Advisory Group Meeting III

PAPER 2-A

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Asia-Pacific Economic Cooperation

THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

Third Meeting 2017
25 July 2017
08:00-09:30
The Ritz-Carlton Toronto
Toronto, Ontario, Canada

Meeting Paper 2-A

Report of the Meeting of the Advisory Group of 26 April 2017, Seoul, Republic of Korea

Office of the Advisory Group Chair

PURPOSE	For consideration.
ISSUE	N.A.
BACKGROUND	N.A.
PROPOSAL	N.A.
DECISION POINT	Endorse the meeting report

Asia-Pacific Economic Cooperation

THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

Second Meeting 2017
26 April 2017
14:00 – 16:00
Emerald Room, 3F, FKI Conference Center
Seoul, Republic of Korea

MEETING REPORT

Draft as of 2017-06-09

Welcome and Introduction

The meeting started at 2:05pm. Participants included ABAC members and staffers and representatives from various institutions collaborating with the Advisory Group on various initiatives. Among these were the Sherpas and coordinators of these initiatives.

The Advisory Group Chair, Mr. Hiroyuki Suzuki, presided over the meeting. In his opening remarks, he thanked the Advisory Group participants who have come to attend the meeting and thanked ABAC Korea and the Federation of Korean Industries for providing meeting facilities. The Chair outlined the agenda for the meeting, which he mentioned will review the progress of the Advisory Group work program; discuss the various activities for financial inclusion, infrastructure, and valuation practices; and review the discussions on APFF during the morning's caucus meeting.

Review of the First 2017 Advisory Group Meeting in Bangkok

The Advisory Group Coordinator, Dr. J.C. Parreñas, presented the draft Report of the Advisory Group Meeting of 20 February 2017 held in Bangkok, Thailand.

The Advisory Group approved the Meeting Report.

Financial Inclusion

The Chair welcomed Ms. Michelle Curry, who has been recently appointed as the new Chief Executive Officer of the Foundation for Development Cooperation (FDC). Ms. Curry and Mr. Shawn Hunter briefed the Advisory Group on the preparations for the 2017 Asia-Pacific Forum on Financial Inclusion.

The paper submitted by FDC contained the following information about the Forum:

- The Asia-Pacific Forum on Financial Inclusion is a policy initiative under the APEC Finance Ministers Process that has been entrusted to the APEC Business Advisory Council (ABAC). The Forum provides an opportunity for stakeholders to review the current trends, recent achievements, ongoing challenges and opportunities relative to financial inclusion in the region. Its primary purpose is to provide priority recommendations to policy makers and regulators to enable greater financial inclusion throughout the APEC region. The agenda for the 2017 ABAC Asia-Pacific Forum on Financial Inclusion provides a platform to facilitate discussions among key financial inclusion stakeholders to collaboratively develop recommendations for policy reform and strengthening.

- The Forum is hosted by APEC and the State Bank of Vietnam and organized by the Foundation for Development Cooperation (FDC) and ABAC in partnership with the Citi Foundation, the Asian Development Bank Institute (ADBI), the Asian Development Bank (ADB) and the World Saving and Retail Banking Institute (WSBI).
- Additional support for the 2017 Forum has been provided by members of ABAC's Financial Inclusion Caucus which include: the International Finance Corporation (IFC), , Nomura Research Institute, , the Alliance for Financial Inclusion (AFI), Asia Foundation, Visa, , Deutsche Bank, , the Australian APEC Study Centre, , GIZ, and the Organization for Economic Co-operation and Development (OECD).
- The Forum will have 8 sessions, which will be as follows:
    - Session 1: Defining Financial Inclusion
    - Session 2: Agrifinance
    - Session 3: Blockchain Technology
    - Session 4: Financial Education
    - Session 5: Creating an Enabling Environment for Micro-financial Products and Services
    - Session 6: Microinsurance
    - Session 7: Online Supply Chain Finance
    - Session 8: Digital Identity

The Advisory Group noted and endorsed the preparations and agenda of the 2017 Asia-Pacific Forum on Financial Inclusion.

