



Updated Strategic Direction of the ASEAN+3 Finance Process

I. Background

1. In the aftermath of the Asian Financial Crisis, the ASEAN+3 Finance Process was established in 1999 with a clear mandate to enhance regional economic and financial stability. Over the past two decades, the ASEAN+3 Finance Process has delivered concrete outcomes through key initiatives—most notably, the Chiang Mai Initiative Multilateralisation (CMIM), supported by the ASEAN+3 Macroeconomic Research Office (AMRO) as a core component of the regional financial safety net, and the Asian Bond Markets Initiative (ABMI), which develops local currency (LCY) bond markets to mitigate currency and maturity mismatches.

2. During the 20th anniversary of the ASEAN+3 Finance Process in 2019, the ASEAN+3 Finance Ministers' and Central Bank Governors' Meeting (AFMGM+3) adopted the “Strategic Direction of ASEAN+3 Finance Process” (hereafter referred to as “2019SD”). With the 2019SD, ASEAN+3 members were committed to deepening and broadening regional financial cooperation to better navigate evolving global and regional challenges, while continuing work on ongoing initiatives to maintain economic and financial stability and exploring new areas of common interest to foster growth and integration from a longer-term perspective.

3. Despite the concrete achievements since the adoption of the 2019SD, the ASEAN+3 region continues to grapple with persistent and emerging risks and challenges to its growth and financial stability amid a rapidly shifting global and regional economic landscape. Following the 2019SD, ASEAN+3 members have made solid progress on various fronts, including the strengthening of the RFSN, enhancing AMRO's organizational capacity, promoting LCY bond markets, bolstering regional disaster risk financing, and addressing critical challenges through studies on future initiatives. Still, the fast-evolving global financial system and ongoing reforms to the international financial architecture have positioned the ASEAN+3 Finance Process at a pivotal juncture, underscoring the importance of reassessing its progress and further enhancing its relevance and effectiveness moving forward.

4. To this end, in 2025, ASEAN+3 members agreed to review and update the 2019SD to serve as a roadmap for regional financial cooperation in the medium- to long-term. The updated ASEAN+3 Strategic Direction will provide a common framework to guide collaborative efforts and policy priorities and strengthen strategic

coherence while fostering synergies across various ASEAN+3 Finance Process workstreams. While advancing existing initiatives, ASEAN+3 members will also explore new areas of cooperation to ensure strategic alignment with the region's long-term goals in an inclusive and forward-looking manner, reflecting ASEAN+3's shared needs, interests, and aspirations.

II. Key Progress of the 2019SD

5. Following the 2019SD, ASEAN+3 members have taken a proactive and forward-looking approach to deepen and broaden ASEAN+3 financial cooperation to better cope with evolving challenges. While maintaining a strong focus on financial stability, members have also explored initiatives of mutual interest aligned with the strategic direction of fostering economic growth and enhancing regional integration. Significant progress has been made in existing initiatives as well as in identifying future priorities.

6. The Chiang Mai Initiative Multilateralisation (CMIM) has made notable strides in enhancing its operational readiness and accessibility, and in exploring the future direction of the ASEAN+3 regional financing arrangement (RFA). Key milestones include increasing the International Monetary Fund (IMF) de-linked portion to 40% in 2020, institutionalizing LCY contributions, and strengthening the conditionality framework. Members also established the CMIM Rapid Financing Facility (RFF), incorporating freely usable currencies to provide swift financial support for sudden exogenous shocks, and are also pursuing efforts aimed at transitioning the CMIM financing structure to include paid-in capital (PIC).

7. Guided by its Strategic Direction 2030 (SD2030), the ASEAN+3 Macroeconomic Research Office (AMRO) continued to strengthen its key functions and capacity. With an elevated mission and vision, AMRO broadened its surveillance to cover emerging and structural issues, supported the CMIM's enhancement and the ASEAN+3 RFA's future development, and scaled up its technical assistance (TA) to provide tailored programs. Organizational capacity was bolstered through the creation of new policy and research groups and an additional senior management position. Notably, AMRO formalised its role in providing secretariat support to the ASEAN+3 Finance Process, established itself as a regional knowledge hub, and elevated its international profile by amplifying its voice in global macroeconomic and financial discourse.

