

Toward a Unified ASEAN Carbon Market: The ASEAN Common Carbon Framework

Members of the Association of Southeast Asian Nations (ASEAN) have made notable progress in developing carbon pricing instruments, establishing national offset registries, and initiating voluntary and compliance carbon markets. However, these efforts remain largely uncoordinated. Market fragmentation – manifested in differing rules, crediting methodologies, and verification standards – continues to impede scale, increase transaction costs and limit investor confidence across the region.

The ASEAN Common Carbon Framework (ACCF) was introduced to address this gap and operationalize the ASEAN Strategy for Carbon Neutrality. Developed through collaboration among the Malaysia Carbon Market Association (MCMA), Indonesia Carbon Trade Association (IDCTA), Singapore Sustainable Finance Association (SSFA), Thailand Carbon Markets Club (TCMC) and the ASEAN Alliance on Carbon Markets (AACM), the ACCF is a regional initiative to align standards, build trust and facilitate access to climate finance through interoperable carbon markets.

“The ASEAN Common Carbon Framework is indeed a catalyst for innovation and cooperation across borders,” said Dr. Renard Siew, president of MCMA. “It lays down the groundwork for a vibrant carbon market ecosystem that enables active participation from ecosystem players, thus accelerating our region’s path toward a low-carbon future. I look forward to working more closely with our counterparts to drive growth, integrity and impact across ASEAN.”

The barriers the ACCF aims to tackle are well known. First, the cost of project development remains high. While global standards such as Verra and Gold Standard provide credibility, compliance with their processes and fees is often prohibitive for small and medium-scale developers, vastly found in the region. Second, registration and issuance timelines are slow due to limited auditor availability and complex validation procedures. Third, market integrity has come under scrutiny. A 2023 Reuters investigation found that approximately one-third of credits reviewed failed to meet the Integrity Council for the Voluntary Carbon Market’s (ICVCM) Core Carbon Principles, particularly on the principle of additionality. Lastly, despite surpassing the \$100 billion annual climate finance target, developing countries still face an estimated \$2.4 trillion annual funding gap to meet their climate objectives by 2030.

The ACCF introduces five key design elements in response. These include:

- Localized methodologies to unlock project opportunities specific to ASEAN contexts.
- High-quality credits aligned with both national circumstances and international buyer expectations.
- Mutual recognition of methodologies to enable cross-border project development and enhance market liquidity.
- A shared pool of resources, such as certified verification bodies and measurement, reporting and verification (MRV) tools, to reduce duplication and scale capacity.
- Linkages to compliance carbon markets, including Article 6.2 of the Paris Agreement and the future integration of national emissions trading systems.

These components are designed to complement, not replace, existing national systems.

“On behalf of AACM, we are excited to be part of this landmark partnership. We believe that the ASEAN Common Carbon Framework (ACCF) will be instrumental in advancing the ASEAN Strategy on Carbon Neutrality,” said Dharsono Hartono, the permanent chair of AACM. “In particular, the ACCF has the potential to make interoperable carbon markets, along with credible and common standards, a reality across the region. By facilitating the development of carbon markets, fostering growth, and unlocking the associated benefits, this collaboration will help bring ASEAN closer to realizing its immense potential.”

The implementation roadmap is divided into phases. Phase 1 focuses on ecosystem expansion by growing the pipeline of high-integrity carbon projects. Phase 2 aims to strengthen the voluntary carbon market by improving liquidity and enhancing price discovery mechanisms. Phase 3 will advance the

integration of national emissions trading systems across ASEAN. Pilot projects will test interoperability, and the ASEAN Claims Guidance will provide standardized protocols for credit usage across voluntary and compliance applications.

Capacity building is integral to this approach and Equatorise Advisory now serves as the ACCF's Programme Management Office (PMO). In March 2025, more than 125 stakeholders convened in Singapore for a two-day training program on carbon market fundamentals and the ACCF. Supported by the ASEAN-UK Green Transition Fund and organized by Equatorise Advisory, the event featured technical workshops and policy roundtables focused on enhancing regional collaboration. It marked the first coordinated effort to align technical practices, establish a shared knowledge base and begin developing a cross-border talent pool to support carbon market growth.

Beyond systems and protocols, the ACCF places emphasis on credibility and impact. ASEAN-originated credits must be recognized not only for their emissions reductions but also for delivering measurable co-benefits. These co-benefits include biodiversity protection, rural development and alignment with the United Nations Sustainable Development Goals (SDGs). Communicating these attributes effectively will be critical to sustaining market demand.

The ACCF is not merely a conceptual framework; it represents a coordinated, actionable strategy to operationalize ASEAN's collective climate potential. By transitioning from fragmented market development to an integrated architecture, the region can position itself as a leader in the global carbon economy, delivering both climate impact and economic opportunity.