



2024/SOM1/010
Session 5.2

Report by Chair of the Budget and Management Committee

Purpose: Consideration
Submitted by: BMC Chair



First Senior Officials' Meeting
Lima, Peru
7-8 March 2024

Executive Summary

This report presents the major outcomes of the first meeting of the Budget and Management Committee (BMC) held on 4 March 2024, in Lima, Peru.

Action Required of SOM

Senior Officials to note this report by the BMC Chair.

**Report by the Chair of the Budget and Management Committee
to the First Senior Officials' Meeting**

7 – 8 March 2024

Chair,

The Budget and Management Committee (BMC) held its first meeting of this year on 4 March 2024 in the margins of SOM1 in Lima, Peru. This report provides a summary of the major outcomes of the meeting.

BMC Work Plan 2024

2. BMC endorsed at the meeting its 2024 work plan as attached at Annex A. BMC will continue to progress its substantial work programme on the APEC funding position, the budgetary and related processes of the Secretariat, and project management. In addition, BMC will provide inputs into the implementation plan of the APEC Putrajaya Vision 2040, where necessary; and provide inputs into the implementation of the Bangkok Goals on Bio-Circular-Green (BCG) Economy, where appropriate.

Secretariat Management

Process Modernisation

3. BMC noted the updates on the Process Modernisation modules, including the details of the different tasks under the APEC Project Administration System (APAS); and the availability of Enterprise Search in 2024.

APEC Project Funding

Voluntary Contributions

4. In 2023, two economies¹ contributed a total of around US\$0.3 million to the two untied project funds, namely the Trade and Investment Liberalisation and Facilitation Account (TILF) and APEC Support Fund (ASF) General Fund (GF).

5. As at 1 January 2024, the total funds of TILF and ASF GF were at about US\$3.6 million and US\$8.3 million, respectively. To date, no economy has made a commitment to the untied contributions for this year. Based on the approved mechanism of allocating the funds to three-year horizon and other assumptions, the current funds of the two untied funds are projected to be available up to 2027. As such, BMC noted that it may not be necessary to top-up funds for TILF and ASF GF this year. China announced that this year it will provide US\$ 1.7 million voluntary contribution to relevant ASF sub-funds. Japan stated that it contributes to APEC finance not only through annual contribution but also voluntary contribution, and that last year it made voluntary contribution to TILF and ASF Sub-Fund on Energy Efficiency, Low Carbon and Energy Resiliency Measures.

Allocation to the General Project Account (GPA)

6. BMC noted the background of the approved mechanism under the BMC-led financial realignment exercise in 2014 to maintain target funding of US\$1.95 million for the GPA by allocation from the Secretariat Account reserve annually.

7. BMC discussed and noted the Secretariat's recommendation of cessation of allocation of funds from the Secretariat Account reserve to the GPA for project approvals from 2024 onwards. In light of members' comments, the Secretariat would continue to monitor the situation and update members at BMC2, 2024.

¹ Including Japan and Chinese Taipei.

2024 Project Funding Availability

8. Based on the Secretariat's calculation, the APEC project funding available in 2024, detailed at Annex B, is expected to reach US\$22.6 million, of which about 77% (US\$17.3 million) is tied to specific sub-funds and 23% (US\$5.3 million) is untied funding.

Financial Reports for APEC-funded Projects

9. BMC noted the 2023 APEC-funded projects financial reports. It was noted that all projects were operating within their approved budgets and the unused project funding had been returned to the respective project funds for approval in subsequent project sessions.

Project Management

Project Management Unit (PMU) Update Report

10. BMC noted the PMU Update Report, which reported: project funding allocation in 2023; key data and findings from the 2023 Summary Evaluation of Monitoring and Completion Report; project training undertaken in 2023 for member economies and Secretariate staff; and PMU Priorities for 2024. The 2023 Longer-Term Evaluation of APEC Projects (LTEAP) Report will be tabled at BMC2, 2024.

Extended 2023 Projects

11. BMC noted the Extended Projects Report, which reported that a total of 90 APEC-funded projects were extended or re-extended in 2023, compared with 91 the previous year and 54 in 2021. The continued high numbers of project extensions is assessed to be as a result of delays caused by COVID-19 on the implementation of projects approved in 2020, 2021 and 2022.

Updates on Enhancing Project Quality in APEC

12. BMC noted discussions on enhancing project quality in APEC and the recommendation for the formation of a Small Working Group on Project Quality from BMC2 in 2023 were ongoing and that PMU would provide an update at BMC2, 2024.

Other Business

Updates on the proposed revised APEC Intellectual Property (IP) Policy as well as Sponsorship Policies and Guidelines

13. BMC noted the updates from Australia on the proposed revisions to APEC IP Policy and APEC Sponsorship Policy and Guidelines. The Chair encouraged members to continue the discussion in future BMC meetings and intersessionally.

Sustainability of APEC Awards

14. The Secretariat flagged its concerns of the sustainability of eight APEC Awards² for members' information.

Next BMC Meeting

15. BMC will hold its second meeting in August 2024 in the margins of SOM3 in Lima, Peru. The exact date will be decided in consultation with the host.

² The eight APEC Awards are Bio-Circular-Green; ASPIRE; Business Efficiency and Success Target (BEST); Healthy Women, Healthy Economies Research Prize; App Challenge; Digital Prosperity; Photo Contest; and APEC Energy Smart Communities Initiative Best Practices.

Matt MURRAY (Mr)
BMC Chair 2024
4 March 2024

2024 Budget and Management Committee Work Plan

According to the terms of reference of the Budget and Management Committee (BMC) last updated in 2017 and approved by Senior Officials ([Annex C to 2018/SOM1/015](#)), BMC's mandate is to "advise the SOM and make recommendations to it on matters concerning APEC's budgets, administration, management and operations, including project management".

2. Building on the work from last year, the key items to be implemented in 2024 as agreed by BMC include:

- Promote capacity building efforts and initiatives, and encourage more contributions, especially untied contributions;
- Continue monitoring the implementation of the Secretariat's Process Modernisation Initiative;
- Continue improving and streamlining APEC governance;
- Provide inputs into the implementation of the APEC Putrajaya Vision 2040, including through the Aotearoa Plan of Action, where necessary; and
- Provide inputs into the implementation of the Bangkok Goals on Bio-Circular-Green (BCG) Economy, where appropriate.

3. To take forward the work of BMC and the priorities identified by Senior Officials last year, a detailed 2024 work plan of BMC is proposed at [Annex](#). In addition to the tasks identified above, BMC shall continue to:

- Provide oversight of the budgetary position and the financial processes of APEC, including reviewing the Secretariat's administrative budget, and evaluating its proposals in relation to APEC's administrative and operational efficiency; and
- Oversee the effective project management by the Secretariat which focus on improving quality and impact of APEC projects, including reviewing and approving project funding applications proposed by APEC fora, and evaluating the Secretariat's analytical reports on monitoring and evaluation of projects.

Recommendation

4. BMC is invited to consider and endorse the proposed 2024 BMC work plan.

2024 BMC Chair
February 2024

BMC Work Plan 2024

Work Program	Action Required	Lead	Timeline
Ensuring an accountable, effective and efficient Secretariat	<ul style="list-style-type: none"> Review the Secretariat's proposed administrative budget for 2025-27 and its fixed asset replacement program, and recommend to CSOM for ministerial approval of the following year's budget and the corresponding contributions by Member Economies; Evaluate any other Secretariat proposals, give advice to the Secretariat (process issues) and make recommendations to SOM (substantive issues) on measures for improving APEC's administrative and operational efficiency, including in relation to financial management, Secretariat staffing and IT systems; Review the BMC-approved investment policy statement and the Secretariat's investment strategy on an annual basis; Review the 2025 Secretariat Effective Action Plan; and Monitor the implementation of the Secretariat's Process Modernisation modules, including the development and implementation of the APEC Project Administration System (APAS), to support automation of APEC project processes; and the implementation of the APEC Knowledge Management System (KMS). 	BMC / Secretariat BMC / Secretariat BMC / Secretariat BMC / Secretariat BMC / Secretariat	BMC2 to CSOM, 2024 Ongoing Ongoing (intersessionally) BMC2, 2024 Ongoing
Supporting an Effective APEC	<ul style="list-style-type: none"> In line with the Aotearoa Plan of Action, provide inputs into the work of improving APEC's governance and organisational structure, with a view to efficiently and effectively delivering upon all elements of the APEC Putrajaya Vision 2040, in accordance with BMC ToR. 	BMC	Ongoing
The APEC Putrajaya Vision 2040	<ul style="list-style-type: none"> Provide inputs into the implementation of the APEC Putrajaya Vision 2040, including through the Aotearoa Plan of Action, where necessary. 	BMC	Ongoing
Bangkok Goals on BCG Economy	<ul style="list-style-type: none"> Provide inputs into the implementation of the Bangkok Goals on BCG Economy, where appropriate, for stronger whole-of-society partnerships and whole-of-system approaches within APEC, particularly across all fora and sub-fora in order to deliver comprehensive, coherent and mutually-reinforcing outcomes. 	BMC	Ongoing

Work Program	Action Required	Lead	Timeline
Enhancing Project Management Effectiveness			
i) Project Selection and Approval	<ul style="list-style-type: none"> Oversee the transparent selection and approval of APEC projects for funding and administer two project approval sessions following the processes and procedures in the Guidebook on APEC Projects. 	BMC / Secretariat	Project sessions commence March and June 2024
ii) Project Implementation and Completion	<ul style="list-style-type: none"> Undertake an annual collective review and evaluation of project Monitoring and Completion Reports for APEC-funded Projects. 	BMC / Secretariat	December 2024
iii) Project Evaluation	<ul style="list-style-type: none"> Undertake the annual Longer-Term Evaluation of APEC-funded Projects and provide an analytical report. 	BMC / Secretariat	July (LTEAP survey) and December (circulation of report) 2024
iv) Project Funding	<ul style="list-style-type: none"> Oversee the funding level of untied voluntary contributions from Member Economies to the APEC Support Fund (ASF) General Fund and the Trade and Investment Liberalization and Facilitation Fund (TILF); and 	BMC / Secretariat	BMC1 to CSOM, 2024
	<ul style="list-style-type: none"> Revisit the BMC-approved mechanism to transfer the Secretariat Account reserve to the General Project Account (GPA). 	BMC / Secretariat	BMC1, 2024
Improvement of Policies and Guidelines			
Existing Policies and Guidelines	<ul style="list-style-type: none"> Discuss the APEC Intellectual Property Policy; and Discuss the APEC Sponsorship Policy and Guidelines. 	BMC / Secretariat	BMC1 to CSOM, 2024

APEC Project Funding Availability – Tied Funds (Estimated)

Table 1

APEC Support Fund - Tied Funds		Total Funds Available as at 1 January 2024	Available Funds for 2024 Project Sessions	Available Funds for 2025 Onwards
		[a]	[b]	[a] - [b] = [c]
		(USD)	(USD)	(USD)
1	APEC Cooperation on Combating COVID-19 and Economic Recovery (CCER) Sub-Fund ¹	\$ 1,292,000	\$ 1,292,000	\$ -
2	Connectivity Sub-Fund	\$ 1,204,000	\$ 1,204,000	\$ -
3	Digital Innovation Sub-Fund	\$ 1,779,000	\$ 1,779,000	\$ -
4	Economic Development in Remote Areas Sub-Fund	\$ 223,000	\$ 223,000	\$ -
5	Energy Efficiency, Low Carbon and Energy Resiliency Measures Sub-Fund	\$ 2,981,000	\$ 2,981,000	\$ -
6	Enhanced APEC Agenda for Structural Reform Sub-Fund	\$ 1,333,000	\$ 1,333,000	\$ -
7	Free Trade Area of the Asia-Pacific and Global Value Chains Sub-Fund	\$ 1,077,000	\$ 1,077,000	\$ -
8	Human Security Sub-Fund	\$ 1,244,000	\$ 1,244,000	\$ -
9	Innovative Development, Economic Reform and Growth Sub-Fund	\$ 607,000	\$ 607,000	\$ -
10	Marine Debris Management and Innovation Sub-Fund	\$ 1,895,000	\$ 1,895,000	\$ -
11	Micro, Small and Medium Enterprises Sub-Fund	\$ 909,000	\$ 909,000	\$ -
12	Strengthening Economic Legal Infrastructure Sub-Fund	\$ 378,000	\$ 378,000	\$ -
13	Structural Reform and Sustainable Green Growth Sub-Fund	\$ 876,000	\$ 876,000	\$ -
14	Supply Chain Connectivity Sub-Fund	\$ 905,000	\$ 905,000	\$ -
15	Women and the Economy Sub-Fund ²	\$ 2,892,000	\$ 584,000	\$ 2,308,000
Total - Tied Funds		\$ 19,595,000	\$ 17,287,000	\$ 2,308,000

Notes

¹ According to the Eligibility Criteria and Guidelines for Accessing the CCER Sub-Fund, the Sub-Fund will be made available for use until 24 months after the World Health Organization (WHO) ends COVID-19 as a "Public Health Emergency of International Concern" (PHEIC). The WHO announced on 5 May 2023 that COVID-19 is no longer a PHEIC and hence the sub-fund will be made available for use until Project Session 2, 2024.

² Donors for the Women and the Economy Sub-Fund set a cap of US\$584,000 to be made available for 2024.

APEC Project Funding Availability – Untied Funds (Estimated)

Table 2

Funding from members' voluntary contributions	Total Funds Available as at 1 January 2024	Available Funds for 2024 Project Sessions	Available Funds for 2025 Onwards
	[a]	[b]	[a] - [b] = [c]
	(USD)	(USD)	(USD)
1 Trade & Investment Liberalisation and Facilitation Account	\$ 3,559,000	\$ 1,186,000	\$ 2,373,000
2 APEC Support Fund (ASF) General Fund	\$ 8,283,000	\$ 2,761,000	\$ 5,522,000
Total for voluntary untied funds	\$ 11,842,000	\$ 3,947,000	\$ 7,895,000

Table 3

Funding from members' annual contributions and reallocation from Secretariat Account reserve	Total Funds Available as at 1 January 2024	Available Funds for 2024 Project Sessions
	[a]	[b]
	(USD)	(USD)
3 General Project Account	\$ 1,381,000	\$ 1,381,000