

Annex A.

APEC Finance Ministers' Process (FMP) Roadmap/Cebu Action Plan

We, the APEC Finance Ministers launched the Cebu Action Plan (CAP) on 11 September 2015 in Mactan, Cebu, with the goal of building an APEC community that is more financially integrated, transparent, resilient, and connected. The Roadmap seeks to promote policies, rules and practices across APEC economies to support strong, sustainable, inclusive, and balanced growth throughout the region, and to:

- a. Facilitate trade and investment in the region;
- b. Pursue good governance, fiscal reforms, and sound fiscal policies;
- c. Deepen financial markets that offer diversified financial instruments; advance financial inclusion for all households and business (including those led by women); and enhance financial resilience to market volatility, and mitigate risks of natural disasters;
- d. Mobilize more financing for quality infrastructure development to sustain growth.

The Roadmap consists of four pillars: (i) Promoting Financial Integration; (ii) Advancing Fiscal Reforms and Transparency; (iii) Enhancing Financial Resiliency; and (iv) Accelerating Infrastructure Development and Financing.

Under each of the four pillars, the Roadmap indicates initiatives and deliverables that APEC Finance Ministers recognize as broadly beneficial to APEC as a whole, and APEC Finance Ministers encourage those economies that are willing and able to pursue them. We recognize that given the varying levels of development and domestic circumstances across APEC Economies, not all of the initiatives and/or deliverables described in this Roadmap may be appropriate for all APEC economies. As such, the initiatives and deliverables of the CAP are voluntary and non-binding, and the timeframes specified herein are indicative.

APEC economies may determine their respective undertakings and schedules in relation to the CAP's initiatives and deliverables, within the bounds of their domestic policies and regulations

Promoting Financial Integration

Greater financial integration in the region can facilitate greater growth and intra-regional trade and investment, as well as, catalyze the other areas of this Roadmap such as expanded financial inclusion, deeper financial sector development, and increased infrastructure financing.

We will work together towards financial inclusion and integration, mindful of the individual economies' level of development, in the following areas:

- a. Enhancing MSME and supply chain financing, supported by effective regulatory frameworks and capacity building activities;
- b. Sharing financial inclusion and literacy strategies;
- c. Reducing remittance cost;
- d. Moving towards more liberalized financial services and capital accounts across APEC Economies, while maintaining adequate safeguards, including through participation in voluntary initiatives, such as the Asia Region Funds Passport.

Advancing Fiscal Reforms and Transparency

Fiscal reforms to improve governance and fiscal transparency can achieve greater inclusiveness and fiscal sustainability, allow for broad participation in the budgeting process and enhance management of tax expenditures, subsidies, and government liabilities. These, in turn, lead to a more efficient use of government resources for development priorities (e.g., provision of social services and other crucial public goods, such as infrastructure).

We will exchange views and practices, and promote fiscal reforms, such as:

- a. Improving fiscal data reporting (e.g., revenues, expenditures, and borrowings) to the public and making the information on and conduct of government procurement processes more accessible to the public;
- b. Promoting good tax practices, including exchange of information in tax matters, to enhance tax transparency and combat cross-border tax evasion, as well as, to avoid tax leakages and tax base erosion, by means of existing mechanisms;
- c. Improving the effectiveness of public investment, particularly on infrastructure, while fostering private investment and creating jobs; and
- d. Where they exist, rationalizing and phasing out inefficient fossil fuel subsidies that encourage wasteful consumption while still providing essential energy services.