Infrastructure

Mr. Kenneth Waller of the Australian APEC Study Center at RMIT University and ABAC Australia Staffer briefed the Advisory Group on the progress of the APIP dialogues and the work plan for 2017. As reflected in the paper submitted by the AASC, the update included the following:

- Consequent to a series of meetings in early 2017, and in consultation with ABAC Australia member Mr Robert Milliner, the APIP has focused on strategic infrastructure objectives highlighted in the Finance Ministers Statement of 2016.
- The APIP Secretariat has further focused on closer coordination and partnerships with the G20 through the Global Infrastructure Hub and multilateral development banks. This coordinated approach to the APIP work agenda has been well received and the APIP will continue building upon these relationships.
- The APIP Secretariat has also been involved in preparatory discussions to deliver targeted Dialogues with Thailand, Viet Nam and Indonesia where Ministries have sought follow up Dialogues and assistance.

Mr. Waller reported on the successful APFF-APIP Dialogue with the Government of Indonesia on Waste Management Systems. Following were key issues raised:

- Experts noted that poor waste management has significant consequences for oceans, the environment, public health, and economic growth. For example, in Indonesia, an estimated $166 million is lost in tourism revenues due to sanitation conditions, including a lack of efficient waste management and other elements.
- The public and private sector need to work together through well-structured public-private partnerships (PPPs) to address waste management challenges. Projects should support and be aligned with wider national waste management master plans (if available). When developing national waste management plans economies are encouraged to seek input and feedback from external stakeholders through a transparent and inclusive process. Successful PPP projects in the waste management sector require stakeholders to consider the content and volume of the existing waste stream, the appropriate technologies, the imperative of complying with international environmental standards and community engagement and finally who will pay for what and take which risks.

- In 2016 APEC economies endorsed a set of policy and practice recommendations for overcoming barriers to financing waste management systems and reducing marine litter. The recommendations offer guidance for establishing the political, economic, and legal/regulatory conditions to incentivize investment in waste management solutions in APEC economies by private investors, multilateral development banks, and other sources of capital. Taking into account those recommendations together with previous work conducted through the Asia-Pacific Infrastructure Partnership and APEC Finance Ministers Process, key challenges and recommendations based on the unique aspects of developing waste management systems in Indonesia through Public-Private Partnerships were proposed during the course of the dialogue.

Dialogue participants also identified some key specific challenges that are of greatest relevance to Indonesia in designing and implementing effective waste management approaches through PPPs. These include the following:

- **Streamlining institutional arrangements and clarifying roles and responsibilities in promoting PPPs in solid waste management.** There are currently 27 government ministries and agencies involved in waste management in Indonesia. Planning and decision-making by government bodies can be confounded by overlapping ownership of waste management programs and competing agendas among departments, which can cause confusion within the private sector community. The establishment of a PPP center within the Ministry of Finance in Indonesia was meant to play a key role in inter-agency coordination. However, unless given sufficient legal authority and political support, it is likely to face challenges in meeting its designed objectives.
- **Insufficient funding and priority provided for waste management efforts.** The funding levels for waste management in many developing economies are inadequate. In 2014, Indonesia's budget for waste management was $105 million or 0.01% of GNI. In addition, many households either cannot afford collection fees or by virtue of cultural norms do not place enough value on collection to pay a fee for the service, especially when the alternatives of dumping, burning or burying trash is culturally acceptable, poorly regulated and free. However, poorly managed waste often results in higher costs for governments.
- **Inadequate collection of waste.** Making a waste management system sustainable will require funding of a collection infrastructure that is locally appropriate, facilitates modern waste treatment and recycling methods as appropriate while allowing for modernization in the future; provides convenient access to aggregated, separated materials; accelerates development and employment of new treatment technologies; provides inclusion opportunities for waste pickers to participate in formal waste management; and steadily increases the proportion of plastic products that are profitably recyclable.
- **Insufficient data on waste composition and logistics.** Waste managers in Indonesia are hampered by insufficient or poor quality data on basic waste statistics like waste generation, collection levels, composition, and waste related governance issues. It is inherently difficult to collect data on waste, as it is variable and heterogeneous in composition. Yet good decisions about waste require information and numerical data on which managers can rely. Without proper data, it is difficult to be accountable and transparent, to design sound strategies or to make wise budget decisions.
- **Legislative and regulatory uncertainty.** Participants noted various uncertainties were creating additional risks for potential investors. These risks could include off-take security and changes in selling unit price or tipping fees, changes in law and/or regulations, including tariff reductions, adequate environmental regulations and enforcement, and the need to establish appropriate compensation mechanisms in case of any such changes. The issue of land acquisition, how

permits and licenses are obtained, and how tenders and technologies are evaluated was also raised as was the question of how waste is defined.

