

**Summary Conclusions of the
First APEC Budget and Management Committee Meeting in 2010**

Hiroshima, Japan

24 February 2010

Introduction

1. The APEC Budget and Management Committee (BMC) held its first meeting in 2010 in Hiroshima, Japan on 24 February 2010.
2. The Meeting was attended by representatives from Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Peru; the Philippines; Papua New Guinea; the Russian Federation; Singapore; Chinese Taipei; Thailand; the United States of America (the USA); Viet Nam and the APEC Secretariat. The list of participants is in **Annex 1**.
3. The Meeting was chaired by Mr Jaya Ratnam, Director of International Economics Directorate, Ministry of Foreign Affairs, Singapore.

Agenda Item 1 : Chair's Opening Remarks

4. The Chair welcomed Senior Officials and BMC colleagues to the first BMC meeting of 2010.

Agenda Item 2 : Adoption of Agenda

5. The Chair noted a draft agenda (2010/SOM1/BMC1/001) was circulated on 10 February 2010. The Meeting adopted the proposed agenda.

Agenda Item 3 : Remarks by the Executive Director

6. Executive Director (ED) noted that the BMC was charged by Ministers and SOM to make recommendations on APEC budgets, administration, management and operations. As APEC continued with the reform initiatives, financial sustainability for APEC as well as improving project management process were two important subjects. ED was happy to see the Chair has placed strong focus on these areas in the BMC Work Plan. ED assured the BMC of the Secretariat's support in its work.

Agenda Item 4 : APEC 2010 Priorities (2010/SOM1/BMC1/007and 008)

7. 2010 APEC SOM Chairs gave a presentation on the APEC priorities for 2010. The BMC took note of the priorities.

Agenda Item 5 : 2010 BMC Work Plan (2010/SOM1/BMC1/002)

8. The Chair introduced the proposed BMC Work Plan for 2010 with responsible parties and timeline, which was drawn up based on the initiatives agreed by BMC at previous meetings and the follow-up actions on issues endorsed by the Ministers in 2009.
9. BMC approved the BMC Work Plan for 2010.

[Post-meeting Note: The Small Working Group on Project Management has worked out separately its work plan at its meeting.]

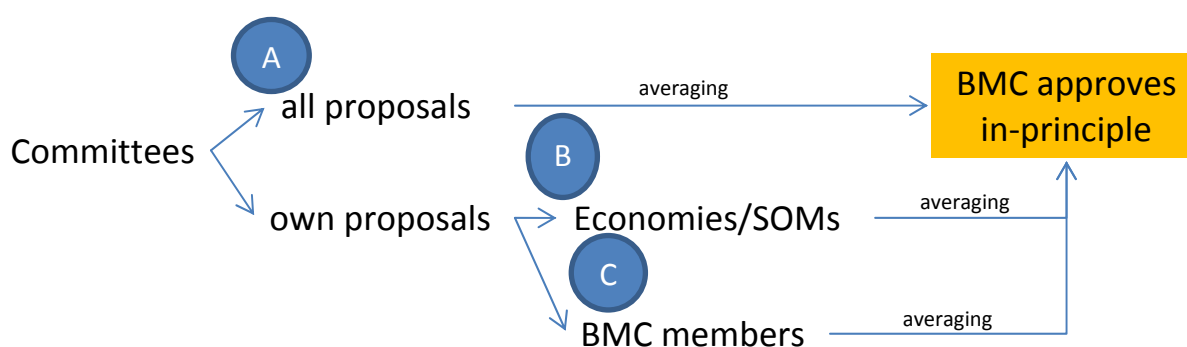
Agenda Item 6 : Project Management Reform

