



# THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

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# **Report of the Meeting of the Advisory Group of 20 April 2015, Mexico City, Mexico**

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<b>PROPOSAL</b>	N.A.
<b>DECISION POINT</b>	Endorse the meeting report

# **2015 REPORT ON CAPACITY-BUILDING MEASURES TO STRENGTHEN AND DEVELOP FINANCIAL SYSTEMS**

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**THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM  
CAPACITY-BUILDING**

**2015 REPORT ON CAPACITY-BUILDING  
MEASURES TO STRENGTHEN AND DEVELOP  
FINANCIAL SYSTEMS**

*Summary of Recommendations*

Building on its work of previous years, the Advisory Group proposes in this year's report a number of measures to accelerate the development of the region's financial systems to address various constraints that prevent significant progress in expanding consumption and business activity in APEC's emerging markets. These key constraints include underdeveloped financial markets and institutions, inadequate access of small enterprises and the large low-income segment of the population to financial services; and obstacles to expanded private investment in infrastructure. This report addresses issues in four areas: (a) building financial systems to support inclusive, resilient and stronger growth through the Asia-Pacific Financial Forum (APFF); (b) expanding access to finance; (c) promoting a regional pipeline of bankable infrastructure Public-Private Partnership (PPP) projects; and (d) improving valuation practices in the region.

**THE ASIA-PACIFIC FINANCIAL FORUM: BUILDING FINANCIAL SYSTEMS TO SUPPORT INCLUSIVE, RESILIENT AND STRONGER GROWTH**

The APFF, a platform for public-private collaboration to develop robust and integrated financial markets in the region, was proposed by the APEC Business Advisory Council (ABAC) and adopted by the APEC Finance Ministers at their 2013 annual meeting in Bali. In 2014, the APFF identified undertakings to advance development in key areas of financial markets that are critical to the region's economic aspirations. This year, the APFF advanced its work in these areas, as presented in greater detail in its 2015 Progress Report to the APEC Finance Ministers.

The APFF Progress Report recommended that the APEC Finance Ministers (a) undertake a pathfinder initiative to develop credit information systems; (b) undertake a pathfinder initiative to improve policy frameworks for secured transactions and the use of movable assets as collateral; (c) convene public-private dialogues on regulatory issues in trade and supply chain finance; (d) hold workshops on emerging facilitators of trade and supply chain finance; (e) support the development of alternative funding mechanisms for MSMEs; (f) develop best practices for strengthening MSMEs' resilience; (g) establish an APEC-wide DRF expert group to develop a gap analysis report, a disaster risk database and a baseline DRF framework for APEC economies; (h) promote the accumulation of long-term capital in pension funds through retirement income market reforms; (i) identify and address regulatory and accounting issues that affect insurers' incentives to undertake long-term investment; (j) identify best practices in promoting private funds for equity investment in infrastructure; (k) establish a public-private sector network of microinsurance experts within the APFF to support economies in developing roadmaps for microinsurance; (l) undertake public-private sector workshops to promote the effective use of hedging instruments and risk management tools and fostering a more diverse investor and issuer base; (m) ensure the successful launch of the

Asia Region Funds Passport (ARFP) through the facilitation of its early enlargement; and (n) convene regular APFF Roundtables on global rules that affect financial markets and services and their implementation across the region.

**Recommendation:**

- *The Advisory Group proposes that APEC Finance Ministers endorse the 2015 APFF Progress Report and its recommendations as described above.*

**EXPANDING ACCESS TO FINANCE**

The region is home to more than a billion people who do not have access to a bank account or formal financial services. Much has been achieved in expanding financial inclusion, but significant work remains. To more effectively promote financial inclusion, a clear understanding of the perspectives across disadvantaged communities is required, and efforts should be focused on developing innovative products and services that appropriately address the needs of customers, considering elements such as product range, cost, accessibility, financial capability and regulation to ensure customer protection.

