AGENDA ITEM 3

SIXTH MEETING OF THE ADVISORY GROUP
CEBU, PHILIPPINES, 14TH AUGUST 2006

REVIEW OF PROGRAM OF WORK TO SUPPORT THE DEVELOPMENT
OF REGIONAL BOND MARKETS

Introduction

At the fifth Advisory Group meeting in Montreal, the Group considered that at this
stage a proposal to consider a Peer Review process was inappropriate, given the
relatively low rate of bond issuance, particularly by the corporate sector, and that
progress might be better achieved by focusing on helping interested economies
associate with relevant groups in developing policies to promote domestic bond
markets. The ABAC Finance Working Group later accepted this advice. In the
FWG meeting, it was noted that perhaps more work was needed on identifying best
practices and gaps in practices. FWG also noted that work on insolvency law reform
being undertaken under the auspices of the ADB was important and to be supported
by ABAC.

Issues

A revised proposal taking account the advice provided at Montreal is described in
Attachment 1. (This same proposal will also be considered by the ABAC FWG at its
Cebu meeting). This focuses on the establishment of a mechanism which would
involve APEC economies – developed and developing - the private sector and key
IFIs and which aims to support individual economies seeking to develop markets by
identifying measures which would facilitate private sector activity and cross-border
transactions. The proposal, which will be presented by Mr. Jeffrey Koo and Dr.
Parrenas, is that initial activities would be undertaken by the Finance Ministers’
processes and the Advisory Group and with the support of the ADB. Further thought
is required on measures relating to the legal infrastructure and informal arrangements
to support bond issuance. Mr. Richard Fisher of Blake Dawson Waldron and Ms.
Clare Wee of the ADB will discuss these issues with the Group. A ppt is attached to
this paper.

Recommendations

- the Advisory Group review and advise on the proposals in the attached paper
to progress work in promoting bond markets, and
- consider further public/private sector capacity building initiatives to support
the development of the legal infrastructure to support bond markets and to
promote informal work-outs.

Coordinator

1ST August 2006