

THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

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Meeting Paper 4-A REPORT ON 2013 ADVISORY GROUP ACTIVITIES AND INITIATIVES

Office of the Advisory Group Chair

<i>PURPOSE</i>	For information.
<i>ISSUE</i>	Report of the 2013 Activities and Initiatives of the Advisory Group
<i>BACKGROUND</i>	N.A.
<i>PROPOSAL</i>	N.A.
<i>DECISION POINT</i>	Note the report.

REPORT ON 2013 ADVISORY GROUP ACTIVITIES AND INITIATIVES

Office of the Advisory Group Chair

Policy Areas	Deliverables Set Forth in the 2013 Advisory Group Work Program	Activities, Results and Achievements
APFF	Successful completion of Sydney Symposium	<ul style="list-style-type: none"> The Sydney Symposium was held on 10-11 April 2013.
	Completion of report	<ul style="list-style-type: none"> The report was completed and submitted to APEC Finance Ministers
	Endorsement/launch of APFF and activities	<ul style="list-style-type: none"> <i>APEC Finance Ministers endorsed the launch of APFF (20 September, Bali)</i>
	<i>Not anticipated as deliverable in 2013 Work Program</i>	<ul style="list-style-type: none"> 6 APFF collaborating institutions participated actively in the APEC FMP trade finance workshop in Lombok (1 July)
Infrastructure PPP	Successful holding of 2 nd Dialogue with Philippines	<ul style="list-style-type: none"> APIP 2nd Dialogue with the Philippines (23 January, Manila).
	Successful holding of Dialogue with Thailand	<ul style="list-style-type: none"> APIP Dialogue with Thailand (22 February, Bangkok).
	APIP participation in APEC FMP initiatives on infrastructure	<ul style="list-style-type: none"> APIP panel members and collaborating institutions participated actively in the 1st workshop in Makassar (April) and the 2nd workshop in Palembang (August)
Financial Inclusion	Successful conclusion of the 2013 Asia-Pacific Financial Inclusion Forum	<ul style="list-style-type: none"> The Asia-Pacific Financial Inclusion Forum was held on 11-12 June in Batam Island, Indonesia, jointly with ADBI, FDC and the Indonesian Ministry of Finance, in collaboration with the Asia-Pacific Credit Coalition (APCC), CGAP, IFC, JICA, ADFIAP, Banking with the Poor Network (BWTP) and sponsored by Citi Foundation.
	Completion and publication of report	<ul style="list-style-type: none"> The forum report has been completed and is being prepared for publication.
	Collaboration on APEC Financial Inclusion Initiative with APEC Senior Finance Officials	<ul style="list-style-type: none"> Advisory Group financial inclusion caucus members actively participated in the APEC FMP workshops in Jakarta (February) and Manado (May).
Legal Architecture to Facilitate Finance	Successful completion of the Kyoto Workshop on Legal Architecture to Facilitate Finance	<ul style="list-style-type: none"> The workshop was held on 9 July 2013 in Kyoto.
	Completion and endorsement of key elements for a model code of security interest creation,	<ul style="list-style-type: none"> The key elements of the model code were completed and endorsed by the Advisory Group and ABAC in Kyoto.

