

**Summary Conclusions of  
The Second APEC Budget and Management Committee Meeting in 2013  
Medan, 29 June 2013**

**Introduction**

1. The APEC Budget and Management Committee (BMC) held its second meeting for the year in Medan on 29 June 2013.
2. The Meeting was attended by representatives from Australia; Brunei Darussalam; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; New Zealand; Papua New Guinea; Peru; the Philippines; the Russian Federation; Singapore; Chinese Taipei; Thailand; the United States of America and the APEC Secretariat. The list of participants is at [2013/SOM3/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. She noted that forthcoming discussion would carry major implications to APEC and the Secretariat's operation.

**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/SOM3/BMC/001](#)) which was circulated to BMC Members on 29 May 2013.
6. There being no other comments from the floor, the meeting adopted the Agenda.

**Agenda Item 3: Business Arrangements and Programme**

7. The meeting took note of the meeting arrangements and programme.

**Agenda Item 4: Financial Reports and Budgets**

**4.1 Audited Financial Statements for the Year Ended 31 December 2012**

8. Ms Shea Wing Man, Director (Finance) of the APEC Secretariat, informed the meeting that the auditors, Ernst & Young, have expressed the opinion that the financial statements of the APEC Secretariat have been properly drawn up in accordance with the Singapore Financial Reporting Standards so as present fairly the state of affairs of the Secretariat as at 31 December 2012. She also reminded Members to take home a copy of the audited statement for record.
9. The Director (Finance) also briefed the meeting that the expenditure in the Administrative Account in 2012 was S\$4,617,580 or 75.6% of the approved budget. The relevant information was presented to the BMC by circulation in January and March 2013. The saving of about S\$1.5 million arose because, amongst others, the Secretariat was not required to carry out some projects/incur expenditure as planned. Some other projects were rescheduled. For example, the Chief Operating Officer post was left vacant in 2012. Travel contributed to the largest amount of savings in 2012, at S\$669,120 or 45% of the total savings. In this regard, the BMC noted that the Secretariat had adopted a tighter budgeting process for 2014. The budget for a number of recurrent expenditure items has been adjusted downward. The travel budget for 2014 has been reduced by S\$440,000 or almost 30% compared to the projections made in 2012. The Director (Finance) also informed BMC members participating

in the meeting that the details on the disbursement from the project fund accounts in 2012 are in Paper 3.

10. There being no comments from the floor, the BMC noted and received the Audited Financial Statements for Year Ended 31 December 2012.

#### **4.2 Forecast Expenditure for Administrative Account Budget for 2013**

11. The Director (Finance) informed the meeting that Paper 4 presented the Secretariat's forecast of expenditure in 2013 and the Executive Director's reallocation of the 2013 budget. The forecast aimed to keep Members updated about the Secretariat's latest financial position and the plan to support the consultancy on communications priorities and stakeholder engagement by reallocation of financial resources. It was one of the measures to improve transparency of the Secretariat's financial management. Reallocations of smaller values had been detailed in Paper 4.
12. The Director (Finance) highlighted that there were likely savings of in the range of S\$800,000 in the Administrative Account budget in 2013. The proposed arrangements for deploying the savings would be covered in the recommendations on financial realignment.
13. There being no comments from the floor, the BMC took note of the forecast expenditure in 2013 and the reallocations authorized/planned for by the Executive Director. The BMC also endorsed the plan to support the consultancy on communications priorities and stakeholder engagement by budget reallocation.

#### **4.3 Administrative Account Budget from 2014 to 2016**

14. The Director (Finance) highlighted the salient points in the proposed 2014-16 budget as follows. She focused on the proposed 2014 budget as the budget would be submitted to Senior Officials and Ministers for endorsement and approval. The forecast budget for 2015-16 was provided for Members to take note:
  - (a) The proposed budget for 2014 increased by 9% over the approved budget for 2013. This year, the Secretariat proposed to bid funds for the SOM Steering Committee on Economic and Technical Cooperation (SCE) independent assessment of fora from the Administrative Account budget instead of the Operational Account. It would free up whatever funds is available in the Operational Account for other APEC projects. If this item was taken away from the proposed 2014 Administrative Account budget, the year-on-year increase of the budget between 2013 and 2014 was about 5%. It has already absorbed the financial implications for a staff salary review;
  - (b) The proposed 2014 budget entailed a 2% reduction (S\$138,300) compared to the Secretariat's projections made last year in terms of the total requirements for the Administrative Account / Asset Replacement Fund;
  - (c) If Senior Officials would approve the recommendation to revise the Executive Director's authority to reallocate budget, the S\$80,000 required for Phase 2 of the consultancy study on communications priorities and stakeholder engagement in 2014 would no longer be necessary;
  - (d) The Secretariat had made strenuous efforts in controlling the size of 2014 budget. The budget for many items had been adjusted downward. The proposed travel budget for 2014 had been reduced by S\$440,000 or almost 30% compared to the projections last year;
  - (e) The Secretariat recommended that the replacement cycle for laptops be changed from four years to three years. The financial implication at about S\$2,900 per year was reasonable compared to the potential benefits; and
  - (f) The forecast budgets for 2015 and 2016 would be updated next year to reflect changes in operational requirements and economic conditions.
15. On the invitation of the Chair, Dr Alan Bollard, the Executive Director of the APEC Secretariat shared with the meeting the preparation of the 2014-16 Three-Year Strategic Plan of the Secretariat. He said that the Strategic Plan was an important management plan for the

Secretariat to work toward a common purpose that supports APEC's goals. The Secretariat planned to seek Senior Officials' approval for the Strategic Plan in the Concluding Senior Officials' Meeting (CSOM). Before that, the Secretariat would report to the BMC inter-sessionally to ensure that the proposed 2014 Administrative Account budget matched the initiatives covered by the Strategic Plan.