8. Under ABMI, ASEAN+3 adopted the Mid-term Road Map 2023–2026 to deepen LCY bond markets and diversify LCY funding options. Key accomplishments include fostering supply and demand for LCY bonds, promoting sustainable financing through facilities such as the Credit Guarantee and Investment Facility (CGIF) and collaborating with the ASEAN Catalytic Green Finance Facility, as well as improving market infrastructure through the Cross-Border Settlement Infrastructure Forum that promotes LCY liquidity by mitigating risk in cross-border

transactions and the Digital Bond Market Forum that drives the digital transformation of financial markets. The provision of information on the LCY bond markets through AsianBondsOnline, as well as the promotion of the standardization of regulations through the ASEAN+3 Bond Market Forum have also contributed to ABMI's accomplishments. In addition, the Technical Assistance and Coordination Team (TACT) has consistently reinforced the market foundations by providing necessary TA and capacity building programs.

9. **Upgraded to a regular agenda item in 2023, the Disaster Risk Financing Initiative (DRFI) has advanced regional disaster risk resilience.** Through the Southeast Asia Disaster Risk Insurance Facility (SEADRIF), ASEAN+3 developed innovative financial solutions to address disaster and climate risks and established a DRFI Secretariat to coordinate these efforts. Regional policy dialogues, capacity-building programs, and technical support were expanded in collaboration with international partners to achieve these objectives. The DRFI achieved tangible results through SEADRIF Insurance Company's provision of sovereign disaster risk insurance coverage to the Lao PDR since 2021, delivering timely financial support following major flood events. To date, a total of USD 6 million in payouts have been made, reinforcing the country's financial resilience to disasters.

10. **ASEAN+3 members established four working groups (WGs) in 2021, building on earlier study groups to explore future initiatives, foster regional economic growth, and promote integration.** These WGs have catalyzed strategic discussions in promoting the adoption of innovative infrastructure financing tools for sustainable infrastructure, structural reforms, disaster risk financing, and policy coordination for financial innovation. Together, they are shaping forward-looking regional initiatives towards inclusive and sustainable growth. Among the four WGs, WG2: Macro-Structural Instrument and WG3: Disaster Risk Financing have fulfilled their objectives by contributing to the development of the Structural Policy Improvement and Review Instrument with Technical Assistance (SPIRIT) and the establishment of DRFI, respectively, and have since concluded their activities and been mainstreamed as regular agenda items under the ASEAN+3 Finance Process.¹ Also, WG4: Fintech has developed a common set of guidelines for regional Fintech regulation, introduced Open Banking as a best practice for financial digitalization, and launched a TA program regarding Open Banking. Building on these achievements, its mandate has been extended for another two years until 2026, with a particular focus on digital financial stability.

¹ WG2 and WG3 were retired in 2025 and 2023, respectively, having been mainstreamed as regular agenda items under the ASEAN+3 Finance Process. WG2 explored the development of SPIRIT to address macro-structural issues, and this was discussed under the RFA Future Direction agenda in the 1st half of 2025. Under WG3, the importance of establishing a permanent mechanism to advance disaster risk financing was recognized, and this agenda has been discussed under the DRFI track since 2024.

III. Medium to Long-term Situation Analysis

A. Evolving Global Economic Landscape

11. **The international economic environment that has supported ASEAN+3's development for decades is evolving in important ways.** Escalating trade protectionism weighs on global trade, leading to economic fragmentation, affecting trade, investment, and capital flows across the region. Global supply chains, built over many years, are being reshaped through changing trade and investment patterns, including diversification and near-shoring. These developments are influencing production networks and trade flows, with implications for established comparative advantages amongst economies, including those in the region. At the same time, export controls and restrictions in certain sectors—particularly in high-technology industries—have added complexity to established supply chains. While these trends may create uncertainties for some industries, they also present opportunities for economies that can position themselves as reliable partners in a more diversified global trade landscape.

