ASIA-PACIFIC FINANCE AND DEVELOPMENT INSTITUTE

APEC Finance and Development Program (AFDP) was initiated under the APEC FMM in 2001, and the Asia-Pacific Finance and Development Center (AFDC) was established in 2004 based on the 3-year trial period of AFDP to continue the contribution of the People’s Republic of China (PRC) to strengthening institutional capacity building.

To meet the emerging demands of regional knowledge sharing and capacity building in the fields of finance and development, and to enhance mutual understanding among APEC member economies, the Chinese government has decided to establish the Asia-Pacific Finance and Development Institute (AFDI) on the basis of AFDC to offer professional master degree programs for young finance officials in the APEC economies while continuing to carry out short-term training programs, high-level forums and thematic research that AFDC has been doing in the past decade. AFDI will be committed to mobilizing more international resources to further deepen and strengthen systematic and long-term cooperation among the APEC member economies on knowledge, technology, experience and human capital.

THE ASIA-PACIFIC FORUM ON FINANCIAL INCLUSION

The 2014 Asia-Pacific Forum on Financial Inclusion was jointly hosted by the AFDC, Asian Business Advisory Council (ABAC), Asian Development Bank Institute (ADBI) and others in Shanghai on 19-20 March, and discussed the current situation of financial inclusion in six economies and major regional developments. A forum-based report has been published.

The report recommends public-private collaboration to help: (a) develop proportionate and balanced financial regulatory frameworks; (b) design financial inclusion strategies that promote a broad range of financial services and prudential systems that retain incentives to innovate; (c) promote coordination among relevant stakeholders in policy formulation; and (d) accelerate development of market infrastructure. To download the report:


To promote more extensive experiences sharing, two organizers of this forum, the ADBI and the AFDC, compiled a report on financial inclusion in Asia, which presents the experiences of five Asian economies: India, Indonesia, the Philippines, PRC and Thailand.

ASIA REGION FUNDS PASSPORT (ARFP)
The ARFP is an international trade arrangement that will facilitate cross border trade in managed investment schemes between member economies by either waiving or diminishing key regulatory impediments to trade.

Since the signing of the Statement of Intent in September 2013, the working group (Australia, Republic of Korea, New Zealand, the Philippines, Singapore and Thailand) has worked together to develop the guiding principles and basic arrangements of the ARFP.

In developing the ARFP principles and arrangements, the ARFP working group has conducted useful dialogues to gather views from the ARFP Policy and Technical Workshop (Australia; Hong Kong, China; Indonesia; Japan; Korea; New Zealand; the Philippines; Singapore; Thailand; Chinese Taipei and Viet Nam). The workshop has now met nine times most recently in Seoul, Republic of Korea in August 2014.

Public consultation on the ARFP principles and arrangements has been conducted in a number of APEC economies. The ARFP working group released the Consultation Paper: Arrangements for an Asia Region Funds Passport on 16 April 2014. Submissions closed on 11 July 2014 in all six of the working group economies and were the subject of negotiation and discussion in Seoul. The policy and regulatory framework that will underpin the ARFP is currently being negotiated by the six working group economies, and is expected to be finalized by early 2015.

Progress is being made towards the development of a multilateral memorandum of understanding between those economies interested in participating in the ARFP. The ARFP is expected to commence in early 2016.

**ASIA-PACIFIC FINANCIAL FORUM (APFF)**

APFF is a regional platform for public-private collaboration to develop robust and integrated financial markets and services in the region. It was proposed by ABAC and endorsed by Finance Ministers at their 2013 annual meeting.

In 2014, APFF developed recommendations on public-private collaboration to address key issues. These are:

- Expanding access of small enterprises to finance: Improving legal and institutional frameworks for credit information; use of factoring, movable assets and accounts receivables as collateral in secured transaction systems; and facilitating trade and supply chain finance.

- Promoting development of deep, liquid and integrated financial markets and long-term investment: improving financial market infrastructure and cross-border capital market practices, increasing ability of insurers and pension funds to invest in long-term assets and provide longevity solutions, meeting capital market participants’ needs for hedging instruments and information and supporting the successful launch of ARFP.

APFF will conduct research and discussions on financial regulation, cross-border investment in financial services, global imbalances, impact of macroeconomic developments and shadow banking.
Major events took place this year in Shanghai, Santiago, Seattle, Seoul and Beijing. APFF looks forward to further collaborating with the public sector in advancing its initiatives.

THE ASIA-PACIFIC INFRASTRUCTURE PARTNERSHIP (APIP)

APIP is a regional platform for governments, the private sector and international institutions to discuss issues affecting infrastructure PPP and identify practical solutions. It has over 70 members from the private sector, including top executives of major companies and other senior executives, legal practitioners and consultants with extensive experience in infrastructure.

APIP has undertaken several high-level dialogues – with Mexico, Peru and the Philippines in 2011, Viet Nam and Indonesia in 2012, and the Philippines (second dialogue), Thailand, Indonesia (second dialogue) and Malaysia in 2013. APIP also participated in various regional discussions convened by the FMP and related institutions.

In 2014, APIP took part in the seminars organized by PRC and ADB in Fuzhou and Dalian, and the seminar convened by Korea in Seoul. It participated actively in the discussions of the APEC PPP Experts Advisory Panel. APIP undertook work in the following areas: (a) effectively allocating risks between public and private sectors; (b) improving institutional capacity; (c) facilitating infrastructure finance, especially long-term and local currency funding; (d) providing an enabling legal, policy and regulatory environment; and (e) promoting public support for PPPs, and contributed ideas for the PPP Implementation Roadmap.

