

21st APEC Finance Ministers' Meeting
Beijing, China
22 October 2014

Joint Ministerial Statement

1. We, the finance ministers of the APEC economies, convened our 21st annual meeting in Beijing, the People's Republic of China (PRC) on 22 October 2014 under the chairmanship of Mr. Lou Jiwei, Minister of Finance of PRC. The meeting was also attended by the President of the Asian Development Bank (ADB), the Deputy Managing Director of the International Monetary Fund (IMF), Secretary-General of the Organization for Economic Cooperation and Development (OECD), the Managing Director and Chief Operating Officer of the World Bank Group, the Executive Director of the APEC Secretariat, and the Chair of the APEC Business Advisory Council (ABAC). Global and Regional Economy

2. As the global economy still faces persistent weakness in demand, growth is uneven and remains below the pace necessary to generate needed jobs, and downside risks have risen. The APEC region, as the engine of the world economy, should lead the global recovery towards strong, sustainable and balanced growth. We highlight the importance of the APEC Finance Ministers' Process (FMP) as a platform for regional economies to share experiences, exchange views, build consensus, and deepen cooperation. We remain committed to making use of this platform more actively and strengthening policy cooperation between the APEC FMP and other multilateral cooperation mechanisms such as the G-20.

3. We recognize that achieving sustainable growth requires both short-term and longer-term policies. We will continue to implement our fiscal policies flexibly taking into account near-term economic conditions, so as to support economic growth and job creation, while ensuring fiscal sustainability. We reaffirm our previous commitments on monetary and exchange rate policies. We reaffirm our commitments to address weaknesses in our economies and unleash new sources of potential growth including through new structural reform actions, and fulfilling existing reform commitments. Infrastructure Investment and Financing

4. Investment is crucial to boosting demand and lifting growth. Infrastructure investment plays an important role in realizing growth potential and meeting development goals. Given the large funding gap between projected infrastructure needs and limited financial resources of governments in the APEC region, we call for further efforts, including through our own policy reforms, to attract long-term financing and leverage private resource flows to fill the gap, including through public-private partnership (PPP). We continue to facilitate developing well-designed, sustainable and resilient infrastructure in this region in collaboration with existing efforts and initiatives, including those of ASEAN.

5. We acknowledge the critical and leading role played by the public sector in fostering PPP modalities, through facilitating an enabling environment, formulating infrastructure development plans, based on quality elements of infrastructure, good practices and principles and people-centered investment, preparing bankable projects, and the importance of attracting long-term private financing. We note the substantial work and fruitful results accomplished in infrastructure PPP financing under the APEC FMP this year to implement the APEC Multi-Year Plan on Infrastructure Development and Investment (MYPIDI) endorsed by the APEC leaders in 2013. We are pleased to see that a compilation of PPP case studies has been prepared with support from member economies and international organizations to showcase reference experiences and lessons learnt from their implementation of PPP projects. We endorse the Implementation Roadmap to Develop Successful Infrastructure PPP Projects in the APEC region developed based on the case studies as a useful reference to help the APEC member economies design and implement infrastructure PPP projects. The Implementation Roadmap and the case study compilation will be submitted to the APEC Leaders as concrete contributions of the Finance Ministers' Meeting (FMM) to the APEC Blueprint on Connectivity and the Leaders meeting.

6. We reaffirm the importance of capacity building in the public sector for promoting PPP infrastructure financing, learning from different PPP practices across APEC economies. In this regard,

we welcome the launch of APEC Training Program for officials in charge of infrastructure development in member economies, aiming to promote capacity building in implementing PPP projects. We also welcome the efforts of APEC members to support capacity building and project development for infrastructure PPPs in APEC developing economies, including PRC's decision to commit USD 5 million from the PRC Poverty Reduction and Regional Cooperation Fund (PRCF) in ADB.

7. We believe that PPP centers can serve as a useful institutional instrument to enhance government capacity in implementing PPP projects. We acknowledge the progress made by Indonesia across 2014 in establishing its Pilot PPP Center. We encourage interested member economies to set up their own PPP centers, and call for extensive experience sharing, communication and networking among new and existing PPP centers as well as with APEC study centers. To this end, we welcome the establishment of the PPP Center within the Ministry of Finance of PRC as a center of excellence to facilitate development of PPP projects and institutional building of the government. We welcome the progress made by the APEC PPP Experts Advisory Panel including formally launching its activities and endorsing its terms of reference this year, appreciate its work in promoting capacity building in PPP project implementation and encourage it to continue its support to the existing and newly established PPP centers in the region. We encourage International Organizations (IOs) such as the ADB, the World Bank Group, and the OECD to support the development of PPP projects and necessary reforms in the APEC region, including capacity building, technical assistance, analytical reviews and transaction advisory services.