12. **In parallel, the international financial and monetary system is experiencing gradual shifts that could reshape global finance.** These shifts can be observed in greater diversification in reserve holdings and the use of different currencies for payment and settlement arrangements across borders. For ASEAN+3, these developments may involve both risks—such as capital flow volatility—and opportunities, including greater use of regional currencies in trade and investment, potentially reducing vulnerability to external financial shocks. At the same time, rapid developments in digital finance—particularly the growth of cross-border payment systems—could also offer opportunity to foster regional economic integration and support the development of new industries. However, if not carefully managed, these developments may pose risks to financial intermediation in ways that could affect the effectiveness of domestic monetary frameworks and increase systemic risks. Strengthening regional financial safety nets such as the CMIM and harmonizing regulatory frameworks for digital assets will be critical to containing such risks.

13. **These shifts occur against a backdrop of heightened geopolitical uncertainties that are altering the risk landscape.** Geopolitical tensions and regional conflicts have created cascading effects on global supply chains, energy markets, and food security, with disruptions in one region quickly spreading through interconnected global networks. The nature of these shocks—from commodity price spikes to financial market volatility—could risk reducing the effectiveness of traditional policy buffers and increased the risk of contagion across borders. Uncertainty has complicated long-term planning for businesses and governments, as established rules and norms that have governed international economic relations come under strain. This environment demands enhanced regional cooperation and crisis preparedness mechanisms to manage risks that transcend national borders.

B. ASEAN+3: Regional Resilience Amid Structural Transformations

14. **Despite global headwinds, ASEAN+3 has demonstrated remarkable resilience, though the region needs to navigate an increasingly complex interplay between external challenges and internal structural shifts.** The region maintained stable growth of 4.3 percent in 2024 while contributing over 40 percent of global growth, with its economic weight continuing to expand—its share of global GDP is projected to reach approximately one-third by 2030, up from 22 percent in 2000. This expansion reflects not only rapid growth in emerging economies but sustained dynamism across member economies, driven by robust domestic demand and reinforced by deepening regional integration. Structural strengths underpin this momentum: demographic dividends in several economies provide a growing workforce and consumer base, technological leadership in advanced economies drives innovation and productivity gains, and intra-regional trade accounts for 44 percent of total exports in 2024, creating a buffer against external volatility.

15. **Yet beneath this resilient surface, the region's fiscal landscape has undergone fundamental shifts that will shape its capacity to address both existing and emerging challenges.** The necessary policy responses since the pandemic have resulted in a marked evolution of fiscal positions across ASEAN+3, with government debt levels rising from approximately 57% of GDP before the pandemic to over 70% in 2024, and projections suggesting continued elevation toward 75% by 2030. This shift reflects not merely crisis response but a structural recalibration of public finances – fiscal revenues in many economies remain below pre-crisis levels while expenditure commitments have expanded to address new economic realities. The resulting fiscal dynamics occur precisely when the region faces unprecedented financing needs for digital transformation, green transition, and critical infrastructure development. These evolving fiscal parameters create a more complex environment for policy planning, requiring careful prioritization of resources and enhanced domestic revenue mobilization to maintain sustainable development trajectories. At the same time, they also open opportunities to modernize fiscal systems – such as through expanding digital public-finance platforms and deepening regional cooperation on relevant fiscal-related issues.

16. **Within this constrained fiscal environment, demographic transitions present particularly significant policy challenges that will intensify over the coming decades.** Approximately one in four people in ASEAN+3 is projected to be aged 65 or older by 2050—nearly triple the 2010 figure—though this shift varies dramatically across the region, from super-aged societies in Japan and Korea to youthful populations in the Philippines and Lao PDR. The fiscal implications of this transition are substantial: under existing social protection frameworks, aging-related expenditure pressures are expected to rise significantly across most member economies, ranging from modest increases in some ASEAN countries to substantial expansions exceeding several percentage points of GDP in more aged societies. These demographic pressures will compound existing fiscal constraints, as shrinking

working-age populations reduce the tax base while healthcare, pension, and long-term care costs escalate. This convergence of fiscal and demographic challenges underscores the importance of proactive reforms to social protection systems, labor market policies, and productivity-enhancing investments to ensure sustainable and inclusive growth paths. Harnessing the potential of the ‘silver economy’, promoting active aging, and improving intra-regional labor mobility environment could also unlock new markets and mitigate the growth impact of demographic shifts.

