Perth USAsia Centre

INDO-PACIFIC
INSIGHT SERIES

Advancing the Australia-US-Japan infrastructure partnership through private sector engagement

Developing countries in the Indo-Pacific are in dire need of critical infrastructure to support their burgeoning markets and populations. This presents Australia, the US and Japan with an opportunity to step in and bridge this infrastructure gap, strengthening their foreign relations and demonstrating regional leadership. There is also a large, unrealised opportunity for the private sector to partner with government and deliver major projects with commercial returns. While Australia, the US and Japan have developed a trilateral infrastructure initiative and offered incentives to attract corporate partners, business has yet to capitalise on the available support. This report seeks to address the remaining barriers to public-private infrastructure partnerships in the Indo-Pacific and recommends specific actions for the three governments to consider.

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EXECUTIVE SUMMARY

- **There is massive unmet demand for both hard and soft infrastructure in the Indo-Pacific to support developing nations' burgeoning economies and populations.** Supporting infrastructure development is a powerful way for Australia, the US and Japan to demonstrate regional leadership, assist neighbouring countries to achieve developmental objectives, and further national interests.
- **Given Australia, the US and Japan's market-based economies, private sector engagement is pivotal to the success of their collective infrastructure efforts.** A trilateral infrastructure partnership established by these countries in 2018 aims to promote this agenda.
- **However, private sector engagement in these government initiatives remains embryonic.** This is despite Australia, the US and Japan recalibrating their national bureaucracies and infrastructure programming, working trilaterally, and establishing a certification scheme.
- **Existing trilateral partnership frameworks have not substantively changed the cost/benefit calculus for private sector infrastructure partners.** Business continues to be deterred by multiple risks, unreliable and limited data, and under-performing project pipelines.
- **New initiatives that help incorporate private sector players into regional infrastructure projects are now required.** These include the establishment of an Indo-Pacific infrastructure program to broker public-private collaborations and recalibration of national infrastructure planning mechanisms.

1 INTRODUCTION

There is huge demand for both hard and soft infrastructure in South and Southeast Asia and the Pacific to support their burgeoning economies and populations. The Asian Development Bank estimates that US$26 trillion will need to be invested in the Indo-Pacific between 2016 – 2030, or $1.7 trillion per year, in order to keep pace with growth, reduce poverty, and maintain quality of life. This is almost double the estimated $881 billion currently invested in the region annually[1]. Recognising the enormous challenge ahead, multinational development banks and individual countries have established programs to fill this infrastructure gap however, many of these mechanisms have yet to be fully activated and more effectively meet demand.

Developed countries such as Japan and the United States (US) have long appreciated the importance of infrastructure to the Indo-Pacific and been major donors in this space for decades[2,3]. Most recently in April 2021, the US and Japan met at the highest levels of government to discuss promoting high-speed fifth-generation (5G) wireless communication and clean energy in the Indo-Pacific[4]. Australia has also made a larger push in recent years to support the development of major infrastructure as well as joined with the US and Japan to form trilateral mechanisms to respond.

In 2018, Australia, the US and Japan established the *Trilateral Partnership for Infrastructure Investment in the Indo-Pacific*[5] (the Trilateral Partnership). The Trilateral Partnership seeks to deliver infrastructure to the region that upholds international best practice standards, reinforces developing countries' agency, and strengthens liberal-democratic processes. This agreement and program of works was created partly in response to China's major infrastructure program, the 'Belt and Road Initiative' (BRI). Announced in 2013, the BRI is poised to be colossal in scale: an estimated US$1 trillion will be used to build highways, railways, bridges and ports as well as a 'digital Silk Road' of telecommunication networks, fibre-optic cables, and satellites. The end result will be "a connectivity framework consisting of six corridors, six routes, and multiple countries and ports"[6] spanning from Europe to the Pacific.

While on one hand the BRI is addressing critical infrastructure needs, on the other, the underpinning rationale of Chinese investments appear to increasingly favour Beijing's strategic interests at the expense of the long-term debt sustainability and political agency of recipient nations. Apart from whether or not China is using the BRI to deliberately exert economic pressure over its neighbours, there is significant scope for Australia, the US and Japan to activate the Trilateral Partnership and build new infrastructure that will promote economic growth, demonstrate their regional leadership, and further shared national objectives.

The Trilateral Partnership, however, is being held back by its limited resources relative to multinational development banks and the BRI, which is compounded by a lack of corporate partners. Since its inception, a key priority has been to generate a steady-stream of public-private infrastructure projects, using industry capital to bolster the financial contributions of the three governments. However, the Trilateral Partnership – as well as Australia's individual efforts – has thus far failed to change business' risk calculus and activities remain confined to government-to-government agreements.