**Recommendation:**

- *The Advisory Group recommends that APEC Finance Ministers (a) explore a formal definition of financial inclusion, such as the definition developed by the Global Partnership for Financial Inclusion (GPII), that can help measure and compare financial inclusion across economies and serve as a useful guide for policymakers; (b) develop an APEC model framework for financial inclusion strategies as a reference to help economies in designing domestic strategies suited to local needs and conditions; and (c) establish a new working group to discuss digital finance issues and align with other existing working groups within APEC as well as other knowledge sharing organizations.*

**PROMOTING A REGIONAL PIPELINE OF BANKABLE INFRASTRUCTURE PUBLIC-PRIVATE PARTNERSHIP (PPP) PROJECTS**

The development of infrastructure has not kept pace with the region's economic growth, resulting in congestion of roads, power shortages and inadequate public services, as well as uneven growth, contributing to regional and social inequalities. With increasing need for funding and greater efficiency in delivering infrastructure projects, economies are turning to expanded private sector investment in infrastructure. A major obstacle is the lack of a pipeline of bankable infrastructure projects in developing economies that can attract private sector capital, due in large part to insufficient capacity for project preparation.

**Recommendations:**

- *The Advisory Group recommends that APEC collaborate with the G20 Global Infrastructure Hub in developing initiatives to enhance public sector project preparation capacity, such as the development of a PPP Knowledge Portal, in collaboration with public sector agencies, international organizations and the private sector through APiP. Member economies should coordinate these efforts with related initiatives being undertaken or supported by ADB, IMF, OECD and the World Bank, including the use of such tools to improve project preparation as the International Infrastructure Support System (IISS).*
- *The Advisory Group recommends that member economies continue holding APiP dialogues among relevant officials, the private sector and relevant international*

*organizations in 2016. Future dialogues should build on and advance the conclusions of previous dialogues that have been held with Indonesia, Malaysia, Mexico, Peru, the Philippines, Thailand and Vietnam.*

- *The Advisory Group recommends that member economies develop a holistic policy framework on sustainable urban infrastructure development, including action plans that can be adopted, through the Asia-Pacific Urban Infrastructure Network (UIN).*

#### **IMPROVING VALUATION PRACTICES IN APEC**

Valuations are central to decision-making and the economic growth and development of financial systems are impacted in a multitude of ways by valuation. In the light of the impact of valuation on a wide range of matters, there is a need to ensure that the valuation profession has the capacity to undertake its work in a professional and credible manner that gives a central role to standards, ethics, independence and objectivity, competence and transparency.

#### **Recommendation:**

- *The Advisory Group recommends that APEC support ongoing efforts to develop a roadmap to assist economies in strengthening valuation practices and the valuation profession, including the holding of roundtables to share experiences of how valuation practices can contribute to economic growth and to share and discuss the results of the audit of current valuation landscapes and the template of best practice in key areas.*

# **THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING**

## **2015 REPORT ON CAPACITY-BUILDING MEASURES TO STRENGTHEN AND DEVELOP FINANCIAL SYSTEMS**

Ensuring robust global economic growth requires expanding the world economy's growth potential, particularly through increased consumption and business activity in emerging markets. The tepid growth that has characterized the world economy since the Global Financial Crisis reflects the lack of significant progress in these areas. There is, however, significant potential for APEC as a regional grouping to become a major engine of growth, if its member economies, and especially the developing economies, are able to address the underlying factors that constrain growth of domestic consumption and investment.

Among these are underdeveloped financial markets and institutions, inadequate access of small enterprises and the large low-income segment of the population to financial services; and obstacles to expanded private investment in infrastructure. Building on its work of previous years, the Advisory Group proposes in this year's report a number of measures to accelerate the development of the region's financial systems to address these constraints. The Advisory Group welcomes the Finance Ministers' decision to launch the Cebu Action Plan (CAP) and hopes that these proposals will contribute to its progress.