17. Climate change represents an equally existential challenge demanding urgent collective action. Several member economies have already suffered severe economic losses from weather-related disasters, with physical risks disrupting supply chains, destroying infrastructure, and displacing communities. Beyond immediate disaster impacts, the transition to net-zero targets poses complex challenges: industries heavily reliant on fossil fuels face increasing regulatory burdens and stranded asset risks, while the shift to renewable energy requires massive infrastructure investments. Hard-to-abate sectors like cement, steel, and aviation require particularly substantial transition financing to reduce carbon footprints without sacrificing competitiveness. The region would need to balance legitimate development aspirations with sustainability imperatives—a challenge made more complex by varying levels of development and industrial structures across member economies. At the same time, these transitions also present opportunities for ASEAN+3 to take the lead in green finance, sustainable infrastructure, and clean-technology innovation – areas where regional cooperation and blended finance can generate significant development impact.

18. Overlaying these demographic and environmental challenges are technological transformations that promise both disruption and opportunity. While technology offers solutions for navigating structural headwinds—from automation addressing labor shortages to green technologies enabling sustainable development—benefits are unevenly distributed across economies. Artificial intelligence and automation threaten to erode the comparative advantage in labor-intensive manufacturing that has driven growth in several ASEAN economies, while the digital divide risks creating new forms of inequality. Nevertheless, proactive collaboration to build digital infrastructure, harmonize standards, and expand cross-border digital ecosystems could ensure that technological progress becomes an inclusive driver of productivity across the region.

19. Underlying these specific challenges is a more fundamental concern: the risk of a sustained deceleration in the region’s potential growth rate. While ASEAN+3 is expected to remain among the world’s fastest-growing regions, the projected slowdown nevertheless warrants attention. AMRO’s analysis in the ASEAN+3 Regional Economic Outlook 2025 indicates that potential growth in the region has declined from 6.0 percent in the early 2000s to 4.0 percent in 2023. More worryingly, projections suggest a further decline to about 3.0 percent by 2050, or even lower if downside risks such as a more drastic fall in fertility rates and severe

geoeconomic fragmentation, were to materialize. Approximately 70 percent of this decline stems from slower capital accumulation, while sluggish total factor productivity accounts for another 10 percent. The traditional growth model based on factor accumulation is reaching its limits, while productivity gains from structural change have fallen in most of the subregions after the global financial crisis. Industrialization has stalled in some economies in the middle stage of structural change, and sectoral productivity gaps compared to global frontiers remain wide. This slowdown is particularly concerning for economies at intermediate levels of development. Without successful transitions to innovation-driven growth models, these economies risk prolonged periods of relatively slow growth, unable to converge with advanced economy income levels before demographic and environmental constraints bind. The more advanced economies face their own challenges, as aging populations and saturated markets constrain their growth potential, with implications for the entire region given their role as sources of investment, technology, and final demand. Nevertheless, with sustained investment in human capital, innovation ecosystems, and digital and green infrastructure, ASEAN+3 economies can rejuvenate productivity growth and narrow the development gap within the region.

20. Reversing this growth trajectory will require the region to more fully leverage its collective strengths through deeper trade and financial integration.

While intra-regional trade has grown substantially, opportunities remain to develop more integrated value chains and expand regional markets for final goods. Similarly, the region's financial architecture offers significant potential for enhancement – ASEAN+3's substantial savings and foreign reserves could be more effectively channeled toward regional development needs through expanded use of local currencies, strengthened payment systems, and greater market connectivity. Progress in regulatory harmonization and infrastructure development would enable the region to better leverage its complementary strengths across different development stages and resource endowments, creating more resilient growth pathways.

21. The path forward for ASEAN+3 requires a comprehensive reimagining of regional cooperation to create virtuous cycles of shared prosperity.

