Asia-Pacific Economic Cooperation

APEC Senior Officials Report on

Economic and Technical Cooperation

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A LETTER FROM THE CHAIR

It has been an interesting and rewarding year for me as Chair of the SOM Committee on ECOTECH (ESC). The ESC advanced the notion that setting key APEC-wide Economic and Technical Cooperation (ECOTECH) priorities would significantly contribute to a more focused approach to progressing APEC's ECOTECH agenda. The adoption of the short list of APEC-wide ECOTECH priorities at SOM I in Chiang Rai, Thailand, provided an up-to-date overall strategic focus for the ESC 2003 roadmap, and indeed for future years. It will enable APEC to better communicate with its constituents and rationalize its ECOTECH work. This short list of priorities reflects the complementary and cross-cutting nature of ECOTECH and Trade and Investment Liberalization Facilitation (TILF), while keeping in mind the need for dynamic and secure trade and investment in the region.

These APEC-wide ECOTECH priorities were used as the basis for developing discussion points with international finance institutions (IFI). ESC members prepared four papers for the first APEC/IFI Roundtable Discussion on Economic and Technical Cooperation, *"Partnership between APEC and IFIs".* It was my privilege to participate, as Chair of the ESC, in that roundtable in Phuket, Thailand, and it is my hope that this effort will be the first step in building further relationships among APEC fora and other international organizations. It is important that APEC continues to seek ways towards a comprehensive vision for sustainable development of the Asia-Pacific region.

The ESC continues to encourage the participation of APEC working groups in its meetings. The Lead Shepherds of the Human Resources Development Working Group, and the Marine Conservation Resources Working Group were able to participate and I wish to record my appreciation for their contributions to the ESC's deliberations on ECOTECH matters.

Responding to Ministers' calls for a "rigorous assessment of the value of the existing ECOTECH Action Plans (EAPs) as a tool to progress APEC's economic and technical cooperation agenda" the ESC conducted an evaluation of EAPs. Using criteria developed by a small group within the ESC and endorsed by SOM, members completed an evaluation for SOM I. As a result the ESC will neither further develop nor use the EAPs, but a small group of interested economies may continue to work on them.

In order to support the ESC mandate on evaluation and to take forward our work in this area, members formed a Small Group on Evaluation under the Chairmanship of Australia. The ESC agreed that the role of this small group was to add value to project development, and to the approval and evaluation processes. Draft evaluation frameworks were developed as resources that can be used to bring necessary added value to the development and implementation of regional projects on capacity building and the knowledge economy, among other issues.

I would like to thank all ESC members for their enthusiastic support in the accomplishment of the ECOTECH work agenda in achieving the vision of Ministers and Leaders. Let me also extend a special thanks to Anita Douglas of the APEC Secretariat for her contribution to the work of the ESC. I look forward to the on-going support of ESC members in 2004 and 2005 as the ESC continues to advance APEC's ECOTECH agenda.

Finally, I would like to extend my sincere gratitude to SOM Chair, H.E. Tej Bunnag for his invaluable support and encouragement in progressing the ECOTECH development agenda this year.

Ambassador Juan Carlos Capuñay
Chair, SOM Committee on ECOTECH

WHERE THE ESC STANDS TODAY

In welcoming the first Senior Officials' Meeting (SOM) *Report on Economic and Technical Cooperation (ECOTECH) Activities* in 1998, Ministers called for the report to be submitted annually. The SOM Committee on ECOTECH (ESC) has used this opportunity to consolidate information on ECOTECH activities carried out by APEC fora and to report on the implementation of key ECOTECH initiatives.

In response to Leaders' and Ministers' calls to improve the focus of APEC's economic and technical cooperation and capacity building objectives Senior Officials endorsed a short list of APEC-wide ECOTECH priorities in February 2003, at SOM I in Chiang Rai, Thailand. The short list of four priority areas was developed as a strategic roadmap to guide APEC in prioritising ECOTECH activities. The ESC plans to host an APEC-wide joint fora meeting to ensure that APEC is making the best use of limited resources and maximizing the impact of ECOTECH activities in strategic areas.

This short list of ECOTECH priorities includes: Integration into the Global Economy, Counter-terrorism Capacity Building, Development of Knowledge-Based Economies, and Addressing the Social Dimensions of Globalization. These themes were used to facilitate discussions at the first APEC/IFI Roundtable held at SOM III 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 the Asian Development Bank and the World Bank. This meeting was the first in a more formalized approach to building partnerships between APEC and international finance institutions (IFIs) and other relevant international organizations and was a follow-up to the 2002 APEC Workshop on ECOTECH and Capacity Building—*Assisting Integration into the Global Economy*.

The ESC is mandated to assist SOM in coordinating and managing APEC's ECOTECH agenda, and in identifying value-added initiatives for cooperative action. To fulfill this mandate the Terms of Reference further identifies ESC's tasks as including among others:

> "to 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".

With this in mind the ESC 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, exchange information, and build relationships. The ESC also committed to developing a more proactive approach for making APEC's ECOTECH work and its benefits better known to the business/private sector and APEC communities.

Responding to the direction from Ministers in 2002 to rigorously assess the ECOTECH Action Plans (EAPs) the ESC completed an evaluation using criteria developed by the ESC and endorsed at SOM III in Acapulco, Mexico in 2003. In general members agreed that as a means to progress APEC's ECOTECH Agenda the EAPs did not add value as expected. As a result the ESC will neither further develop nor use the EAPs, but a small group of interested economies may continue to work on them.

The ESC continues to be mindful that APEC fora are under increasing pressure to report on a host of issues for a variety of purposes. With a view to recommending measures to reduce the compliance burden on fora and provide feedback on how reports are used, the APEC Secretariat developed a Standard Reporting Template that was first used to report at SOM II in Khon Kaen, Thailand in 2003. The Standard Reporting Template allows for comprehensive reporting by fora and can be used to develop a variety of reports.

Action continues to be taken to strengthen the project development and evaluation functions. This year the ESC established a Small Group on Evaluation. The role of this small group is to add value to project development, and approval and evaluation processes, and, in support of the ESC mandate, to provide a resource framework for APEC working groups.

The ECOTECH Clearing House (ECH) was established in 2000 to provide a website where users could quickly and easily find unique information about ECOTECH activities and to act as an information exchange. The APEC Secretariat website at the time was unable to provide what was needed by the ESC.

Recent redevelopment of the APEC Secretariat website has resulted in improvements in accessibility, navigation and content categorization. These improvements enable faster and more efficient retrieval of information and resources from the website. As information housed on the ECH site is drawn directly from the APEC website, the only unique feature of the ECH is the Information Exchange. However, the Information Exchange has never been fully utilised by ESC members. Thus the combination of the low number of hits to the site, under-utilisation of the Information Exchange feature, and the improvements made to the APEC site have resulted in the ESC recommending the closing of the ECH website.

The *2003 ECOTECH Report* is in six chapters with thirteen Annexes. It includes an assessment of the number and types of ECOTECH projects being conducted by APEC fora and a summary of the ECOTECH activities of individual APEC fora. Progress in the implementation of key ECOTECH initiatives including those on human capacity building, small and medium-sized enterprises (SMEs), sustainable development and strengthening markets is presented in chapter 4. How well the guidance provided by the ESC is being observed by APEC fora in the implementation of ECOTECH projects is discussed in chapter 5. The final chapter provides a summary of the recommendations contained in the ECOTECH Report.

The key project findings of the *2003 ECOTECH Report* are:

- 125 projects contributed to the six broad ECOTECH themes. Of those 48 percent were funded from the TILF Special Account (funded by Japan), 40 percent from the Operational Account (funded collectively by APEC members) and 12 percent were fully self-funded projects (by individual APEC economies).

- Analysis indicates that the number of projects undertaken annually has been declining since 1999. From a high of 250 projects in 1999 to 128 in 2002 with a steady decline in the intervening years. It would appear that the number of projects each year has now stabilised, with 125 being conducted in 2003.

- There has been a sharp drop from 2002 in the number of projects aimed at 'developing human capital'. This year 38 percent of APEC projects listed this as the primary initiative versus almost 60 percent in 2002.

- The drop in the percentage of projects aimed at 'developing human capital' has been taken up to a large extent by 'strengthening economic infrastructure' at 21 percent in 2003 versus 9 percent in 2002.

- Of the 125 projects initiated in 2003, around 32 percent involve information gathering (e.g., surveys, studies); 51 percent information sharing (e.g., seminars, best practices and websites); and 17 percent training.

- Project proponents, and by extension working groups, continue to link projects to a specific activity identified in Part II of the *Osaka Action Agenda* thus clearly demonstrating how the *OAA* is being implemented.

2003 SOM Committee on Economic and Technical Cooperation

2003 SOM REPORT ON ECONOMIC AND TECHNICAL COOPERATION TO THE FIFTEENTH MINISTERIAL MEETING

1.	INTRODUCTION

Economic and Technical Cooperation (ECOTECH) is the pursuit of APEC's common objectives and goals through cooperative activities aimed at attaining sustainable growth and equitable development, while reducing economic disparities among APEC economies and improving economic and social well-being.

While the origin of APEC is well known, the same cannot be said about the origin of its ECOTECH programs. Although it is true that sectoral working groups with cooperative programs were established soon after the formation of APEC, their main emphasis was on sectoral trade and investment liberalisation and facilitation (TILF) issues, and not on ECOTECH as such. It was not until 1994 when Indonesia, as host of APEC, sought to have TILF activities supported by 'development cooperation' that this element of APEC's activities was given prominence. The term 'development cooperation' was later changed to 'economic and technical cooperation' to ensure that APEC would not become another forum for development aid. ECOTECH, therefore, is aimed at building capacity and skills, particularly in developing member economies, to enable them to take part in the liberalization process.

The clearest sign of the 'birth' of ECOTECH occurred when Leaders launched the *Osaka Action Agenda* (*OAA*) at their meeting in Japan, in 1995. In the *OAA*, ECOTECH activities that directly support trade and investment liberalisation and facilitation are mainly dealt with in Part I and are coordinated by the Committee on Trade and Investment (CTI). Part II of the OAA deals with the common policy concepts for the sectoral working groups and the joint activities and policy dialogues that each of them should undertake and, since 1998, has been overseen by the ESC.

In 1996, the goals and organising themes for ECOTECH activities were further defined with the adoption of the *Declaration on an Asia-Pacific Economic Cooperation Framework for Strengthening Economic Cooperation and Development* (*Manila Declaration*).

APEC's ECOTECH goals, under the 1996 *Manila Declaration*, are to:

- attain sustainable growth and equitable development in the Asia-Pacific region;
- reduce economic disparities among APEC economies;
- improve the economic and social well-being of the people; and
- deepen the spirit of community in the Asia-Pacific.

The guiding principles for ECOTECH are:

- **mutual respect and equality,** including respect for diversity and the different situations of members, focusing on member economies' strengths;

- **mutual benefit and assistance**, with a firm commitment to making genuine contributions toward the goals of sustainable growth and equitable development and reducing disparities in the region, based on the APEC member economies' diverse and complementary capabilities;

- **constructive and genuine partnership**, creating opportunities for mutually beneficial exchanges between and among industrialised and developing economies, thus promoting the development and dynamism of the economies in the region. Such a partnership will include a working partnership with the private/business sector, other pertinent institutions, and the community in general, to ensure that cooperation is consistent with market principles. This partnership will engender cooperative undertakings toward the efficient allocation of resources and reduction of economic disparities within an increasingly integrated Asia-Pacific community; and

- **consensus building**, in line with the consultative, consensual approach nurtured through the development of APEC, while respecting the autonomy of each economy through their voluntary participation.

In endorsing the *Manila Declaration*, APEC Leaders recognized that their "vision of community can be strengthened only if our efforts benefit all citizens". They considered ECOTECH to be an essential complement to the TILF agenda to help "APEC members to participate more fully in, and benefit from, an open global trading environment, thus ensuring that liberalized trade contributes to sustainable growth and equitable development and to a reduction in economic disparities". Leaders instructed that the principles laid out in the *Manila Declaration* be applied to the activities of relevant APEC fora, "giving face to development". They assigned a high priority to the following six themes: developing human capital; fostering safe, efficient capital markets; strengthening economic infrastructure; harnessing technologies for the future; promoting environmentally sustainable growth; and encouraging the growth of small and medium-sized enterprises.

Together, the 1995 *OAA* (updated in 2001 and 2002) and the 1996 *Manila Declaration* are the documents that define how APEC's ECOTECH agenda is set. Essentially, ECOTECH activities complement and support APEC's broader trade and investment liberalization and facilitation objectives, including by recognizing 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 favorable 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'.

Unlike some international organizations, APEC does not have a large central fund that can support general economic development purposes. Therefore, 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, harmonization 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.

As the number of projects conducted by APEC fora increased over the years, it became apparent that there was a need for the ECOTECH agenda to be managed more strategically. Following Ministerial endorsement in Vancouver, Canada, in 1997, the ESC was established in April 1998 to assist Senior Officials to coordinate and manage APEC's ECOTECH agenda, as well as to identify value-added initiatives for cooperative action. The terms of reference of the ESC are given in **annex 1**.

One of the first tasks before the ESC was the organisation of project information according to the six ECOTECH themes. It allowed Ministers, for the first time, to have a clearer picture of the number of projects that was being carried out by each APEC forum under each theme and where the gaps were. The ESC also drew up the *Guidance on Strengthening the Management of APEC ECOTECH Activities* (**Annex 2**), which was endorsed by SOM in 1998 in Kuching, Malaysia. The guidelines encouraged fora to develop outcome-oriented projects in response to the six ECOTECH themes and to foster greater business/private sector involvement in projects, and encouraged the APEC Secretariat to improve information flow through the development of a Projects Database.

In response to the recommendation for a more dynamic retrieval of project information, the APEC Secretariat established the Projects Database in 1999 and upgraded it further in 2002. With better information on projects, the ESC was able to categorize ECOTECH activities by

type to determine how much effort was being devoted to information sharing through seminars/workshops, websites/databases and how much to delivering practical outcomes such as training programs.

The ESC, with Ambassador Juan Carlos Capuñay of Peru as Chair, met on three occasions in 2003 in Thailand to assess the implementation of ECOTECH initiatives across APEC fora. The first meeting was held in Chiang Rai on 16 February 2003, following which SOM endorsed the ESC's 2003 Work Program (**Annex 3**); the second meeting took place in Khon Kaen on 29 May 2003; and the third in Phuket on 17 – 18 August 2003.

This year's *ECOTECH Report* analyses the projects that have been carried out by APEC fora, and reports on the implementation of the various ECOTECH initiatives, recommendations and guidelines.

2.	A FOCUSED AGENDA

The mission of the SOM Committee on ECOTECH is to assist Senior Officials in coordinating and managing APEC's Economic and Technical Cooperation (ECOTECH) and capacity building agenda and to identify value-added initiatives for cooperative action.

2.1   APEC-wide ECOTECH Priorities

In response to Leaders' and Ministers' calls to improve the focus of APEC's economic and technical cooperation and capacity building objectives, Senior Officials endorsed a short list of APEC-wide ECOTECH priorities at SOM I in Chiang Rai, Thailand, in February 2003 (**Annex 4**). The rationale underlying the development of the priorities is to help APEC focus on its strengths and concentrate its efforts in areas where it has visibility and a solid track record in order to make the best use of limited resources.

This short list of priorities can be used to identify important and relevant ECOTECH activities, along with their associated objectives and, where possible, clear and measurable targets. Advancing APEC's ECOTECH and capacity building initiatives according to the short list of priorities could help to streamline ECOTECH, make the best use of limited resources, and maximize the impact of ECOTECH activities in strategic areas.

SOM noted that short-listing ECOTECH priorities does not preclude other ECOTECH activities that may not fit directly into these schemes, nor does it imply that the ESC has the authority to set priorities for other APEC fora. The short list is meant to provide an up-to-date overall strategic focus, a roadmap 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 TILF and ECOTECH are reflected in the short list of priorities.

Four general priority areas were agreed upon. Further elaboration on the details of these four priority areas can be found in **annex 4**.
- *Integration into the Global Economy*
- *Counter-Terrorism Capacity Building*
- *Development of Knowledge-Based Economies*
- *Addressing the Social Dimension of Globalization*

By using these priorities to plan activities and projects, APEC can ensure a unified direction to ECOTECH over the next few years.

Recommendation:

Rec. 2.1.1: Use the short list of APEC-wide ECOTECH priorities as a strategic roadmap for future ECOTECH work, and as a tool to evaluate the ECOTECH work done by APEC fora. In its role of coordinating APEC ECOTECH and capacity building activities, the ESC should hold periodic consultations with all fora to discuss, encourage and build on these common ECOTECH and capacity building priorities.

2.2   Building Partnerships

Having a list of APEC-wide ECOTECH and capacity building priorities enabled the ESC to more clearly focus on areas where APEC might want to build relationships with other international organizations. The list of four priorities served as a starting point for a dialogue at the first APEC/IFI Roundtable, *"Partnership between APEC and IFIs"*, held 19 August 2003, in Phuket, Thailand. Four papers, based on each of the priority areas were prepared and presented by individual economies at the APEC/IFI Roundtable (**Annexes 5 through 8**). The ESC Chair suggested that an expert-level meeting with the IFIs be held in the future for each of the four priorities.

The most important result of the APEC/IFI Roundtable held at SOM III was that participants concluded cooperation between APEC and the IFIs should focus on the effective sharing of information, expertise and other resources. Moreover, possible areas of collaboration with IFIs were identified. They include, but are not limited to, joint projects, sharing of expertise, training materials, information on project planning, and cross attendance of meetings.

Members of the ESC also felt that APEC/IFI relationships need to be complemented by private-sector relationships. And in order to gain a better understanding of how to go about linking with the private sector the US and Chile presented papers which outlined how they incorporate the private sector into the work of their economies.

Recommendations:

Rec. 2.2.1: Establish a high level group consisting of SOM Chair, Chairs of the ESC, the Committee on Trade and Investment (CTI) and the Finance Ministers' Process (FMP) to meet with their IFI counter-parts on a periodic basis to ensure optimum cooperation and efficient use of resources.

Rec. 2.2.2: Promote periodic expert-level exchanges between APEC and international organizations in collaboration with the ESC and the APEC fora.

Rec. 2.2.3: The ESC should hold periodic in-depth dialogues with other international organizations and the private/business sector so as to draw expertise and experiences and leverage resources to boost ECOTECH and capacity building activities.

2.3   Strengthening Coordination

For the past several years, APEC Leaders and APEC meetings have recognized the mutually reinforcing efforts between projects funded by the TILF account and those grouped under the ECOTECH umbrella. Such recognition reflects the shared view that TILF-funded projects cannot move alone to bring about APEC's objective of shared prosperity. Far from being a distraction from the TILF objectives, ECOTECH efforts are actually complementary to, and supportive of, TILF. Capacity building is the main vehicle for delivering all APEC objectives, including TILF and financial sector objectives and the growing range of other targets that are being adopted at successive annual meetings of APEC Leaders.

The ESC is mandated, through its Terms of Reference (TOR), to assist SOM in coordinating and managing APEC's ECOTECH agenda, and in identifying value-added initiatives for cooperative action. To fulfill this mandate the TOR further identifies ESC's tasks, including among others:
* to 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.

Efforts to strengthen relationships between the ESC and APEC fora will also result in more effective ECOTECH and capacity building activities across APEC. To promote more collaboration, the ESC needs to be more proactive in drawing on the strengths, ideas and expertise of the working fora.

In discussions this year, ESC members noted that, in practice, the ESC has performed its coordination role in a passive way by collecting information from working group reports and compiling an annual report stocktaking of APEC's ECOTECH work for the year. To be more proactive the ESC needs to explore ways in which to present its report so that the working groups see it as a useful resource tool.

Better targeted and more comprehensive reporting by the ESC would begin the process, but ESC members recognized the need, more generally, to promote the relevance and importance of APEC's economic, technical, and capacity building efforts. Here the ESC could play an

important role, taking the lead in publicizing APEC's ECOTECH work and its benefits to the business/private sector and APEC communities. To do this, the ESC needs to be able to point to concrete outcomes from ECOTECH projects where the business/private sector and/or the general community has gained in a measurable way.

Recommendations:

Rec. 2.3.1: The ESC to host an ESC/Fora Coordination Meeting at SOM I in 2004 to develop a more robust dialogue with working groups. In turn, working groups should be asked to contribute ideas to build on the ECOTECH priorities and facilitate implementation.

Rec. 2.3.2: The ESC to bring together information on an annually selected theme, including information not previously utilized by the ESC such as evaluation reports presented to the Budget and Management Committee (BMC), and present it as a "special issues" section of the ESC Annual Report.

Rec. 2.3.3: Produce a special ECOTECH and Capacity Building fact sheet for release at the end of the year to provide details of APEC achievements for the selected theme.

2.4   ECOTECH Action Plans (EAPs)

EAPs were developed as a result of a call made by Ministers in 2000 for a more focused and intensified action agenda for economic and technical cooperation. Member economies agreed in 2001 that EAPs would be submitted on a voluntary basis, focus on the theme of Human Resource Development (HRD), and be implemented as a pilot program for two years. In 2002 Ministers called for a "rigorous assessment of the value of the existing EAPs as a tool to progress APEC's economic and technical cooperation agenda."

Criteria[1] for the assessment of the EAPs were developed by a small group within the ESC and endorsed by SOM III in Acapulco, Mexico in 2002. The purpose of the EAP was two-fold; it would be used as a tool to progress APEC's economic and technical agenda; and it would list what cooperative activities economies were considering introducing in response to HRD goals. Using the agreed criteria while keeping in mind these goals the ESC completed the EAP assessment for SOM I in Chiang Rai, Thailand, in February 2003.

Members agreed that there were shortcomings with the EAPs particularly with respect to the format, the lack of clear objectives, and the lack of clarity with regard to end-users. It was agreed that the EAPs did not fully meet initial expectations, and as a means to progress the ECOTECH agenda the EAPs do not add value as expected.

A number of economies stated that they were not prepared to participate further in completing EAPS as they are currently structured while several economies indicated that they would be satisfied to have the EAPs completed on a voluntary basis. After deliberations throughout 2003 the ESC decided not to further develop or use EAPs, but a small group of interested economies may continue to work on them.

Recommendation:

Rec. 2.4.1: The ESC will discontinue discussion of the EAPs during the plenary sessions, but interested economies may meet separately to discuss and revise the EAPs for their own use.

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[1] *APEC Senior Officials Report on Economic and Technical Cooperation 2002*, page 60

3.	APEC IN ACTION

Since its formation in 1998, the ESC has been reporting annually on the implementation of the *Manila Declaration* and the various ECOTECH initiatives.

The ESC, with assistance from the APEC Secretariat, assessed all ECOTECH projects that were designated as 2003 projects. Most of them were approved for funding in the main meeting of the Budget and Management Committee (BMC) in July 2002, but commenced in 2003, while the balance were approved as 'urgent' projects either at the March 2003 meeting of the BMC or inter-sessionally during the year. Project information was sourced from the APEC Secretariat's Project Database, and from progress reports which were presented to the BMC. The ESC evaluated the activities with the following criteria broadly in mind:

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

Information on individual ECOTECH projects and activities undertaken by APEC fora in 2003 can be accessed from the APEC Secretariat's Project Database at http://www.apecsec.org.sg/. A table summarising the number of projects that are in progress or were completed in 2003 under each ECOTECH priority theme is at **annex 9** and a table summarizing the type of ECOTECH activities is at **annex 10.**

3.1   Key Findings

In 2003, 125 projects were found to be contributing to the six broad ECOTECH themes. Of those 48 percent were funded from the TILF Special Account (funded by Japan), 40 percent from the Operational Account (funded collectively by APEC members) and 12 percent were fully self-funded projects (by individual APEC economies). Notwithstanding APEC funding, in many cases project costs are substantially supplemented by contributions (monetary and in-kind) from participating member economies.

Figure **1** indicates that the decline in the number of projects undertaken annually has evened off at 125 in 2003 after continually declining from 1999

Figure 1

Number of Projects by Year
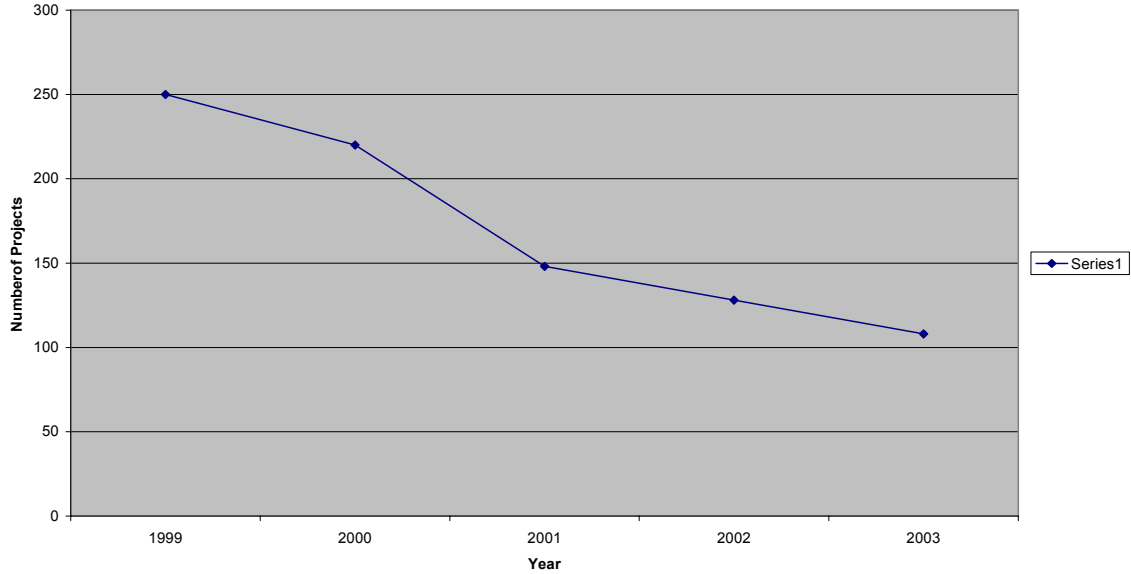
The ECOTECH projects of 2003 continue to be spread unevenly across the six ECOTECH themes, with greatest emphasis focused on the 'developing human capital' theme (38 percent). However this is a decrease of some 20 percent when compared to 2002. The other notable change from 2002 is the increase in the number of projects focusing on 'strengthening economic infrastructure' which accounts for 21 percent of the projects versus 9 percent in 2002.

The number of 2003 projects categorised by ECOTECH themes are as follows:

Developing human capital	**48**
Developing stable, safe and efficient capital markets	**8**
Strengthening economic infrastructure	**26**
Harnessing technologies for the future	**21**
Promoting environmentally sustainable development	**16**
Encouraging the growth of SMEs	**6**
Total	***125***

8

Figure **2** illustrates the history of projects that were conducted under each theme from 1999 to 2003.

Figure 2

Projects by ECOTECH Priority Themes 1999-2003
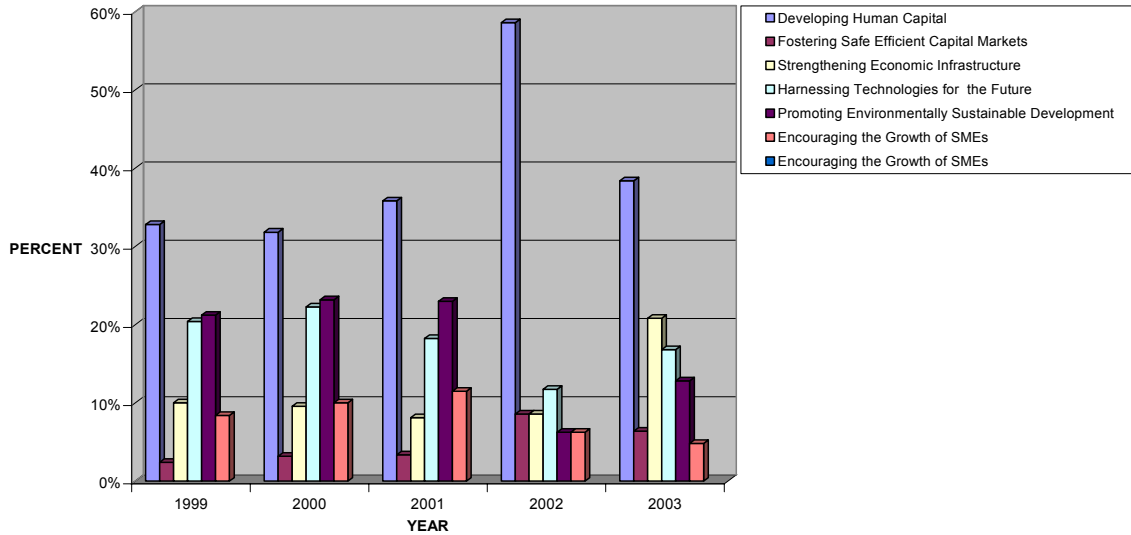
'Developing human capital' continues to be the prime focus for projects. But as indicated in figure 2 the secondary focus has changed from 'harnessing technologies for the future' in 2002 to 'strengthening economic infrastructure' in 2003.

The ESC has continued the practice of classifying APEC projects according to broad categories that best describe the type of activities being undertaken (**Annex 10**). The analysis this year shows that around 32 percent of the projects involve information gathering (e.g., surveys, studies); 51 percent information sharing (e.g., seminars, best practices and websites); and 17 percent training. The trend over the past five year as illustrated in figure 3 indicates continued growth in projects devoted to seminars and symposiums, flat growth in the area of training, and a decline in the number of projects devoted to databases and websites.

Figure 3

Types of ECOTECH Projects 1999-2003
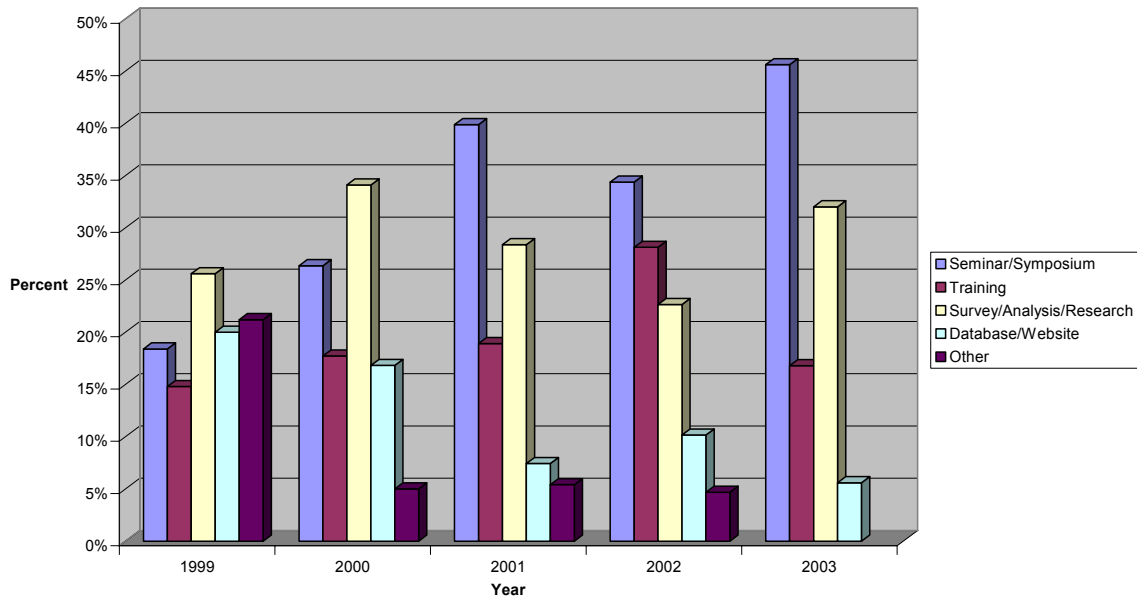
The number of 2003 projects categorised by type of activity is as follows:

Seminar/Symposium	**57**
Training	**21**
Survey/Analysis/Research	**40**
Database/Website	**<u>7</u>**
Total	***125***

Of note in the 2003 project analysis is that although TILF-funded projects are designed principally to meet trade liberalisation and facilitation objectives they also fulfill ECOTECH objectives. By contributing to training, capacity building and information sharing, albeit on TILF issues, fora such as the CTI make an important contribution to APEC's overall ECOTECH effort.

3.2 Fora Activities

Working groups meet once (and often twice) a year in order to develop and implement work plans that incorporate Leaders' and Ministers' directives and that advance sectoral-specific issues. The advent of the sudden acute respiratory syndrome (SARs) at the beginning of 2003, and the risks that it posed, resulted in a number of meetings being postponed. Notwithstanding the challenges posed by the SARs outbreak, work continued inter-sessionally, until the threat had passed. The following reports outline the work that the fora have conducted in a year filled with extraordinary challenges.

3.2.1 Agriculture Technical Cooperation Working Group (ATCWG)

The Goal of the ATCWG is to enhance the capacity of agriculture and its related industries in the region, and consequently to contribute to economic growth and social well-being of the region. To achieve this goal the ATCWG has set seven primary work areas pursuant to the *OAA* Part II.

1. Conservation and Utilization of Plant and Animal Genetic Resources
"The Fourth Workshop on Conservation and Utilization of Plant and Animal Genetic Resources" was held in Taipei, from 29 October to 2 November 2002. The workshop focused on the utilization of aquatic genetic resources. The outcome will be disseminated through

publication of *The Relationship between Indigenous Animals and Humans in the APEC Region* by the end of 2003.

The ATCWG will continue to hold workshops on plant genetic resources.
- The Fifth Workshop (the Second Aquatic Meeting) back to back with the Seventh Asian Fisheries Forum, on 29 November–3 December 2004, and
- "The Sixth Workshop on Plant Genetic Resources" co-hosted by Chinese Taipei and Mexico.

2. Research, Development and Extension of Agricultural Biotechnology
The "Workshop on Technical Cooperation and Information Exchange on Safety Assessment in Agricultural Biotechnology" was held in Chinese Taipei in August 2002. The ATCWG will hold two more workshops in 2003:
- A "Conference on Agricultural Biotechnology in Centres of Origin," in Mexico City, Mexico in November 2003, and
- "The Seventh Development and Extension of Agricultural Biotechnology Sub-Group (RDEAB) Workshop," in Beijing, China from 15–23 September 2003.

The ATCWG also plans to carry out one more project in this regard in 2004 pending approval of the relevant APEC fora.

The ATCWG was informed of the outcomes of the Second High-Level Policy Dialogue on Agricultural Biotechnology (HLPDAB), which had been held in Thailand in February 2003. It agreed that a closer link needed to be established between the HLPDAB and the ATCWG to ensure informed discussion on policy and technical matters. Correspondence will be sent to the HLPDAB by the RDEAB to initiate this link.

3. Production, Processing, Marketing, Distribution and Consumption of Agricultural Products
The ATCWG has been discussing a work plan for (a) continuation of work on the Cold Chain Technical Assistance Program, an update on the work of the Pacific Economic Cooperation Council (PECC), and (b) provision of information on best practices regarding pollution caused by the Food Processing Industry.

The ATCWG began and continued to discuss the relationship between work in this area with the FEEEP (Impact of Expanding Population and Economic Growth on Food, Energy, and Environment) and the APEC Food System, including a suggestion of (a) a partnership with the Sub-Committee on Standards and Conformance (SCSC), (b) an Internet gateway to existing data sources on supply and demand of food, and (c) continued capacity building on policies and services to support farmers' organizations on product marketing.

The ATCWG held or will hold workshops in this regard:
- "The Workshop on Linking Farmers to Markets: the Role of Farmers Organization," in Tokyo, Japan in March 2003;
- The APEC-funded project on "APEC Institutional Linkage for Human Resources Development in Post Harvest Technology," completed in three years (2000-2002); pending approval from relevant upper APEC fora, the ATCWG will continue to follow up the outcomes of this project; and
- A "Workshop on Strengthening Cooperation in Post-harvest Technology Transfer within APEC Economies," in Hanoi, Viet Nam, 28–31 October 2003.

4. Plant and Animal Quarantine and Pest Management
The ATCWG held a "Symposium on Detection, Monitoring and Management of Invasive Plant Pests", in Chinese Taipei, from 30 September to 3 October 2002. The ATCWG decided to further carry out:
- An International Standards Workshop, hosted by the United States during 2004-2005;

- A Workshop on Diagnostic Standards, in Malaysia in August 2003, in conjunction with a related event; and

- "The APEC Symposium on the Management of the Golden Apple Snail," in October 2004.

A website was established concerning lists of invasive plant pests, information on practical management measures for invasive pests, and symposium proceedings and papers.

The ATCWG discussed the E-CERT, a web-based system for electronic health certification of agricultural exports. E-CERT relates to the pathfinder initiative on paperless trading which APEC Leaders in Los Cabos, Mexico, endorsed in October 2002.

5.   Cooperative Development of an Agricultural Finance System
To follow through on the Third Training Course on Agricultural Finance, held in Tokyo in 2002 and hosted by Japan, an additional Training Course on Agricultural Finance will be held in Ha Noi, Viet Nam from 17–28 November 2003.

6.   Agricultural Technology Transfer and Training
"The Second Seminar on Agricultural Technology Transfer and Training was held in Bali, Indonesia on 24–26 July 2003.

7.   Sustainable Agriculture and Related Environmental Issues
"The Third Workshop on Sustainable Agricultural Development" will be held from 16–23 November 2003 in Chinese Taipei.

The ATCWG will further carry out:
- "A Study on Biomass Utilization for Sustainable Agriculture Production"; and
- "The APEC Regional Study on Gender and Globalization in Agriculture."

The ATCWG highlighted the importance of sustainable agriculture for APEC economies in general, and the emphasis that was placed on this issue by World Summit on Sustainable Development (WSSD). The meeting agreed that all economies should make a concerted effort to fully engage in the activities of this priority area.

3.2.2   Energy Working Group (EWG)

The Energy Working Group plans to carry out in 2003 the work program endorsed at the Fifth APEC Energy Ministers' Meeting in Mexico (July 2002) and implement the instructions of Ministers. Major objectives set for the year are as follows:

- Progressing the APEC Energy Security Initiative;

- Showcasing the EWG's contribution to sustainable development by further promoting its project entitled 'Energy for Sustainable Development' which was submitted to the WSSD last year in Johannesburg;

- Pursuing collaborative research programs through various activities and projects undertaken by the APEC Expert Groups;

- Continuing to implement the 21st Century Renewable Energy Development Initiative, the Energy Literacy Initiative and the Earthquake Response Cooperation Initiative;

- Sharing information on energy standards and facilitating reduced barriers to trade in energy efficient appliances and products through the Energy Standards and Labeling Initiative;

- Strengthening engagement with the APEC Energy Business Network; and

- Seeking to engage financial institutions in EWG activities to enhance investment in energy infrastructure in the APEC region.

To help member economies integrate into the global economy, the EWG continues to encourage its members to undertake energy market reforms and promote greater transparency to attract significant private investment in energy infrastructure by:

- Undertaking several APEC-funded projects to assist the reform process, for example, 'Strengthening Operational Aspects of APEC Energy Micro-Economic Reform' and 'Addressing Barriers to the Interconnection of Power Grids in APEC Member Economies';

- Encouraging member economies to use the EWG-created Implementation Facilitation Assistance Teams (IFATs) to assist with the implementation of reforms;

- Engaging in policy dialogue with the APEC Energy Business Network;

- Submitting a project proposal (for APEC funding) to address barriers to the cross-border interconnection of natural gas; and

- Holding a workshop on micro-economic reform of the electricity supply industry.

From the aspect of counter-terrorism capacity building most EWG activities were carried out primarily under the APEC Energy Security Initiative. The five elements of this Initiative have been included in the 'APEC Counter-Terrorism Action Plan'.

EWG activities to implement the APEC Energy Security Initiative have unfolded by undertaking several recent projects:

- Holding an Oil Emergency Response Workshop in conjunction with the EWG's 25th meeting (EWG25) as a means to assist member economies to put in place fully developed energy emergency preparedness plans;

- Securing EWG agreement to develop an implementation plan for the Initiative, with appropriate timeframes, and to report to SOM III;

- Improving quality and timeliness of APEC economy reporting to the Joint Oil Data Initiative; and

- Progressing the development of a proposal for a 'Real-time Emergency Information Sharing System'.

With regard to addressing the social dimension of globalization, the EWG is progressing this priority primarily through activities under the WSSD Type 2 Initiative, 'Energy for Sustainable Development'. The EWG addresses the simultaneous achievement of Economic Growth, Energy Security and Environmental Protection (the 3Es) and its contribution to the development of APEC as a sustainable energy community, particularly through the implementation of the WSSD Type 2 Initiative.

The EWG continues to make efforts in encouraging members, particularly those fast-moving developing economies, to turn to renewable energy. Collaboration in this area is mainly through the 21st Century Renewable Energy Development Initiative. Several EWG projects are now being carried out under this initiative and will be completed by the end of 2004.

Environmentally-sound energy consumption is another area that demonstrates the EWG's continuous endeavor to contribute to sustainable development and to alleviate the negative social effects of globalization. The EWG's efforts in this area are mainly embodied in EWG activities and projects regarding energy efficiency, renewable energy, alternative fuels, clean fossil energy and carbon dioxide capture and geological sequestration.

The EWG has undertaken several projects that have achieved objectives under the five mechanisms set by the APEC Agenda for Science and Technology Industry Cooperation into the 21st Century, for example:

- <u>Addressing Barriers to the Interconnection of Power Grids in APEC Member Economies:</u> a project that identified the main policy, technical, regulatory, legal and

treaty barriers to interconnection and recommended strategies to address these barriers;

- APEC 21st Century Renewable Energy Development Initiative: a series of collaborative efforts to advance the use of renewable energy for sustainable economic development and growth of the APEC region (fosters common understanding of regional renewable-energy issues, facilitates trade and investment in renewable-energy technologies and services, and reduces environmental impact of the energy sector through the applications of renewable-energy technologies);

- APEC Energy Standards Notification System (APEC ESIS): a website that provides information on testing standards, minimum energy performance standards (MEPS) and labeling requirements for a host of electrical products in the APEC region; and

- Comprehensive Linked Database on Mining and Energy Related Opportunities (ANMED): a website liked to mining and energy-related databases in APEC economies, providing up-to-date information on strategic planning, new trends, investment development, production, trade, and transportation in the region's mining and energy resource sectors.

The EWG expects to achieve several deliverables during 2003, primarily through on-going implementation of the APEC Energy Security Initiative and the WSSD Type 2 Initiative, 'Energy for Sustainable Development'. They are:

- Finalizing an implementation plan, including timeframes, for the APEC Energy Security Initiative;

- Establishing a Real-time Emergency Information Sharing System;

- Commencing a project to address cross-border impediments to the interconnection of natural gas in APEC member economies;

- Holding a public-private sector workshop regarding engaging financial institutions in the development of energy infrastructure;

- Holding several workshops under existing APEC projects, including a seminar on 'Earthquake Disaster Management of Energy Supply Systems', a workshop on 'Strengthening Operational Aspects of APEC Energy Micro-Economic Reform', and a 'Joint Oil Stockpiling Workshop';

- Commencing a series of member economy presentations to the EWG on energy emergency preparedness plans; and

- Finalizing a framework for discussing nuclear energy within the EWG.

Apart from the above-listed expected deliverables, the United States advocated that the EWG should work towards the development of technology that can promote the usage of hydrogen. EWG members considered a concept paper on hydrogen collaboration developed by the United States that they agreed to take back to their SOM representative. Cooperation among APEC members in hydrogen area may go forward to the Leaders and thus be another deliverable of the Energy Working Group.

3.2.3 Fisheries Working Group (FWG)

The FWG's activities are concentrated in three main areas: fisheries management, trade liberalization and aquaculture. These activities meet ECOTECH objectives laid out in Part II of the *Osaka Action Agenda*. Some activities also reflect two of the four priorities set for ECOTECH in 2003, which are 'Addressing the Social Dimension of Globalization' and 'Promoting the Development of Knowledge-Based Economies'.

In recent years, capacity building has been a major feature of the FWG's work program. Related programs have continuously been implemented from 2002. In 2002, the training program on "Capacity and Awareness Building on Import Risk (IRA) for Aquatic Animals" was successfully implemented. Through this project, APEC has engaged the Food and Agriculture

Organization (FAO), Office International des Epizooties (OIE) (or World Animal Health Organization) and other organizations to the benefit of APEC economies in the Americas, building capacity for the application of import risk assessment as a tool for environmentally and economically sustainable aquaculture in the region. Through this project, APEC economies in the Americas understand that it may be possible, through cooperation with FAO and non-APEC economies, to build a regional network of aquaculture expertise upon which all aquaculture-producing economies in the region may draw. At the APEC Ocean-Related Ministerial Meeting in Seoul, Korea in May 2002, Ministers directed us to facilitate, through the exchange of information, effective regional implementation of global fisheries instruments to achieve responsible fisheries and sustainable aquaculture. We were also directed to build the capacities of APEC economies to produce safer, healthier fish and fish products, benefiting both producers, through higher market prices, and consumers, through assurance that the fish and fish products they find in the marketplace are safe and healthy.

In 2003, an Educational Outreach Seminar, "Among APEC Partners on Derelict Fishing and Related Debris", and a program on "Sharing Knowledge during the International Conference on Governance of Deep-Sea Fisheries," were presented. In the implementation of these projects, APEC ECOTECH goals, such as attaining sustainable growth and equitable development in the region, have been pursued.

The FWG seeks to promote the growth of SMEs in the fishery industry as the vast majority of fishing industry participants around the Pacific Rim are SMEs. The work of the FWG has direct bearing on the sustainable livelihoods of these SMEs. In 2003, a seminar on "Current Situation and Market Perspectives for Aquaculture Products" will provide information on actual aquaculture markets, and the enhanced dialogue will also promote trade in fisheries and benefit related SMEs. In promoting trade in fisheries, the sustainable use of marine living resources and sustainable development of aquaculture are also objectives of the FWG. As a result members are able to facilitate trade in fisheries in a responsible manner. For example, sharks are taken both for commercial purposes and as by-catch. Proper management under appropriate conservation measures is necessary for their sustainable utilization. In view of their importance at the top of the food chain, a shark project has been implemented in the past and a similar project will be implemented in the future. Its aim is to exchange information among member economies for the development of appropriate shark conservation and management measures. Members have been encouraged to fully implement the *United Nations Food and Agriculture Organisation's International Plan of Action for the Conservation and Management of Sharks* in the region. History has shown that conservation groups often advocate restrictions in the trade of fish harvested in an unsustainable manner. By advancing approaches to sustainable fisheries, the Fisheries Working Group facilitates trade by avoiding such trade restrictions. The intent of the Fisheries Working Group is to build the capacity of APEC economies for sustainable fishing. It does not seek to become a regional fishery organization.

In addition, the Fisheries Working Group recalls the instructions from Leaders in Los Cabos, Mexico "…to continue negotiations that will open markets and enhance the multilateral trading system, foster economic growth and poverty reduction, particularly in developing economies, promote sustainable development, improve disciplines, improve WTO coherence with other institutions, and provide opportunities for all citizens of the world". The FWG works to follow up on that mandate through its project proposals.

At the First APEC Ocean-related Ministerial Meeting, held in 2002, in Seoul, Korea, with the theme 'Toward the Sustainability of Marine and Coastal Resources' 21 APEC Ministers (or Ministerial representatives) endorsed the *Seoul Oceans Declaration*. Responsible fishing practices and sustainable use of marine resources were the focus of this meeting. In the Declaration, different levels of cooperation, including domestic and regional cooperation were encouraged. Strengthening cooperation for building capacity to achieve the goal of sustainability of marine and coastal resources was one of the main actions that members agreed to take. In order to implement the *Seoul Oceans Declaration* and related resolutions of the Ministerial Meeting, in its 13th meeting held in 2002, the FWG developed a Strategic Framework to set the direction for future work. In its 14th meeting, which will be held in October 2003, the framework will be finalised for future implementation.

3.2.4 Human Resources Development Working Group (HRDWG)

The HRDWG conducts its activities through three networks dealing with complementary aspects of HRD: Labor and Social Protection Network (LSPN), Capacity Building Network (CBN) and Education Network (EDNET). In implementing Part II of the *OAA*, the HRDWG has continued to respond to its identified priorities. The Annual Work Plan for 2003 outlines the forum's on-going as well as some of its completed work in each of the eight priority areas identified in Part II of the *OAA*.

All new projects proposed by HRDWG will reflect the short-list of four ECOTECH priorities endorsed by SOM in February 2003, together with the existing priorities as stated by Leaders, Ministers and SOM directives. The HRDWG usually has at least six APEC-funded projects a year and as many self-funded activities, in addition to on-going projects. They are all developed to respond to the HDRWG's Statement of Medium-Term Strategic Priorities and as outlined in Part II of the *OAA* for quality basic education; improved labor market information and analysis; enhanced skills in key sectors including SMEs; lifelong learning; improved curricula, teaching methods and instructional materials towards the 21st century; mobility of qualified persons; enhanced quality, productivity, efficiency of labor forces and work places; and strengthening cooperation to support TILF.

The HRDWG has played an impressive role in the issue of youth. Various activities have been formulated for youth alongside many high-level APEC meetings. A community on e-learning through Sister School Networking was developed in May 2002 and has promoted interactive e-learning for students, administrators and teachers. The APEC International Youth Camp was held on 7–17July 2003 in Thailand on the topic, "Coastal Ecosystem for Sustainable Development".

The APEC Thematic Dialogue on the issues of Patenting Biotechnology Inventions and Commercialization of Biotechnology was held in the National Institute of Public Administration, Malaysia (INTAN) during the 25th HRDWG Meeting. The Thematic Dialogue was proposed during the 24th HRDWG meeting in Hanoi, Viet Nam with the purpose of allowing economies to focus on specific issues of interest and engage outside parties.

The 25th Meeting of the HRDWG, held in Kuala Lumpur, Malaysia, endorsed the Annual Work Plan and Taskings for 2003 and approved nine new projects: six for funding from the APEC Central Account and three to be self-funded.The activities of the HRDWG revolve around the programs and projects undertaken by the three networks in 2003:

Labour and Social Protection Network
In response to the directive of SOM I on workforce retraining the LSPN agreed that there is a need to concentrate on this issue in all APEC economies. This is essential to respond to Ministers and Leaders who recognised the importance of the social dimensions of globalisation and acknowledged the need for developing social safety nets to minimise the costs of structural change. LSPN will also work closely with the SOM's Ad Hoc Task Force, the Social Safety Net Capacity Building Network (SSN CBN) on issues related to workforce retraining.

To strengthen workforce retraining the LSPN is to develop and disseminate digital English instruction media which would enable workforces to access and benefit more fully from the Internet and English-language printed materials. By addressing the scarcity of English-language printed materials, APEC could begin to narrow the difference between basic education and workforce retraining to enable overall upgrading of skills.

Capacity Building Network
The CBN will concentrate on three agenda items, arising from the broader APEC agenda; reports on completed or continuing projects; and the presentation for endorsement of new projects.

The focus will be on the following:

- The four ECOTECH priorities endorsed by SOM I;
- Thailand's themes for 2003;
- The HRDWG tasking document for 2003;
- The activities and membership of the proposed HRDWG project evaluation group;
- The SSN-CBN document on workforce retraining;
- The Malaysian paper on the future of the HRDWG; and
- Two new endorsed projects.

Education Network (EDNET)
EDNET has formed a committee, chaired by the Philippines, to review, consolidate and prioritize projects in accordance with ECOTECH's strategic framework. The EDNET reviewed the progress report of ten on-going projects and six completed projects, and also endorsed five new projects. Preparations for, and themes of, the Third APEC Education Ministerial Meeting (AEMM) which will be held 15–16 April 2004 in Valdivia, Chile, with the theme "Joy of Learning", were also discussed.

The 26th Meeting of the HRDWG will be held in Korea in April/May 2004.

3.2.5   Industrial Science and Technology Working Group (ISTWG)

The ISTWG has primary responsibility for developing and implementing specific initiatives and activities in support of APEC Ministers' and Leaders' initiatives and directives of Senior Officials, notably those relating to the *Agenda for Science and Technology Industry Cooperation*. Future work will take place in the following areas.

- Establishing an APEC Science and Technology (S&T) Policy Forum;
- Human Capacity Building for S&T for the New Economy;
- Science, Technology, and Innovation to meet the Environmental Challenge.
- Connecting Research and Innovation;
- Expanding APEC Cooperation in Key Technologies for the 21st Century; and
- Prevention and Control of Infectious Diseases.

In order to make the involvement and participation of member economies more focused, and due to the diversity of issues covered by the ISTWG, four sub-groups have been created to focus on each of the specialised fields.

- Group A - Key technologies and human resource capacity building;
- Group B - Coordinating research, innovation and dialogue on industrial S&T policies;
- Group C - Infectious diseases and other health issues; and
- Group D - Cleaner production and other environment issues.

Strengthening human capacity building is an important priority for the ISTWG and is recognised as a key issue for future work. In support of this objective, in 2003 the ISTWG conducted programs that built capacity and improved information transfer. In implementing these programs one of the four priorities set for ECOTECH "Promoting the Development of Knowledge-Based Economies" has been reflected.

One of these activities is the continuous work on upgrading and refining the IST website (ASTWEB). Improvements to the ASTWEB will make disseminating information on science and technology more efficient. As an important tool in managing and facilitating ISTWG activities, this website serves to enhance communications between the research community and the business/private sector on S&T issues. Another program is "Developing Advanced Internet Capabilities among APRU Universities and APEC Communities". This program aims to encourage international cooperative teams of high school students and teachers to work on science and technology research projects of real global concern with APRU university faculty members.

A project, "Establishment of an APEC Climate Network" was initiated in 2001 for the exchange of regional climate information, and ultimately to contribute to the social and economic benefits of member economies as well as the reduction of natural disasters caused by unusual climate and weather events. The implementation of this program will help member economies to be better equipped with techniques for forecasting climate change through technical cooperation, and therefore improve collective capability.

In 2003, the ISTWG also implemented self-funded projects with the objective of "Developing Human Capital", which is a primary ECOTECH theme. Examples include the "APEC Symposium and Workshop on Confronting Urban Earthquakes/Seismic Early Warning", "an APEC Workshop on e-Learning and Digital Libraries", and " Raising Technical Capabilities to Underpin Trade and Investment in Biomass Carbon".

In 2001 the ISTWG submitted to Leaders a strategy entitled 'Infectious Diseases in the Asia Pacific Region: A Reason and Acting with Reason', which dealt with HIV/AIDS and other infectious diseases. Since 2002, the ISTWG has developed an 'Infectious Disease Strategy', which recommends further action in this field.

Activities responding to the strategy have been implemented in 2003. The program on 'Control of Dengue Outbreaks Cooperation' was designed to fight dengue fever/dengue hemorrhagic fever (DHF) outbreaks through mutual cooperation among APEC member economies'. Its objectives include: sharing information, sharing experience on prevention and outbreaks, and skill and knowledge improvement. A research program on "DNA-Analysis for Human Health in the Post-Genomic Era" will assess the broad and long-term implications of data emerging from the Human Genome projects and related researches for human health, especially the newly emerging field of DNA diagnostics and therapies. The study will also identify scientific and business opportunities and assist policy makers to manage the risks of these new technologies. The self-funded projects: 'APEC Biotechnology-Policy and Strategy,' and "Seminar on Delivery of Healthcare Services to Persons with HIV/AIDS: A Standard Development Project" also aim to build capacity and harness technology for the future.

Due to the outbreak of SARS in early 2003 and its impact on economic activities, the ISTWG has been tasked with enhancing implementation of the *Infectious Disease Strategy* by strengthening cooperation between member economies, specifically in the areas of capacity building. A project on Pandemic Influenza Preparedness to build capacity for responding to influenza and emerging infectious disease was endorsed by the Meeting of Ministers Responsible for Trade and the First APEC Health Ministers Meeting. This project is to be implemented in 2003.

In order to respond to SARS the 24th ISTWG meeting in May 2003, held a side meeting of Group C. Group members reviewed the current capacity of the ISTWG to respond to similar infectious diseases in the future. The conclusion reached was that the SARS epidemic required a crisis management perspective beyond the capacity of the ISTWG. Efforts should be focused directly by the Health Ministries of the APEC economies. The group suggested the establishment of an independent mechanism in terms of a task force, which would report directly to SOM, or a Health Working Group, focused on enhancing cooperation among health professionals in APEC. The suggestion was discussed in the First APEC Health Ministers' Meeting and has been referred to SOM III for further discussion and decision.

3.2.6   Marine Resources Conservation Working Group (MRCWG)

Sustainable long-term use and conservation of marine resources is an important basis for the APEC region's economic development. Degradation of the marine environment can incur significant socio-economic costs in sectors including tourism, fisheries, transport and coastal development. Sustainability of the marine environment, therefore, is vital to ensure continuous socio-economic benefits and regional environment conservation. The MRCWG is responsible for coordinating the implementation of the *APEC Action Plan on Sustainability of the Marine Environment*, which was approved by APEC Environment Ministers in June 1997. Its work covers a wide range of the ECOTECH agenda.

The MRCWG has undertaken several activities in response to the ECOTECH priorities of promoting environmentally sustainable growth, developing human capital, and harnessing technologies of the future. Some activities also reflect one of the four priorities set for ECOTECH in 2003 that is, 'Addressing the Social Dimension of Globalization'. Capacity building programs aimed at transferring management skills and information on marine resources have taken place in 2003. A training and research program on "Development of a Draft Management Framework for APEC Economies for Use in the Control and Prevention of Introduced Marine Pests," is also taking place. The "APEC Marine Environmental Training and Education Program" will help to train personnel to contribute to the protection of the marine environment. The multi-year research project, the "Ocean Model and Information System for APEC Region 2003", continues to build on the results of previous years and will promote the technology of collecting marine environment data.

In order to strengthen on-going cooperation between the MRCWG and the FWG on issues of common concern, both working groups agreed in 1999 to hold joint sessions every two years. The aims are to identify common interests and strengthen cooperation relating to sustainability of the marine environment, and to develop collaboration for new projects. The first joint session dealt with the issue of destructive fishing practices and their impact, following the strategy for Virtual Task Force on Destructive Fishing Practices. The importance of information sharing and cooperative mechanisms between the two working groups was addressed in its second joint session in 2001. Common concerns will be further addressed at the third joint session which will take place in October 2003. The "APEC Member Profile Database of Ocean Governance Arrangements" project will present a summary report on the domestic institutional arrangements for each economy in support of members' marine management and governance activities in the next joint session. This project complements the MRCWG projects on "Integrated Oceans Management in the APEC Region," which are working towards achieving better cooperation and coordination on ocean-related policy matters within APEC.

Endorsed by the MRCWG and FWG, the first APEC Ocean-related Ministerial Meeting was held in April 2002 in Seoul, Korea, with the theme 'Toward the Sustainability of Marine and Coastal Resources'. It resulted in the adoption of the *Seoul Oceans Declaration*. Strengthening cooperation among APEC economies through capacity building was also adopted as one of the resolutions for achieving the goal toward the sustainability of marine resources.

The MRCWG, at its 15th meeting in June 2002, agreed to review its operations following the approval of the *Strategic Approach for the Implementation of the APEC Action Plan on Sustainability of the Marine Environment*, in 2000, as well as the adoption of the *Seoul Oceans Declaration*. In addition, it endorsed a forward looking operational plan based on the *Seoul Oceans Declaration* to ensure the full scope of objectives within the *Action Plan* and the *Declaration* is developed in a timely manner. The 16th meeting in October 2003 will further elaborate on the operational plan for future implementation.

The APEC lead position taken by the MRCWG towards furthering a broader oceans management-related understanding across APEC programming fits neatly within ECOTECH's objective of ensuring integration and efficiency of work programs. The MRCWG has been successful in engaging many working groups, lead shepherds, and senior officials in the discussion of domestic, regional, and international ocean governance, law, and policy matters. MRCWG projects on ocean governance, integrated coastal and ocean management, and economic valuation of the marine sector are collectively building towards the development of a

strategic approach for oceans and coasts for consideration by Ministers within the next few years.

3.2.7   *Small and Medium Enterprises Working Group (SMEWG)*

The SMEWG focused its 2003 work in the following areas:

- Implementing its annual APEC SME Ministerial Meeting which focused on: Strengthening APEC Entrepreneurial Society and included discussions of entrepreneurship development; business creation, capital formation and financial access for SMEs and micro-enterprises; capacity building; and addressing the impediments to trade for SME exporters.

- Holding the first meeting of the Sub-Group on Micro-Enterprises, adopting its terms of reference, and approving its action plan to promote micro-enterprises in APEC economies.

- Establishing a small working committee within the SMEWG to address and evaluate identified impediments to trade for SME Exporters.

- Exploring potential collaboration with the Organization for Economic Cooperation and Development's (OECD's) Working Party on SMEs and Entrepreneurship in line with relevant existing APEC Guidelines.

- Overseeing the implementation of several on-going activities of the working group, including the APEC SME Business Matching and Advice Program; the APEC SME Business Network Promotion Forum; and the Consumer Education Protection Initiative.

- Addressing directions from the 2002 SME Ministerial, APEC Ministerial and APEC Leaders' Meetings; and monitoring progress to embrace recommendations made by the APEC Business Advisory Council (ABAC), Women Leaders' Network, and observers to the APEC SMEWG.

Main activities under the APEC-wide ECOTECH priorities identified at SOM I in Chiang Rai, Thailand are summarized as follows:

1) Integration into the Global Economy
The APEC PECC Entrepreneur Consortium: A project which aims to help the business/private sector and governments work better together developing a suite of products, services and infrastructure aimed at meeting the information, advisory and functional-management needs of the emerging generation of managers and entrepreneurs, especially those in developing economies.

Best Practices Guidelines for Financing Chain: The SMEWG endorsed an APEC Symposium on Best Practices for Financing Chain, which seeks to develop a list of APEC best practices guidelines for financing chain for endorsement by the APEC Ministerial Meeting in October 2003.

Entrepreneurship Development: A seminar, organized in August 2003, took advantage of diverse entrepreneurial backgrounds among APEC economies to facilitate an open exchange and dialogue on structural and cultural incentives contributing to the progress of entrepreneurship development in four major areas: entrepreneurial opportunity, entrepreneurial capacity, social legitimacy and finance. Panel discussions covering capital formation initiatives; the role of innovation; entrepreneurial training; and the role and responsibilities of government also take place.

APEC Incubator Forum: The forum aims to enhance the innovative capacity of SMEs and micro-enterprises; develop innovation-oriented incubation policy; facilitate APEC economies building up an incubator system; and strengthen cross-border cooperation and business

matching between incubators and other related actors in the APEC region. The forum took place from 30 July until 1 August 2003.

"Growing the APEC SME Exporter Community": This new initiative addresses the needs of small business exporters and plans to create an enabling environment for the growth of SME exporters. It is also important to define the role that governments can play in implementing SME exporter promotion policies. The identification of the primary impediments to trade for regional small businesses, such as bureaucratic red tape, lack of finance, and existing non-tariff and regulatory barriers will help government officials to address these issues in order to facilitate trade and exports by small enterprises. It is also important to establish effective joint government/industry partnerships to assist the development of SME exporters. Two seminars on this topic were held in February and August 2003 and a small working committee was formed within the SMEWG to identify future work in this area.

2) Promoting the Development of Knowledge-Based Economies
A great deal of work under this topic has been done by the SMEWG since 2000. In 2003, the APEC SME Portal Hub Project will be completed. The purpose is to create a website aimed at growth-oriented SMEs which will provide annotated, tagged links to other relevant sites.

3) Addressing the Social Dimension of Globalization
The establishment of the Sub-Group on Microenterprises will promote their development with emphasis on improved income distribution and as part of a social safety net policy.

In order to collaborate more fully with other APEC fora and to comply with SME Ministers' instructions in Acapulco, Mexico, in 2002, the SMEWG has worked closely with the CTI and its relevant fora in areas such as standards and conformance and market access. The SMEWG engaged in a formal dialogue with the Sub-Committee on Standards and Conformance (SCSC) on the costs and difficulties SMEs have in complying with standards and conformance requirements in order to gain access to overseas markets. In this regard, the SCSC held a workshop in May 2003 to consider possible actions to reduce these difficulties and the SCSC Chair attended the XVII SMEWG Meeting held in August 2003 in Chiang Mai, Thailand.

With the Market Access Group, the SMEWG is working closely on market access issues concerning SMEs. Specifically, on issues related to impediments to trade for SMEs. The Government Procurement Experts' Group (GPEG) and the SMEWG are working on Promoting SME access and e-procurement initiative within government procurement in the Asia-Pacific region.

The SMEWG has also worked with the Finance Ministers' Process in sharing information and expertise for improving production capabilities of micro-enterprises and SMEs, specifically in the area of financing micro and small and medium-sized enterprises.

The main deliverables for 2003 are as outlined below.

- The establishment of the Sub-Group on Micro-enterprises: Terms of Reference and Action Plan, whose objective is to have APEC design work programs and operational projects to address the unique policy issues facing micro-enterprises to facilitate their participation in the formal market system, enable them to develop on a sustainable basis, and become the groundwork of economic development in the region;
- The development of APEC Best Practices Guidelines for Financing Chain;
- The launch of the APEC SME Portal Hub;
- The decision to establish a small working committee within the SMEWG to address and evaluate the identified impediments to trade for SMEs;
- The full discussion of Entrepreneurship Development within the SMEWG and 2003 SME Ministerial Meeting, including development of work for implementation in 2004; and
- Collaboration with the OECD.

3.2.8   Telecommunications and Information Working Group (TELWG)

The TELWG's objectives for 2003 are to:

- Facilitate trade and investment in Information and Communications Technology (ICT) in the region;
- Address e-commerce security-related issues, including implementing the APEC Cyber-Security Strategy;
- Strengthen the dialogue between government and industry;
- Undertake pilot and cooperative projects to develop infrastructure, technology and applications of the Asia Pacific Information Infrastructure (APII), including projects aimed at addressing the developmental needs of industrializing economies;
- Implement the *Digital Divide Blueprint for Action* matrix of APEC activities and APEC levels of Internet access penetration;
- Develop human resource capabilities in support of the APEC TEL agenda; and
- Develop and implement plans to achieve the Bogor objectives of trade and investment liberalisation for the telecommunications and information sector, and promoting regulatory reform and good practices.

Digital Divide
In response to the APEC goal, agreed to by Leaders in 2001, that all groups within an economy will have access to the Internet (individually or through community-based services) by 2010, the TELWG has begun implementing the *Digital Divide Blueprint for Action*. The *Blueprint* recognises that economic benefits can flow from the uptake of information and communications technologies, that the provision of basic services is a crucial first step, and that human resource development is vital to help create more digital opportunities.

The TELWG monitors progress to achieve this through maintaining and updating *the Digital Divide Blueprint for Action Matrix of APEC Activities* and data on APEC levels of Internet access penetration. Work is also underway to develop tele-centers in rural areas to bridge the digital divide.

Internet Issues
Priority is being given to new Internet technologies such as policy frameworks to encourage the uptake of broadband services in under-served and unserved areas and building capacity to enable economies to migrate to next generation technologies and applications such as IPV6.

Work is also underway to develop measurement tools to assist in the negotiation of charging arrangements related to traffic type and volume. This project has the potential to assist the development of business models for next-generation Internet services as well as answering concerns about charging rates for international Internet services.

E-Security
Leaders in October 2002 instructed the TEL to implement the APEC Cyber-Security Strategy.

- The TELWG has been working to assist in the establishing and operation of Computer Emergency Response Teams in order to meet the Leaders' commitment to establish institutions that exchange threat and vulnerability assessments by October 2003.
- In response to the instruction for economies to enact laws relating to cyber-security and cyber-crime consistent with the provisions of international legal instruments, the TELWG provided cyber-crime legislation training to experts from law enforcement agencies, justice ministries, telecommunications ministries, and policy makers involved in legal reform.

Other work to enhance e-security included the publication of a booklet, *Electronic Authentication Issues*, a compendium of IT Security Standards, the development of PKI guiding principles, a PKI mapping exercise of selected member economies, the accreditation of cryptographic modules, the development of an on-line IT Security Training Manual, and an SME Internet safety workshop.

<u>World Summit on the Information Society</u>
TELWG is contributing APEC's extensive experience in ICT sectoral issues to the World Summit on the Information Society (WSIS). The WSIS offers an opportunity to bridge the digital divide and enhance cooperation, economic growth and social progress in the APEC region and in the world. APEC's input to the WSIS process reflects its commitment to: sound economic policies; legal and regulatory frameworks that encourage competition and innovation in the information society; good corporate governance; and the need to protect the ICT infrastructure from criminal misuse.

<u>Interconnection</u>
In 2000 APEC Telecommunication Ministers adopted principles on network interconnection and encouraged continued work to link different telecommunications networks, thereby facilitating business in telephony, data and e-commerce. The TELWG has responded by holding workshops for policy-makers and regulators to train them to deal more effectively with pricing and other issues that arise in interconnection negotiations and during arbitration.

The TELWG is also strengthening the institutional capacity of member economies to regulate their telecommunication services by hosting a meeting of telecommunications regulators.

<u>Mutual Recognition Arrangements (MRA)</u>
The APEC Mutual Recognition Arrangements on Conformity Assessment for Telecommunications Equipment provide for progressive implementation according to the readiness of each economy.

- 12 APEC economies are participating in Phase I procedures by the end of 2003; and
- five economies are participating in Phase II procedures

To ensure the widest possible participation on-going training programs for regulators have been held in regional locations and a set of training materials is being developed. A data management system (MRAMS) has also been developed to assist in the implementation of the MRA.

<u>e-Government</u>
The TELWG has been strengthening the capacity of governments to implement e-government programs with a particular focus on recommendations to improve local government services in developing economies and website accessibility issues. An e-University Network in Human Resource Development for e-Government is being established to help bridge the gaps in implementing e-government initiatives among APEC economies.

The TELWG contributed to, and was represented at, the First APEC High Level Symposium on e-Government in Seoul, Korea, in July 2002 and looks forward to participating in the Second High Level Symposium in Mexico in November 2003. TEL members are also examining different e-government strategies being undertaken by APEC members and electronic certification services required for e-government.

<u>Liberalisation</u>
Singapore has organised a series of World Trade Organization (WTO) workshops to build the capacity of APEC economies to enhance the efficiency of their ICT regulatory, investment and user environment. One specific outcome could be the development of a set of guidelines on APEC Best Practice in Implementing the WTO Telecom Reference Paper.

3.2.9 Tourism Working Group (TWG)

In 2003 the TWG held its 22nd Meeting in Pattaya, Thailand, 10–11 June 2003, followed by the Third Tourism Forum on 12 June 2003. The purpose of the meeting was to review implementation of APEC tourism cooperation in accordance with the 2000 APEC Tourism Charter agreed at the Tourism Ministerial Meeting in Seoul, Korea. It was agreed that the 23rd Meeting of the TWG will be held in Bali, Indonesia, on 29–30 November 2003.

The aim of the TWG is to implement the *APEC Tourism Charter* and its four policy goals for APEC tourism cooperation, as follows:

- Removal of impediments to tourism business and investment;
- Increase mobility of visitors and demand for tourism goods and services;
- Sustainable management of tourism outcomes and impacts; and
- Enhance recognition and understanding of tourism as a vehicle for economic and social development.

The TWG conducted its activities based on the agreed short list of the APEC-wide ECOTECH priorities as follows:

Integration to the Global Economy:
- APEC Tourism Impediments Study, Phase 1 (Evaluation Report submitted)
- APEC Tourism Impediments Study, Phase 2 (approved at the Budget and Management Committee meeting in July 2003 (BMC II));

Counter-Terrorism Capacity Building:
- Best Practices and Ideas in Safety and Security for APEC Economies to Combat Terrorism in Tourism (on-going);

Promoting the Development of Knowledge-based Economies:
- Managing the APEC Tourism Information Network (TIN) (on-going);

Addressing the Social Dimension of Globalization:
- Best Practices on Tourism Accessibility for Travelers with Restricted Mobility (on-going);
- Tourism Occupational Skills Standards (TOSS) in the APEC Region – Stage 3 (on-going);
- Small to Medium-sized Tourism Businesses Development Needs (on-going);
- Tourism Risk Management in the Asia-Pacific Region (on-going, self-funded by the Australian Agency for International Development (AusAID), the Pacific Asia Travel Association (PATA) and the WTO);

The TWG has accomplished a number of activities in 2003. In response to SOM and the MRT the TWG completed the following tasks in 2003:

- Issued a statement entitled, *Statement on the Impact of SARS on Tourism in the APEC Region* to show solidarity and rebuild confidence in tourism and travel in the region;
- Endorsed a study conducted by Canada on the Economic Impact of SARS on Tourism in Seven APEC Member Economies; and
- Endorsed a self-funded project (AusAID, PATA and WTO) led by the APEC International Centre for Sustainable Tourism (AICST) in Australia on how governments and tourism operators can best manage risk and respond to crises, whether of human or natural origin. The project to be completed in September 2003.

Projects scheduled for completion this year include:

- APEC Tourism Impediments Study, Phase 1 (Evaluation Report submitted);
- Best Practices on Tourism Accessibility for Travelers with Restricted Mobility;
- Tourism Occupational Skills Standards (TOSS) in the APEC Region – Stage 3; and
- Tourism Risk Management in the Asia Pacific Region (on-going, self-funded by AusAID, PATA and the WTO, to be completed in September).

3.2.10 Trade Promotion Working Group (TPWG)

Day-to-day activity of the TPWG aims at facilitating the increasing ability of member economies in liberalizing and promoting their trade. The group is contributing to mutual understanding by member trade promotion organizations (TPOs) of their role and functions through various

training courses, trade fairs, seminars and sharing of trade promotion-related information, experience and best practices. The eventual goal is to make TPOs more accessible for the business/private sector. Thus, the TPWG is generating value to the increasing integration among APEC economies, addressing the social dimension of globalization, the counter-terrorism agenda, and the development of knowledge-based economies.

In 2003, the TPWG's work was based on the Operational Plan and the outcomes of the 15th Meeting held on 26–28 March in Mexico City, Mexico, and the 5th Steering Group Meeting on 16 August in Phuket, Thailand. The main focus of these activities was aimed at strengthening the work of the TPWG by including the improvement of agendas, the network and the role of the steering group meetings. The new Lead Shepherd, Mr. Shinichi Saito (Japan),[2] gave his vision on how to move the TPWG agenda further which include:

    a. Sharing information and business support through the Internet (enhancement of APEC Net etc.);
    b. Promoting projects not only for trade promotion but also for investment promotion;
    c. Establishing close relations with the business/private sector; and
    d. Developing new programs and joint projects to improve TPWG activities.

This year ECOTECH deliverables can be summarized in the following way:

1. The group established a network among TPOs in order to enhance linkages and cooperation through the APEC Net that was revamped by Singapore this year. The APEC Net system benefits the member economies by serving as a common 'one-stop' web site for APEC member economies to access other member economies' information through the hyperlinks. The usage records indicated that the academic, public and private sectors of a number of APEC member economies do make use of the site.

2. *An APEC Seminar on Product Branding* was held in April 2003, in Kuala Lumpur, Malaysia. The direct beneficiaries of this project include officials from TPO's and business sector employees involved in strategic planning and marketing activities in member economies. The seminar provided knowledge and skills on branding to all parties in member economies interested in formulating trade promotion strategies related to product branding.

3. Indonesia hosted *Market Analyst Training for staff of TPOs and related Institutions* in early June. The direct beneficiaries of this project are the staff of TPO's and related institutions as well as business people in member economies. This project enhanced the knowledge of TPO's institutions' officials who will, in turn, pass this benefit to business people. In addition the business/private sector directly benefited by sending junior market analysts to this training.

4. A seminar on *Gender Analysis in TPO's Activities* was held in September in Chile. The elimination of the barriers preventing access by women entrepreneurs to financial assistance and to further training and promotion tools was the eventual goal of this project. TPO policies would be more efficiently designed and focused, and be able to incorporate gender perspectives into the goals, priorities, decisions, processes, practices, activities and resource allocation, as well as participation, at all levels. Consideration of the specific realities faced by women in the formulation and implementation of policy programs (including economic recovery programs) and projects can increase the impact and improve the results of those policies.

5. The publication, *Core Characteristics Survey (CCS) of APEC Trade Promotion Organizations* was presented at the 15th TPWG meeting as the final report of the project conducted by Australia in 2002. The primary aim was to provide all economies with a clear understanding of the roles, functions and activities of APEC TPOs. This basic information will enhance the ability of all members to make a more informed analysis of their activities

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[2] There was a transfer of Lead Shepherd from Mr. Yu Ping, Assistant Chairman of CCPIT China, to Mr. Shinichi Saito, Executive Vice President of JETRO, Japan

based on sharing information. It also fosters on-going communication between TPWG members.

6. *Promoting the Indirect Exports in Mexico through Suppliers' Development.* This project is underway and involves those interested in promoting investment abroad and companies that manufacture parts and components for the electronic and automotive sectors. The new business contacts will generate new transactions among participants.

3.2.11 Transportation Working Group (TPTWG)

The TPTWG in 2003 focused its efforts on the October APEC Economic Leaders' Meeting (AELM) Declaration of 2002 and priorities delivered at the Third APEC Transportation Ministerial Meeting in Lima, Peru in May 2002.

The group has responded to the relevant APEC and TPTWG Tasking Statements by developing collective actions as identified in the *Osaka Action Agenda* and suggesting short-term and medium-to-long-term projects. The TPTWG is also following on the four new ECOTECH priorities and taking into account the linkage of ECOTECH with trade liberalization and facilitation activity. This linkage relates to the implementation of the Shanghai Accord, including implementation of APEC Trade Facilitation Action Plan, Transparency Standards, and Pathfinder Initiatives. The TPTWG's efforts in 2003 have been concentrated on contributing to APEC's Counter-Terrorism agenda and the TPTWG's response to SARS.

ECOTECH Activities undertaken by the three Steering Committees of the TPTWG in 2003 are as follows.

Steering Committee on More Competitive Transportation Industry
The Steering Committee on More Competitive Transport Industry (including infrastructure) undertakes work in its six priority areas:

1. Liberalisation of international air services;
2. Promoting the uptake of electronic commerce in transport;
3. Improving intermodal transport operations;
4. Liberalisation of maritime transport;
5. Improvement in the efficiency or port operations; and
6. Harmonisation of motor vehicle regulations.

It also continues work on a project to identify non-tariff barriers in the trade of transport services, work requested by the Market Access Group in 2000. Responding to the call for an active search for possible pathfinder initiatives, the committee continues to explore potential pathfinder initiatives such as e-commerce standards in the transportation system.

The continuing project of the Air Services Group (ASG) is the Annual Survey on Implementation of the Eight Steps for More Competitive Air Services. Ten responses for the latest survey were received in 2003. The results of the survey were forwarded to ASG members on 31 March 2003.

The Electronic Commerce Group is continuing to promote, inter-sessionally, the Draft Final Report of the Electronic Port Manifest Project, and it is also providing information on the TPTWG Electronic Commerce Group's home page about progress in each economy of the APEC paperless trading initiative. In the project area, the group has completed the Electronic Certification trial for the Paperless Trading Demonstration project, and has recently commenced a project to develop an Electronic Intra-Port Community Discussion Group.

In order to improve the capacity and efficiency of the ports in the APEC region, the Port Experts' Group has developed an APEC port database that is now in operation and vigorously utilised by the relevant personnel of governments and port authorities. It has also finalised projects on the port and inter-modal interface, and port investment. A third project examining technical standards of ports in the APEC region will also be undertaken in 2003.

The Inter-modal Task Force (ITF) is undertaking a project to examine sea and air container track and trace technologies. This work will be used as the basis for further security-based work of the group, such as the new project on enhancing secure trade and efficiency in the APEC region with intelligent transportation systems (ITS) and electronic commerce technologies. The ITF is also undertaking project work to enhance the perishable goods handling skills in the supply chains of developing economies and in 2004 will be commencing a project to trial the model for the mutual recognition of the inter-modal logistics manager profession.

The maritime transport liberalisation group continues to progress discussion of the report on Facilitation of International Shipping. At the last meeting, in Brisbane, Australia, in September 2002, the group agreed the time schedule for discussion of the adoption of recommendations from the report. Discussions will continue at the next meeting of the TPTWG.

The Road Transport Harmonisation Project group completed Phase V Stage 3 of its work program.

Steering Committee on Safe and Environment-Friendly Transportation Systems
The Steering Committee on Safe and Environment-Friendly Transportation Systems (including New Technologies) attaches great importance to accomplishing two principal objectives. These are enhancing counter-terrorism cooperation, and promoting economic growth and free trade. The greatest achievement is the TPTWG'S endorsement of the Secure Trade in the Asia-Pacific Region (STAR) Initiative which addresses maritime and aviation security, passenger processing, and capacity building. Implementation of this initiative includes the introduction of newly developed methods and technology, and the development of supply chain security guidelines and active cooperation between public and business/private sectors. Of main importance are: new approaches to baggage screening; the introduction of new security measures in air transport and airports of the region; reviewing maritime security issues, including international initiatives at the International maritime Organization (IMO), with future work to include marine environmental issues; and implementation of a Container Security Initiative.

In 2003, the steering committee was involved in the preparation and implementation of: the conference on the STAR Initiative (Secure Trade in the Asia-Pacific Region), held 24–25 February 2003 in Bangkok, Thailand; the International Maritime and Port Security Conference, held 21–23 January 2003, in Singapore; and the APEC High-Level Meeting on Maritime Security Cooperation in Manila, the Philippines, 8–9 September 2003.

The TPTWG submitted a report detailing its initiatives on combating terrorism to the First Meeting of the Counter-Terrorism Task Force during SOM II in Khon Kaen, Thailand, in May 2003.

In response to the STAR initiative, a symposium on Promoting 100 percent Baggage Screening was scheduled to be held in Hong Kong, China on 26–28 August 2003. The Training Survey, and Database and Phase I of the Crisis Management Exercise projects have already been delivered. These projects aim to facilitate understanding of the operational requirements for implementing 100 percent baggage screening for various transportation modes including multi-modal integration; create a database to facilitate training of personnel involved in performing aviation and maritime security risks; and reduce the consequences of terrorism.

Other projects related to security such as the Support for Aviation Security Audits; Enhancing Secure Trade and Efficiency in the APEC Region, APEC Accreditation of Seafarer Manning Agencies; Aviation Law Training in APEC Economies; and Initiatives for Improving Road Transportation Safety are underway and are at various implementation stages.

Steering Committee on Human Resources Development
The Steering Committee on Human Resources Development (SCHRD) is meeting four new major priorities defined by ECOTECH SOM Committee through the efforts aimed at:

- Identifying the need for capacity building ;
- Monitoring training in e-commerce and paperless activity;

- Developing common standards and inter-modal skills; and,
- Training seafarers to facilitate regional transport procedures.

In 2003, the SCHRD underlined skills development as an indispensable requirement in achieving the main goal of APEC and TPTWG, that is to constitute a "community" that facilitates economic growth, cooperation, trade and investment in the Asia-Pacific region. In this sense, the Steering Committee continued to actively contribute to the TPTWG by consolidating its integrated and coordinated work plan with the other Steering Committees, and always seeking to extend HRD's goals to the Transportation Sector, since education and training are essential in providing the skills necessary to improve the region's transportation system.

Since the last TPTWG meeting in Australia, in September 2002, the committee counted on precise directives from the Ministers in which they urged the TPTWG to develop projects that meet specific training and education needs; that improve the mobility of the transportation professionals in the region through mutual recognition; and that contribute to a full integration of women in the transportation sector. Two project proposals have been prepared: 'Mutual Recognition of Qualifications for the Intermodal/Logistics Manager' and the 'International Air Services Negotiations Training Course'. The first one proposes to establish a Register of Mutual Recognition and Process, relating to the inter-modal/logistics manager profession, within the selected economies. The register will be a mechanism to encourage other economies to participate in mutual recognition of qualifications in this and other professions. The second project seeks to increase knowledge relating to international air services negotiations, and to further the ability of APEC member economies to participate constructively in air services consultations with bilateral partners and in the APEC Transportation Working Group. This objective will be achieved through an advanced training course for senior and upper level personnel from governments, airlines and other stakeholders in APEC economies.

The following are projects under implementation:

- Bilateral Training Projects Register
- Identification of Needed Inter-modal Skills, Development of Required Training
- Programs (Phase 2)
- Gender Project Team.

Response to SARS

The TPTWG addressed this problem at its Heads of the Delegation Meeting on 12–13 June 2003 in Wellington, New Zealand. Members, in consultation with their respective health and border authorities, submitted comments for improving the transport-related initiatives of the Action Plan to combat SARS over all modes of transport. These comments and suggestions were consolidated by the Lead Shepherd into a letter and sent to the APEC Secretariat for transmission to the APEC Health Ministers meeting in Bangkok, Thailand on 28 June 2003.

This year the TPTWG paid close attention to management issues related to restructuring the format of TPT Meetings with the intent to: avoid duplication of agenda items, rationalize existing expert groups and promote efficient meetings. In this regard the TPTWG at its Heads of Departments (HOD's) Meeting in Wellington, New Zealand, in June 2003 agreed in principle to the proposal from Australia which will be further considered at the TPTWG Meeting in Korea, in September 2003. Based on the *Guidebook on APEC Projects* the group developed its own guidance to ease and rationalize the submission and implementation of TPT projects.

3.2.12 Committee on Trade and Investment (CTI)

The Committee on Trade and Investment (CTI) is responsible for overseeing APEC's work on trade and investment liberalization and facilitation (TILF). This work is aimed at getting APEC member economies to, either individually or collectively, liberalize and facilitate trade within APEC so as to achieve the Bogor goals of free and open trade and investment; and in the process build an APEC community.

With the conclusion of the General Agreement on Tariffs and Trade (GATT) Uruguay Round negotiations, APEC members also commit to fully implement their commitments to the myriad

number of WTO agreements. To undertake these commitments APEC members mutually help each other through capacity building activities and/or technical assistance. The latter includes a wide range of activities and projects that respond to at least one of the six ECOTECH priority themes of the *1996 Manila Framework for Strengthening Economic Cooperation and Development* as well as the shortlist of APEC-wide ECOTECH priorities adopted this year.

The CTI activities prepare and assist APEC member economies to liberalize trade and investment. CTI activities are therefore, complementary to other ECOTECH activities, all of which work towards producing results that respond to the Leaders' and Ministers' instructions that activities benefit the business community and are done in concert between the public and business/private sectors.

In the CTI, ECOTECH generally takes the form of capacity building activities (be it in the form of projects or work plans/programs). They provide member economies with the tools needed to (i) implement and gain benefits from the package of agreements reached in the Uruguay Round negotiations; (ii) better understand economies' views and concerns in order to participate effectively in multilateral/international trade and investment negotiations; (iii) contribute towards the improved functioning of the multilateral trading system as well as the strengthening of trade-related institutional and legal framework; and (iv) implement measures that facilitate trade. These activities taken together help the CTI to advance TILF priorities towards meeting the Bogor goals.

Each year, the CTI oversees and implements more than 50 projects, involving amongst others, training cooperation programs, workshops, seminars, symposiums, surveys and studies. The main thrust of many of these projects is on 'developing human capital'. They also respond to the ECOTECH priority of 'integration into the global economy'. Some examples of these projects are:

- Multi-year technical training programs to assist member economies in the implementation of the collective action plans (CAPs) in the areas of customs procedures; standards and conformance; competition policy; services; and intellectual property rights;

- Technical cooperation projects to promote participation in mutual recognition arrangements under the standards and conformance area;

- Technical cooperation programs to build the capacity of economies in techniques that would facilitate the movement of business people; and

- Training programs/capacity building projects under the APEC Strategic Plan on Capacity Building related to the Implementation of WTO Agreements, to facilitate the ability of developing APEC economies to implement the WTO agreements.

For 2003, besides improving and enhancing the collective action plans in various OAA issue areas, the CTI's work program also focused on several key TILF initiatives that were endorsed by Ministers and Leaders in Los Cabos, Mexico in 2002.Those initiatives are:

- The APEC Trade Facilitation Action Plan;

- The APEC Leaders' Statement to Implement APEC Transparency Standards;

- The Leaders' Pathfinder Statement to Implement APEC Policies on Trade and the Digital Economy and other pathfinder initiatives such as implementation of the unilateral Advance Passenger Information Systems;

- Adoption of the revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures;

- Electronic SPS certificates;

- Electronic certificates of origin; and

- Mutual recognition arrangements on conformity assessment of electrical and electronic equipment parts II and III.

In several of these areas, capacity building and technical assistance activities/programs have been developed or are being developed to assist economies with their implementation/participation.

3.2.13 Economic Committee (EC)

Established at the 6th APEC Ministerial Meeting in 1994, the EC conducts research on economic trends and issues in the APEC region in support of APEC's agenda priorities. It also serves as a forum for APEC member economies to exchange information and views on current economic issues and developments.

Through the research work that it does and the results and findings these research projects produce, the EC's activities directly respond to the ECOTECH priority themes of *Developing Human Capita*l and *Strengthening Economic Infrastructure*.

For its 2003–2004 Work Program, the EC's goal is to deliver in-depth analyses of the changing economic conditions in the APEC region, focusing on four core research projects that respond to the challenges of a globalized economy.

1. *2003 APEC Economic Outlook*
The *APEC Economic Outlook* is the EC's key annual analytical report. It reviews recent economic developments in the region and examines the prospects and outlook of the regional economy. The report also addresses specific structural issues bearing on APEC policy priorities. For 2003, the *Outlook* report will study the role and development of specialized financial institutions (SFIs), with Thailand coordinating the study. Beginning this year, the *Outlook* will also include a chapter on structural reforms being undertaken by APEC member economies.

2. The Corporate Debt Restructuring Process and Economic Growth in the APEC Economies
This research project investigates the factors that promote or inhibit restructuring in the corporate sector, the benefits of restructuring, and the economic costs of avoiding restructuring. The United States is leading this study.

3. The New Economy and KBE-related Issues
This two-year project is a compilation of six individual research works, all dealing with issues relating to the use of knowledge and information technology as the key driver of economic growth and productivity. The project includes, for example, a study on the factors contributing to the successful formation of industrial clusters and the effects of industrial clustering on productivity.

4. TILF-related projects
Japan and Korea will follow up and update their respective parts of their joint research work *The Benefits of Trade and Investment Liberalization and Facilitation in APEC* published in 2002. Canada will also develop a methodology to assess the progress of APEC economies in meeting the Shanghai Accord's goal of reducing transaction costs by 5 percent.

The EC will present to the APEC Ministerial Meeting in October 2003 in Bangkok the following published research projects of the Committee:

- *2003 APEC Economic Outlook*; and
- *Drivers of the New Economy in APEC: Innovation and Organizational Practices* – A compliation of completed works under the New Economy/KBE theme.

3.2.14 Finance Ministers' Process (FMP)

Over the past nine years, the APEC Finance Ministers' process has proven to be a valuable forum for assessing the regional economic and financial situation and promoting sustainable economic growth in the region. Responding to the formidable challenges posed by the 1997–1998 Asian financial crisis, Finance Ministers have, over the years, placed emphasis on economic restructuring, financial stability, capacity building ,and broader regional cooperation in response to the instructions of APEC Leaders. In the wake of the 11 September 2001 terrorist

attacks in the United States, Finance Ministers have carried out a substantial amount of work in combating the financing of terrorism and money laundering.

Under the broad policy theme of 'Local/Regional Link, Global Reach: A New APEC Financial Cooperation,' the 10th APEC Finance Ministers' Meeting in Phuket, Thailand, on 4–5 September 2003, will have the following sub-themes:

1. Grass roots and SME development;
2. Regional bond market development; and
3. Fiscal and financial aspects of regional trade arrangements (RTAs).

There are at present ten on-going policy initiatives under the Finance Ministers' Process (FMP), which fall under three of the ECOTECH priority themes. They are:

Developing Human Capital
- Financial Regulators Training Initiative
- APEC Future Economic Leaders' Think Tank
- APEC Finance and Development Program

Developing Stable, Safe and Efficient Capital Markets
- Voluntary Action Plan for Supporting Freer and More Stable Capital Flows
- APEC Initiative on Alternative Remittance Systems

Strengthening Economic Infrastructure
- Managing Regulatory Change in Life Insurance and Pensions
- Pathfinder Initiative on Corporate Governance
- Insolvency Law
- APEC Privatization Forum
- Development of Securitization and Credit Guarantee Markets

One of the major deliverables from the 10th APEC Finance Ministers' Meeting is the signing of a *Memorandum of Understanding (MOU) on Cooperation among the APEC Financial Institutions Dealing with SMEs*. As an initial step towards the establishment of a network among APEC SME financial institutions, the MOU aims to encourage finance and technical cooperation among the participating institutions.

Recognizing the importance of putting in place the institutional framework and structural reforms that allow the most efficient allocation of savings, Finance Ministers likewise encouraged the promotion of regional bond market development as a step towards better mobilizing savings, providing investment alternatives, and achieving more balanced financial markets.

Finally, noting the need to enhance efficiency and streamline the tariff regimes and customs procedures to facilitate greater trade and investment among APEC member economies, Finance Ministers emphasized that RTAs should be pursued complementarily with the multilateral process under the WTO. At the same time it also recognized the role of RTAs in promoting competitive liberalization of trade within the Asia-Pacific region.

3.2.15 Gender Focal Point Network (GFPN)

In 1998 Leaders endorsed the recommendations of the First Ministerial Meeting on Women (Makati, Philippines, 15–16 October 1998) to:
- Recognise gender as a cross-cutting theme;
- Place a high priority on the collection of sex-disaggregated data;
- Implement gender impact analysis of policy, program and project proposals as an integral component of APEC decisions, processes and activities;
- Integrate the economic interests of women into regional and domestic strategies for economic recovery and future prosperity; and

- Accelerate the progress of integrating women in the mainstream of the APEC process and activities by developing a *Framework for the Integration of Women in APEC*.

Accordingly in 1999 the SOM *Ad Hoc* Task Force on Integration of Women in APEC developed the *Framework* which was subsequently endorsed by Ministers/Leaders in Auckland, October 1999.

The *Framework* provides a practical and systematic approach to guide APEC in the achievement of the integration of women in the mainstream of APEC processes and activities. It comprises three inter-related elements: gender analysis; collection and use of sex-disaggregated data; and involvement of women in APEC fora. SOM established an implementation strategy to:
- Maximise the effectiveness of APEC policies and activities and enhance the role and contribution of women in economic development; and
- Coordinate, facilitate and monitor progress in the implementation of the *Framework*.

SOM undertook a range of responsibilities including: monitoring, and ensuring, the implementation of the *Framework* across APEC, and strengthening the institutional capacity for the implementation of the *Framework* including through the formation of the SOM Ad Hoc Group on Gender Integration (AGGI). The AGGI was tasked to:
- Complement the responsibility and accountability of individual APEC fora for the implementation of the *Framework;*
- Provide recommendations on the next steps in gender integration and the further implementation of the *Framework.*

The AGGI's work included:
- Since March 2000, 28 Gender Integration Sessions (GIS) in various APEC fora as well as for SOM and the APEC Secretariat;
- Gender criteria for use in all applications for APEC project funding;
- An intensive workshop on the development and use of sex-disaggregated data attended by 16 economies;
- A booklet on gender mainstreaming providing case studies of best practices;
- Improved format for information provided to SOM for its report to Ministers on implementation of the *Framework*;
- A gender website to be fully completed by the end of the year for incorporation into the APEC website as the dedicated gender page required by SOM; and
- A gender resource kit to be fully completed by the end of the year that will provide a durable source of gender information.

Leaders and Ministers have endorsed the progressive work on gender within APEC in their statements in 2000 and 2001.

The AGGI completed its mandate in 2002. Mindful of the continuing need to sustain the work done on gender throughout APEC beyond 2002, Ministers endorsed the establishment of an APEC Gender Focal Point Network (GFPN) and called for its immediate implementation (Fourteenth Ministerial Meeting Joint Statement, Los Cabos, Mexico, in October 2002). The first meeting of the GFPN was held in Khon Kaen, Thailand from 21 to 22 May 2003 and 63 delegates from 17 economies attended. The Eighth Meeting of the Women Leaders' Network (WLN) was held in Chiang Mai, Thailand from 30 July to 3 August 2003.

The broad goal of the GFPN is to provide linkages for information sharing and support between APEC fora, APEC economies and the APEC Secretariat to advance the economic interests of women in the APEC region for the benefit of all economies in the region. The GFPN will maintain and advance the implementation of the *Framework* and the work of the AGGI in maintaining awareness of gender issues.

The GFPN will:
- Assist fora to identify and address gender issues within the work of fora;
- Promote and report on women's representation across APEC (and within individual fora);
- Assess and report on the use of gender criteria in project proposals, reporting and evaluations, revising the gender criteria where appropriate;
- Collect and share good practices in gender integration amongst fora;
- Support and report on the progress of implementation of gender integration within individual fora and across APEC economies;
- Facilitate provision of gender expert advice and advice by women with expertise related to APEC at all levels;
- Assist in the development of project proposals; and
- Propose recommendations on advancing gender integration in APEC.

The GFPN is a mechanism for integrating gender into the day-to-day working of APEC. APEC work on gender integration has focused on: increasing awareness of the *Framework* amongst APEC fora; developing sustainable gender integration practices; and consolidating resources to help integrate gender into the APEC agenda. The GFPN will maintain the investment in gender tools, expertise and practices, and continue APEC leadership on issues that affect the economic advancement of women in the APEC region.

The new checklist for the APEC Budget and Management Committee (BMC) developed by Japan for APEC funded projects will remind project overseers of their obligation to provide sex disaggregated data. A 'Not Applicable' answer in any of the gender integration related questions will not be accepted and details must be provided to explain why the question is not applicable.

The GFPN will consist of Fora Gender Focal Points working collaboratively with Economy Gender Focal Points and will be assisted by the APEC Secretariat. The APEC Business Advisory Committee (ABAC) and the WLN are members of the GFPN as advisory bodies. The GFPN will report regularly to Senior Officials and assist Senior Officials to report annually to Ministers and Leaders on the continued implementation of the *Framework*. This annual report is the key mechanism by which Senior Officials, Ministers and Leaders are informed of, and can ensure the maintenance of, gender integration within fora and across APEC. Maintenance and upgrading of gender resources for APEC fora will require financial resources from the APEC Central Account.

The GFPN at its first meeting in May 2003 developed its Terms of Reference (TOR). The TOR took into consideration the significant contributions of the Ad Hoc Group on Gender Integration (AGGI) and the endorsement by Ministers and Leaders in Los Cabos, Mexico in October 2002 for the establishment of the GFPN. The TOR reflects the purpose, structure and functions, and the implementation strategy for the eight basic tasks endorsed by the Ministers and Leaders.

The meeting also developed and endorsed the Work Plan Template which outlines the annual GFPN cycle and specific current activities including responsibility, outcomes/deliverables and time frame. In addition to the outcomes/deliverables the work plan will include the monitoring of on-going projects, such as the US-led study on the economic contribution of women in the APEC region, and Australia's Gender Resource Kit. The 2004 work plan will include preparations for the Third Women's Ministerial Meeting to be hosted by Chile.

The meeting appointed Ms Pamela Villalobos from Chile as the incoming Chair for 2004.

The GFPN deliverables for 2003 are as follows:
- Developing Recommendations on advancing gender integration in APEC;
- Holding the Annual GFPN meeting, including a workshop for Fora Gender Focal Points, at the margins of SOM II ;
- Tabling the annual GFPN report at SOM III for Ministers;

- Promoting and utilizing APEC gender tools and resources;

- Implementing the project 'The Economic Contributions of Women and Men in APEC Economies: The Need for Sex-Disaggregated Data'; and

- Initiating the process of establishing the Register of Gender Experts and the Register of Best Practices on Gender Mainstreaming which would be located at the APEC Secretariat.

4.	RESPONSING TO THE CHALLENGE

Over the years, APEC Ministers have sought an annual report on the implementation of key ECOTECH initiatives. The ESC's report on what has been accomplished in 2003 is presented below.

4.1   Human Capacity Building Promotion Program (HCBPP)

The APEC Human Capacity Building Promotion Program (HCBPP) is a concrete deliverable in a tripartite cooperation to promote APEC human capacity building for the common prosperity of the people of APEC. It includes free online training of 1,500 senior IT professionals; a virtual classroom to support e-learning by the public; and a cyber forum to encourage involvement of all stakeholders.

Since the start of the program, steady progress has been made. Trainees from 17 member economies have participated in the online training sector; the cyber forum sector has initiated new activities including virtual meetings and a policy dialogue with topics on human capacity building for discussion; and, through the HCBPP website, the virtual classroom has opened several online courses to the public of APEC member economies through the HCBPP website.

APEC's HCBPP was launched at the APEC Leaders Meeting held in Shanghai, China, in October 2001, as a concrete deliverable of the meeting. It was launched in response to the Leaders' call and the call of the Beijing Initiative on the APEC High Level Meeting on Human Capacity Building held in Beijing, China, in May 2001. The HCBPP is a tripartite cooperation of government, business/private sector and academia to promote APEC human capacity building for the common prosperity of the people of APEC. The three-year program is based on the Internet, and provides three components including free online training for 1,500 IT professionals; a virtual classroom to support e-learning by the public; and a cyber forum to encourage involvement of all stakeholders in APEC member economies.

The objectives are to:
- Promote human capacity building in APEC member economies to take advantage of the unprecedented opportunities offered and new challenges brought about by the new economy and rapid technological advancement;
- Demonstrate tripartite cooperation of government, business, academia in online training to develop the expertise which is urgently needed in the new economy, e.g.' IT professionals, for APEC members, particularly the developing ones; and
- Facilitate Internet learning by developing a virtual classroom, in order to enable more people to enjoy the benefits of the new economy.

The program is implemented via the APEC Human Capacity Building (HCB) Platform (*www.apechcb.org.cn*), which supports the activities of the program, and consists of the following components.

Online training for IT professionals

The APEC HCBPP offers online training in network technology, free of charge, for 1,500 IT professionals nominated by member economies. It offers four of the most authoritative training courses for internationally recognized professional certifications in the IT area:

- Cisco Certified Network Associate (CCNA)
- Cisco Certified Network Professional (CCNP)
- SUN Certified Java Programmer (SCJP)
- Oracle Certificate Professional (OCP)

Through developing high quality expertise in networked information technology, the training aims to benefit government agencies, business corporations, education/training institutions and other APEC member organizations.

Virtual Classroom for Internet Literacy

For the purpose of supporting the people and organizations of APEC members to access basic training on the Internet and computer applications, the Virtual Classroom for Internet Literacy is developed to provide basic training materials on the Internet and these computer applications:

- Flash 5
- Web Design
- Dreamweaver 4
- HTML

The Virtual Classroom is readily accessible by the people and organizations of APEC members to support individual or organized training for non-professionals in families, schools, communities and work places.

Cyber Forum for APEC Human Capacity Building

The Cyber Forum was established to provide a convenient platform for government agencies, business corporations, education/training institutions and other organizations to exchange information, share experience and facilitate policy discussion on strategies, policies and technical issues on APEC human capacity building. The organizers of the HCBPP monitor the topics discussed and the compiled results of those discussions are made available to the public.

The Forum has established a news bulletin, a discussion area and a reference center. It is open to all organizations and specialists from the public and private sectors of APEC members.

4.1.1   PROGRESS

Since October 2001, there has been steady progress regarding the implementation of the HCBPP. To ensure a high quality of project implementation, a steering committee has been established to manage and direct the implementation of the program. The program office, under the leadership of the steering committee, has made great contributions to coordination and communication with economies and their trainees. The committee Chairman functions as the Project Overseer. Twelve member economies (China; Hong Kong, China; Japan; Korea; Malaysia; Mexico; New Zealand; the Philippines; Singapore; Chinese Taipei; Thailand; and Viet Nam) have nominated representatives to the Steering Committee. An Expert Group has been established to advise the Steering Committee. The group comprises professionals from China and participating business and training/education institutions. Eighteen meetings have already been held to discuss technical aspects of the program and solve any problems.

The HCBPP website has been linked to the APEC website with the support of the APEC Secretariat. Since October 2001, there have been 150,000 visits registered on the website, from 18 APEC economies. While some visitors have a general interest in human capacity building issues, there has been particular interest from many for courses offered on the Online Training section.

Under the program, there are four courses of online training: CCNA, CCNP, SCJP and OCP. CCNA, SCJP and OCP commenced on 1 May and 1 October 2002. At present, the second term of CCNA and OCP courses are underway and the first term of CCNA and the first and second terms of SCJP have basically terminated. According to the applications, in order to meet the demand of the program efficiency, the OCP and CCNA second and third terms were combined into their last terms. This was decided after negotiations by the Oracle Company and Cisco Systems Networking Technology Co., Ltd. with the program office of the APEC HCBPP. The OCP final term was postponed to 1 May 2003.

In total 2,434 persons from 17 APEC member economies applied for the training courses over the two terms. They are IT professionals from government agencies, business, and education/training institutions nominated by member economies. They come from Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Korea; Malaysia; Mexico; Papua New Guinea; Peru; the Philippines; Russia; Singapore; Chinese Taipei, Thailand; and Viet Nam. The Experts' Group pre-screened the qualifications of applicants in accordance with required qualifications of training courses and quotas for economies. 1,060 trainees were selected to participate in the training program over the two terms. Guidance on study and technical matters is offered to the trainees by the three course providers to help them during the training.

Currently, about 340 are enrolled in the CCNA course in the two terms; 381 in the SCJP course in the two terms; and 339 in the OCP course in the two terms. The last term of CCNA will be terminated in October of 2003. Those trainees who can pass the CCNA course will go on with the CCNP course if they apply for it in October, 2003.

In the course of online training, Cisco Systems, Sun Microsystems and Oracle Corporation made great contributions in providing the training guide, and a registration service to the participants of the APEC HCBPP. It is greatly appreciated that these institutes have offered so much help to this program.

China thanks APEC members for their support and cooperation on the implementation of the program and welcomes all APEC members to recommend qualified IT professionals to take part in the Online Training section of this project

The program's Cyber Forum section includes three sectors: a discussion area, a news bulletin, and a reference center, and was formally opened on 10 October 2002. New activities, including virtual meetings and a policy dialogue, have commenced. With academic input from China's APEC Academy based in the Nankai University of China, the forum initiated discussions on the following topics from October 2002 to March 2003:

- Challenges Ahead for APEC HCB
- Strategic Options: Working to Reach All People
- Bridging the Digital Divide and Expanding Internet Access
- Life-long Education and Learning Society
- Capacity Building in New Economy

Currently, topics for discussion are:

- Challenges and Opportunities for APEC in the New Century
- Promoting ECOTECH Through Tripartite Cooperation
- The Implementation and Improvement of EAPs
- Promoting HCB under the Environment of New Economy Challenges and Opportunities presented to Enterprises by the New Economy and Globalization.

To date, more than 30 professionals and experts have expressed their valuable comments and suggestions. Currently, the Cyber Forum focuses on the new economy, e-commerce and finance, as well as the tripartite cooperation of government, commerce and education.

The Nankai University of China has cooperated closely with the program office to facilitate the proceeding of the Cyber Forum.

China encourages APEC members to make good use of the cyber forum to exchange information, share experience and conduct policy dialogue on strategies, policies and technical matters of APEC human capacity building.

The **Virtual Classroom** section has been open to the public since October 2001. Currently the available courses are Flash 5, Web Design, FrontPage and HTML.

APEC members are encouraged to make better use of the services offered through the Virtual Classroom and Cyber Forum of the HCBPP Website. In the mean time, China will continue to improve the operation of the website, notably the Virtual Classroom and Cyber Forum. It will also ensure more basic IT training courses are made available to the general public and encourage effective sharing of best practices on human capacity building among APEC members.

For further information, please visit: *www.apechcb.org.cn* or email to: office@apechcb.org.cn

See **annex 11** for a list of supporting enterprises, education/training institutes, and participating member economies

4.2 APEC Education Foundation (AEF)

The APEC Education Foundation (AEF) was established in 1995 as an expansion of the Leaders' Education Initiative of the first APEC Leaders' Meeting held on Blake Island in the United States. Since 2000, the AEF has made significant progress by adopting its signature project, strengthening its governance and management, and expanding outreach and communication with APEC fora and the community at large. To contribute to the realisation of the APEC Leaders' vision to enhance digital opportunities for all, the AEF Board decided to initiate and sponsor the Consortium for APEC Cyber Education Cooperation (ACEC) through a three-year grant of US$679,000 in 2001. With a streamlined secretariat, the foundation also more actively participated in the activities of APEC to enhance its profile as an integral part of APEC.

Senior Officials have recognised the foundation's possible role in creating synergies among APEC activities, both existing and newly arising from the e-APEC strategy and Human Capacity Building Initiative. SOMs have also encouraged further participation and interest in the work of the foundation.

4.3 Consortium for APEC Cyber Education Cooperation (ACEC)

The Consortium for APEC Cyber Education Cooperation project was established in June 2001 with four institutions from APEC economies: Hong Kong,China; Korea; New Zealand; and the USA. The project was approved at the 22nd APEC Human Resources Development Working Group (HRDWG) and supported by the APEC Education Foundation. Its purpose is to establish synergy in bridging the digital divide and sharing information in education and human resources development in the APEC region, thus supporting the vision of APEC Leaders and Ministers of Education. *The Institute of APEC Cyber Education (IACE)* in Korea, was organised in 2002 as the ACEC General Secretariat for planning, consulting, and supporting the distribution of information and internationalization in the field of cyber education. For the initial stage, the AEF contributed US$670,000 and the four economies invested US$1,815,500 as a matching fund for the ACEC project.

To date ACEC has engaged in the following activities:

- Constructing a web portal that provides access to the contributing projects and to materials produced by the participating groups;
- Providing mechanisms that foster educational communities, both on and off-line; and
- Producing projects, such as training sessions and workshops, which build the human capacity of educators in the APEC region.

The ACEC is involved in projects in the following economies:

- Chinese Taipei: APEC Cyber School and 2002 Networked Collaborative Learning Project (Chinese Taipei) that started in January 2001 has created a networked learning environment and has provided collaborative learning programs for APEC member economies. The project also conducted an "APEC 2003 e-Learning Summit" on 25–27 March 2003. Chinese Taipei proposed a new project "e-Learning Strategic Plan" with the USA, on the recommendation of the Summit and it was endorsed by the HRDWG in 2003.

- Hong Kong, China: The main focus of Hong Kong, China's, activities was to develop and conduct the APEC Cyber Education Cooperation (ACEC) International Workshop on 'e-Educational Leadership', which was held in Cebu, Philippines on 19–21 February 2003.

- Korea: The "APEC Learning Community for Shared Prosperity" project was endorsed by the 2003 HRDWG.

- Malaysia: Malaysia will host the "Seminar on Best Practices and Innovations in the Teaching and Learning of Science and Mathematics" for curriculum planners, policy makers, teacher trainers and teachers at the primary school level in August 2003 in Kuala Lumpur, Malaysia.

- Thailand: The APEC Sister School Network (ASSN) Interactive Forum has been opened for every APEC member to visit and exchange ideas/opinions concerning the ASSN project. The APEC International Youth Camp, an ASSN component, was successfully held on 7–17 July 2003.

- The USA: The final platform of the Knowledge Bank was completed and demonstrated at the July HRD meeting in Malaysia.

4.4 APEC Agenda for Science & Technology Industry Cooperation into the 21st Century

The idea for an initiative on science and technology industry cooperation was originally proposed by China at the APEC Leaders' meeting in 1997 in Vancouver, Canada. It was taken up by the ISTWG in 1998, and the resulting *APEC Agenda for Science and Technology Industry Cooperation into the 21st Century* (ASTIC) was approved at the Third APEC S&T Ministers' Meeting in Mexico, in October 1998. It was endorsed by APEC Leaders at their meeting in November 1998, in Kuala Lumpur, Malaysia. According to the ASTIC, "All APEC fora, particularly the Industrial Science and Technology Working Group, should develop and take responsibility for designing and implementing, within a reasonable timeframe, specific initiatives and activities that support the vision and principles under this Agenda".

The ASTIC further stated that "The SOM Sub-Committee on Economic and Technical Cooperation will oversee the implementation and follow-up work on this Agenda. Annual progress in the implementation of the Agenda shall be reported to Ministers with the initial report to be presented at the 11th Ministerial Meeting in 1999.'"

In response, from 1999 to 2001, the ISTWG prepared progress reports and submitted them to Ministers through the ECOTECH reports. It was agreed at the Joint Forum meeting in February 2002, that responsibility for the preparation of the progress reports be transferred from the ISTWG to the APEC Secretariat. The first report showed that there were substantial activities addressing ASTIC's objectives carried out by the relevant APEC fora. The following reports were less exhaustive in their analysis but more exemplary. The 2003 progress report follows the format established by the previous reports. These reports demonstrated that relevant APEC fora were still active in implementing the ASTIC, and good progress in implementation of the ASTIC had been accomplished.

The ASTIC sets out the five mechanisms through which the objective of building a prosperous and sustainable APEC community is to be achieved. The following are some examples of projects under each of the mechanisms.

Mechanism 1: Improved availability of and access to information
In 2003, one of ISTWG's projects is to upgrade the APEC Science and Technology Website which was established in 1998. This website contributes to improved availability/access to information and the facilitation of networks and partnerships. Upgrading will include improved functionality and greater user-friendliness.

The "APEC Workshop on e-Learning and Digital Libraries" aims to explore the ways in which digital libraries can accommodate the changes in further and higher education. These changes have been brought about by more intensive use of information and communication technologies and the adoption of more active e-learning styles. The themes of this workshop will include:

- Integration of digital library technologies in e-learning environments;
- Digital library support for collections of learning resources;
- Technologies and tools for advanced interoperable digital library systems;
- New knowledge about archival storage and preservation;
- Cooperation and collaboration of digital libraries;
- Experience sharing of best practices in digital library development; and
- Applications of digital libraries in education and training environments.

The work of the TELWG includes the project 'Research into Electronic Commerce Strategies for Rural SMEs in APEC,' which will help members to use existing narrowband technologies to implement Electronic Commerce (EC) for their constituency. The information exchange will benefit members in improving the capability of accessing related necessary information.

The TPTWG developed the project 'Enhancing Secure Trade and Efficiency in the APEC Region with Intelligent Transportation Systems (ITS) and e-Commerce Technologies,' which will demonstrate the effectiveness of ITS technology, and facilitate the development of ITS standards that enhance interoperability amongst economies.

The EWG developed the "Comprehensive Linked Database on Mining and Energy-related Opportunities (ANMED)," which is the website link to mining and energy-related databases in APEC economies, providing up-to-date information on strategic planning, new trends, investment development, production, trade and transportation in the region's mining and energy resource sectors.

Mechanism 2: Improved Human Resources Development
The ISTWG project 'APRUnet-Developing Advanced Internet Capabilities among APRU Universities and APEC Communities,' will utilize the Distant Learning Partnership Project to promote international cooperative teams of high school students and teachers to work on science and technology research projects. The 'Control of Dengue Outbreaks Regional Cooperation Project' is designed to fight dengue fever outbreaks through mutual cooperation among members. Its objective includes sharing information, sharing experience for prevention and outbreaks and skills and knowledge improvement.

The HRDWG has some new programs that target the development of human resources in the application of information technology. The 'Seminar on Best Practices and Innovations in the Teaching and Learning of Science and Mathematics at the Elementary and Secondary School Level,' will equip participants with the latest information on the teaching of science-related subjects. 'The Best Practices on IT Skills Development for Vulnerable Youth' project will enable vulnerable youth in the member economies to re-develop their IT-related skills.

Mechanism 3: Improved Business Climate
The Seminar for the Development of Standardized Methods of Materials and Testing and Round Robin Tests (RRTs), conducted by the ISTWG will contribute to the reduction or elimination of the technical barriers to trade in materials product, particularly by discussing

plans for the development of standardized methods of materials testing and evaluation. Another ISTWG project is 'DNA-Analysis for Human Health, in the Post-Genomic Era' (An APEC-wide Technology Foresight Study). This study on the broad and long-term implications of data emerging from the human genome projects and related research for human health will identify scientific and business opportunities and assist policy makers to manage the risks of these new technologies.

The TPTWG will establish discussion groups in participating ports by implementing the pilot project, 'Electronic Intra-Port Community Discussion Group'. It will establish an informational website to support discussion groups to improve information sharing and ultimately improve port efficiency through the information exchange and dissemination. Another project is 'Aviation Law Training in APEC Economies,' where training will promote an increased understanding of international aviation law in APEC economies.

 The 'APEC 21st Century Renewable Energy Development Initiative' conducted by the EWG is a series of collaborative efforts to advance the use of renewable energy for sustainable economic development and growth of the APEC region; foster common understanding of regional renewable-energy issues; facilitate trade and investment in renewable-energy technologies and services; and reduce the environmental impact of the energy sector through the application of renewable-energy technologies. 'Addressing Barriers to the Interconnection of Power Grids in APEC Member Economies' is a project implemented by the EWG. This project aims to identify the main policy, technical, regulatory, legal and treaty barriers to interconnection and recommends strategies to address these barriers.

Mechanism 4: Enhanced Policy Dialogue and Review
In 2002, the ISTWG project, APEC Biotechnology Conference—Policy and Strategy, was held in Chinese Taipei. The policy dialogue has benefited government officials who plan biotechnology industry development policy. Therefore the conference will be held again in 2003.

The purpose of the 2003 conference is to continue providing a forum for sharing information and experience among government officers, entrepreneurs, and research scientists involved in policy-making and technology R&D in the field of biotechnology. This year, the APEC-Biotechnology Conference will be held in conjunction with "Bio-Taiwan 2003", one of the largest annual biotechnology events in the region. Activities will include Biobusiness Asia 2003, an international stem cell forum, and a biotechnology exhibition. These issues concern technology R&D, exhibition, human resources, and venture capital of biotechnology in the Asia-Pacific region. These activities will generate new channels for collaboration between member economies and speed up the development of the bio-industry in the region.

In the implementation of the 'Human Capacity Building for Workforce in the Field of Information Communications Technology and the Facilitation for Human Resources Exchange project,' the HRDWG will hold two rounds of a policy forum on human capacity building and the facilitation of human resources exchanges with APEC member economies. The purpose of the first round of the policy forum is to introduce ICT human capacity building policy directions, hardware and integrated information system issues.

Mechanism 5: Facilitation of Networks and Partnerships
The ISTWG project, 'Establishment of APEC Climate Network,' aims to exchange information on regional climate, particularly climate forecast information, and to improve monitoring of climate systems. It ultimately will contribute to the social and economic benefits of member economies as well as the reduction of natural disasters caused by unusual climatic and weather events.

Another project implemented by the ISTWG is the "Workshop on the Development of Science and Technology Intermediary Mechanism". This workshop intends to facilitate the exchange of information between member economies on the development of science and technology intermediary mechanisms, identify bottlenecks and impediments to their developments. The purpose of this project is to promote the awareness of the importance of relevant science and technology intermediary mechanisms and to shorten the gap between developed and

developing member economies' technology development. Policy-level recommendations will be put forward.

Biotechnology

The Agriculture Technical Cooperation Working Group (ATCWG) has continued to focus on the area of agricultural biotechnology as one of its priority areas. With an eye to information sharing and exploring the best use of the latest technology, the working group held a workshop on "Technical Cooperation and Information Exchange on Safety Assessment in Agricultural Biotechnology," in Chinese Taipei in August 2002. The ATCWG will hold two more workshops in 2003: A "Conference on Agricultural Biotechnology in Centres of Origin," in Mexico City, Mexico in November 2003; and "the Seventh Development and Extension of Agricultural Biotechnology Sub-Group (RDEAB) Workshop," in Beijing, China on 15–23 September 2003. The ATCWG also plans to carry out one more project in this regard in 2004, pending appropriate approval.

The ATCWG committed itself to work in harmony with the High-Level Policy Dialogue on Agricultural Biotechnology (HLPDAB) in order to support the recent developments resulting from the second HLPDAB held in Thailand in February 2003. In this context, it reached an understanding that a closer link needed to be established between the HLPDAB and the ATCWG so as to ensure well-informed discussions on policy as well as technical matters. The ATCWG will send correspondence to the HLPDAB by the RDEAB to initiate this link so that the ATCWG may closely work with the steering committee of the HLPDAB. Steering committee members include Canada; Korea; Thailand; and the United States. In particular the ATCWG will render its cooperation for the preparation of the next HLPDAB to be held in Chile in 2004.

4.5   Integrated Plan of Action for SME Development (SPAN)

In Los Cabos, Mexico, in October 2002, the APEC Leaders noted the progress on the APEC Integrated Plan of Action for the Development of SMEs (SPAN), including the incorporation of micro-enterprises development issues and the addition of a sixth priority area for SMEWG initiatives. These initiatives now include: policy environment, in addition to human resource development, financing, technology, access to markets, and access to information. The SPAN was originally endorsed by APEC Leaders in Kuala Lumpur, Malaysia, in 1998. This document provides a strategic policy framework and action program for SME development within APEC. It is intended to help economies and fora review and implement SME policies and programs, in order to better identify the needs of SMEs and balance competing priorities.

The SPAN serves three functions. It:

- Bridges the gaps between different stages of SME development among enterprises, and levels of enterprise development in APEC economies;

- Acts a guide or reference point for economies to review their own initiatives and programs and to plan future action; and

- Provides a strategic framework for cooperation among APEC working groups that leads to initiatives that consider the special interests of micro-enterprises and women entrepreneurs.

In 2003, Hong Kong, China, presented its experience on the effectiveness of its four SME funding schemes; Malaysia shared the SMI Development Plan; and Canada circulated the Strategic Plan of Industry Canada's Small Business Policy Branch.

4.6   Implementation of Part II of the *Osaka Action Agenda*

When the *Osaka Action Agenda* (OAA) was launched in 1995, APEC Ministers stressed the need to further promote economic and technical cooperation in order to achieve sustainable growth and equitable development in the Asia Pacific region. They reaffirmed that ECOTECH would be based on the three essential elements of developing common policy concepts,

implementing joint activities, and engaging in policy dialogue. Action programs in each of the 13 sectoral activities were laid down in Part II of the *OAA* (ECOTECH, which directly supports trade and investment liberalisation and facilitation, is mainly dealt with in Part I of the *OAA* and is overseen by the CTI).

In 2000 the ESC carried out a review of Part II of the *OAA* to determine how much had been accomplished since 1995 and whether it needed revision. The ESC noted that Part II of the *OAA* remained a fundamental reference document "which manifestly articulates APEC's sectoral ECOTECH goals and provides a clear road map for activities that shape policy dialogues and projects by APEC fora". With respect to the Common Policy Concepts (CPC) laid down in the *OAA*, the ESC noted that they "remained as relevant today as they were when drafted in 1995" and recommended that APEC fora should continue to draw on them when framing their work programs and activities.

Following an update of the Joint Activities/Dialogue sections of the *OAA* guidelines in 2001, Ministers "instructed working groups to make sure their future activities are consistent with the updated *OAA* Part II, and include in their annual report to SOM information on the implementation of *OAA* Part II so that progress can be monitored".

The ESC assessed how working groups have been implementing Part II of the *OAA* in 2003 from information presented in project proposals and the reports from fora.

With the adoption of the new standard reporting template this year, and the use of the ECOTECH Weightings Matrix for project proposals, it is now easier for working groups to clearly outline fora activity as it relates to the Joint Activity in Part II of the *OAA*. Some fora are in the process of developing a "strategic framework" document that will incorporate relevant items from the *OAA* into a matrix. This matrix will be proposed for use as a means of evaluating new project proposals and the contributions of completed projects.

It is clear from the information contained in project proposals and in the new standard reporting template that working groups are implementing Part II of the *OAA* in their work. The ESC seeks to encourage working groups to continue to give priority to projects that relate directly to mandated activities.

4.7   Sustainable Development

In 1996 Ministers agreed that Senior Officials should undertake an annual review of, and dialogue on, sustainable development work in APEC. In 1997, APEC Environment Ministers at their meeting in Toronto, Canada, added three sub-themes to the ECOTECH priority theme of sustainable development: sustainable cities; cleaner production; and sustainability of the marine environment. Based on the sub-themes, an overview on the activities of sustainable development conducted by APEC fora in 2003 is summarized below.

No specific forum addresses sustainable development as it is a cross-cutting theme. Rather, it is addressed by a number of fora, and in 2003, 11 projects responded to the theme of sustainable development. In addition to these 11 projects, some fora (such as the ATCWG, EWG, FWG, ISTWG, MRCWG, TPTWG, TWG and some CTI sub fora) have conducted projects that relate to the sustainable development goals. Sustainable development has more or less been touched upon in their working programs. One example is the 'Multilateral Recognition Arrangement (MLA), Readiness Project in Environmental Management System Certification' project, which was implemented by the Sub-Committee on Standards and Conformance.

With respect to the sustainable cities theme, no new work program has been recorded in 2003. The ISTWG has responsibility for this theme. While the projects implemented by the ISTWG in 2003 do not specifically address sustainable cities, nevertheless, some projects do relate to this theme. For example the 'Establishment of an APEC Climate Network' project, which aims to reduce the disasters caused by unusual climate and weather events.

As in previous years, cleaner production activities in 2003 have been mainly carried out by the EWG. Energy Ministers, at their meeting in Mexico City, Mexico, in July 2002, encouraged further activities by the EWG aimed at diversifying energy mixes, improving energy efficiency, deploying new and renewable energy technologies, and promoting clean energy with a focus on energy efficiency, renewable energy and cleaner energy production. Therefore the EWG has implemented a series of projects and activities addressing energy related issues in response to the Ministers' concerns in 2003.

The ISTWG, which drafted the original Cleaner Production Strategy in 1997, does not have any projects under this theme in 2003. Its focus this year has been on other science and technology-related issues and infectious diseases.

The FWG and the MRCWG are two fora dealing exclusively with issues relating to ocean resources. With the focus of implementing the *Action Plan for Sustainability of the Marine Environment,* the activities implemented by these two fora address the sub-theme of sustainability of the marine environment in 2003. Their work has been strengthened with the adoption of the *Oceans Declaration* at the first APEC Ocean-related Ministerial Meeting in April 2002, in Seoul, Korea. The *Seoul Oceans Declaration* recognizes the importance of oceans for food security, sustainable economic development, and social and environmental values within the APEC region. APEC economies account for 75 percent of the world's fisheries capture and over 90 percent of world aquaculture production, and consume 70 percent of the world's global fish products. Noting this, the ocean-related Ministers proposed a series of domestic and regional actions to implement the policy goals enshrined in the declaration. As a result, integrated ocean management has been the focus, in different activities, of these two fora.

In 2001, APEC Leaders noted that many member economies would meet in Johannesburg for the World Summit on Sustainable Development (WSSD) in 2002 to reinvigorate the commitment to sustainable development in pursuit of enhancing economic growth, promoting human and social development and protecting the environment as interdependent objectives. Leaders therefore pledged that APEC, which has undertaken a broad range of activities in this area, would consider how to contribute to the success of the World Summit. APEC work on sustainable development including the results of the Energy and Oceans Ministerial Meetings held in 2002, were compiled and reported to the WSSD. The report not only raised the importance of APEC's work to a higher level, but more significantly, provided a basis for noting a solid contribution by APEC.

