



THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

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PROPOSED 2009 WORK PROGRAM

Office of the Advisory Group Chair

Advisory Group on APEC Financial System Capacity-Building PROPOSED 2009 WORK PROGRAM

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BACKGROUND

The Advisory Group on APEC Financial System Capacity-Building was established at the time of the APEC Finance Ministers' Meeting in Phuket, Thailand in 2003, at a meeting jointly organized by the APEC Business Advisory Council (ABAC) and the Pacific Economic Cooperation Council (PECC). The Advisory Group was created with three major goals in mind: (a) to harness expertise in international public and private sector institutions in collaborating with the APEC Finance Ministers to develop capacity-building programs for the region's financial systems; (b) to promote public-private sector collaboration in capacity-building efforts; and (c) to ensure greater synergy among ongoing capacity-building activities and facilitate identification of capacity-building gaps through exchange of information.

OBJECTIVES OF THE 2009 WORK PROGRAM

Following are the objectives of the 2009 Work Program of the Advisory Group:

- To develop specific proposals on capacity-building that can be endorsed to the APEC Finance Ministers, particularly in areas where public-private partnership would be helpful.
- To undertake public-private sector dialogues in key areas of the Advisory Group's work.
- To identify possibilities of collaboration among participating organizations and between public and private sectors.
- To exchange information and updates on current initiatives by participating organizations and promote greater synergy among them.

ACTIVITIES IN 2009

A. PROJECTS

1. Workshop on Promoting Financial Inclusion through Innovative Policies, Tokyo, 31 March – 3 April 2009

The Advisory Group is co-organizing this workshop with ABAC, the Asian Development Bank Institute (ADBI) and the Alliance for Financial Inclusion (AFI) in collaboration with the Inter-American Development Bank (IDB), the International Finance Corporation (IFC) and the Foundation for Development Cooperation (FDC). The workshop will be hosted by the ADB Institute in Tokyo on 31 March – 3 April. The objectives of this workshop are (a) to provide a basis for the design of a policy initiative on financial inclusion that will be proposed to the APEC Finance Ministers; (b) to develop training materials based on presentations that can be used in capacity-building activities; and (c) provide a peer-to-peer learning and knowledge-sharing platform among policy makers that will enhance their capacity to develop an innovative and enabling policy environment for financial inclusion.

2. 3rd APEC Public-Private Sector Forum on Bond Market Development, Singapore, Mid-July 2009

At their meeting in Hanoi on 7 September 2006, APEC Finance Ministers welcomed a proposal submitted by ABAC that the Advisory Group facilitate in-depth discussions with

individual economies on how the public and private sectors can collaborate to develop their respective bond markets (with special attention to corporate bond markets).

The central objective will be a dialogue among interested economies, private sector market players and experts from international public and private sector organizations, aimed at identifying aspects in the policy and regulatory areas which could be addressed by authorities to enhance the environment for bond market development, and in particular, corporate bond issuance. The dialogues would also aim to identify capacity building initiatives, which might include public/private partnerships to build the environment conducive to bond market development.

The Australian Treasury hosted the first Forum on 8 May 2007 in Melbourne, back-to-back with the 2nd Senior Finance Officials Meeting (SFOM2), focusing on the bond markets of Indonesia, the Philippines and Vietnam. The Peruvian Ministry of Economy and Finance hosted the 2nd Forum on 9 July 2008 in Cusco, as part of the 4th APEC Senior Finance Officials' Meeting (SFOM4), focusing on the bond markets of Peru, Mexico and Chile, as well as on international and regional capacity-building efforts and public-private sector collaboration. The Ministry of Finance of Singapore will host the 3rd Forum in Singapore in mid-July at the time of the 6th APEC Senior Finance Officials' Meeting (SFOM6).

3. The 5th ABAC/ABA/PECC/SEACEN regional public-private dialogue on strengthening financial systems, 27-28 July 2009

The Advisory Group, together with ABAC, PECC, ABA and SEACEN, has supported this dialogue over the past four years by providing suggestions on the program and speakers from within its network. Participants in this dialogue will include senior representatives from SEACEN member central banks and banking supervisory bodies, key regulatory bodies in the wider Asia-Pacific, international and regional financial institutions, the BIS, the Asian financial industry and experts from academe, research and consultancy. The dialogue will touch on responses to the financial crisis, financial regulatory reform, the implementation of Basel II, promoting SME finance and other related issues.

4. Enhancing the environment for public-private partnership in infrastructure in developing APEC economies.

The Advisory Group is currently discussing with various institutions the possibility of collaborating on this project, including research and involvement of government officials, private sector experts and representatives of the investor community.

5. Enhancing capacity within the region to undertake measures in response to the global financial crisis.

The Advisory Group is currently promoting collaboration among several participating institutions, such as ABAC, the ADB Institute and the IMF to identify ways to enhance capacity to respond to the global financial crisis. The Advisory Group will consider possible initiatives that would help address challenges in this area.

6. Improving credit reporting systems within the region.

In 2008, the Advisory Group began work on improving credit reporting systems in the region, which has been championed by the Asia-Pacific Credit Coalition. In its 2008 Report, the Advisory Group recommended promoting full-file and comprehensive reporting to private credit bureaus within the region. This year, the Advisory Group will consider ways to promote the implementation of this recommendation.

B. 2009 REPORT ON FINANCIAL SYSTEM CAPACITY-BUILDING

This report, which will be finalized in August 2008, will incorporate the results of the above-mentioned projects as well as of discussions during the meetings of the Advisory Group and present recommendations to APEC Finance Ministers on how to accelerate progress in the following areas: (a) development of corporate bond markets; (b) strengthening banking systems and promoting the financing of SMEs; (c) financial inclusion; (d) public-private partnership in infrastructure; (e) regional response to the global financial crisis; and (f) the improvement of credit reporting systems.

MEETINGS IN 2009

The Advisory Group will have its regular meetings on the following dates and venues:

- **Regular meeting (First): February 11, 2009, Wellington, New Zealand**

To finalize the work program; discuss preparations for the financial inclusion workshop, the bond market forum and the public-private dialogue on financial systems; undertake initial discussions of key issues under the work program and identify steps to develop work on these issues until the next regular meeting.

- **Regular meeting (Second): During the period May 11-15, Brunei** (*exact date yet to be announced*)

To report on the results of the financial inclusion workshop, discuss preparations for the bond market forum and the public-private dialogue on financial systems and discuss proposals on capacity-building.

- **Regular meeting (Third): During the period August 25-27, Ho Chi Minh City, Vietnam** (*exact date yet to be announced*)

To finalize the report on completed activities and finalize proposals on capacity-building to be forwarded to the APEC Finance Ministers.

DELIVERABLES AND TIMETABLES

The above activities are geared toward the following deliverables:

1. Successful completion of (a) the Workshop on Promoting Financial Inclusion through Innovative Policies (b) the 3rd APEC Public-Private Sector Forum on Bond Market Development; and (c) the 5th SEACEN/ABAC/ABA/PECC regional public-private dialogue on strengthening financial systems.
2. A complete report on the conclusions of these activities (*to be submitted to the APEC Finance Ministers before their 2009 meeting – through ABAC as well as any other channel*).
3. 2009 Report on Financial System Capacity-Building in APEC (*to be submitted to the APEC Finance Ministers before their 2009 meeting – through ABAC as well as any other channel*).