

THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

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UPDATE ON PROMOTING THE APEC FINANCIAL INCLUSION INITIATIVE

Office of the Advisory Group Chair

Update on Promoting the APEC Financial Inclusion Initiative

A. REVIEW OF DEVELOPMENTS SINCE THE JAKARTA MICROFINANCE WORKSHOP

1. The workshop report was finalized, endorsed by the Advisory Group and ABAC during the Moscow meeting, and prepared for submission to the APEC Finance Ministers.
2. Some discussions with finance ministries and officials have been undertaken regarding the proposal that APEC Finance Ministers launch an initiative on financial inclusion as part of their work program. Approaches were also made to determine which economies' finance ministries would be interested to sponsor the proposal as an official initiative of the APEC FMM.
 - a. Some of these discussions were done with individual APEC financial officials.
 - b. The proposal was discussed at the APEC Senior Finance Officials' Meeting (SFOM) in Cusco, Peru last July 10-11.
3. The response so far has been encouraging. There was a generally positive reception at SFOM, although it was too early for officials to make any commitment to launch the initiative. We have some specific positive expressions of interest from certain economies to be actively involved as sponsors or co-sponsors of the initiative:
 - a. The Philippine central bank has volunteered to encourage the Department of Finance to champion this issue at the FMM.
 - b. New Zealand Treasury expressed interest in participating actively, with focus on financial literacy.
 - c. The Indonesian central bank also expressed interest in general to help push this initiative forward.
4. The Advisory Group is anticipating the FMM's eventual agreement to launch this initiative either in November 2008 in Trujillo (best case scenario) or sometime in 2009, and has already started the process of preparing a work program for the initiative that can be proposed to the Finance Ministers. Part of this planning is to see what resources can be mobilized from interested institutions for activities that can also form part of their own programs.

B. CURRENT SITUATION

1. The Advisory Group is now encouraging ABAC members and other participants to follow up personally on finance officials regarding the launch of the initiative.
2. It is hoped that in November, at the FMM in Trujillo, the Finance Ministers will launch the initiative. In case this is not yet forthcoming, it is hoped that senior finance officials will start working with the Advisory Group on this matter at their first meeting in Singapore.

3. A number of institutions have expressed interest in actively participating and providing resources for activities that may form part of the work program. Among these are the ADB Institute, the GTZ, the Foundation for Development Cooperation of Australia and the IFC. Involvement of other interested institutions is welcome.
4. An activity is already being prepared – a follow-up workshop to be hosted by the ADB Institute in Tokyo, tentatively scheduled for early March 2009, focusing on the six key policy areas identified as important to the further development of microfinance at the Jakarta workshop.

C. RECOMMENDATION:

That the Advisory Group assign the Coordinator to work with interested participants in developing a proposed work program for a financial inclusion initiative under the APEC Finance Ministers, including collaborating with ADBI and other interested institutions in preparing the Tokyo workshop to be hosted by the ADBI.

That the Advisory Group encourage participants, including ABAC members, to follow up their respective finance ministries regarding the proposed launch of the financial inclusion initiative.