

Paper 4B



Fifth APEC

FINANCIAL INFRASTRUCTURE DEVELOPMENT NETWORK (FIDN) CONFERENCE

AN APEC FINANCE MINISTERS' PROCESS (FMP) INITIATIVE

Leveraging Movable Asset and Warehouse Receipt Finance to Support SMEs and Agri-Businesses

Draft Agenda



**NOVEMBER 29, 2017
PHILIPPINE INTERNATIONAL CONVENTION CENTER
MANILA, PHILIPPINES**

FINANCIAL INFRASTRUCTURE DEVELOPMENT NETWORK (FIDN)
Conference on

Micro-, small and medium enterprises (MSMEs) are the foundation of a competitive and equitable economy. They are the most important job creators. In the US, for example, small firms accounted for 64 percent (11.8 million) of net new jobs created between 1993 and 2011. Within this group, young and high-growth businesses have had a huge impact on the economy, accounting for roughly half of new jobs created, expanding and creating opportunities in new locations and stimulating further employment growth in related industries. The growth of MSMEs, particularly in the countryside, is thus key to democratizing and decentralizing economic development, especially in markets where business has traditionally been concentrated in few urban centers.

Opportunities for MSMEs have greatly increased with the growth of trade and global supply chains in the digital age, as technology opened up new and better ways to access information and markets. Economies that succeed in enabling MSMEs, including those in less developed localities, to connect to these global supply chains, stand to reap the rewards of sustained, inclusive, balanced and innovative growth. Access to finance forms the most important component of such an enabling environment.

For most micro, small and medium enterprises (MSMEs), lack of efficient and sustainable access to finance is most often ranked as the key issue preventing them from effectively participating in economic activities such as the global value chains and benefiting from the growth of trade and investment. In many developing economies, MSMEs typically do not have real estate that is commonly accepted by lenders as collateral against loans. Movable assets, on the other hand, are not widely used and accepted as collateral in many emerging markets. and many existing and potential business owners at the micro- and small end of the spectrum do not even have such assets, including large numbers of individuals who have no accounts with formal financial institutions.

One of the key factors behind this problem is the inadequate legal and institutional infrastructure in many developing economies to support risk-based lending using transactions and payments data and lending against a broader range of collateral. Governments can help address these issues through practical steps involving close collaboration between the public and private sectors that can yield tangible results, in terms of concrete legal, policy and regulatory reforms, capacity building and awareness raising.

This conference leverages the regional platform created in 2015 by the APEC Finance Ministers in collaboration with the private sector – the Financial Infrastructure Development Network (FIDN) – to assist member economies in designing the legal and institutional frameworks that govern MSMEs’ access to finance. An important aspect of this regional platform is the coordination of reforms to create interconnected financial ecosystems that will support the financing and expansion of MSMEs’ cross-border trade and investment activities.

With several economies making concrete progress in modernizing their financial infrastructure, it aims to provide an opportunity to share experiences and strategies and discuss the way forward to accelerate the process of expanding MSMEs' access to finance.

ABOUT THE FINANCIAL INFRASTRUCTURE DEVELOPMENT NETWORK

The APEC Financial Infrastructure Development Network (FIDN), a key initiative under the Cebu Action Plan, was formally launched on November 12, 2015. The FIDN is envisioned to promote the development of effective credit information systems, as well as secured transactions and insolvency frameworks that would facilitate the use of movable assets as collaterals in the credit markets. This collaborative effort among APEC member economies, APEC Business Advisory Council (ABAC), International Finance Corporation/World Bank Group (IFC), SME Finance Forum, and the Organization for Economic Co-operation and Development (OECD) brings together experts from the public and private sectors, including international organizations and industry associations, to support APEC economies in undertaking financial infrastructure reforms.

The FIDN initiative is an integral part of the 2015 APEC Finance Ministers' Cebu Action Plan (CAP) under Pillar 1: Financial Integration Pillar of the Cebu Action Plan, with focus areas on Credit Information Systems and Secured Transactions Systems (Movable Asset Lending Reform), together with Insolvency frameworks. The CAP recognizes that strengthening the institutional and legal infrastructure frameworks supporting the Credit Information Systems and Secured Transactions Systems have potential to facilitate the wider use of credit information and movable assets as collateral in increasing access to finance to MSMEs. Through the FIDN and the Finance Ministers' Process, a common understanding of the key reforms in the areas of Credit Information Systems and Secured Transactions Systems (Movable Asset Lending Reform) was established among the immediate stakeholders – APEC member economies, government agencies, and international organizations. The next challenge is to continuously advocate for and get the reform process underway. Below is a list of FIDN events since its launch in November 2015:

1. 2015 Sep 23-24, Iloilo, Philippines: APFF Roundtable on Lending Infrastructure for MSMEs
2. 2015 Nov 12, Manila, Philippines: Reforming the Asia-Pacific Financial Infrastructure and Launch of FIDN
3. 2016 Mar 14-15, Manila, Philippines: FIDN Conference on Credit Infrastructure
4. 2016 May 21-22, Nanjing, China: International Conference on Secured Transactions Legal Reform
5. 2016 Jul 4-5, Bangkok, Thailand: First Meeting on the Mekong Credit Information Sharing
6. 2016 Aug 2, Shenzhen, China: APFF Collateral Registry Roundtable
7. 2016 Aug 24-25, Bangkok, Thailand: FIDN Conference
8. Hoi An, Vietnam
9. Ho Chi Minh, Vietnam
10. Strengthening Credit Infrastructure: A Roadmap to MSME Innovation and Digital Finance Towards Greater Financial Inclusion

DRAFT PROGRAMME

Part 1: MODERNIZING CREDIT INFRASTRUCTURE OVERVIEW OF PROGRESS, PLANS , AND LESSONS LEARNED

08:30-9:00 a.m.	Registration
9:00-9:30 a.m.	Opening Session: Welcome and Introductory Remarks Meeting Room 1, PICC Host: Ms. Yuan (Jane) Xu , Country Manager International Finance Corporation (IFC) t <i>*to also introduce Honorable Finance Secretary</i> Hon. Carlos G. Dominguez Secretary of Finance, Republic of the Philippines Hon. Arthur Yap Representative, 3 rd District of Bohol Secured Transactions Video
9:30-9:45 a.m.	Family Photo Venue: PICC, To be confirmed
9:45-10:00 a.m.	Coffee Break
10:00 -11:00 p.m.	SESSION 1: Cebu Action Plan Update and How the Credit Infrastructure Reforms Promote SME and Agri Finance <ul style="list-style-type: none">• Present the FIDN roadmap• Present an update of recent activities and plans of the various FIDN work streams moving forward• Reinforce the importance of enabling the financial institutions provide credit to MSMEs• Government agencies to present their respective initiatives to support MSMEs SESSION CHAIR: Dr. Julius Caesar Parreñas , Coordinator, Asia Pacific Finance Forum, Senior Advisor, Nomura Inclusive growth, the common goal all over the world, means providing opportunities for all particularly to the MSMEs. MSMEs, as repeatedly pointed out provide almost 62% of job opportunities across the country (and 70% globally). Micro and small enterprises are the sectors that can reach down to the farthest and smallest rural communities. With the large contribution of MSMEs in the country's economy, this sector must be equipped to become competitive in the aspects of productivity and joining the international supply value chain to maximize their growth potential. However, one of the main stumbling blocks for an MSME to grow is the lack of access to finance especially when opportunity arises for them to fulfill bigger orders or demands for their products – and when their financial requirement is too big for microlenders already.

The different government agencies have been implementing programs to help MSMEs but may not be widely known not only to the MSMEs but also to the other stakeholders in the financial sector.

In this session, different government agency leaders will share what their respective departments are undertaking as an MSME-support program

10:00-10:05 a.m. **Introductory Remarks by Session Chair**

10:05-10:45 a.m. **Panel Discussion**

Dr. Julius Caesar Parreñas, Coordinator, Asia Pacific Finance Forum, Senior Advisor, Nomura

Ms. Gay Santos International Finance Corporation, World Bank Group
Principal Operations Officer
Lead for Financial Infrastructure Advisory Services

Ms. Teresita Herbosa Securities & Exchange Commission, Chairperson

Mr. Gil Beltran Department of Finance, Undersecretary

Pia Roman Tayag Bangko Sentral ng Pilipinas,
Director for Financial Inclusion

Mr. Peter Sheerin Asia Pacific Consumer Credit Information Services
Business Information Industry Association (BIIA) - Global
Committee Chair

Michael Turner Policy and Economic Research Council (PERC)
President & CEO

10:45-11:05 a.m. **Open Forum**

11:05-11:10 p.m. **Concluding Remarks from Session Chair**

11:10 -12:10 p.m. **SESSION 2: What it means to have a Central Registry for Personal Property for the use and benefit of MSMEs and Financial Institutions**

Beyond hearing the government's plans to make credit more accessible to MSMEs, there is always clamor that these initiatives and its benefits have to trickle down to the smallest entrepreneurs.

