

Summary Conclusions of the First APEC Budget and Management Committee Meeting in 2013 Jakarta, 2 February 2012

Introduction

1. The APEC Budget and Management Committee (BMC) held its first meeting for 2013 in Jakarta on 2 February 2013.
2. The Meeting was attended by representatives from Australia; Brunei Darussalam, Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico, Papua New Guinea; Peru, the Philippines, the Russian Federation; Singapore; Chinese Taipei; Thailand; the United States of America; Viet Nam and the APEC Secretariat. The list of participants is at [2013/SOM1/BMC/PL](#).
3. The Meeting was chaired by Ms Alexandra Litvinova, Deputy Division Head, Division for Multilateral Financial Cooperation, Department for International Financial Affairs, Ministry of Finance of the Russian Federation.

Agenda Item 1: Chair's Opening Remarks

4. The Chair welcomed BMC colleagues and representatives of the APEC Secretariat to the meeting. On the invitation of the Chair, the Vice-Chair went through the business arrangements for the meeting. The Chair also introduced the newly appointed Executive Director of the APEC Secretariat, Dr Alan Bollard.

Agenda Item 2: Adoption of Agenda

5. Chair noted that neither she nor the Secretariat received any adverse comments on the proposed draft agenda ([2013/SOM1/BMC/001](#)) which was circulated on 11 January 2013.
6. The meeting adopted the Agenda.

Agenda Item 3: Remarks by the Executive Director

7. The Executive Director remarked that the APEC Secretariat was a relatively small organization complicated in governance, funding arrangements and operation. He would present the 2013 APEC Secretariat Operational Plan to the First Senior Officials' Meeting (SOM) and the budget to the second Budget and Management Committee later in 2013.

Agenda Item 4: APEC 2013 Priorities

8. Mr Arto Suryodipuro, Director for Intra-Regional Cooperation, Asia Pacific and Africa of Indonesia's Department of Foreign Affairs, welcomed members to Indonesia and introduced the 2013 APEC priorities, namely:
 - (a) Attaining the Bogor Goals;
 - (b) Achieving sustainable growth with equity, with foci on supporting competitiveness of SMEs and women, food security, financial inclusion and health; and
 - (c) Promoting connectivity, with efforts to strengthen physical, institutional and people-to-people connectivity. Amongst others, the ocean should be promoted as a medium for connectivity.
9. Mr Suryodipuro said that Indonesia had high expectation on the BMC in supporting APEC's work in the priorities, especially through its role on project management. He hoped that the selection of APEC projects would be aligned with the 2013 funding criteria.
10. The Chair invited members to note and support the 2013 priorities, particularly through financing projects.

Agenda Item 5: 2013 BMC Work Plan

11. The Chair introduced the proposed BMC Work Plan for 2013 as set out in paper 002. On the finance side, the more major work for 2013 would include:
 - (a) Considering the AA budget and Members' contributions for 2014 to 2016 in BMC2 and recommending the 2014 budget and Members' contributions for SOM's consideration in SOM3;
 - (b) Considering options for utilization of uncommitted reserve in AA in excess of US\$1 million, including the option for transferring the funds to the Operational Account (OA) to support APEC projects. The Secretariat would submit the proposals for the BMC's consideration in BMC2, alongside the three-year rolling budget;
 - (c) BMC agreed in 2002 that the frequency of changing auditors, subject to good performance, should be between four and six years. The incumbent external auditor Ernst & Young would complete their sixth year of service this year. BMC should consider the appointment of a new external auditor to audit the Secretariat's accounts starting from financial year 2013; and
 - (d) As an on-going effort to improve processes in project management, the Secretariat would review and examine options to streamline financial processes during project implementation. It aimed to balance the need for flexibility with that of financial prudence, accountability and transparency.
12. In terms of progressing work on the key project management reforms, the Chair informed the meeting that:
 - (a) Emphasis would be placed in 2013 on completing the pilot phase of the Multi-year projects after Session 1, and subsequently undertaking a mid-term review of the pilot phase in mid-2013;
 - (b) Work had been progressed on the proposed long term evaluations of APEC projects. The Small Working Group on Evaluations together with the Secretariat have progressed work to select two consultants to undertake this work. The first output has been completed and the paper is presented to members for consideration; and
 - (c) The Secretariat also aims to undertake a review of existing project management systems with a view to improving their overall utility and effectiveness. This includes a review of the existing project selection processes to ensure that the highest priority, and best quality projects were selected.
13. On the Chair's invitation, the Executive Director of the APEC Secretariat added that going forward the Secretariat would take into account the bigger picture for APEC finances. For example, on top of the fixed Members' contributions, APEC also received a substantial amount of voluntary contributions and contributions in-kind. He also informed the meeting that the Secretariat should review the 2013 AA budget to take into account the latest information on the 2013 meeting calendar that affected the travel budget. The Executive Director highlighted the more important issues in the coming years, namely the funding arrangements for projects including multi-year projects (MYPs), and that he would also look into the governance in the APEC Secretariat such as the delegation of authority in financial matters.
14. The Chair invited the Director (Finance) of the APEC Secretariat to introduce the suggestion in forming a small working group under the BMC to consider the issues of the AA uncommitted reserve and the Secretariat's expenditure. The Director (Finance) explained that the objectives for forming the small working group were to closely engage members and to take their views into account in the formulation of options for deploying the reserve. The reserve was related to other financial issues, including the expenditure pattern of the

