

SUSTAINABLE DEVELOPMENT WORKING GROUP (SDWG) MATRIX

| Agenda Item | ABAC USA Action |
|---|-----------------|
| 2a. Business perspective on water security | Monitor |
| Issue | |
| <p>ABAC has discussed water security over the past three years, taking up issues including the promotion of PPPs, the importance of water conservation and the need to view water security in terms of the water/energy/food nexus.</p> <p>ABAC Japan's wrap-up presentation will provide a comprehensive picture of water security issues and will highlight the business role in terms of four different dimensions: (1) innovation; (2) conservation and efficiency; (3) raising awareness, and (4) innovative market frameworks</p> | |
| Deliverable/Objective | |
| Provide overview of ABAC's prior work in this area. | |
| Status | |
| ABAC Japan has typically championed this issue. In 2012, Japan conducted a water use study in the US and presented on Japanese water saving initiatives in Kyoto. | |
| Economy Positions | |
| ABAC generally have been supportive of this issue | |
| ABAC USA Position/Talking Points/Recommendations | |
| Japan's has previously recommended that water charges should be modified from a flat rate to volume based rates – this may be controversial for the agricultural sector. | |

| Agenda Item | ABAC USA Action |
|---|-----------------------------|
| 2b. ABAC Infrastructure Checklist Update and Next Steps | Ed Rapp presentation |
| Issue | |
| Next steps for ABAC's Enablers of Infrastructure Checklist and Report | |
| Deliverable/Objective | |
| Presentation not in briefing binder, still being finalized | |
| <p>To further leverage existing work and ABAC's recommendations on infrastructure, at the first meeting in Manila ABAC USA proposed that ABAC, in collaboration with APEC economies, create an "Enablers of Infrastructure Investment Checklist" and a complementary report with further details on the policies covered by the Checklist. The Checklist is designed to serve as a self-assessment tool for officials to enable them to determine their economy's capacity to attract and utilize private sector FDI in infrastructure. The report, entitled "Attracting and Harnessing Infrastructure FDI to Secure Lasting Growth" was developed to support the Checklist and provide further context to the policies that it covers. NCAPEC, ABAC and the National Association of Manufacturers (NAM) all contributed to the development of the document. Both the Checklist and Report were approved by the ABAC intersessionally after the third meeting in Kyoto and have since been shared with a number of officials in APEC.</p> <p>Our presentation at ABAC IV will be an opportunity to draw attention to the Checklist and Report and encourage individual ABAC members to encourage their government counterparts to integrate the Checklist into the implementation of APEC's Multi Year Plan on Infrastructure Development and Investment (MYPIDI). The MYPIDI's initial framework will be unveiled at the APEC Leaders meeting with implementation beginning in 2014.</p> | |
| Status | |
| The Checklist and its companion report were endorsed intersessionally after the third ABAC meeting in Kyoto. | |
| Economy Positions | |
| The Checklist aligns with work previously advanced by a number of ABAC economies, including Japan and Hong Kong. | |
| ABAC USA Position/Talking Points/Recommendations | |
| The Checklist brings together a number of the ABAC's infrastructure related initiatives and should be included in the ABAC's advocacy in other related APEC fora. It will provide business input into APEC's developing infrastructure plan and encourage a more ambitious agenda in 2014. | |