8. We are determined to mobilize private sector investors, including long-term institutional investors for infrastructure development, by the development of domestic capital markets and enabling environment for private investments in infrastructure through APEC initiatives like the Asia-Pacific Financial Forum (APFF) and the Asia-Pacific Infrastructure Partnership (APIP). We urge the IOs to continue supporting PPP infrastructure projects to catalyze long-term financing for infrastructure in the Asia-Pacific region. We, therefore, welcome the World Bank Group Report on Prioritizing Projects to Enhance Development Impact and the G-20/OECD effective approaches and checklist for promoting long term investment financing and, on the basis of this work, call on ADB, the World Bank Group, the OECD and other IOs to identify relevant good practices for the APEC region.
Fiscal and Taxation Policy Reform for Economic Restructuring

9. We are committed to implementing appropriate fiscal and taxation policies to promote economic restructuring and achieve strong, sustainable and balanced growth, while remaining committed to sustainable public finance. We are keen to implement further efforts to create more jobs for all of our citizens. In particular, we will continue to develop our high value-added service sectors to promote good quality jobs for our youth, support small and medium-sized enterprises (SMEs) as they are drivers of economic activity, growth and job creation, and increase investment in research and development. We will also continue to provide more education and training, and address unemployment issues particularly for youth and women. In addressing the common challenges of environmental and resource constraints, we recognize that fiscal and taxation policies can complement market-based mechanisms of green growth and play a catalytic role in encouraging the adoption of environmentally-friendly and resource-saving technologies, which can help enhance long-term competitiveness of member economies and provide new growth opportunities.

10. We recognize the importance of strengthening our fiscal institutions, including developing medium-term fiscal frameworks in members' economies and deepening budget reform to enhance fiscal sustainability. We note that broad experience sharing has been carried out this year and expect continued efforts in this regard.

11. We give value in continually promoting fair and transparent tax systems. We recognize the significant progress achieved by the participants to the fora such as G-20 towards the completion of the two-year G-20/OECD Base Erosion and Profit Shifting (BEPS) Action Plan and towards implementation of the new global Common Reporting Standard for Automatic Exchange of Tax Information, which will support fair and transparent tax systems in APEC economies.

12. We highlight the importance of open and transparent government procurement in facilitating healthy and competitive service sector.
Improving Financial Services for Regional Real Economy

13. We recognize that deep, liquid and efficient financial systems can help channel capital into more productive activities and help sustain future growth. We recognize that the APEC region is subject to natural disasters and in this context, we reaffirm the importance of continuing to improve our approaches to disaster risk financing (DRF) to build resilient real economies in the region. This includes ensuring sound fiscal management of disaster risks and supporting effective risk transfer instruments in insurance and capital markets. We look forward to IOs such as the ADB, the OECD, the IMF and the World Bank Group to continue working with APEC member economies in providing capacity building, introducing good practices and identifying effective approaches that will help address key APEC priorities related to DRF. Progress in this area will be reported back to the next APEC Finance Ministers Meeting.

14. We acknowledge that climate finance is an important issue to resolve climate change and we reaffirm our support to the Green Climate Fund.

15. We recognized SMEs are the backbone of the regional economy but they face barriers in accessing financing. We therefore agree to make further efforts to address the financing difficulties of SMEs by improving our legal and regulatory environments, further developing capital markets, and promoting innovative financial instruments such as supply chain financing. We are also committed to step up financial education to enhance the capacity building of SMEs so as to help them better understand the financial markets and to operate effectively in regional and global markets. We note the Asia SME Finance Monitor from ADB, ADB-OECD Study on Enhancing Financial Accessibility for SMEs, and the work of the Global Partnership for Financial Inclusion. We ask the IMF, OECD, ADB and World Bank Group to identify where advances can be made in developing markets and instruments which could further promote SMEs and infrastructure financing in the APEC region.