The region has witnessed a renaissance of cross-border cooperation initiatives that deepen the regional economic and financial integration. In addition to the Regional Comprehensive Economic Partnership (RCEP) as an example of the new regionalism, infrastructure connectivity, as well as deepening financial integration on local bond markets, cross-border payment systems, and local currency settlement frameworks, increasingly represent critical dimensions of the regional cooperation. Joint initiatives on climate finance, coordinated approaches to digital economy governance, and collaborative research on demographic transitions and fiscal management also demonstrate an expanded vision of what regional cooperation can achieve. The region's demonstrated resilience, growing institutional capacity, and deepening cooperative frameworks provide a foundation for cautious optimism for ASEAN+3 in handling these interlocking challenges. Taken together, these evolving linkages

underscore ASEAN+3's potential to emerge as a model of open regionalism – combining financial resilience, sustainable growth, and inclusive transformation.

IV. Future Work

22. Over the medium to long term, regional cooperation and integration will serve as a cornerstone of the ASEAN+3 region's stability, resilience, and prosperity. While ensuring continuity in existing core areas such as the CMIM, AMRO, ABMI, and DRFI for greater stability and resilience, ASEAN+3 will embrace new and innovative forms of collaboration to revitalize growth and secure sustainable prosperity with deepened regional integration. In doing so, the ASEAN+3 Finance Process will remain inclusive, responsive, and well-positioned to address the region's evolving needs and shared aspirations.

A. Macroeconomic policy communication and cooperation

23. The unprecedented macroeconomic uncertainty in the near-term global environment, alongside the structural challenges facing the region, highlights the importance of strengthening macroeconomic policy dialogue across ASEAN+3. As these cyclical challenges and structural shifts transcend national borders and affect all economies in the region, albeit in different ways, there is growing recognition of the value in sharing experiences, insights, and policy approaches. The Economic Review and Policy Dialogue (ERPD) mechanism serves as an important platform for regional macroeconomic surveillance discussions and could be further enhanced to facilitate more dynamic exchanges that help members navigate the evolving global environment.

24. To strengthen regional policy dialogue, several broad areas could be explored. These include enhancing the format and structure of surveillance discussions to encourage more candid exchanges on cross-cutting challenges; developing mechanisms for the timely sharing of policy experiences and lessons learned; and creating opportunities for formal and informal dialogue at various levels. AMRO can support these efforts by providing analytical inputs on regional issues of common interest and facilitating discussions that bring together diverse perspectives from across the membership. Regional multilateral development banks such as the Asian Development Bank (ADB) and Asian Infrastructure Investment Bank (AIIB) may also be involved in the relevant policy dialogues with the goal of better aligning available regional resources with productive and strategic investment needs. The ultimate objective is to build a responsive, networked approach to macroeconomic surveillance that facilitates ASEAN+3's ability to better anticipate challenges, share best practices, and foster synergies in policy responses with the agility demanded by an increasingly complex and uncertain global environment.

B. ASEAN+3 Fiscal Policy Exchange and Cooperation

25. **Following the successful initiation of the ASEAN+3 Fiscal Policy Exchange at the sidelines of the AFMGM+3 in 2025, additional modalities may be explored to enhance its value.** ASEAN+3 Finance Ministers welcomed the ASEAN+3 Fiscal Policy Exchange Initiative and supported exploring its potential to serve as a regular and dedicated platform for members to share experiences, discuss best practices, and explore policy solutions to common fiscal challenges. Possible modalities may include undertaking thematic studies and exchanges on selected fiscal issues and compilation of relevant practices, and scaling of capacity development efforts through joint training/seminars, TA, and potential staff exchange programs. AMRO may provide analytical support, publish the fiscal policy report to facilitate discussions among the members, and support the ASEAN+3 Fiscal Policy Exchange.