This report is divided into four sections: (a) building financial systems to support inclusive, resilient and stronger growth through the Asia-Pacific Financial Forum (APFF); (b) expanding access to finance; (c) promoting a regional pipeline of bankable infrastructure Public-Private Partnership (PPP) projects; and (d) improving valuation practices in the region.

### **I. THE ASIA-PACIFIC FINANCIAL FORUM: BUILDING FINANCIAL SYSTEMS TO SUPPORT INCLUSIVE, RESILIENT AND STRONGER GROWTH**

The APFF, a platform for public-private collaboration to develop robust and integrated financial markets in the region, was proposed by the APEC Business Advisory Council (ABAC) and adopted by the APEC Finance Ministers at their 2013 annual meeting in Bali. In 2014, the APFF identified undertakings to advance development in key areas of financial markets that are critical to the region's economic aspirations. These areas are: (a) lending infrastructure; (b) trade and supply chain finance; (c) insurance and retirement income; (d) financial market infrastructure and cross-border practices; (e) capital markets; and (f) linkages and cross-border issues.

This year, the APFF advanced its work in these areas, as presented in greater detail in its 2015 Progress Report to the APEC Finance Ministers. Key accomplishments include:

- a proposal to establish a Financial Infrastructure Development Network (FIDN) comprising private and public sector entities, multilateral institutions and industry associations to help member economies develop legal frameworks for credit information systems and secured transactions and movable asset finance systems;

- identification of key issues for dialogues and workshops on trade and supply chain finance with relevant public and private sector stakeholders in the region, including capital and related rules affecting trade finance, digital and innovative working capital management products and techniques, digitalization of supply chain finance, and interrelationships among finance, trade, customs and technology to support the internationalization of MSMEs;
- ongoing work on a guide for legal and regulatory frameworks, settlement systems and market conventions supporting sound and efficient repo markets, design of workshops to assist economies in establishing classic repo markets, disseminate industry best practices, and adopt international standards for efficient clearing and settlement of repo transactions;
- completion of self-assessment templates to help relevant authorities facilitate availability of information for investors in the region's debt markets and the launch of a pilot program with the Philippines to use these templates in identifying gaps and undertaking measures to fill them.
- engagement of industry to assist the progress of the ARFP by identifying critical elements in designing rules and operational arrangements for a successful regional funds passport;
- further development of the action plan to assist economies in ensuring an enabling legal infrastructure for derivatives;
- identification of key issues for workshops and dialogues to help economies develop a regional securities investment ecosystem, including a regional roadmap of upcoming regulatory and market changes;
- recent work on retirement income and longevity solutions, microinsurance, disaster risk financing, financing vehicles and supporting measures to facilitate investment by pension funds and insurers in infrastructure and capital markets, and regulatory and accounting frameworks that support long-term investment in infrastructure.
- ongoing research and discussion on the regulation and supervision of the region's banking systems and capital markets, market integration and access and regional financial architecture

The 2015 APFF Progress Report contains recommendations to (a) undertake a pathfinder initiative to develop credit information systems; (b) undertake a pathfinder initiative to improve policy frameworks for secured transactions and the use of movable assets as collateral; (c) convene public-private dialogues on regulatory issues in trade and supply chain finance; (d) hold workshops on emerging facilitators of trade and supply chain finance; (e) support the development of alternative funding mechanisms for MSMEs; (f) develop best practices for strengthening MSMEs' resilience; (g) establish an APEC-wide DRF expert group to develop a gap analysis report, a disaster risk database and a baseline DRF framework for APEC economies; (h) promote the accumulation of long-term capital in pension funds through retirement income market reforms; (i) identify and address regulatory and accounting issues that affect insurers' incentives to undertake long-term investment; (j) identify best practices in promoting private funds for equity investment in infrastructure; (k) establish a public-private sector network of microinsurance experts within the APFF to support economies in developing roadmaps for microinsurance; (l) undertake public-private sector workshops to promote the effective use of hedging instruments and risk management tools

and fostering a more diverse investor and issuer base; (m) ensure the successful launch of the Asia Region Funds Passport (ARFP) through the facilitation of its early enlargement; and (n) convene regular APFF Roundtables on global rules that affect financial markets and services and their implementation across the region.