- **Limited use of available tools.** Project preparation and creditworthiness were also noted as limiting factors in developing a pipeline of bankable projects. Indonesia has started to make use of viability gap funding (VGF), infrastructure guarantee funds, and other government guarantees. However, to date they have not been used extensively for waste management projects and there were questions as to how these tools could be applied to waste management projects.

To meet the challenges, participants offered the following recommendations during the course of the dialogue:

- **Develop an overall plan for promoting PPPs in solid waste management and clearly define objectives and responsibilities by:**
  - *Streamlining the decision making process and identifying a lead agency for waste management.* Streamlining decision making and concentrating the majority of municipal solid waste responsibilities within a single government entity or independent department or agency, while clearly defining the waste-related roles and responsibilities of remaining institutions will help reduce ambiguities which are seen as an investment risk.
  - *Establishing a one stop shop for licenses and permits.* While efforts have been made to streamline the acquisition of licenses and permits it was still unclear to many private sector participants as to the best way to acquire the necessary licenses and permits. Identifying a PPP unit with defined roles and the necessary level of authority to implement PPPs can help streamline the PPP process. Such an entity could also be afforded the authority to coordinate with relevant ministries and issue permits and licenses required for waste management systems.
  - *Increasing and improving data collection.* In order to promote PPPs in solid waste management additional information and transparency regarding waste volumes, flows and costs will help relevant stakeholders plan better and reduce the perceived risk of the project.
  - *Establishing targets and clear objectives.* Setting targets and clear objectives and making that information available to the private sector will help promote private sector engagement. To support targets, consideration should be given to developing key, carefully standardized waste definitions (e.g., definitions of what is recyclable, organic, etc.) and establishing waste statistics (e.g., waste generation, composition, collection rate, recycling rate).
  - *Consulting with relevant stakeholders.* Public consultation is a critical component of good regulatory practice and an integral part of a well-functioning economy. Engaging stakeholders and the general public throughout the lifecycle of a regulation enables policy makers to receive critical feedback about the effects of a particular regulation and helps ensure that regulations perform efficiently in an economy with minimal negative side effects. In following with APEC accepted best practices Indonesia should engage in public consultation regarding the national waste management plan before finalizing any legislation or regulation and take any feedback into account.

- **Prioritize waste management in budget allocations and improve collection rates by:**
  - *Increasing funding for waste management at the economy and municipal level.* Increasing investment and governmental financial support in local waste management is essential. In the absence of well-funded collection and sorting systems, these facilities lack the reliable input to generate stable revenue and return on investments. Balanced investment in integrated waste management could enhance the prospects for follow-on investment as sources of investment capital perceive the potential revenue to outweigh the risk.
  - *Educating citizens on the importance of waste management.* Changing citizen behavior is an important component of establishing an effective collection and separation program. Investments in these education and social marketing campaigns should be considered as an

integral part of implementing waste collection. Additionally, any collection scheme must take entrepreneurial waste pickers into account and ensure their interests are protected and project implementation is holistic.