26. **Going forward, the ASEAN+3 Fiscal Policy Exchange can contribute to ASEAN+3's efforts to address both conjunctural and structural issues.** Priority topics may include enhancing fiscal sustainability, such as domestic revenue mobilization, strengthening public financial management, and advancing fiscal responses to long-term challenges including population aging and climate change. Discussions will also explore various fiscal institutions such as fiscal rules, medium-term frameworks, public investment management systems, and social protection mechanisms. With greater consensus and a shared understanding, ASEAN+3 members can further deepen regional collaboration on fiscal matters, reinforce the region's collective resilience, and ensure that fiscal policy continues to contribute effectively to ASEAN+3's long-term economic and social development.

C. CMIM/ASEAN+3 RFA

27. **Further steps will be taken to enhance the CMIM mechanism.** These include efforts to refine the methodology to improve its usability in informing future deliberation on the potential increase of the IMF de-linked portion, develop a unified margin structure for LCY lending, review the USD margins, and continue to conduct regular CMIM Test Runs with tailored capacity building to ensure operational readiness and improve coordination among members. AMRO will continue to play an essential role in enhancing the CMIM's operational readiness and advancing efforts to further enhance the ASEAN+3 regional financial safety net.

28. **To enhance ASEAN+3's regional financial safety net, the ASEAN+3 Finance Process will continue to make efforts with the aim of transitioning the CMIM to include a PIC structure.** ASEAN+3 members, with AMRO's support, have advanced discussions on a new PIC structure, including the acknowledgment of the benefits and costs of the PIC structure by AFMGM+3 in May 2024, engagement with the IMF staff on reserve recognition of PIC, and the narrowing down of the PIC model options in 2025. Going forward, ASEAN+3 members and AMRO will work on the IMF-type model as the basis to address key remaining issues, including governance and

the required capabilities for managing such a structure, reserves recognition, sizing, and contribution currencies. Through this collective effort, the CMIM will be better positioned to evolve into a more credible and effective RFA for the region.

D. AMRO

29. **Guided by its SD2030, AMRO will continue to contribute to the macroeconomic and financial resilience and stability of the ASEAN+3 region with elevated core functions.** To this end, AMRO will enhance its surveillance function by broadening its coverage to include macro-critical structural issues, deepening country-specific knowledge, enhancing its surveillance framework and tools, and responding more effectively to emerging challenges through timely and high-quality policy advice. It will also strengthen research on thematic and emerging issues, such as financial digitalization and regional integration, and domestic resource mobilization, while deepening coordination with other RFAs, the IMF, and multilateral development banks (MDBs) to strengthen members' access to global financial resources through robust surveillance and program design. AMRO will also continue to support members in enhancing the CMIM's operational readiness and contribute to reinforcing the region's financial safety net through studies on PIC financing structure and related issues,. To meet growing demands on AMRO's TA, AMRO will continue to strengthen its TA capacity and management by implementing its TA Strategy 2030 with greater accountability and effectiveness. This includes providing more tailored programs, strengthening coordination among TA and Surveillance, and supporting internal capacity building.

30. **Meanwhile, AMRO will strive to leverage the SPIRIT as a demand-driven initiative to deliver tailored technical support for members' structural transformation.** Initially launched as a TA program with a long-term perspective, SPIRIT will identify priority long-term structural issues relevant to AMRO's mandate, co-develop focused and thematic TA programs with interested members, and collaborate with development partners to ensure efficient resource use. Over time, insights from SPIRIT will be integrated into AMRO's surveillance work to strengthen early identification of structural needs. With sustained engagement and subject to a comprehensive assessment on its effectiveness, members could consider to mainstream SPIRIT and whether it could potentially evolve into a more comprehensive policy instrument complemented by financing options—potentially crowding in support from multilateral development banks and private sector partners—to help accelerate impactful structural improvements across the region.