***The Advisory Group proposes that APEC Finance Ministers endorse the 2015 APFF Progress Report and its recommendations as described above.***

## **II. EXPANDING ACCESS TO FINANCE**

The region is home to more than a billion people who do not have access to a bank account or formal financial services. Much has been achieved in expanding financial inclusion, but significant work remains. To more effectively promote financial inclusion, a clear understanding of the perspectives across disadvantaged communities is required, and efforts should be focused on developing innovative products and services that appropriately address the needs of customers, considering elements such as product range, cost, accessibility, financial capability and regulation to ensure customer protection.

This year's Asia-Pacific Forum on Financial Inclusion, hosted by the Philippine Government on 3-4 March 2015 in Tagaytay City, Philippines, discussed recent achievements and challenges for financial inclusion in the region, an overview of the state of financial inclusion in specific APEC economies (Mexico, Viet Nam and Papua New Guinea (PNG) and the importance of applying a customer-centric approach to digital finance for both increasing financial inclusion and protecting customers, in addition to lending infrastructure issues that have been dealt with in the previous section.<sup>1</sup>

Forum participants evaluated the progress that has been made within their member economies on financial inclusion over the last five years, including those on the specific recommendations identified by the Forum in 2010. Discussion and feedback gathered from the Forum participants indicated broad consensus that much has been achieved, and that the advent of the Forum itself has created a powerful platform for knowledge sharing and spread of best practice in key areas.

The Forum discussed the merits of adopting a formal definition of financial inclusion, such as the definition developed by the Global Partnership for Financial Inclusion (GPII), which would cover specific parameters and help determine and compare the level of inclusivity of the financial sector across economies. There is significant diversity across APEC on financial inclusion, with huge variance in outcomes for households and firms across APEC member economies. It was concluded that an APEC-supported definition could serve as a useful guide for APEC economies as well as better enable policymakers to align their financial inclusion goals.

Participants also discussed the pros and cons of appointing a single organization such as the central bank or relevant government ministry to take overall responsibility for the development of the financial infrastructure, potentially including financial inclusion. While elements of the overall work could be delegated to other government bodies, the leadership, coordination and responsibility could reside within a single organization. This approach

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<sup>1</sup> The Forum was attended by 129 participants of which 54 were government representatives including officials from the APEC Finance and Central Banks Deputies Meeting. The other 69 participants included representatives of the private sector, academic institutions and civic organizations.



would increase the overall effectiveness and efficiency of financial infrastructure development and necessary reforms.

Another issue for discussion was the development of digital technology, which can be harnessed to promote financial inclusion. Digital-based services providers that have deeper penetration than financial services providers in many economies are offering financial access and services at lower cost. The business models of digital finance are changing the environment for lending, savings, insurance and payments in a way that warrants more attention by policymakers. Specific issues include: resetting oversight of customer data, privacy and protection practices for the digital economy; setting regulatory practice and oversight for digital financial service providers including non-bank providers and therefore subject to the financial regulatory framework; and increasing financial literacy training in the areas of e-money, digital wallets, mobile payments, digital data gathering and sharing, and cyber security.