Other Business

16. We welcome PRC's cooperation with Viet Nam on capacity building for finance officials through the collaboration between Asia Pacific Finance and Development Center (AFDC) and the Institute of Financial Training of Ministry of Finance, Viet Nam since 2008. We support PRC's initiative to upgrade the AFDC to the Asia Pacific Finance and Development Institute (AFDI) to meet the emerging demand of regional knowledge sharing in financial areas and we appreciate PRC's efforts to support economic and technical cooperation and capacity building in Asia Pacific region. We would like to strengthen our cooperation with AFDI, where appropriate, including through APEC study centers.

17. We note the progress on the development of the Asia Region Funds Passport since 2010 including the release of a consultation paper in a number of APEC economies that sought comments on the proposed guiding principles and basic arrangements.

18. We thank ABAC for its report and initiatives. We encourage our relevant authorities to collaborate with APFF in developing capital markets, SME finance and long-term investments. We welcome continued APFF dialogues and the report of the Asia-Pacific Forum on Financial Inclusion on measures to expand access to finance. We welcome ABAC's proposals to promote long-term savings mobilization, sound valuation practices, innovative finance mechanisms, urban infrastructure and internationalization of emerging market currencies.

19. We thank PRC for hosting the APEC Finance Ministers' Process this year. We will meet again for our 22nd meeting in Cebu, the Philippines, on September 10-11, 2015.

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**Joint Ministerial Statement
Annex A - The Implementation Roadmap to Develop Successful Infrastructure Public-Private
Partnership Projects in the APEC Region**

I. Introduction

1. Well-designed, sustainable and resilient infrastructure enhances economic growth, boosts productivity and promotes job creation. Regional infrastructure also facilitates smooth flow of goods, services and people across borders, improves regional connectivity and promotes sustainable development. Given the huge infrastructure needs and limited financial resources of governments in the APEC region, PPP offers a viable alternative to traditional procurement methods to support infrastructure development. The APEC Finance Ministers' Process can play an important role in promoting PPP, recognizing that successful PPP projects expand public infrastructure supply, improve service quality, provide value for money, and maximize the use of private sector capital and know-how through sharing of risks and responsibilities, while keeping in mind that PPP is a means to an end rather an end in itself.

II. Purpose

2. The roadmap aims to carry forward the Multi-Year Plan on Infrastructure Development and Investment (MYPIDI) endorsed under Indonesia's presidency of APEC in 2013 and guide APEC's future work in developing infrastructure PPP projects, especially to assist government officials of APEC member economies to better understand, prepare, structure and implement infrastructure PPP projects and appropriate financing arrangements. It draws on the experiences shared through a number of case studies in the selected sectors of transport, energy, telecommunication and water, contributed voluntarily by APEC member economies, as well as previous work of other fora such as G20 and international organizations (IOs) such as the Asian Development Bank (ADB), the World Bank Group, the APEC Business Advisory Council (ABAC) and the Organization of Economic Cooperation and Development (OECD). The roadmap focuses on implementation, with which government officials of member economies, developing economies in particular, can get useful reference and a sense of direction at each step towards a successful PPP project.

3. As there is no one-size-fits-all approach suitable for all economies, especially considering the differences and diversity among APEC member economies, the roadmap is designed to serve as a reference for government officials of APEC member economies to process and implement PPP projects with appropriate adjustments reflecting their specific domestic conditions.

III. The Roadmap

4. Characteristics of PPP. PPP is based on the long-term contractual relationship between public and

private sectors. It is therefore complex in nature, especially given uncertainties and risks in project life cycle, and long-term commitment and interaction of various stakeholders including government, private sector, consumers or users of the service, and general public. Government needs to play a leading role in carrying out PPP, including in the areas of rigorous legal protection, strong institutional capacity, and good planning, preparation and supervision of PPP projects and their financing arrangements.

5. Enabling Environment. A clear, consistent and predictable enabling policy and legal environment for private participation is a cornerstone for successful implementation of PPPs. The legal framework needs to clearly specify, among others, private sector investment rights and obligations, transparent and standardized procurement processes, capacity for different institutions to enforce contracts, fair and contractual arbitration processes, and remedial actions for payment defaults. Well-defined sector-specific regulatory mechanisms including clear guidelines on how to set and adjust user charges/tariffs are also integral aspects of a contractual arrangement. In the absence of a PPP-specific framework, a general legal and regulatory framework which allows the private sector to participate in the provision of infrastructure and public services is a basic requirement.