| Agenda Item | ABAC USA Action |
|--|------------------------|
| 3a. Final version of 2013 APEC innovation platform research study within the ABAC sustainable development initiative | Monitor |
| Issue | |
| Study aimed at investigating the feasibility of creating an APEC Open Innovation Platform to facilitate cutting-edge technology development and dissemination for SMMEs throughout the region. | |
| Deliverable/Objective | |
| ABAC Chinese Taipei will present the final version of a study they have been conducting throughout 2013 to investigate the feasibility of an APEC wide open innovation platform aimed at providing practical IP assistance to companies in the region interested in bringing technology to market. | |
| The second phase of this study was highlighted at ABAC III and featured the results of an in-depth survey of 111 Chinese Taipei SMMEs to learn more about their strategies, practices, and policies in the following areas: IP development and utilization, IP acquisition and licensing IP protection and litigation | |
| Based on the findings of the survey, at ABAC 3 Chinese Taipei proposed the following recommendations for APEC, which were endorsed by ABAC: 1) Develop the appropriate dissemination systems, mechanisms and policies to encourage technology innovation among SMMEs 2) Facilitate cutting-edge technology development and dissemination for SMMEs throughout the APEC region by creating an Open Innovation Platform 3) Propagate leading models and best practices for intellectual property management and planning systems for SMMEs | |
| Status | |
| ABAC Chinese Taipei launched this initiative in early 2013 and has periodically been providing updates throughout the year | |
| Economy Positions | |
| This initiative is supported by a number of ABAC economies, including ABAC Hong Kong, Australia, China and Singapore | |
| ABAC USA Position/Talking Points/Recommendations | |
| No documents available at this time. | |

| Agenda Item | ABAC USA Action |
|--|---|
| 4a Report to ABAC – Readout from Kyoto PPFS Management Council Meeting | Presentation by Barbara Hazzard, ABAC USA |
| Issue | |
| ABAC made several recommendations to the PPFS Management Council to increase private sector participation in the PPFS | |
| Deliverable/Objective | |
| Encourage the new Chinese Chair of the PPFS to embrace ABAC's recommendations | |
| Status | |
| ABAC was asked for input at ABAC III in Kyoto. The recommendation letter was discussed at the PPFS MC meeting at the conclusion of the ABAC Kyoto meetings. Indonesia PPFS Chair, Dr. Suryana was supportive of the recommendations. | |
| Economy Positions | |
| Broad support –US, NZ, Australia, Japan and Hong Kong have been especially engaged. | |
| ABAC USA Position/Talking Points/Recommendations | |
| Increasing the effectiveness of the PPFS meetings is key to re-invigorating private sector engagement. A private sector-only PPFS meeting in advance of the PPFS plenary will facilitate greater communication and collaboration amongst the private sector members as they help identify PPFS objectives for the coming year. | |

| Agenda Item | ABAC USA Action |
|---|-----------------------------------|
| 5a. Health as an Element of Sustainable Economic Growth | Bart Peterson Presentation |
| Issue | |
| Creation of a dedicated health initiative for the 2014 SDWG agenda to highlight the connection between health and sustainable economic development. | |
| Deliverable/Objective | |
| Build support among ABAC's membership for an increased role for health advocacy in the ABAC SDWG. | |
| Status | |
| Note: presentation not in briefing binder, still being finalized | |
| Throughout 2013 ABAC USA has highlighted how ongoing health initiatives in the APEC Life Sciences Innovation Forum (LSIF) naturally overlap with number of key ABAC priorities and initiatives focused on policies related to FDI, secure supply chains, regulatory convergence and ethical business practices. These initiatives were officially supported by the ABAC through an official Letter to Health Ministers and references in ABAC's Annual Report and Letter to Leaders. | |
| In 2014, we would like to expand the ABAC's advocacy on this topic to include drawing attention to the connection between health and sustainable economic development. In particular, we would like to highlight the mounting care costs and productivity losses that are caused by increasing rates of Non Communicable Diseases (NCDs). Possible steps for 2014 include a partnership with the APEC Life Sciences Innovation Forum (LSIF) or a related institution dedicated to highlighting existing economic metrics associated with the rise of NCDs, sharing best practices and tracking outcomes on chronic disease prevention, detection, and control activities. | |
| Economy Positions | |
| ABAC USA has championed this topic since 2012. Generally economies are supportive of work in this area but are interested in seeing a long term workplan with a tangible deliverable for the ABAC. | |
| ABAC USA Position/Talking Points/Recommendations | |
| Health is a critical component of the region's long term economic prosperity on par with food and energy security, infrastructure development and green growth. | |
| A dedicated initiative within the ABAC would send a strong signal to leaders indicating that this issue is a priority for the business community, encouraging additional action to prevent NCDs. | |