The Trilateral Partnership needs to better engage the private sector.

This report seeks to address impediments to Australia, the US and Japan striking public-private infrastructure partnerships in the Indo-Pacific and recommends specific actions for the three governments to consider. It proposes

the three countries establish an independently-operated Indo-Pacific infrastructure program to act as a 'front door', first-stop-shop for industry and brokerage service; proactive engagement by government of the private sector through a regular, major symposium; clear certification benchmarking standards communicated to industry; and a review of agencies' infrastructure programming to maximise private sector take-up. Through implementing these initiatives, the Trilateral Partnership stands to remove barriers to private sector engagement and increase prospects for delivering major infrastructure projects across the region.

2 INFRASTRUCTURE STRATEGIES OF AUSTRALIA, THE US AND JAPAN

In recent years, Australia, the US and Japan have all made reforms to their international development programmes, including in foreign infrastructure delivery. Despite these efforts, industry seems yet to be convinced of the benefits to it of these government frameworks and the type of support currently available.

In 2018, significant foreign policy legislation was passed to restructure existing US development agencies, transforming the Overseas Private Investment Corporation (OPIC) to form the US International Development Finance Corporation (US-IDFC)[7]. The improved US-IDFC was allocated US$60 billion (twice the funding of OPIC) and possesses new development finance tools to bolster business confidence such as small grants, local currency loans, loan guarantees, and equity investments[8]. Despite these incentives, the US-IDFC has been unable to attract a steady flow of corporate partners, which some attribute in part to a lack of communication with business and an inaccessible online interface[9].

Australia has made similar changes to its infrastructure financing toolkit. Export Finance Australia, Australia's export credit agency, provides small and medium enterprise and corporates with financial expertise and solutions to support infrastructure development in the region. In 2019, Export Finance Australia received an additional AU$1 billion in callable capital and an overseas infrastructure financing capability. The changes enabled Export Finance Australia to finance a wider range of projects across the region[10].

Australia has made broader global efforts too, including through the Group of 20 (G20). In 2014 under Australia's Presidency of the G20, Australia spearheaded the establishment of the Global Infrastructure Hub (GI Hub). Based in Sydney, the GI Hub was created to act as a bridge between government and business via providing data and best practice tools for infrastructure delivery worldwide as well as a project pipeline. However, as the GI Hub was established to pursue the G20's infrastructure agenda – not specifically Australia's – it is not dedicated to fostering Trilateral Partnership-private collaborations in the Indo-Pacific. In addition, while it offers a project pipeline that the Trilateral Partnership or business could draw from, this tool suffers from some of the same shortfalls as country-level infrastructure pipelines; that is, it lacks current and accurate data[11].

Of the three countries, Japan has experienced the most progress in maximising private sector involvement in the delivery of high-quality infrastructure projects. Notably, in 2016, Japan stepped up its commitment to working with industry when it announced the "Expanded Partnership for Quality Infrastructure"[12]. This program involves substantial financing of approximately US$200 billion, leverages government funding commitments to mobilise private sector investment, and additional funding for high-risk infrastructure projects[13]. Potentially, Australian and US' agencies tasked with infrastructure programming could take key learnings from Japan's method of engaging industry. Independent success aside, Japan stands to make a larger contribution in this space through more effectively combining its efforts with Australia and the US.

Australia, Japan and the US are also moving to coordinate their regional infrastructure efforts.

In November 2018, they announced the *Trilateral Partnership for Infrastructure Investment*[14]. The Trilateral Partnership value proposition has been that its offering is superior in terms of quality, transparency, debt sustainability, and environmental and social safeguards[15]. Higher quality infrastructure reduces life-cycle costs, resulting in better economic returns and a more sustainable asset. This benefits recipient countries over the long-term, and there is an appetite for such alternatives among countries in the region[16]. The Trilateral Partnership also emphasises the need to leverage private sector finance to deliver infrastructure projects, improving outcomes relative to purely state-financed programs.