16. Noting that the Secretariat is preparing their 2014-16 Three-Year Strategic Plan for approval in CSOM, the Chair proposed the following approval procedure for the proposed 2014 budget:
  - (a) The BMC would discuss and endorse the proposed 2014 budget based on existing budget proposals from the Secretariat in BMC2;
  - (b) BMC would recommend for Senior Officials' in-principle endorsement of the proposed 2014 budget in SOM3. The budget would be subject to final endorsement at CSOM when Senior Officials will consider the Strategic Plan together with the proposed 2014 budget. After CSOM's endorsement, the proposed budget will go to Ministers for approval;
  - (c) The Secretariat would circulate the draft Strategic Plan to BMC inter-sessionally between SOM3 and CSOM and provide an assessment on the budgetary implications of the draft Strategic Plan; and
  - (d) As in the past practice, the BMC Chair would report BMC's inter-sessional work to CSOM. The BMC Chair would report BMC's assessment and advice to Senior Officials on the budgetary implications of the Strategic Plan.
17. The Chair further proposed that, to alleviate Members' concern that there might be significant changes to the proposed 2014 budget, the Secretariat should follow a guiding principle in preparing the Strategic Plan that the proposed 2014 budget endorsed in BMC2 should be kept in intact as far as possible and as a guiding principle, the BMC hoped that the Strategic Plan's budgetary implications for 2014 should not exceed 1.5% of the total budget endorsed (i.e., S\$90,000). The scope for change is well within bound. The Chair added that if Senior Officials would approve the recommendation to revise the Executive Director's authority to reallocate budget, the S\$80,000 budgeted for the communications consultancy study would no longer be necessary. This would net off the impact of any changes to the total budget. *[Post-meeting note: The Chair has asked the Secretariat to revise the budget to take out the S\$80,000 required for Phase 2 of the consultancy study from the proposed 2014 budget before submission to CSOM].*
18. There being no comments from the floor, the BMC:
  - (a) Endorsed the proposed 2014 Administrative Account budget;
  - (b) Agreed to recommend the proposed 2014 budget to Senior Officials for endorsement and approval by Ministers following the proposed arrangements;
  - (c) Endorsed the guiding principle recommended to the Secretariat concerning the budgetary implications of the Strategic Plan; and
  - (d) Noted the forecast budget for 2015 and 2016.

#### **4.4 2014-2016 Members' Contributions**

19. The Director (Finance) informed the meeting that the proposed membership contribution levels for 2014-16 are drawn up based on the proposed Administrative Account budget and the fiscal principles agreed by Senior Officials in 2009. The Secretariat invited the BMC to recommend the 2014 membership contribution levels for Senior Officials' endorsement and Ministers' approval, and to note the 2015 and 2016 forecast membership contribution. She also highlighted the forecast shortfall between members' contributions and Administrative Account budgetary requirements in 2016.
20. Separately, the Director (Finance) thanked Members for their generous contributions. She updated the meeting on the receipt of members' contributions for 2013:
  - (a) As at 25 June 2013, in 2013 the Secretariat received a contribution of A\$1,500,000 (equivalent to US\$1,580,550) from Australia to the APEC Support Fund (General Fund) and JPY241,446,000 (equivalent to US\$2,519,524) from Japan to the APEC Support

Fund Energy Efficiency and Low-Carbon Measures Sub-fund. Japan also notified the Secretariat that they will contribute US\$901,782 to the Trade and Investment Liberalisation and Facilitation Account.

- (b) As at 25 June 2013, the Secretariat received fixed contributions for 2013 a total of S\$3,190,913 and US\$620,751 to the Administrative Account and Operational Account respectively from 16 Member Economies. It was about 55% of the total amount of fixed contributions required for the year.
21. The Director (Finance) added that the Secretariat received a sum of contributions at US\$75,000 in February 2013. The Secretariat was awaiting confirmation from the relevant Economy on the designated year for the contribution. If this sum of contributions was excluded, the Secretariat had yet to receive full contributions for 2011 and 2012. The Secretariat would continue to follow up on the outstanding contributions.
22. There being no comments from the floor, the BMC endorsed the level of 2014 members' contributions and took note of the forecast 2015 and 2016 contributions.

#### **4.4 Financial Realignment of the APEC Secretariat**

23. The Director (Finance) briefed the meeting on the recommendations on financial realignment, that they cover four main areas, namely governance, retained earnings/"reserve", project funding and the arrangements for BMC meetings.
24. The Chair remarked that the proposed recommendations carry important implications to the operation of APEC and the Secretariat. She also thanked the work of Members of the Small Working Group on Financial Realignment. The Chair noted that the Secretariat circulated the comments of some members of the Small Working Group and the Secretariat's response on 22 June and 24 June respectively. Members also shared their comments, including Canada's views on the coordination of voluntary contributions and the arrangement for BMC meetings, in the pre-meeting. The Chair invited Members who were not present in the pre-meeting to comment on the recommendations.
25. The Secretariat tabled a list of revised recommendations that have incorporated Members' comments on the recommendation. On the revised recommendations:
- (a) On the Secretariat's original proposal to set aside US\$1.5 million (derived from retained earnings in the Administrative Account) in the Operational Account to support projects for 2016: Singapore suggested that US\$500,000-equivalent would be set aside in the Administrative Account for a decision in 2015 if the sum should support projects in the Operational Account for 2016, and up to US\$1 million for a decision in 2014 for the same purpose, after Senior Officials/BMC have considered the prevailing financial situation and project funding availability<sup>1</sup>. Russia asked the BMC to consider the fund management policy of the Secretariat for the US\$1.5 million (derived from retained earnings in the Administrative Account) before decisions on the actual amount of transfer. The BMC would need to know how the funds set aside for the Operational Account in 2016 would be placed in 2014 and 2015. The Chair agreed to the need to make available funds for projects. She considered that the amount should be decided after the Secretariat had outlined its fund management policy for the BMC's consideration, while acknowledging that an aggressive investment policy would not be appropriate;
- (b) Russia, which originally favoured Option 3 in paragraph 24 of Paper 7 concerning the transfer of savings in the Administrative Account to the Operational Account for projects in 2014 and 2015, supported Singapore's recommendation to adopt Option 1 in the same paragraph. The Chair suggested that the funds to be transferred to support projects in the Operational Account in 2014 and 2015 should be split into two equal portions, estimated at S\$325,000 each. The BMC would make a recommendation to Senior Officials on the deployment of the second portion in 2014 after the BMC has considered

---

<sup>1</sup> The suggestion was reflected in the revised recommendations tabled in the meeting.

the fund management policy of the Secretariat. This suggestion was agreed by BMC delegates;

- (c) Chinese Taipei suggested that the Chair or the Executive Director should send a strong message to Senior Officials on the challenges in project funding. The review of the project evaluations or MYPs would also present opportunities for Members to flag up the issue. He hoped that the funding processes for 2014 could start early;
  - (d) Australia was comfortable with the proposed amendments to the recommendation in paragraph 41 of Paper 7 on seeking contributors' agreement to transfer remaining funds in an APEC Support Fund sub-fund to the APEC Support Fund (General Fund);
  - (e) The US suggested indicating in the recommendation in paragraph 44 of Paper 7 that the Secretariat would explore opportunities for remote access to the meetings. Chinese Taipei suggested that BMC-related activities, such as training in relation to the recommendations on evaluations of APEC projects, should be scheduled in the margins of the BMC meeting. Singapore suggested that the recommendation specify the timeframe when the arrangement should take effect.
26. The meeting took note of Japan's comment that it would be impossible to transfer Japan's voluntary contributions to the APEC Support Fund Energy Efficiency and Low-Carbon Measures Sub-Fund to the APEC Support Fund (General Fund) as the contributions came from a special-purpose tax for energy. The Chair added that any transfer would be initiated and decided in consultation with the donor. On the enquiry from the Chair, Japan confirmed their agreement to the revised wording of the recommendation in paragraph 41 in Paper 7.
27. There being no other comments from the floor, the BMC endorsed the list of revised recommendations and follow-up actions on financial realignment as well as the amendments proposed at the meeting. The recommendations and follow-up actions as endorsed by the BMC are attached at **Annex A**. The Chair also added that the Secretariat would continue to work on the financial realignment exercise in a consultancy study on the Secretariat's financial processes, kindly funded by the APEC Technical Assistance and Training Facility (TATF).
28. The Chair thanked the Members of the Small Working Group on Financial Realignment for their contributions. She noted that the Terms of Reference of the Small Working Group governed that unless otherwise agreed by the BMC, the Small Working Group should cease to exist and operate on the day after the second BMC meeting. There being no adverse comments from the floor, the Chair informed the meeting that the Small Working Group would cease to operate after the meeting.

## **Agenda Item 5: Project Management**

### **5.1 Project Management Unit Report**

29. Ms Nadira Mailewa, Director of the Project Management Unit (PMU), updated Members on the outcomes of 2013 Session 1 Project Approval Session. Members approved a total of 39 standard Concept Notes at a cost of **\$4.6 million**. The PMU Director informed members that Session 2, 2013 was underway. Out of the 68 Concept Notes submitted for funding in Session 2, BMC had approved 21 Concept notes with Rank 1 Concept Notes seeking APEC Support Fund and Trade and Investment Liberalisation and Facilitation funding and Rank 2 projects seeking funds under the APEC Support Fund Science and Technology sub-fund completing the selection process by Principal Decision Makers.
30. Members were informed that the PMU's Project Development Specialist continued to conduct targeted trainings for members with the objective of improving the quality of APEC projects.
31. Members were informed that the pilot phase of the Multi-Year Projects (MYPs) was finalized in June 2013 with the selection of the final batch of three projects taking the total of MYPs in the pilot to twelve. Members' approval was sought to conduct the proposed review of the pilot

phase of the MYPs in the first quarter of 2014. This was due to the fact that the last batch of projects was approved in June 2014. Members approved the request.

32. The Director (PMU) informed Members the results of the Project Overseers' survey. Most of the comments from the Project Overseers had been picked up by the proposed improvements in Papers 10 and 12.
33. She thanked the TATF for supporting the upgrade of the Project Database which will be fully accessible to members the next few months after all of the documents are uploaded on to the system.
34. There being no comments from the floor, the BMC took note of the updates on project-related issues and agreed to the timing of the proposed review of the pilot phase of the MYPs.

## **5.2 Financial Reports of Completed and On-going Projects**

35. The Chair informed the meeting that the paper was a regular information paper from the Secretariat to keep BMC updated on spending of approved projects. There being no comments from the floor, the BMC noted the reports.

## **5.3 Streamlining of Project Financial Procedures**

36. The Director (Finance) briefed the meeting on the main points of the proposed measures in Paper 10, including to:
  - (a) Remove the requirement for certain waivers, such as the waivers to support the travel cost for government officials from non-travel eligible economies and to receive advance payments;
  - (b) Make reasonable costs allowable, for example, to support the costs for refreshments in coffee breaks;
  - (c) Conduct a four-month trial in the second half of 2013 involving eight projects to devolve financial authority to Project Overseers in reprogramming of approved project budget. The authority will be subject to the limit at up to 10% of each line item in the approved project proposal; and
  - (d) Regulate payment to an unrelated third party. Unrelated third party refers to a party that was not a contractor/service provider related to the APEC project or the Project Overseer's organisation.
37. The Director (Finance) also informed the BMC delegates that the Secretariat was exploring other areas to improve the financial management of APEC projects, for example, to streamline the travel approval process.
38. There being no comments from the floor, the BMC approved the recommendations in Annex I and II in Paper 10.

## **5.4 Project Quality Issues**

### **5.4.1 Evaluation of APEC Projects**

39. As a preamble to the presentation on the pilot evaluation of APEC projects, the Director (PMU) highlighted the objectives and governing principles underpinning the decision to conduct independent evaluations of APEC projects which included the need to be realistic about how the impact of APEC projects can be genuinely assessed; that evaluations should be independent; that evaluations would need to be undertaken on a selective basis; and that evaluations need to be fit for purpose and not replicate the evaluation methodologies of multilateral or bilateral agencies.
40. Two external consultants Mr Franck Wiebe and Ms Erin Thebault-Weiser gave a presentation on the results of their review and their recommendations at **Annex B**.

41. Given that the two overarching objectives of the study (which were approved by SOM in 2011) were to (1) assess the capacity building impacts of APEC projects and to (2) improve the results orientation of APEC projects. The recommendations proposed changes in four main areas which include:
  - (a) Amendments to existing project templates to improve the collection of information of participants to enable future evaluations;
  - (b) Improvements to existing templates to enable better targeting participants and beneficiaries;
  - (c) Expand the project quality training package for members to enable Project Overseers to select appropriate indicators and better define project objectives;
  - (d) Encourage sub-fora to collate capacity building information relating to capacity building needs of their specific groups as part of the fora Strategic Planning exercise; and
  - (e) Examine ways of leveraging expertise of external agencies such as the PSU or APEC study centres or commission specialist external expertise to develop appropriate baseline information on projects to improve the ways of tracking and measuring project outcomes.
42. The Director (PMU) highlighted that the pilot evaluation would provide the Secretariat with an evaluation framework to guide future evaluations.
43. Australia reported that the Small Working Group on Evaluation went through the recommendations of the external consultants at the BMC pre-meeting. The Small Working Group supported the report and the Secretariat's proposed options to translate the report into practical recommendations.
44. There being no other comments, the BMC approved the recommendations of the pilot independent evaluation of APEC projects presented by the two consultants. It also approved the Secretariat's proposed next steps to implement this approach in the future. In particular, the Project Management Unit and Program Directors would facilitate the implementation of this framework.

#### **5.4.2 Improving the system for ranking and prioritising projects**

45. The Director (PMU) informed the meeting of the objectives of the desk review of the project ranking and prioritization system, which were to examine ways of improving the current system in specific areas. These included:
  - (a) the effective use of the SOM-endorsed annual Funding Criteria;
  - (b) ways of promoting stronger alignment between project concepts and sub-fora/working group Annual, Medium Term or Strategic Plans, or Collective Action Plans;
  - (c) the effective utilization of tools such as the Quality Assessment Frameworks; and
  - (d) simplifying processes and seeking further clarity around roles and responsibilities.
46. She also took Members through the key findings and the proposed recommendations for improving the utility and effectiveness of the existing system as detailed in Annex A to Paper 12.
47. Members requested that a revised version of the draft paper be circulated inter-sessionally to include further details on the proposed amendments to the system.
48. In response to US' enquiry, the Director (PMU) suggested that given the BMC's agreement to cap the value of projects approved per session/year as part of the financial realignment exercise, the BMC could revisit the recommendation to limit the number of projects in the ranking and prioritization process after the details for the former recommendation had been worked out.
49. Addressing the enquiry from the US and Indonesia, the Director (PMU) clarified that under the proposed recommendations, Working Groups and sub-fora would both prioritise and rank projects, while Committees would prioritise projects within the same rank. She clarified the role of Committees versus sub-fora in relation to the questions from Malaysia and Thailand

whether Committees would have the role of disallowing/discounting sub-fora/working group decisions. The PMU Director responded that they would envisage the Committees having a role in the final decision making stage.

50. In response to the proposal to have two project sessions per annum instead of three Singapore proposed that this would be piloted for one year commencing in 2014. The Director PMU advised that the draft timetable for project sessions for 2014 will be developed after the Initial Senior Officials' Meeting in end 2013 and circulated for members' comment.
51. There being no other comments, the BMC agreed to the Secretariat's recommendations in refining aspects of the existing system, as well as the subsequent amendments proposed by the Secretariat. The Vice-Chair also asked the Secretariat to take into account the comments Members raised in the meeting in the list of recommendations to be finalized inter-sessionally *[Post-meeting note: The Secretariat will submit a revised/updated paper which also takes into account some recent ideas proposed by economies to further refine the ranking and prioritization system. The paper will be circulated to Members inter-sessionally.]*.
52. The Director (PMU) remarked that the Secretariat would facilitate the process improvements through enhanced engagement of Program Directors and supporting better communication between groups during the Concept Note development stages.

## **Agenda Item 6: APEC Management Issues**

### **6.1 Secretariat Update on Key Staffing Issues**

53. The Chair informed Members that this was a regular information paper from the Secretariat to keep BMC updated on staffing issues in the Secretariat. There being no comments from the floor, the BMC took note of the paper.

### **6.2 Update on APEC Technical Assistance and Training Facility (TATF) Progress and Work Plans** *[The item became the last agenda item to cater for the presenter's schedule]*

54. Ms Victoria Waite, the Chief of Party of TATF, made a presentation on Paper 14. The update covered TATF's work in collaboration with the Secretariat, including work to support the APEC Secretariat and work under APEC's three pillars of trade and investment liberalization, business facilitation and ECOTECH. She shared with meeting, and the US confirmed, that the US Government has launched a competitive bid for a new five year contract/project "US-APEC Technical Assistance to Achieve Regional Integration (US-ATAARI)" and would continue the support to the APEC Secretariat and APEC's work.

## **Agenda Item 7: Appointment of the External Auditor for the APEC Secretariat for 2013 and Onward**

55. The Director (Finance) highlighted that the Secretariat's proposed appointment of Deloitte Touche Tohmatsu as the external auditor for the Secretariat for Financial Year 2013 and onward, subject to satisfactory performance, is based on a comprehensive assessment of technical merits and fees. The fee requested for 2013 at S\$23,000 and was considered reasonable. A summary of the proposals received from five audit firms had been circulated to Members separately. She added that the technical criteria adopted in the assessment included:
- (a) Proposed audit methodology, audit approach and workplan;
  - (a) Audit timetable;
  - (b) Technical reputation; and
  - (c) Clientele and past experience in auditing accounts of international organisations or public organisations.
56. There were no comments from the floor. The BMC endorsed the proposed appointment of Deloitte Touche Tohmatsu as the external auditor for the Secretariat for Financial Year 2013 and onward, subject to satisfactory performance.

## **Agenda Item 8: APEC Management Issues**

### **8.1 Arrangements for Seconding Program Directors to the APEC Secretariat; and 8.2 Some Recommendations for Advancing APEC Performance**

57. The Executive Director informed the meeting that Papers 16 and 17 had been prepared for Senior Officials' consideration and there had been preliminary discussions on the content in the Second Senior Officials' Meeting (SOM2). Paper 16 on the secondment of Program Directors mainly asked Senior Officials to take note of a range of improvement measures. Paper 17 on advancing APEC performance requested Senior Officials to note, agree or commission different improvement initiatives, in particular on the opening of a Chief of Staff post. The Executive Director hoped to hear Members' comments on the two papers.
58. Singapore expressed support to the content in the papers and looked forward to receiving details on the tenure of the Chief of Staff post. Singapore recommended a three-year term to allow for overlap between the Chief of Staff and incoming Executive Director.
59. There being no other comments from the floor, the BMC noted the two papers.

## **Agenda Item 9: Date of Next Meeting**

60. The BMC noted that the next BMC Meeting will be held in 2014. The date and venue will be fixed in consultation between Indonesia, the incoming Chair of the BMC, and China, the incoming host economy and Vice-Chair of the BMC, together with the APEC Secretariat.
61. The Vice-Chair informed the meeting that there would be at least two BMC meetings in 2014, subject to the views of Members, China and the Secretariat. One of the meetings would probably be held in Singapore.
62. China informed the meeting that the venues, dates and agenda of the meetings in 2014 were under discussion. There would likely be an Initial Senior Officials' Meeting in 2013, and three Senior Officials' Meetings and a Concluding Senior Officials' Meeting in 2014. If there would be two BMCs in 2014, it would likely be held in the margins of SOM1 and SOM3. China would work with Indonesia and the Secretariat on the arrangements if there would be three BMC meetings next year.

## **Agenda Item 10: Classification of Documents**

63. The BMC agreed to the proposed classification of documents at Paper 000. For the avoidance of doubt, the Secretariat informed the meeting that Papers 16 to 17 would remain restricted pending approval of Senior Officials.

## **Conclusion**

64. The Chair thanked Members for their contributions and cooperation in 2013 and expressed thanks to Indonesia for the hospitality and comprehensive meeting arrangements. She thanked the Vice-Chair for representing her in SOM3 in presenting the report on the work of the BMC. The Chair also expressed her gratitude to the APEC Secretariat for its extensive work in preparing for the meeting, especially the Executive Director, Director (Finance) and Director of the PMU.
65. The Chair remarked that the BMC had progressed substantive work in 2013 and she hoped that the BMC's efforts would bear fruit. The BMC would continue to have a heavy agenda before 2014. The Chair noted that the BMC's chairmanship would be handed over to Indonesia in 2014. Nominations of the incoming Chair and Vice-Chair will take place inter-sessionally. The Secretariat will keep Members posted.

66. The Executive Director thanked the Chair for chairmanship, advice and assistance and thanked the BMC for its support and collegiality. He also thanked Economies for their financial and other contributions.
67. The being no other business, the meeting adjourned at 12:50 p.m..

**APEC Secretariat  
September 2013**

**List of recommendations on financial realignment**  
**Endorsed by the Budget and Management Committee in the meeting on 29 June 2013**

Recommendation and follow up action endorsed by the BMC	Proposed effective date
<b>Regular reporting tools</b>	
<ul style="list-style-type: none"> <li>The Secretariat will circulate quarterly balance sheets as well as income and expenditure statements for the Administrative Account, Operational Account, Trade and Investment Liberalisation and Facilitation Account and the APEC Support Fund Account to the Budget and Management Committee (BMC). This will replace the existing circulation of monthly balance sheet that provides a high level representation of the assets and liabilities on the Secretariat's accounts.</li> </ul>	July 2013
<b>Role and authority of the Executive Director</b>	
<ul style="list-style-type: none"> <li>Delegate the authority to the Executive Director of the Secretariat to reallocate budget between budget items (i.e., the major categories of spending in the Secretariat) in the approved budget, up to 3% of the total budget approved for that financial year or S\$150,000, whichever is lower. The Executive Director will report the reallocations made in a financial year to the BMC by the end of January in the following year. Consistent with the existing practice, the restriction does not apply to the reallocation between the components of a budget item.</li> <li>In exercising the authority, the Executive Director should not:               <ul style="list-style-type: none"> <li>➢ Commit the Secretariat into initiatives that have additional recurrent financial implications (i.e., cannot be absorbed by the existing resources); and</li> <li>➢ Reallocate budget in or out of the items on "salaries and bonuses" (items 2.3, 10.8, 11.4) to other budget items. Reallocation between items on "salaries and bonuses" is allowed and the amount of the reallocation will count towards the limit as do other reallocations.</li> </ul> </li> </ul>	On Senior Officials' approval
<i>Human resource management</i>	
<ul style="list-style-type: none"> <li>Authorise the Executive Director to decide the number, positions and deployment of the Secretariat's support staff establishment. The Executive Director will continue to seek the endorsement of the BMC and approval of Senior Officials' Meeting (SOM) for opening new permanent positions at a director level or above.</li> <li>In exercising the authority, the Executive Director should not open new permanent Secretariat Support Staff positions if it will create additional recurrent financial implications in the existing budget on "salaries and bonuses" (i.e., cannot be absorbed by the existing resources)(the budget in items 2.3, 10.8, 11.4 combined).</li> </ul>	On Senior Officials' approval
<i>Asset replacement</i>	
<ul style="list-style-type: none"> <li>Authorise the Executive Director to establish and change the asset replacement policy of the Secretariat within confine of the approved budget. Information on asset replacement to SOM and BMC will be provided in the proposed quarterly/year-end balance sheet to the BMC and Senior Officials.</li> </ul>	On Senior Officials' approval
<b>Retained earnings / "reserve" and project funding</b>	
<ul style="list-style-type: none"> <li>Set aside US\$1 million-equivalent in the Administrative Account to</li> </ul>	On Senior Officials'

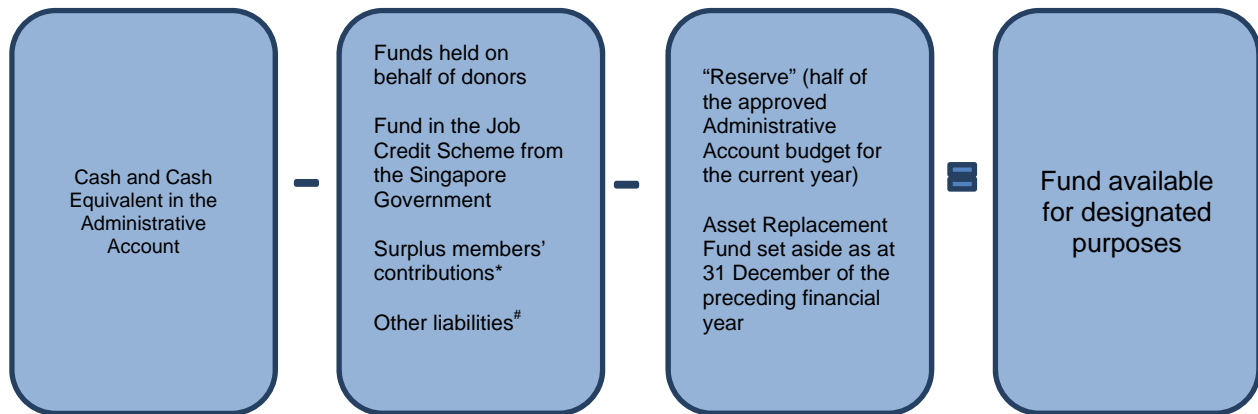
Recommendation and follow up action endorsed by the BMC	Proposed effective date
<p>support projects for 2016. The fund will come from the retained earnings in the Administrative Account. The actual amount of transfer will be up to US\$1 million and will be decided in 2014 after the BMC has considered the fund management policy of the Secretariat.</p> <ul style="list-style-type: none"> <li>Set aside another US\$500,000-equivalent in the Administrative Account for a decision in 2015 if the sum should support projects in the Operational Account for 2016 after Senior Officials/BMC have considered the prevailing financial situation and project funding availability</li> </ul>	approval
<ul style="list-style-type: none"> <li>Set aside US\$200,000-equivalent in the Administrative Account to meet the outstanding funding requirements for approved Multi-Year Projects that will expire in 2017.</li> </ul>	On Senior Officials' approval
<ul style="list-style-type: none"> <li>Adopting the proposed formula as agreed by the BMC (<b>Appendix</b>) and taking into account other relevant factors, transfer about S\$325,000 (i.e., half of the amount available for deployment by adopting the formula in early 2014. As at June 2013, the amount is forecast to be about S\$650,000. It will be finalised on closing of 2013 accounts) from the Administrative Account to the Operational Account to evenly support projects in the Project Sessions in 2014. The transfer will take place in early 2014.</li> <li>Set aside another S\$325,000 in the Administrative Account (i.e., the remaining half of the amount available for deployment by adopting the formula in early 2014. As at June 2013, the amount is forecast to be about S\$650,000. It will be finalised on closing of 2013 accounts) to support projects in the Operational Account in 2015. The BMC will make a recommendation to Senior Officials on the deployment of the sum in 2014 after the BMC has considered the fund management policy of the Secretariat.</li> <li>Depending on the funding situation, the retained earnings to be transferred (as determined by the agreed formula) should be handled in the same manner beyond 2014, if there are no other outstanding contingencies and SOM or BMC do not make a decision to the contrary.</li> </ul>	On Senior Officials' approval
<ul style="list-style-type: none"> <li>Remain open to the possibility of deploying an amount of the fund available for deployment (the value is to be determined) for staff training. If there is a need for this, the Secretariat will seek BMC's endorsement and SOM's approval inter-sessionally.</li> </ul>	Not applicable
<ul style="list-style-type: none"> <li>Retain the exchange rate between the Singapore Dollar and US Dollar (US\$1=S\$1.5) approved in 2009 for the purpose of calculating members' contributions to the Administrative Account and Operational Account.</li> </ul>	On Senior Officials' approval
<ul style="list-style-type: none"> <li>Starting from 2014, set an aspirational target for the funding level in the Trade and Investment Liberalisation and Facilitation Account and the APEC Support Fund with a planning horizon of three years. At the same time, there will be a cap on the value of projects approved per session or per year.</li> <li>The level of the target and cap will be considered by the BMC inter-sessionally. The BMC target to put forward a recommendation to CSOM for approval in 2013.</li> </ul>	On Senior Officials' approval

Recommendation and follow up action endorsed by the BMC	Proposed effective date
<ul style="list-style-type: none"> <li>The voluntary contributions will be coordinated by the Secretariat under the steer of the troika (the host economy of the previous year, current year and subsequent year).</li> </ul>	
<ul style="list-style-type: none"> <li>Encourage economies to make voluntary contributions to funds with more general funding criteria.</li> <li>When the funding level in a sub-fund in the APEC Support Fund has been depleted to a level equal or below US\$100,000 without any pledges for new contributions, the Secretariat will seek the agreement of the contributors to reallocate the balance left in the sub-fund to the APEC Support Fund (General Fund). With the agreement of the contributors, the Secretariat will recommend to SOM, on the endorsement of the BMC, the cessation of the sub-fund.</li> </ul>	On Senior Officials' approval
<b>BMC Meetings</b>	
<ul style="list-style-type: none"> <li>Starting from 2014, hold BMC meeting at least once in every two years in the Secretariat in Singapore. The Secretariat will also explore opportunities for remote access to the meetings, as well as to schedule BMC-related activities, such as training in relation to the recommendations on evaluations of APEC projects, in the margins of the BMC meeting to achieve synergy and logistical efficiency. The arrangement will be made in consultation with the BMC Chair and the host economy.</li> </ul>	January 2014

\*\*\*\*\*

**Appendix**

**Proposed formula to assess the level of retained earnings/"reserve" in the Administrative Account to be considered for designated purposes**



\* A couple of member economies may deposit an amount of contributions higher than the level required into the Secretariat's bank account. The surplus contributions will be offset with the required contributions in the following year.

# Other liabilities mainly include service/purchase bills that have not been settled.

# Long-Term Evaluations of APEC Projects

Annex B



Erin Thebault-Weiser & Franck Wiebe  
APEC Technical Assistance & Training Facility (TATF)  
June 28-29, 2013  
Medan, Indonesia



## OBJECTIVES

## ▲ 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
- Improve the results-orientation of APEC projects as part of a strategy to strengthen the overall quality of the APEC portfolio of activities.

2

## ▲ Objective of the Consultancy

- Develop an evaluation framework and methodology that can be systematically applied to future APEC projects (endorsed at BMC 1)
- Undertake the pilot evaluation of APEC selected projects to determine – and demonstrate – the feasibility of the proposed approach (Phase 2)

3



---

Phase 1 Output

## ANALYTICAL FRAMEWORK ENDORSED AT BMC1

4



---

## Analytical Framework

- **Relevance** – consistency with the goals of the organization or Sub-Fora
- **Efficiency** – appropriate use of human and financial resources
- **Effectiveness** – achievement of intended results; and
- **Sustainability** – expected duration of achievements by member economies without further APEC assistance

5

## Methodology



1. Identify purposively selected sub-fora and sub-streams of work
2. Desk review of available documents
  - Strategic Plans, Workplans, CAPs
  - Project-specific proposals and monitoring reports
3. Online survey of key stakeholders:
  - Project Overseers
  - Participants or Trainees

6



FEASIBILITY OF THE  
METHODOLOGY

7

## Subject of Pilot

APEC Unit	Chair/ Overseeing Economy	Stream of Work	# of Projects	# of Achieved Respondents
Economic Committee (EC)	USA	Regulatory Impact Assessment (RIA)	3	60
Emergency Preparedness Working Group (SCE)	Chinese Taipei	Private Sector Preparedness	2	20
Energy Working Group (SCE)	USA	Peer Review of Energy Efficiency (PREE) & Joint Oil Data (JODI)	7	18
SME Working Group (SCE)	Thailand	Access to Markets	2 (1 dropped)	13
Sub-Committee on Standards and Conformance (CTI)	Indonesia	Technical Food Safety Capacity	2	36
<b>Total</b>			<b>16</b>	<b>147</b>

8

## Methodological Challenges

- Guiding documents (strategic plans, workplans) often do not provide the kind of tightly-defined priorities that are needed to determine relevance.
- “Streams of work” do not regularly have consistent objectives, meaning most activities are one-off, even when they are on similar subject.
- Project objectives are broadly-defined (e.g., “sharing of best practices”) and do not articulate in a measurable sense how practice, policy or behavior is expected to change as a result of the activity.

9

## Methodological Challenges (cont.)

- Project proposals rarely define who the intended participants should be, making it difficult to determine whether the material provided was relevant and applicable
- POs track limited indicators (e.g., number of participants, number of publications) making it difficult to determine the intended outcomes from project designs

10

## Logistical Challenges

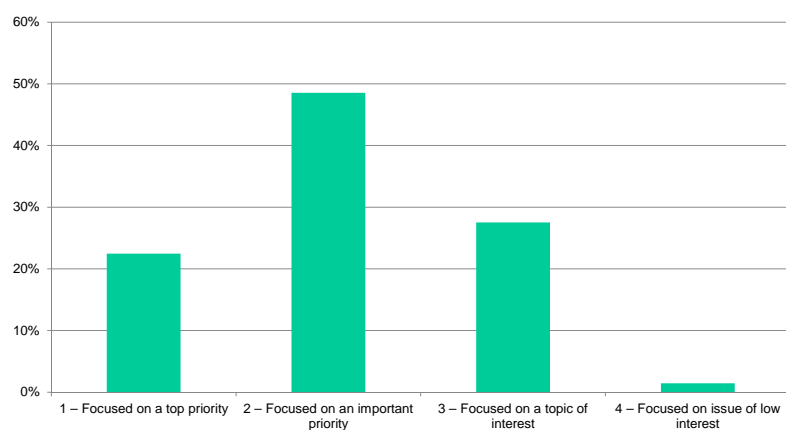
- Current program management processes do not require that POs provide participant contact information to the Secretariat; as a result, some training activities *were not evaluable* because participants could not be reached.
- The low response rate (34%) among those who were contacted resulted in survey samples that covered only 14% of total participants.

11

## DEMONSTRATION OF METHODOLOGY

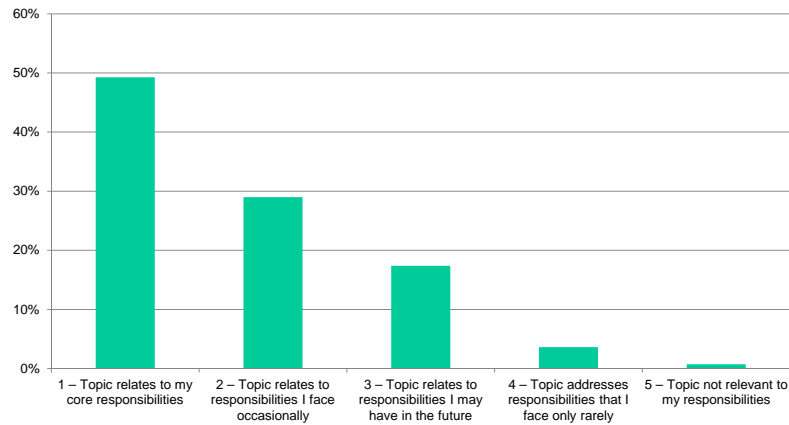
12

## Overall Findings: Do APEC projects target your priorities?



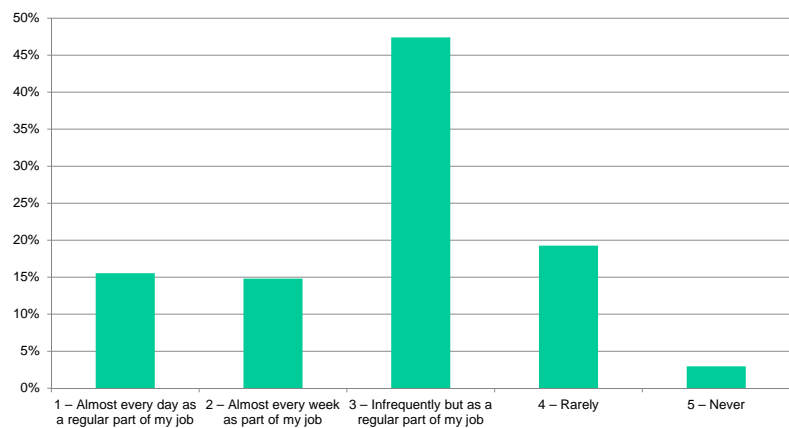
13

## Overall: Are APEC activities relevant to your current position?



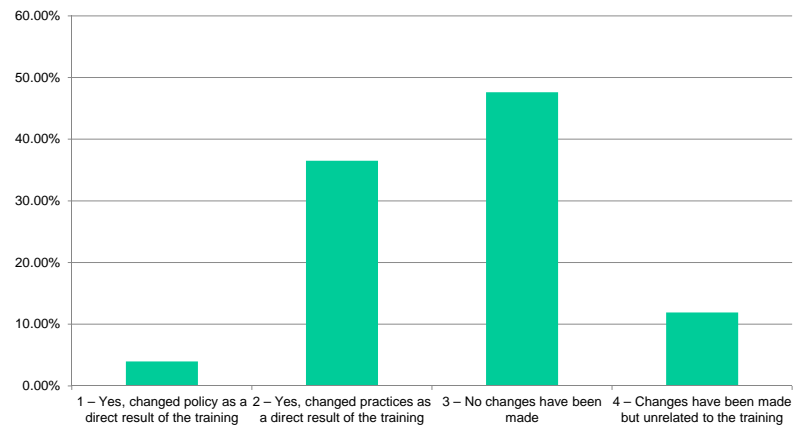
14

## Overall: Have you been able to apply what you learned?



15

## Overall: Has training changed the way your division operates?



16

## RECOMMENDATIONS

17

## Recommendations: Immediately Actionable

- Mandate reporting of contact information for all participants in APEC projects
- Require explicit description of intended participants in project design (e.g., level of knowledge, type and tenure of position) to enhance relevance
- Require explicit description in project design of intended changes in policy, processes and/or behavior expected to result from project
- Amend “self-evaluation” form to focus on how participants will apply the material learned and collect forms at Secretariat

18

## Recommendations: Medium Cost and Complexity

- Endorse independent evaluations as a regular part of the M&E framework to supplement the current self-evaluations
- Encourage sub-fora to conduct needs assessments of capacity building requirements directly related to strategic plans, workplans, and CAPs
- Develop tailored M&E indicators relevant to the project and focused on outcomes rather than outputs

19

## ▲ Recommendations: Higher Cost and Complexity

- The CTI and SCE should encourage all sub-fora to identify a limited number of priorities in their strategic plans
- PDs or PMU should assist sub-fora to develop logical frameworks demonstrating how capacity building inputs directly contribute to the objectives in the strategic plan
- PDs or PSU help collect baseline data for the indicators

20

## ▲ Broader Policy Implications

- Funding criteria should encourage POs to design projects to meet the needs of *specific* regulatory agencies and policy bodies in APEC economies, consistent with strategic plans
- Additional investment during the planning and post-project stages may not be justified for one-off projects. Multi-year projects designed towards *common measurable objectives* may better support a robust M&E framework.

21

Thank you!