Secretariat, the timing for Members' contributions to come in, cash flow requirements, etc.. As one of the options was to transfer some of the reserve to support APEC projects, the issue of project funding would also be considered. The Secretariat would provide the facts, analysis and recommendations, including the level of reserve and the timeframe for deployment for the consideration of the small working group. The small working group would operate inter-sessionally before BMC2. Subject to members' agreement in establishing the small working group, the Secretariat would draft the terms of reference (ToRs) and propose a work plan.

15. Australia, Hong Kong, China, Japan, Singapore, and the United States indicated interest in joining the small working group. The Philippines requested the Secretariat to provide the ToRs for the group as soon as possible.
16. There being no adverse comments, the meeting agreed to set up a small working group to look into the issues as highlighted in the deliberation. The meeting also approved the 2013 BMC Work Plan.

Agenda Item 6: Project Management

6.1 Project Management Unit Report

17. The Director (Project Management Unit (PMU)) introduced the PMU Report as set out in paper 003:
 - (a) A total of 103 projects (15 projects from the OA, 20 projects from the Trade and Investment Liberalisation and Facilitation Fund (TILF) and 68 projects from the APEC Support Fund (ASF) and the sub-funds) at a total value of US\$11.5 million were approved in 2012. This represented 48% of the Concept Notes submitted for funding;
 - (b) Based on feedback received from members the PMU update report now includes more statistical analysis (as Attachments);
 - (c) In providing an update on MYPs, Director PMU confirmed that nine MYPs had been approved for funding so far with three more in the pipeline. The three new MYPs, focus on topics such as wine regulation, food security and gender issues respectively, are seeking funding from ASF. The Concept Notes will be submitted to Principal Decision Makers and subsequently to BMC for in-principle approval. In accordance with the established policy framework for MYPs agreed by members, these projects are funded on an annual basis. Not all the funds required by the project had been set aside for them. A review of existing processes for MYPs, including the funding arrangements, would be undertaken in mid 2013;
 - (d) In view of members' comments a review of the existing ranking and prioritization process will be undertaken in 2013 with the aim to streamline processes and clarify terminology used which is causing some concern. The Secretariat took on board members' proposal to combine the proposed review of the ranking and prioritization process with the work of the Small Working Group on Evaluation (SWGE). The Secretariat will prepare a background paper on the topic for Members' consideration in April 2013;
 - (e) The Secretariat received a response rate of 60% from Project Overseers (POs) on a survey of project-related issues. Survey findings and the summary report on project monitoring and completion reports would be submitted to the BMC in March 2013; and
 - (f) Digitisation of Guidebook on APEC Projects had been completed and the upgraded Project Database would be operational later in 2013.
18. Japan supported to review the ranking and selection of projects to streamline the process. Japan informed that there are some voices that the system of project selection is complicated

and difficult to understand. Therefore, Japan expected that, through this review, the system needs to be more simplified and clarified. Australia and Indonesia also supported the incorporation of the review into the scope of work of SWGE.

19. The meeting noted the PMU report and agreed to the recommendations therein. The meeting also agreed to expand the existing SWGE ToRs to reflect the work of the newly proposed working group on project ranking and prioritization. The ToRs for the SWGE will be amended accordingly and members' approval sought inter-sessionally. Australia and Chinese Taipei (who currently Co-Chair the SWGE) agreed to chair this expanded group.

6.2 Extended 2011 Projects (2013/SOM1/BMC/004)

6.3 Financial Reports for Completed and Ongoing Projects (2013/SOM1/BMC/005)

20. The chair noted that papers 004 and 005 are regular information papers. There being no questions from the floor, the meeting noted both papers.