- Announced in November 2019 and led by US-IDFC
- Seeks to certify infrastructure proposals of countries, companies, or individual projects themselves
- Certification is intended to improve the attractiveness of infrastructure bids and help developing nations make decisions about projects
- The scope of what will be certified has not yet been agreed by the trilateral
- Basis for the network was the G20 Principles for Quality Infrastructure Investment
- As of April 2021, no Blue Dot certification benchmarks have been announced and no certifications have been issued

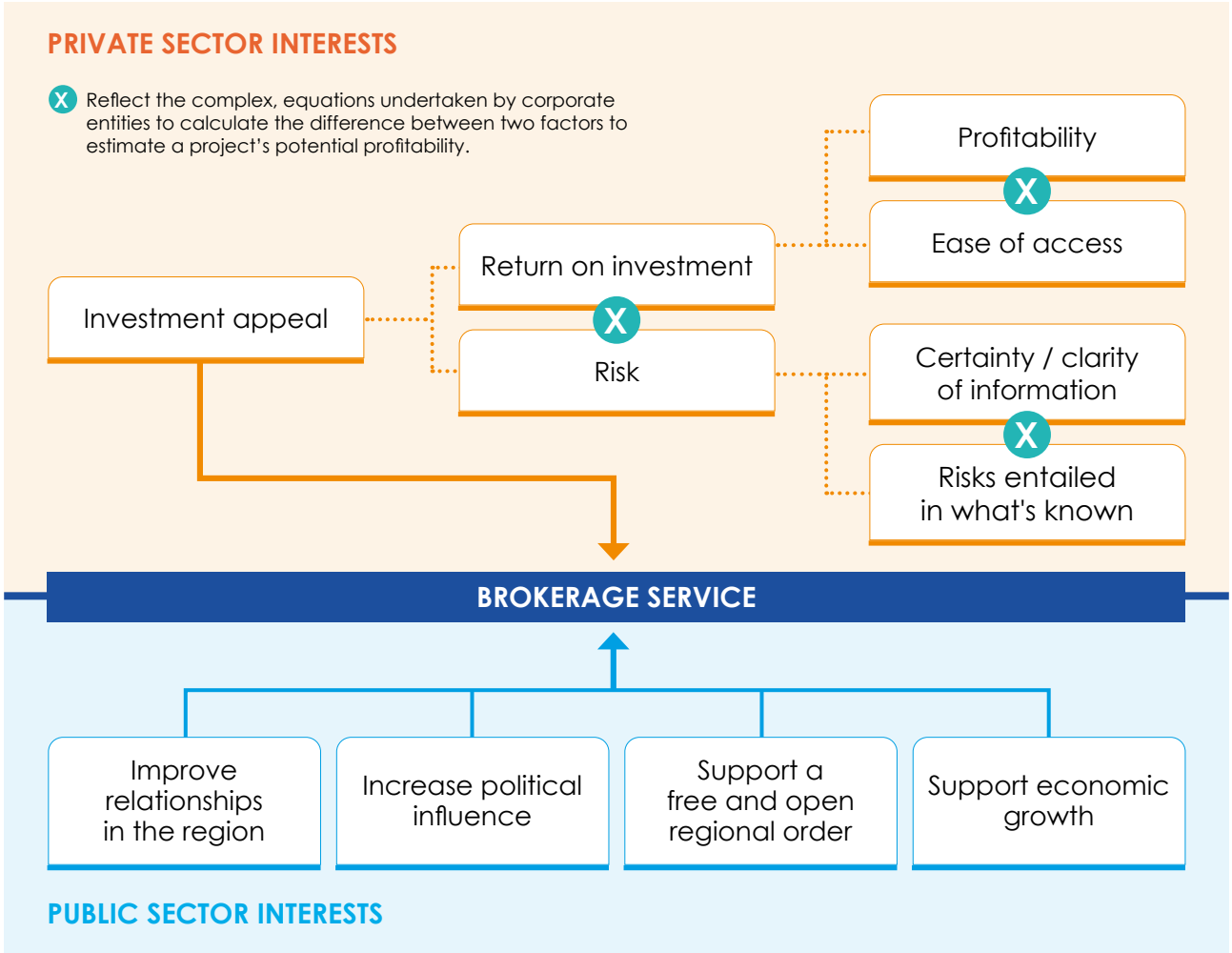
In November 2019, parallel to Trilateral Partnership efforts, the *Blue Dot Network* (BDN) was announced. The BDN aspires to certify government, private sector, and civil society infrastructure projects that meet international quality standards in order to reduce risk for private investors[17]. While primarily a certification body, it could help open the door to US$60 billion in capital in loans or equity via the US-IDFC, although specific mechanisms for how this can be achieved in practice are unclear. Despite announcing in mid-2018 their intention to forge public-private partnerships[18] and the Blue Dot initiative, no public-private partnerships have taken shape.

The first and only project under the Trilateral Partnership to date is a US$30 million undersea fibre optic cable connecting Palau with the Indo-Pacific that commenced in October 2020[19]. Further, the BDN has not certified any project as Blue Dot standards are yet to be outlined. The US hosted the inaugural BDN Steering Committee in January 2020 and the Committee is reported to have discussed a vision statement, membership criteria and responsibilities, with work to finalise certification benchmarks to continue "over the coming months"[20]. Unfortunately, the COVID-19 pandemic has since interrupted progress and, sixteen months after its announcement, the BDN criteria is still unknown[21].