- **An update from the Project Management Reform (2010/SOM1/BMC1/006)**

10. The Head of the Project Management Unit (PMU) provided an update to BMC members as detailed in the paper 2010/SOM1/BMC1/006.
11. Members thanked the Secretariat for efforts to support the development of higher quality projects, and welcomed the Secretariat's information sessions and planned training from the USA TATF and Australian Effectiveness Grant. Members thanked Australia for funding a new PMU officer to focus on project design.
12. Members sought further details on using the APEC corporate credit card to pay for airline tickets. The Secretariat explained this was still being trialed. Mexico reported difficulties through a recent trial, as limited travel agencies accept overseas credit cards, but remained committed to improved and streamlined payment procedures. Chile expressed an interest in the trial.
13. Australia noted the limited progress on multi-year projects issues since the scoping paper discussed at BMC 3 2009. Australia offered to use the Effectiveness Grant to develop multi-year project procedures, and would present terms of reference for members' consideration by BMC 2.
14. The USA highlighted the need for monitoring and evaluation issues to be discussed at BMC 2. At that meeting, the USA TATF would be expected to report on its post-project evaluation consultancy currently underway. BMC would also need to give further consideration to its BMC 3 2009 decision to withhold 10% of project budgets in lieu of an evaluation report as a result of administrative and implementation concerns.
15. Members sought clarification on how the Secretariat used the new Funding Criteria to provide indicative rankings for project approval session 1. The Secretariat explained that the rankings done for Session 1 were based on 'topics' as listed in the criteria document. Some members were concerned at this simplistic approach to ranking, and stressed that future rankings should be based on whether the projects were substantively essential to, or supportive of, regional economic integration via free and open trade and investment. The Secretariat explained that as there was no guidance from the SCE as to how the Funding Criteria were to be implemented, the most straight-forward option was to allocate a rank based on the topic covered, rather than attempting a technical assessment as to whether the project was 'essential' or 'supportive' of regional economic integration. Members suggested that the Secretariat could ask Committee Chairs to check if the current rankings as indicated by the Secretariat were correct.
 - **Revised Edition of the Guidebook for APEC Projects (2010/SOM1/BMC1/004)**
16. The Head of the PMU presented a revised *Guidebook for APEC Projects* for members' intersessional comments. Members agreed to pass comments on the Guidebook to the Secretariat by **Wednesday 24 March 2010**.
17. Members provided some suggestions on the revised edition:
 - the Secretariat to undertake outreach steps when the Guidebook is completed to inform members of the changes and where to find information;
 - information about online project resources and standard documentation be communicated to Project Overseers when projects are approved;
 - the Guidebook should be a living document, available electronically. This would allow for updates as soon as BMC makes decisions; and
 - the Guidebook should contain a section that highlights upcoming changes, such as multi-year project procedures and changes to monitoring and evaluation processes.
18. The Secretariat undertook to incorporate these suggestions as far as possible into the next version of the Guidebook. The Secretariat would present a revised version of the Guidebook for members' consideration at BMC 2.
 - **Project Proposal Prioritisation: A Procedural Mechanism (2010/SOM1/BMC1/005)**

19. Australia introduced a possible alternative mechanism to selecting proposals for funding. The purpose of the new mechanism was to offer a robust prioritisation procedure that can effectively allocate APEC's limited funding across its diverse policy agenda.
20. Australia suggested that the key question for BMC was: *which body is best placed to compare and rank proposals across APEC?* Australia presented the pros and cons of three possible options: Committee, Economies, or BMC members. Australia reported that there was greater support for either Economies or BMC members to be designated "principal decision maker" to undertake this task, on the understanding that the ranking preferences of each Committee are respected. The presentation slides are in **Annex 2**.
21. Australia outlined a potential process flow for a possible new model:

Prioritisation : under Options A, B or C



Note: Under Option C, BMC has to maintain order of committee priorities.