	perfection and enforcement	
	Completion and endorsement of updated Asia Pacific Regional Informal Workout Guidelines and Model Agreement to Promote Company Restructuring by Informal Workout	<ul style="list-style-type: none"> The updated guidelines and model agreement were completed and endorsed by the Advisory Group and ABAC in Kyoto.
<i>Venture capital finance</i>	Develop concrete recommendations to Finance Ministers and Leaders	<ul style="list-style-type: none"> The Advisory Group developed and submitted its recommendation (see below under Reports)
<i>Credit rating industry</i>	Identify further measures to strengthen the role of CRAs in the development and integration of the region's LCY bond markets	<ul style="list-style-type: none"> The Advisory Group developed and submitted its recommendation (see below under Reports)
<i>Report</i>	2013 Report on Financial System Capacity-Building in APEC (to be submitted to the APEC Finance Ministers). Recommendations as follows:	<ul style="list-style-type: none"> Completed the 2013 report, which was annexed to the ABAC Report to Finance Ministers and its recommendations incorporated into the ABAC Report. <p>Finance Ministers' response in their JMS as follows:</p> <ul style="list-style-type: none"> <i><u>We welcome ABAC's report and recommendations on infrastructure, financial inclusion and strategies to achieve balanced and innovative growth and stronger regional financial integration.</u></i> <i><u>We are pleased with the ABAC symposium hosted by Australia, which explored the creation of an Asia-Pacific Financial Forum (APFF)... We believe that the APFF, reporting to the APEC Finance Ministers' Process, can make a valuable contribution in deepening public-private collaboration toward the development of sound, efficient, inclusive and integrated financial systems in the region.</u></i> <i><u>We note the progress in the development of Asia Region Funds Passport, including the formation and on-going development of a framework document that sets out its voluntary guiding principles and basic arrangements. We welcomed the signing of the Statement of Intent (SOI) in Nusa Dua, Bali, Indonesia, on 20 September 2013 by some economies that will potentially become members of a pilot group launching the Passport and publicly consult on the detailed rules for its implementation in accordance with the</u></i>
	<ul style="list-style-type: none"> Finance Ministers to endorse the launch of the APFF based on the priorities proposed in the Sydney Symposium 	
	<ul style="list-style-type: none"> Development of the Asia Region Funds Passport (ARFP) and that officials increase their engagement with market participants. 	

	<ul style="list-style-type: none"> • APEC Finance Ministers establish a regional framework under a multi-year initiative to coordinate capacity building and sharing of best practices in infrastructure finance, with the collaboration of the APIP. 	<ul style="list-style-type: none"> • <i>timeline set out in the SOI.</i> • <i>We recognize the importance of productivity enhancing infrastructure projects in supporting the region’s growth potential and we take note of the APEC <u>Multi-Year Plan for Infrastructure Development and Investment</u>. We now commit to establish an <u>APEC PPP Experts Advisory Panel (the Panel) reflecting the diversity of APEC economies to enhance infrastructure development in the region, and call on the World Bank, the ADB and the OECD to provide appropriate support (see Annex A). We welcome the active participation of ABAC and the Asia Pacific Infrastructure Partnership (APIP) in the Panel.</u></i>
	<ul style="list-style-type: none"> • APEC economies to commit to policy reforms to facilitate the delivery of mobile and branchless banking and remittances and to improve the market infrastructure, particularly payment and credit reporting systems and secured lending frameworks; and to undertake capacity building to promote innovative approaches and effective financial education and consumer protection regimes. 	<ul style="list-style-type: none"> • <i>We support the <u>continuation of the APIP Dialogue in 2014...</u></i> • <i>We commit to promote awareness and enhance access, eligibility and capacity of poor households and small-and-medium sized enterprises (SMEs) to interact with financial institutions, together with efforts to develop <u>financial literacy and strengthen consumer protection</u>. We note that responsible and <u>innovative approaches to promote financial eligibility of the poor and SMEs are paramount to developing an inclusive financial system and to improving the effectiveness of public policy.. We also noted during workshop discussions that there were several examples of innovative distribution channels being implemented in APEC economies, especially <u>branchless banking</u></u></i> • <i>We support ...ABAC’s continued contributions to APEC’s financial inclusion agenda.</i>
	<ul style="list-style-type: none"> • Finance Ministers to endorse “Elements of a Model Code of Security Interest Creation, Perfection and Enforcement” to guide reforms in member economies and the “Asia Pacific Informal Workout Guidelines for Promoting Corporate Restructuring in the Region” and “Model Agreement to Promote 	<ul style="list-style-type: none"> • No specific endorsement. Model code to be taken up in APFF under the lending infrastructure work stream.

	<p>Company Restructuring</p>	
	<ul style="list-style-type: none"> • Finance Ministers to endorse a project to develop a regional guidebook on common basic rating methodologies and basic rating criteria for key industries and sectors with the collaboration of the Association of Credit Rating Agencies in Asia; convergence of accreditation criteria for CRAs across markets; and convergence of financial standards and regulations to facilitate comparable credit ratings across markets. 	<ul style="list-style-type: none"> • No specific endorsement. For discussion with interested capacity building institutions.
	<ul style="list-style-type: none"> • Development of government-encouraged funds of funds within APEC for seeding and growing a private sector-led angel and venture capital ecosystem in the region and that interested economies and multilateral institutions collaborate with ABAC and private sector firms to initiate this process. 	<ul style="list-style-type: none"> • No specific endorsement. For action in 2014.