6. Planning. An infrastructure investment plan or priority list is a useful way for a government to demonstrate top-level political commitment and to indicate the potential flow of future projects. A continuous project pipeline with a clear timetable for each will also increase private investor's willingness to participate in infrastructure projects. A high-quality, integrated master plan generally sets out the level of investment required, the socio-economic benefits expected to be realized, the links between private and public investment, and the areas where government expects PPP to play a role. Such a plan would prioritize projects at all government levels using robust cost-benefit analysis, and clearly identify how each project fits into the overall infrastructure plan, the appropriate financial and delivery mode and how resources will be allocated. The designing and implementation of PPP projects should draw upon the quality elements, good practices and principles including social and environmental considerations.

7. Project Selection. Not all projects are suitable for PPP and bad choices can lead to lengthy and expensive procurement processes with limited or no results. Therefore, each government should try its best to select promising project in terms of commercial feasibility in advance and in-depth upfront feasibility study are necessary to ensure a project is suitable for PPP modality and can achieve value-for-money, reflecting the concept of life-cycle cost. A structured and consistent screening process for large complex projects is a critical first step to identify viable PPP projects. It should firmly establish the business model for the project to function as a PPP. This include defining the output requirement, assessing overall financial and socio-economic costs and benefits within the government's strategic objectives, identifying the sources of revenue and the project's bankability, and most importantly, evaluating the benefits of private sector participation and private sector interest in the project. This process should allow the government to compare a range of options for combining public and private financial resources. In cases where unsolicited infrastructure proposals are deemed appropriate, a transparent and robust process will be required to ensure the effectiveness and integrity of projects.

Good practice in dealing with unsolicited projects also involves subjecting these proposals to a competitive test.

8. Project Preparation. Screened PPP projects need to be well-prepared and structured before they are brought to the market. Robust due-diligence and preparation of technical, legal, financial, economic, environmental and social issues are necessary for government to assess trade-offs and select an optimal structure for the transaction that is attractive to potential private investors. Government can facilitate the creation of project preparation facilities, such as dedicated fund for feasibility studies to ensure that funds are available to help cover a portion of project preparation costs. Expense recovery mechanisms could help these facilities to become self-sustainable, as could equity stakes in the projects, where appropriate. To improve project readiness, it is useful for governments to develop a checklist and gateway reviews that could indicate whether a project is ready to proceed to the next stage and finally be brought out to the market. Management capacity in the government, particularly in contracting agencies, needs to be further developed, through for example hiring specialist advisors, to more effectively and efficiently bring projects forward to completion. For markets at an early stage of development, delivering quality examples of successful PPP projects within a reasonable time, rather than focusing on quantity of projects, is a most effective strategy for attracting investors.

9. Procurement. A transparent and competitive tender process provides an optimal framework for receiving the highest value for money proposal for a project. To improve efficiency of procurement, it is important to set tight but achievable deadlines and ensure that people in the highest positions from both the private and public sectors are involved and committed. Active and transparent consultations between the private sector and the government are important throughout the pre-proposal, pre-bidding and pre-structuring processes. Standardization of PPP contracts can help improve transparency, consistency and efficiency of procurement processes, as can standard clauses for issues which will need to be dealt with in all PPP contracts. However as needed, in the context of a tender for a specific project, adjustments may have to be made to certain terms and conditions, to improve risk allocation or bankability of a project, depending on feedback from the bidders, and taking into consideration government's goal and policies.

10. PPP Contract. The project contract is the instrument that governs the partnership and captures how risks are allocated and mitigated throughout the project life-cycle. It should outline respective roles and responsibilities of public and private sectors, service obligations, project revenue stream, key performance indicators, contract monitoring mechanisms, dispute resolution mechanisms and termination terms. Given the long-term nature of PPP, the contract should leave appropriate flexibility to enable it to adapt to potentially changing environments. Flexibility, however, should not compromise predictability.

11. Risk Allocation. Risk allocation is at the core of good practice PPP. Improper allocation of risks could result to a failure of the bid process, higher price and costs, service delays or poor quality. The basic principle is that risks should be borne by the party that is best suited to manage and mitigate

them and at the least cost. Defining this risk allocation clearly in agreements, to be specified in advance at early stage of development of each project, can help attract more private sector participation and ensure the soundness of public balance sheets. Generally, risks associated with design, performance, technology, construction and operation are typically allocated to the private sector, while other risks such as political, legal and regulatory risks are better managed by the public sector. Risks arising from interest and currency fluctuations, pricing structure and unforeseen events can be shared by both the public and private sectors. Risk associated with natural disasters should be integrated at the planning, design and construction levels to reduce the potential impact of natural disasters, thereby reducing the PPP financial risk.