Enhancing Financial Resilience

Financial resilience is important to sustainable and inclusive growth. Financial resilience includes the maintenance of sufficient fiscal space and building deeper financial markets to better absorb economic shocks. We will further financial resilience by:

- a. Continuing macroeconomic cooperation including the sharing of experiences in macroprudential policy framework and resilience to external capital flow volatility, as well as, maintaining adequate buffers to respond to unexpected demands on fiscal resources.
- b. Developing innovative disaster risk financing and insurance mechanisms (including micro-insurance) to enable APEC economies exposed to natural hazards to increase their financial response to disasters and reduce their fiscal burden; and

- c. Deepening capital markets to create more facilities for risk transfer, more diverse financial products, and stable financial systems

Accelerating Infrastructure Development and Financing

In 2013, the APEC Finance Ministers adopted the Multi-Year Plan on Infrastructure Development and Investment, to help address the enormous infrastructure needs facing the region. APEC continued substantial work on infrastructure during China's host year in 2014, and this pillar aims to build upon this work, especially the efforts undertaken to support quality infrastructure development and financing by:

- a. Attracting private sector capital through PPPs to deliver crucial infrastructure;
- b. Mobilizing long-term financing for infrastructure, particularly through enhancing member-economies' capacity for project preparation and developing capital markets and flexible financial instruments that would attract institutional investors;
- c. Demonstrating the importance of and activating long-term vehicles to support long-term investment; and
- d. Promoting inclusive infrastructure in urban development and for regional connectivity.

Cebu Action Plan Initiatives and Timeline

We identify these targets to be met by interested APEC Economies on a voluntary and non-binding basis. > Future hosts will have the opportunity to shape the Cebu Action Plan, and set the priorities during their year and adjust the initiatives and deliverables, given emerging global and regional developments. For any given year, the host will be responsible for the short-term initiatives and deliverables (one year) of the plan. APEC economies will have the medium-term (two-four years) and long-term (five-10 year) objectives of the roadmap to guide our collective efforts. Subsequent hosts may adjust the short term actions so that the action plan remains dynamic and relevant, and to support interested APEC economies in effectively and efficiently implementing the CAP initiatives. To this end, the APEC FMP can have continuous and proactive dialogue with various relevant stakeholders, including non-financial sectors.

Initiative	Deliverables	Timeline for Delivery		
		Short Term 1 year	Medium Term 2-4 years	Long Term 5-10 years
Pillar 1: Promoting Financial Integration				
1A. Promote an enabling financing environment for MSMEs, including trade, supply chain and alternative financing mechanisms.	<p>Draw the support of ABAC, the SME Finance Forum, the World Bank Group and the OECD and other international organizations by establishing a Financial Infrastructure Development Network as a specialized subgroup within the APFF. The Network will facilitate workshops, dialogues and studies in consultation with the relevant APEC Working Groups, to support interested APEC economies to:</p> <ul style="list-style-type: none"> • Establish legal frameworks for Credit Information Systems (CIS) based on the World Bank's General Principles of Credit Reporting • Develop model language for regulations governing the sharing of public data with CIS among participating economies. • Evaluate the benefits of and pathways to a common data format/dictionary for APEC based on the data collected by CIS. 			

Initiative	Deliverables	Timeline for Delivery		
		Short Term 1 year	Medium Term 2-4 years	Long Term 5-10 years
1A . Promote an enabling financing environment for MSMEs, including trade, supply chain and alternative financing mechanisms. (Cont'd.)	<ul style="list-style-type: none"> • Evaluate the benefits and challenges of linking the CIS databases of APEC members, forming a regional credit information network, and the use of credit information to support cross-border trade and investment. • Reform and develop secured transactions systems and insolvency frameworks. • Pursue good practices and internationally accepted principles on secured transactions legislation. • Establish and develop effective modern collateral registries single, central, online notice filing systems; and comprehensive coverage of security interests on movable assets within the economy. • Develop regionally consistent legal, institutional and operational structures to facilitate the financing and expansion of cross-border trade and supply chain finance. • Expand the use of electronic supply chain management platforms. • Facilitate digital, mobile and innovative working capital management techniques such as Bank Payment Obligations. 			