- **Establish program of pilot cities for sustainable waste management systems.** While more traditional infrastructure projects such as energy or transportation have been developed through public-private partnerships the Government of Indonesia should consider developing a series of benchmark projects for waste management. The benchmark projects could serve as the starting point for subsequent projects, where the private sector can eventually become more comfortable in taking more risks and the government can obtain better terms. Frontrunner cities which lead in waste management achievements could serve as role models for other cities to learn from and emulate at regional and/or economy-wide levels. Presidential decree 18/2016 was meant to serve this purpose. However, when revising the decree and in preparing and developing the projects the following aspects should be taken into account:
  - *Adopt a technology neutral approach.* There is not a one-sized fits all technology and plan that will work in all localities. Waste management planners should adopt a technology neutral approach at the outset and adopt the best technology for the individual situation.
  - *Adhere to internationally accepted environmental standards.* Enabling innovative treatment technologies is a fundamental part of increasing the value that can be recovered from waste and achieving a sustainable waste management system. However, without the adherence to internationally accepted environmental standards (e.g. ISO and ASTM), there can be environmental and community health risks associated with certain technologies. These risks need to be evaluated to determine whether a specific approach is appropriate.
  - *Provide support for local communities and identify champions.* Solid waste management is often regarded as the most local of all public utilities and one that is increasingly falling to municipalities as Indonesia decentralizes public services. Given this dynamic it has become more important to engage local communities in the identification, prioritization, and planning of infrastructure projects in their respective localities. In addition to facilitating political support for projects, this process can help in evaluating the affordability of projects and facilitate their prioritization based on a better understanding of the needs of local communities. Additionally, without political encouragement and support from the highest levels of government, public officials at the central, provincial and local levels are likely to be hesitant to make decisions that are necessary but can put them at risk. While political backing will need to come from elected officials at the highest levels and their political supporters, a system of continuous monitoring and information gathering at the central level, for example through the PPP Center, can facilitate this process. Finally, as it is difficult for municipalities in developing economies to pay private operators enough to cover the cost of all waste management services, the central government often has to provide additional funding. Participants also noted the importance of having a champion of the project to help guide the project along the necessary approval processes.
  - *Use available tools to improve project preparation.* Indonesia has made significant efforts to improve project preparation and transparency including the publication of PPP projects by the Ministry of National Development Planning. Tools from the ADB, World Bank, G20 Global Infrastructure Hub, International Infrastructure Support System and others should be used in developing project proposals. Additional information on the use of government guarantees should be provided.
  - *Appropriately assign risk.* A principal benefit of implementing projects under PPP arrangements is the ability to allocate risks to the party that can best mitigate them. Certain risks such as political risk, land purchase or site risk are often best controlled by the public sector. By assuming certain risks such as resource or input risk (e.g. the contracting authority takes risk on delivery and the characteristics of waste) and providing appropriate

compensation for changes in regulations or offtake pricing the government can significantly improve the overall risk profile for investors.

Officials responded to the challenges identified by the private sector and MDBs in the following terms:

- Interested foreign participants in waste management in Indonesia ought to fully understand the laws, regulations and processes already in place.
- Information is available on Indonesia's PPP scheme including guidelines on waste management projects.
- Best practice PPP approaches as outlined by the private sector are applicable in Indonesia.
- Decrees outline the process on which VGF can be made available.
- A newly established joint coordinating office (including MOF, Bappenas, the Procurement Agency) will act as a coordinating role and facilitator to provide one-stop advice to interested parties.
- Guarantee processes under the Indonesian Infrastructure Guarantee Fund are not complicated and are there to ensure that government agencies that undertake projects fully understand the risks involved in a contract; guarantees improve the creditworthiness of PPP projects and the Fund provides capacity building to improve project preparation.
- Sarana Multi Infrastuktur (SMI) was established by MOF and acts as a catalyst in the provision of infrastructure funding. The World Bank and the ADB provide loans for infrastructure funding through SMI; its portfolio is dominated by transport finance (particularly toll roads) and power plants and it has three projects in the renewable energy sector and none in waste management.
- A recent waste to energy project had failed because it lacked local government support; there is also a lack of understanding of the importance of tipping fees and a failure to commit to projects at local government level and to commit to enforce regulations.
- Indonesia welcomed co-operation with agencies in the Philippine government and with ADB.

Dato' Rohana Tan Sri Mahmood of ABAC Malaysia briefed the Advisory Group on the progress of the Islamic Infrastructure Investment Platform (I3P). She referred to a paper submitted to the Advisory Group that contained the following information:

- 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.
- 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 Sophastienphong 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, the Coordinator briefed the APEC and Central Bank Deputies' at their 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 organizations. 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 a feasibility study undertaken 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, the following steps have been agreed: (a) ABAC Malaysia has secured a seat for the Coordinator 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 on May 16 in Ninh Binh, and followed by a discussion on the I3P at Senior Finance Officials SFOM in Ninh Binh, May 18-19. (c) An I3P Conference will be convened to gather stakeholders and identify sherpas and collaborators and develop proposed work programs for the work streams in mid-2017. (d) Collaboration with APEC senior finance officials will be undertaken 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) A conference will be convened to formally launch I3P in the 4th quarter of 2017 or 1st quarter of 2018.

