

**Advisory Group  
Meeting I  
PAPER 3-B**

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**Terms of Reference**  
for the  
**Advisory Group on APEC Financial System Capacity Building**  
including its component FMP Policy Initiatives  
***Asia-Pacific Financial Forum (APFF)***  
***Asia-Pacific Financial Inclusion Forum (APFIF)***  
***Asia-Pacific Infrastructure Partnership (APIP)***

**1. PURPOSE**

The Asia-Pacific Financial Forum (APFF), Asia-Pacific Financial Inclusion Forum (APFIF)<sup>1</sup> and Asia-Pacific Infrastructure Partnership (APIP) are official policy initiatives under the APEC Finance Ministers that provide capacity building platforms for public-private collaboration in implementing ABAC's recommendations, particularly those that have been incorporated in the Cebu Action Plan (CAP). These initiatives were established by Finance Ministers in response to ABAC's recommendations. The Finance Ministers have entrusted the management of these initiatives to ABAC.

With the launch of the CAP, these recommendations are now in varying stages of implementation, which range from creating roadmaps, modernizing laws and regulations, and establishing the supporting institutional infrastructure among others. Some of these involve actions at the domestic level, while others involve regional initiatives. Cross-cutting coordination of domestic reforms and regional initiatives is important to ensure that they lead to greater regional integration and consistently respond to the technological landscape of the 21st century.

This task requires wide-ranging public-private sector collaboration using trusted capacity-building platforms. The APFF, APFIF and APIP provide these platforms that leverage ABAC's position as the official channel for private sector engagement in the APEC process recognized by the APEC Finance Ministers.

The Advisory Group is the structure through which ABAC manages these policy initiatives. The Advisory Group provides the regular mechanism for overseeing and monitoring these 3 initiatives, reporting their progress to ABAC and the Finance Ministers' Process (FMP), and making needed adjustments to their work based on feedback from ABAC and FMP.

**2. SCOPE**

The scope of the Advisory Group's work covers the scope of its three component initiatives, as follows:

**APFF** - Implementation of ABAC's recommendations on:

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<sup>1</sup> "Forum" in this context refers to the policy initiative process and the working group that contributes the insights and expertise informing the agenda of the policy initiative.

- MSME finance (includes the ecosystems for credit information, secured transactions, insolvency and valuation, trade and supply chain finance and innovative finance);
- Capital market development and integration (includes hedging instruments, financial market infrastructure, and funds passporting);
- Retirement income and long-term investment (includes pension sector development, long-term investor base such as insurers, pension funds and Islamic financial institutions, health financing and regulatory/accounting frameworks for long-term investors);
- Financial resilience (including microinsurance and disaster risk financing and insurance or DRFI).

**APFIF** – Implementation of ABAC’s recommendations on financial inclusion, covering:

- The role of technology in financial inclusion (e.g., role of digital financial services, fintech, distributed ledger technology, crypto-currencies, data and cross border data flows, and related policy and regulatory requirements and enablers);
- Innovative financing mechanisms for micro and small enterprises (e.g., strategic leverage of capital sources, innovative debt and equity instruments, supply chain financing)
- Ecosystem for social, economic and digital inclusion of the poor and those residing in informal economies (e.g., credit infrastructure, financial literacy, productive asset accumulation)

**APIP** – Implementation of ABAC’s recommendations on infrastructure financing, in particular the development of a pipeline of bankable infrastructure projects in specific sectors within the region.

The Advisory Group will undertake work on the above matters with a view to addressing new business issues and critical cross-cutting aspects, such as fintech and legal issues, in an integrated and comprehensive way.

### **3. GOVERNANCE**

The governance framework for the Advisory Group and the 3 policy initiatives will provide for effective and appropriate oversight by and regular reporting to ABAC and the APEC FMP.

#### **3.1. *Governance of the Advisory Group***

The Advisory Group is headed by a Chair and Co-Chair(s) appointed by ABAC. The Advisory Group Coordinator assists them in fulfilling their responsibilities, which are as follows:

- Developing the annual work program of the APFF, APFIF and APIP and presenting it to ABAC and the FMP for approval at the beginning of the year. A concise and high-level presentation will be provided for this purpose.
- Reporting regularly to ABAC (through FEWG) on the progress of these initiatives. Time will be allotted for regular reporting during the FEWG meetings, which will focus on policy recommendations emerging from events, decision points for ABAC, new APFF work undertaken since the last meeting, high-level topics that are relevant and interesting for ABAC members and other relevant discussion items.

- Reporting regularly to the FMP (through the Finance and Central Bank Deputies Meeting, Senior Officials' Meeting and Finance Ministers' Meeting) on the progress of these initiatives.
- Developing a progress report on these initiatives to be transmitted by ABAC to Finance Ministers and their officials. The report will include a brief 3- to 5-page executive summary intended for Finance Ministers to read. The full progress report should be concise and streamlined, focusing on clear areas of progress and tangible accomplishments rather than descriptions of events.
- Undertaking necessary measures to ensure the effective and efficient implementation of the work program, including regular meetings and contacts with Sherpas, promotion of team spirit within and across work streams, and providing leadership and encouragement among others.