12. Government can adjust its role over time as the market develops, and more sophisticated and successful projects emerge and the private sector feels more comfortable in assuming the risks. In developing economies or sectors where benchmarks to evaluate risks are not yet available or the private sector does not have sufficient understanding of the market, government can consider developing benchmark projects based on similar projects from other developing economies, and provide strong support. These benchmark transactions could serve as the starting point for subsequent projects, after which the private sector can become more comfortable in bearing the risks.

13. Project Financing. —Greenfieldll or newly built infrastructure PPP projects are inherently highly capital intensive and project finance is an effective way to increase the availability of financing if adequate risk allocation is achieved. Developing the long-term local currency financial market can facilitate greater participation of local banks, operators and other market players in infrastructure project financing. Promoting long-term investment by institutional investors -- such as pension funds, insurers and sovereign wealth funds -- can also expand the financing channel for infrastructure, and it can be facilitated by an enabling regulatory framework for long-term infrastructure investments, including a clear exit process through the transfer of shares. Multilateral Development Banks (MDBs) can also assist PPP projects through the use of innovative financing package including loans, equity investment, loan guarantee and project bond insurance. The challenge of obtaining private investment for a —brownfieldll project that has been operating for a period of time is somewhat lessened because actual experience and performance of the project is known, which reduces risk.

14. Government Support. There are cases where PPP projects have high economic returns, while their financial returns are low. For these cases, it could be desirable to have government financial support, which could be an upfront capital subsidy, on-going payments to supplement user charges, and/or revenue guarantees through viability gap financing (VGF). It may also be the case that government guarantees are needed to ensure the timely performance of obligations of a public sector entity that is off take to the contract not fully credit-worthy. This requires active management of fiscal commitments and contingent liabilities over a medium to long-term horizon to ensure fiscal sustainability. For certain assets located in high density areas, ancillary revenues from retail operations or land-value capture can be significant, and may lower the required government support. Moreover, the VGF requirement can also be used as a —bidding variable, i.e. to select the concessionaire that needs the smallest subsidy. Many infrastructure projects involve politically

sensitive decisions on such issues as tariffs for the financial viability of public utilities, land acquisition or awarding of contracts. In these cases, political support from higher levels of government is needed to make necessary decisions.

15. PPP Centers or Units. Setting up PPP centers or units, including through collaboration with the private sector, can enhance government's institutional capacity in promoting PPP. Many APEC economies have set up PPP centers or units in their central or local governments, sectorial ministries, or a cross-sector ministry such as the Ministry of Finance. PPP centers or units can act as centers of excellence to help government draw up investment plans, set PPP policies, select, structure, implement, finance and monitor PPP projects, manage long-term contracts with the private sector, coordinate various agencies, and ensure government interests are protected. They can also develop and manage manuals for PPP projects, assess both successful and failed projects to draw lessons and improve future decision making, and act as hubs for recruiting and training PPP experts. To ensure the well-functioning of PPP centers or units, a specialized government team and sufficient clarity and authority are necessary. Scientific results in PPP field should be better tailored to the needs of real economy. Financing increase for PPP researches has to promote progress in developing this sphere.

16. Stakeholder Consultation. PPP projects are typically large infrastructure projects that involve many stakeholders and have significant social impact. Stakeholder engagement and consultation are therefore important to minimize concerns and negative externalities from the project. Engaging local communities in the identification, prioritization and planning of infrastructure projects in their respective localities can not only generate public support for projects but also help in evaluating the affordability or sustainability (from an environmental and social perspective) of projects. This will facilitate prioritization of PPP projects based on a better understanding of the needs of local communities and better utilizing the broader expertise and capital from the private sector.

17. Increasing transparency around PPPs can help to increase participation and understanding of PPPs. Particular attention should be given to issues of resettlement, compensation, and potential direct employment benefits to local communities impacted by the project. While providing services in PPP projects, key performance indicators are always set and include citizens' satisfaction with the services provided to them. In this case, the bonus of an investor depends on performance. This is measured in various ways: sectorial statistics, data of statistic body and surveys.

IV. Early Harvest Actions for the APEC Economies

18. To support the implementation of the MYPIDI, the APEC Finance Ministers call for actions to be taken by governments, the private sector, and international organizations to promote development of infrastructure PPP projects in the APEC region:

Encourage the establishment of more PPP centers or units in the APEC region. In this regard, we appreciate the efforts by the People's Republic of China (PRC), and welcome the recent

establishment of the PPP Center within the Ministry of Finance of PRC as a center of excellence to facilitate development of PPP projects and institutional building of governments.

