Some ideas on the way forward with regard to financial inclusion

Mr. Kazuto Tsuji, Japan International Cooperation Agency (JICA)

**PURPOSE**  For consideration.

**ISSUE**  Suggestions on the way forward for financial inclusion

**BACKGROUND**  JICA, which undertakes technical assistance on various issues, including financial inclusion, is one of the partner institutions in the Advisory Group, and is proposing some ideas on promoting financial inclusion under Indonesia’s APEC chairmanship in 2013.

**PROPOSAL**  Cooperation with various topics at ABAC’s working groups should be enhanced in order for initiatives on financial inclusion to have a greater impact on economic and social development.

ABAC’s policy recommendations should be followed up by facilitation of discussion among stakeholders concerned, legitimacy and constituency building and resource mobilization for reform realization.

**DECISION POINT**  Include the proposals among issues for the Advisory Group’s discussions in 2013.
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Kazuto TSUJI, JICA

1. The **continuity** with the past topics at ABAC and closer coordination between ABAC and APEC initiatives on financial inclusion under the **Indonesian chairmanship** should be ensured.

2. Cooperation with various topics at the WGs of ABAC should be enhanced in order for initiatives on financial inclusion to have a greater impact on economic and social development. For example, if the issue of **regional economic integration** is combined with financial inclusion, **intra-regional cross border remittances** as a gateway to financial inclusion for the poor in the region should be discussed more in detail. As for **sustainable development**, how financial inclusion can contribute to ① **poor farmers’ agricultural productivity** improvement and **food security**, ② **renewable energy usage and energy efficiency by the poor**, and ③ **disaster prevention or adaptation to the climate change by the poor** is an urgent topic at present. In other words, the expansion of green or climate-smart microfinance should be explored (see the attached paper dated April 2012).

3. ABAC’s policy recommendations should be followed up by ① **the facilitation of discussion** among stakeholders concerned, ② **legitimacy and constituency building** aimed at reform policy measures which are recommended, and ③ **resource mobilization** for reform realization, among others, so that the recommendations could be decided on and be implemented. Therefore, ABAC’s recommendations on financial inclusion had better be connected to some donors’ **technical assistance** for the purpose of taking care of these indispensable steps aimed at smoother reform actualization in particular economies.