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|---|---|
| | (Monitor, Presentation, etc.) List Name if applicable |
| Issue | |
| Brief description | |
| Deliverable/Objective | |
| Brief description | |
| Status | |
| How long it's been in ABAC, what's current status, etc. | |
| Economy Positions | |
| - Economy, USG (if known) etc. | |
| ABAC USA Position/Talking Points/Recommendations | |
| - Talking points | |

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| - Talking points | |

Document: SDWG 33-037
 Draft: **SECOND**
 Source: SDWG Chair
 Date: 24 September 2013
 Meeting: Bali, Indonesia

**Sustainable Development Working Group
 1515-1645, Wednesday 2nd October 2013
 Venue: Lobby Level-Salon 2&3, Ayana Resort and Spa, Bali**

Agenda(Second Version)

| Agenda Item No. | Issue | Lead Economy/ Speaker | Doc. No. |
|------------------------|---|--|--------------------------------|
| 1 | Opening Remarks - Welcome, introductory remarks - Approval of the ABAC III 2013 SDWG meeting minutes - Approval of the Agenda-5mins | Chair/Frank Gaoning Ning | SDWG 33-034 SDWG 33-035 |
| 2 | Infrastructure Development | | |
| 2a | Business Perspective to Water Security-25mins | ABAC Japan/Yoshinori Komamura Guest speaker: Mr. Aaron Cramer of BSR | SDWG 33-038 |
| 2b | ABAC Infrastructure Checklist Update and Next Steps-10mins | ABAC USA/Ed Rapp | SDWG 33-040 |
| 3 | Technology Dissemination | | |
| 3a | Final version of 2013 APEC innovation platform research study within the ABAC sustainable development initiative-20 mins | ABAC Chinese Taipei/Dr. Steven Lee | |
| 4 | Food Security | | |
| 4a | Report to ABAC – Readout from Kyoto PPFS Management Council Meeting-15mins | ABAC USA/Barbara Hazzard | SDWG 33-039 |
| 5 | Health | | |
| 5a | Health as an Element of Sustainable Economic Growth-10mins | ABAC USA/Bart Peterson | SDWG 33-041 |
| 6 | Other Issues-5mins - Other Business - Closing Remarks | Chair/Frank Gaoning Ning | |

Document: SDWG 33-038
Draft: **FIRST**
Source: ABAC Japan
Date: 17 September 2013
Meeting: Bali, Indonesia

Meeting Document Summary Sheet Template

| |
|---|
| Document Title: Business Perspective to Water Security |
| Purpose: For discussion |
| Issue: Water Security: The business community perspective |
| Background: ABAC has discussed water security over three years, taking up issues including the promotion of PPP, importance of water conservation and the need to view water security in terms of the water/energy/food nexus. This wrap-up presentation gives us a comprehensive picture of water security issues and highlights the business role in terms of four different dimensions: (1) innovation; (2) conservation and efficiency; (3) awareness raising, and (4) innovative market frameworks. |
| Proposal / Recommendations: To have an open discussion on the business community's role in water security. |
| Decision Points: None |



Document: SDWG 33-038A
 Draft: **FIRST**
 Source: ABAC Japan
 Date: 26 September 2013
 Meeting: Bali, Indonesia

Water – A Crucial Issue

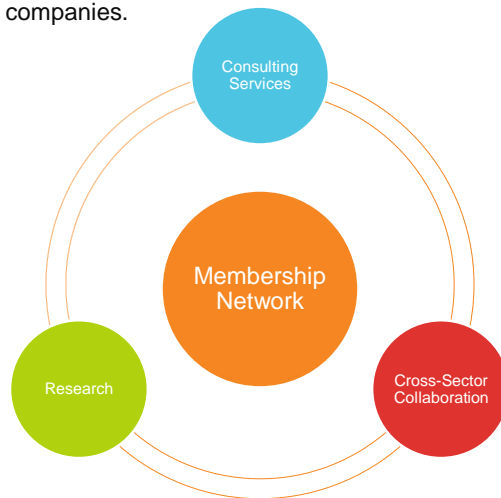
ABAC
 Bali, Indonesia
 October 3, 2013

BSR's Mission and Strategy

Our mission: We work with business to create a just and sustainable world.