The Coordinator informed participants that Vietnam will be hosting an APEC Finance Ministers' Process (FMP) Seminar on Long term Investment in Infrastructure on 17 May in Ninh Binh. The first session deals with an overview of long-term investment in infrastructure in APEC. The second session discusses PPP as a possible solution for infrastructure projects, and includes a presentation from ABAC on private participation in infrastructure projects in APEC. The third sessions deals with risk allocation mechanism in PPP projects, which includes a presentation by PwC on the results of an APFF survey on private sector risk allocation. The fourth session discusses diversifying sources of finance for infrastructure and risk mitigation instruments. The fifth and final session focuses on collecting recommendations for APEC in risk allocation and infrastructure investment.

The Coordinator then briefed the Advisory Group on the preparations for the APFF Roundtable on Expanding Trans-Pacific Opportunities for Long-Term Investment in Infrastructure, which will be held on 25 July in Toronto in conjunction with ABAC III. The purpose of this Roundtable is to bring together the following to identify forms of collaboration leading to actual investment in infrastructure between both sides of the Pacific: (a) authorities in charge of infrastructure from selected economies (Philippines, Vietnam, Thailand, Indonesia, Chile, Canada, USA); (b) potential investors (pension funds, insurance firms, asset managers, commercial banks) from North America and Asia; (c) infrastructure experts (legal, consulting, academe, credit rating agencies); and multilateral development banks and export credit agencies. The Roundtable is divided into 3 major sessions:

- Session 1: Opportunities in infrastructure in APEC (presentations on major current and planned infrastructure projects across the region and prospects)
- Session 2: Prospects for infrastructure investment (plans of investors to invest in infrastructure in Asia and the Americas, issues they face, how to facilitate)

- Session 3: Developing Innovative Financing Vehicles for Long-Term Investment in Infrastructure

In the ensuing discussions, participants welcomed the updates and the suggestion to also look at the valuation angles of infrastructure finance in future discussions.

The Advisory Group noted the updates and upcoming activities.

Improving valuation practices in APEC

Mr. Nicholas Brooke updated the Advisory Group on the initiative to improve valuation practices in APEC. He highlighted the following:

- At the previous meeting Mr. Brooke reported on the interest that had been generated across a number of economies by the issue of International Valuation Standards (IVS) 2017 in February this year. IVS 2017 represents a major update of the international valuation standards which are promoted by IVSC as the benchmark to be adopted when valuing tangible and intangible assets both in-economy but, more particularly, on a cross border/boundary basis. The response has been most positive and fits well with the agreed strategy to establish a common set of standards across the 21 APEC economies and to support the development of a robust valuation profession to ensure the delivery and use of such standards. A copy of IVS 2017 has been circulated for members' reference and information.
- The Working Group continues to receive requests for workshops and roundtables to address, in particular, in-economy valuation challenges and issues. These largely focus on the desire of economies to provide further financial assistance and support to their SME communities and as a result legislation and initiatives that are being introduced around secured lending. This often involves the use of intangible assets as collateral and this is unchartered ground for many banks and financial institutions. The Working Group has already held seminars and fora in Thailand, Philippines and Indonesia to explain and elaborate how to approach the valuation of such collateral and believe that working with FIDN there is scope for a structured program of dialogues across many of the APEC economies, including in this year APEC host, Vietnam.

The Advisory Group noted the update of progress in this initiative.

Asia-Pacific Financial Forum (APFF)

The Coordinator updated participants on the progress of APFF's work on deliverables falling under three broad areas – capital markets, pensions and insurance and MSME finance.