### **3.2. Governance of the Policy Initiatives**

APFF: To have effective oversight of the APFF's multiple work streams, the Advisory Group Chair and Co-Chair(s) are also the Chair and Co-Chair(s) of the APFF. The leadership structure of each work stream will be tailored to most effectively fit the culture of the respective finance subsectors and participating institutions and will not be imposed through a one-size-fits-all approach. Each work stream may be led by a single Sherpa, a group of Co-Sherpas or a Core Group, with one or two individuals responsible for reporting to the APFF Chair. Members of each APFF work stream will decide on their respective work stream's leadership in coordination with the APFF Chair and Coordinator.

APFIF: The APFIF has been managed since 2010 by the Foundation for Development Cooperation (FDC), an international development organization reporting directly to the Advisory Group Chair. It is supported by an international caucus comprised of leading public and private sector organizations engaged in financial inclusion. The Advisory Group will conduct a regular review of the APFIF structure, to be led by the Advisory Group Chair and Coordinator with the support of FDC.

APIP: Due to the specialized and technical nature of infrastructure financing and the broad array of institutions involved, the APIP Chair is selected on the basis of knowledge of and experience in infrastructure finance, dealing with public sector officials and effectively managing dialogues. The APIP Chair may be a current or former ABAC member or a private sector person who fulfills the above-mentioned requirements. He is assisted by the APIP Coordinator, which may be the Advisory Group Coordinator or another person designated by the Advisory Group Chair in consultation with the APIP Chair. The APIP Chair will be appointed by the Advisory Group Chair.

## **4. PARTICIPANTS**

The Advisory Group is composed of the following:

- ABAC members who have signified their interest
- Sherpas, Core Group members and leaders of the APFF, APFIF and APIP

Participation in the APFF, APFIF and APIP is open to individuals and entities that are able to voluntarily contribute knowledge and resources to their activities. Participants in their

activities include the following:

- Current and former ABAC members and staffers actively supporting or leading work streams
- Interested private sector firms and industry associations that are actively involved in financial markets and services (for APFF), financial inclusion (for APFIF) and infrastructure financing (for APIP)
- International public sector organizations including multilateral development institutions (ADB, IMF, IADB, Islamic Development Bank, OECD, WB Group) standard setting organizations, associations of regulators, specialized organizations (e.g., Global Infrastructure Hub, Sustainable Infrastructure Foundation, UNCITRAL)
- Public sector entities including financial regulatory and monetary authorities, ministries, official development agencies, specialized government agencies
- Academic and research institutions
- Others as considered appropriate

## **5. MEETING ARRANGEMENTS**

The Advisory Group meets during the time of the regular ABAC meetings, preferably before the start of ABAC working group meetings. The meeting will cover activities of APFF, APFIF and APIP. The venue and logistics for the Advisory Group meeting will be provided by the ABAC meeting host.

APFF, APFIF and APIP are free to organize their own caucus meetings, either parallel to the regular meetings of ABAC or on other dates and other venues for purposes of internal coordination, planning, and drafting their reports. Funding and logistics will be undertaken based on discussions with event hosts and sponsors.

APFF, APIP and APFIF conferences, dialogues, workshops and similar activities may be held in collaboration with governments or agencies of APEC member economies, multilateral institutions, APEC fora (e.g., FMP, EC, SMEWG) or ABAC members as appropriate. Events may be held as part of regular ABAC meetings if requested by the meeting hosts. Funding and logistics for these meetings will be undertaken based on discussions with event hosts and sponsors.

In conducting meetings, APFF, APIP and APFIF will follow relevant APEC and ABAC guidelines and practices.

When attending any of the ABAC meetings, APFF, APIP, and APFIF participants will adhere to ABAC guest requirements and meeting rules.

## **6. EXTERNAL COMMUNICATIONS**

In line with the rule on media relations in the ABAC Handbook for Members, official media releases and statements from the office of the Advisory Group Chair will reflect contents of the reports (e.g., annual progress reports, conference reports) and positions that have been approved by ABAC in plenary session.

Also in line with the same rule in the ABAC Handbook, there is no restriction on any

participant of the Advisory Group and the 3 policy initiatives speaking to or being interviewed by the media. Everyone is encouraged to stress when statements represent a personal opinion not contained in previously approved progress reports and positions of the Advisory Group, APFF, APFIF or APIP. This rule will also apply to social media activities, speaking engagements and advocacy efforts by individuals and institutions.

In undertaking external communications, Advisory Group participants can speak on behalf of the Advisory Group, APFF, APFIF, APIP or their respective work streams, but not on behalf of ABAC, unless explicitly designated to do so by the ABAC Chair or ABAC Plenary.

## **7. RESOURCES AND BUDGET**

The funding of the Advisory Group and the APFF, APIP, APFIF and their activities will follow the normal practices followed since their establishment, which are as follows:

- Events and meetings, including conference rooms, equipment, coffee breaks, event-related meals, will be financed by entities that have agreed to host the events.
- Participants are responsible for their own travel, accommodation and ground transportation expenses, unless meeting hosts or sponsors have offered to cover such costs.
- Expenses by the Advisory Group Chair, Co-Chair(s) and Coordinator, and by the Sherpas, leaders and core group members related to their management of the Advisory Group, APFF, APFIF and APIP will be borne by their respective institutions or by themselves.

## **8. REVIEW**

The terms of reference will be reviewed from time to time and updated to take new developments into account and to improve the workings of the Advisory Group and the 3 policy initiatives.