



**Asia-Pacific  
Economic Cooperation**

# 2004:

**APEC Senior Officials Report on  
Economic and Technical Cooperation**



Asia-Pacific  
Economic Cooperation

# 2004:

**APEC Senior Officials Report on  
Economic and Technical Cooperation**

Published By  
APEC Secretariat, 35 Heng Mui Keng Terrace Singapore 119616  
Tel: (65) 6775 6012 Fax: (65) 6775 6013  
Email: [info@mail.apecsec.org.sg](mailto:info@mail.apecsec.org.sg)  
Website: [www.apec.org](http://www.apec.org)

*APEC Secretariat has held ISO 9001:2000 Quality Management Certification since 2002.*

© 2004 APEC Secretariat

ISSN0219-8932

APEC#204-ES-01.2

## TABLE OF CONTENTS

---

### A LETTER FROM THE ESC CHAIR

### EXECUTIVE SUMMARY

<b>1.</b>	<b>INTRODUCTION</b>	<b>1</b>
<b>2.</b>	<b>APEC PROJECTS IN ACTION</b>	<b>4</b>
<b>3.</b>	<b>IMPLEMENTATION OF THE APEC-WIDE ECOTECH PRIORITIES</b>	<b>8</b>
3.1	Integration into the Global Economy	8
3.2	Counter-Terrorism Capacity building	10
3.3	Promoting the Development of Knowledge-based Economies	12
3.4	Addressing the Social Dimensions of Globalization	13
<b>4.</b>	<b>REVITALIZING APEC'S CROSS-SECTORAL APPROACH TO SUSTAINABLE DEVELOPMENT</b>	<b>16</b>
<b>5.</b>	<b>STRENGTHENING IMPLEMENTATION OF APEC'S ECOTECH ACTIVITIES</b>	<b>19</b>
5.1	Revised Project Evaluation Frameworks	19
5.2	An Independent Assessment of the Fisheries Working Group	20
5.3	The APEC Project Database	21
<b>6.</b>	<b>CONCLUSIONS AND RECOMMENDATIONS</b>	<b>22</b>
6.1	Conclusions	22
6.2	Recommendations	23

### ANNEXES

Annex 1	Terms of Reference of the ESC	25
Annex 2	Letter of Intent between the APEC Secretariat and the International Bank for Reconstruction and Development (IBRD) concerning the Global Development Learning Network (GDLN)	27
Annex 3	Guidance on Strengthening the Management of APEC ECOTECH Activities	29
Annex 4	The ESC's 2004 Work Program	31
Annex 5	Number of Projects Conducted by APEC Fora under each ECOTECH Theme	33
Annex 6	Types of ECOTECH Activities Conducted by APEC Fora	35
Annex 7	The Quality Assessment Framework	39
Annex 8	Glossary	45

## **A LETTER FROM THE ESC CHAIR**

---

The 11th APEC Economic Leaders Meeting in Bangkok welcomed efforts to increase APEC's contribution to helping people and societies benefit from globalisation by better focusing and strengthening its work on economic and technical cooperation, and increasing its interaction with international financial institutions, the private sector, and other outside organizations.

APEC Ministers at the 15th APEC Ministerial Meeting also endorsed a short list of APEC-wide Economic and Technical Cooperation (ECOTECH) priorities, which comprise Integration into the Global Economy; Counter-Terrorism Capacity Building; Promoting the Development of Knowledge-Based Economies; and Addressing the Social Dimension of Globalisation. This short list of ECOTECH priorities provides a strategic road map for future ECOTECH activities. Ministers also welcomed the first APEC/International Financial Institutions (IFIs) Roundtable Discussion on ECOTECH, and encouraged APEC's continued engagement in capacity building work. These developments have provided key directives for the work of the SOM Committee on Economic and Technical Cooperation (ESC) this year.

Throughout the year, the ESC has worked on identifying and coordinating the implementation of capacity building projects that reflect the agreed APEC-wide ECOTECH priorities. At the SOM I meeting in February, the ESC organized an ESC/Working Group Coordination Meeting to exchange views on how to prioritize the work of various working groups to further support these priorities. Closer cooperation with the Small and Medium Enterprises Working Group (SMEWG) was achieved with the endorsement in May by the ESC and SOM of a Plan of Action on Strengthening Coordination with the SMEWG.

Interaction with other APEC stakeholders is also a key to communicating the work of the ESC, as well as harnessing the synergy across sectors. I am grateful to the ABAC 2004 Chair, Mr Hernán Somerville, for inviting the ESC Chair to attend this year's meeting of ABAC in Miami, Chinese Taipei, and Auckland. Representatives from ABAC also attended the ESC meeting in Puñon, Chile. The cross-forum interaction was useful for learning that the priorities of ABAC's Capacity Building Working Group coincided with that of the ESC on the promotion of Small and Medium Enterprises (SMEs) and education.

Pilot projects involving the World Bank's Global Development Learning Network (GDLN) in our ECOTECH activities during 2004-2005 was evidence of our success from the first APEC/IFIs Roundtable Discussion on ECOTECH. The ESC will continue its endeavour to realise the second Roundtable next year.

As part of our contribution on APEC reform, the ESC - Small Group on Evaluation, under the leadership of Australia, has led the process to strengthen evaluation frameworks for APEC projects. A new Quality Assessment Framework (QAF) has been submitted to Senior Officials and Ministers for approval. The new QAF will help strengthen the quality of APEC projects and ensure maximum benefits to stakeholders. I would like to thank the ESC - Small Group on Evaluation for their contribution on evaluation frameworks.

Lastly, I would like to thank all ESC members for their continued support. Together, we have achieved another year in successfully advancing APEC's ECOTECH agenda. My thanks also go to the APEC Secretariat, which has always provided excellent support to the Committee.



Ambassador Juan Carlos Capuñay  
Chair, SOM Committee on ECOTECH



# **EXECUTIVE SUMMARY**

## EXECUTIVE SUMMARY

---

The SOM Committee on Economic and Technical Cooperation (ESC) was established in 1998 to “assist SOM in improving the management and coordination of ECOTECH activities among APEC fora, *including APEC working groups and policy level committees*, with a view to improving the identification and coordination of new cross-cutting issues.”

The work of the ESC is guided by the *1996 Declaration on an Asia-Pacific Economic Cooperation Framework for Strengthening Economic Cooperation and Development (Manila Declaration)* which outlined six ECOTECH priority themes as follows:

- Developing Human Capital
- Developing Stable, Safe and Efficient Capital Markets
- Strengthening Economic Infrastructure
- Harnessing Technologies for the Future
- Safeguarding the Quality of Life Through Environmentally Sound Growth
- Developing and Strengthening the Dynamism of Small and Medium Enterprises (SMEs)

These priority themes aim at promoting sustainable growth and equitable development while assuring advancement towards free and open trade and investment in the region.

### **2004 APEC ECOTECH PROJECTS - Highlights**

- *A total of 121 projects were implemented*
- *Approximately 47% of the projects focused on building human capital*
- *2004 also saw the resurgence of projects supporting Small and Medium Enterprises*
- *Joint activity such as training and seminars/symposiums have best facilitated the exchange of information, experience and best practices among member economies*

This year, a total of 121 ECOTECH-related projects were reported as having been implemented by APEC working groups and fora. These include 106 projects, which were approved for APEC funding, and 15 self-funded projects that were financially supported by individual or groups of economies. Almost half of these projects were oriented toward developing human capital. However, a recent emphasis in APEC on Small and Medium Enterprises (SMEs) has also led to a resurgence of projects in support of promoting SMEs. Joint activities through seminars/symposium and training were the primary means for exchanging information, experience and best practices among members.

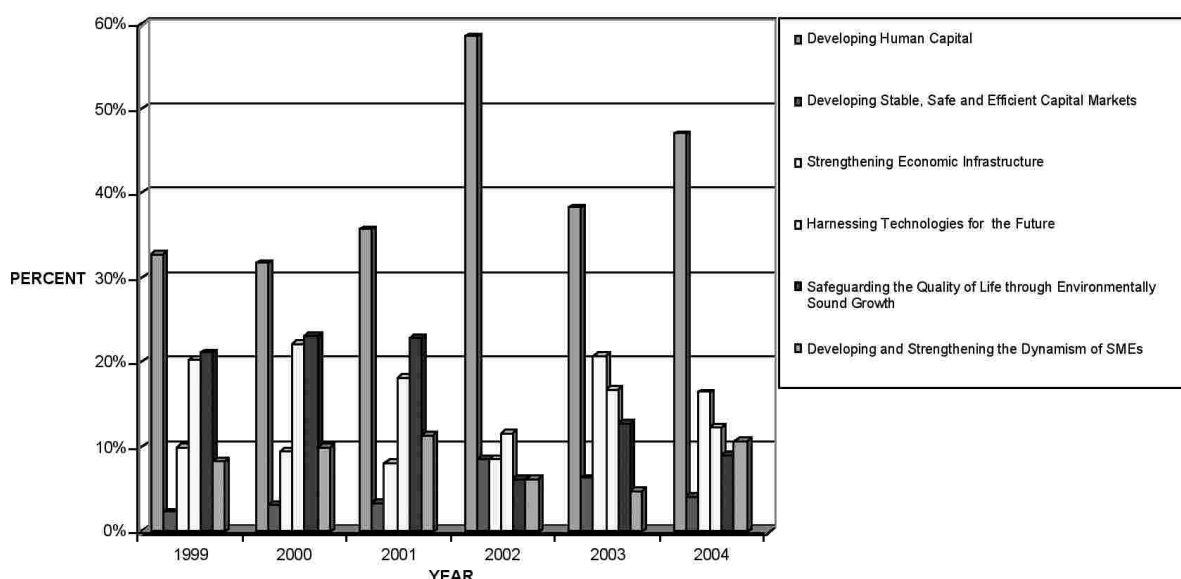
With the need for a more focused agenda and a strategic road map for future ECOTECH activities to enable APEC to better communicate with its

constituents, as well as facilitate efforts to attract additional support from external organizations including International Financial Institutions and private sector, a short list of APEC-wide ECOTECH priorities was adopted by Ministers in 2003. These include: Integration into the Global Economy; Counter-Terrorism Capacity Building; Promoting the Development of Knowledge-Based Economies; and Addressing Social Dimension of Globalization. Additional emphasis has therefore been placed this year on reporting on identification and implementation of activities in support of these priorities.

In general, a large number of activities supporting these priorities were implemented by APEC working groups. In the area of integration into the global economy, 11 projects were implemented on Small and Medium Enterprises (SMEs), aimed at building

capacity for entrepreneurs to gain access to the global economy. In the area of counter-terrorism capacity building, efforts were made to assist member economies in implementing the *Leader's Statement on Fighting Terrorism and Promoting Growth* agreed in 2002. In the area of promoting the development of knowledge-based economies, progress was made in assisting member economies to implement the e-APEC strategy adopted in 2001. Lastly, the social dimension of globalisation was addressed in the area of social safety nets capacity building.

Projects by ECOTECH Priority Themes 1999-2004



The first APEC/IFIs Roundtable Discussion on Economic and Technical Cooperation (ECOTECH) was successfully held last year. The meeting led to an agreement between APEC and the World Bank's Global Development Learning Network (GDLN) in July, to conduct a series of pilot projects utilising the existing facilities of the GDLN in order to disseminate the benefits arising from the workshop or training by APEC fora to a wider audience. The second APEC/IFIs Roundtable Discussion on ECOTECH was planned in the margins of SOM III. Unfortunately, due to an overlapping schedule of this meeting with the annual World Bank/IMF meeting, it had to be postponed to next year. However, the ESC will endeavour to organise the second APEC/IFIs Roundtable by working closely with the next host of APEC meetings.

Not only coordinating the implementation of APEC's ECOTECH activities, strengthening their implementation is also important to ensure maximum benefits to stakeholders. The ESC has initiated a two-prong approach. At working group level, an independent assessment of working groups was encouraged to ensure that work is responsive to the current priorities and is contributing to the Bogor goals. An independent assessment of the Fisheries Working Group (FWG) facilitated by the ESC was completed in March. The ESC will continue its effort to encourage an assessment of other working groups following the success with the FWG.



At project level, the evaluation frameworks for APEC projects were developed by the ESC-Small Group on Evaluation chaired by Australia. The Frameworks were successfully trialled for the 2005 APEC project proposal seeking Operation Account funding at the Budget and Management Committee (BMC) meeting in August. This led to a development of the Quality Assessment Framework (QAF) that will help project proponents strengthen the quality of their proposals. At the third Senior Officials Meeting in October, the QAF was endorsed to replace the existing ECOTECH Weightings Matrix, which forms part of the APEC Project Proposal Format.

Additional effort to promote transparency in administration and implementation of APEC projects will also be made by revamping the APEC Project Database. This will better serve the needs of the ESC, BMC, project proponents, and the APEC Secretariat. A fully functioning Project Database is expected to be in place early next year. Information on 2005 projects will be uploaded first and that of past projects will take place over the course of next year.

In addition to the 2004 work program, the ESC, with concurrence from SOM, has agreed to play a coordinating role to revitalise APEC's cross-sectoral approach to sustainable development. A Small Group on Sustainable Development within the ESC was set up to identify and analyse the activities on sustainable development in APEC during 1997–2004. Work is underway to identify areas and linkages where APEC can add value in future activities on this issue.

## Recommendations to Ministers

Together with this report, three recommendations are proposed to the 16th APEC Ministerial Meeting as follows:

1. *Encourage Independent Assessment of APEC Working Groups*

Note the ESC's contribution to the reform efforts in APEC and encourage independent assessment of APEC Working Groups. An assessment of the APEC's ECOTECH activities of the Fisheries Working Group (FWG) has proven to be helpful in ensuring that its work is responsive to APEC's current priorities and contributes to the Bogor goals. As a result, an independent assessment of other working groups should be encouraged. This would also contribute to the reform efforts in APEC.

2. *Approve Quality Assessment Framework*

Approve a Quality Assessment Framework (QAF) as a tool to foster good quality project proposals. As such, the QAF will replace the existing ECOTECH Weightings Matrix, which forms part of the APEC Project Proposal Format.

3. *Revitalise Cross-Sectoral Approach to Sustainable Development and Endorse High-Level Meeting on Sustainable Development*

Endorse a High-Level Meeting on Sustainable Development in 2005–6. To revitalise APEC's cross-sectoral approach to sustainable development, the ESC has created a Small Group on Sustainable Development in order to bring together APEC's work on this issue, and create a synergy with relevant working groups and sectoral ministerial meetings. A High-Level Meeting on Sustainable Development is being planned for 2005–6. It is, therefore, recommended that Ministers endorse this meeting to take stock of the implementation on sustainable development as instructed by the first APEC Ministerial Meeting on Sustainable Development in 1996.

## MAJOR ACTIVITIES IN SUPPORT OF APEC-WIDE ECOTECH PRIORITIES IN 2004

---

- **Integration into the Global Economy**

- Eleven projects implemented on Small and Medium Enterprises, aimed at building capacity for entrepreneurs to gain access to the global economy. These include:

- *Meeting of APEC International Network of Institutes for Small Business Counsellors (APEC-IBIZ), Canada, March 2004*
- *Training program on Microfinance, Indonesia, May 2004*
- *International Conference on "SME and Big Companies Interaction", Russia, June 2004*
- *3rd APEC SME Technology Conference and Fair, China, 4-6 June 2004*
- *United States Voluntary Visitor Program for APEC SME Government Officials, USA, June 20-30, 2004*
- *2nd Incubator Forum under the theme 'Marketing and Strategic Alliances for Start-ups,' Chinese Taipei, 31 August – 2 September 2004*
- *2nd APEC SME Service Alliance Meeting, September 6-7, 2004*
- *APEC Entrepreneurship Symposium, Chile, October 2004*
- *APEC Meeting for Cooperation among SME Policy-Implementing Agencies, Japan, 22 October 2004*
- *SME Working Group – OECD Collaboration on development of an SME Impediments Identification and Monitoring System*
- *Training program on ICT and e-business: Enabling e-Micro Enterprises Environment, Korea, October 2004*

- **Counter-Terrorism Capacity Building**

- The Counter-Terrorism Task Force assists member economies in implementing the Leader's Statement on Fighting and Promoting Growth agreed in 2002.

- *A key priority is the Secure Trade in the APEC Region (STAR) initiative. The 2nd STAR Conference was held in Chile during 5-6 March 2004 and it was agreed that priority had to be given to international technical cooperation and the involvement of international financial institutions*

- *APEC is continuing to assist economies in adopting the International Maritime Organization's International Ship and Port Security (ISPS) Codes*

- *The Counter Terrorism Task Force continues to work with the Finance Ministers' Process to halt the financing of terrorism*

- *Aviation workshops have been organised to help economies meet international air safety standards and develop human capacity and resources*

- **Promoting the Development of Knowledge-Based Economies**

- Activities have concentrated on assisting member economies to build the necessary policy environment conducive to KBE. This includes:

- *Initiatives by the Committee on Trade and Investment (CTI), supported by relevant working groups, such as the Telecommunications and Information Working Group (TELWG), the Industrial Science and Technology Working Group (ISTWG), Human Resources Development Working Group (HRDWG), the Agriculture Technical Cooperation Working Group (ATCWG) and the Tourism Working Group (TWG)*
- *Senior Officials endorsed a project to monitor and assess the e-APEC strategy and the project is expected to be completed by December 2004*

- **Addressing the Social Dimension of Globalisation**

- Emphasis is given to addressing social safety nets issue in APEC. Highlights include:

- *2nd International Meeting of Experts on Social Safety Nets in APEC, Thailand, 8-9 April 2004*
- *High-Level Seminar on Social Safety Nets: Social Protection of the Vulnerable Group in a Changing World, China, 14-16 July 2004*

- Three major activities related to youth were implemented, including:

- *2004 APEC International Youth Camp, Chinese Taipei, 1-6 August 2004*
- *3rd APEC Youth Science Festival, China, 5-9 August 2004*
- *1st APEC Youth Leadership Camp for the Scientifically Gifted, Korea, 16-26 August 2004*



# INTRODUCTION

## 1. INTRODUCTION

---

The SOM Committee on Economic and Technical Cooperation (ESC) was established in 1998 with the mandate to “assist SOM in improving the management and coordination of ECOTECH activities among APEC fora, including APEC working groups and policy level committees, with a view to improving the identification and coordination of new cross-cutting issues.” The terms of reference of the ESC appear in **Annex 1**.

With this in mind the ESC has, over the years, developed a series of recommendations to strengthen coordination between the ESC and other APEC fora, including an APEC-wide ESC/Fora meeting to discuss priorities for capacity building, and to exchange information and build relationships. The ESC has committed itself to developing a proactive approach for making APEC’s ECOTECH work and its benefits better known to business and APEC communities. In recent years, the work of the ESC has expanded to undertake measures to strengthen the implementation of ECOTECH activities. These include the strengthening of project evaluation frameworks under the ESC-Small Group on Evaluation and an independent assessment of APEC’s ECOTECH activities of the Fisheries Working Group (FWG). At the Senior Officials Meeting in May 2004, an additional role of the ESC through the creation of a Small Group on Sustainable Development was endorsed to facilitate the coordination of cross-sectoral work on sustainable development.

The ESC has been reporting annually on the implementation of various ECOTECH activities and key initiatives. The reports have focused on the activities implemented by APEC fora according to the *Declaration on an Asia-Pacific Economic Cooperation Framework for Strengthening Economic Cooperation and Development (Manila Declaration)*. These are categorised into six ECOTECH priority themes as follows:

- Developing Human Capital
- Developing Stable, Safe and Efficient Capital Markets
- Strengthening Economic Infrastructure

- Harnessing Technology for the Future
- Safeguarding the Quality of Life Through Environmentally Sound Growth
- Developing and Strengthening the Dynamism of Small and Medium Enterprises (SMEs)

These priorities determine how APEC’s ECOTECH agenda is set. Essentially, ECOTECH activities complement and support APEC’s broader trade and investment liberalisation and facilitation objectives, including the recognition that liberalisation will not be effective unless developing economies have the systems and information available to meet those obligations. ECOTECH activities should be “goal-oriented with explicit objectives, milestones, and performance criteria.” In pursuing economic and technical cooperation, Ministers encouraged member economies to “develop an environment favourable to the effective operation of market mechanisms, and integrate into the cooperation process the business/private sector as well as involve, wherever possible, other pertinent institutions.” The APEC’s ECOTECH agenda focuses on information sharing, capacity building/training and cooperation to upgrade the ability of member economies to meet the Bogor goals of free and open trade and investment and the sectoral objectives.

In practice, ECOTECH has focused on policy dialogues, sharing best practices and experience, sharing information to promote transparency and knowledge, harmonisation of standards or mutual recognition, and training in support of the Bogor goals and implementation of international commitments. Participation in these joint activities is on a voluntary basis. Activities can be wholly or partly financed from APEC central funds, self-financed by member economies, or carried out with contributions from outside sources.

The number of ECOTECH activities requesting funding by APEC fora has increased over the years while the available resources decreased. Consequently, it has become apparent that there is a need for the ECOTECH agenda to be managed more strategically. At SOM I meeting in 2003, Senior Officials endorsed a short list of APEC-wide ECOTECH priorities, which includes:

Integration into the Global Economy, Counter-Terrorism Capacity Building, Promoting the Development of Knowledge-Based Economies and Addressing the Social Dimensions of Globalisation.

This list was used to facilitate discussions at the first APEC/IFI Roundtable held in the margins of SOM III/2003 in Phuket, Thailand. The objectives of the discussions were to exchange experiences and policies on ECOTECH activities and to consider areas and means of future cooperation between APEC and IFIs including the Asian Development Bank (ADB) and the World Bank. This meeting was the first in a more formalised approach to building partnerships between APEC and IFIs and other relevant international organisations, and was a follow-up to the 2002 APEC Workshop on ECOTECH and Capacity Building - *Assisting Integration into the Global Economy*.

The outcome of the discussions was an agreement between the APEC Secretariat and the World Bank's Global Development Learning Network (GDLN) to conduct a series of pilot projects utilising the existing facilities of the latter to disseminate the benefits arising from the workshop or training by APEC fora to a wider audience. A Letter of Intent between the APEC Secretariat and the World Bank concerning the Global Development Learning Network (GDLN) appears in **Annex 2**.

This short-list of priorities does not preclude other ECOTECH activities from being undertaken by APEC fora. Neither does it imply that the ESC has the authority to set priorities for other APEC fora. Rather, the short-list is meant to provide an up-to-date, overall strategic focus, a road map for future APEC ECOTECH agendas, and to enable APEC to better communicate with its constituents and possibly attract additional support from external organizations.

The complementary and cross-cutting nature of Trade and Investment Liberalisation and Facilitation (TILF) and ECOTECH are also reflected in the list of priorities. In October 2003, Ministers endorsed the APEC-wide ECOTECH priorities, and the ESC was tasked to focus on identification and implementation of capacity building projects under the four ECOTECH priorities, and report to the APEC Ministerial Meeting in 2004.

With the evolving mandates of the ESC and BMC, as well as increasing participation in ECOTECH activities by International Financial Institutions (IFIs), the *Guidance on Strengthening Management of APEC's ECOTECH Activities*, which was first endorsed by Senior Officials in 1998 in Kuching, Malaysia, was revised. The guidance is part of APEC's overall policies and procedural guidance when dealing with the public. The last update was made in June 1998. The new Guidance was approved by the ESC and noted by SOM in June 2004 and appears in **Annex 3**.

The ESC, with Ambassador Juan Carlos Capuñay of Peru as Chair, met on three occasions in 2004 in Chile to assess the implementation of ECOTECH initiatives across APEC fora. The first meeting was held in Santiago on 28 February 2004; the second meeting took place in Pucón on 28 May 2004; and the third in Santiago on 1 October 2004. At the first Senior Officials meeting in February, Senior Officials endorsed the ESC's 2004 Work Program, which concentrated on the implementation of key directives from Ministers, coordination and management of the ESC, and outreach to the broader community. At the second Senior Officials Meeting in Pucón, an issue of sustainable development was endorsed for inclusion in the 2004 ESC work program with the aim of revitalising APEC's cross-sectoral approach to sustainable development, and identifying areas and linkages where APEC can add value to future work on this issue. In response, a Small Group on Sustainable Development within the ESC was formed to support the work on sustainable development by the ESC. A revised 2004 ESC work program is given in **Annex 4**.

Over the year, the ESC also responded to the call by Senior Officials for a reform of APEC by strengthening the implementation of APEC's ECOTECH activities. This is done at working group level through an independent assessment of the working group, and at project level through the evaluation frameworks for APEC projects. The Fisheries Working Group (FWG) was the first working group that volunteered to undergo an independent assessment facilitated by the ESC. The assessment was completed in March and forwarded to the FWG for comment. Members of the FWG were satisfied with the recommendations, which led to a

strategic work plan of the FWG being developed in a more focused manner.

At the project level, Australia led the Small Group in developing project evaluation frameworks. The Small Group was set up to provide recommendations on how to add value to project development and evaluation processes. A trial of the revised evaluation frameworks was conducted on 19 projects seeking operational account funding at the Budget and Management Committee (BMC) meeting in August. The trial was successful and led to a development of the Quality Assessment Framework (QAF).

The 2004 SOM Report on ECOTECH contains six chapters with eight Annexes. It begins with an assessment of the ECOTECH projects conducted by APEC fora in 2004. A simple analysis of the number and type of projects is presented in Chapter 2. As mandated by the 15<sup>th</sup> APEC Ministerial Meeting, the implementation of projects and activities according to the short list of APEC-wide ECOTECH priorities is presented in Chapter 3. Chapter 4 outlines additional ESC work, as adopted by Senior Officials this year, to revitalise APEC's cross-sectoral approach to sustainable development. The work on strengthening implementation of ECOTECH activities is discussed in Chapter 5. The final chapter provides conclusions and recommendations to the 16th APEC Ministerial Meeting.



# **APEC PROJECTS IN ACTION**

## 2. APEC PROJECTS IN ACTION

---

The ESC is mandated to report annually on APEC's ECOTECH activities. Beginning with its first annual report, the implementation of ECOTECH activities has been presented based on the six ECOTECH priority themes endorsed by Ministers in 1996. These priority themes are:

- Developing Human Capital
- Developing Stable, Safe and Efficient Capital Markets
- Strengthening Economic Infrastructure
- Harnessing Technologies for the Future
- Safeguarding the Quality of Life Through Environmentally Sound Growth
- Developing and Strengthening the Dynamism of Small and Medium Enterprises (SMEs)

Since the last APEC Ministerial Meeting, APEC working groups and fora reported having implemented a total of 121 ECOTECH-related projects. These include projects that were approved by the Budget and Management Committee (BMC) for financial support from APEC funding (Operational Account and TILF Special Account) and self-funded projects initiated and implemented by individual or groups of economies. Information on self-funded projects was obtained from the APEC Project Database and the progress reports of self-funded projects to the BMC meeting.

Based on this information, the ESC evaluated the activities with the following criteria broadly in mind:

- ECOTECH priority themes and goals of the *Manila Declaration*
- Relevance to specific ECOTECH objectives
- Relevance to the business/private sector, including participation and/or funding
- Compliance with the *Guidance on Strengthening Management of APEC ECOTECH Activities*
- Compliance with the *ECOTECH Weightings Matrix*

Information on individual ECOTECH projects and activities undertaken by APEC fora in 2004 can be accessed from the APEC Secretariat's Project Database at <http://www.apec.org/apec/projects.html>. A table summarising the number of projects that are in progress or were completed in 2004 under each ECOTECH priority theme is in **Annex 5** and a table summarising the type of ECOTECH activities is in **Annex 6**.

### Key Findings

In 2004, a total of 121 projects were found to be contributing to the six broad ECOTECH priority themes. Of these, 63 projects, or about 52 percent, were funded from the TILF Special Account (funded by Japan), 43 projects, or about 35.5 percent, from the Operational Account (funded collectively by APEC members), and 15 projects, or about 12.5 percent, were self-funded projects (by individual or groups of APEC economies). However, this does not mean that projects seeking APEC financial support will be solely dependent on APEC resources. A recent decision by the BMC at its meeting in August 2004 also requested that in proposing any TILF project, a self-funded portion must be contributed by the proposing economy with at least 50 percent for industrialised member economies, and 20 percent for developing member economies.

Over the span of six years from 1999, the ECOTECH projects have shown a continual decline from 250 projects in 1999 to 121 projects in 2004. This is shown in Chart 1. A fall in the number of APEC projects could be attributed to at least three factors. First, sustained economic recovery after the Asian financial crisis in 1997 has seen many developing member economies able to carry out their own capacity building needs. Second, although a larger part of the APEC financial resources came from TILF Special Account contributed by Japan, a weaker US dollar exchange rate vis-à-vis the Japanese Yen has led to a reduction of these funds in US dollar terms. With scarce and dwindling resources, efforts have been made to scrutinise projects for more focused agenda that are in line with priorities set forth by Leaders, Ministers and Senior Officials. Thus, it is not surprising that for the budget cycle of 2004, only 128 projects

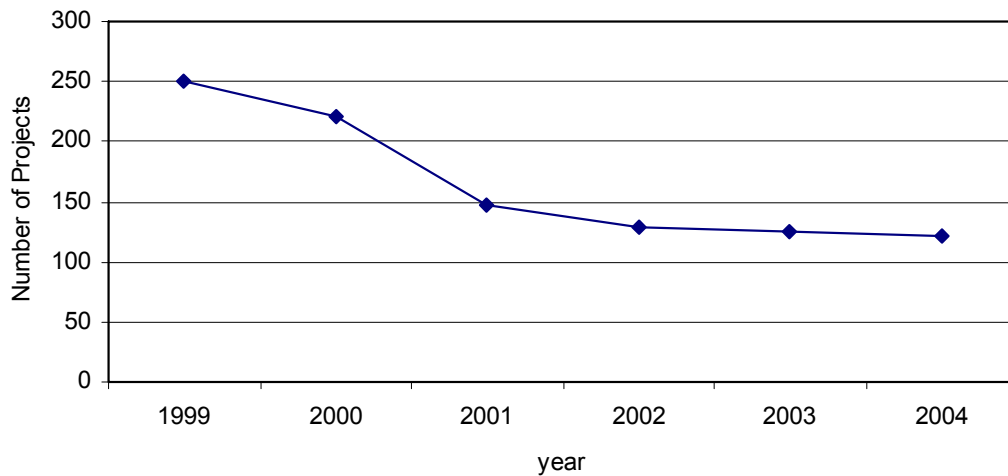


were proposed. Six of these were finally withdrawn at the BMC meeting, sixteen were disapproved, and only 106 projects were finally approved.

**Chart No. 1** indicates a continual decline in the number of projects from 250 in 1999 to 121 in 2004

Across the six ECOTECH priority themes, developing human capital remains the focus of many APEC projects, with more than 47 percent of the projects' objectives geared towards building human capacity. This is followed by "Strengthening economic infrastructure" with more than 16.5 percent of the projects' objectives. At the same time, a recent emphasis in APEC on Small and Medium Enterprises (SMEs) has seen a resurgence of ECOTECH projects in promoting SMEs, which represents about 13 percent. This is shown in Chart No. 2

**Chart No. 1**      **Number of Projects by Year**



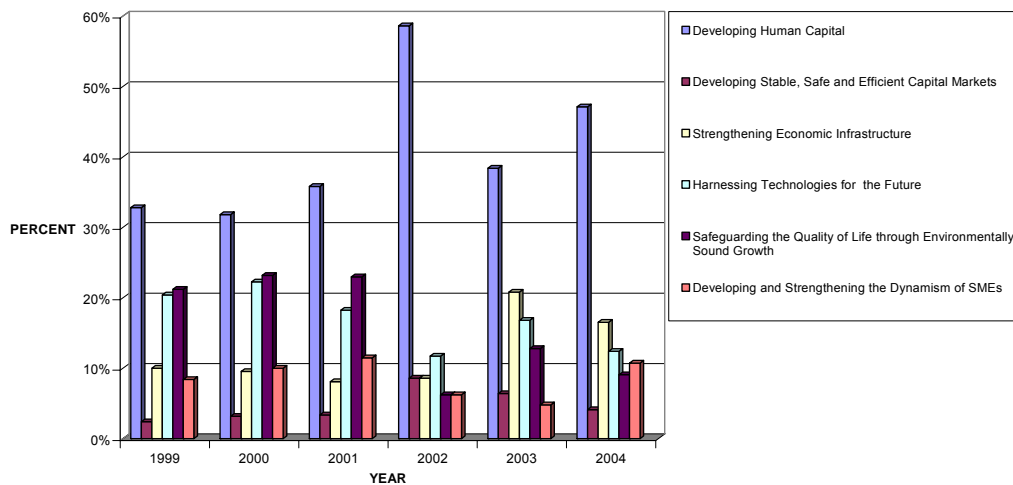
**Chart No. 2** illustrates the history of projects that were conducted under each ECOTECH theme from 1999 to 2004.

The number of 2004 projects categorised by ECOTECH priority themes are as follows:

Developing human capital	<b>57</b>
Developing stable, safe and efficient capital markets	<b>5</b>
Strengthening economic infrastructure	<b>20</b>
Harnessing technologies for the future	<b>15</b>
Safeguarding the quality of life through environmentally sound growth	<b>11</b>
Developing and strengthening the dynamism of SMEs	<b><u>13</u></b>
<b>Total</b>	<b>121</b>

**Chart No. 2**

Projects by ECOTECH Priority Themes 1999-2004



The ESC has continued the practice of classifying APEC projects according to broad categories that best describe the type of activities being undertaken (**Annex 6**). The analysis this year shows that more than half of the projects involve information sharing. That is, around 51.2 percent of the projects were conducted through seminar and symposium. Training accounted for about 19.8 percent. Survey, analysis and research were about 28 percent. The trend over the past six years is illustrated in **Chart No. 3**.

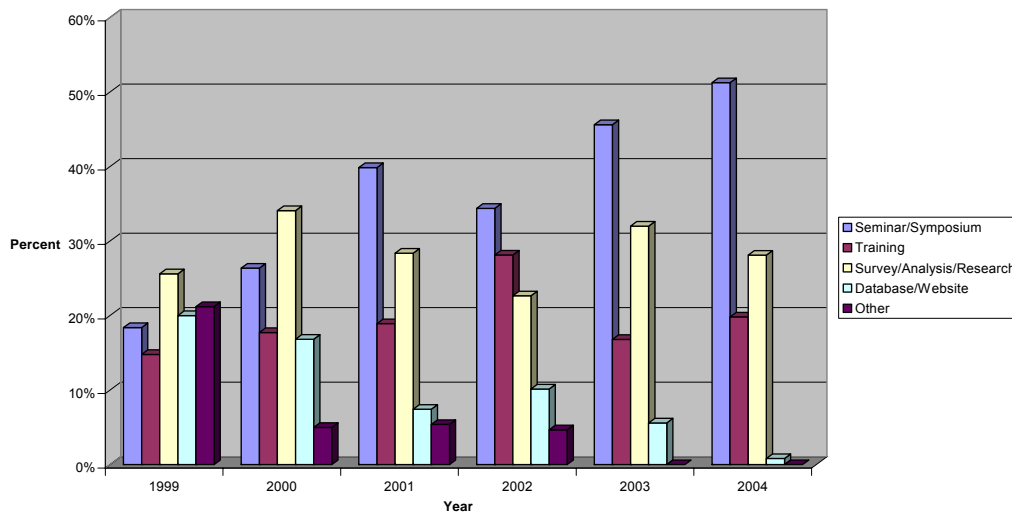
**Chart No. 3** shows the types of ECOTECH projects implemented over the period of 1999 to 2004.

The number of 2004 projects categorised by type of activity is as follows:

Seminar/Symposium	<b>62</b>
Training	<b>24</b>
Survey/Analysis/Research	<b>34</b>
Database/Website	<b>1</b>
<b>Total</b>	<b>121</b>

In summary, it is clearly shown that a majority of APEC projects still focus on human resources development, and with the emphasis on joint activity through seminar/symposium and training as the means for exchanging information, experience and best practices.

**Chart No. 3** Types of ECOTECH Projects 1999-2004





# **IMPLEMENTATION OF THE APEC-WIDE ECOTECH PRIORITIES**

### 3. IMPLEMENTATION OF THE APEC-WIDE ECOTECH PRIORITIES

---

In October 2003, Ministers endorsed the four APEC-wide ECOTECH priorities, and tasked the ESC to focus on identification and implementation of capacity building projects under those priorities and report to the APEC Ministerial Meeting in 2004.

The APEC-wide ECOTECH Priorities are:

- Integration into the Global Economy
- Counter-Terrorism Capacity Building
- Promoting the Development of Knowledge-Based Economies
- Addressing the Social Dimension of Globalisation

Over the year, the ESC has monitored the work undertaken in support of those priorities by APEC working groups. The information was obtained from the APEC Forum Reports to SOM III, a report to SOM by an economy, or group of economies, on the implementation of activities that are initiated on a self-funded basis, and the APEC Project Database.

In general, APEC working groups implemented a large number of activities in support of those priorities. In the area of integration into the global economy, eleven projects were implemented on Small and Medium Enterprises (SMEs) aimed at building capacity for entrepreneurs to gain access to the global economy. In the area of counter-terrorism capacity building, efforts were made to assist member economies to implement the *Leader's Statement on Fighting Terrorism and Promoting Growth*, as agreed in 2002. In the area of promoting the development of knowledge-based economies, progress was made to assist member economies in implementing the e-APEC strategy adopted in 2001. Lastly, the social dimension of globalization was addressed in the area of social safety nets capacity building. This was headed by the APEC Social Safety Nets Capacity Building Networks and a group of economies including Korea, Thailand and China.

#### 3.1 Integration into the Global Economy

Assisting member economies to integrate themselves into the global economy has always been a primary objective of APEC. Much of these efforts are reflected in the

report of activities implemented by the Committee on Trade and Investment (CTI). These cover the actions in support of trade and investment liberalisation and facilitation according to Part I of the Osaka Action Agenda (OAA).

However, there are also a number of policy concepts for the sectoral working groups and the joint activities, and policy dialogues in which each APEC working group can assist the CTI in the overall effort to achieve integration into the global economy. These are supported mainly by the Small and Medium Enterprises Working Group (SMEWG) and the Trade Promotion Working Group (TPWG), while other working groups, including the Agricultural Technical Cooperation Working Group (ATCWG), Tourism Working Group (TWG) and the Electronic Commerce Steering Group (ECSG) also report some of their activities under this priority.

The SMEWG has reported 11 activities undertaken this year, which were aimed at building capacity for small and medium entrepreneurs to gain access to the global economy. These include:

#### *International Conference on "SME and Big Companies Interaction"*

An International Conference on "SME and Big Companies Interaction" was organised in June 2004 in Russia. The aim was to consolidate the efforts of the SME community in the interest of effective entrepreneurship development based on mutually beneficial cooperation between small and big businesses, and further dialogue between SMEs and the private sector at all levels.

#### *United States Voluntary Visitor Program for APEC SME Government Officials*

The U.S. Voluntary program for APEC SME officials took place from 20–30 June 2004. The program aimed to introduce the participating APEC SME Government Officials to U.S. federal and local government, private sector, and academic organisations responsible for the development of best practices for U.S. SME entrepreneurial and micro enterprises policies and programs.

#### *APEC Meeting for Cooperation among SME Policy-Implementing Agencies*

Under the proposal submitted by Japan to support measures for Small and Medium Enterprises, Japan organised an “APEC Meeting for Cooperation among SME Policy-Implementing Agencies” on 22 October 2004 in Sendai, Japan. Officials from APEC ministries for SMEs, as well as SME policy-implementing agencies, took part in exchanging opinions and sharing best practices on fostering human resources for business innovation which responded directly to the SMEWG’s 2004 theme.

#### *APEC Entrepreneurship Symposium*

In the margins of the SME Ministerial Meeting in October 2004, Chile hosted an APEC Entrepreneurship Symposium to address the opportunities and challenges, as well as the obstacles and barriers that globalisation presents to entrepreneurs. The main focus of this symposium was on Human Resources Development—training, finance, technology and regulations. Other issues such as women and entrepreneurship, and young entrepreneurs were also discussed. This was the second Entrepreneurship Symposium following the first one held in the margins of the 2003 APEC SME Ministerial Meeting in Thailand.

#### *SME Impediments to Trade*

The SMEWG has developed a SMEs Impediments Identification and Monitoring System in a project in collaboration with the Organization for Economic Co-operation and Development (OECD) and export facilitation agencies. The SMEWG is also working to identify market access impediments and strategies to improve access to international markets for SMEs. In February 2004, a Trade Policy Dialogue was held with the APEC Market Access Group (MAG) on market access issues of concern to SMEs. In September 2004, a joint-session was also held with the APEC Sub-Committee on Standards and Conformance (SCSC) to identify and propose steps to reduce unnecessary impediments in the area of product standards and conformance.

#### *APEC SME Service Alliance (SMESA)*

The APEC SME Service Alliance was established in November 2003 when APEC officials met in Ningbo, Zhejiang, China. Apart from government officials, it was joined by intermediary agencies from 12 APEC economies. The main priority of the Alliance in

2004 is to set up an APEC SMESA website that will provide information about the alliance members and opportunities for economic and trade cooperation among SMEs in the APEC region. The second APEC SMESA meeting was held on 6–7 September 2004. The Alliance also conducted a survey on the sustainability of SMEs to be reported to the APEC SME Ministerial Meeting.

#### *The 3<sup>rd</sup> APEC SME Technology Conference and Fair (METC)*

The 3<sup>rd</sup> APEC SME Technology Conference and Fair was organised by China from 4–6 June 2004 in Qingdao. In conjunction with the technology fair, a forum on SMEs innovation and development also took place.

#### *APEC International Network of Institutes for Small Business Counsellors (APEC-IBIZ)*

This initiative was endorsed in 1997 to address the need for training and certification of small business counsellors. In 2001, APEC SME Ministers approved the creation of an International Network of Institutes of Small Business Counsellors to provide training and certification programs for consultants, counsellors and other professionals assisting entrepreneurs. In March 2004, the APEC-IBIZ Coordinating Committee met in Vancouver and held a side meeting with SMEWG members to update them on IBIZ activities. A website is being developed to share essential documents of the program’s new modules developed for member economies.

#### *From Income Generation to Patent Creation: Incubating Innovative Micro-enterprises*

The second incubator forum under the theme “Marketing and Strategic Alliance for Start-ups” took place in Chinese Taipei on 31 August – 2 September 2004. It was held with the objective of enhancing the innovative capacity of SMEs and micro-enterprises through professional training and assistance from incubators. Innovation-oriented policies to facilitate the development of incubators were also discussed. Additional benefits of the forum were the strengthening of cross-border cooperation between incubators and other related actors in the APEC region.

#### *Enabling e-Micro-enterprises Environment - through Survey and E-Community Based Capacity Building*

This project was proposed and conducted by Korea in three stages. First, it aimed to provide Micro-enterprises with a window of opportunity for upgrading skills on Information

and Communications Technology (ICT) and e-biz knowledge, with the support from intermediary and e-community models for their capacity building. As a result, a survey on micro-enterprises and SMEs of member economies was conducted during the second semester of 2003 to identify the level of acquisition of information by SMEs and MEs in terms of strategies, infrastructure readiness and utilization, and training of ICT and e-biz, etc. Subsequently, an Information and Communications Technology Policy Forum on MEs information acquisition and e-strategy was conducted in Korea in July 2004. The final stage involved a training program on ICT and e-biz to support e-community building and foster inter-firm networking. This was conducted in October 2004.

#### *Training Program on Micro-finance*

A training program on micro-finance and micro-funding was organised in May 2004 by Bank Rakyat of Indonesia (BRI). Participants had an opportunity to learn from BRI's success in implementing a micro-banking system that proves to be institutionally sustainable. The best example of sustainability, outreach and profitability was also shared. Managerial skills in running Micro Finance Institutions (MFIs) were discussed to develop best practices from various APEC members. The training also provided lessons learned with respect to micro-finance development through a capacity building session, including technology, management information systems, human resources management and skill-building, and development of an internal control system. As a side event, a Micro Finance Institution Bazaar was demonstrated to share experiences in developing MFIs. Lastly, participants were introduced to the success of micro finance institutions through micro credit offered to the public.

The TPWG has three on-going projects in 2004. The first two projects focus on building human capacity for government officials responsible for trade promotion. These include a project aimed at coaching senior executives of the trade promotion agencies and a seminar on receivable management and guarantee practices in trade finance. The other project is on enhancing virtual exhibition for trade promotion.

The ATCWG has its work plan to implement four projects that are trade-related and hence support integration into the global economy. In

the field of research, development and extension of agricultural biotechnology, the ATCWG has carried out a project in response to the outcome of the 2003 MRT meeting. It will hold the 8th Workshop on Technical Cooperation, Capacity Building, Risk Assessment/ Management and Emerging Issues in Agricultural Biotechnology in November 2004 in Korea.

In the area of strengthening markets, the ATCWG and member economies have been working strenuously to strengthen markets, especially those of developing member economies. In this context, it carried out, among others, the Cold Chain Technical Assistance Program and information sharing on the best practices regarding pollution caused by the Food Processing Industry, and a Training Program on Post Harvest Technology and Quality Management of Agri-products to be held in October 2004 in Thailand.

The TWG has two on-going projects on "APEC Tourism Impediments Study-Phase 2", and "Public and Private Partnership" for Facilitating Tourism Investment in the APEC Region. These projects will provide a significant boost to the tourism industry and facilitate the movement of tourists in the region.

Lastly, the ECSG completed its project on the APEC Symposium on ebXML for Internet Paperless Trading and Collaborative e-Business in July 2004. Participants in the symposium exchanged know-how and experience in adopting enabling technology that will assist member economies to accelerate the automatic interchange of official trade-related e-documents and collaborative B2B e-business transaction in APEC. This project is an example among the ECOTECH activities that supplements the efforts by the CTI to achieve the goal of paperless trading by 2010.

### **3.2 Counter-Terrorism Capacity Building**

Since its inception last year, the APEC's Counter-Terrorism Task Force (CTTF) has been tasked with coordinating the counter-terrorism capacity building activities. It is especially committed to coordinating the implementation of the *Leader's Statement on Fighting Terrorism and Promoting Growth*, which was agreed in October 2002. The CTTF

assists economies to identify and assess counter-terrorism needs, co-ordinates capacity building and technical assistance programs, cooperates with international and regional organizations and facilitates cooperation between APEC fora on counter-terrorism issues.

A key priority is the Secure Trade in the APEC Region (STAR) initiative. This initiative aims to secure and enhance the flow of goods and people through measures to protect cargo, international aviation and people in transit, halting the flow of terrorism, promoting cyber security and energy security, and protecting the health of communities.

The first Secure Trade in the APEC Region (STAR) Conference, co-hosted by Thailand and the United States in 2003, brought together representatives from all 21 APEC member economies, senior executives from major private sector companies, and officials from international organisations such as the International Maritime Organisation (IMO), International Air Transport Association (IATA), World Customs Organisation (WCO) and the World Bank, to discuss how to advance trade efficiency and trade security in the Asia-Pacific region. Capacity building, in particular the need to strengthen the institutional capacity of governments, was cited as being the essence of success of the program.

As a follow-up to the STAR initiative, Thailand and the United States developed a pilot demonstration project, the STAR–Bangkok/Laem Chabang Efficient and Secure Trade (BEST) Port Project. This project used e-seal technology to track shipments of secured containers shipped from the Port of Laem Chabang to the Port of Seattle. The success of the project could enhance the confidence of business and consumers in the security of the region's supply chain.

The STAR II Conference was hosted by Chile in 2004. Delegates agreed that implementing new security measures and securing a more stable environment required the collaboration of public and private sectors, and a sharing of information between governments. While there was no consensus about the impact that security measures could have on trade facilitation, there was agreement that priority had to be given to international technical cooperation and the involvement of international financial institutions.

The STAR III Conference will be held in Korea in 2005, and will build upon the success of the STAR I and STAR II Conferences.

In order to facilitate the identification of capacity building needs, the CTTF developed the Counter-terrorism Action Plan (CTAP). This Action Plan was completed by all APEC member economies in 2003. The CTAP is a check-list of measures undertaken by economies to implement the Leader's Statement and identify further capacity building needs of economies. Relevant fora undertook a thematic cross-analysis of those counter-terrorism capacity building needs identified in the CTAP. Final results of this cross-analysis will be presented to Ministers and Leaders.

Counter-terrorism work is underway in a number of fora. APEC is helping economies adopt the International Maritime Organisation's International Ship and Port Security (ISPS) Codes. This has been done via a number of workshops, and work in this area will continue past the deadline of 1 July 2004 in order to ensure that member economies are able to attain ISPS code compliance.

The CTTF continues to work with the Finance Ministers' Process to halt the financing of terrorism. A seminar to provide legal policy assistance to strengthen Anti-Money Laundering/Anti-Terrorist financing has been conducted to prevent the criminal misuse of information. APEC economies are working to enact laws relating to cyber-security consistent with the United Nations General Assembly Resolution 55/63. The capacity of government institutions to implement these laws is being strengthened by the Cyber Crime Legislation and Enforcement Capacity Building project.

Aviation workshops have also been held to help economies meet international air safety standards, to ensure that aviation personnel are properly trained and that they have the necessary resources to carry out their responsibilities. APEC customs' administrations are implementing procedures to target high-risk shipments for inspection while facilitate legitimate trade. These measures include adopting the common standards for electronic customs reporting developed by the World Customs Organisation. Other programs are helping to raise the level of integrity of customs administrations and to facilitate the electronic



filing and processing of trade-related information by importers and exporters.

The Counter-Terrorism Task Force recognises that security issues are fundamental to APEC's commitment to trade and security, and will continue to focus its efforts on capacity building to ensure a secure trading environment in the APEC region.

Other activities related to counter-terrorism capacity building are the Energy Working Group's (EWG) work on *APEC Energy Security Initiative* and the Tourism Working Group's (TWG) self-funded project by the Australian Agency for International Development (AusAID), Pacific Asia Travel Association (PATA) and World Tourism Organisation (WTO) on *Tourism Risk Management for the Asia Pacific Region: An Authoritative Guide for Managing Crises and Disasters* and an on-going project on *Best Practices and Ideas in Safety and Security for APEC Economies to Combat Terrorism in Tourism*.

### **3.3 Promoting the Development of Knowledge-Based Economies (KBE)**

Many activities in support of the Development of Knowledge-based Economies have concentrated on assisting member economies to build the necessary policy environment conducive to KBE. This follows the recommendations from the e-APEC strategy adopted in 2001, which consisted of:

- Creating an environment for strengthening market structures and institutions, i.e. open markets and strong institutions.
- Facilitating an environment for infrastructure investment and technology development, i.e., a favourable investment and innovation climate.
- Enhancing human capacity building and promoting entrepreneurship, i.e., emphasis on education and SMEs.

To ensure that APEC has made progress in the implementation of e-APEC strategy, Senior Officials endorsed a project in 2004 to monitor and assess the e-APEC strategy. This study is being conducted by an expert from the Pacific Economic Cooperation Council (PECC), and is expected to be completed by December 2004.

The first two policy directives were implemented largely by the CTI and supported by other relevant working groups. For example, the TELWG has been working on the Digital Divide Blueprint for Action through its project on APEC Smart Community Development. It also implemented an APEC Cyber-Security Strategy through projects on SME Internet safety programs and an Internet investigatory training workshop for law enforcement personnel. In addition, its work on e-Government has been supplemented by a project on enhancing a data privacy implementation mechanism among member economies. The ISTWG, under its APEC Agenda for Science and Technology Industry Cooperation into the 21<sup>st</sup> Century, has been working on mechanisms to promote access to information and knowledge. Recently, its work on human health has been elevated by the establishment of a Health Task Force to deal with the challenge of severe acute respiratory syndrome (SARS) and other emerging infectious diseases. The HRDWG has also been working to enhance human capacity on cyber education, and an on-line training to prepare a new generation of knowledge workers.

Additional work by the HRDWG this year deals with promoting the use of foreign languages, including English for non-English speaking economies to gain access to knowledge and technology. The 3rd APEC Education Ministerial Meeting organised by the Education Network (EDNET) of the HRDWG was held in Santiago, Chile on 29–30 April 2004. The theme of the meeting was "Skills for the Coming Challenges", to foster linkages and strengthen collaborative initiatives in the field of education. Four priority areas for future network activities were identified as: Teaching English and Other Foreign Languages; Stimulating Learning in Mathematics and Science; Using Technology for Teaching and Learning; and Governance and Systemic Reform in Education. The objective of the meeting was to promote equitable and sound opportunities for the APEC community to make the most of its potential in order to achieve the goals of greater economic integration, openness, and prosperity for our peoples.

The EDNET was tasked with implementing the initiatives endorsed by SOM I in February 2003 and in Part II of the Osaka Action Plan (OAA) which include: Quality basic education; Lifelong learning; Improved curricula;

Teaching methods and instructional materials for the 21st century; Enhanced quality of the labour force; and mobility of qualified persons. The EDNET has gained greater focus and strategic alliances with the private sector, other international organisations in the region and across APEC fora, and has made progress towards the Leaders' priority in building a knowledge-based society.

The HRDWG through EDNET will work with other relevant APEC Fora, including the APEC Business Advisory Council (ABAC), to develop a Strategic Plan for English and Other Languages in the APEC Region that would take into account the context of each economy. The outcomes of the 3<sup>rd</sup> APEC Education Ministerial Meeting will be reported to the APEC Economic Leaders' Meeting in Santiago, Chile in November 2004.

Work on building KBE was supplemented by a joint activity sponsored by China and Thailand at an APEC Workshop on Development of Science and Technology Intermediary Mechanism (STIM) held in Beijing in February 2004. The workshop brought together policy makers and the science community to exchange views on how to promote cooperation under the KBE priority of fostering innovation.

Focusing on the development of Science and Technology Intermediary Mechanism (STIM), the workshop carried out an in-depth exposition, analysis and discussion on various aspects of issues such as technology diffusion, technology transfer, science and technology appraisal and resource allocation, innovation decision making and management, classification, knowledge hierarchies, the functions and role of intermediary mechanisms. At the end, the establishment and operation of a public information sharing system, the policy and role of the government in the development of intermediary mechanism were proposed. During the workshop, delegates also had an in-depth discussion concerning the strategies, approaches and measures for strengthening the cooperation and exchange between science and technology intermediary mechanisms among APEC member economies.

Several issues were discussed in the workshop. These encompassed the essential role of government in providing the catalysts for the healthy development of STIM, a clearer

definition and function of STIM in which the beneficiary, among others, is the incubator, and the model for inter-connectedness and interactivity between government, academia and industry. The latter was referred to as the "Triple Helix" or rope that could be further developed among APEC members.

The ATCWG also initiated a number of activities in support of the development of KBE. In July 2004, the 3<sup>rd</sup> Seminar on Agricultural Technology Transfer and Training was held in Bandung, Indonesia. In October 2004, an APEC Symposium on the Management of the Golden Apple Snail was held in Chinese Taipei. Preparations are on the way for the 5<sup>th</sup> Workshop on the Conservation and Utilization of Plant and Animal Genetic Resources, which will be held back to back with the 7<sup>th</sup> Asian Fisheries Forum on 29 November – 3 December 2004. The 6<sup>th</sup> Workshop on Plant Genetic Resources will be co-hosted by Chinese Taipei and Mexico later this year. The group also decided to hold an International Standards Workshop hosted by the United States during 2004–2005.

In the area of the research, development and extension of agricultural biotechnology, the ATCWG hosted a Conference on Agricultural Biotechnology in Centres of Origin in Mexico City in November 2003, and the 7<sup>th</sup> Development and Extension of Agricultural Biotechnology Sub-Group (REDAB) Workshop in Beijing, China during 15-23 September 2003. Future works on E-CERT, a web-based system for electronic health certification of agricultural exports is underway, as the ATCWG has recently discussed this with the Electronic Commerce Steering Group (ECSG).

The TWG also reported two on-going activities in support of this priority. These include the project on Exploring Best Practices of E-commerce Application to Small and Medium Tourism Enterprises (SMTE) in the APEC Region and Managing the APEC Tourism Information Network (TIN).

### **3.4 Addressing the Social Dimension of Globalisation**

The Asian financial crisis in 1997 helped APEC to realise the importance of social safety nets as a means to cushion the adverse impact of globalisation on vulnerable groups of society, such as the poor, elderly and

unemployed families. At the 11th APEC Economic Leaders' Meeting in Bangkok last year, Leaders again underlined the importance of strengthening social safety nets to promote sustainable and equitable economic development. This has placed the social safety nets issues as one of the priorities short-listed for APEC this year under this strategic theme.

There is no particular working group in charge of the social safety nets issue in APEC. However, many discussions take place in the HRDWG and the Finance Ministers' Process. The work of APEC in this area has been done primarily on a voluntary basis by groups of economies. Among the main driving forces to promote capacity building in the area of social safety nets within APEC is the APEC Social Safety Net Capacity Building Network (APEC SSN CBN). The Network was established in 2002 to exchange information and share experience on the implementation of social safety nets as recommended by Leaders, Ministers, Senior Officials, other APEC fora, including the Human Resources Development Working Group (HRDWG), and the Finance Ministers' Process. More information on SSN CBN can be found on its website at [www.apecssn.org](http://www.apecssn.org).

The Social Safety Net Capacity Building Network (SSN CBN) is currently working on the following six priority areas:

- Pre-crisis Social Safety Net Planning and Prevention Measures
- Capacity for Evaluating Effectiveness of Policy Action
- Collection of Disaggregated Data and Access to Current Data
- Identifying At-risk Populations
- Designing Response Institutions and Financing
- Strengthening Transparency and Accountability in Social Safety Net Operations

This year, the SSN CBN has played a leading role in organising two meetings on the issue of social safety nets. The first one was the 2<sup>nd</sup> International Meeting of Experts on Social Safety Nets in APEC held in Bangkok, Thailand on 8 – 9 April 2004. The meeting was co-hosted by Korea and Thailand, with 55 participants from 13 member economies, the APEC Secretariat, the United Nations

Development Programme (UNDP), and the World Bank attending.

The Meeting discussed current social safety nets issues and explored the ways in which specific capacity building needs on SSN could be augmented in APEC economies. These included, *inter alia*, APEC member economies' current status on social safety nets, the problems and limitations of APEC, and an assessment of social safety nets strengthening activities carried out by APEC member economies and International Financial Institutions. It also discussed future activities to strengthen SSN in APEC.

As further mandated by Senior Officials, the meeting also considered ways to promote wider workforce retraining. Various issues were emphasized such as the integration of vocational and unemployment services, the specific target groups, its content and social environment, quality and level of training, its relation with the formal education and labor market and the use of ICT in retraining programs.

The second activity was a High-Level Seminar on Social Safety Nets: Social Protection of the Vulnerable Group in a Changing World. The Seminar was held in Shenyang, China, on 14 –16 July 2004, with the People's Republic of China and the Republic of Korea as the co-hosts. Ninety participants from 15 APEC member economies, the APEC Secretariat, International Labour Organisation (ILO), the APEC HRDWG, and the Coordinator of Human Resources Development Sector of the World Bank, Beijing Office took part in the Seminar.

The theme of the Seminar was 'Social protection and promoting the participation of the vulnerable group in economic and social development'. Issues discussed were:

- Roles of the governments in social protection of the vulnerable group
- Policy options in social protection of the vulnerable group
- Best practices concerning social protection of the vulnerable group
- Exchanges and collaboration among APEC economies

The Seminar also discussed areas for further collaboration and cooperation, which include the areas of establishing a statistical system on SSN, designing of policy frameworks,

improvement of employment and social security systems targeted to special vulnerable group, provision of assistance in various forms to the vulnerable group, and conducting research on the impact of technology on them.

Modalities for future cooperation were suggested such as:

- Exchanging information and enhancing the publicity and transparency of labour and social security policies among APEC economies
- Conducting joint research on issues of common interests and challenges faced by member economies
- Conducting technical cooperation and staff training and strengthening capacity building in the field of social security
- Developing personnel exchanges, learning from each other and enhancing mutual understanding for joint development

Work on gender integration and youth also makes up part of APEC's efforts to address the social dimension of globalization. The Gender Focal Point Network (GFPN), which was established in 2003, has been tasked to address and integrate gender perspectives into APEC activities. Closer coordination between the GFPN and other working groups has been strengthened through the nomination of gender focal points in each working group to ensure that women fully benefited from APEC activities. A multi-phase project involving the U.S. Census Bureau on sex-disaggregated data is also endorsed by Senior Officials to support the work by GFPN.

At least three major activities related to youth have been implemented this year. The 2004 APEC International Youth Camp (2004 APEC IYC) was held in Chinese Taipei from 1–6 August 2004. It was a continuation of youth activity in APEC that followed the success of the first International Youth Camp held in Thailand last year. This project consisted of two phases. The first phase, which began in March, was a creation of a website for virtual contact among participating youth (<http://www.apecyouthcamp.org/>). Six themes were open for discussion. These included Practical Business Plans, Hometown Treasures, APEC Adventurers, 2004 APEC Youth Camp in Chinese Taipei, Online Discussion and e-Formosa. The objective of

the website was not only to encourage participants to exchange their views and share their experiences, but also develop their basic understanding of young entrepreneurship. The second phase was a face-to-face meeting in a camp, which took place between 1–6 August in Taipei city, and other counties of Chinese Taipei. The camp, whose theme was "Young Entrepreneurship", inspired creativity of youth in the APEC region and encouraged youth entrepreneurs to contribute to community development through field trips, keynote speeches, workshops, conferences, and business start-up good practices.

The Third APEC Youth Science Festival (AYSF) was also held in Beijing, People's Republic of China during 5–9 August 2004. It followed the success of the previous activities in Seoul in 1998 and Singapore in 2002. Leading high school students from APEC member economies took part in the festival to expand their knowledge and break down cultural barriers to learning. The project was in collaboration with the ISTWG to inspire youth to become leading engineers and scientists in the years ahead. New concepts and innovation in science and technology as well as social programs designed to build cultural understanding were introduced as part of the program. Information about this AYSF can be obtained from its website at [www.3aysf.org/index-en.asp](http://www.3aysf.org/index-en.asp).

The 1st APEC Youth Leadership Camp for the Scientifically Gifted was also held in Busan, Korea during 16–26 August 2004. This project was implemented by the ISTWG to enhance human capacity building and reduce technological gaps between APEC member economies. The camp focused on helping some of the brightest minds from APEC economies to navigate their way through the depths of science and technology by means of innovative, interactive, field trips, and cyber educational tools. Two hundred and seventy-two students and 40 educators from member economies took part in the activity that helped inspire the gifted students to become leaders in "surfing the wave of knowledge-driven change." Information about this activity can be obtained from its website at [www.apeccamp.com](http://www.apeccamp.com).



**REVITALIZING APEC'S  
CROSS-SECTORAL  
APPROACH TO  
SUSTAINABLE  
DEVELOPMENT**

#### 4. REVITALISING APEC'S CROSS-SECTORAL APPROACH TO SUSTAINABLE DEVELOPMENT

---

Exactly 10 years ago, in March 1994, APEC Ministers adopted the Environmental Vision Statement and the Framework of Principles for integrating economic and environment issues. In 1996, the first APEC Ministerial Meeting on Sustainable Development was held in Manila. Ministers agreed to advance cooperation on sustainable development in APEC. In doing so, they elaborated an Action Program with the themes of sustainability of the marine environment, clean production, and sustainable cities. In the same year, APEC Economic Leaders called on Ministers to develop specific initiatives to implement this Action Program.

Since then, an Environmental Vision Statement, a Declaration on Sustainable Development and the Action Program has laid the foundations for APEC to deal with the issue of sustainable development. This issue was not singled out as focusing on any particular area but treated as a cross-cutting issue. It involves various sectoral groups and is integrated into a multi-disciplinary subject, which primarily requires cooperation and exchange of information and experiences between member economies. In addition, it was not treated as an only trade-related issue but primarily as an economy-wide developmental issue.

From 1997–2004 when reporting on sustainable development started, more than 300 Committee and Working Group initiatives and projects related to sustainable development were noted. Their works have contributed in shedding light upon our economies' environment and social issues from the widest range of perspectives. They have contributed to a better understanding of what sustainable development implies for the different APEC member economies. They have implicitly and explicitly identified common ground and generated concrete outcomes in the form of reports and publications. Training and capacity building courses were offered. Sectoral or theme specific strategies were drawn up and implemented, thus contributing actively and concretely to fostering sustainable development in the region. Recently, a Workshop on Environmental Impact Analysis of Trade Liberalisation Measures was organised in July 2004 in China. This is one of

the many activities that have been sporadically organised and contributed to an integration of environmental and social aspects into a wider horizontal approach.

In recognising this headway, whilst at the same time calling attention to an increasing degree of dispersion and lack of coherence and integration into other international fora, Chile has proposed revitalising APEC's cross-sectoral approach to sustainable development. It was agreed that APEC take the next steps required to demonstrate and build up our commitment to the 1997 Leaders' Declaration that stated that achieving sustainable development is at the heart of APEC's mandate.

Based on members advocating an increased effort to bring together the activities and plans implemented across the fields of sustainable development, the ESC has debated this topic over the course of this year, and has reached agreement that this is an issue to be coordinated by the ESC. This is to ensure that the theme, linkages and spill-over between sectors are fully exploited, thus leading to more coherence amongst initiatives and over time. As a result, efficiency and effectiveness in the implementation of APEC's plans and programs on sustainable development can be promoted.

In doing so, the ESC attempts to ensure adequate follow-up to the several hundreds of different activities and initiatives that have been carried out. No less important, the excellent materials that have been produced must be distributed widely and adequately. The fact that ECOTECH activities complement the efforts to trade and investment liberalisation and facilitation may not be widely appreciated but it has to be pursued adequately. Finally, APEC should not lose sight and momentum in providing impetus to the work that has been initiated by the World Summit on Sustainable Development (WSSD), as well as by other Ministerial statements in 2002 on Energy and Ocean. An attempt to raise the profile of APEC's achievement on sustainable development should also be an integral part of APEC's goals.

As a result, and with the SOM's concurrence, the ESC has created a Small Group on Sustainable Development to bring together APEC's work on this issue and create synergies with relevant working groups. The ESC also supported a proposal for a project on a cross-cutting theme on sustainable development that has been relevant to the 2004 APEC priorities. It also endorsed a High Level Meeting on Sustainable Development to be held in 2005.

To give an example of the cross-cutting nature in support for the approach taken by the ESC above, a preliminary survey was carried out on the activities implemented by various working groups throughout this year.

A statement by the 4th Meeting of APEC Science Ministers recommended that the current review of APEC should consider the most effective ways of including sustainable growth concepts and priorities within APEC fora, while avoiding unnecessary duplication of activities that take place within other international organisations. The Meeting provided a proposal for an APEC definition on sustainable development. Ministers supported the view that working groups should take particular account of the information exchange and on cooperative pilot projects that aim at sustainable growth. The information exchange networks on sustainable growth issues between large companies and SMEs should be established. Economies are encouraged to explore effective ways of sharing best practices in training, information management and other elements that enable sustainable growth.

In a statement issued by the APEC Ministerial Meeting on Mining, sustainable development was a central theme that included issues such as the protection of the environment, the creation of clusters, the integration of local communities and sustainable production chains. Ministers "recognised the importance and the need for promoting a cleaner and more efficient production, building on the significant efforts being made by the industry globally to address the environmental, economic and social impacts and benefits of minerals and metals." Ministers also expressed concern over unnecessary trade restrictions in the form of non-tariff trade barriers, specifically over the European Union's proposed New Chemicals Policy (REACH).

In a statement by the APEC Energy Ministerial Meeting, the energy efficiency program was reaffirmed as one of the five core initiatives. Special emphasis was given to the Energy Efficiency Pledge and Review Program and the Energy Standards and Labelling Cooperation Initiative. A workshop was also held by the EWG on the financing of renewable energies.

The APEC SMEs Ministerial Meeting emphasised the promotion of opportunities for entrepreneurial growth as its theme. In doing so, Ministers adopted the *Santiago Agenda on Entrepreneurship*, which outlines steps to promote entrepreneurship in APEC. Among them is the endeavour to address the other non-market failures such as unequal income distribution, economic instability, disadvantage based on ethnicity, imbalance between rural and urban development, and gender inequality. Ministers also commended efforts in raising environmental management issues and welcomed a self-funded seminar by Thailand on "Environmental Management for APEC Micro-enterprises: Toward Sustainable Development" to be held in 2005.

An APEC Tourism Ministerial Meeting was held during 12–15 October in Patagonia. Ministers were committed to further development of specific actions in support of sustainable development of the tourism industry as well as the new challenges the industry is facing. The APEC Patagonia Declaration on Tourism: Sustainability with Economic and Social Development was adopted with the the long-term policy goals to ensure that the tourism industry continues to develop through sustainable management of tourist facilities and that tourism is promoted as a vehicle for economic and social development. They also commended the World Tourism Organization's work in advancing the environmental protection of natural and cultural tourism sites and tasked the APEC Tourism Working Group to build greater environmental certification and destination management practices into its future work programme.

At the working group level, the ATCWG also contributed its share by holding or deciding to hold different workshops related to environmentally sound agricultural policies, specifically on sustainable agricultural development, biomass utilisation for sustainable agriculture production, and on gender and globalisation in agriculture.

The MRCWG held two workshops – one on Introduced Marine Pests (IMP) in which coordinated regional actions on the management of IMPs within and between economies, capacity building, information sharing, targeted research, and education and training was agreed upon. A second workshop was held on Environmental Principles and Policies in Aquaculture, in which a development of an APEC Strategy on Sustainable Aquaculture was recommended. This includes elements for environmentally sound aquaculture, employment opportunities, product quality and safety assurances, and promotion of high aquatic animal health and welfare standards.

A Small Group on Sustainable Development will carry out an analysis of the sustainable development activities in APEC during 1997-2004. This will be based on the annual ECOTECH Reports in which a great variety of initiatives were recorded. The analysis will include questions regarding the continuity and follow-up to the cross-sectoral initiatives, dissemination of these initiatives, feed-back mechanisms between working groups, participation from the private sector, incorporation of the APEC initiatives into international fora and programs, and institutional set up in working groups to deal with the topic of sustainable development. The report, together with this analysis, is expected to be completed during the first half of 2005. It will also bring to light a number of cross-sectoral themes that have been presented in past APEC activities, beyond the three original Manila Themes. On the basis of this analysis, a Small Group on Sustainable Development will elaborate some recommendations with a view towards adding value to the future APEC activities on sustainable development.





**STRENGTHENING  
IMPLEMENTATION OF  
APEC'S ECOTECH  
ACTIVITIES**

## 5. STRENGTHENING IMPLEMENTATION OF APEC'S ECOTECH ACTIVITIES

---

Strengthening implementation of APEC's ECOTECH Activities continues to be one of the major deliverables of the ESC this year as part of its contribution on the APEC Reform agenda. Much of the work has been pioneered by the ESC-Small Group on Evaluation chaired by Australia. The Small Group held a meeting prior to each ESC meeting in 2004 to discuss and assess the progress made on developing evaluation frameworks for APEC projects. The Frameworks were trialled for the 2005 APEC project proposal seeking Operation Account funding at the Budget and Management Committee (BMC) meeting in August. A Quality Assessment Framework developed to help project proponents strengthen their project proposals was found to increase the likelihood of projects being approved by the BMC. At the third Senior Officials Meeting in October, the Quality Assessment Framework was endorsed to replace the existing ECOTECH Weightings Matrix, which forms part of the APEC Project Proposal Format. The latter is currently under revision by the BMC and is expected to take effect next year.

The work on the APEC Project Database has been carried out to provide information about APEC's ECOTECH projects. This replaced the ECOTECH Clearing House (ECH), which ceased its operation in 2002 because of under utilisation.

### 5.1 Revised Project Frameworks – Assessment, Monitoring and Evaluation.

At the 15<sup>th</sup> APEC Ministerial Meeting, APEC Ministers instructed officials to:

“Significantly strengthen the coordination of APEC activities, in particular APEC projects, so as to avoid duplication and maximize APEC value, goodwill and benefit to stakeholders. They welcomed the development of a project evaluation framework, which should be integrated into the APEC project framework in time for 2005 projects, and looked forward to continued progress in assessing APEC's ECOTECH activities.”

In 2003, Australia funded the development of assessment, monitoring and evaluation frameworks to promote quality assurance

within APEC projects. These frameworks focus on different phases of a project cycle.

- The Assessment Framework - is designed to foster good quality project proposals that are more likely to achieve their stated objectives. This framework is a tool that can be used by the project overseer to strengthen a project proposal as well as a tool for the Budget and Management Committee in ranking proposals and prioritising higher impact activities.
- The Monitoring Framework - is designed to check whether or not projects are on track to achieve their stated objectives. This framework is a tool for identifying problematic projects and determining specific project weaknesses so that corrective action can be taken by the project overseer to achieve the project objectives and the desired project outcomes.
- The Evaluation Framework - is designed to assess whether a project's objectives have been achieved. This framework is a tool for learning both operational and strategic lessons to feed back into APEC fora to support improvements in future project design and implementation. This framework is also a tool for promoting transparency and accountability in APEC projects and ultimately enhancing credibility within APEC project management.

Accordingly, throughout 2004 the ESC-Small Group on Evaluation (SGE) has endeavoured to realize Ministers instructions by advancing the APEC project frameworks.

At SOM I in Santiago, a presentation by the evaluation expert was given to both the SGE and the ESC regarding the technical features of the frameworks and the project evaluation concept more broadly. In addition, SOM I endorsed the Evaluation Work plan for 2004.

At BMC I in Singapore, a further presentation was given by the consultant and it was agreed to implement a trial of the Frameworks with regard to Operational Account projects.

Subsequently, the consultant was retained to work directly with the APEC Secretariat and working groups to implement a trial. In supporting the trial, the consultant has provided technical support to project overseers and the APEC Secretariat, presented to the Agricultural Technology Cooperation Working Group as well as providing a project evaluation workshop for interested parties on the margin of BMC II in Singapore. In total, 19 projects participated in trialling the Frameworks.

At SOM II in Pucon, officials endorsed the progress report concerning the framework trial and encouraged further working group participation.

During the course of BMC II in Singapore, considerable discussion occurred regarding the need for focused APEC projects resulting in BMC welcoming the development of tools to assist project proponents to improve the quality of their proposals. It was also noted that such tools were an important aspect of APEC project governance and would assist the BMC in reaching a more informed appraisal of projects.

An initial analysis of projects submitted to BMC II found that the application of the evaluation frameworks to a project proposal significantly increased its likelihood of being approved by the BMC. That is, 74 percent of those projects participated in the framework trial were approved for funding as compared to the success rate of 45 percent for projects that did not trial the framework.

Based upon the trial and feedback received by stakeholders, further improvements have been incorporated into a development of the Quality Assessment Framework (QAF) by the consultant (see **Annex 7**). In addition, the consultant has provided assistance to the Secretariat on harmonising the Guidebook and the project application form.

The QAF was endorsed by Senior Officials in October 2004 to replace the existing ECOTECH Weightings Matrix, which forms part of the APEC Project Proposal Format under the Guidebook on APEC Projects. Implementation of the QAF will begin in 2005.

Project evaluation is becoming an increasingly important element in facilitating APEC reform and as a result, it is expected that further emphasis will be placed upon APEC

evaluation and enhanced project management.

## **5.2 An Independent Assessment of the Fisheries Working Group**

The ESC assisted one of APEC's working groups, the Fisheries Working Group (FWG), to conduct an independent assessment that will help guide the working group's future activities. Prof. Basil M.H. Sharp of the Dept. of Economics at the University of Auckland conducted the independent assessment. The assessment's objectives included: making ECOTECH activities more effective and better recognised; improving internal coordination within APEC; identifying where ECOTECH activities had the greatest impact on member economies; enhancing the ESC's role in furthering ECOTECH coherence and efficiency and formulating strategic priorities for future ECOTECH projects.

From these objectives, Prof. Sharp made 11 recommendations including: retaining FWG's independence; forming better links between FWG and higher-level APEC fora, the APEC Secretariat and other international organisations; having a forward-looking strategy and work plan; ensuring FWG's project proposals identify gaps and complement other organisation's projects; realigning the FWG project classification system among aquaculture, trade and sustainability; preparing a publicly-available strategic plan for the next three to five years; encouraging private-sector participation in FWG's projects; collaborating with APEC Study Centres; requiring that projects demonstrate end-user links as a condition of funding; changing FWG meetings to focus on reviewing the progress of projects and developing strategy; and mandating a summary report of projects to the Secretariat.

The assessment was presented to the FWG and feedback received from the working group's members indicated that the assessment was useful. At its 15th Meeting in Puerto Varas, Chile, the FWG acted upon each of the recommendations in the evaluation and completed the "Strategic Direction" process, whereby the FWG identified relevant APEC policy guidance and objectives, which were then used to frame project proposals and finally to measure project outputs against APEC guidance.

SOM II approved the independent assessment and encouraged other working groups to consider this exercise as “lessons learned” that could be used to improve the operations of other working groups.

### **5.3 The APEC Project Database**

The ECOTECH Clearing House was closed in 2003 after the ESC found that it was not serving a useful purpose. As a consequence, it was agreed that the APEC Project Database (PDB) would be improved to make the site more user-friendly and capable of providing better search capabilities and more relevant information.

Work has now reached the stage where bids have been solicited and received. A successful bidder will be selected to revamp the PDB to better serve the needs of the ESC, the BMC, project proponents, and the APEC Secretariat. A fully functioning project data base is expected to be in place for 2005 projects and uploading of past project information will take place over the course of next year.



# **CONCLUSIONS AND RECOMMENDATIONS**

## 6. CONCLUSIONS AND RECOMMENDATIONS

---

### 6.1 Conclusions

Under the present mandate, the ESC has made progress this year in identifying and coordinating the implementation of APEC's ECOTECH activities across working groups and fora. The six ECOTECH priority themes according to the *Declaration on an Asia-Pacific Economic Cooperation Frameworks for Strengthening Economic Cooperation and Development (Manila Declaration)* adopted by APEC Ministers in 1996 remain the guiding principles for the work of the ESC. These priority themes aim at promoting sustainable growth and equitable development while assuring advancement towards free and open trade and investment in the region.

This year, a total of 121 ECOTECH-related projects were reported as implemented by APEC working groups and fora. These include 106 projects that were approved for APEC funding, and 15 self-funded projects financially supported by individual or groups of economies. Almost half of these projects were geared toward developing human capital. However, a recent emphasis in APEC on Small and Medium Enterprises (SMEs) has seen a resurgence of projects in support of promoting SMEs. Joint activities through seminars/symposiums and training were identified as the primary means for exchanging information, experience and best practices among members.

With the need for a more focused agenda and a strategic road map for future ECOTECH activities to enable APEC to better communicate with its constituents, as well as facilitate efforts to attract additional support from external organisations, including International Financial Institutions and private sector, a short list of APEC-wide ECOTECH priorities was adopted by Ministers in 2003. These include: Integration into the Global Economy; Counter-Terrorism Capacity Building; Promoting the Development of Knowledge-Based Economies; and Addressing Social Dimension of Globalisation. Thus, additional emphasis has been placed this year on reporting on identification and implementation of activities in support of these priorities.

In general, a large number of activities in support of those priorities were implemented by APEC working groups. In the area of integration into the global economy, 11 projects were implemented on Small and Medium Enterprises (SMEs) aimed at building capacity for entrepreneurs to gain access to the global economy. In the area of counter-terrorism capacity building, efforts were made to assist member economies to implement the *Leader's Statement on Fighting Terrorism and Promoting Growth* agreed in 2002. In the area of promoting the development of knowledge-based economies, progress was made to assist member economies to implement the e-APEC strategy adopted in 2001. Lastly, the social dimension of globalisation was addressed in the area of social safety nets capacity building. This was headed by the APEC Social Safety Nets Capacity Building Networks and a group of economies, including Korea, Thailand and China.

Strengthening implementation of APEC's ECOTECH Activities continues to be one of the major deliverables of the ESC this year. This is achieved through a two-prong approach. At the working group level, an independent assessment of working groups was encouraged to ensure that work is responsive to the current priorities and contributing to the Bogor goals. An independent assessment of the Fisheries Working Group (FWG) facilitated by the ESC was completed in March. The ESC will continue its effort to encourage an assessment of other working groups following the success with the FWG.

At the project level, the evaluation frameworks for APEC projects were developed by the ESC-Small Group on Evaluation, chaired by Australia. The Frameworks were successfully trialled for the 2005 APEC project proposal seeking Operation Account funding at the Budget and Management Committee (BMC) meeting in August. A Quality Assessment Framework (QAF), developed to help project proponents strengthen their project proposals, was found to increase the likelihood of a project being approved by the BMC. At the third Senior Officials Meeting in October, the Quality Assessment Framework was endorsed to replace the existing ECOTECH Weightings Matrix, which forms part of the APEC Project

Proposal Format. Additional effort to promote transparency in administration and implementation of APEC projects will be made by revamping the APEC Project Database (PDB). A successful bidder will be selected before the end of this year to upgrade the PDB to better serve the needs of the ESC, BMC, project proponents, and the APEC Secretariat. A fully functioning PDB is expected to be in place early next year. Information on 2005 projects will be uploaded first, and that of past projects will take place over the course of next year.

In addition to the 2004 work program, the ESC, with concurrence from SOM, has agreed to play a coordinating role in revitalising APEC's cross-sectoral approach to sustainable development. A Small Group on Sustainable Development within the ESC was set up to identify and analyse the activities on sustainable development in APEC during 1997-2004. Work is underway to identify areas and linkages where APEC can add value in future activities on this issue.

The first APEC/IFIs Roundtable Discussion on Economic and Technical Cooperation (ECOTECH) was successfully held last year which led to an agreement between APEC and the World Bank's Global Development Learning Network (GDLN) in July to conduct a series of pilot projects utilising the existing facilities of the GDLN to disseminate the benefits arising from the workshop or training by APEC fora to a wider audience. The second APEC/IFIs Roundtable Discussion on ECOTECH was planned in the margin of SOM III/2004. Unfortunately, due to the overlapping schedule of this meeting with the annual World Bank/IMF meeting, it had to be postponed to next year. The ESC will work closely with the next host of APEC meetings to prepare and realize the second Roundtable on the theme that is evolving around SMEs and education.

## 6.2 Recommendations

Together with this report, three recommendations are proposed to the 16<sup>th</sup> APEC Ministerial Meeting as follows:

1. Note the ESC's contribution to the reform efforts in APEC and encourage independent assessment of APEC Working Groups. An assessment of the APEC's ECOTECH activities of the Fisheries Working Group (FWG) has proven to be helpful in ensuring that its work is responsive to APEC's current priorities and contributes to the Bogor goals. As a result, an independent assessment of other working groups should be encouraged. This would also contribute to the reform efforts in APEC.
2. Approve a Quality Assessment Framework (QAF) as a tool to foster good quality project proposals. As such, the QAF will replace the existing ECOTECH Weightings Matrix, which forms part of the APEC Project Proposal Format.
3. Endorse a High-Level Meeting on Sustainable Development in 2005-6. To revitalise APEC's cross-sectoral approach to sustainable development, the ESC has created a Small Group on Sustainable Development in order to bring together APEC's work on this issue, and create a synergy with relevant working groups and sectoral ministerial meetings. A High-Level Meeting on Sustainable Development is being planned for 2005-6. It is, therefore, recommended that Ministers endorse this meeting to take stock of the implementation on sustainable development as instructed by the first APEC Ministerial Meeting on Sustainable Development in 1996.

# ANNEXES



**ANNEX 1**

---

**TERMS OF REFERENCE OF THE ESC**



**TERMS OF REFERENCE  
OF  
THE SOM COMMITTEE ON ECONOMIC AND TECHNICAL COOPERATION (ESC)**

**A. BACKGROUND**

1. The SOM Committee on Economic and Technical Cooperation has been mandated by Leaders to manage and coordinate the APEC Economic and Technical Cooperation (ECOTECH) agenda. In Vancouver, Ministers had committed to further strengthen economic and technical cooperation in APEC by fully implementing the *Framework for Strengthening Economic Cooperation and Development*, which was agreed on in Manila in 1996. In this connection, Ministers endorsed the proposal by Senior Officials to establish a SOM Sub-Committee for Economic and Technical Cooperation (ESC). This SOM Sub-Committee was later elevated to the SOM Committee on Economic and Technical Cooperation in 2002 while retained its acronym of ESC.
2. The ESC will assist SOM in coordinating and managing APEC's ECOTECH agenda, as well as identifying value-added initiatives for cooperative action.

**B. OBJECTIVES**

3. The main objective of the ESC is to advance more effective implementation of the APEC's ECOTECH agenda by consulting with and integrating the efforts of various APEC fora through a results-oriented, outcomes-based approach which benefits all member economies; providing a policy management tool for strengthening and streamlining APEC's work; and providing guidance on possible actions which could be undertaken to achieve APEC's ECOTECH goals, namely:
  - To attain sustainable growth and equitable development in the Asia-Pacific region;
  - To reduce economic disparities among APEC economies;
  - To improve the economic and social well-being of the people; and
  - To deepen the spirit of community in the Asia-Pacific.
4. The pursuit of the ECOTECH goals through concrete projects will take into consideration members' diverse and complementary capabilities and guided by the principles of :
  - Mutual respect and equality;
  - Mutual benefit and assistance;
  - Constructive and genuine partnership; and
  - Consensus building.
5. The ESC will serve as a forum to discuss, formulate as well as coordinate action oriented integrated strategies in consultation with existing APEC groups and the business community, as necessary to implement the *APEC Framework for Strengthening Economic Cooperation and Development* which has identified the following six priority themes:
  - Develop human capital
  - Develop stable, safe and efficient capital markets
  - Strengthen economic infrastructure
  - Harness technologies for the future
  - Safeguard the quality of life through environmentally sound growth
  - Develop and strengthen the dynamism of SMEs

## Activities

6. The ESC will :
- Report to SOM on its proposed work program and assist the SOM to effectively implement the *1996 Framework for Strengthening Economic Cooperation and Development*. In so doing, the ESC shall ensure that all the elements of the Framework are developed.
  - Review progress of APEC activities towards achieving APEC's ECOTECH goals.
  - Identify and recommend for Senior Officials' consideration specific issues and value added initiatives to assist the achievement of ECOTECH goals taking into account the economic situation, requirements and capacities of all member economies.
  - Examine and evaluate ECOTECH programs and activities and recommend to Senior Officials means to achieve visible, targeted and result-oriented deliverables to address member economies priorities.
  - Assist SOM to improve the management and coordination of ECOTECH activities among APEC fora, including APEC working groups and policy level committees, with a view to improving the identification and coordination of new cross-cutting issues.
  - Evaluate proposals to include new priority areas within the *Framework for Strengthening Economic Cooperation and Development*.
  - Encourage active participation of the private sector in the activities of economic and technical cooperation. Consider the recommendations of ABAC regarding the process of economic and technical cooperation in APEC.
  - Undertake ECOTECH-related tasks as directed by Senior Officials.

## C. ORGANIZATION AND OPERATION

7. A Chairperson will be appointed who will be devoted to meeting the objectives of the SOM Committee on ECOTECH.
8. A Vice-Chairperson(s) will be appointed to assist the Chair in managing the tasks and work program of the SOM Sub-Committee.
9. The Chairperson and Vice Chairperson(s) will serve for a term of two years.
10. Membership of the SOM Committee on ECOTECH will be open to all economies.
11. The SOM Committee on ECOTECH shall meet regularly.
12. The SOM Committee on ECOTECH would report regularly to SOM.
13. The operation and effectiveness of the SOM Committee on ECOTECH will be reviewed at the end of a 2-year term.

**LETTER OF INTENT BETWEEN THE APEC SECRETARIAT AND  
THE INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT (IBRD)  
CONCERNING THE GLOBAL DEVELOPMENT  
LEARNING NETWORK (GDLN)**



**Letter of Intent**  
**between**  
**the Asia-Pacific Economic Cooperation (APEC) and**  
**the International Bank for Reconstruction and Development (IBRD)**  
**concerning the Global Development Learning Network (GDLN)**

The objective of this Letter of Intent is to provide a framework of cooperation between APEC and IBRD's GDLN (IBRD/GDLN) for the undertaking of collaborative capacity building activities and projects, including the achievement of the sustainable use of GDLN by APEC.

- A. To achieve the above objective:
1. APEC AND IBRD intend to develop and share an action plan that outlines collaborative delivery of forthcoming projects, including, but not necessarily limited to, the two projects set out below, to use GDLN in the 12 months following the signing of this Letter of Intent, defined as the pilot stage.
  2. The action plan would set forth APEC's and IBRD/GDLN's respective roles of technical and financial contribution within the pilot stage, including a cost estimation.
  3. APEC's main activities would be to develop seminar/training contents that are appropriate to involve GDLN, mobilize and finance subject experts, design and organize programs, mobilize participants from APEC member countries, and implement such seminar/training programs.
  4. With a common aim to strengthen the performance and reach of APEC projects, the IBRD/GDLN's main activities would be to provide technical, advisory and facilitation services in the areas of distance learning and knowledge-sharing.
  5. Evaluation of the pilot projects would be conducted to assess the effectiveness of the GDLN-based APEC programs and draw lessons for the incorporation of GDLN in subsequent activities of APEC after the pilot stage. The means and timing of the evaluation would be agreed upon by APEC and IBRD.
  6. IBRD would extend its support through its Tokyo Development Learning Center (TDLC) and its World Bank Singapore office. APEC and IBRD will each provide contact names and details as required.
- B. Based on a series of discussions between APEC and IBRD, initiated at the first APEC/International Financial Institutions Roundtable (IFIs) held in Phuket, Thailand, in 2003, APEC and IBRD have agreed to collaborate in conducting the following pilot projects over the course of 2004. The individual project activities and specific work program areas referred to below will be further elaborated in appropriate Activity Agreements.

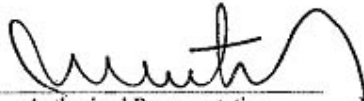
1. SOM 02/3004T – Electronic Commerce Steering Group, Internet Investigatory Training Workshop for Law Enforcement – August 2004.

This training course is proposed to be held in Singapore. IBRD/GDLN will provide a range of communication and logistical services to enable APEC to disseminate its seminars to a wider audience.

2. CTI-2/2004T (rev.1) – Study on the Effectiveness in Implementing APEC Trade Facilitation – September 2004.

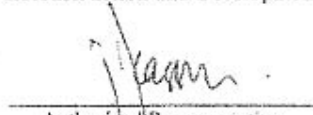
This seminar is to be held in the People's Republic of China. It is intended that GDLN will be used as communications medium to allow participants who are unable to attend the seminar in person to interact and consult with their local peers in the People's Republic of China.

**Asia-Pacific Economic Cooperation**

  
Authorized Representative

Date: 30 July 2004

**International Bank for  
Reconstruction and Development**

  
Authorized Representative

Date: July 27, 2004



**GUIDANCE ON STRENGTHENING THE MANAGEMENT OF APEC'S  
ECOTECH ACTIVITIES**



## **GUIDANCE ON STRENGTHENING MANAGEMENT OF APEC ECOTECH ACTIVITIES**

*Approved by Senior Officials, 18 June 1998 in Kuching, Malaysia  
Updated by the APEC Secretariat and approved by the ESC in June 2004  
Took note by SOM II in June 2004*

### **Guidance to Fora and Project Overseers**

1. Project proposals should state which of the six priorities listed in the Manila Declaration the project aims to serve and how. Activities that do not relate to any of the priorities should be exceptional and strongly justified.
2. Fora must ensure that the ECOTECH activities they propose and undertake are "goal-oriented with explicit objectives, milestones, and performance criteria" or contribute directly to the capacity building of a priority-wide framework that meets these requirements. At the 15<sup>th</sup> APEC Ministerial Meeting in October 2003, four APEC-wide ECOTECH priorities were adopted as a strategic roadmap for future ECOTECH activities and to facilitate efforts to attract additional support from external organization. These priorities are the integration into the global economy, promoting the development of knowledge-based economies, addressing the social dimension of globalization, and counter-terrorism capacity building. This list of priorities, however, does not preclude APEC from responding to future priorities as may be identified by Leaders. Additional ECOTECH and capacity building activities may be undertaken by economies.
3. Activities should be highly focused and results-oriented. When process-oriented activities (workshops, surveys, reports, etc) are still considered useful, the project application should clearly indicate how the results will be used to achieve focused action-oriented outcomes, including how they will be factored into the forum's collective work program (including follow-up ECOTECH work) and members' IAPs.
4. Each forum that proposes ECOTECH activities is responsible for ensuring that they do not duplicate its own past, present or planned activities or those of other fora. Close and collegial coordination with other APEC fora is required to achieve this aim. The APEC Secretariat's Project Database Website should be referred to for information on past and existing APEC projects. Ambiguous situations may be referred to ESC for advice on how best to achieve APEC-wide coordination.
5. Fora should strive for balance among the economies that organize and oversee ECOTECH activities, and should develop projects that have the active participation of a large number of economies. Fora are reminded that funding for government officials' travel is only available in well-justified exceptional cases.
6. Fora are encouraged to share their own experiences of managing ECOTECH activities--successful and unsuccessful--and lessons learned with ESC for dissemination to other fora.

### **Guidance for BMC**

7. BMC is responsible for advising SOM on budgetary matters and those relating to management coordination among APEC fora, and therefore shares in the responsibility for implementing the Manila Declaration, the Osaka Action Agenda (OAA) Part II and the priorities given in paragraph 2.
8. BMC's review of applications for APEC-funded projects is a critical step in this process. In general, a more discerning approach is needed to minimize the kinds of problems identified by the evaluation frameworks of ECOTECH activities.
9. BMC should take into account the guidance contained herein in addition to the guidelines already established in reviewing project applications. In general, review of an activity's results-orientation is as important as its compliance with established financial procedures.

10. The BMC representative of the economy proposing a project should be prepared to explain and defend the project in the BMC. This will enable the relevant APEC Secretariat director to provide independent advice on the project's merits and thereby remove a conflict of interest inherent in the status quo. (See paragraph 13).

#### **Guidance for the APEC Secretariat**

11. The APEC Secretariat can provide valuable support to APEC fora that develop and implement ECOTECH activities and to the BMC's review of their merits.

12. In its consultation with project proponents and in the advice it provides to BMC, the Secretariat should be authorized and encouraged to comment on any aspect of a project it feels competent to address. For example, it should comment on issues of duplication, results-orientation or others noted above, as well as on financial procedures.

13. It is important in discharging this function that program directors serve the APEC process as a whole, and not be influenced by the interests of any particular forum.

14. To improve coordination of ECOTECH activities, the Secretariat should also make full use of its information-sharing role and exploit the capabilities of its project database.

#### **Guidance for Enhancing Business/Private Sector, International Financial Institutions (IFIs) and Other Relevant International Institutions Involvement in ECOTECH Activities**

15. Fora could invite business people, especially representatives from ABAC, regional trade and industry associations, International Financial Institutions (IFIs) and other relevant international institutions to attend future meetings for policy dialogue on recommendations relevant to the forum's ECOTECH agenda. This could include careful review of the relevant ABAC recommendations. Policy direction to or request for support from IFIs will be made in consultation with the Finance Ministers Process.

16. Fora could work together with business representatives to set priorities and develop collective work plans of the fora. They could review the justification for any elements of the plans that are not relevant to business needs and priorities

17. Fora could seek to involve the business/private sector in all stages of the ECOTECH project cycle. This could include inviting business proposals of specific projects to realise the collective work plans; soliciting and taking into account business feedback on projects proposed by member economies; joint development of projects; inviting active business participation in project execution; seeking business representatives' evaluation of completed projects and ensuring that such evaluations are fed back into the project development process. ABAC's Partnership for Equitable Growth (PEG) could be one vehicle for facilitating such public-private collaboration.

18. Fora could invite business support - financial, in-kind or technical - for future cooperatively developed projects or those already in the pipeline that it considers relevant to its needs. Relevant International Financial Institutions (IFIs) and other international institutions could be invited to render support and share expertise in the areas that are complement with the APEC's activity.

19. Each forum could consider how it could contribute to cross-cutting focused outcomes developed in collaboration with the business/private sector and involving other APEC fora.

20. Invitations to International Financial Institutions (IFIs) and other relevant international institutions will be in accordance with the Revised Guidelines on Non-Member Participation in APEC Activities approved by the APEC Ministerial Meeting in October 2002.

**ANNEX 4**

---

**THE ESC'S 2004 WORK PROGRAM**



## SOM COMMITTEE ON ECOTECH

### 2004 WORK PROGRAM

The mission of the SOM Committee on ECOTECH is to assist SOM in coordinating and managing APEC's ECOTECH agenda and identifying value-added initiatives for cooperative action. The ESC seeks to advance effective implementation of that objective this year by:

#### I. Reporting on progress and outcomes of key directives of APEC Ministers

*"Ministers looked forward towards the concrete results that may arise from a second APEC/IFI Roundtable discussion on economic and technical cooperation, to be held during the second senior officials meeting in 2004".*

- Development of an approach to the second APEC/IFI Roundtable which will deliver concrete results.

*"Ministers instructed Senior Officials to use existing management mechanisms, such as the **SOM Committee on ECOTECH** and the Budget and Management Committee to significantly strengthen the coordination of APEC activities, in particular APEC projects, so as to avoid duplication and maximize APEC value, goodwill and benefit to stakeholders*

- Development of means by which to strengthen the coordination of APEC activities, in particular APEC projects, so as to avoid duplication and maximize APEC value, goodwill and benefit to stakeholders

*"Leaders underlined the importance of strengthening small and medium enterprises and micro enterprises, of social safety nets in promoting sustainable and equitable economic development, and of mainstreaming the informal sector. Leaders instructed Ministers to coordinate on micro enterprise financing and capacity building initiatives in collaboration with international financial institutions and other relevant parties, in order to leverage resources for implementation of the Micro-Enterprises Action Plan."*

*"Ministers encouraged the close collaboration between the SME Working group and other APEC fora."*

- Collaboration with the SME working group.

*"Ministers welcomed the development of a project evaluation framework, which should be integrated into the APEC projects framework in time for 2005 projects and looked forward to continued progress in assessing APEC's ECOTECH activities."*

- Determining how to proceed with future assessments of ECOTECH activities.

#### II. Coordination and Management

- Developing effective partnerships with stakeholders such as civil society, business and academia.
- Developing evaluation work plan – Small group on evaluation.

#### III. Outreach to the Broader Community

- 2004 SOM Report on Economic and Technical Cooperation.
- Publicizing key outcomes of ECOTECH activities.
- Coordinating with the APEC Secretariat on ECOTECH outreach programs.

#### **IV. Sustainable Development**

At the Second Senior officials Meeting in Pucón, the issue of sustainable development was endorsed for an inclusion into the 2004 ESC work plan with the aim to revitalise APEC's cross-sectoral approach to sustainable development and identify areas and linkage where APEC can add value in future work on this issue.



**NUMBER OF PROJECTS CONDUCTED BY APEC FORA IN 2004  
UNDER EACH ECOTECH PRIORITY THEME**



**NUMBER OF PROJECTS CONDUCTED BY APEC FORA IN 2004  
UNDER EACH ECOTECH PRIORITY THEME**

<i>APEC Forum</i>	<b>ATC</b>	<b>CTI</b>	<b>CTTF</b>	<b>EC</b>	<b>ECSG</b>	<b>ESC</b>	<b>EWG</b>	<b>FIN</b>	<b>FWG</b>	<b>HRD</b>	<b>HTF</b>	<b>IST</b>	<b>MRC</b>	<b>SME</b>	<b>SOM</b>	<b>TEL</b>	<b>TP</b>	<b>TPT</b>	<b>TWG</b>	<i>Total</i>	
<i>Priority Theme</i>																					
<b>Developing Human Capital</b>	6	15	2	-	-	-	8	-	-	12	-	1	1	2	1	1	3	3	2	<b>57</b>	
<b>Developing Stable, Safe and Efficient Capital Markets</b>	1	1	-	-	-	-	-	3	-	-	-	-	-	-	-	-	-	-	-	<b>5</b>	
<b>Strengthening Economic Infrastructure</b>	-	10	-	2	1	-	-	1	-	-	-	1	2	-	3	-	-	-	-	<b>20</b>	
<b>Harnessing Technologies for the Future</b>	2	-	-	-	-	-	-	-	-	-	-	3	-	1	2	6	-	1	-	<b>15</b>	
<b>Safeguarding the Quality of Life Through Environmentally Sound Growth</b>	-	2	-	-	-	-	-	-	3	-	1	1	3	-	-	-	-	1	-	<b>11</b>	
<b>Developing and Strengthening the Dynamism of SMEs</b>	-	3	-	-	-	-	-	-	-	-	-	-	-	9	-	-	-	-	1	<b>13</b>	
<i>Total</i>	<b>9</b>	<b>31</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>8</b>	<b>4</b>	<b>3</b>	<b>12</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>12</b>	<b>6</b>	<b>7</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>121</b>	

**PROJECTS CONDUCTED BY APEC FORA UNDER EACH ECOTECH PRIORITY THEME  
FROM 1999 to 2004**

<i>Priority Theme</i>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Developing Human Capital</b>	82	70	53	75	48	57
<b>Developing Stable, Safe and Efficient Capital Markets</b>	6	7	5	11	8	5
<b>Strengthening Economic Infrastructure</b>	25	21	12	11	26	20
<b>Harnessing Technologies for the Future</b>	51	49	27	15	21	15
<b>Safeguarding the Quality of Life Through Environmentally Sound Growth</b>	53	51	34	8	16	11
<b>Developing and Strengthening the Dynamism of Small and Medium Enterprises (SMEs)</b>	21	22	17	8	6	13
<b>Other</b>	12	-	-	-	-	-
<i>Total</i>	<b>250</b>	<b>220</b>	<b>148</b>	<b>128</b>	<b>125</b>	<b>121</b>

**TYPES OF ECOTECH ACTIVITIES CONDUCTED BY APEC FORA**



**SUMMARY OF THE TYPES OF ECOTECH PROJECTS  
CONDUCTED BY APEC FORA IN 2004**

<i>APEC Forum</i>	<b>ATC</b>	<b>CTI</b>	<b>CTTF</b>	<b>EC</b>	<b>ECSG</b>	<b>ESC</b>	<b>EWG</b>	<b>FIN</b>	<b>FWG</b>	<b>HRD</b>	<b>HTF</b>	<b>IST</b>	<b>MRC</b>	<b>SME</b>	<b>SOM</b>	<b>TEL</b>	<b>TP</b>	<b>TPT</b>	<b>TWG</b>	<i>Total</i>	
<i>Type of Activity</i>																					
<b>Seminar/Symposium</b>	6	15	1	1	1	-	4	2	2	11	-	4	4	5	3	2	1	-	-		<b>62</b>
<b>Training</b>	3	6	1	-	-	-	1	1	1	-	-	-	-	4	1	1	2	2	1		<b>24</b>
<b>Survey or Analysis and Research</b>	-	10	-	1	-	-	3	1	-	1	1	1	2	3	2	4		3	2		<b>34</b>
<b>Database/Website</b>	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	<b>1</b>
<i>Total</i>	<b>9</b>	<b>31</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>8</b>	<b>4</b>	<b>3</b>	<b>12</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>12</b>	<b>6</b>	<b>7</b>	<b>3</b>	<b>5</b>	<b>3</b>		<b>121</b>

**SUMMARY OF THE TYPES OF ECOTECH PROJECTS CONDUCTED BY APEC FORA IN 2004  
ACCORDING TO FUNDING SOURCES**

<i>APEC Forum</i>	ATC	CTI	CTTF	EC	ECSG	ESC	EWG	FIN	FWG	HRD	HTF	IST	MRC	SME	SOM	TEL	TP	TPT	TWG	<i>Total</i>	
<i>Source of Funding</i>																					
<b>Operational Account</b>	3	1	-	1	-	-	4	3	2	6	1	5	4	5	2	3	-	2	1	<b>43</b>	
<b>TILF Special Account</b>	1	30	2	1	1	-	4	1	1	2	-	1	2	3	4	2	3	3	2	<b>63</b>	
<b>Self-funded<sup>1</sup></b>	5	-	-	-	-	-	-	-	-	4	-	-	-	4	-	2	-	-	-	<b>15</b>	
<i>Total</i>	<b>9</b>	<b>31</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>8</b>	<b>4</b>	<b>3</b>	<b>12</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>12</b>	<b>6</b>	<b>7</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>121</b>	

<sup>1</sup> Please see note below for the list of self-funded projects by some APEC fora.



Note:

The information on self-funded projects is obtained from the APEC Project Database and the progress reports on self-funded projects to the BMC meeting.

In 2004, there are five self-funded projects implemented by the ATCWG as follows:

- APEC Symposium on the Management of Golden Apple Snail (GAS) – Chinese Taipei.
- Cooperative Development of Agricultural Finance System – Japan.
- Developing Guidelines for Diagnosis, Surveillance and Response Procedures for the Major Fruit Fly Species of South East Asia – Australia.
- Lucid Workshop – Design, Development and Production of Multimedia Diagnosis Keys for Plant Pests in ASEAN – Australia.
- Building Capacity to Undertake Pest Risk Analysis – Australia.

The HRDWG has four self-funded projects implemented in 2004 as follows:

- APEC Symposium on Human Resources Development Strategies for SMEs - Korea
- Best Practice Governance Education Policy and Service Delivery – Australia,
- APEC Forum on HRD 2004 – Japan
- APEC High Level Seminar on Social Protection of the Vulnerable Group in a Changing World – China

In addition, there was one self-funded project by the APEC Social Safety Nets Capacity Building Network (SSN CBN) of Korea and Thailand' Ministry of Labours on the 2<sup>nd</sup> International Meeting of Experts on Social Safety Nets in APEC held in Bangkok, Thailand on 8–9 April 2004.

The SMEWG has four self-funded activities implemented as follows:

- The 3rd APEC SME Technology Conference and Fair (METC), June 2-6, 2004, Qingdao, China.
- The 2<sup>nd</sup> APEC SMESA Forum, 7-8 September, Ningbo, China.
- The 7<sup>th</sup> APEC SME Business Networking Promotion Forum, hosted by Japan External Trade Organization (JETRO), 21 October 2004, Sendai, Japan
- The APEC Meeting for Cooperation among SME Policy-Implementing Agencies, 22 October 2004, Sendai, Japan

The TELWG has two self-funded project implemented as follows:

- Virtual Private Networks –Survey of Regulation – INTUG
- APEC Telecenter Development Program – Chinese Taipei



**ANNEX 7**

---

**THE QUALITY ASSESSMENT FRAMEWORK**



## **THE QUALITY ASSESSMENT FRAMEWORK**

### **(Assessing the Quality of Project Proposals for Operational Account Funding)**

#### **Introduction:**

To improve APEC project quality the starting point is to foster good quality proposals. The Quality Assessment Framework (QAF) will facilitate good quality proposals and operates under the assumption that a good proposal will increase the likelihood of a successful project - one likely to achieve its objectives.

It is the same QAF for all APEC working groups. A generic approach will allow working groups to harmonise their standards together and develop a common approach to proposal quality across APEC. This does not preclude working groups from adding key sector-specific criteria on to their QAF (e.g. criteria 15).

Most operational account proposals can be assessed with the QAF, but not entirely all. Proposals for one-off activities, such as only paying for travel costs for a training seminar, could result in social benefits, like cooperative ties and understanding within APEC, that are sometimes difficult to measure. A QAF may not be needed for such a simple and one-off activity.

#### **General Points:**

1. The QAF is a simple checklist of design criteria that successful development projects usually have. It is a tool to systematically check project proposals for their strengths and weaknesses. Each design criterion is scored from 3 to 0.

**Good practice (3)** should be a rare score that is not given lightly. It represents a situation where something over and above expectations has occurred, particularly something innovative which could be presented to others in APEC as a model to follow.

**Satisfactory (2)** is as good as it normally gets, if there are weaknesses then they are few and minor.

**Marginally satisfactory (1)** indicates that there are serious weaknesses although they could be overcome by remedial action.

**Weak (0)** should be a rare score which indicates that there is a major deficiency.

**Not applicable (0)** should only be used when absolutely necessary. Because all the criteria are important indicators of project success, when a criterion has not been considered in the proposal it may be a weakness.

2. The basic principals of scoring are:

- All criteria are of equal value, there is no weighting system
- When awarding scores only whole numbers should be used
- Be alert to the tendency of adopting a central position by awarding a '2' when sometimes it may not be merited
- Final written judgements should be made on a logical 'all things considered' basis. Judgements should not be derived from any formulaic combination of earlier ratings or averages
- Final scores are derived from adding together the criteria scores and they can be used to rank projects in order of relative merit

3. Good teamwork between working groups and the project proponents is important at the beginning of the project cycle, before possible BMC approval. The QAF can support capacity

building in project design by precisely identifying weaknesses in proposals. Such weaknesses if uncorrected may lead to an unsuccessful project.

4. The last question in the QAF is a final statement of suitability for APEC funding. It is an informed and overall judgement that considers all the relevant factors plus any others specific to a working group. This judgement is the most important criterion. If there are extenuating circumstances as to why a higher priority should be given to a proposal than what the scoring would indicate then this should be noted here.

5. The best way to fill out the QAF is by a small group or panel from the concerned working group. To ensure objectivity and neutrality, it is not filled out by the project proponent, as was the case with the ECOTECH Weightings Matrix.

6. Comments made against each criterion can be a simple 'yes' or a 'no.' When a weakness is identified, or an error in the proposal is identified, or when there is an example of good practice that could be of interest to APEC then only a brief comment is expected. Long, wordy comments should not be given. The proponents may see the filled out QAF and should then have the opportunity to correct problems identified and send the working group a revised proposal.

7. After scoring all the design elements in the proposal, the filled out QAF should then be sent to the proposal proponents and they can use it to make corrections to their proposal and then resubmit it to the small group or the Lead Shepherd. When a revised proposal is resubmitted, the small group or the Lead Shepherd can then check it and revise their comments and the scores in the QAF.

8. If the newly filled out QAF is submitted to the Budget and Management Committee alongside the revised proposal, it will give the Committee a clear and non-technical indication of the strengths and weaknesses of each proposal and their likelihood of success. This ranking will then allow the BMC to make an informed decision based on a fairly rigorous assessment of the proposal's strengths and weaknesses. If it is scored high it is understood that the proposal meets all required guidelines of development projects.

**Suggested Procedure:**

1. The small group or panel that assesses the proposal may wish to have a chairperson. This role can be rotated around the members of the group.

2. The chairperson may keep the Lead Shepherd informed.

3. A member of the small group or panel could volunteer to transcribe the comments and scores onto a computer.

4. If a member of the small group or panel has an interest in a proposal under review then they should declare that interest, and participate in making comments but only refrain from scoring.

5. It may be useful if the small group or panel comment on all the criteria first before they return to the top and give them scores.

6. The small group or panel may communicate together by e-mail if they need to reconsider a revised proposal. The Lead Shepherd should be included.

**Quality Assessment Framework\*\***

No.	Criteria	Explanations (what to look for in the proposal)	Comments (if any)	Assessments
1.	<p>Does the proposal clearly state which one of the APEC priority themes of the 1996 Manila Declaration will be addressed?</p> <p>Or,</p> <p>If the proposed project is not linked to one of the six Manila priority themes, is it still justified?</p>	<p>One, and only one, priority themes in the 1996 Manila Declaration should be chosen as the project goal.</p> <p>The proposal should be directly relevant to one specific priority set by APEC Ministers and Leaders, or a vision statement from a working group.</p>		
2.	<p>Are the objectives in the proposal specific, achievable, of value to the beneficiaries and measurable?</p>	<p>There should be a maximum of three realistic objectives. They should precisely state what benefits will occur and to whom. The proposal should demonstrate that the achieved objectives will be of value to both men and women. For objectives to be measurable, their targets should be based on sex-disaggregated data and quantitative or qualitative benchmarks and these data should be given in the proposal.</p>		
3.	<p>Is the proposal based on sufficient background study and data collection?</p>	<p>There should be good data and a good understanding of the current situation. Does the proposal take account of the work of other Fora? Are social data sex-disaggregated?</p>		
4.	<p>Will the objectives clearly contribute to one of the APEC priority themes referred to in criteria 1 above?</p>	<p>The linkage between the objectives and one of the priority themes should be clear and logical. Achieving the objectives will contribute towards achieving one of the APEC priority themes.</p>		

5.	Are the outputs described in the proposal clear and easily achievable?	Outputs (the goods and services produced) should be quantified as much as possible. The outputs should logically lead to the achievement of the stated objectives.		
6.	Have the direct beneficiaries been precisely identified, and will they have significant roles in the project?	The men and women, institutions or businesses that will directly benefit should be identified as precisely as possible. Will they have an important or minor role in project consultation, planning, implementation, monitoring and evaluation?		
7.	Will there be active participation from the private sector, or the international funding institutions, or non-governmental institutions and other APEC fora?	Have the proponents actively requested their participation? Will they participate in project consultation, planning, implementation, monitoring and evaluation? Will they play an important or minor role?		
8.	Does the proposal add anything to co-existing or previous projects from APEC or elsewhere? Could this project influence future projects from other proponents?	Will contacts be made and/or information exchanged? Is there evidence that lessons learned have been applied? Does the proposal build on from other projects or repeat them? Is it sufficiently innovative or useful to influence future projects?		



9.	Is the implementation methodology described in the proposal both clear and effective? Have the main risks to implementation been identified?	Implementation should be well-planned and logical, and based on a breakdown of functions over time. Institutional and organizational arrangements should be specific and workable. Main risks or assumptions should be identified and practical strategies prepared to manage them. Will implementation be flexible enough to cope with any unexpected risk?		
10.	Are there effective plans for the widespread publication and dissemination of results?	Has the proposal answered all the parts of the question in sufficient detail? There should be specific details given, especially regarding target audience(s), content of materials, and dissemination strategies that consider women.		
11.	Does the proposal closely conform to the 'Framework for the Integration of Women in APEC'?	Is there evidence that the proponents have understood APEC's position about taking special care to integrate women in APEC projects?		
12.	Does the proposal explain how women will be actively involved in planning, implementation and evaluation of the project?	Does the proposal promote gender equity in project participation and benefits. Is there a plan to measure the project's impact on women participants and other women who may be influenced or effected by the project's results?		
13.	Does the proposal have a strategy to make project benefits sustainable?	Project benefits should last well beyond project completion. Proponents can support sustainability by planning for regular up-dates of documents and training, ensuring that manuals are in local language, etc. Beneficiaries or other bodies should be involved in planning for sustainability and making sure that local resources are mobilised to do this in part or full.		

14.	Does the proposal comply with APEC financial procedures?	Have the prescribed formats and draw down timetables been followed? Does the budget contain sufficient detail? Will the project be efficient and cost effective?		
15.	Any other relevant points?	Any other strong or weak points in the proposal which you believe to be relevant to project success?		
16.	<b>Final statement of suitability for APEC funding</b>	If implemented, is the project likely to make a sufficient contribution to APEC's mission to justify its funding? Make an informed judgement considering all the relevant factors such as: specificity of objectives and outputs, clearly identified beneficiaries, good implementation arrangements, good background information, major risks, quality of analysis, etc.		

**Final Score:** \_\_\_\_\_

**\*\* Important Notes:**

1. This framework is to be filled in by the working group, or a small panel of working group members, or the Lead Shepherd. It is not to be filled in by the proponents.
2. Comments can be a simple 'yes' or a 'no.' Provide brief comments only when there is a weakness or an error in the proposal or when there is an example of good practice that could be of interest to APEC. For example, criterion 2 about the objectives: do not restate the objectives in the comments column; you need only to write 'yes' if they are clear, achievable and measurable. If they are not (or one of them is not) then write 'no' and give a brief comment about what the problem is. The proponents should then correct that problem in a revised proposal.

**ANNEX 8**

---

**GLOSSARY**



## GLOSSARY

ABAC	APEC Business Advisory Council
ACEC	APEC Cyber Education Consortium
AEF	APEC Education Foundation
AFS	APEC Food System
APEC	Asia-Pacific Economic Cooperation
APIAN	APEC International Assessment Network
ASTIC	APEC Agenda for Science and Technology Industry Cooperation into the 21 <sup>st</sup> Century
ATCWG	Agriculture Technical Cooperation Working Group
BEST	Bangkok/Laem Chabang Efficient and Secure Trade
BMC	Budget and Management Committee
B2B	Business-to-Business
CBN	Capacity Building Network
CPC	Common Policy Concepts
CTAP	Count-Terrorism Action Plan
CTI	Committee on Trade and Investment
CTTF	Counter-Terrorism Task Force
EAP	ECOTECH Action Plan
ebXML	electronic business using eXtensible Markup Language
EC	Economic Committee
ECERT	Web-based system for electronic health certification of agricultural products
ECH	ECOTECH Clearing House
ECOTECH	Economic and Technical Cooperation
ECSG	Electronic Commerce Steering Group
EDNET	Education Network
e-IAP	Electronic Individual Action Plan
ESC	SOM Committee on ECOTECH
EWG	Energy Working Group
FIN	Finance Ministers' Process
FWG	Fisheries Working Group
GFPN	Gender Focal Point Network
HCB	Human Capacity Building
HLPDAB	High Level Policy Dialogue on Agricultural Biotechnology
HRDWG	Human Resources Development Working Group
HTF	Health Task Force
IAP	Individual Action Plan
IATA	International Air Transport Association
ICT	Information and Communication Technology
IFI	International Financial Institution
ISO	International Organization for Standardization
ISPS	International Ship and Port Security Codes
ISTWG	Industrial Science and Technology Working Group
IYC	International Youth Camp

KBE	Knowledge-Based Economy
KCH	Knowledge Clearing House
LSPN	Labour and Social Protection Network
MAG	Market Access Group
ME	Micro Enterprises
MFI	Micro Finance Institutions
MRAM	Mutual Recognition Arrangement Management
MRCWG	Marine Resources Conservation Working Group
NGO	Non-Governmental Organization
OAA	Osaka Action Agenda
OECD	Organization for Economic Co-operation and Development
PATA	Pacific Asia Travel Association
PBEC	Pacific Basin Economic Council
PDB	Project Database
PECC	Pacific Economic Cooperation Council
RDEAB	Research, Development and Extension of Agricultural Biotechnology
REACH	Regulation Concerning the Registration, Evaluation and Authorisation of Chemical
SARS	Severe Acute Respiratory Syndrome
S&T	Science & Technology
SGE	Small Group on Evaluation
SCSC	Sub-Committee on Standards and Conformance
SMEs	Small and Medium-sized Enterprises
SMESA	Small and Medium Enterprises Service Alliances
SMEWG	Small and Medium-sized Enterprises Working Group
SMTE	Small and Medium Tourism Enterprises
SOM	Senior Officials' Meeting
STAR	Secure Trade in the APEC Region
STIM	Science and Technology Intermediary Mechanism
SSN	Social Safety Nets
SSN CBN	Social Safety Nets Capacity Building Network
TELWG	Telecommunications and Information Working Group
TILF	Trade and Investment Liberalisation and Facilitation
TIN	Tourism Information Network
TOR	Terms of Reference
TPO	Trade Promotion Organizations
TPTWG	Transportation Working Group
TPWG	Trade Promotion Working Group
TWG	Tourism Working Group
UNDP	United Nations Development Programme
WCO	World Customs Organization
WSIS	World Summit on the Information Society
WSSD	World Summit on Sustainable Development
WTO	World Tourism Organization



Asia-Pacific  
Economic Cooperation

Published By  
APEC Secretariat, 35 Heng Mui Keng Terrace Singapore 119616  
Tel: (65) 6775 6012 Fax: (65) 6775 6013  
Email: [info@apec.org](mailto:info@apec.org)  
Website: [www.apec.org](http://www.apec.org)

*APEC Secretariat has held ISO 9001:2000 Quality Management Certification since 2002.*

© 2004 APEC Secretariat

ISSN 0219-8932

APEC#204-ES-01.2