Our strategy: We develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration with our global network of around 300 member companies.

- Insights gained from our research and collaborative partnerships feed our consulting work.
- Our real-world experience working closely with member companies informs our research.
- Our cross-sector efforts build on our extensive network of members and stakeholders.



Overview

- Water scarcity and quality threatens the region's ongoing economic advances.
- Water is a hyper-local issue that is intimately linked to associated food and energy challenges.
- Business has a strong role to play in water security through the following:
 - Innovation
 - Conservation and efficiency
 - Awareness raising
 - Innovative market frameworks

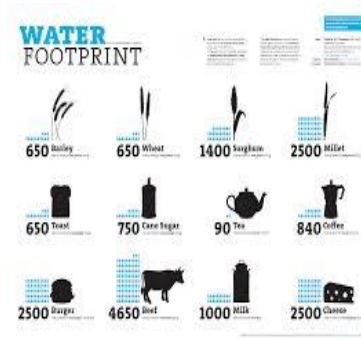


3

The Water Challenge



Business Solutions Are Possible – and Essential



Thank you...

Questions?



Meeting Document Summary –SDWG, ABAC IV 2013, Bali

Document Title:

Report to ABAC – Readout from Kyoto PPFS Management Council Meeting

Purpose:

For information

Issue:

ABAC provided many specific recommendations to the PPFS Management Council to better engage the private sector participants.

Background:

Before the Kyoto ABAC Meeting, PPFS Chair Dr.Suryana wrote to ABAC and asked for ABAC's assessment of the PPFS. His letter generated a lively discussion during the ABAC meetings and a detailed response. ABAC's recommendations included:

- Convene a private sector only PPFS meeting to facilitate a coherent private sector strategy for the PPFS
- ABAC has a strong interest in the PPFS's success and will continue to be involved
- Private sector participation in the PPFS has lagged. Setting meeting dates 6months prior will facilitate private sector attendance
- Government participants should be at a senior level to ensure a senior level of private sector participation
- Private sector input is needed on agenda development to keep meetings relevant

Proposal /Recommendations:

ABAC needs to maintain involvement and oversight of the PPFS.

Decision Points:

Endorse the recommendations outlined above.



APEC Business Advisory Council

**READOUT FROM KYOTO PPFS
MANAGEMENT COUNCIL MEETING**

**ABAC IV
SDWG
October 2, 2013**

Barbara Hazzard, US NCAPEC



**PPFS Management
Council Meeting**



Kyoto, Japan, July 11, 2013



Endorsement of Roadmap Towards 2020 (ver 2013)

Inputs on the Letter to the Leaders Finalized

Discussion of ABAC's Letter to the PPFS





PPFS Management Council Meeting

Roadmap Towards 2020 (version 2013)

- Consensus Agreement on 81 specific actions APEC should take by 2020; Gives Agreed-To Strategic Structure
- Can be Updated Each Year
- However, not much different than actions already listed in Niigata & Kazan Ministerial Statements and past Leaders Statements
- Does Not Assign Responsibility Beyond WG Level or Prioritize

2



PPFS Management Council Meeting

Inputs on the Letter to the Leaders Finalized

3



PPFS Management Council Meeting



Discussion of ABAC's Letter to the PPFS

- Convene a private sector only PPFS meeting to facilitate a coherent private sector strategy for the PPFS
- ABAC has a strong interest in the PPFS's success and will continue to be involved
- Private sector participation in the PPFS has lagged. Setting meeting dates 6 months prior will facilitate private sector attendance
- Government participants should be at a senior level to ensure a senior level of private sector participation
- Private sector input is needed on agenda development to keep meetings relevant

4



PPFS Future ABAC Actions



•Invigorate Private Sector Participation

- ABAC Appointed Private Sector Representative to the Management Council, currently Frank Ning, will need ABAC's continued support

•Continue advocating for:

- A private sector only PPFS meeting, in advance of the next plenary meeting
- More private sector input in meeting agendas
- Food Security Ministerial with PPFS participation

5

Document Title:

ABAC Enablers of Infrastructure Investment Checklist

Purpose:

For Discussion

Issue:

Next steps for the ABAC's Enablers of Infrastructure Investment Checklist and report

Background:

To further leverage existing work and ABACs' recommendations on infrastructure, at ABAC I in Manila ABAC USA proposed that ABAC, in collaboration with APEC economies, create an "Enablers of Infrastructure Investment Checklist" and a complementary report entitled "Attracting and Harnessing Infrastructure FDI to Secure Lasting Economic Growth" with further details on the Checklist's policy recommendations. Both the Checklist and Report were approved by the ABAC intersessionally.