31. **The fast-changing landscape and emerging challenges facing the region call for a stronger AMRO with sound branding and greater influence to better support its members and the region.** AMRO will continue to strengthen key office-wide initiatives, enhance institutional arrangements, and elevate its international profile toward its vision 2030 as a trusted policy advisor and a thought leader with global influence. To this end, it will further solidify its role as a Regional Knowledge

Hub by improving knowledge generation, management, and dissemination among a broader audience and leveraging the local expertise of the ASEAN+3 Finance Think-Tank Network. It will also reinforce its comprehensive secretariat support to the ASEAN+3 Finance Process to advance regional cooperation and integration, taking on a more active role in identifying policy agenda priorities and enhancing coordination and collaboration across all tracks. While further strengthening strategic partnerships and external communications, AMRO will further upgrade its branding to enhance outreach and establish itself as the authoritative voice representing the region on the global stage. To this end, AMRO will work with members to address any potential constraints over its long-term financial sustainability and ability due to the lack of independent financial resources, to consistently and effectively deliver its mandate, and to better support its members.

E. ABMI

32. Under the ABMI, the ASEAN+3 Finance Process will continue to advance the development of LCY bond markets as a foundation for regional financial resilience. In line with the ABMI Medium-Term Road Map (2023–2026), future efforts will focus on fostering sustainable finance, improving market infrastructure, and enhancing regulatory coherence to support integration across the region. The CGIF will play a key role in catalyzing sustainable bond issuances and mobilizing private capital for green and inclusive development. Looking beyond 2026, ABMI will develop a new roadmap for 2027–2030 to further promote more dynamic regional fund recycling and financial connectivity by advancing the finance ecosystem into a phase where bonds go beyond mere funding to serve as enabling instruments, such as being utilized as collateral in repo markets for the regional market integration, with a focus on sustainable bonds, digital transformation, and cross-border transactions, as well as by transitioning the framework to explore broader sets of instruments and tools.

33. To strengthen the region’s sustainable finance ecosystem, ABMI will continue to expand support for innovative green, social, and sustainability-linked bonds. This includes efforts to improve domestic regulatory environments, enhance sustainability disclosures and verification standards, and promote alignment with international best practices. Under the leadership of ABMI Task Forces and CGIF, more innovative and tailored instruments will be developed to support infrastructure and social development, complemented by continued knowledge sharing and capacity-building activities.

34. Digitalization will be a key enabler for regional bond market integration. The ASEAN+3 Finance Process will further develop platforms such as the Digital Bond Market Forum to explore emerging technologies and cross-border settlement models, while enhancing regional information infrastructure through AsianBondsOnline and harmonizing the regulations and market practices through the ASEAN+3 Bond Market Forum for the smooth application of digital technologies. These initiatives, along with targeted TA for emerging markets, will ensure that the ABMI remains a vital pillar of financial integration and sustainable development across ASEAN+3.

F. DRFI

35. **The ASEAN+3 Finance Process will further advance the DRFI as a key pillar to strengthen the region's resilience against disaster and climate risks.** With natural disasters becoming more frequent and severe, the DRFI will adopt its next Roadmap with the support of a dedicated DRFI secretariat to focus on (i) support provision for fundamental Disaster Risk Financing (DRF) tools and foundation building for advanced tools, such as budget allocations, contingent financing, and reserve funds; (ii) expansion of insurance products tailored to needs of national government; and (iii) exploration of options beyond traditional insurance products such as catastrophe bonds. Looking ahead, a more structured approach to strengthening financial preparedness will be implemented in close collaboration with technical and development partners such as the World Bank and ADB.

36. **To ensure broad-based capacity across the region, the ASEAN+3 Finance Process will scale up efforts to promote awareness of disaster risk financing and support the development of national DRF systems.** These efforts will involve organizing seminars and workshops, facilitating cross-country knowledge exchange, and delivering policy advisory support. In parallel, the region will work to strengthen the technical foundations of disaster risk financing through the development of high-quality data and risk modelling frameworks. This will facilitate ASEAN+3's adoption of more sophisticated and market-based DRF instruments in line with their evolving needs.

37. **Looking further ahead, the ASEAN+3 Finance Process will explore innovative disaster risk financing instruments to complement existing tools and address uncovered risk areas.** This includes promoting the development of sovereign insurance products tailored to national needs, and assessing the feasibility of mechanisms such as parametric insurance, contingent disaster financing, and catastrophe bonds. In particular, the SEADRIF Insurance Company may play a key role in expanding regional coverage. Collectively, these initiatives aim to enhance the predictability, timeliness, and sustainability of post-disaster financing while supporting the development of local insurance markets.