Australia has similarly struggled to engage the private sector in its recent independent infrastructure efforts in the region. The Department of Foreign Affairs and Trade's (DFAT) Australian Infrastructure Financing Facility for the Pacific (AIFFP) is targeted at partnering with foreign governments and industry to deliver infrastructure to Pacific island countries. The AIFFP has access to AU$2 billion in funding[22] and has been operating for almost two years but has only delivered a handful of minor projects totalling approximately $6.5 million, with additional contributions "still to be negotiated"[23]. With DFAT's infrastructure programming and the Trilateral Partnership failing to entice companies to strike public-private infrastructure deals, it is useful to identify the remaining impediments from industry's perspective, then set out to rectify these.

3 BARRIERS TO PRIVATE SECTOR ENGAGEMENT IN INFRASTRUCTURE

Figure 1 – Private and public sector interests in infrastructure development



In bringing the public-private sectors together to deliver infrastructure, it is key to acknowledge the goals of government and of industry are not the same. On the public side, governments are interested in building infrastructure in the region to support economic growth, improve foreign relationships and increase influence, and further their shared goals of regional economic integration. Yet private sector partners fundamentally seek commercial objectives from projects – core amongst them, a profitable return on investment. This means the private sector has several requirements that are different to government including ease of access to the foreign market; confidence in the data underpinning the investment opportunity; and an accurate risk profile of the project, all leading to increased profitability for shareholders. These different drivers of the public and private sectors are expressed in Figure 1. What is needed to bridge this gap is a mechanism, performing a brokerage function, that allows private and public objectives to be negotiated and balanced. This mechanism could more astutely and proactively engage industry and reduce remaining barriers for business.

Taking on an infrastructure project outside a home market is a complex and risk-laden endeavour. An illustrative example is provided in the Papua New Guinea (PNG) Electrification Project currently being delivered by Australia, the US, Japan and New Zealand[24].

In this case, four governments have embarked on a project to provide greater connectivity for PNG: an extremely mountainous, remote, and culturally diverse nation[25]. Geographical issues, as well as challenges associated with law and order and working in communities where a social licence is required to operate requires additional assessment, planning, and risk mitigation practices[26], well beyond what would typically be required in developed countries.

The private sector's reticence regarding infrastructure projects in developing countries fall into three main categories.

1. HIGH PERCEIVED RISK RELATIVE TO OTHER INVESTMENT OPTIONS

   Companies seeking to invest capital in a new project have inherent reservations towards conducting business in developing countries where there may be different cultural norms, poor regulatory stability, and weak legislative processes. A common refrain of business is they will have no means of recourse in instances where part of all of their contracts fail to be honoured. In addition, companies have a tendency to over-cost risk and underestimate the return in developing countries[27], yet, conversely, they will do the opposite with investments in developed countries. These factors result in firms having a lower-risk appetite for projects in developing countries than in their developed domestic market, where the government can afford and agree to underwrite the risk.

   Sovereign risk also deters business. In circumstances where construction begins on an infrastructure project and there is a transfer of political power in the recipient nation, the development's specifications can be unilaterally altered by the new administration, negatively impacting profitability. This is the notion that large, unmoveable projects with long time horizons are "sunk assets" and therefore can become "hostages" – a core vulnerability for the global mining industry, for instance, where sovereign risk presents as "resource nationalism". Given this risk, coupled with the fact it can take decades for the company and shareholders to reap the rewards, industry is seeking long-term (20- to 30-year) certainty for its return on investment.

Prior to approving an infrastructure development, a project needs to be fully scoped to determine whether it is economically viable. These scoping costs and other up-front expenditure can run into several million dollars. Should the project become a failed investment, these costs are forfeit. Given the large initial planning expenses, companies are understandably hesitant to lose their investment should the project fail to materialise. In some instances where public start-up funds are on offer, industry may see this as a red flag signalling the project is not commercially viable in its own right, and suspect hidden problems down the line.

There are few tools for managing risks in failed infrastructure projects, which compounds industry reticence towards government priorities.

Added to this, there is no single entity that oversees infrastructure projects from start to finish, over its decades-long life cycle. The infrastructure pipeline is very long and would greatly benefit from a dedicated project manager to oversee progress over the duration of the asset. When new authorities are appointed at separate stages of the life cycle, they are exposed to different types and levels of risk, which in turn can result in poor management decisions, sub-optimal project outcomes, and diminished return. Without a single project manager, the pipeline becomes disjointed and this lack of continuity elevates the risk for business.

