



# THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

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Beijing, People's Republic of China

## Meeting Paper 3-A

# REPORT ON 2014 ADVISORY GROUP ACTIVITIES AND INITIATIVES

Office of the Advisory Group Chair

<i>PURPOSE</i>	For information.
<i>ISSUE</i>	Report of the 2014 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 2014 ADVISORY GROUP ACTIVITIES AND INITIATIVES

Office of the Advisory Group Chair

Policy Areas	Deliverables Set Forth in the 2014 Advisory Group Work Program	Activities, Results and Achievements
<b>APFF</b>	Successful completion of APFF activities	<ul style="list-style-type: none"> <li>• The APFF Workshop on Improving the Architecture for Credit Market Development in the APEC region (hosted by People’s Bank of China and in collaboration with IFC) was held in Shanghai on 21-22 March 2014.</li> <li>• The APFF Seattle Symposium (hosted by NCAPEC) was held on 7 July 2014.</li> <li>• The Asia-Pacific Financial Cooperation Seminar (hosted by Korea Ministry of Finance and Korea Capital Market Institute) was held in Seoul, Korea on 29 August 2014.</li> <li>• The APFF Beijing Symposium (supported by the Chinese Ministry of Finance, CCPIT and APEC China Business Council) was held on 23 October 2014.</li> </ul>
	Completion of APFF Interim Report	<ul style="list-style-type: none"> <li>• The report was completed and submitted to APEC Finance Ministers</li> </ul>
	Endorsement of APFF activities	<ul style="list-style-type: none"> <li>• <b><i>APEC Finance Ministers endorsed the APFF report and encouraged relevant authorities to collaborate with APFF (22 October, Beijing)</i></b></li> </ul>
	<i>Not anticipated as deliverable in 2014 Work Program</i>	<ul style="list-style-type: none"> <li>• APFF work streams participated in APEC Finance Ministers Process seminars in Shenzhen (April), Fuzhou (May) and Dalian (July).</li> </ul>
<b>Infrastructure PPP</b>	APIP participation in APEC FMP initiatives on infrastructure	<ul style="list-style-type: none"> <li>• APIP panel members and collaborating institutions participated actively in the APEC Finance Ministers Process seminars in Fuzhou (May) and Dalian (July) and the meetings of the APEC PPP Experts’ Advisory Panel in Boao (February), Fuzhou (May) and Dalian (July).</li> </ul>
	Completion of report	<ul style="list-style-type: none"> <li>• APIP completed a consolidated report of its previous dialogues.</li> </ul>
	Incorporation of APIP inputs into the Finance Ministers’ work	<ul style="list-style-type: none"> <li>• <b><i>Many items in the APIP’s consolidated report were incorporated into the Finance Ministers’ Implementation Roadmap to Develop Successful PPP Projects in the APEC Region (Annex A of the JMS).</i></b></li> </ul>

<i>Financial Inclusion</i>	Successful conclusion of the 2014 Asia-Pacific Financial Inclusion Forum	<ul style="list-style-type: none"> <li>The Asia-Pacific Financial Inclusion Forum was held on 19-20 March in Shanghai, China, jointly with ADBI, FDC and the Asia-Pacific Finance and Development Center (AFDC) under the Chinese Ministry of Finance and sponsored by Citi Foundation.</li> </ul>
	Completion and publication of report	<ul style="list-style-type: none"> <li>The forum report was completed, published, disseminated and reported to the APEC Deputy Finance Ministers on 21 October.</li> </ul>
	Endorsement of the report	<ul style="list-style-type: none"> <li><b><i>APEC Finance Ministers welcomed the report in their JMS.</i></b></li> </ul>
<i>Angel and Venture capital finance</i>	Develop concrete recommendations to Finance Ministers and Leaders	<ul style="list-style-type: none"> <li>ABAC and IFC completed and published the APEC Framework for Innovative Financing Mechanisms</li> </ul>
	Endorsement by APEC Finance Ministers	<ul style="list-style-type: none"> <li><b><i>APEC Finance Ministers welcomed ABAC's proposal on innovative financing mechanisms</i></b></li> </ul>
<i>Promoting Sound Valuation Practices in APEC</i>	Undertake discussions to develop recommendations on how to address challenges	<ul style="list-style-type: none"> <li>The Advisory Group developed and submitted its recommendation to Finance Ministers</li> </ul>
	Endorsement by APEC Finance Ministers	<ul style="list-style-type: none"> <li><b><i>APEC Finance Ministers welcomed ABAC's proposal on sound valuation practices.</i></b></li> </ul>
<i>Report</i>	2014 Report on Financial System Capacity-Building in APEC (submitted to the APEC Finance Ministers). Recommendations as follows:	<ul style="list-style-type: none"> <li>Completed the 2014 report, which was annexed to the ABAC Report to Finance Ministers and its recommendations incorporated into the ABAC Report.</li> </ul> <p>Finance Ministers' response in their JMS as follows:</p> <ul style="list-style-type: none"> <li><b><i>JMS: We thank ABAC for its report and initiatives. We encourage our relevant authorities to collaborate with APFF in developing capital markets, SME finance and long-term investments. We welcome continued APIP dialogues and the report of the Asia-Pacific Forum on Financial Inclusion on measures to expand access to finance. We welcome ABAC's proposals to promote long-term savings mobilization, sound valuation practices, innovative finance mechanisms, urban infrastructure and internationalization of emerging market currencies.</i></b></li> </ul>

