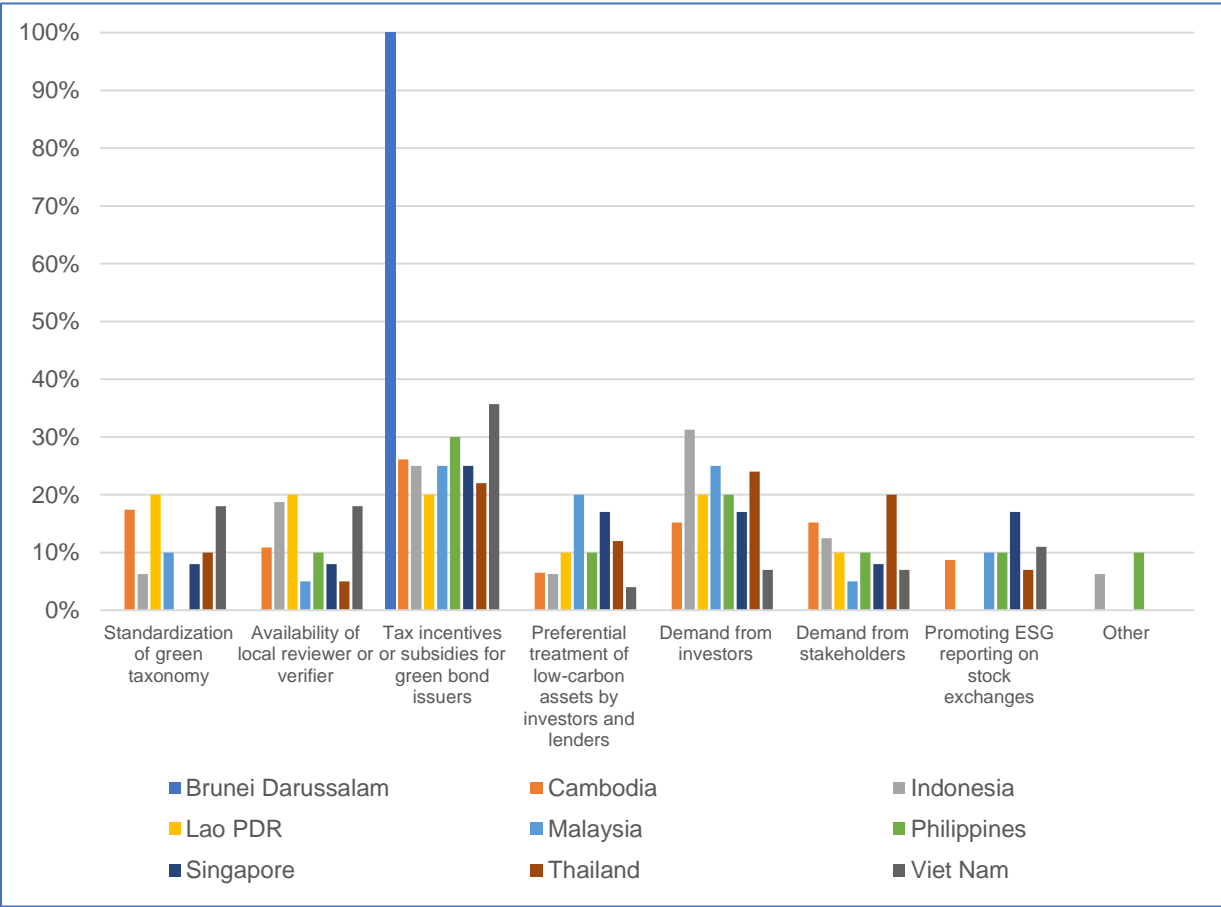


TAX INCENTIVES CAN BE THE PRIMARY MECHANISM TO FOSTER REGIONAL GREEN BOND MARKET

KEY DRIVERS FOR GREEN BOND INVESTMENT



KEY DRIVERS FOR GREEN BOND ISSUANCES



KEY FINDINGS

- Respondents from more advanced countries are more prepared to invest and underwrite green bonds
- Majority of respondents prefer small ticket sizes, while underwriters are keener to work on bigger transactions
- Renewable energy, energy efficiency, and clean transportation are viewed as the most promising growth sectors in the region's green bond market.
- Tax incentives could be an effective means of increasing the supply of and demand for green bonds.
- Key benefits of green bonds highlighted by respondents:
 - **Investors:** portfolio diversification opportunities
 - **Issuers:** opportunities to attract new investors
 - **All market participants:** Opportunities to integrate the SDGs into investment strategies and business operations, leading to strong organizational positioning of greener image
- Development partners can play a crucial role in assisting interested entities with technical assistance and capacity building, particularly those from less developed countries.



Recommendations



RECOMMENDATIONS

ROLE OF INSTITUTIONAL INVESTORS IN VITALIZING SUSTAINABLE FINANCE MARKET

- Public investors can lead by example
- International insurers and asset managers can actively contribute to the development of the sustainable bonds in emerging markets
- DFIs can act as anchor investors for GSS bond transactions

ESTABLISHING POLICY GUIDANCE, DEFINITIONS, AND GUIDELINES FOR SUSTAINABILITY DISCLOSURE

- Commitments by governments through regular issuances of sustainable bonds
- Set good example by regulators
- Develop clear set of green and social definitions

STRENGTHENING THE SUPPLY OF GREEN BONDS VIA MARKET-BASED MECHANISMS

- Concessional finance can be mobilized to reduce risk associated with sustainable infrastructure projects e.g., through de-risking facility, credit enhancements
- Financial institutions can be major issuers of sustainable bonds

STREAMLINE THE ISSUANCE PROCESS VIA CAPACITY BUILDING AND OTHER TECHNICAL ASSISTANCE

- Technical, hand-on support from development partners
- Local green bond verifiers
- Standardized bond documentations for multijurisdictional bond offerings
- Knowledge partner, capacity building activities

THANK YOU