These factors all contribute to business' assessment of the economic viability of an infrastructure investment. Although governments may assess commercial value in an overseas venture and be willing to provide incentives to off-set business' risk, industry may not calculate the same level of risk/reward. The level of risk impacts the initial profit calculations that industry uses to determine whether or not a project is approved, meaning the separate methods governments and firms use to calculate risk

make a significant difference. If governments fail to calculate risk in the same way as commercial entities, the public incentives available to de-risk the investment may not reach the required level for business.

2. UNRELIABLE AND LIMITED DATA

Business relies on accurate data in order to calculate the potential return on an investment. Yet, this is often unattainable as the investment market may skew the information, withhold negative information, or genuinely lack reliable data. If a developing nation is in much greater need of one type of infrastructure over another, for instance energy production over transportation, but business assesses greater profitability in constructing the transportation project, the recipient country may seek to skew the data in favour of its priorities. In other instances, developing economies may promote a more positive investment picture than the reality to secure infrastructure investment that will attract a broader range of corporate investors: once large-scale infrastructure projects take hold in an emerging market, other sectors gain confidence to buy-in.

Another factor reducing data reliability is that this information is often provided at a sub-national level by local governments and municipalities that are, in effect, in competition with one another for foreign investment. Given the urgent need for infrastructure to improve livelihoods, each region can find itself jostling with neighbouring areas to win contracts, increasing the possibility they will exaggerate the benefits and minimise the risks of a development. As such, the private sector cannot always rely on the metrics available, and it faces additional costs and imposition to independently collect accurate in-country data.

3. UNDERPERFORMANCE OF EXISTING PROJECT PIPELINES

The GI Hub's infrastructure project pipeline is not currently up to date[28], greatly reducing its utility for business. The Asia Pacific Economic Cooperation (APEC) forum and Association of Southeast Asian Nations (ASEAN) also offer project pipelines but these are not playing the role industry requires. APEC's 2013 *Multi-Year Plan on Infrastructure Development and Investment* contained a commitment to generate a 'pipeline of bankable infrastructure projects' and ASEAN's 2019 *Initial Pipeline of ASEAN Infrastructure Projects* provides a list of nineteen connectivity-focused projects around Southeast Asia for business to consider. However, how these projects have been selected and prioritised is unclear. Likely, many have been selected based on highest developmental necessity and national government priorities as opposed to their commercial prospects. Not being geared towards private sector interests, this means these pipelines are of less benefit to business.

Table 1 – Key business risks facing Australian businesses in the Pacific

Risk	Comment
NETWORKS AND KNOWLEDGE	• In-country network of contacts viewed as fundamental to a successful presence. • Organisations with partners or working as a sub-contractor had significant advantages over businesses establishing a market presence for the first time
CULTURAL DIVERSITY	• The Pacific comprises a diverse range of countries, with different business cultures, beliefs, and faiths • New entrants to the Pacific region shouldn't underestimate the cultural diversity of countries (approach the market with an open mind) • No "one size fits all" approach to the Pacific
UNDERSTAND RISK	• Understanding the risk profile of customers • Understand opportunity / operational challenges and risks regardless of sector • This factor was heightened for those businesses operating in PNG • Payment risk was viewed as significant risk factor • Payments are slow with businesses expected to offer standard credit terms of 60 -120 days
UNETHICAL BUSINESS PRACTICES	• Potential exposure to corruption was identified as a major challenge for Australian businesses operating in the Pacific
GOVERNANCE AND REGULATION	• Government stability across the region was identified as a risk that requires acknowledgement and understanding by business • Larger companies indicated that this factor represented a key component of their engagement planning and risk profiling for projects • Business registration processes, taxation, tariff and duties, and insurances are major imposts for doing business in the Pacific.
COMPETITION IS INCREASING	• Aid money is influencing infrastructure opportunities (works funded by donor countries) • New companies (e.g. foreign construction) entering markets based on donor funds • Competition in the region is growing influenced by donor preference
SOCIAL LICENSE TO OPERATE	• In order to operate successfully in the Pacific region it is critical to gain a level of acceptance from local communities and government authorities • Develop a holistic engagement strategy when working within communities ('make good and do good for local communities')
RESOURCING AND SECURITY	• Meeting local labour content policies can be challenging for Australian companies needing technical skills • Law and order issues were highlighted as a significant issue facing businesses operating in Papua New Guinea remote areas