Intensify capacity building, experience sharing and networking of existing and pilot PPP centers through the APEC PPP Experts Advisory Panel, the APEC study centers, Australia's Government Partnerships for Development Facility, Canada's PPP support as well as capacity building initiatives proposed by member economies and international organizations such as ADB and the World Bank Group. In this context, we welcome PRC's decision to commit USD 5 million from the Poverty Reduction and Regional Cooperation Fund (PRC Fund) in ADB to support capacity building and project development on infrastructure PPP, regional cooperation and connectivity in APEC developing economies.

Accelerate capital market development to attract long-term institutional investors through initiatives such as the Asia-Pacific Financial Forum.

Mobilize private sector expertise through initiatives such as the Asia-Pacific Infrastructure Partnership dialogues as well as the ABAC Enablers of Infrastructure Investment Checklist to help governments design bankable projects and necessary reforms.

Mobilize financial and knowledge resources from IOs such as ADB, the World Bank Group, and OECD to support the development of PPP projects and necessary reforms in the APEC region, including technical assistance and transaction advisory services. In this respect, MDBs are encouraged to further pursue innovative, yet financially responsible business models in support of PPP projects. MDBs can also further promote the issuance of local currency bonds and/or local debt financing and help attract long-term investors to fund infrastructure PPP projects. Furthermore, they can provide long-term loans and credit enhancement products to meet specific requirements for infrastructure PPP projects and mobilize private sector finance.

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**Joint Ministerial Statement
Annex B - Report of 2014 APEC Finance Ministers' Process Initiatives**

ASIA-PACIFIC FINANCE AND DEVELOPMENT INSTITUTE

APEC Finance and Development Program (AFDP) was initiated under the APEC FMM in 2001, and the Asia-Pacific Finance and Development Center (AFDC) was established in 2004 based on the 3-year trial period of AFDP to continue the contribution of the People's Republic of China (PRC) to strengthening institutional capacity building.

To meet the emerging demands of regional knowledge sharing and capacity building in the fields of finance and development, and to enhance mutual understanding among APEC member economies, the Chinese government has decided to establish the Asia-Pacific Finance and Development Institute (AFDI) on the basis of AFDC to offer professional master degree programs for young finance officials in the APEC economies while continuing to carry out short-term training programs, high-level forums and thematic research that AFDC has been doing in the past decade. AFDI will be committed to mobilizing more international resources to further deepen and strengthen systematic and long-term cooperation among the APEC member economies on knowledge, technology, experience and human capital.

THE ASIA-PACIFIC FORUM ON FINANCIAL INCLUSION

The 2014 Asia-Pacific Forum on Financial Inclusion was jointly hosted by the AFDC, Asian Business Advisory Council (ABAC), Asian Development Bank Institute (ADBI) and others in Shanghai on 19-20 March, and discussed the current situation of financial inclusion in six economies and major regional developments. A forum-based report has been published.

The report recommends public-private collaboration to help: (a) develop proportionate and balanced financial regulatory frameworks; (b) design financial inclusion strategies that promote a broad range of financial services and prudential systems that retain incentives to innovate; (c) promote coordination among relevant stakeholders in policy formulation; and (d) accelerate development of market infrastructure. To download the report:

<https://www.abaconline.org/v4/download.php?ContentID=22611867>

To promote more extensive experiences sharing, two organizers of this forum, the ADBI and the AFDC, compiled a report on financial inclusion in Asia, which presents the experiences of five Asian economies: India, Indonesia, the Philippines, PRC and Thailand.

ASIA REGION FUNDS PASSPORT (ARFP)

The ARFP is an international trade arrangement that will facilitate cross border trade in managed investment schemes between member economies by either waiving or diminishing key regulatory impediments to trade.

Since the signing of the Statement of Intent in September 2013, the working group (Australia, Republic of Korea, New Zealand, the Philippines, Singapore and Thailand) has worked together to develop the guiding principles and basic arrangements of the ARFP.

In developing the ARFP principles and arrangements, the ARFP working group has conducted useful dialogues to gather views from the ARFP Policy and Technical Workshop (Australia; Hong Kong, China; Indonesia; Japan; Korea; New Zealand; the Philippines; Singapore; Thailand; Chinese Taipei and Viet Nam). The workshop has now met nine times most recently in Seoul, Republic of Korea in August 2014.