Timeline for Option B or Option C

- Fora endorsement/ranking
- Proposal Submission deadline*
- Secretariat collates fora rankings/sends to Committees (1 day)
 - CTI/EC/SCE/SFOM members rank by broadband rank and within each broadband rank (1 week)
 - Secretariat averages member ranks into 4 final Committee rankings/sends to principal decision-maker (1 day)
 - Economies or BMC members rank necessary broadband ranks (2 weeks)
 - Secretariat averages 21 economy rankings (1 day)
 - BMC approves in-principle funding allocation (3 days)
- Then: PO prepares full proposal in collaboration with Secretariat
 Fora QAFs full proposal
 Proposal submitted; Secretariat responds within two weeks
- process can be repeated until successful or BMC in-principle approval revoked at next project submission deadline

22. Following extensive discussion, members agreed that:
 - (i) A holistic approach to project selection was essential given the demands on a limited pool of project funding. Ranking across Committees could also lead to better communication and cross fertilization of ideas in APEC, and it offered a practical way to implement the SOM endorsed Funding Criteria.
 - (ii) Each economy's 'principal decision maker' is required to maintain the priority order of Committees, and is strongly encouraged to consult their colleagues from different Committees as appropriate.

- (iii) SFOM proposals be considered independently and not covered by either CTI, SCE or EC.
- (iv) Delinking priority and quality assessments had potential to be the most effective and efficient way to focus ECOTECH on achieving APEC strategic goals, and could benefit developing economies in submitting successful proposals.
- (v) A review of this trial would be undertaken by the Secretariat, with results to be presented at BMC 3. Some members were interested in the distribution of projects to developing member economies under a 'de-linked' selection procedure.

[Post-meeting Notes: Following intersessional consultations, BMC agreed that the 'principal decision maker' would be each economy's nominated delegate, which could also be the economy's BMC delegate.]

- 23. Members agreed that a trial of this approach would take place at project approval session 2, the earliest implementation date possible. Under Australia's lead, members agreed to work intersessionally to develop detailed procedures. The Small Working Group on Project Management would consider what updates would be required to the Quality Assessment Framework, Concept Note and the quality assessment criteria in the context of the planned session 2 selection procedures and the SOM endorsed ECOTECH Priorities.
- 24. The BMC Chair would be consulting intersessionally with other Committee Chairs on the new approach to selecting and funding projects, and instructed the Secretariat to start briefing APEC groups on the planned arrangements for project approval session 2 as soon as possible.
- 25. The BMC Chair suggested that for the current approval session underway, the status quo be maintained and quality be used to differentiate proposals within each rank. Members agreed, noting that this would cause the least amount of disruption and confusion to other fora.
- 26. The BMC Chair thanked all members for the quality of discussion and engagement on a complex topic, and particularly thanked Quinton Devlin from Australia for his dedication and valuable contributions to BMC over the past two years.

Agenda Item 7 : Other Business

- **BMC meeting Calendar in 2010**

- 27. The Meeting confirmed that the BMC would meet again on 13-14 April in Singapore and at the margins of SOM 3 in Sendai, Japan. Australia commented that there was a potential for BMC 1 to become a full meeting considering the substantial agenda of the BMC.

Agenda item 8 : Classification of Documents

- 28. The Meeting noted the classification list and suggested papers no. 2010/SOM1/BMC1/004 and 005, which were work-in-progress documents, remain restricted pending final approval of BMC.

