TOWARDS GREEN RECOVERY IN ASEAN POST-PANDEMIC

24 May 2021, Monday
By Jukhee Hong, Executive Director
4 PAPERS: STIMULUS PENDING, NATIONAL BUDGET, TAXATION, OVERSEAS INVESTMENT, FUTURE OF WORK, EQUALITY & SOCIAL JUSTICE

- Stimulus Spending
- National budgets and taxation
- Overseas Investment
- Future of work, equality and social justice
1. ASEAN’S STIMULUS PACKAGES 2020 FOCUSED ON SAVING LIVES AND LIVELIHOOD

### Focus areas

- **Healthcare sector** - Allocated funding for the expansion/upgrading of healthcare facilities, procurement of face masks, allowance for frontliners and insurance
- **Financial assistance for businesses** - Low-interest loans and grants for businesses, with a focus on companies affected by COVID-19, SMEs and micro-businesses
- **Tax deferment and moratorium of loans** - Blanket delay in tax and loan collection to encourage continuation of businesses' operations
- **Cash handouts for citizens** - Cash assistance for those affected by business closures, with some providing tiered handout based on income level

### Minimal green policies were found

- **Singapore**
  - One-tenth of stimulus package in 2020 allocated to green policies
  - coastal and flood protection funds,
  - green town programme for public housing,
  - gradual phasing out by 2040 of vehicles with internal combustion engines,
  - incentives for early adoption of e-vehicles.
- **Malaysia**
  - upgrading of street lighting to LED bulbs,
  - rooftop solar panels
  - transmission lines.
1b. LACK OF GREEN MEASURES IN ASEAN COUNTRIES’ COVID-19 STIMULUS SPENDING

- In ASEAN, except for MY and SG, three other AMSs (PH, ID, TH) were found to have almost no green policies.
2. SIMILARLY, LACK OF GREEN MEASURES IN NATIONAL BUDGETS AND TAXATION IN RESPONSE TO COVID-19

<table>
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<tr>
<th>National budgets</th>
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<tr>
<td>• Minimal measures in the national budget of a few of ASEAN member states that include climate-aligned incentives or measures.</td>
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<tr>
<td>• Malaysia budget 2021</td>
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<td>• first budget to be aligned with the Sustainable Development Goals (SDGs) 2030.</td>
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<th>Taxation</th>
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<td>• No taxation measures announced in response to COVID-19 that targeted low carbon or green businesses.</td>
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<td>• Existing tax measures on the environment</td>
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<td>• <strong>Thailand, Viet Nam</strong> implemented environmental tax with varying results.</td>
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<td>• <strong>Singapore</strong> began carbon tax programme in 2019</td>
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<td>• <strong>Viet Nam</strong> began a pilot programme for carbon taxes in four provinces in 2019</td>
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<td>• Countries with fossil fuel subsidies (<strong>Indonesia, Malaysia and Thailand</strong>) have already implemented subsidy reforms in various iterations</td>
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### Malaysia
- Tabled in early November 2020: **first budget to be aligned with the Sustainable Development Goals (SDGs) 2030** in Malaysia

### Indonesia
- Average fund allocation for climate activities (2016-2020): USD6.3 billion (3.9% national budget per year)
- Far from projected needs of USD18.5 billion per year for 2018-2030 to achieve Indonesia’s Nationally Determined Contribution (NDC) targets.

### Singapore
- Tabled the Green Plan in the 2021 budget.
The Singapore Green Plan 2030 is a national sustainability movement which seeks to rally bold and collective action to tackle climate change. It is a living plan which will evolve as we work with Singaporeans and partners from all sectors to co-create solutions for sustainability. Let’s work together to make Singapore a green and liveable home.

City in Nature

- Green, Liveable and Sustainable Home for Singaporeans
  - Plant 1 million more trees, and have every household within a 10-minute walk from a park by 2030
  - Develop over 130 ha of new parks, and enhance around 170 ha of existing parks with more lush vegetation and natural landscapes by end-2026
  - Add 1000ha of green spaces by 2035

Sustainable Living

Strengthen Green Efforts in Schools
- Introduce an Eco Stewardship Programme to enhance environmental education in all schools
- Work towards two-thirds reduction of net carbon emissions from schools sector by 2030
- At least 20% of schools to be carbon neutral by 2030

Green Commutes
- 75% of trips during peak periods to be on mass public transport by 2030
- Triple cycling path network to 1,220km by 2030, from 460km in 2020
- Expand rail network to 350km by early 2030s, from around 230km today