The Checklist is designed to serve as a self-evaluation tool that economies can use to assess the extent to which existing policies promote the participation of the private sector in infrastructure investment. The content of the Checklist is based on the ABAC's existing infrastructure recommendations as well as input from other experts. In addition, it references existing work from institutions such as the World Bank and Asian Development Bank.

The Checklist contains assessment questions and key performance indicators under 4 overarching categories:

- Augmenting Government Project Planning and Coordination Mechanisms
- Building a Strong Financial and Financing Environment
- Developing Robust PPP Mechanisms and Frameworks
- Creating and Maintaining a Strong Investment Environment to Attract Foreign Direct Investment (FDI)

Next year the ABAC will be well positioned to leverage the Checklist and reach out to officials responsible for implementing APEC's Multiyear Plan on Infrastructure Development and Investment (MYPIDI). The initial MYPIDI framework will be unveiled during APEC Leaders' Week, with more concrete proposals for implementation to be tabled at the first APEC Senior Officials meeting in 2014.

Proposal /Recommendations:

- Incorporate the ABAC's Enablers of Infrastructure Investment Checklist into its 2014 advocacy
- Encourage APEC economies to fill out the Checklist
- Provide input into the MYPIDI discussions that will take place at the first 2014 APEC Senior Officials meeting

Decision Points:

- Endorse the points outlined above



ABAC Enablers of Infrastructure Investment Checklist

Infrastructure investment is a critical component of meeting the demands of the dynamic Asia-Pacific region and promoting sustained economic growth throughout the APEC economies. With a rapidly growing population and middle class, the APEC region is expected to need about US\$8 trillion in infrastructure investment to meet demands in energy, transportation, water and sanitation. Newer, but highly important infrastructure demands to increase connectivity through broadband and information and communication technology solutions makes this need even greater.

Infrastructure investment in the APEC region is not, however, keeping pace with the current demand. To reverse this trend and create a more competitive environment that will foster the needed growth in infrastructure investment, APEC economies – individually and as a region – must work harder to attract investment and to plan, finance and execute large scale investments in long term projects. The private sector can provide funding and expertise, but partnering with investors and utilizing financing mechanisms, including Public-Private Partnerships (PPPs) requires deep institutional capacity, an effective regulatory and judicial system which ensures fair treatment and coordination across government agencies to ensure positive outcomes, adoption of international rules and principles, as well as other key factors.

To help prepare the APEC economies for this multi-disciplinary challenge, the APEC Business Advisory Council (ABAC) has created an “Enablers of Infrastructure Investment Checklist.” The Checklist is designed to serve as a self-evaluation tool that governments can use to assess the extent to which existing policies promote the participation of the private sector in infrastructure investment. Governments will be encouraged to conduct a self-assessment to determine the extent to which their own policies promote or hinder participation

of the private sector in infrastructure development. Subsequently, they will be encouraged to report their findings back to APEC stakeholders as a means of sharing lessons learned among economies.

In addition to serving to identify and prioritize for economies those policies that impact the environment for infrastructure investment, the Checklist is designed in a manner that requires inter-agency communication in order to complete the self-assessment. Policies affecting infrastructure investment necessarily transcend the jurisdiction of any single government agency. By completing the Checklist, officials from relevant agencies will be able to identify areas where policies (related to infrastructure investment) in one regulatory agency may not be aligned with policies in another agency.

This Checklist is structured under four overarching policy categories identified by ABAC. The policy categories are described below.