APEC FINANCIAL REGULATORS TRAINING INITIATIVE (APEC FRTI)

Endorsed at the APEC Finance Ministers’ Meeting in 1998, the Asia-Pacific Economic Cooperation Financial Regulators Training Initiative (APEC FRTI) provides a systematic, integrated, and sustained approach to improve the quality and efficiency of financial supervision and regulation. APEC FRTI is the longest running APEC Finance Ministers’ initiative. ADB serves as the APEC FRTI Secretariat.

In addition to technical and secretariat support, ADB has continually provided financial support for FRTI activities. ADB has so far financed 7 technical assistance projects totaling US$ 6.5 million to support the APEC FRTI.

Since 2001, ADB has arranged a total of 123 training seminars to train 5,062 financial regulators and supervisors. ADB’s training seminars have comprised of 65 banking supervision seminars, 56 securities regulation seminars, and 2 short training programs.

In 2014, ADB has arranged seven seminars—two for banking supervisors and five for securities regulators—and 326 financial supervisors and regulators have been trained. ADB expects that there will be six more seminars to be organized by the end of this year with additional financial support from the Republic of Korea. ADB has received many requests for training in new learning areas after the global financial crisis. ADB has responded to these requests by expanding into new topics—including those relating to cross-border supervision and information technology.
At the APEC Finance Ministers meeting in Bali last year, Finance Ministers agreed to create an APEC PPP Experts Advisory Panel to help Indonesia with its efforts to develop a functioning PPP Center in the Ministry of Finance and support other PPP centers in developing economies. Since the Bali meeting, a number of activities have been undertaken to support the development of the PPP Center, including the APEC Seminar on the Public Sector’s Role in PPP Modality arranged and financed by PRC and ADB in Fujian, PRC on 21-22 May 2014 to discuss the role of the public sector including PPP centers in identifying, planning and managing PPP projects.

The activities have been undertaken in two broad areas--those designed to support the development of the PPP Center itself, and those aimed at embedding the PPP Center into the thinking and processes of other parts of the Indonesian government.

The Preliminary Meeting of the Establishment of APEC PPP Experts Advisory Panel and the Asia-Pacific Infrastructure Partnership Dialogues with the Government of Indonesia were held in Jakarta on 2 December 2013. In 2014, there have been two meetings of the APEC PPP Experts Advisory Panel which were held on the margin of APEC meetings in PRC. The first meeting was held in Bo’ao on February 17 immediately after the APEC Finance Deputies’ Meeting. The second one was held in Dalian on June 27 after the APEC Seminar on Mobilizing Long-term and Stable Funding for Infrastructure Development in the Asia-Pacific Region (June 26-27, 2014). Both meetings were specially convened to provide assistance to the Indonesian Ministry of Finance in its efforts to support the PPP Center. The meetings discussed key aspects of the institutional arrangements for the PPP Center and some early potential PPP projects for the PPP Center. The third meeting this year is scheduled to be held on 24 November in Jakarta after the APIP meeting with the government of Indonesia.

The Indonesian ministry responsible for government’s reforms, personnel and staffing recently announced that it had approved staffing allocations for the PPP Center in the Ministry of Finance. Following the advice from the PPP Expert Panel to the Indonesian Minister of Finance, Indonesia is also in the process of appointing a Specialist Advisor to its PPP Center Executive Team. Arrangements to recruit a suitable candidate are well advanced, and have been included as part of a larger technical assistance proposal that is being finalized with external partners. It has been planned that the Specialist Advisor will begin his/her services in early 2015. One of the first key tasks of the Specialist Advisor will be to work with the PPP Center Executive Team to identify a carefully sequenced, comprehensive program of targeted capacity building assistance for the PPP Center of Indonesia. The Specialist Advisor will work closely with the PPP Expert Panel and international partners to achieve this objective.

As part of the progress in developing market ready infrastructure projects in the region, PRC is setting up its PPP Center within the Ministry of Finance of PRC (CMOF). This process would help the momentum of creating a networking of PPP center of excellence in the region. CMOF has set up an inter-departmental PPP Leading Group for rule-making and regulation of PPP, consisting of 7 line departments of CMOF, including the budget department, treasury department, finance department,
economic development department, international department and the China Clean Development Mechanism (CDM) Fund. At the execution level, the China CDM Fund acts as PPP management center at the initial stages. The China PPP Center has six main roles and responsibilities: fundamental research; training and consultation; promotion and application; financial Support; information management and publication; and international cooperation. We acknowledge the successful completion of the APEC PPP training program arranged and financed by ADB and the Australian Commonwealth Government’s Partnership for Development Program to train 34 officials from PPP Centers in Chile, PRC, Indonesia, Mexico, Peru, the Philippines, Papua New Guinea, Thailand, and Viet Nam at RMIT University, Melbourne, Australia on 2-5 September 2014.

APEC INFRASTRUCTURE TRAINING PROGRAM

APEC is an important platform for economic cooperation in the Asia-Pacific region. Cooperation on infrastructure investment as well as capacity building of the public sector in promoting infrastructure projects have been highlighted as key tasks for the APEC Finance Ministers’ Meeting. In this regard, Korea proposed running APEC infrastructure training program twice a year to help government/public institutions in the Asia-Pacific region develop their capacity in infrastructure development. Korea and PRC agreed to co-host the program, but the program is open to any other member economies that are willing to participate. The Korea Development Institute (KDI) and the AFDC/AFDI of PRC are the lead institutions in implementing the program.

This workshop will offer high-level officials of APEC member economies an invaluable opportunity to explore not only in-depth knowledge in implementing infrastructure projects but also provide a chance to share APEC member economies’ experiences and practices on infrastructure investment and financing.