



20 August 2015

**Hon. Cesar V. Purisima**

Chair, APEC Finance Ministers' Meeting  
Secretary of Finance  
Republic of the Philippines

Dear Secretary Purisima:

I am pleased to convey to you this year's ABAC Report to APEC Finance Ministers.  
(<https://www.abaconline.org/v4/download.php?ContentID=22612587>)

Recent developments in financial markets have underscored the uncertainties in the minds of investors today about the sustainability of global economic growth. We believe that APEC has an important role to play in addressing the causes of these uncertainties by promoting the inclusive and broad-based growth that will transform the entire Asia-Pacific region into a strong and resilient engine of the global economy. In particular, we wish to highlight the significant contributions that improved access to finance, deeper, more liquid and regionally integrated capital markets, increased investment in infrastructure and a more developed long-term institutional investor base can make to this process.

Reforming our region's financial systems is critical to achieving this objective, and ABAC welcomes the Finance Ministers' decision to launch the Cebu Action Plan (CAP) to provide a roadmap for this undertaking. **We particularly support the following initiatives currently being considered for inclusion in the CAP:**

- *Financing of micro, small and medium enterprises (MSMEs) and supply chains.* We endorse the proposal to establish a public-private Financial Infrastructure Development Network (FIDN) to help build credit information systems and improve policy frameworks for secured transactions and the use of movable assets as collateral. We also recommend initiatives to promote an enabling environment for trade and supply chain finance and alternative financing mechanisms, and to identify best practices for strengthening MSMEs' resilience against unexpected events, disasters and financial crises.
- *Expanding financial inclusion.* We welcome the proposal to use the Asia-Pacific Forum on Financial Inclusion as a platform for sharing experiences on policy innovations to promote financial inclusion and literacy. We propose that efforts be included to develop a regional model framework as a helpful reference to support member economies in designing domestic financial inclusion strategies through public-private collaboration, and discuss digital finance issues within the context of global and regional efforts.
- *Micro-insurance.* We endorse the proposal to utilize the Asia-Pacific Financial Forum (APFF) as a platform for a network of experts from the public and private sectors and multilateral organizations to help expand the coverage of micro-insurance in member economies.
- *Disaster risk financing (DRF).* We welcome proposals to harness the APFF in building a network of public and private sector experts who can collaborate to develop sound financial and insurance markets to secure public trust in DRF products; improve disaster risk evaluation; and raise public awareness of disaster risk.
- *Pipeline of bankable infrastructure projects.* We recommend that the CAP include initiatives to accelerate the development of a pipeline of bankable infrastructure projects through collaboration among the APEC PPP Experts Advisory Panel, the Asia-Pacific Infrastructure Partnership (APIP); the Global Infrastructure Hub; and the Urban Infrastructure Network (UIN).

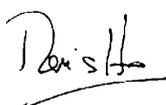
- *A greater role for the insurance and pension industries.* We recommend that the APEC PPP Experts Advisory Panel be tasked to identify best practices in establishing private funds for equity investment in infrastructure involving public-private collaboration; as well as standards, policies, regulations and practices that impact the appetite of insurers and pension funds for investing in long-term infrastructure projects. We recommend APFF as a platform for sharing experiences in retirement income reforms to promote the growth of the pension industry and availability of long-term funds. We also suggest the inclusion of capacity building training programs to help officials design effective policies to attract long-term investments.
- *Development and integration of capital markets.* We welcome the proposal to use APFF as a platform for improving capital market depth and liquidity in the region. As key deliverables, we recommend undertakings to promote an enabling legal and regulatory environment and capacity building to accelerate the development of repo and derivatives markets; improve availability of relevant information needed by capital market investors; and develop financial market infrastructure and practices to facilitate cross-border portfolio investments. We also underscore the importance of improving transparency of financial regulations and establishment of fair and coherent regulatory environment as a frontier for future work.
- *Asia Region Funds Passport.* We recommend that the CAP include regional public-private sector dialogues using APFF as a platform to facilitate its early enlargement to include a critical mass of participating jurisdictions, the key success factor for the scheme from the viewpoint of the industry, as well as its interoperability with other regional mutual recognition frameworks and identification of ways to effectively deal with other issues.

In addition, we propose broad collaboration across APEC fora on cross-cutting initiatives that impact the financial sector. In particular, we suggest that Finance Ministers support the efforts of the Regional Investment Analytical Group (RIAG) in developing indicators to help enhance investment flows in the region, as well as ABAC's collaboration with the International Valuation Standards Council (IVSC) to improve valuation practices across APEC economies.

We invite Finance Ministers to consider these recommendations, which are explained in greater detail in the report.

We thank the Finance Ministers for giving us the opportunity to contribute our views to the development of the CAP, in collaboration with our partners in APFF, APIP and the Asia-Pacific Forum on Financial Inclusion, through the various discussions hosted by the Philippines this year. We look forward to discussing these matters with the Finance Ministers during our upcoming dialogue in Cebu and to the successful conclusion of this year's AFMM.

Yours sincerely,



**Doris Magsaysay Ho**  
ABAC Chair 2015