Public consultation on the ARFP principles and arrangements has been conducted in a number of APEC economies. The ARFP working group released the Consultation Paper: Arrangements for an Asia Region Funds Passport on 16 April 2014. Submissions closed on 11 July 2014 in all six of the working group economies and were the subject of negotiation and discussion in Seoul. The policy and regulatory framework that will underpin the ARFP is currently being negotiated by the six working group economies, and is expected to be finalized by early 2015.

Progress is being made towards the development of a multilateral memorandum of understanding between those economies interested in participating in the ARFP. The ARFP is expected to commence in early 2016.

ASIA-PACIFIC FINANCIAL FORUM (APFF)

APFF is a regional platform for public-private collaboration to develop robust and integrated financial markets and services in the region. It was proposed by ABAC and endorsed by Finance Ministers at their 2013 annual meeting.

In 2014, APFF developed recommendations on public-private collaboration to address key issues. These are:

- Expanding access of small enterprises to finance: Improving legal and institutional frameworks for credit information; use of factoring, movable assets and accounts receivables as collateral in secured transaction systems; and facilitating trade and supply chain finance.
- Promoting development of deep, liquid and integrated financial markets and long-term investment: improving financial market infrastructure and cross-border capital market practices, increasing ability of insurers and pension funds to invest in long-term assets and provide longevity solutions, meeting capital market participants' needs for hedging instruments and information and supporting the successful launch of ARFP.

APFF will conduct research and discussions on financial regulation, cross-border investment in financial services, global imbalances, impact of macroeconomic developments and shadow banking.

To download the report: <https://www.abaconline.org/v4/download.php?ContentID=22611921>

Major events took place this year in Shanghai, Santiago, Seattle, Seoul and Beijing. APFF looks forward to further collaborating with the public sector in advancing its initiatives.

THE ASIA-PACIFIC INFRASTRUCTURE PARTNERSHIP (APIP)

APIP is a regional platform for governments, the private sector and international institutions to discuss issues affecting infrastructure PPP and identify practical solutions. It has over 70 members from the private sector, including top executives of major companies and other senior executives, legal practitioners and consultants with extensive experience in infrastructure.

APIP has undertaken several high-level dialogues – with Mexico, Peru and the Philippines in 2011, Viet Nam and Indonesia in 2012, and the Philippines (second dialogue), Thailand, Indonesia (second dialogue) and Malaysia in 2013. APIP also participated in various regional discussions convened by the FMP and related institutions.

In 2014, APIP took part in the seminars organized by PRC and ADB in Fuzhou and Dalian, and the seminar convened by Korea in Seoul. It participated actively in the discussions of the APEC PPP Experts Advisory Panel. APIP undertook work in the following areas: (a) effectively allocating risks between public and private sectors; (b) improving institutional capacity; (c) facilitating infrastructure finance, especially long-term and local currency funding; (d) providing an enabling legal, policy and regulatory environment; and (e) promoting public support for PPPs, and contributed ideas for the PPP Implementation Roadmap.

APEC FINANCIAL REGULATORS TRAINING INITIATIVE (APEC FRTI)

Endorsed at the APEC Finance Ministers' Meeting in 1998, the Asia-Pacific Economic Cooperation Financial Regulators Training Initiative (APEC FRTI) provides a systematic, integrated, and sustained approach to improve the quality and efficiency of financial supervision and regulation. APEC FRTI is the longest running APEC Finance Ministers' initiative. ADB serves as the APEC FRTI Secretariat.

In addition to technical and secretariat support, ADB has continually provided financial support for FRTI activities. ADB has so far financed 7 technical assistance projects totaling US\$ 6.5 million to support the APEC FRTI.

Since 2001, ADB has arranged a total of 123 training seminars to train 5,062 financial regulators and supervisors. ADB's training seminars have comprised of 65 banking supervision seminars, 56 securities regulation seminars, and 2 short training programs.

In 2014, ADB has arranged seven seminars—two for banking supervisors and five for securities regulators—and 326 financial supervisors and regulators have been trained. ADB expects that there will be six more seminars to be organized by the end of this year with additional financial support from the Republic of Korea. ADB has received many requests for training in new learning areas after the global financial crisis. ADB has responded to these requests by expanding into new topics—including those relating to cross-border supervision and information technology.

