

**Updates on Islamic Infrastructure Investment Platform (I3P)
under Agenda Item 4 of the Advisory Group on
APEC Financial System Capacity Building
on April 26, 2017* 2pm – 4pm.**

Islamic finance has significant potential to meet long-term funding needs for infrastructure projects, which are suitable for its asset-based and risk-sharing nature. At the 2015 APEC Finance Ministers' Meeting hosted by the Philippines in Cebu, ministers and the private sector discussed the development of an Islamic Infrastructure Investment Platform (I3P), in order to facilitate the mobilization of capital in Islamic institutions to fund infrastructure across the region.

Allow me to brief you on the efforts undertaken by ABAC through the Asia Pacific Financial Forum (APFF) to develop the I3P and establish support for the I3P from the APEC governments.

- In October 2015, the government of Brunei Darussalam hosted a workshop in collaboration with the APEC Business Advisory Council (ABAC) Brunei, the APIP and the APFF.
- In May 2016, the government of Malaysia, in collaboration with ABAC Malaysia, hosted an APFF workshop attended by over 120 participants to develop concrete proposals on the way forward for the I3P.
- In February 22, 2017, during the recent ABAC I meeting in Bangkok, ABAC Thailand hosted a breakfast meeting to discuss the process and next steps for the I3P.

At this session Vice Minister Kiatchai of the Ministry of Finance, Thailand committed to support this initiative. Participants agreed to promote support for the I3P in other fora in addition to APEC, such as in the ASEAN+3 through the East Asia Business Council (EABC). Outreach to regulators would also be needed to ensure that regulatory and accounting frameworks are aligned with the goal of promoting investment from Islamic insurance companies and pension funds in infrastructure.

- On February 24, 2017, Dr. JC Parrenas had on behalf of ABAC briefed the APEC and Central Bank Deputies' at their first meeting held in Nha Trang, Vietnam on the I3P. ABAC requested endorsement from Finance Ministers to facilitate collaboration of relevant agencies, regulatory bodies and development organisations. We further proposed an inclusion of I3P in the Joint Ministerial Statement this year to help the regulators support the I3P.

MOF Malaysia made an intervention by iterating that Malaysia is supportive of this initiative. Nonetheless, a more concrete proposal will need to be developed and proposed that ABAC undertake a feasibility study prior to commencing the I3P initiative. The study could present a quantifiable business case to address key impediments which deter

Islamic financial institutions from investing in infrastructure projects across the APEC economies. In this regard, ABAC needs to elevate the vision set out in proposing I3P into concrete and actionable proposals which APEC economies can immediately consider.

As part of next steps to set up the I3P work streams and develop each work stream's work program as well as to present to the APEC Finance Ministers in October 2017 we are undertaking the following steps:

- a) ABAC Malaysia has secured a seat for Dr. JC Parrenas to participate as a panelist during Securities Commission Malaysia-World Bank Conference on Islamic Finance on May 9, 21017.
- b) Participation in the infrastructure workshop hosted by Vietnam in Ninh Binh, May 16 and followed by a discussion on the I3P at Senior Finance Officials SFOM in Ninh Binh, May 18-19.
- c) Thanks to ABAC Philippines, we hope to convene an I3P Conference to gather stakeholders and identify sherpas and collaborators and develop proposed work programs for the work streams in Davao, Philippines in June 2017
- d) Collaborate with APEC senior finance officials to obtain the endorsement of I3P by APEC Finance Ministers in their Joint Finance Ministerial Statement to be finalized at their meeting in Quang Nam in October 2017.
- e) Convening of a conference to formally launch I3P in the 4th quarter of 2017 or 1st quarter of 2018