Source: Austrade Tebbutt Research 2019

4 FORGING EFFECTIVE PUBLIC-PRIVATE INFRASTRUCTURE PARTNERSHIPS

There are also factors complicating private sector engagement with Trilateral Partnership initiatives. From an industry perspective there are multiple entry points for it to approach infrastructure opportunities in the region. Companies have the option of partnering with multinational development banks such as the World Bank, Asian Development Bank (ADB), or Asian Infrastructure Investment Bank; regional blocs or multilateral frameworks such as APEC, ASEAN, or the European Union; individual governments; or with other private sector partners. On top of all of these, Australia, the US and Japan have their own infrastructure mechanisms: Australia's Export Finance Australia and AIFFP; US-IDFC; or the Japan Bank for International Cooperation (JBIC). This makes wading into the infrastructure development space a complicated and confusing endeavour for new private investors right from the beginning.

In order to streamline the process for industry, it should be presented with a single point of entry, 'first-stop-shop' to access the whole range of support available for specifically Indo-Pacific – not global – infrastructure development. The services this entity could provide would include a commercial-centric infrastructure pipeline; information on predicted return on investment; risk profiles; the type, amount, and conditions of government support available tailored to each project; and partnership options with local businesess.

A first-stop-shop would greatly improve private sector buy-in to government infrastructure initiatives.

The Trilateral Partnership presently lacks a defined process around how to prioritise infrastructure projects leading to a rolling project pipeline. Each country – Australia, the US and Japan – understandably has separate strategic infrastructure priorities for the region, plus, the US and Japan (unlike Australia) have multiple, large development agencies delivering foreign infrastructure projects, and these departments can be siloed in their operations and not always internally aligned[29]. These incongruencies among and within the Trilateral Partnership countries increase the difficulty in coordinating infrastructure activities, not to mention the extensive and wide range of infrastructure needs in the Indo-Pacific can scatter focus.

A body separate from the three governments that could independently assess infrastructure requirements and create a priority list based around commercial viability – not necessarily greatest development need, value to the Trilateral Partnership countries or various domestic agencies – could help address this problem and create a useful project pipeline.

Further, discussions with both the public and private sectors reveal an interesting dynamic at play: government agencies undertaking Trilateral Partnership activities appear to be waiting for business to approach them with proposals for infrastructure projects; whereas in the commercial world, if government is seeking corporate partners to achieve its ends, the expectation is it will proactively reach out to business with potential investment opportunities and type of offiicial support available. A mechanism that proactively brought government and industry together, provided new, emerging, or innovative ideas for infrastructure opportunities in the region as well as a forum to express individual interests and concerns could result in more public-private matches.

For example, the US-Japan-India Indo-Pacific Infrastructure Forum held in 2018 attracted private companies from the three countries and produced useful insights towards forging public-private partnerships. Key takeaways included that the private sector needs to engage local partners to deliver infrastructure, that local financing can be supplemented by bilateral and multilateral finance institutions, and potential national savings and innovation are the key to creating new sources of infrastructure financing[30]. For this reason, a regular annual or bi-annual infrastructure symposium that maintained and progressed these types of interactions and included Australia could be very beneficial for all parties.

5 STEPS TO AUGMENT THE TRILATERAL INFRASTRUCTURE PARTNERSHIP

Considering the above conclusions as a whole, a potential solution that emerges is the creation of a central hub or organisation that would be: focused specifically on the Indo-Pacific; a single point of entry for business; offer a brokerage service and other supporting functions; provide an independent, commercially viable infrastructure pipeline; and coordinate a regular infrastructure symposium. However, creating a new, stand-alone organisation such as a trilateral hub would add to the plethora of other similar initiatives and create additional delays, expense and bureaucracy. Instead, Australia, the US and Japan should consider founding an Indo-Pacific focused infrastructure program within an existing regional framework.

1. CREATE AN INDO-PACIFIC FOCUSED INFRASTRUCTURE PROGRAM WITHIN AN EXISTING MULTINATIONAL INVESTMENT ORGANISATION

This program could be called the Indo-Pacific Infrastructure Program (IPIP) and be nestled within a multinational development bank with a proven track record of providing quality infrastructure, such as the ADB. IPIP's main remit would be to provide a brokerage facility for industry, including aggregating data, conducting mapping exercises such as scoping both regional government and private sector appetite for specific projects, and recommending project-matches based on overlapping interest. To secure corporate buy-in, the program would assess individual infrastructure projects against established criteria and work with business to tailor specific incentives to offset the risk, whether in the form of additional field data, corporate partnerships with local enterprise such as sovereign wealth funds, or targeted loans and grants.

This tailored approach would ensure greater success in identifying the most attractive offerings for industry and creating a project pipeline.