*The Advisory Group recommends that APEC Finance Ministers (a) explore a formal definition of financial inclusion, such as the definition developed by the Global Partnership for Financial Inclusion (GPII), that can help measure and compare financial inclusion across economies and serve as a useful guide for policymakers; (b) develop an APEC model framework for financial inclusion strategies as a reference to help economies in designing domestic strategies suited to local needs and conditions; and (c) establish a new working group to discuss digital finance issues and align with other existing working groups within APEC as well as other knowledge sharing organizations.*

### **III. PROMOTING A REGIONAL PIPELINE OF BANKABLE INFRASTRUCTURE PUBLIC-PRIVATE PARTNERSHIP (PPP) PROJECTS**

The development of infrastructure has not kept pace with the region's economic growth, resulting in congestion of roads, power shortages and inadequate public services, as well as uneven growth, contributing to regional and social inequalities. With increasing need for funding and greater efficiency in delivering infrastructure projects, economies are turning to expanded private sector investment in infrastructure. A major obstacle is the lack of a pipeline of bankable infrastructure projects in developing economies that can attract private sector capital, due in large part to insufficient capacity for project preparation.

These issues were progressed by the Asia-Pacific Infrastructure Partnership (APIP) this year through its participation in the APEC PPP Experts' Advisory Panel, its continued program of dialogues with individual governments and discussions on new and emerging initiatives in the area of infrastructure.

Since the final ABAC and Advisory Group meetings for 2014, the APIP has held two dialogues – one with the Government of Indonesia held on 24 November 2014 in Jakarta, and another with the Government of the Philippines held on 4 March 2015 in Tagaytay City, Philippines.

The dialogue with Indonesia was attended by around 80 representatives from the Indonesian Government, multilateral development institutions and the private sector. It was co-chaired by Mr Andin Hadiyanto, Chairman of the Fiscal Policy Agency, Indonesia and by Mr. Wishnu Wardhana, ABAC Indonesia. The dialogue focused on three issues: seaports and related public transport; metropolitan transport systems and rail and related linkages to other transport, and energy. Key messages from the dialogue were as follows:

- The introductory overview highlighted the positive impact that recommendations from previous APIP dialogues have had on infrastructure policy development in Indonesia, which include the importance of having a clear institutional framework for PPP arrangements, developing short, medium and long term infrastructure strategies and plans, improving the way that various infrastructure agencies cooperate and coordinate with each other and deeper engagement in regional and multilateral infrastructure meetings.
- Transport infrastructure should be constructed in the context of a plan that links connecting infrastructure, whether road, rail or ports. The components should be part of an integrated government strategy that links the whole economy together and the economy to the region and globally. Given the high levels of capital expenditure associated with transport and long procurement processes, private sector investment will require as prerequisites for investment political stability, transparency, robust legal systems and clearly articulated long-term policy objectives.
- Transport regulations should be consistent with the overall PPP framework. The scope of government guarantees and viability gap funding should be clearly articulated. The PPP Centre should develop a pipeline of projects and there should be government champions.
- The adoption of collaborative approaches to structure PPPs and to consider different operating models can usefully be undertaken by the government in attracting private sector participation in transport projects.
- Similarly, the use of contemporary management tools such as outcome based performance management, partnership models and delivery frameworks would be conducive to attracting private sector investment. The establishment of PPP mechanisms should also require that the benefits of such investment to Indonesia are sustainable through the implementation and operations phases, rather than simply focusing on achieving closing a number of PPP transactions.
- Decision making in government should be clear, and demarcation and the roles of decision making authorities clearly understood by all relevant stakeholders.

The dialogue with the Government of the Philippines attracted around 60 representatives from the Philippine Government, multilateral development institutions and the private sector. Among its highlights are the following:

- Rapid urbanization brings about a number of key challenges, especially for infrastructure services and financing, planning coherence and urban governance to address fragmented lines of authority in planning and delivery inconsistencies. An integrated planning framework needs to consider environmental sustainability, social inclusiveness and competitiveness, with the key enablers of effective governance, innovative financing and knowledge, and capacity development.
- The current core urban issues that need to be addressed are: overcrowding and congestion, traffic congestion and inefficient urban transport, safer and affordable housing, natural disaster risks and environmental degradation from frequent flooding and rising flood damage. There is an acute shortage of drinking water, inadequate sanitation coverage, poor services and poor solid waste disposal.
- The Philippine Development Plan is seeking to address these challenges by: (1) improving connectivity and efficiency among urban center regional growth hubs; (2)

improving wastewater and solid waste management; and (3) improving coordination and planning, and streamlining government processes.