Green Citizenry
- Reduce waste and consumption
  - Reduce amount of waste to landfill per capita per day by 20% by 2026, and 30% by 2030
  - Reduce household water consumption to 130 litres per capita per day

Energy Reset

Cleaner-energy Vehicles
- New diesel car and taxi registrations to cease from 2025, with all new car and taxi registrations to be of cleaner-energy models from 2030
- Further revise road tax structure to bring down road tax for mass-market electric cars
- Target 80,000 electric vehicle (EV) charging points by 2030, with 8 EV-Ready Towns by 2025

Green Infrastructure & Buildings
- 40% of Singapore’s buildings (by Gross Floor Area) by 2030
- 80% of new buildings (by Gross Floor Area) to be Super Low Energy buildings from 2030
- Best-in-class green buildings to see 80% improvement in energy efficiency (over 2005 levels) by 2030

Sustainable Towns & Districts
- Reduce energy consumption in HDB towns by 15% by 2030

Green Energy
- Quadruple solar energy deployment to 1.5 gigawatt-peak by 2025
- Tap on cleaner electricity imports, and increase R&D on renewable energy and emerging low-carbon technologies

Green Economy

Sustainability as New Engine of Jobs and Growth
- New Enterprise Sustainability Programme to help local enterprises adopt sustainability practices
- Develop Singapore to be a carbon services hub, and a leading centre for green finance in Asia and globally
- Develop Jurong Island to be a sustainable energy and chemicals park
- Leverage opportunities in sustainable industries to create good jobs for Singaporeans

New Investments to be Carbon and Energy Efficient
- Seek new investments to be among the best-in-class in energy/carbon efficiency

Resilient Future

Safeguarding our Coastlines against Rising Sea Levels
- $55b dedicated to coastal and drainage flood protection measures
- Formulation of coastal protection plans for City-East Coast, North-West Coast (Lim Chu Kang and Sungei Kadut) and Jurong Island by 2030

Safeguarding Food Security
- Produce 30% of our nutritional needs locally and sustainably by 2030, through developing land and sea space and skilled workers, funding support, and promoting R&D

Keeping Singapore Cool
- Moderate the rise in urban heat, such as with cool paint and by increasing greenery

Jointly led by:
3. GREEN MEASURES WERE NOT A PRIORITY IN ASEAN’S INVESTMENT-RELATED POLICY RESPONSES TO THE COVID-19 PANDEMIC

- UNCTAD: FDI inflows into ASEAN declined 31% to USD107 billion in 2020.
- Green investments have picked up in ASEAN driven by funding from international green funds

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<th>Focus Areas</th>
<th>Minimal green policies</th>
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<tr>
<td><strong>Investment-incentives by investment promotion agencies (IPA):</strong> The greater facilitation of investments by IPAs through mechanisms such as greater digitalisation.</td>
<td><strong>Myanmar:</strong> promote investments in renewable energy projects and strategic infrastructure projects before the end of 2020.</td>
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<td><strong>Public health-related investment incentives:</strong> Incentives for the production of medical-related equipment through the acceleration of relevant licensing or tax incentives.</td>
<td><strong>Thailand:</strong> small public projects approved by the government as part of their job creation and economic recovery initiatives have included water management projects, smart farming projects, organic agriculture, and developing farming technology.</td>
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<td><strong>Support for small and medium enterprises (SMEs):</strong> Financial or fiscal support for local SMEs and supply chains to keep trade and investments in the region open.</td>
<td><strong>Indonesia:</strong> Omnibus Law repeals the current regulation requiring the conservation of at least 30% of forest area for each watershed area of an island,</td>
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<td><strong>Incentives for enhancement of affected industries:</strong> financial or fiscal support for the tourism, commodities and aviation industry into investment into digital adoption and capacity building.</td>
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4. SIMILAR TRENDS IN ASEAN JOB LANDSCAPE DURING THE PANDEMIC: LITTLE FOCUS GIVEN TO THE ENVIRONMENT AND GREEN JOBS