The IPIP would be funded by the three governments out of existing resources allocated to the US-IDFC, JBIC and DFAT's infrastructure programming, but administered as a separate entity. This would remove some of the difficulty in negotiating infrastructure priorities between Australia, the US and Japan and wrangling each one's development agencies. The IPIP would be physically operated by finance experts, with support from multinational development bank officials, industry executives, and project managers with experience in regional markets. Staffing the program in this manner, rather than with government officials, is a potential solution posited by others, such as Greenwood (2020), who argues for the establishment of an infrastructure task force within the World Bank or ADB staffed by bank staff and asset managers[31]. The IPIP could be given a 24-month initial period of operations to prove concept, with progress reviewed at the end of the term.

Depending on the success of the IPIP it could be up- or down-scaled: up-scaling its mandate could include facilitating regional infrastructure development training and education whereby Australia, the US and Japan's considerable scoping and planning expertise could be made more available. Australia on its own has considerable knowledge and experience in the mining and energy sectors and could support local businesses in developing countries to enhance their operations in these fields into the future. The IPIP could also include scope for other countries, either within or external to the region, to provide financial contributions towards quality Indo-Pacific infrastructure projects delivered specifically through public-private partnerships.

2. PROACTIVELY ENGAGE BUSINESS VIA A REGULAR INDO-PACIFIC INFRASTRUCTURE SYMPOSIUM TO GENERATE COMMERCIAL INTEREST AND ADDRESS BARRIERS TO PUBLIC-PRIVATE PARTNERSHIPS

Once COVID-19 restrictions ease, DFAT could propose an expanded, follow-on infrastructure symposium to the 2018 US-Japan-India Indo-Pacific Infrastructure Forum. Leveraging the established US-Japan-India infrastructure trilateral as well as the recent momentum in the Australia-US-Japan-India Quadrilateral Security Dialogue (the Quad), a Quad-led Indo-Pacific Infrastructure Symposium could be established. Businesses from across the region – not just from the four lead countries – could be invited to the symposium. The event could include latitude for private, sideline discussions to help government quickly understand where the remaining roadblocks are for industry, such as on regulatory concerns, and compare and contrast public and private infrastructure priorities on a country and sectoral basis. This process and the event outcomes would help feed into the work of the IPIP, which itself could have a mandate to coordinate this symposium.

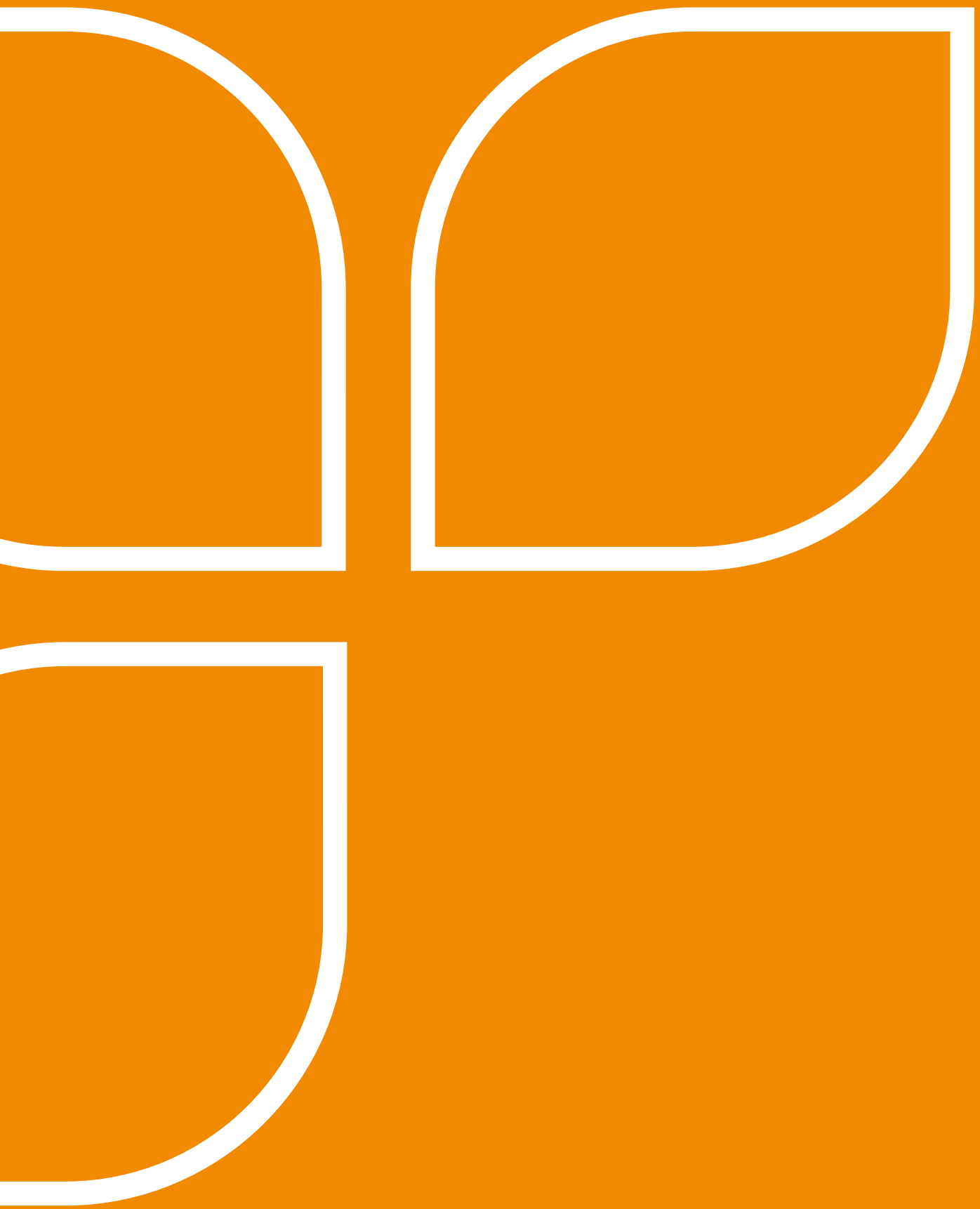
3. CLEARLY OUTLINE THE BLUE DOT NETWORK'S CERTIFICATION STANDARDS AND PROCEDURES TO ACCESS GOVERNMENT FUNDING AND CREATE INCENTIVES

