

THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

Document: AGFSCB 31-058
Draft: **FIRST**
Source: AGFSCB Chair
Date: 4 November 2011
Meeting: Honolulu, Hawaii, USA

Fourth Meeting 2011
8 November 2011
Honolulu Suites, Sheraton Waikiki Hotel
Honolulu, Hawai'i, USA

Meeting Paper 4-A

The Asia-Pacific Infrastructure Partnership

Office of the Advisory Group Chair

PURPOSE	For information.
ISSUE	Update on the Asia-Pacific Infrastructure Partnership
BACKGROUND	In 2010, ABAC adopted the Advisory Group's proposal for an Asia-Pacific Infrastructure Partnership (APIP), bringing together high-level officials, MDB experts and private sector advisory panelists from a wide range of relevant fields. In 2011, ABAC proposed to undertake activities, in collaboration with the APEC Finance Ministers' Process (FMP), to demonstrate the effectiveness of this model. ABAC invited collaboration from APEC finance ministries, the Asian Development Bank, the Inter-American Development Bank and the World Bank. Activities included the formation of the private sector panel, dialogues with individual governments and a forum in Honolulu
PROPOSAL	N.A.
DECISION POINT	Note the report.

The Asia-Pacific Infrastructure Partnership (APIP) Promoting Public-Private Dialogues in Infrastructure Finance

A forum¹ convened in 2010 by ABAC, ADB and JBIC, in collaboration with the Ministry of Finance of Japan, confirmed that infrastructure finance is a central issue for the region. There is huge demand for infrastructure investment necessary for continued economic growth, which public sector investment alone cannot meet. The following were the key messages:

- Despite recent improvements in infrastructure-related policies, key constraints impeding private investment remain – lack of capital market depth, dearth of good quality projects, inadequate regulatory frameworks and concerns about transparency and political, country, exchange and interest rate risk.
- Given the complexity of infrastructure PPPs, overcoming these constraints requires improved understanding and greater trust among relevant parties involved. Structures enabling parties to frankly and objectively discuss and consider complex matters facing each economy can contribute to better understanding of the issues and risks they face and conducive environments for private financing of infrastructure.

In 2010, ABAC proposed a model for such a regional structure – an Asia-Pacific Infrastructure Partnership (APIP) – bringing together high-level officials, MDB experts and private sector advisory panelists from a wide range of relevant fields. This model, which draws from successful experiences in the region, utilizes ABAC's private sector network.

In 2011, ABAC proposed to undertake activities, in collaboration with the APEC Finance Ministers' Process (FMP), to demonstrate the effectiveness of this model. ABAC invited collaboration from APEC finance ministries, the Asian Development Bank, the Inter-American Development Bank and the World Bank. The following activities were undertaken:

Formation of the APIP Private Sector Panel. ABAC invited senior private sector experts selected for their knowledge of and experience and active engagement in infrastructure projects from a wide range of relevant fields, including the asset management, commercial banking, investment banking, engineering, property development, information technology, legal and consulting sectors. To date, the panel has 32 members, including current and former ABAC members, chief executives and chairmen of major companies, and other senior executives, legal practitioners and consultants with extensive experience in infrastructure. (*See Annex A.*)

Dialogues with individual governments. These are direct dialogues among relevant high-level officials, the APIP advisory panel and experts from MDBs. The agenda are tailored to meet specific needs of individual governments and determined after consultations with concerned ministries and agencies. Dialogues were held with Mexico and Peru on 24 August 2011 in Lima, followed by a dialogue with the Philippines, held on 5 October 2011 in Manila.

Forum on Promoting Private Financing for Infrastructure in APEC. This is a forum co-organized by ABAC and the World Bank to discuss the outcomes of the Dialogues and the way forward for public-private collaboration to promote infrastructure finance in 2012 and beyond. The forum takes place on 9 November in Honolulu.

¹ This was the Private Infrastructure Finance Forum convened on 7 November 2010 in Yokohama, Japan by the APEC Business Advisory Council (ABAC), Asian Development Bank (ADB) and Japan Bank for International Cooperation (JBIC), in collaboration with the Ministry of Finance, Japan.

ANNEX A
Asia-Pacific Infrastructure Partnership
Private Sector Panel Members

(As of 4 October 2011)

Chair:

Mr. Mark Johnson, Gresham Partners Limited (*Senior Advisor*)

Members:

Mr. Hans Bayaborda, Hewlett Packard Philippines Corp. (*ESSN Country Manager, Enterprise Business*)

Mr. Garry Bowditch, SMART Infrastructure Facility (*Director*)

Mr. Duncan Caird, HSBC (*Head of Project Finance Americas*)

Mr. James Cameron, HSBC (*Head of Project Finance, Asia-Pacific*)

Mr. Michael Cooper, HSBC Bank Malaysia (*Director, Project Finance*)

Mr. Mikhail Davydov, Summa Capital (*Advisor to Chairman*)

Mr. Juan Carlos Domínguez, BBVA Pensions and Insurance (*Global Alternative Investment Manager*)

Mr. Raphael Dumas, HSBC (*Regional Project Finance Sector Head, PPP/infrastructure Americas*)

Mr. Alfonso Garcia Miro, IPN Investments (*Chief Executive Officer*)

Mr. Darrin Grimsey, Ernst & Young (*Partner, Project Finance Advisory*)

Ambassador Takuma Hatano, Toyo Engineering Corporation (*Executive Vice President*)

Mr. Gary Judd, *Queen's Counsel* and ASB Bank (*former Chairman*)

Mr. Sunil Kaul, The Carlyle Group (*Senior Director*)

Mr. Jonathan Ling, Fletcher Building Ltd (*Chief Executive Officer*)

Mr. Hiroshi Maeda, Nishimura & Asahi (*Partner*)

Mr. Mauricio Millan, Coraza Corporacion Azteca S.A. de C.V. (*Vice President*)

Mr. Arthur M. Mitchell, White & Case Law Offices (*Senior Counselor*)

Prof. Ryan J. Orr, Zanbato (*Co-Chairman*)

Mr. Vijay Pattabhiraman, JP Morgan Asset Management (*Chief Investment Officer and Managing Director, Global Real Assets*)

Mr. Robert Prieto, Fluor Corporation (*Senior Vice President*)

Ms Carmen Pérez de Muniain, BBVA Pensions and Insurance (*Global Chief Investment Officer*)

Mr. Steve Plunkett, GE Healthcare Asia-Pacific (*Leader, Hospital & Healthcare Solutions and GE Japan Board Member*)

Mr. Rafael Alberto Rodriguez Arancibia, Banco de Chile (*Head, Concessions Division*)

Mr. José San Martín Romero, National Institute of Public Administration, Mexico (*Professor*)

Mr. William Streeter, Westpac Banking Corporation (*Infrastructure Debt Adviser*)

Dr. Ahmad Tajuddin Ali, UEM Group Berhad (*Chairman*)

Mr. John Walter, Corrs Chambers Westgarth (*Partner*)

Mr. Yoshihiro Watanabe, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (*Advisor*)

Dr. Twatchai Yongkittikul, The Thai Bankers' Association (*Secretary General*)

Mr. Roland Yap, GE (*Director, Global Government Affairs & Policy, ASEAN/Global Growth & Operations*)

Mr. Jaime Augusto Zobel de Ayala, Ayala Corporation (*Chairman and Chief Executive Officer*)

Coordinators:

Dr. J.C. Parrenas, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (*Advisor on International Affairs*)

Mr. Kenneth Waller, Australian APEC Study Centre at RMIT University (*Director*)