1. Augmenting Government Project Planning and Coordination Mechanisms

In deciding where to invest, there are three major factors related to governments’ planning and coordination mechanisms that investors consider. First, investors want to be sure that the government has a track record of considering projects with good fundamentals amenable to private investment or involvement. Such projects are economically and financially viable, and form part of an integrated infrastructure plan. Secondly, investors want government agencies to be well coordinated. This includes adopting consistent practices across agencies that make processes (such as enabling legislation, procurement rules, land acquisition and permitting) straightforward and predictable. Finally, investors are interested in projects with strong political support—projects with broad and deep stakeholder support tend to be the most successful.

2. Building a Strong Financial and Financing Environment

Strong and robust financial markets are a key incentive to attract investors in infrastructure. Investors are more likely to invest in markets where there is a relatively stable macroeconomic environment and where they can raise debt and equity to finance infrastructure projects. The development of domestic debt markets and the creation of credit cultures are also important, as is the ability to acquire debt, including potentially through local currency, in sufficiently long tenors and in the amount needed, or through other mechanisms to reduce the investor's exposure to foreign exchange risk. Likewise, investors often seek local equity partners to assume some of the project risk. Private equity providers also seek protection from the government against risk factors.

In addition to being able to secure local financing, investors are more likely to participate in markets where the currency is stable and foreign exchange rates reflect the underlying exchange rate risk in the economy. It is important, therefore, for economies to limit currency controls and capital flow constraints, which make the market more attractive to investors.

3. Developing Robust PPP Mechanisms and Frameworks

Robust PPP mechanisms and frameworks are critical to attracting investment in infrastructure. Governments that maintain a clear pipeline of PPP projects, and a credible timetable for executing them, are more likely to attract investors for their projects. Also, investors prefer partnering with governments that implement PPP structures following project financing norms, and use standard agreements that are recognized internationally. This minimizes project preparation time and demonstrates the government's commitment to both partnering with the most qualified private entity, and implementing high-quality projects based on global best practices. Additionally, governments that adopt clear procurement processes and project evaluation criteria are most likely to attract competitive, high-quality investors.

4. Creating and Maintaining a Strong Investment Environment to Attract Foreign Direct Investment (FDI)

In assessing how strong the investment environment is, investors are most concerned about the legal protections available for foreign investors. Investors want to know that there are laws that protect property rights and contractual obligations, and that these laws are well enforced through fair, neutral and timely judicial systems. Investors also expect that acquiring property, registering businesses, and other similar processes would be straightforward. Complicated land acquisition and registration requirements introduce uncertainty and costs for investors. Investors also need to know that unfounded claims will be expeditiously dismissed and that they can seek legal recourse in the event of a contractual breach. Finally, governments with effective judicial systems that adhere to high-standard international treaties and conventions protecting investments and providing for arbitration create an environment in which investors are confident in the security of their investment.

The Checklist is structured in four sub-sections, which correspond to the policy categories listed above. Each sub-section consists of a series of evaluation criteria, presented as questions; followed by a list of metrics that can be used to assess how governments are performing on the questions posed.

The second part of each sub-section provides a set of Key Performance Indicators (KPIs), which provides useful metrics for assessing the extent to which a government satisfies each checklist question. This includes objective metrics available through public data sources, such as the World Bank's *Doing Business* report and *Investing Across Borders* project, as well as the World Economic Forum's *Global Competitiveness Report*.

