

## FINANCIAL INFRASTRUCTURE DEVELOPMENT NETWORK

### Terms of Reference

As of 2015-11-12

#### 1. Mandate

The APEC Finance Ministers' Cebu Action Plan (CAP)<sup>1</sup> called for the establishment of a Financial Infrastructure Development Network (FIDN) to help promote an enabling financing environment for MSMEs. It is tasked to facilitate workshops, dialogues and studies in consultation with relevant APEC working groups, to support interested APEC economies in developing credit information and secured transaction systems and insolvency frameworks as well as facilitate trade and supply chain finance and alternative financing mechanisms.

#### 2. Membership

The FIDN is envisioned by the CAP to be a specialized subgroup within the Asia-Pacific Financial Forum (APFF), a policy initiative under the APEC Finance Ministers' Process (FMP) managed by ABAC and supported by a broad range of institutions, including international organizations, public sector bodies and private sector and academic entities. The APFF is an informal, advisory and inclusive regional platform for public-private collaboration to accelerate the development and integration of Asia-Pacific financial markets and services.<sup>2</sup>

Membership in FIDN is open to any relevant public and private entity that can significantly contribute to the fulfillment of FIDN's mandate and whose membership is consistent with APEC and APFF principles and practices. Membership of qualified institutions and individuals shall be confirmed by the APFF Chair or his duly designated representative in accordance with APFF's inclusive nature. Membership is voluntary and participation in activities is on availability basis. Further details related to membership may be decided on by the Regional Steering Committee.

#### 3. Governance and Management

In its initial phase and consistent with the governance of APFF work streams, the FIDN will be governed and managed as follows:

- a. Overall leadership of the FIDN shall be entrusted to a Regional Steering Committee, whose members shall be invited by the APFF Chair or his duly designated representative from among volunteers based on consultations with relevant stakeholders. The Regional Steering Committee shall consist of the following:

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<sup>1</sup> The full text of the Cebu Action Plan may be viewed at:

[http://www.apec.org/Meeting-Papers/Ministerial-Statements/Finance/2015\\_finance/annexa.aspx](http://www.apec.org/Meeting-Papers/Ministerial-Statements/Finance/2015_finance/annexa.aspx).

<sup>2</sup> As agreed upon by participants at the 2013 Sydney Symposium when APFF was conceptualized and reflected in the report (<https://www.abaconline.org/v4/download.php?ContentID=22611857>), these characteristics are defined as follows:

- **Informal.** Activities should be organized in the form of informal workshops, conferences, discussions and capacity building activities for policy makers and regulators. Participation should be voluntary.
- **Advisory.** Its role is not to formulate standards and regulations but to evaluate them, nor create market infrastructure, but to examine them and identify ways to promote coherent development, convergence and connectivity of markets.
- **Inclusive.** It should engage all relevant public and private entities whose activities have significant impact on the development and integration of the region's financial markets and promote institutional capacity to achieve those objectives.

- (i) regional sherpas for credit information, secured transactions and accounts receivable/inventory finance sub-streams, as well as any other sub-stream that may be created in the future;
  - (ii) a representative from the World Bank Group;
  - (iii) the APFF Coordinator (ex-officio); and
  - (iv) any other individual agreed upon by the Regional Steering Committee.
- b. The Regional Steering Committee shall be supported by Regional Subcommittees for the different sub-streams covered in its work. Members shall be invited by the APFF Chair or his duly designated representative from among volunteers based on consultations with relevant stakeholders. In the initial phase, there will be three subcommittees:
  - (i) Credit Information Regional Subcommittee;
  - (ii) Secured Transactions Regional Subcommittee; and
  - (iii) Accounts Receivables/Inventory Finance Regional Subcommittee.
- c. Leadership of FIDN activities in each economy shall be exercised by Local Steering Committees. The Regional Steering Committee shall undertake consultations with relevant local stakeholders, identify possible candidates and encourage them to join. As much as possible, the Regional Steering Committee shall encourage local stakeholders to agree among themselves and decide on the composition of their Local Steering Committee.
- d. The Regional Steering Committee shall be responsible for activities and projects at the international level, while the Local Steering Committees shall be responsible for activities and projects within their own economies. Where desirable, Local Steering Committees may also be directly involved in international projects coordinated by the Regional Steering Committee.
- e. The Regional Steering Committee shall exert best efforts to mobilize international support for the work of the Local Steering Committees, including through the FIDN regional subcommittees and membership, other APFF work streams, ABAC, the FMP and other APEC fora.
- f. The Regional and Local Steering Committees shall agree on the selection of their respective Chairs and/or Co-Chairs, as deemed appropriate.
- g. The APFF Chair or his duly designated representative shall report regularly to the APEC FMP and to ABAC on the progress of the FIDN and shall convey feedback to the Regional Steering Committee, which shall undertake to incorporate these recommendations in FIDN activities.

#### **4. Conduct of Meetings and Communications**

The Regional and Local Steering Committees shall ensure adequate frequency of meetings as needed to ensure progress of activities. They may choose to hold physical meetings, tele-/videoconferences or webinars. In addition, Committee members are expected to be in regular communication with each other.

In accordance with existing APEC and APFF practice, Regional Steering Committee decisions shall be undertaken by consensus.

Local Steering Committees shall determine the most effective way to arrive at decisions as appropriate or in accordance with local practices.

## **5. Administration**

Until a more sustainable structure is established, regional secretariat functions shall be exercised in the interim by the APFF Coordinator, supported as needed and agreed upon by the institutions represented in the Regional Steering Committee.

The structure and operations of local secretariat functions shall be decided by each Local Steering Committee.

Regional and Local Steering Committees shall be responsible for setting up event and project secretariats and/or necessary organizations to support the holding of regional and local events and administration of projects that they decide to undertake.

## **6. Funding**

In the absence of funding for specific activities and projects, all network participants shall be responsible for the costs of their engagement in activities, including time, travel and accommodations. Funding for the regional and local secretariats shall be borne by the institutions hosting and/or sponsoring them. Participating institutions are very welcome to host and/or fund activities and provide or help solicit sponsorships to cover expenses.

It is expected that, at least in the initial phase, such self-funding will be the norm for FIDN activities. Nevertheless, FIDN members are encouraged to find appropriate potential sources of funding for FIDN and its regional and local secretariats, projects and activities, including grants, endowments, project funding and sponsorships, provided that these are compatible with the mandate and nature of the FIDN.

## **7. Amendments**

These terms of reference shall be reviewed on a regular basis every two years, and if needed, modified by the APFF Chair and the Regional Steering Committee in consultation with the FMP and ABAC. They may also consult the Network membership, if deemed appropriate. Whenever deemed necessary by the APFF Chair and the Regional Steering Committee, however, this review process and any resulting amendments may be undertaken anytime.