Initiative	Deliverables	Timeline for Delivery		
		Short Term 1 year	Medium Term 2-4 years	Long Term 5-10 years
1A . Promote an enabling financing environment for MSMEs, including trade, supply chain and alternative financing mechanisms. (Cont'd.)	<ul style="list-style-type: none"> • Enable the effective use of regional currencies in trade settlement. • Promote the development of new financial instruments for MSMEs • Address regulatory barriers to digital, mobile and innovative financing, including the impact on de-risking • Develop policy frameworks for alternative finance. • Pursue policy initiatives to spur equity-based financing to invest in small businesses and related enabling regulations 			
1B. Expand Financial Inclusion and Literacy	Promote financial inclusion and literacy through the Asia-Pacific Financial Inclusion Forum.			
	Adopt domestic strategies that promote financial inclusion and literacy.			
1C. Facilitate Remittance Flows The G20 Plan to Facilitate Remittance Flows seeks to enhance migrants' access to less costly remittance services and advance financial inclusion, by adopting economy-level actions that will strengthen remittance markets, facilitate competition, improve consumer protection to reduce the costs of transferring international remittances, and emphasize on the use of remittance flows to drive financial inclusion and development.	Acknowledge the ongoing G20 efforts and are encouraged to facilitate remittance flows and reduce transaction cost of remittance.			
	Develop and share their own plans to reduce average transaction costs of remittances to 5%.			

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1D. Financial Services Liberalization (FSL) Move towards more liberalized financial services across APEC Economies	Begin discussions on efforts in FSL among interested APEC economies.			
	Review the level of openness of individual APEC economies' selected financial service sectors using appropriate matrices, including possibly OECD's STRI ¹ , as well as, explore other metrics.			
1E. Capital Account Liberalization (CAL) Move towards more liberalized capital accounts across APEC Economies	Review the level of openness of individual APEC economies using possible metrics, such as the IMF's AREAER and report on the progress of APEC economies in the gradual removal of restrictions on foreign exchange transactions, foreign direct investments, portfolio investments and other flows (OFs) across APEC Economies.			

¹ Services Trade Restrictiveness Index

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1F. Asia Region Funds Passport (ARFP) The Passport is a voluntary initiative that will facilitate the cross-border offering of funds across participating economies in the Asia region. The potential benefits of the passport include more choice for investors, lower fees, a more competitive Asian asset management industry, deeper financial markets and improved access to capital and improved regulatory standards across the region.	Issue the Statement of Understanding by participating APEC Finance Ministers.			
	Sign the Multilateral Memorandum of Cooperation by participating APEC financial regulators.			
	Increase the number of participating APEC Economies in the Asia Region Funds Passport.			
Pillar 2: Advancing Fiscal Reforms and Transparency				
2A. Fiscal Reforms Fiscal reforms promote greater transparency of and public participation in the budgetary process, leading to more efficient use of government resources for development priorities, such as the provision of social services, and other crucial public goods, including infrastructure.	Share knowledge and best practices in fiscal reforms, such as public investment frameworks and increasing fiscal transparency; and (2) rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption, while still providing essential energy services. ²			

² 2014 APEC Economic Leaders' Declaration

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2A. Fiscal Reforms (Cont'd.)	Develop domestic strategies, such as medium term fiscal frameworks that ensure the long-term fiscal sustainability and put debt as a share of GDP on sustainable path.			
	Scale up investment (e.g. in infrastructure development).			
2B. Open Data Initiative Development of Open Data Portals among APEC Economies. The information to be provided by the portals may include (but not limited to): a. government budget b. government sources and uses of funds c. government debt borrowing and lending data.	Organize experience and knowledge sharing events to help member economies enhance their capacity building in data collection and dissemination, including helping them develop their own data platform.			
	Develop a reference material on APEC Economy practices in setting up and maintaining an Open Data Portal.			
	Consider the benefits of joining the Open Government Partnership ³ (OGP)			

³ OGP seeks participating countries to adopt action plans that advance fiscal transparency, access to information, accountability of public officials, and citizen participation.