- Under the development and integration of capital markets, four deliverables have been identified: capacity building seminars on repo and derivatives, work with regulators on self-assessment templates for information, promoting expansion of ARFP membership and expansion of its investor base, and a roadmap for FMI development.
- Under pensions and insurance, there are five deliverables, which are drafting recommendations on development of pension funds, identifying concrete ways to facilitate long-term investment in infrastructure (including financial vehicles and the I3P), inputs to ongoing development of accounting and insurance capital standards, and roadmaps for broadening microinsurance coverage and wider private sector participation in disaster risk financing.
- Under MSME finance, the deliverables include capacity building to help interested economies design credit information and secured transaction systems, development of credit information data dictionaries, supporting cross-border credit information pilot projects in the Mekong and Oceania regions, and developing pilot programs for cross-border trade and supply chain financing.

- In addition, APFF is also pursuing deliverables in fintech, in particular developing best practices for cybersecurity, KYC and e-payments under the FMI Fintech substream, and the establishment of a platform for regulator-industry dialogues on fintech.

Some of this work has been completed since the previous meeting in Bangkok.

- Several of these are under the FIDN. The first was the seminar that was organized with ABAC Thailand and the Thai Bankers' Association during ABAC I. ABAC Singapore and the Singapore Business Federation hosted APFF discussions on trade and supply chain finance last April. Also in April, the People's Bank of China hosted an international symposium co-organized with the IFC on data protection policies and credit information. In March, the Vietnam Ministry of Finance hosted a workshop to kick off APFF work on the microinsurance roadmap.
- Two seminars on corporate bond, repo and derivatives markets were held. One was hosted in Bangkok by the Thai Bankers' Association in collaboration with the Bank of Thailand and the Thailand SEC. The second was convened by ASIFMA in Beijing, with participation from Chinese regulators.
- In Seoul, APFF's work was started on the roadmap for the development of connectivity and inter-operability of financial market infrastructure across the region, which was hosted by ABAC Korea and FKI. This included discussions with industry, regulators from Australia, Japan, Korea and Russia and with ADB, IFC/WB and IMF.
- There was a breakfast meeting in Bangkok to develop the work plan on advancing the I3P this year, together with the Vice Minister of Finance of Thailand and senior officials from Brunei Darussalam and Malaysia. In early March, work was initiated together with APIP on creating a pipeline of bankable PPPs in waste management. This was through a dialogue in Jakarta hosted by the Governments of Indonesia and Japan.

The Coordinator reported that there is still some work in progress that is expected to be completed before ABAC III.

Finally, he mentioned that APFF has been discussing its social media strategy, and will be coordinating this with the APEC Secretariat, with the aim of finalizing a proposal for consideration at the third meeting in Toronto.

In the ensuing discussions, participants discussed the importance of accounting standards on long-term investment decisions, especially those related to infrastructure projects. There has also been considerable interest in other bodies such as the OECD and UNESCAP, particularly in light of the use of accounting standards as basis for financial regulations. In this context, participants agreed on the importance of Asia-Pacific regulators identifying common views and positions that could help them work toward adequately reflecting market realities in the region in the development of standards.

The Advisory Group welcomed the report and the suggested way forward.

Other matters

The Chair informed participants that Mr. Kenneth Waller, who has been very much involved in the establishment and development of the Advisory Group, especially in its formative years, and who has continued to play a leading role in hosting the APIP Secretariat and coordinating the APFF Linkages and Structural Issues work stream, will be retiring. The Chair thanked Mr. Waller for his significant contributions to the work of the Advisory Group, APIP and APFF.

Mr. Waller thanked the Chair for his kind words and expressed his great pleasure in having collaborated with all the participants of the Advisory Group, APIP and APFF.

The Advisory Group echoed the Chair's sentiments and wished Mr. Waller well in his future endeavors.

Chair's Closing Remarks

The Chair delivered his closing remarks, noting that it was a fruitful meeting and thanking all participants from collaborating institutions as well as ABAC members and staffers. He pointed to the accomplishment of a good portion of the Advisory Group's work program since the previous meeting in Bangkok. He drew attention to upcoming activities and encouraged everyone to do their best to make them a success.

The Chair also reminded participants that the 2017 Advisory Group Report and the APFF Progress Report will have to be submitted for approval to ABAC at the next meeting in Toronto, and requested everyone to submit all relevant inputs on time. He announced the next meeting to be held in Toronto during the last week of July, and thanked ABAC Korea and FKI for hosting the meeting.

Adjournment

There being no other matters to discuss, the Chair declared the meeting adjourned at 3:40pm.