To prevent the BDN from falling into obscurity, basic benchmarks must be specified and government platforms and external communication needs to clearly explain the process involved in accessing US-IDFC or other funds. In addition, the commercial benefits to certification should be extended beyond simple recognition of a business exercising best practice and possessing environmental and sustainability credentials. A BDN stamp of approval could include additional incentives such as preferential consideration for future Trilateral Partnership projects or the potential for fixed tariff legislation, whereby the investment country offered a long-term fixed agreement, alleviating some of the sovereign risk to business.

4. EVALUATE, REFORM AND IMPROVE ACCESSIBILITY OF DFAT'S INFRASTRUCTURE PROGRAMMING FOR BUSINESS THROUGH ASSESSING PARTNER MODELS

Australia's AIFFP and broader infrastructure programming could benefit from an internal review against the US-IDFC and JBIC to understand both the strengths and weaknesses of partner agencies' infrastructure programming. There could be valuable learnings from the US' experience of restructuring its development agencies to form the US-IDFC, and JBIC has a proven track record of success in working with Japan's private sector to deliver infrastructure. Part of improving the accessibility of infrastructure programming could include increasing the specificity of DFAT's programming for business. For example, DFAT, US-IDFC and JBIC should decide and communicate whether they prefer to deliver Trilateral Partnership support bilaterally, trilaterally or via multinational development banks – or a combination, depending on the specific project. Recalibrating DFAT's infrastructure initiatives to the specific needs of the private sector and effectively communicating these improvements will augment its capacity to leverage business involvement.

Delivering strategic infrastructure in the Indo-Pacific remains one of the most tangible ways to promote growth, demonstrate regional leadership, and further Australia, the US and Japan's shared interests. However, clearly there have been challenges to working trilaterally and securing private sector buy-in. The small and medium economies of South and Southeast Asia and the Pacific are looking to build critical infrastructure now to meet the demands of their populations and growth – they will not wait. There is a small and fast-closing window of opportunity for Australia, the US and Japan to capitalise on this unique moment. By addressing the remaining barriers to industry involvement and forging ongoing public-private partnerships, more critical infrastructure can materialise in the Indo-Pacific, underpinning growth and prosperity for decades to come.



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Perth USAsia Centre

ABOUT PERTH USASIA CENTRE

The Perth USAsia Centre located at The University of Western Australia is a non-partisan, not-for-profit institution strengthening relationships and strategic thinking between Australia, the Indo-Pacific and the USA. The Centre is a leading think tank focusing on geopolitical issues, policy development and building a strategic affairs community across government, business and academia. Since the Centre's inception in 2013, we have collaborated with over forty partners to convene more than four hundred programs across sixteen cities in eight countries, engaging a world-class community of over 10,000 strategic thinkers and policy leaders.

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