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<th>Jobs</th>
<th>Equality</th>
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<td>• Unemployment rates have spiked</td>
<td>• COVID-19 has <strong>worsened income inequality</strong> for AMS with weaker fiscal capacity.</td>
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<td>• 11.6 - 18.4 million jobs lost in ASEAN</td>
<td>• <strong>More than half of workers</strong> in most ASEAN states - <strong>informal sector</strong>.</td>
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<td>• Forecasts show that Malaysia, Indonesia and the Philippines will see the highest unemployment rates.</td>
<td>• <strong>70% of ASEAN households income negatively impacted</strong></td>
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<td>• About 40% of MSMEs, especially in manufacturing, reduced their workforce in Indonesia, Lao PDR, the Philippines, and Thailand.</td>
<td>• Majority in vulnerable employment are <strong>youths aged between 15-24 years old</strong>.</td>
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<td>• <strong>Customer facing services sector most affected</strong></td>
<td>• <strong>Social protection</strong> typically excludes the <strong>informal sector</strong> - a large part of many ASEAN economies.</td>
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<td>• New work trends in the region while putting more jobs at risks due to the push for automation</td>
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## SIDELINED BUT NOT FORGOTTEN: CLIMATE AGENDA BEYOND COVID-19 POLICY RESPONSES

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<th>Malaysia</th>
<th>Indonesia:</th>
<th>Others</th>
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<tr>
<td>• Thailand <em>Environment And Climate Change Law 2021</em></td>
<td>• Malaysia Securities Commissions incorporates ESG in Updated Corporate Governance Code</td>
<td>• Indonesia plans to achieve carbon neutrality by 2070 but called on industrialized countries lead by example before less-industrialized nations could follow suit.</td>
<td>• The Philippines: No longer accepts proposals to build new coal power plants</td>
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<td>• Bio-economy, Circular economy and Green economy (BCG)</td>
<td>• Malaysia central bank Bank Negara Malaysia (BNM) published Malaysia’s national climate-focused sustainability taxonomy for the financial sector</td>
<td></td>
<td>• The Philippines: President Rodrigo Duterte has called on ASEAN countries to amplify their voices in demanding climate justice from developed countries</td>
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<td>• Thai energy authorities and the Federation of Thai Industries (FTI) announced that they are drafting a Thailand Integrated Energy Blueprint (TIEB) to set up a zero carbon emission goal</td>
<td>• Malaysia’s electricity utility TNB announced in September 2020 that it would no longer invest in coal-fired power plants</td>
<td></td>
<td>• Cambodia: Prime Minister of Cambodia Hun Sen urged developed nations to fulfil their obligations in providing financial support and technology transfers.</td>
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1. OPPORTUNITIES TO ACT: STIMULUS SPENDING

**Short-term**
- Financial assistance for green businesses
- Reward system for cash pay-out used at sustainable outlets

**Medium-term**
- Upskilling for renewable energy sector
- Allocation for sustainable and climate-resilient infrastructure

**Long-term**
- Inclusion of green clause for government funded bailouts and government funding for state budgets
2. OPPORTUNITIES TO ACT: NATIONAL BUDGETS AND TAXATION

**Short-term**
1. The inclusion of climate aligned and sustainability measures in future state budgets
2. Tax relief for green businesses

**Medium-term**
1. Study the feasibility of carbon and environmental taxes
2. Reform of fossil fuel subsidy schemes
3. Work towards a common minimum tax standard for corporate income tax in the region to increase fiscal space needed for the climate agenda

**Long-term**
1. Phase in the Implementation of carbon tax
2. Study the possibility of a regional carbon market
3. OPPORTUNITIES TO ACT: OVERSEAS INVESTMENT

Provide incentives and blended financing approaches to attract foreign investments into ASEAN, such as de-risking mechanisms.

Diffusing sustainable technologies throughout the aviation industry though incentivising more foreign investments into relevant green aviation technologies.

Sustainable foreign investments into ASEAN’s tourism industry. - Low impact eco tourism.
4. OPPORTUNITIES TO ACT: FUTURE OF GREEN JOBS

- Investment into green infrastructures will drive the growth of green jobs
- Facilitating the move to green jobs in reskilling programmes
- Encouraging the growth of social enterprises in climate aligned products and services
CONCLUSION: BUILDING BACK SAFER, BETTER, GREENER

Opportunities for AMS to build back greener with the right policy tools that also advance climate mitigation and adaptation goals

- IRENA: decarbonisation of the energy system globally by 2050
  - 15% increase in welfare
  - 1% increase in GDP
  - 0.1% increase in employment

ASEAN countries signalled willingness to address climate change and embrace sustainability, strong determination needed to move away from fossil fuel economy

RCEP projected to boost investment in sustainable post-pandemic recovery; opportunity to establish greener and sustainable supply chains

Aggressive reforms, integrated and long-term national/regional development strategy to reach carbon neutrality by 2050
Thank you