- Urban development plans should have a strong focus on the need to facilitate the movement of people within and between the production spaces and social spaces, and cabinet-level urban planning should not overly focus on housing at the expense of the overall infrastructure plan. Local-level urban planning is currently over focused on land use conversion and zoning but should place a greater emphasis on interconnectivity at a higher geographical level. Aside from these frameworks, actual physical plans should also safeguard land for infrastructure.
- In transportation, the key issues were defined in terms of policy (legal readiness and project implementation, institutionalizing new organizational structure and building capacity); resources (encouraging participation of local and international firms and lenders to participate, timing of tenders); and people (PPP acceptance of various agencies, risk aversion of various stakeholders, political environment and transitioning of plans and projects and ensuring inclusive growth).
- In the area of urban public works, three key areas are (1) infrastructure development for growth; (2) governance for institutions and social welfare; and (3) green traffic and pollution management. The focus of government efforts is on (1) institutionalizing good governance and anti-corruption reforms; (2) upgrading the quality and safety of roads and bridges with stronger private sector participation; (3) providing better access to tourism destinations, ports and food production areas; (4) continuing work on the Master Plan for flood management in Metro Manila and surrounding areas; (5) developing the Mindanao Logistics Network Program, and (6) undertaking resilience and disaster risk management projects.
- In the area of energy, key programs are oriented to climate-proof energy infrastructure and facilities to develop indigenous sources of energy and to expand the use of natural gas and continue the long-term push for sustainable fuels for transport public utility vehicles. The implementation of measures will need assistance from the private sector.
- Creating an overall integrated infrastructure master plan that clearly identifies the lines of authority for urban development plans and their implementation would allow the private sector time to allocate resources and provide confidence for long term planning. It could provide a basis for consistency of decision making across all levels of government, articulate performance targets, enable risks to be better quantified and be used as a benchmark against other cities in Asia that are competing for funds and investors.
- Regulatory structures must be in place to deal with issues such as pricing and taxes, and be independent, to avoid any conflict of interest because this will discourage private sector participation and investments in PPP projects. The regulatory authority should also competently deal with issues over the life of the project.
- New infrastructure should be created selectively and greater emphasis could be placed on better management of existing transport infrastructure systems. PPPs are complex in an urban environment and the government could consider the continuum of partnership schemes to engage the private sector, such as BOT.

- The private sector needs a pipeline of both short and long term projects to be able to allocate resources and keep their project teams together for future bids and work. Long term planning gives a sense of predictability and visibility for interested investors.

*The Advisory Group recommends that APEC collaborate with the G20 Global Infrastructure Hub in developing initiatives to enhance public sector project preparation capacity, such as the development of a PPP Knowledge Portal, in collaboration with public sector agencies, international organizations and the private sector through APIP. Member economies should coordinate these efforts with related initiatives being undertaken or supported by ADB, IMF, OECD and the World Bank, including the use of such tools to improve project preparation as the International Infrastructure Support System (IISS).*

*The Advisory Group recommends that member economies continue holding APIP dialogues among relevant officials, the private sector and relevant international organizations in 2016. Future dialogues should build on and advance the conclusions of previous dialogues that have been held with Indonesia, Malaysia, Mexico, Peru, the Philippines, Thailand and Vietnam.*

*The Advisory Group recommends that member economies develop a holistic policy framework on sustainable urban infrastructure development, including action plans that can be adopted, through the Asia-Pacific Urban Infrastructure Network (UIN).*

#### IV. IMPROVING VALUATION PRACTICES IN APEC

Valuations are central to decision-making and the economic growth and development of financial systems are impacted in a multitude of ways by valuation.<sup>22</sup> In the light of the impact

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<sup>22</sup> Specifically, valuation plays an important role in relation to the following:

- **Prudential regulation of banking and insurance with respect to mortgage and secured lending:** Valuation plays an important role in determining the loan amount and risk exposure to the lender, with respect to various types of security such as real estate, tangible assets, publicly traded investments, financial derivatives and shares of privately held companies and financial instruments that are accepted by financial institutions.
- **Taxation revenue model:** Taxes on estates, stamp duties, corporate and personal dispositions of assets all require valuation to determine an equitable amount of taxes to be paid. Valuation plays an important role in determining the quantum of taxes to be paid in relation to the disposing of assets such as real estate, businesses or financial instruments, such as within the context of corporate reorganization or emigration.
- **Mergers and acquisitions with respect to cross-border initial public offerings and distressed asset restructuring:** In the M&A context, valuation is an integral part of the process providing target screening, industry pricing, value analysis based on the target's stand-alone outlook and capabilities, quantification of potential synergies, and ultimately, the valuation of tangible assets (real estate, machinery & equipment) and intangible assets acquired for price determination and financial reporting.
- **Public-private partnerships:** In PPPs, where the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project, valuation can determine the ownership contribution of each party, whether in cash or assets to ensure fair contributions of each partner.
- **Financial reporting for public and private companies:** Accounting rules on measurement and related amortization with respect to real estate, tangible and intangible assets, and financial instruments can have a material impact on the financial position and financial performance of an entity, impacting investment decisions. It is therefore important that control processes around the measurement of values and their reliability are in place.
- **Dispute resolution:** In the context of valuation in a litigation (the most common form of judicial dispute resolution), the issue is typically related to shareholder dispute, family dispute over inheritance or breaches of corporate agreements. The dispute could involve a variety of assets such as real estate, tangible assets, intangible assets, and businesses across different geographical locations. The ultimate claim or award will be based on valuations.

of valuation on a wide range of matters, there is a need to ensure that the valuation profession has the capacity to undertake its work in a professional and credible manner that gives a central role to standards, ethics, independence and objectivity, competence and transparency. The key components of such a framework include the availability of a robust regulatory regime appropriate across all asset classes, the presence of strong professional organizations, access to reliable information, availability of education and training and the profession's adherence to widely accepted valuation and professional practice standards, followed by appropriate and visible enforcement.

The Advisory Group supports ongoing work in collaboration with the International Valuation Standards Council (IVSC) to strengthen the valuation profession and practices in the region, in the form of an audit of the current valuation landscape of member economies and preparation of a template of best practice in key areas (regulation and compliance, organizational infrastructure, access to information and disclosure, education and training, and standards), which will describe options for establishing best practice landscapes for the valuation practices in various types of economies.

This year, the initiative continues to make progress in efforts to strengthen valuation practices and to promote the role of the valuation profession across member economies, in dialogue with regulators, practitioners and the many users of valuation services. Current market volatility across the region is reinforcing the argument for certainty in relation to value. Similarly, diversification by many institutions and companies into new markets and sectors outside their traditional markets is adding further momentum to the initiative.

Plans are currently in place to hold a series of roundtables and engage with the valuation community in several APEC economies, in particular Malaysia, the Philippines and Vietnam, to develop road maps to assist those economies in adopting appropriate standards as well as strengthening valuation practice and the valuation profession. A symposium is being planned to publicize the results of the roundtables across the region.

***The Advisory Group recommends that APEC support ongoing efforts to develop a roadmap to assist economies in strengthening valuation practices and the valuation profession, including the holding of roundtables to share experiences of how valuation practices can contribute to economic growth and to share and discuss the results of the audit of current valuation landscapes and the template of best practice in key areas.***

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- ***Compulsory purchase or dispossession:*** The term eminent domain (United States, the Philippines), compulsory purchase (United Kingdom, New Zealand, Ireland), resumption (Hong Kong), resumption/compulsory acquisition (Australia), or expropriation (South Africa, Canada) refer to the power to take private property for public use by a state or national government. The property may be taken either for government use or by delegation to third parties.