I. Augmenting Government Project Planning and Coordination Mechanisms

| Assessment Question | Comments |
|---|----------|
| Does the government consistently offer projects that are part of an integrated infrastructure master plan? | |
| Does the government consistently offer projects with strong political and stakeholder support? | |
| Does the government consistently offer projects that are economically viable? | |
| Does the government consistently offer projects that provide value for money? | |
| Does the government consistently offer projects that are financially viable and creditworthy? | |
| Is seeking permits and regulatory approvals (for construction, operation, and so on) timely and predictable? | |
| Is the process for acquiring land timely and predictable? | |
| Is there a well-defined project preparation and procurement process, and are project evaluation criteria clear? | |
| Key Performance Indicator | Comments |
| If the largest five infrastructure projects commissioned in the last five years were part of a multi-year integrated infrastructure master plan | |
| Existence of a process to gather input from the private sector, project beneficiaries and relevant sector agencies, during project selection and implementation | |
| Existence of a process to evaluate whether projects are economically viable, before the government offers the projects for procurement | |
| Consistent use of a public sector comparator before a project is approved for PPP implementation | |
| Percentage of the projects bid out by the government over the last five years that achieved financial closure | |
| Government's ranking on the <i>Dealing with Construction Permits</i> indicator in the World Bank's <i>Doing Business</i> Report | |
| Average number of months it takes to secure land for an infrastructure project, from when funding for the project is secured to when land is fully acquired | |
| Government's ranking on the <i>Accessing Industrial Land</i> indicator in the World Bank's <i>Investing Across Borders</i> Report | |
| Training for government officials and private companies on anti-corruption codes, such as the APEC Hanoi Principles | |
| Periodic consultations between government officials and the private sector, at the regional level, through structures like the Asia Pacific Infrastructure Partnership (APIP) | |

II. Building a Strong Financial and Financing Environment

| Assessment Question | Comments |
|---|----------|
| Is there macroeconomic stability? | |
| Is the local currency suitable for foreign investment? <ul style="list-style-type: none"> - Is the local currency stable? - Is the local currency convertible? - Are there capital flow controls or constraints? | |
| Are there other mechanisms for investors to reduce currency risk? | |

II. Building a Strong Financial and Financing Environment (continued)

| Assessment Question | Comments |
|---|----------|
| Can investors raise debt to finance infrastructure projects? <ul style="list-style-type: none"> - Is there a debt market? - Is local currency debt available for long tenors? - Is there a credit culture being developed based on risk | |
| Are there local equity investors willing and able to invest for long-term returns? | |
| Key Performance Indicator | |
| Absence of major shocks in the exchange rate over the past ten years (a major shock could be a change in the value of the currency that is greater than 10 percent, within a seven day period ¹) | |
| Existence of a liquid, local-currency denominated, fixed-rate, medium-term (greater than five years) bond market for debt | |
| Government's ranking on the <i>Getting Credit</i> indicator from the World Bank's Doing Business Report. | |
| Government's ranking on the <i>Ease of Access to Loans</i> indicator in the World Economic Forum's Global Competitiveness Report. | |
| Government's ranking on the <i>Financing Through Local Equity Market</i> indicator in the World Economic Forum's Global Competitiveness Report? | |

III. Developing Robust PPP Mechanisms and Frameworks

| Assessment Question | Comments |
|---|----------|
| Do PPP structures match project financing norms? | |
| Are project risks assessed relative to appropriate risk benchmarks for similar projects? | |
| Do PPP contracting documents follow international best practices? | |
| Is there a credible plan to fulfill the government's commitment on PPP projects? | |
| Are there mechanisms to coordinate and gather input from ministries and other stakeholders during project preparation process? | |
| Do government officials know how to plan and execute PPP projects? For instance, are they competent and skilled in: <ul style="list-style-type: none"> - Financial modeling - Negotiating contracts - Contract management - Risk management | |
| Is there a clear pipeline of PPP projects and a timetable for executing them? | |
| Key Performance Indicator | Comments |
| Percentage of projects bid out by the government over the past five years that secured project finance debt | |
| Existence of a PPP process manual that explains the transaction preparation process | |
| Existence of a PPP policy or law that provides guidance for PPP procurement | |
| If PPP contracts from prior transactions contain sections that state key PPP parameters such as the rights and responsibilities of the parties involved, and the performance metrics against which the project will be evaluated | |

¹ Based on Bloomberg rates of June 28, 2013, of the countries in the Asia-Pacific region, only two currencies (the Indian Rupee and the Japanese Yen) experienced a change greater than 10 percent over the past 52 weeks