6.4 Project Management Reform – Long Term Evaluations of APEC Projects - Presentation by the External Consultant (2013/SOM1/BMC/006)

21. Ms Erin Weiser, one of the two consultants engaged by the Secretariat in the Long Term Evaluations of APEC Project, presented on the draft framework and methodology for the evaluations work (the first deliverable under this exercise). The next steps involve the selection of the pilot groups for testing out the draft methodology. One of the challenges highlighted in undertaking this work is the dearth in project related statistics and baseline information required to assess impact. The findings of the pilot evaluation will be shared with Members at the end of July 2013. A copy of the presentation is at **Annex**.
22. Australia, one of the co-chairs of SWGE, added that the SWGE met on 1 February and was very supportive of the evaluation work. He hoped that the best practices in some projects could be replicated in others. As a contributor to the APEC Support Fund and its sub-funds, Australia hoped to ensure that the fund had been used effectively.
23. The Philippines suggested that ECOTECH medium term priorities should be reflected in the evaluation in assessing the relevance of projects. He also welcomed the coverage of self-funded projects in the review to improve the BMC's oversight of self-funded projects, if they fell under the BMC's purview. In response, Chinese Taipei indicated that the SWEG's suggestion to consider improving the template for project proposal and reports might assist in the monitoring of self-funded projects.
24. In the discussion on the work on project evaluation, Japan noted that it had contributed so far 4.9 billion yen (about US\$ 49 million)(at exchange rate of USD1=JPY100) to the Trade and Investment Liberalisation and Facilitation Fund (TILF) since 1997. Through the implementation of APEC projects, trade and investment liberalisation and facilitation had been greatly promoted. The meeting noted there had been a trend in decreasing the amount of contribution to the TILF. Japan was convinced that TILF had contributed to promoting trade and investment liberalisation and facilitation. It had made efforts to contribute to TILF and would remain committed to the contribution to TILF. Japan also noted that Japan would continue to monitor the budget of APEC and requested the Secretariat and APEC Member Economies to spend funds effectively and appropriately. Japan also supported the evaluation work on APEC projects.
25. The Chair thanked for the work of the SWGE and the meeting endorsed the draft methodology and scope of the evaluations work.

Agenda Item 7: Staffing Situation in the Finance Department of the Secretariat (2013/SOM1/BMC/007)

26. On the invitation of the Chair, the Director (Finance) informed the meeting that since the BMC last met in May 2012, the workload in the Finance unit of the Secretariat further increased.

There was a year-on-year increase of 16% of the number of project payments from January to November 2012. The latest statistics showed that for the whole year of 2012, the number of project payments increased by 18% compared to 2011 to nearly 2 000 payments. The Secretariat did not foresee a substantial drop in the workload in the unit in the coming three years (due to the time lag of up to two years between the approval of projects and its consequential impact on the Secretariat's workload). Acknowledging that the workload would fluctuate with the number of projects approved, the Secretariat proposed to regularise a temporary staff position to a renewable three-year contract Assistant Accountant post. This would provide the flexibility to adjust the manpower establishment in the future. The Director (Finance) added that the financial implications for the proposal had been set out in paper 007.

27. Canada supported the proposal. There being no other comments, the meeting agreed to the Secretariat's proposal to recruit an additional Assistant Accountant on a renewable three-year contract term.

Agenda Item 8: The Role of the Secretariat in the Administration of the Project Finance Provisions in the Guidebook on APEC Projects (2013/SOM1/BMC/008)

28. The Chair advised the meeting that Project Overseers (POs) required the Secretariat's advice and direction in project implementation, necessitating discretion on the part of the Secretariat. The arguments for the proposed changes to the Guidebook had been set out in paper 008.
29. There being no comments from the floor, the meeting confirmed the discretionary authority of the APEC Secretariat in the application of the project finance-related provisions in the Guidebook on APEC Projects and approved the proposed changes to the Guidebook. The meeting also noted the Secretariat's observation on the payment of per diems.

Agenda Item 9: Appointment of the External Auditor for the APEC Secretariat for 2013 and onwards (2013/SOM1/BMC/009)

30. The Chair informed the meeting that the incumbent auditor Ernst and Young (E&Y) had been auditing the accounts of the Secretariat for six years. According to the BMC's decision in 2002, it was time to appoint a new auditor.
31. Canada did not object to the inclusion of E&Y in the first round of the auditor search and selection exercise, but would not block the decision and if there were consensus to exclude the firm from the first round.
32. There being no other comments from the floor, the meeting noted the need to change the auditor for auditing the Secretariat's account for 2013 onwards, and the Secretariat's work plan and timeframe to search and select an auditor. The Secretariat would inform the BMC on the progress of work inter-sessionally.

