



SOUTHEAST ASIA ECONOMIC GOVERNANCE AND INFRASTRUCTURE FACILITY

Australia is committed to supporting Southeast Asian countries with the difficult reforms needed to unlock their economic growth potential and prepare and implement quality infrastructure projects.

The Australian Government is planning to invest AUD15 million per year into a new facility to support government-to-government partnerships and other Australian institutional linkages with Southeast Asia, aimed at improving economic governance for better infrastructure outcomes.

Australian agencies are well placed to partner with Southeast Asian counterparts and regional bodies including ASEAN through their common professional understanding of the work and the issues faced. Australia is keen to share the lessons and experience our governments and institutions have gained to help improve the infrastructure ecosystem in the region. The development of enduring relationships between Australian and Southeast Asian institutions has value for all parties and is expected to be strengthened through this new facility.

During July and August 2019 consultations were undertaken throughout Southeast Asia. A wide range of stakeholders provided insights into the opportunities for increased engagement, where Australian experience is of greatest relevance and how government partnerships may help support improved infrastructure decision-making and the preparation and implementation of quality infrastructure projects.

Acknowledging the G20 Principles for Quality Infrastructure Investment (June 2019), integrating climate change resilience and social considerations throughout the infrastructure investment cycle are considered essential to maximize positive impact and achieve sustainable growth and development. The facility is therefore expected to implement climate change resilience, gender equality and social inclusion as overarching principles.

There are three proposed focus areas for the facility that are intended to support improved infrastructure decision-making and draw on Australia's strengths and identified areas of expertise. Climate change, gender equality and social inclusion will be integrated throughout. The three proposed areas are:

- planning and prioritisation of projects
- implementation support for public infrastructure procurement (including traditional government budget-funded projects, public-private partnerships, contract management and service level agreements)
- sector policy and regulation (e.g. market operation and regulation, competition policy, oversight of infrastructure quality and pricing).

The facility is planning to support outcomes in these areas through four proposed mutually reinforcing approaches:

- a quick response mechanism featuring high calibre, internationally credible, senior advisers that will be available to provide advice at short notice to Southeast Asian governments and regional institutions
- long term engagement through government-to-government partnerships that will offer access to Australian government and industry expertise
- technical assistance that supplements and supports the government to government partnerships, and
- regional networking and learning, focusing on specific issues which bring together Australian know-how and countries in the region.

The facility, primarily through the quick response mechanism, is expected to identify opportunities for longer term partnerships between Australian and Southeast Asian agencies that support policy and regulatory reform in the three focus areas. Activities are expected to be selected based on issues and areas of engagement that:

- aim to deliver improvements in infrastructure decision-making
- draw on Australian distinctiveness and depth of expertise
- are complementary to the work of others
- deliver value for money
- strengthen government-to-government relationships.

The facility will build on Australia’s existing institutional and other relationships in Southeast Asia. This includes Australia’s embassies and high commissions, existing government-to-government relationships and Australian bilateral and regional investments in the region. The facility will also work closely with the multilateral development banks, other bilateral donors and regional institutions focussed on infrastructure-related issues.

The facility is expected to be led by DFAT and supported by high calibre contracted staff.

Design of the facility is anticipated to conclude in 2019 with operations expected to commence in July 2020.

Proposed focus areas and the areas of expertise DFAT expects to provide through the facility are outlined in the table below.

Focus Areas	Areas of Expertise
Overarching Principles	
Gender equality and social inclusion throughout infrastructure planning and delivery	<ul style="list-style-type: none"> - Accurate assessment of benefits of new infrastructure through understanding broader social impacts (e.g. access to services for women) - Improving risk management for government and private sector through community consultation
Strengthening climate change resilience in infrastructure planning and outcomes	<ul style="list-style-type: none"> - Reducing lifetime costs for infrastructure assets (e.g. due to reduced impact from weather events) - Improving infrastructure planning over a long-term horizon
Major Themes	
Planning and prioritisation of projects using a ‘gateway’ approach	<ul style="list-style-type: none"> - Rigour applied to successive ‘gates’ as a project moves from concept to business case to delivery strategy to benefits analysis - Application of consistent criteria and analyses used to evaluate projects at different gates - Improving cost-benefit assessments - Transparency of project pipeline to facilitate private sector involvement - Prioritising national and regional infrastructure planning, given needs and potential benefits
Implementation support for public procurement (including public–private partnerships)	<ul style="list-style-type: none"> - Improving skills in tender processes, bid evaluation and contract management - Improving outcomes of contract re-negotiation and/or dispute resolution - Procurement strategy (when to use public–private partnership models, how to decide) - Public–private partnership implementation for major projects under newly drafted public–private partnership laws
Sector policy and regulation (e.g. electricity transmission and distribution, water utilities, toll roads)	<ul style="list-style-type: none"> - Independent evaluation and enforcement of pricing for services - Efficient pricing frameworks (e.g. road pricing for different vehicle types) - Definition of service obligations (e.g. service provision for electrification) - Consumer protection policies, regulation and enforcement