

3rd Mekong-Australia Policy Dialogue Concept Note

Road to Recovery: Transforming Transport Infrastructure in ACMECS

17 November 2021

A prosperous and resilient Mekong sub-region is central to a strong Southeast Asia. The Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) aims to foster prosperity and an integrated ACMECS community through enhanced connectivity. Meeting the sub-region's immense infrastructure needs in a sustainable way is crucial to achieving this vision.

As part of a landmark package to support Southeast Asia's recovery from COVID-19, Australia is expanding cooperation with Mekong partners. New initiatives such as Partnerships for Infrastructure (P4I) and the Mekong-Australia Partnership (MAP) build on decades of Australian engagement in the sub-region and provide tools to accelerate sustainable infrastructure development.

Purpose of the 3rd Mekong-Australia Policy Dialogue (MAPD)

ACMECS has called on Development Partners to support the *First ACMECS Master Plan (2019-2023)*, including the 'living' list of ACMECS Prioritised Projects. Australia and Thailand will co-host the 3rd MAPD to explore ways to optimise the development of transport infrastructure for enhanced connectivity and more inclusive, sustainable growth in the sub-region. The 3rd MAPD will identify opportunities for practical cooperation among Australia and ACMECS members.

Context

Infrastructure is the backbone of all economies and a major driver of economic growth. But to provide a strong backbone and deliver lasting benefits, infrastructure development must be sustainable and meet the needs of the communities it serves. The COVID-19 pandemic has compounded the sub-region's immense infrastructure financing needs, highlighted new challenges and increased pressure on governments to improve infrastructure spending.

As governments seek to use infrastructure stimulus to drive recovery, the choices they make about project selection, design, financing and delivery will become even more significant. The IMF has found countries waste about one-third of infrastructure spending due to inefficiencies. Policy reforms and institutional strengthening are urgently needed to combat this and increase private investment.

In the 2020 Phnom Penh Declaration, ACMECS leaders encouraged Development Partners (DPs) 'to provide informational, technical and financial support to accelerate the implementation of key priority projects', 'stressed the significant role of public-private partnerships' and 'encouraged the private sector to take part'.

Themes

The overarching theme is *Road to Recovery: Transforming Transport Infrastructure in ACMECS*, with discussion framed around key challenges and opportunities, and aligned with ACMECS' infrastructure priorities. The central themes will include:

- **options to strengthen private sector participation** to meet ACMECS' transport infrastructure needs; and
- **socially beneficial and environmentally sustainable transport infrastructure** – the post-COVID-19 imperative.

Expected Outcomes

To drive resilient economic recovery and improve connectivity among ACMECS members, the 3rd MAPD will:

- explore how ACMECS' members and DPs are using transport infrastructure to drive their economic recoveries;
- gain a better understanding of sustainable financing options for infrastructure, including the policy reforms and institutional strengthening required to increase private investment;
- consider ways to ensure infrastructure benefits local communities and is environmentally sustainable, including by accelerating the transition to inclusive, low-carbon transport; and
- identify practical new cooperation activities through initiatives like P4I and MAP to support ACMECS' vision and help sustainably meet its members' infrastructure needs.

Participants

The 3rd MAPD will be a track 1.5 event bringing together ACMECS and Australian Government officials, with representatives of DPs and the private sector, and selected inputs from researchers and experts.