Agenda Item 10: Other Business

10.1 BMC meeting calendar in 2013

33. Canada suggested that the date for next BMC meeting should not conflict with the Economic Committee meeting as the same delegates represented Canada at both meetings.
34. The Vice-Chair said that BMC2 would be held in the margins of SOM3 (22 June to 6 July 2013) in Medan. The date would be decided in consultation with the BMC Chair / Members and the Secretariat.

Agenda item 11 : Classification of Documents

35. The Meeting approved the classification list at paper 000.
36. In closing the meeting, the Chair thanked Indonesia for the warm hospitality and the US, BMC Chair for 2012, for laying a solid foundation for BMC's work in 2013. She also thanked

members for the friendly and constructive discussions and hoped that the spirit of cooperation would continue in the work of the BMC and small working groups. The Chair also thanked for the work of the Secretariat as led by Dr Bollard.

37. The meeting was adjourned at 11:45 a.m..

**APEC Secretariat
March 2013**

Long-Term Evaluations of APEC Projects



Erin Thebault-Weiser
APEC Technical Assistance & Training Facility (TATF)
February 1-2, 2013
Jakarta, Indonesia



Introduction

- Projects generally have relatively small budgets (average US\$100,000) and are short-term
- In 2010, BMC approved initial monitoring system requiring progress and final reports
- Now seeks to establish and test framework for systematic evaluation

Objective of Long-Term Evaluations

- Assess how APEC projects (or, together, as elements of strategic programs) contribute to the achievement of APEC capacity-building objectives; and
- Assist in improving the results-orientation of APEC projects with the aim of improving overall quality of APEC projects

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Objective of the Consultancy

- Develop evaluation framework and methodology for systematic application to future APEC projects
- Undertake the pilot evaluation of APEC selected projects to determine – and demonstrate – the feasibility of the proposed approach

3

Analytical Framework



- Relevance – the degree to which specific activities are consistent with the overall goals of the organization, the stated strategy of the Working Group or Sub-Fora, and the programming context
- Efficiency – the use of resources, including financial, institutional and professional, in the conduct of activities to achieve specific results

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Analytical Framework, Cont.



- Effectiveness – the degree to which activities achieve their intended results; and
- Sustainability – the extent to which program achievements will be taken up and practiced by member economies in the future without further APEC resources.

5

Analytical Framework



- Assess the individual and aggregate impact of capacity-building activities coordinated [or collected, if no coordination is taking place] under a particular work stream, sector or sub-sector
- Focus on projects implemented from 2010-2012

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Challenges



- Available data appears to be limited
 - No systematic records prior to 2010
 - May lack explicit statements of program objectives and logical framework connecting activity to intended outcome
 - Very few data points available (pre- and post-term metrics)
- Causality and attribution hard to determine

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Methodology

1. Desk review of available documents, including:
 - CAPs, concept papers, midterm progress reports, completion reports, SCE Independent Assessments.
 - Correspondence between the PMU and WGs during the selection process
 - Quantitative targets and estimate of the counterfactuals (if available)
 - Feedback forms from participants (if available)

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Methodology, Cont.

2. Systematic interviews with key respondents
 - Questionnaires to be used with a list of specific and consistent set of “participants” (e.g., WG or sub-fora Chairs or sub-Chairs, POs, participating representatives of member economies, PMU staff)
 - Combination of quantitative assessments (e.g., Likert Scales) and open-ended questions

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Selection Criteria for Pilots

- Number of projects implemented (not excluding self-funded projects) and level of investment
- Existence of a group of work on a particular subject or “work stream”
- A mix of host economy Chairs – to demonstrate that the methods are feasible for all member economies as Chairs and POs

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Selection of Pilots

APEC Unit	Chair/ Overseeing Economy	# of Projects 2010	# of Projects 2011	# of Projects 2012
Sub-Committee on Standards and Conformance (CTI)	Indonesia	10	12	4
Economic Committee (EC)	USA	5	1	8
SME Working Group (SOM)	Thailand	8	9	7
Energy Working Group (SOM)	USA	10	19	16
Transportation Working Group (SOM)	Canada	8	8	11
Counter Terrorism Task Group (SOM)	Indonesia	0	2	0

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Anticipated Results



- Evaluation design and methodology tested and management and data needs identified
- Initial lessons learned and findings from pilots
- Recommendations for improving the quality and quantity of data in future to allow more systematic evaluations and more rigorous evaluation, where possible

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Thank you!



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