APEC PPP EXPERTS ADVISORY PANEL AND PILOT PPP CENTERS OF EXCELLENCE

At the APEC Finance Ministers meeting in Bali last year, Finance Ministers agreed to create an APEC PPP Experts Advisory Panel to help Indonesia with its efforts to develop a functioning PPP Center in the Ministry of Finance and support other PPP centers in developing economies. Since the Bali meeting, a number of activities have been undertaken to support the development of the PPP Center, including the APEC Seminar on the Public Sector's Role in PPP Modality arranged and financed by PRC and ADB in Fujian, PRC on 21-22 May 2014 to discuss the role of the public sector including PPP centers in identifying, planning and managing PPP projects.

The activities have been undertaken in two broad areas--those designed to support the development of the PPP Center itself, and those aimed at embedding the PPP Center into the thinking and processes of other parts of the Indonesian government.

The Preliminary Meeting of the Establishment of APEC PPP Experts Advisory Panel and the Asia-Pacific Infrastructure Partnership Dialogues with the Government of Indonesia were held in Jakarta on 2 December 2013. In 2014, there have been two meetings of the APEC PPP Experts Advisory Panel which were held on the margin of APEC meetings in PRC. The first meeting was held in Bo'ao on February 17 immediately after the APEC Finance Deputies' Meeting. The second one was held in Dalian on June 27 after the APEC Seminar on Mobilizing Long-term and Stable Funding for Infrastructure Development in the Asia-Pacific Region (June 26-27, 2014). Both meetings were specially convened to provide assistance to the Indonesian Ministry of Finance in its efforts to support the PPP Center. The meetings discussed key aspects of the institutional arrangements for the PPP Center and some early potential PPP projects for the PPP Center. The third meeting this year is scheduled to be held on 24 November in Jakarta after the APIP meeting with the government of Indonesia

The Indonesian ministry responsible for government's reforms, personnel and staffing recently announced that it had approved staffing allocations for the PPP Center in the Ministry of Finance. Following the advice from the PPP Expert Panel to the Indonesian Minister of Finance, Indonesia is also in the process of appointing a Specialist Advisor to its PPP Center Executive Team. Arrangements to recruit a suitable candidate are well advanced, and have been included as part of a larger technical assistance proposal that is being finalized with external partners. It has been planned that the Specialist Advisor will begin his/her services in early 2015. One of the first key tasks of the Specialist Advisor will be to work with the PPP Center Executive Team to identify a carefully sequenced, comprehensive program of targeted capacity building assistance for the PPP Center of Indonesia. The Specialist Advisor will work closely with the PPP Expert Panel and international partners to achieve this objective.

As part of the progress in developing market ready infrastructure projects in the region, PRC is setting up its PPP Center within the Ministry of Finance of PRC (CMOF). This process would help the momentum of creating a networking of PPP center of excellence in the region. CMOF has set up an inter-departmental PPP Leading Group for rule-making and regulation of PPP, consisting of 7 line departments of CMOF, including the budget department, treasury department, finance department,

economic development department, international department and the China Clean Development Mechanism (CDM) Fund. At the execution level, the China CDM Fund acts as PPP management center at the initial stages. The China PPP Center has six main roles and responsibilities: fundamental research; training and consultation; promotion and application; financial Support; information management and publication; and international cooperation. We acknowledge the successful completion of the APEC PPP training program arranged and financed by ADB and the Australian Commonwealth Government's Partnership for Development Program to train 34 officials from PPP Centers in Chile, PRC, Indonesia, Mexico, Peru, the Philippines, Papua New Guinea, Thailand, and Viet Nam at RMIT University, Melbourne, Australia on 2-5 September 2014.

APEC INFRASTRUCTURE TRAINING PROGRAM

APEC is an important platform for economic cooperation in the Asia-Pacific region. Cooperation on infrastructure investment as well as capacity building of the public sector in promoting infrastructure projects have been highlighted as key tasks for the APEC Finance Ministers' Meeting. In this regard, Korea proposed running APEC infrastructure training program twice a year to help government/public institutions in the Asia-Pacific region develop their capacity in infrastructure development. Korea and PRC agreed to co-host the program, but the program is open to any other member economies that are willing to participate. The Korea Development Institute (KDI) and the AFDC/ AFDI of PRC are the lead institutions in implementing the program.

This workshop will offer high-level officials of APEC member economies an invaluable opportunity to explore not only in-depth knowledge in implementing infrastructure projects but also provide a chance to share APEC member economies' experiences and practices on infrastructure investment and financing.