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2C. Exchange of financial account information in Tax Matters APEC Economies to cooperate on the exchange of information, including the automatic exchange of financial account information in tax matters (the Common reporting Standard) and the exchange of information on request, by means of existing mechanisms.	(1) Cooperate in international tax matters, including the exchange of information on request (EoI) and the automatic exchange of financial account information (AEoI) in tax matters, the Common Reporting Standard, on a reciprocal basis; and (2) acknowledge the ongoing work of the OECD and the G20 on AEoI and the Common Reporting Standard.			
	Consider the merits of engaging with the OECD Southeast Asia Regional Program as a regional forum for discussion of best practices and capacity building on the Common Reporting Standard or the AEoI.			
2D. Base Erosion Profit Shifting (BEPS) APEC Economies to work together and coordinate efforts to develop domestically, regionally and globally applicable solutions to BEPS, and to co-operate to develop capacity in APEC economies to implement these solutions.	Cooperate within the region on international tax matters, and develop and implement solutions to address cross-border tax avoidance, including through cooperation with ongoing work of the OECD and G20 on BEPS, as appropriate.			

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<p>2E. Tax and Crime</p> <p>APEC Economies to build capacity to address financial crimes, which threatens everyone's economic and social well-being. Illicit financial activities such as tax evasion, corruption, terrorist financing, computer fraud, money laundering and other financial crimes are a global problem requiring coordinated responses within governments and between APEC economies.</p>	<p>OECD to prepare a report exploring ways to strengthen capacity in tackling tax crimes and other related crimes in APEC Economies</p>			
Pillar 3: Enhancing Financial Resiliency				
<p>3A. Macroeconomic Policy</p> <p>Dialogue and cooperation among APEC economies to achieve smooth external rebalancing; and enhance capacity to manage financial crises and the effects of natural disasters.</p>	<p>Discuss regularly the risks and challenges facing the region, including imbalances and spillovers, and exchange views on macroeconomic policies and macro-prudential frameworks.</p>			

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3B. Disaster Risk Financing and Insurance <ul style="list-style-type: none"> • Assess needs from private insurance companies, collect disaster data, and study the possibility of constructing disaster risk data base, including collaboration with other stakeholders, such as ABAC and APFF. • Research on the status of development of disaster risk data and insurance systems among economies , share information about economies' progress and assist capacity building by public sector (collaborating with ASEAN+3, the World Bank, OECD and ADB). • Encourage APEC economies to establish private disaster insurance systems among economies, based on efforts to consolidate data, as above. • Development of Disaster Risk Exposure Models and Disaster Risk Insurance Facilities for APEC Economies. • The Risk Insurance Facilities will cover the various specific arrangements for the central and local government levels as well as for the individual level (i.e. microinsurance). • Risk Exposure Models and Insurance Protection can help governments anticipate and thereby quickly respond to the effects of disasters. At the same time, these can reduce the need for governments to reallocate/borrow funds to cover the costs of disasters. <ul style="list-style-type: none"> - Fund (Mexico) - CAT Bonds - Contingent Credit Lines 	Establish and promote private disaster insurance schemes, through the collaboration and exchange of information and experience among economies, international organizations, and private sector in the medium term.			
	Deepen insurance penetration within their economies and develop regional risk sharing measures.			
	Develop a roadmap and network of experts through the support of APFF for expanding the coverage of microinsurance and disaster risk finance in member economies.			

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3C. Capital Market Development <ul style="list-style-type: none"> The development of local currency bond markets in APEC economies will promote risk-transfer, financial stability, MSMEs and infrastructure financing. The development of a roadmap to improve regional financial infrastructure and assist APEC economies develop their capital markets. 	Support the improvement of capital market depth and liquidity by participating in the work of the Asia-Pacific Financial Forum. This may include workshops and dialogues to promote the development of liquid repo markets, legal and documentation infrastructure facilitating risk mitigation, transparency of capital markets (issuer disclosure, bond market data, investor rights in insolvency), and a regional securities investment ecosystem to promote cross-border investment in capital markets.			
	Explore and promote the development of a roadmap to improve regional financial infrastructure to enhance resiliency.			

