



THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

Fourth Meeting 2015

13 November 2015

10:15 AM – 12:15 PM

Ballroom 2, Fairmont Makati

Makati City, Philippines

Meeting Paper 6-A Outlook for Ongoing Initiatives: Asia-Pacific Infrastructure Partnership

Australian APEC Study Centre

- PURPOSE** For consideration.
- ISSUE** Strengthening the role of the APIP Secretariat
- BACKGROUND** AASC has been functioning as the Secretariat of APIP supporting the Advisory Group Coordinator in directly managing APIP. In agreement with the Advisory Group Coordinator, AASC is now in a position to assume a more active role in managing the activities of APIP.
- PROPOSALS**
- The Australian APEC Study Centre (AASC) at RMIT, as the existing APIP Secretariat assume a more active role in the management of APIP;
 - A research paper be commissioned to better understand the institutional governance and operational frameworks that made the PPP Centre in the Philippines and the processes for infrastructure development in Mexico relatively successful, and to draw lessons from those experiences in on-going dialogues with economies;
 - APIP should aim to convene at least 3 dialogues in 2016 and in 2017 – in 2016, efforts should be made to convene dialogues with Peru, Viet Nam and a third economy which may request to host a dialogue;
 - APIP work more closely with the international organizations and the G20

Global Infrastructure Hub in pursuit of the Cebu Action Plan's objectives on infrastructure investment.

***DECISION
POINT***

Endorse the proposals.

Advisory Group on APEC Financial System Capacity Building

4th ABAC Meeting, Manila, 13th November 2015

Item 6: Outlook for ongoing initiatives: Asia Pacific Infrastructure Partnership.

Proposals:

1. The Australian APEC Study Centre (AASC) at RMIT, as the existing APIP Secretariat assume a more active role in the management of APIP;
2. A research paper be commissioned to better understand the institutional governance and operational frameworks that made the PPP Centre in the Philippines and the processes for infrastructure development in Mexico relatively successful, and to draw lessons from those experiences in on-going dialogues with economies;
3. APIP should aim to convene at least 3 dialogues in 2016 and in 2017 – in 2016, efforts should be made to convene dialogues with Peru, Viet Nam and a third economy which may request to host a dialogue;
4. APIP work more closely with the international organizations and the G20 Global Infrastructure Hub in pursuit of the Cebu Action Plan's objectives on infrastructure investment.

Background information

Proposal 1: AASC to assume a more active APIP Secretariat role

AASC has been functioning as the Secretariat of APIP supporting the Advisory Group Coordinator in directly managing APIP. In agreement with the Advisory Group Coordinator, AASC is now in a position to assume a more active role in managing the activities of APIP. In addition to implementing the Advisory Group's decisions regarding APIP activities, the Centre will take the initiative to develop proposals on the APIP's strategic directions and activities for approval by the Advisory Group.

Proposal 2: An APIP study on institutional governance and operational frameworks underpinning successful PPP Centres

In recent discussions with the chair of APIP, Mark Johnson proposed that there would be considerable benefit from a closer understanding of the institutional governance and operational frameworks that made the PPP Centre in the Philippines a success and in the processes for PPP development in Mexico.

On the basis of its enhanced understanding, APIP would be in a better position to focus on key aspects of good (and bad) measures in PPP governance processes that could guide dialogues

with APEC economies. The Australian APEC Study Centre will commission a short research paper to review the basis of developments in the Philippines. The desktop research can be undertaken in the first quarter of 2016 with conclusions reported at the second ABAC meeting next year. The broad terms of reference proposed for the research are:

- Review changes in policy, legal and regulatory frameworks, and political and administrative processes which impacted on PPP developments leading to the establishment and successful operation of the PPP Centre;
- Consider the role/appointment of key ministerial and officials integral to those developments;
- Consider the sources and value of best practice models and their impact;
- Assess how alignment between the central government departments and line agencies was achieved;
- Assess the importance of the role of in-house and outside private consultants in the developing effectiveness and operational efficiencies of a PPP Centre; and
- What are the key lessons learned from the Philippines’ experience.

Proposal 3: New formula for selecting APIP dialogue locations

The APIP Secretariat proposes developing a new operational plan for the APIP with concrete guidelines on the number and location of APIP meetings to be organised each year. Key features of the proposed formula are:

- 2-3 APIP meetings should be organised each year
- Meeting locations (for the next two years) can be based on the criteria illustrated below.

Table: Proposed formula for planned APIP meeting locations

	2016	2017
Meeting 1	Peru <i>(as APEC Chair)</i>	Viet Nam <i>(as APEC Chair)</i>
Meeting 2	Viet Nam <i>(as APEC Chair in the following year)</i>	Papua New Guinea <i>(as APEC Chair in the following year)</i>
Meeting 3	Open slot <i>(based on economy requests)</i>	Open Slot <i>(based on economy requests)</i>

- The Advisory Group will also consider any request by any other member economy to host a dialogue.
- Timing of the meetings will be proposed by the APIP Secretariat to the Advisory Group based on consultations involving senior officials, APIP members and senior representative from the APIP Secretariat.
 - The APIP Secretariat recommends that strong attempts be made to agree on a tentative meeting schedule by end-January or early-February every year, following discussions at Senior Finance Officials' Meeting 1 (SFOM1), Senior Officials' Meeting 1 (SOM1) and the First ABAC Meeting each year.

Benefits of a pre-determined meeting schedule

- The proposed formula for determining APIP dialogue locations is aimed at ensuring that there is some measure of continuity in APIP's engagement with APEC policymakers.
 - It will allow APIP members to develop a better understanding of country-specific experiences in PPP policy development and implementation. Furthermore, policymakers in APEC economies will also benefit from a more sustained engagement with PPP and infrastructure industry experts.
- APIP members will also benefit by being able to better plan their availability and travel logistics for APIP meetings.

Proposal 4: Deepening linkages between the APIP and other APEC and non-APEC infrastructure-related initiatives

The APIP Secretariat, following discussions at the third ABAC meeting in August 2015 in Melbourne, proposes to initiate consultations between the APIP membership and the G20 Global Infrastructure Hub based in Sydney. This idea was agreed by the Australian Treasury John Fraser in a follow-up meeting with the Centre in September.

The APIP Secretariat will initiate contact with G20 Global Infrastructure Hub (GIH) in the coming weeks and aims to report initial discussions with the GIH to the Advisory Group at the first ABAC meeting in 2016. It will also seek to drive synergies between the APIP and other infrastructure financing initiatives such as the Asia-Pacific Financial Forum and the Asia-Pacific Urban Infrastructure Network. The APIP Secretariat will report progress and propose related undertakings to the Advisory Group.