G. Future Initiatives

38. **Beyond the established and mainstreamed initiatives, the ASEAN+3 Finance Process will continue to explore new areas of cooperation to address emerging regional challenges.** These include infrastructure financing and the enhancement of intra-regional economic linkages, reflecting the need to broaden financial cooperation and more effectively mobilize and recycle regional savings in response to evolving global uncertainties and long-term development requirements.

39. **The ASEAN+3 Finance Process will accelerate efforts to advance infrastructure financing.** A strong focus is on mobilizing private capital to support sustainable finance including for critical cross-border infrastructure projects, and

channel the region's substantial savings and reserves toward the long-term development needs. Through WG1, members will foster stronger partnerships among governments, the private sector, MDBs, and regional platforms to unlock new investment channels and support climate-resilient and inclusive infrastructure that also benefits local communities. A shared regional vision for sustainable infrastructure finance may be developed to guide ecosystem development and strengthen market connectivity. By enhancing knowledge exchange and improving understanding of investment opportunities and risk management frameworks, ASEAN+3 may establish a dynamic platform that drives private investment, advances sustainable infrastructure, and contributes to regional resilience and economic transformation.

40. The heightened uncertainty in the global trading environment reinforces the importance of strengthening intra-regional economic linkages within ASEAN+3. Significant potential remains through enhanced investment flows to develop regional value chains and production networks. Priority areas from a financial perspective include enhancing regional cooperation on cross-border transactions and payments while maintaining the integrity of the financial system, facilitating greater use of local currencies, and strengthening payment connectivity. ASEAN+3 could consider exploring sharing on stablecoin policy in the region—sharing approaches for supervision, disclosure, risk monitoring, by considering the risk of stablecoins—to safeguard stability while enabling innovation. AMRO could support these efforts through analysis of benefits and risks, identification of areas for capacity development, and policy recommendations. These efforts aim to foster a more integrated regional economy that can better weather external shocks while creating sustainable growth opportunities for all member economies.

41. Looking ahead, building a more resilient regional architecture will benefit from a holistic approach that draws on synergies across sectors. To this end, the ASEAN+3 Finance Process could explore deepening exchanges with relevant counterparts to better support the region's collective ability to anticipate and manage systemic challenges. For example, the ASEAN+3 Finance Process may work in concert with its counterparts on the trade and investment track on how the finance process can support and promote resilient regional supply chains and the digital economy, as well as establish collaborative mechanisms to safeguard free and open trade. Through timely information-sharing and complementary initiatives, the ASEAN+3 region will be able to strengthen its ability to sustain trade, investment, and capital flows in support of sustainable and inclusive growth across the region.

V. Implementation

42. Effective implementation of the updated Strategic Direction of the ASEAN+3 Finance Process will require robust and clearly defined implementation mechanisms. Moving forward, ASEAN+3 members will review and refine the existing frameworks to enhance efficiency and ensure alignment with

evolving regional priorities. This includes assessing gaps, benchmarking against global best practices, exploring ways to improve meeting arrangements, and clarifying the governance process for introducing and retiring initiatives. These reforms will be backed by stronger and more comprehensive secretariat support from AMRO, enabling more systematic, consistent, and well-coordinated implementation across all workstreams. Given the comprehensive scope of the updated Strategic Direction, ASEAN+3 members—under the Co-chairs’ leadership—will further prioritize future work based on the evolving global and regional landscape and shared interests, to ensure steady progress with more tangible outcomes. AMRO will further strengthen its capacity and collaborate closely with other relevant institutions and partners, including the Association of Southeast Asian Nations Secretariat (ASEC), ADB, CGIF, and SEADRIF, to support the implementation of the updated Strategic Direction during this process. The implementation progress will be comprehensively updated and communicated among ASEAN+3 members and relevant parties. The ASEAN+3 Finance Process may also explore strengthening cooperation and coordination with other ministerial tracks—such as trade, science and technology, and health—to enhance the ASEAN+3 region’s stability, resilience, and prosperity.