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Pillar 4: Accelerating Infrastructure Development and Financing				
4A. Knowledge Portal Create of an online repository of infrastructure projects including policy, legal and regulatory framework, tender process and sample contracts, for both public-private partnership (PPP) projects.	Collaborate with existing APEC FMP bodies such as PPP Experts' Advisory Panel and APIP, as well as, the Global Infrastructure Hub to establish a website housing the PPP Knowledge Portal, with the following possible preliminary contents: <ol style="list-style-type: none"> a. Best Practices on PPP; b. PPP infrastructure projects undertaken by APEC economies; c. Directory of private firms, managers, consultants and experts involved in PPP infrastructure projects (also as an offshoot to the website); and d. Financial and legal, public and private risk mitigation instruments available to infrastructure investors in the APEC region. 			
	Link the Knowledge Portal with other existing PPP portals and collaboration with other relevant initiatives such as the International Infrastructure Support System (IISS), a project preparation and information sharing tool.			

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4B. Standardization of PPP Terms and Practices Identify and compile template/standard PPP terms and practices and the development of templates for PPP contracts, taking stock of G20 IIWG ⁴ /World Bank/OECD identical deliverables.	Develop a reference guide for member economies to prepare PPP contracts, including templates/standard PPP Terms and Practices.			
4C. Maximizing PPP's role in infrastructure investment	Collaborate with international organizations such as the ADB, OECD, and the World Bank Group, as well as the Global Infrastructure Hub in conducting APEC economy specific reviews of policy frameworks for infrastructure provision and analysis and sharing of best practices.			
	Work with organizations, such as the Asian Development Bank, including through its multi-donor Asia-Pacific Project Preparation Facility (AP3F), and the Global Infrastructure Hub to develop a robust pipeline of bankable PPP projects in the region.			
	All interested APEC economies, and their respective PPP units or offices, are encouraged to seek advice and assistance from, as well as participate in the meetings of the APEC PPP Experts' Advisory Panel.			

⁴ Investment and Infrastructure Working Group

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<p>4D. G20 Leading Practices on Promoting and Prioritising Quality Investment</p> <p>These voluntary leading practices were finalized in 2014, and include model documentation covering project identification, preparation and procurement, including for PPPs.</p>	Acknowledge the G20 Leading Practices on Promoting and Prioritising Quality Investment.			
<p>4E. Long-term Investment in infrastructure</p> <p>Improving PPP knowledge, models and expertise will assist in further attracting private capital into infrastructure investment. Developing infrastructure as an asset class for institutional/long-term investors will help mobilize regional savings into infrastructure investment.</p>	Exchange experiences through existing public and private sector forums, including APFF, for facilitating long-term investment in infrastructure and encouraging increased pension and insurance industry investment in infrastructure.			
<p>4F. Urban Development</p> <p>In 2014, the APEC FMP established the Urban Development Network to strengthen support for Urban Development. The Network comprises three workstreams: (i) Policy and planning for Sustainable Urban Development; (ii) Project Development, Procurement, and Management and Good practice; and (iii) Financing for Sustainable Urban Development.</p>	Share knowledge on innovative financing for sustainable Urban Development.			

Initiative	Deliverables	Timeline for Delivery		
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<p>4G. Regional Connectivity</p> <p>In 2014, the APEC Economic Leaders declared that strengthening comprehensive connectivity and infrastructure development will help open up new sources of economic growth, promote cooperation and mutual assistance, and advance prosperity and community in the Asia Pacific region, and endorsed the APEC Connectivity Blueprint for 2015-2025, and emphasized their commitment to solving the financing bottleneck for infrastructure development.</p>	<p>Report on the progress of the implementation of the APEC Connectivity Blueprint, including the follow-up of initiatives in APEC.</p>			