Delegates to BMC - Attendance at BMC 1
Hiroshima, 24 February 2010

Economy: Australia				
	Name	Designation/ Position	Department/ Division	Ministry/ Organization
1.	Mr Quinton Devlin	Director	APEC Branch	Department of Foreign Affairs & Trade
2.	Ms Susan Wilson	Director	Asia Regional Section	AusAID
3.	Mr Simon Moore	Executive Officer	APEC Branch	Department of Foreign Affairs and Trade
Economy: Brunei				
1	Md Hakashah Hj Abd Samad	APEC DESK		Foreign Affairs and Trade
Economy: Canada				
	Name	Designation/ Position	Department/ Division	Ministry/ Organization
1.	Ms Tara Preston		International Economic Relations	Foreign Affairs and International Trade Canada
Economy: Chile				
	Name	Designation/ Position	Department/ Division	Ministry/ Organization
1.	Ms Marcela Otero		APEC	General Directorate for International Economic Affairs/MFA
2.	Myriam Duran		APEC	General Directorate for International Economic Affairs/MFA
3.	Ms Kareen Garrido	Coordinator	APEC	General Directorate for International Economic Affairs/MFA
Economy: China				
	Name	Designation/ Position	Department/ Division	Ministry/ Organization
1.	Mr Zhang Yaqiang	Deputy Director	APEC Division, Dept. of International Organizations and Conferences	Ministry of Foreign Affairs
2.	Mr Feng Jun	Officer	APEC Division, Dept. of International	Ministry of Foreign Affairs

			Organizations and Conferences	
3.	Mr Sun Xudong	Director	Department of International Cooperation	Ministry of Finance
Economy: Hong Kong, China				
	Name	Designation/ Position	Department/ Division	Ministry/ Organization
1.	Ms Maria Kwan	Senior Official/ Director-General of Trade and Industry	Trade and Industry Department	The Government of the Hong Kong SAR
2.	Miss Leonia TAI	Deputy Director- General of Trade and Industry	Trade and Industry Department	The Government of the Hong Kong SAR
3.	Ms Eva Y L Yam	Assistant Director- General of Trade and Industry	Trade and Industry Department	The Government of the Hong Kong SAR
4.	Ms Diana Lee	Trade Officer	Trade and Industry Department	The Government of the Hong Kong SAR
Economy: Indonesia				
	Name	Designation/ Position	Department/ Division	Ministry/ Organization
1	Ms Adelia Ogantini	Official	Directorate of Intra-Regional Cooperation for Asia- Pacific and African Affairs	Department of Foreign Affairs
2	Ms Erma Rheindrayani	Official	Directorate of Intra-Regional Cooperation for Asia- Pacific and African Affairs	Department of Foreign Affairs
Economy: Japan				
	Name	Designation/ Position	Department/ Division	Ministry/ Organization
1.	Mr Takuya Sasayama	Director	APEC Division, Economic Bureau	Ministry of Foreign Affairs
2.	Mr Kosuke Amiya	Deputy Director	APEC Division, Economic Bureau	Ministry of Foreign Affairs

3.	Mr Makoto Kumei	Deputy Director	APEC Division, Economic Bureau	Ministry of Foreign Affairs
4.	Ms Minori Ishii	Official	APEC Division, Economic Bureau	Ministry of Foreign Affairs
5.	Mr Yoshifumi Fukunaga	Principal Deputy Director	APEC Office, Trade Policy Bureau	Ministry of Economy, Trade and Industry
6.	Mr Naoki Yamaoka	Assistant Director	APEC Office, Trade Policy Bureau	Ministry of Economy, Trade and Industry
7.	Mr Takashi Matsumoto	Director	International Affairs, Customs and Tariff	Ministry of Finance
8.	Ms Rica Tokai	Assistant Director	Office of Regional Customs	Ministry of Finance
Economy: Korea				
	Name	Designation/ Position	Department/ Division	Ministry/ Organization
1.	Dr Bek Bunhyum	Director	Regional Cooperation Division	Ministry of Foreign Affairs and Trade
2.	Mr Gu Kyo-hym	Deputy Director	Regional Cooperation Division	Ministry of Foreign Affairs and Trade
3.	Ms Lee Soojin	Deputy Director	Regional Cooperation Division	Ministry of Foreign Affairs and Trade
Economy: Malaysia				
	Name	Designation/ Position	Department/ Division	Ministry/ Organization
2.	Ms Norshahida Zolkiaply	ASSISTANT DIRECTOR	APEC Division	Ministry of International Trade and Industry, Malaysia
Economy: Mexico				
	Name	Designation/ Position	Department/ Division	Ministry/ Organization
1.	Ms Monica Contreras Rosales	Acting SOM	Director for Multilateral Regional Negotiations	Ministry of Economy
Economy : New Zealand				
	Name	Designation/ Position	Department Division	Ministry/ Organization

