

THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

Document: AGFSCB 34-005
Draft: **SECOND**
Source: AGFSCB Chair
Date: 4 February 2014
Meeting: Auckland, New Zealand

First Meeting 2014

11 February 2014

1:00 PM – 3:00 PM

Great Room III & IV, The Langham Hotel
Auckland, New Zealand

Meeting Paper 5-C Update on the APEC PPP Experts Advisory Panel and Pilot PPP Center under the APEC Finance Ministers' Process

Office of the Advisory Group Chair

PURPOSE For information.

ISSUE Update on developments: APEC PPP Experts Advisory Panel and Pilot PPP Center

BACKGROUND In 2013, the APEC Finance Ministers announced the establishment of the APEC PPP Experts Advisory Panel and a Pilot PPP Center in Indonesia. This is in line with the Advisory Group's recommendation to establish a regional mechanism for public-private collaboration to help economies develop capacity to provide a favorable environment for PPP.

Following discussions at a meeting in Jakarta on December 2, the Indonesian Ministry of Finance has submitted a draft concept paper on the PPP Experts Advisory Panel for endorsement by APEC Finance Deputies in Boao on 18-19 February. The Ministry has also circulated a List of Identified External Assistance Priorities by the Indonesian PPP Centre. Both papers will be discussed at a half-day meeting in Boao prior to the APEC FDM. Both documents and the program of the Boao meeting are attached.

In addition to the meeting, initial ideas for the assistance to the Pilot PPP Center from the Experts Panel will be discussed. So far, suggestions received from APIP and ABAC are as follows:

- Advice on effective and efficient prioritization/delivery of infrastructure (PwC)
- Skills training program and research support from the Australian APEC Study Center (ABAC Australia)
- Clear definition of infrastructure and key segments according to which bankable projects should be organized and promotion of ABAC PPP checklist (ABAC USA)

PROPOSAL

N.A.

***DECISION
POINT***

Note the papers and suggest further ideas

APEC PPP Experts Advisory Panel
Draft Terms of Reference¹
(24 January 2014)

I. Objective

The APEC PPP Experts Advisory Panel (the Panel) will support (i) an increase in private sector participation in infrastructure financing in the APEC economies through extending its advisory support to PPP Centres (participating PPP Centres) with the initial operational focus on the APEC Pilot PPP Centre (the Pilot PPP Centre) in the Indonesian Ministry of Finance and (ii) the emergence of an APEC-wide market for infrastructure investment by linking together the participating PPP Centres into a regional network to share good practices, build capacity, and help align standards.

II. Role

The broad role of the Panel is to assist participating PPP Centres, on a voluntary basis, drawing on the rich and established resources of experienced APEC economies and participating multilateral development banks. The Panel will support good practices suitable for the participating PPP Centres. It will also provide advice on technical assistance necessary for the participating PPP Centers.

III. Composition

The membership of the Panel is flexible and voluntary. About 7 APEC economies, the participating multilateral development banks, and the Asia Pacific Infrastructure Partnership (APIP)/ APEC Business Advisory Council (ABAC) have volunteered to participate as panel members. Chinese Taipei has volunteered to participate as observer.

The Panel membership will be open for other APEC economies and relevant institutions who wish to join the Panel in the future. The Panel Members will select individual representatives who are either policy, PPP Unit or PPP Specialist. A broadly based Panel will be able to best understand and serve the needs of the participating PPP Centres including the Pilot PPP Centre. Depending on the topics for particular meetings, a Panel Member may bring along other technical experts to Panel meetings to discuss specific technical matters, with prior consent from other Panel Members.

Presently, the Panel Members are:

- Australia
- Canada
- People's Republic of China
- Japan
- South Korea
- New Zealand
- Russian Federation
- World Bank

¹ This TOR has been drafted based on the discussions during the Meeting to establish the APEC PPP Experts Advisory Panel held in Jakarta, Indonesia on 2 December 2013.

- Asian Development Bank
- Asia-Pacific Infrastructure Partnership (APIP)/APEC Business Advisory Council (ABAC)

Observer:

- Chinese Taipei

The panel will initially focus on its establishment; support to the Pilot PPP Centre in the Indonesian Ministry of Finance; and dissemination activities on good PPP practices including private finance initiatives. It will consider its support to additional participating PPP Centres as appropriate.