	<ul style="list-style-type: none"> <li>Finance Ministers to encourage public-private collaboration through the Asia-Pacific Financial Forum (APFF) in developing capital markets, SME finance and long-term investment.</li> </ul>	<ul style="list-style-type: none"> <li><i>JMS: We encourage our relevant authorities to collaborate with APFF in developing capital markets, SME finance and long-term investments.</i></li> <li><i>JMS: We are determined to mobilize private sector investors, including long-term institutional investors for infrastructure development, by the development of domestic capital markets and enabling environment for private investments in infrastructure through APEC initiatives like the Asia-Pacific Financial Forum (APFF) and the Asia-Pacific Infrastructure Partnership (APIP).</i></li> <li><i>Annex A: To support the implementation of the MYPIDI, the APEC Finance Ministers call for actions to be taken by governments, the private sector, and international organizations to promote development of infrastructure PPP projects in the APEC region:...Accelerate capital market development to attract long-term institutional investors through initiatives such as the Asia-Pacific Financial Forum.</i></li> <li><i>Annex B: Section on APFF.</i></li> </ul>
	<ul style="list-style-type: none"> <li>Finance Ministers develop an implementation roadmap for promoting infrastructure PPP projects to assist member economies in (a) effectively allocating risks between public and private sectors; (b) improving institutional capacity to promote PPPs; (c) facilitating infrastructure finance, especially long-term and local currency funding; (d) providing an enabling legal, policy and regulatory environment; and (e) promoting public support for PPPs.</li> </ul>	<ul style="list-style-type: none"> <li><i>Finance Ministers adopted as Annex A to JMS an Implementation Roadmap to Develop Successful Infrastructure PPP Projects in the APEC Region. The roadmap included sections corresponding to the Advisory Group proposals as follows:</i></li> <li><i>Annex A, Paragraphs 11 and 12: Risk allocation</i></li> <li><i>Annex A, Paragraph 15: Institutional capacity through PPP Centers</i></li> <li><i>Annex A, Paragraph 13: Long-term local currency financing</i></li> <li><i>Annex A, Paragraph 5: Enabling Environment</i></li> <li><i>Annex A, Paragraph 14: Government Support</i></li> </ul>
	<ul style="list-style-type: none"> <li>Finance Ministers to encourage APEC economies to continue dialogues with APIP.</li> </ul>	<ul style="list-style-type: none"> <li><i>JMS: We welcome continued APIP dialogues...</i></li> <li><i>Annex B: Section on APIP</i></li> </ul>
	<ul style="list-style-type: none"> <li>Finance Ministers to encourage greater public-private collaboration in capacity</li> </ul>	<ul style="list-style-type: none"> <li><i>JMS: We welcome ...the report of the Asia-Pacific Forum on Financial Inclusion on measures to expand access to finance.</i></li> </ul>

	<p>building initiatives to help member economies promote financial inclusion.</p>	<ul style="list-style-type: none"> <li>• <i>JMS: We are also committed to step up financial education to enhance the capacity building of SMEs so as to help them better understand the financial markets and to operate effectively in regional and global markets. We note the Asia SME Finance Monitor from ADB, ADB-OECD Study on Enhancing Financial Accessibility for SMEs, and the work of the Global Partnership for Financial Inclusion. We ask the IMF, OECD, ADB and World Bank Group to identify where advances can be made in developing markets and instruments which could further promote SMEs and infrastructure financing in the APEC region.</i></li> <li>• <i>Annex B: Section on Asia-Pacific Forum on Financial Inclusion</i></li> </ul>
	<ul style="list-style-type: none"> <li>• Finance Ministers to encourage the public sector to collaborate with ABAC and other relevant bodies to promote high quality valuation practices and professionals across member economies.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>JMS: We welcome ABAC's proposals to promote...<u>sound valuation practices.</u></i></li> </ul>