1	Mr Stephen Payton	APEC Senior Official		Ministry of Foreign Affairs and Trade
4	Ms Jennifer Wilton	Policy Officer		Ministry of Foreign Affairs and Trade
Economy: Papua New Guinea				
	Name	Designation/ Position	Department Division	Ministry/ Organization
1	Mr Ignatius C. Kadiko	Deputy Secretary	Policy and Admin	Department. OF Commerce and Industry
Economy: Peru				
	Name	Designation/ Position	Department/ Division	Ministry/ Organization
1.	Mr Luis Quesada	SOM Peru	Director General of Asia-Pacific Affairs	Ministry of Foreign Affairs
2.	Mr Julio Chan	APEC Director	Vice-Ministry of Foreign Trade	Ministry of Foreign Affairs & Tourism
Economy: Philippines				
	Name	Designation/ Position	Department/ Division	Ministry/ Organization
1.	Mr Ryan Francis Gener	Special Assistant	Office of the Undersecretary for International Economic	Department of Foreign Affairs
3	Ms Marie Sherylyn D'Agua			Department of Trade and Industry
Economy: Russia				
	Name	Designation/ Position	Department/ Division	Ministry/ Organization
1	Sergey Kurilov	Second Secretary	Department of Asia-Pacific Regional Affairs	Ministry of Foreign Affairs of the Russian Federation
Economy: Singapore				
	Name	Designation/ Position	Department/ Division	Ministry/ Organization

		Position	Division	Organization
1.	Mr Ho Meng Kit	APEC Senior Official		Ministry of Foreign Affairs
2.	Ms Koong Pai Ching	Deputy Director	International Economics Directorate	Ministry of Foreign Affairs
3.	Ms Zahabia Saleem	Desk Officer	International Economics Directorate	Ministry of Foreign Affairs
Economy: Chinese Taipei				
	Name	Designation/ Position	Department/ Division	Ministry/ Organization
1.	Chen Chiung-Yu	Secretary	Department of International Organizations	Ministry of Foreign Affairs
Economy: Thailand				
	Name	Designation/ Position	Department/ Division	Ministry/ Organization
1	Chulamane Chartsuwan	Director	Department of International Economic Affairs	Ministry of Foreign Affairs
2	Patcharamon Siriwatana	Second Secretary	Department of International Economic Affairs	Ministry of Foreign Affairs
Economy: USA				
	Name	Designation/ Position	Department/ Division	Ministry/ Organization
1.	Ms Michele Dastin-Van Rijn	Deputy Director	Bureau of East Asia and Pacific Affairs, Office of Economic Policy	Department of State
2.	Mr Dillion Green		Bureau of East Asia and Pacific Affairs, Office of Economic Policy	Department of State
Economy: Vietnam				
1	Le Bui Ngoc	Official	APEC - ASEM	Ministry of Industry and Trade
APEC Secretariat				
1	Amb Muhamma Noor Yacob	Executive Director		APEC Secretariat
2	Winsome Au	Director (Finance)		APEC Secretariat

Annex 1

3	Catherine Wong	Program Director		APEC Secretariat
4	Evelyn Loh	Program Director		APEC Secretariat
5	Hiroko Taniguchi	Program Director		APEC Secretariat
6	Phanpob Planggrayoon (Art)	Program Director		APEC Secretariat
7	Stephen Wong	Program Director		APEC Secretariat
8	Sun Tao	Program Director		APEC Secretariat
9	Takeshi Komoto	Program Director		APEC Secretariat
10	Tran Bao Ngoc	Program Director		APEC Secretariat
11	Vincent Liu	Program Director		APEC Secretariat
12	Joanne Lovejoy	Program Director		APEC Secretariat
13	Helmut Lagos	Program Director		APEC Secretariat
14	Zaireen Omar	Program Director		APEC Secretariat
15	Linda A Carroll	Director (Communications and PA)		APEC Secretariat