IV. Structure

a. Chair

The Panel shall be guided by two Co-chairs that consist of the economy who will be the APEC Chair, and another economy. The broad role of the Co-Chairs is to lead the ongoing dialogue between the Panel and the pilot PPP Centre (Indonesia in 2014). The Co-Chairs are jointly responsible for (i) authorizing circulation of meeting agendas/papers; (ii) chairing meetings of the Panel; (iii) providing a quick response to urgent needs of the pilot PPP Centre; (iv) deciding – with the pilot PPP Centre – how to action Panel meeting recommendations; (v) helping to match technical expertise and other resources to the needs of the pilot PPP Centre; (vi) contact donors and identify sources of funding for technical experts and other resources; and (vii) reporting on Panel progress through the SFOM process – including submitting work the Panel’s work program and activity reports.

Co-chairs are People’s Republic of China; and Canada².

b. Secretariat

The APEC Secretariat will serve as the Panel Secretariat and will take care of administrative arrangements including: (i) arranging Panel meetings; (ii) coordinating with Panel members; (iii) circulating agendas; (iv) facilitating contact between with pilot PPP Centre and the Panel through teleconferences, emails, etc; (v) keeping minutes and records of Panel meeting discussions; and (vi) preparing and circulating activity reports on the Panel.

V. Work Design

- The Panel shall hold two or three times formal meetings in 2014. The first formal meeting will be held back-to-back with the APEC Deputies Meeting in China, in February 2014. Additional meetings might be held through teleconference in order to discuss urgent issues. The additional meetings should be organized by the secretariat and secretariat must inform the panel members regarding the outcomes of the meeting.
- The nature of support from the Panel to the pilot PPP Centre is purely advisory, and any information received from PPP Centre must remain confidential. There is no compulsion in

² If the Panel member become much larger, a steering committee could be considered in the future to help co-chairs in the overall management of the Panel activities including the preparation of a work program for the Panel, which comprises, among others, activities; meeting agenda, frequency, and financing; reporting requirements; and reviews of Panel activities.

relation to advice received from Panel members – the pilot PPP Centre will decide how it uses Panel advice.

-
- The Panel shall report back to APEC Finance Ministers regarding progress of the pilot project. An appropriate independent body could be asked to undertake an interim review of the Panel and the pilot PPP centre after two years, and report the results to APEC Finance Ministers. A full report to Ministers could be made after four or five years to provide sufficient time to demonstrate results.
- If reviews of the pilot PPP Centre show that it is successful, the Panel could provide guidance and support to the roll out of similar PPP Centres in other APEC economies that also wish to develop a similar capacity – or to improve the effectiveness of their existing arrangements.

**APEC PPP EXPERTS ADVISORY PANEL MEETING
Boao, Hainan, People's Republic of China
17 January 2014**

AGENDA

- 13.30 – 14.30** **Participants Registration**
- 14:30 –14:50** **Welcome Remarks by Co-Chairs**
- Ms. ZHENG Quan, Deputy Director-General, International Department, Ministry of Finance, People's Republic of China
 - Neil Reeder, Ambassador of Canada to the Philippines
- Co-chairs will recall the outcomes of the meeting to establish APEC PPP Experts Advisory Panel that was held on 2 December 2013 in Jakarta.
- 14:50-15:30** **Agenda 1. TOR of the PPP Experts Advisory Panel**
- Presentation
***, Ministry of Finance of the Republic of Indonesia, will present the TOR of the Panel.
- Discussion
The Panel will discuss and endorse the TOR.
- 15:30– 17:15** **Agenda 2. Pilot PPP Center in Indonesia**
- 15:30-15:50** **Presentation**
- Freddy R. Saragih, Director of Risk Management Unit, Ministry of Finance of the Republic of Indonesia
- The presentation would provide some overview regarding:
1. The current status of institutional and regulatory framework for PPP Projects and the challenges faced by Indonesia.
 2. The GOI plans to reform its PPP set up, for instance: how the proposed process fits in with other agencies and the current status of reforms.
 3. The status of the establishment of PPP Centre under Indonesian Ministry of Finance, including the proposed organizational structure, progress to date, timeline for the establishment of PPP Centre, and the area in which PPP Centre would like to get assistance from the advisory panel.

15:50– 17:15

Discussion

Lead Discussants:

- World Bank
- ADB
- APIP/ABAC

The Panel will provide some views from international financial institutions and APEC member economies on how to smooth the operation of the PPP Centre within Indonesian Ministry of Finance, including other reforms/changes needed to achieve the vision of delivering a smoothly functioning capacity to develop and deliver projects. The APEC member economies is expected to provide insights based on their experiences in establishing PPP Centre and to identify the challenges that might be faced by the Indonesian PPP Centre.

17:15 – 17:30

Conclusions & Closing Remarks by Co-Chairs