III. Developing Robust PPP Mechanisms and Frameworks (continued)

| Key Performance Indicator | Comments |
|--|----------|
| If the government made, in the past, allocations in the budget for required financial support for projects; and honored these commitments | |
| Existence of an inter-ministerial body that approves PPP projects | |
| If the government has successfully completed PPP transactions, where government officials conducted financial analysis, negotiated and managed contracts, and analyzed and managed project risks | |
| Existence of a clear pipeline of PPP projects and a timetable for executing them at the state or national level | |

IV. Creating and Maintaining a Strong Investment Environment to Attract Sufficient FDI

| Assessment Question | Comments |
|---|----------|
| Are there protections against arbitrary changes in policies or regulations? | |
| Are there laws, regulations and processes that deter corruption? | |
| Are taxes fair and consistently applied? | |
| Are foreign assets and contracts with foreign investors protected through international investment agreements? | |
| Does the government comply with international treaties and conventions on arbitration? | |
| Are property rights well-defined and consistently protected? | |
| Are foreign assets protected from expropriation without fair compensation? | |
| Are government officials coordinating their activities and approvals for foreign investment projects? | |
| Are government officials honoring the approvals granted by previous officials? | |
| Key Performance Indicator | Comments |
| Government's ranking on the <i>Efficiency of the Legal Framework in Challenging Regulations</i> indicator in the World Economic Forum's Global Competitiveness Report | |
| Government's ranking on Transparency International's <i>Corruptions Perception</i> Index | |
| Government's ranking on the <i>Diversion of Public Funds</i> and <i>Irregular Payments and Bribes</i> indicators in the World Economic Forum's Global Competitiveness Report. | |
| Government's ranking on <i>Extent and Effect of Taxation</i> indicator in the World Economic Forum's <i>Global Competitiveness Report</i> | |
| The number of double taxation treaties in force | |
| The number of international investment agreements in force | |
| The number of international investment agreements in force that provide broad protections for investments, including contracts between investors and the host government, all subject to neutral investor arbitration mechanisms | |
| Signing and implementation of the New York Convention on the Enforcement of Arbitral Awards, or comparable provisions | |
| Government's ranking on the <i>Arbitrating Commercial Disputes</i> indicator in the World Bank's Investing Across Borders Report. | |
| Government's ranking on the <i>Enforcing Contracts</i> indicator in the World Bank's Doing Business Report, and on the <i>Property Rights and Intellectual Property Protection</i> indicators in the World Economic Forum's Global Competitiveness Report | |
| Government's ranking on the <i>Protecting Investors</i> indicator in the World Bank's Doing Business Report and <i>Strength of Investor Protection</i> indicators in the World Economic Forum's Global Competitiveness Report | |



APEC Business Advisory Council

The Office of ABAC Chair 2013



6 September 2013

Ambassador Yuri O. Thamrin
APEC 2013 SOM Chair
Indonesia

Dear Ambassador Thamrin:

I am writing to present to you the APEC Business Advisory Council's (ABAC) "Enablers of Infrastructure Investment Checklist" and an accompanying report on infrastructure investment for use during your upcoming discussions on APEC's Multi Year Plan on Infrastructure Development and Investment (MYPIDI).

Developed with input from experts and the private sector, the Checklist is meant to convey the business community's perspective on policies and practices that enable an economy to attract and harness foreign direct investment (FDI) in infrastructure. It is intended to be used as a self-assessment tool that governments in the region can use to determine the extent to which their regulatory environments accommodate the needed capital, partnerships and long term planning mechanisms required for successful infrastructure development. To supplement the Checklist, we have also developed a report that covers the requisite policies and institutions needed for infrastructure development in greater depth and provides recommendations on how APEC can advance its work in this area.

We would be grateful if you and your colleagues would use the Checklist and Report to inform the development of the MYPIDI and where possible integrate the Checklist's self-assessment mechanism into official outcomes at the end of the year. ABAC has long championed policies that improve FDI flows in the region as well as steps needed to ensure that economies are well prepared to finance infrastructure projects and implement them through public private partnerships (PPPs). We applaud your effort to bring these important areas of policy together through the MYPIDI and are eager to provide business input into this important initiative.

Yours sincerely,

Wishnu Wardhana
ABAC Chair 2013

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