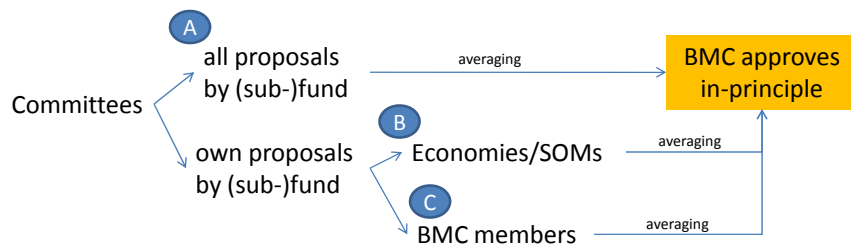
Project Proposal Prioritization Mechanism

Why?

1. Limited funds (\$8 million in 2010) and diverse policy agenda (38 fora)
 - consider proposals as a single group to ensure highest priority projects get funded first
2. Address concern that good ideas not funded because fail quality test
3. Opportunity to implement recent decisions:
Funding Criteria; concept notes; transparent voting;
multi-year projects

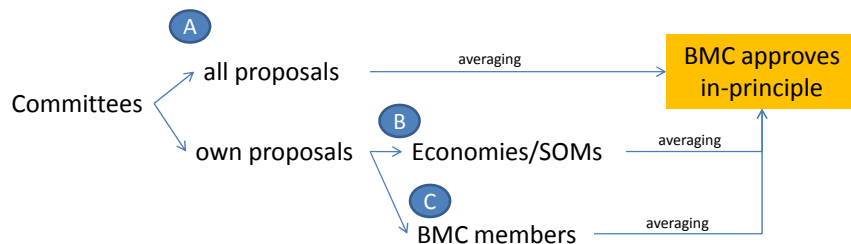
How?

- Key question: which APEC body is best placed to compare and rank proposals emanating from different Committees and their sub-fora?



... based on SOM-endorsed Funding Criteria

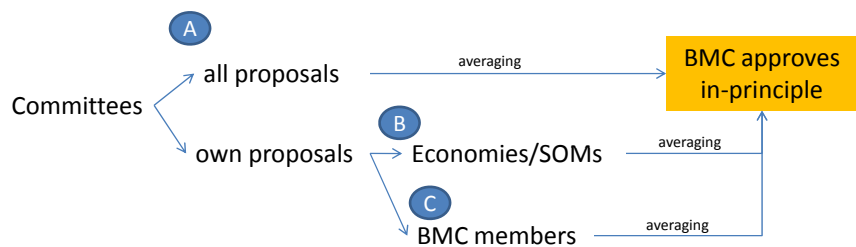
How?



Option B or C: TILF projects (current approval session)

<u>CTI</u>	<u>SCE</u>	<u>EC</u>	
1	1	1	18 projects
2	2		16 Rank 1 projects
3	3		Funding available for approx. 11
4			
5			
6			
...			
12			

How?



Option B or C: TILF projects (current approval session)

<u>Final Rank</u>	<u>SCE</u>	<u>EC</u>
1	1	1
2	2	
3	3	
4		
5		
6		
...		
12		

- maintain order of committee priorities

Timeline for Option B or Option C

- Fora endorsement/ranking
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 Fora QAFs full proposal
 Proposal submitted; Secretariat responds within two weeks
 - process can be repeated until successful *or* BMC in-principle approval revoked at next project submission deadline

When?

If trial at Approval Session 2 (June), must:

- consult other Committees immediately
- introduce concept notes now
- procedures for Committees, Economies and Secretariat
- review Quality Assessment Framework
 - ‘relevance’; cross-cutting methodologies

Alternative: finalize at BMC2; trial at Approval Session 3 (October)

- implication: quality still the key filter at Approval Session 2