This session will allow micro and small entrepreneurs discuss and share their stories on what their common challenges are, solutions and their insights on how to best help MSMEs access credit to fund their growth.

Financial institution heads will be joining the discussion and talk about their vision and programs to solve MSME funding challenges.

Session Chair: Joey Concepcion – Presidential Adviser on Entrepreneurship

11:10-11:15 a.m. **Introductory Remarks by Session Chair**

11:15-11:45 a.m. **Panel Discussion**

Myrna Generoso – *Personal story of how she financed her operation after*

and sustained it.

Farmers – Bohol

5/6 Receptients of credit lent by loan sharks

Tony Pascia President, Rural Bankers Association of the Philippines
Benjamin Castillo Bankers Association of the Philippines
Phil Chamber of Commerce

11:45-12:05 a.m.

Open Forum

12:05-12:10 p.m.

Concluding Remarks from Session Chair

12:10-1:30 p.m.

Lunch

Venue: To be confirmed in PICC

1:30-3:00 p.m.

**SESSION 3: Development of Movable Asset Finance Market
for MSMEs and Agriculture**

**SESSION CHAIR: MS. TERESA HABITAN DEPARTMENT OF FINANCE
ASSISTANT SECRETARY**

Credit infrastructure reforms are essential in order to develop an inclusive economy in developing countries and in the APEC region. Modernizing the Secured Transactions Law and The Warehouse Receipts Law are the reforms being undertaken to aid Filipino MSMEs expand their access to credit and enable them to participate in the international supply chain.

International best practices, benefits other countries have gained when they adapted a modernized, centralized online credit registry system be shared in this session.

The Land Registration Authority, being the lead agency of the Secured Transactions Bill (which broadens the use of personal property as collateral to secure credit) will share the how the online registry will work and how it will benefit both the lender and the borrower.

Financial institution heads will be joining the discussion and share insights on what their vision is to solve MSME funding challenges and what their respective institutions are doing to help business owners

1:30-1:35 p.m. **Introductory Remarks by Session Chair**

1:35-2:25 p.m. **Panel Discussion**

Senator Bam Aquino – Sponsoring Senator Secured Transactions Reform

Mr. Jinchang Lai International Finance Corporation, World Bank Group
Principal Operations Officer

Mr. Xuang Liu JD, Principal Operations Officer
Mr. Christopher Wohler, Commercial Distribution Finance Leader,
Wells Fargo, Asia

Mr. Ronald Ortile Land Registration Authority, **Deputy Administrator**
Dr. Cesar Alip Card Bank, President
Mr. Misha Esipov, Co-Founder/CEO, NOVA Credit
SME Association

2:25-2:55 a.m. **Open Forum**

2:55-3:00 p.m. **Concluding Remarks from Session Chair**

3:00-3:15 a.m. **Coffee Break**

3:15-4:15 p.m. **SESSION 4: Agri Value Chain Finance and the Warehouse Receipts Finance**

SESSION CHAIR: TONY ABAD PRESIDENT, TRADE LAWYERS ASSOCIATION
PRESIDENT, HARVARD BUSINESS CLUB

3:45-3:50 p.m. **Introductory Remarks by Session Chair**

3:20-4:45 p.m.

Panel Discussion

Mr. Lee Kung Leung, President, Factors Chain International

Mr. Anurag Mishra, Specialist Global Warehouse Finance Program, IFC

Atty. Ariel Cayanan, Department of Agriculture, Undersecretary

Mr. Elmer Sarmiento, Royal Cargo President

Cold Storage Association of the Philippines

Vice President

Mr. Terence Uygongco Negros Rice Milling

Mr. Abraham Co Asia United Bank, President

Mr. Magellan Fetalino Acudeen, Founder & CEO

4:40 – 5:20 p.m.

Leaders' Commitments + Open Forum

Different government agencies will be gathered during this session to present / share other activities in their plans to help push the implementation of financial infrastructure reforms.

Hon. Arthur C. Yap Representative Bohol

Mr. Ramon Lopez Department of Trade & Industry, Secretary

Mr. Nestor Espenilla Bangko Sentral ng Pilipinas Governor

Ms. Teresita Herbosa SEC, Chairperson

5:20 – 5:30 p.m.

Concluding Remarks from Gay Santos, IFC, Senior Financ

6:00 – 9:30 p.m.

Dinner Reception

Venue: