

RFPI Asia at the APEC SME Finance Forum 2015

Putting Disaster Risk Finance on the Agenda of enhancing Financial Resilience

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For most micro, small and medium enterprises (MSMEs), **lack of efficient and sustainable access to finance** is most often ranked as the key issue preventing them from effectively participating in economic activities and global value chains.

At the center of this problem are a number of factors. One is the inadequate legal and institutional infrastructure in many developing economies. Others include **the deficient access of vulnerable micro- and small enterprises to risk management tools including insurance** and the lack of enabling environments for equity-based financing of small innovative enterprises.

The **APEC SME Finance Forum** was set in the intention to discuss and obtain wider support for various concrete initiatives of the APFF, the Asia-Pacific Forum on Financial Inclusion, intended to constitute the elements of an **APEC Framework for Financing MSMEs** that will be proposed for endorsement by the APEC Ministers.

At the forum, **RFPI Asia** was able to share valuable insights regarding the **strengthening of SMEs' financial resilience to events such as disruptive natural disasters** with the present representatives of the various stakeholders of the 21 APEC economies.

Based on previous studies conducted by RFPI Asia the participants had the opportunity to hear more on the **key financial risk events for MSMEs** in the Philippines: A survey shows that natural disasters (flood, drought, earthquakes),

followed by fire and illness make up the primary concerns for the sector. Moreover the survey confirmed that **insurance is a primary strategy of the sector to ensure business continuity after a risk event**, stressing the need for comprehensive risk protection.

Enhancing the access to insurance is thus a central field of action and RFPI Asia made five key proposals for the **APEC roadmap to increase resiliency of MSMEs**:

- Develop **policy and regulatory frameworks** for establishing risk pool and other DRF instruments, provision of incentives, use of technologies, and mechanisms for public-private sector cooperation
- Create the legal basis for the provision of **mandatory insurance coverage** to MSMEs
- **Capacity building** of public and private stakeholders regarding product development, distribution, and promotion of MSME insurance
- Develop **data management** on catastrophe events
- Central business registry with **hazard mapping** and catastrophe coverage for enterprises.



Dr. Antonis Malagardis at the APEC SME Finance Forum.