4.8   Strengthening the Functioning of Markets

The Strengthening Economic and Legal Infrastructure (SELI) Coordinating Group is to facilitate the process in APEC of regulatory and institutional reform, particularly in building capacity and skills of individuals in the legal, accounting and economics professions, and to improve the capacity of legal institutions and government agencies in applying and enforcing rules on corporations and competition.

The SELI will focus on one of the APEC-wide ECOTECH priorities agreed at SOM I in Chiang Rai, Thailand.

Work in the priority area *Integration into the Global Economy* in 2003 is as outlined below.

- "Capacity Building for Implementing Accounting System," (self-funded by Japan);
- "Intensive Training in Commercial Laws Seminars," held in Jakarta, Indonesia, on 7–9 May, Bangkok, Thailand, on 19–21 May, and Shanghai, China, on 27–29 August 2003 (self-funded by Australia); and
- "APEC Training Program on Competition Policy," (by Japan; Malaysia; Thailand; and Viet Nam, TILF project).

Accomplishments for 2003 include:

- Released an awareness-raising report entitled *Strengthening Economic Legal Infrastructure in APEC: Supporting Trade, Investment and Economic Development* (self-funded by Australia);

- Conducted a "Study on Debt Collection Litigation/ Arbitration in APEC Economies," to identify how insolvency law and related legal system function as a part of the economic legal infrastructure in APEC member economies (self-funded by Japan);

- Held "the SELI Seminar" held on 15 February 2003, in Chiang Rai, Thailand, to reinforce the messages contained in the SELI Report and canvass possible strategies and initiatives to address SELI needs (self-funded by Australia);

- Held a 'Structural Reform Seminar' on 23 May 2003, in Khon Kaen, Thailand, to share information and exchange views on best practice examples in structural reform (self-funded by Australia);

- Endorsed the work plan for SELI 2003;

- Adopted a work program as a living document, to be further refined and improved in light of the progress of SELI issues in APEC; and

- Developed a reporting mechanism on SELI.

5.	**EVALUATION – A MUST**

5.1   Evaluation in the ESC

The aim of evaluation is to add value to project development and implementation and to advance the credibility of APEC's ECOTECH and capacity building activities. At SOM I, the ESC agreed to form a Small Group on Evaluation to take forward ESC's work in this area.

At its first meeting, under the chairmanship of Australia, the Small Group on Evaluation agreed that its role was to add value to project development, approval and evaluation processes; and, in support of the ESC mandate, to provide a resource framework for APEC working groups.

As a first step in enabling the ESC to better evaluate the cross-sectoral impact of ECOTECH projects Australia has funded the development of evaluation frameworks which will promote quality assurance in APEC capacity building projects. The frameworks aims to provide a mechanism:

- To facilitate improved priority setting through more strategic decision-making and resource allocation based upon rigorous analysis;
- To garner information on project design and implementation quality, and impact at a sectoral and individual project level (and enhance the quality of this reporting), thereby better demonstrating APEC's contribution;
- Through which APEC members and working groups, together with the APEC Secretariat and the Budget Management Committee, can share lessons learned in activity delivery and help improve effectiveness of APEC's activities; and
- Which is a basis for accountability to APEC/donor economies/recipient economies, including the provision of information to the public.

The Small Group on Evaluation has recommended a dialogue with working groups and other APEC stakeholders to encourage APEC-wide debate on the importance of evaluation as a key component of ECOTECH projects, and seeks their agreement to employ the Australian-funded frameworks for this purpose.

The ESC's Small Group on Evaluation anticipates that its work over 2004 will include maintaining a dialogue with Lead Shepherds and Chairs of APEC fora on proposed evaluation activities, and exploring ways to strengthen and add value to the management and administration of ECOTECH programs.

Recommendations:

Rec. 5.1.1:   Toward those objectives, the evaluation model to be discussed with representatives of the working groups during the ESC/Fora Coordination Meeting to be hosted by the ESC on the margins of SOM I in Chile.

Rec. 5.1.2: The Small Group on Evaluation is to work with the BMC towards adoption of the frameworks and the proposed project proposal format.

5.2   ECOTECH Weightings Matrix

In the interest of ensuring outcome-oriented and value-added projects, as directed by Ministers and Leaders, the ESC developed an ECOTECH Weightings Matrix in 1999 to assist APEC fora and the BMC in determining a project's importance in relation to APEC's ECOTECH objectives. It sought to provide fora with a better appreciation of the overall ECOTECH priorities of APEC, including desired project outcomes. The ECOTECH Weightings Matrix was further refined in

2000 to include additional criteria. The amendments have resulted in making project proponents and fora express more clearly how their project meets specific ECOTECH objectives and initiatives.

It was noted however, that while all project proponents now complete an ECOTECH Weightings Matrix for operation-funded projects, the ECOTECH Weightings Matrix is not being used as a tool to evaluate the importance of the projects with respect to ECOTECH objectives. Thus, it is suggested that, because the ECOTECH Weightings Matrix is not used for the purpose for which it was intended, it be replaced by a new evaluation framework that incorporates ECOTECH objectives, and whereby projects applying for operation funds be ranked according to their contribution to the ECOTECH agenda.

Recommendations:

Rec. 5.2.1:   Discontinue use of the ECOTECH Weighting Matrix.

Rec. 5.2.2: Encourage development and adoption of the evaluation framework, which will incorporate ECOTECH objectives and will replace the ECOTECH Weighting Matrix in evaluating project proposals.

5.3   ECOTECH Clearing House (ECH)

The ECH was established in 2000 in response to Leaders' and Ministers' priorities to strengthen coordination and further improve the effectiveness of economic and technical cooperation activities, and to avoid duplication of ECOTECH activities in APEC. It was intended to enhance information flows between the identification of ECOTECH needs and the capacity to provide appropriate expertise to meet those needs.

It set out to be:

A website where users could quickly and easily find unique information about:
- Economic and technical cooperation activities within APEC; and
- Other related economic and technical cooperation organizations (external to APEC).

An Information Exchange
- A forum for the exchange of information and experience amongst APEC personnel and the wider economic technical cooperation community;
- That alerts people to current and proposed ECOTECH activity; and
- That brings together potential partners in ECOTECH activity.

Features such as the ability to register on the ECH and receive information of a pre-specified type, to receive notification via e-mail when new information is added which matches a user's area of interest, and exchange information with other people about current and future ECOTECH activity was incorporated into the design of the ECH.

What it is

In actuality almost all the information accessible through the ECH is APEC Secretariat information. There is minimal information on external sources. Moreover, while it was set up to be an information exchange it has rarely been used as such.

Shortfalls in the Performance of the ECH

There are several problems of a practical nature which have limited the usefulness of the ECH.

1) The working definition of what constitutes ECOTECH information is unclear. This very broad definition makes identifying ECOTECH information difficult. Currently all information on APEC projects, publications, and websites is classified as ECOTECH information. So

there is little which distinguishes the information on the ECH from the information on the Secretariat's website, other than the way in which ECH information is organized (by theme and by economy). The ECH primarily duplicates information already available on the APEC Secretariat's website, and the APEC Secretariat project database. It was originally designed as a more user-friendly interface for this information, but the new APEC Secretariat website can now fulfill this function.

2) Project information was meant to be uploaded to the ECH through an automated process. However, due to the numerous changes that have been made to the project database, automatic uploading has been suspended until the review of the ECH project upload feature is completed. Therefore project information contained on the ECH is not current.

3) There is a very low number of registered users, currently 84, and a small number of average hits per day since the logs began to track usage in February 2001—about 400 compared to the APEC website of 109,107 (which in itself is very low by comparison to other websites).

4) A unique feature of the ESC the "Information Exchange "has not been used by anyone other than APEC Secretariat staff.

There is an additional factor to consider. The APEC Secretariat's website is moving to a content management system (CMS). This new site will provide better navigation and content categorization. However, as a result of the revamping of the website about 80 percent of the links with the ECH will be broken. This will occur because these ECH links refer back to information contained in the APEC Secretariat website.

Recommendations:

Rec. 5.3.1: Close the ECH site.

Rec. 5.3.2: Request that the APEC Secretariat investigate the acquisition of a database that will enable a more comprehensive search capacity. Establish a timeline for introduction of an improved database and have the information available for SOM I 2004.

6.	OUR PROPOSALS

Chapter 2 – A FOCUSED AGENDA

2.1 APEC-wide ECOTECH Priorities

Recommendation:

Rec. 2.1.1: Use the short list of APEC-wide ECOTECH priorities as a strategic roadmap for future ECOTECH work, and as a tool to evaluate the ECOTECH work done by APEC fora. In its role of coordinating APEC ECOTECH and capacity building activities, the ESC should hold periodic consultations with all fora to discuss, encourage and build on these common ECOTECH and capacity building priorities

2.2 Building Partnerships

Recommendations:

Rec. 2.2.1: Establish a high level group consisting of SOM Chair, Chairs of the ESC, the CTI and the Finance Ministers Process (FMP) to meet with their IFI counter-parts on a periodic basis to ensure optimum cooperation and efficient use of resources.

Rec. 2.2.2: Promote periodic expert-level exchanges between APEC and international organizations in collaboration with the ESC and the APEC fora.

Rec. 2.2.3: The ESC should hold periodic in-depth dialogues with other international organizations and the private/business sector so as to draw expertise and experiences and leverage resources to boost ECOTECH and capacity building activities.

2.3 Strengthening Coordination

Recommendations:

Rec. 2.3.1: The ESC to host an ESC/Fora Coordination Meeting at SOM I in 2004 to develop a more robust dialogue with working groups. In turn, working groups should be asked to contribute ideas to build on the ECOTECH priorities and facilitate implementation**.**

Rec. 2.3.2: The ESC to bring together information on an annually selected theme, including information not previously utilized by the ESC such as evaluation reports presented to the BMC, and present it as a "special issues" section of the ESC Annual Report.

Rec. 2.3.3: Produce a special ECOTECH and Capacity Building fact sheet for release at the end of the year to provide details of APEC achievements for the selected theme.

2.4.1 ECOTECH Action Plans

Recommendation:

Rec. 2.4.1: The ESC will discontinue discussion of the EAPs during the plenary sessions, but interested economies may meet separately to discuss and revise the EAPs for their own use.

Chapter 5 – EVALUATION

5.1   Evaluation in the ESC

Recommendations:

Rec. 5.1.1:   Toward those objectives, the evaluation model to be discussed with representatives of the working groups during the ESC/Fora Coordination Meeting to be hosted by the ESC on the margins of SOM I in Chile.

Rec. 5.1.2: The Small Group on Evaluation is to work with the BMC towards adoption of the frameworks and the proposed project proposal format.

5.2   ECOTECH Weightings Matrix

Recommendations:

Rec. 5.2.1: Discontinue use of the ECOTECH Weighting Matrix.

Rec. 5.2.2: Encourage development and adoption of the evaluation framework, which will incorporate ECOTECH objectives and will replace the ECOTECH Weighting Matrix in evaluating project proposals.

5.3   ECOTECH Clearing House

Recommendations:

Rec. 5.3.1: Close the ECH site.

Rec. 5.3.2: Request that the APEC Secretariat investigate the acquisition of a database that will enable a more comprehensive search capacity. Establish a timeline for introduction of an improved database and have the information available for SOM I 2004.

ANNEX 1

Terms of Reference of the ESC

TERMS OF REFERENCE OF
THE SOM COMMITTEE ON ECONOMIC AND TECHNICAL COOPERATION

A.   BACKGROUND

1.   SOM has been mandated by Leaders to manage and coordinate the APEC Economic and Technical Cooperation (ECOTECH) agenda. In Vancouver, Ministers have 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 this connection, Ministers endorsed the proposal by Senior Officials to establish a SOM Sub-Committee for Economic and Technical Cooperation.

2.   The SOM Sub-Committee 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 SOM Sub-Committee 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 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 SOM Sub-Committee 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 SOM Sub-Committee will :

- Report to SOM on its proposed work program and assist SOM to effectively implement the *1996 Framework for Strengthening Economic Cooperation and Development*. In so doing, the SOM Sub-Committee shall ensure that all the elements of the Framework are developed.
- Review progress of APEC activities towards achieving APEC 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.   ORGANISATION AND OPERATION

7.   A Chairperson will be appointed who will be devoted to meeting the objectives of the SOM Sub-Committee.

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 Sub-Committee will be open to all economies.

11.   The SOM Sub-Committee shall meet regularly.

12.   The SOM Sub-Committee would report regularly to SOM.

13.   The operation and effectiveness of the SOM Sub-Committee will be reviewed at the end of a two-year term.

ANNEX 2

Guidance on Strengthening the Management of APEC ECOTECH Activities

GUIDANCE ON STRENGTHENING THE MANAGEMENT OF APEC ECOTECH ACTIVITIES

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 a priority-wide framework that meets these requirements.

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 it does 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. Ambiguous situations may be referred to the 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 the ESC for dissemination to other fora.

Guidance for the BMC (formally the BAC)

7. The 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*.

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 minimise the kinds of problems identified by the evaluation of ECOTECH activities.

9. BMC should take into account the guidance contained herein in addition to the guidelines already established for 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 the BMC, the APEC 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 should 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 APEC Secretariat should also make full use of its information-sharing role and exploit the capabilities of its new project database.

Guidance for Enhancing Business/Private Sector Involvement in ECOTECH Activities

15.   Fora could invite business people, especially representatives from ABAC and regional trade and industry associations, to attend future meetings for policy dialogue on business recommendations relevant to the forum's ECOTECH agenda. This could include careful review of the relevant ABAC recommendations.

16.   Fora could work together with business/private sector representatives to set priorities and develop collective work plans for 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/private sector proposals for specific projects to realise the collective work plans; soliciting and taking into account business/private sector feedback on projects proposed by member economies; joint development of projects; inviting active business/private sector participation in project execution; seeking business/private sector representatives' evaluation of completed projects; and ensuring that such evaluations are fed back into the project development process. Once established, ABAC's Partnership for Equitable Growth could be one vehicle for facilitating such public-business/private sector collaboration.

18.   Fora could invite business/private sector support–financial, in-kind or technical–for future cooperatively developed projects or those already in the pipeline that business considers relevant to its needs.

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.   Participation of the business/private sector will be in accordance with the existing Consolidated Guidelines on Non-Member Participation.

ANNEX 3

ESC - 2003 WORK PROGRAM

SOM COMMITTEE ON ECOTECH

2003 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

- Assessment of the value of the existing ECOTECH Action Plans (EAP) as a tool to progress APEC's economic and technical cooperation agenda (59)

- Development of relationships with international financial institutions and the private sector with a view to leveraging financial support for APEC activities (61)

- Building partnerships with international financial organizations and the private sector in the pursuit of APEC capacity building and economic and technical cooperation objectives (9)

II. Coordination and Management

- Developing a short list of key APEC-wide ECOTECH objectives
- Streamlining APEC's current ECOTECH activities
- Strengthening Coordination between ESC and other APEC fora on ECOTECH.
- Implementation of Program Evaluation Work Plan (2003/SOMI/ESC/006)

III. Outreach to the Broader Community

- 2003 SOM Report on Economic and Technical Cooperation
- Publicising key outcomes of ECOTECH activities
- Coordinating with the APEC Secretariat on ECOTECH outreach programs

PROGRAM EVALUATION WORK PLAN – UPDATE FOR 2003

Completed

Using assessment criteria endorsed by the ESC the APEC Secretariat completed an evaluation of the ECOTECH Action Plans (EAPs). An Evaluation Report will be tabled at the ESC meeting in Chiang Rai, and will be used to discuss how to best proceed with the EAPs.

Program evaluation work is on-going and the following projects are expected to be completed in the first half of 2003.

1. Develop Best Practices

Engage with other organizations to learn about their relevant experiences and practices notably, in evaluating seminars and one-off training programs.

Status
Information has been gathered from the Australian Aid Agency, the Canadian International Development Agency and the New Zealand Aid Agency. Original delivery date was ESC1-2003, new date April 2003.

2. Develop guidelines
Based on a combination of the best practice of other organizations and generally accepted evaluation principles develop guidelines for APEC fora on how to design projects that incorporate outcome measurements.

Status
Guidelines will be completed in conjunction with the Best Practices document. April 2003–Completion date.

3. Expand on lessons learned from APEC projects

Information with respect to lessons learned from individual projects has been gathered by the Secretariat. Drawing on that information, the Secretariat could provide guidance to fora for use in developing project proposals. The aim here is to ensure that project proposals take into consideration the lessons learned from past experiences, and avoid methods that have met with limited success.

Status
To be completed before next round of project proposals. May 2003–Completion date.

4. Develop criteria for "Successful Projects"

Gather information from relevant sources to compile and identify elements that constitute a "*successful project"* in APEC terms.

Status
To be completed in conjunction with lessons learned from APEC projects. May 2003–Completion date.

5. Possible areas for evaluation

While developing these tools the Secretariat could also design a framework for evaluating WTO-related capacity building. As this is an area of increasing importance it could be helpful to take stock of results to date.

A second area of evaluation could be the "New Economy" cluster of projects. The objectives of the evaluation would be to determine what those projects are achieving, what can be learned from those successes, and how the experiences could be applied to future activities.

Status
It is suggested that a small group–*an evaluation committee*–be established to provide guidance so that evaluations are conducted in priority areas. A study could be completed by SOM III as long as an evaluation target was established at SOM I.

ANNEX 4

FOCUSING APEC ECOTECH PRIORITIES
(Short List of Priorities)

Prepared by: Canada/Thailand

FOCUSING APEC ECOTECH PRIORITIES

16 FEBRUARY 2003
PREPARED BY THAILAND AND CANADA

Rationale

Developing a short list of APEC-wide ECOTECH priorities can be a comprehensive response to Leaders' and Ministers' call to improve the focus of our economic and technical cooperation and capacity building objectives. Based on the short list of priorities, important and relevant ECOTECH activities can be identified, along with their associated objectives, and where possible, clear and measurable targets. Strategies can then be devised to achieve desired outcomes.

APEC is not a major funding institution, and has very limited resources. This means that it is important for APEC to focus on its strengths and concentrate its efforts where it has visibility and a high track record. We should maintain a focus on APEC's comparative advantage.

Advancing ECOTECH according to a short list of priorities will help to streamline ECOTECH, make the best use of limited resources, maximizes the synergy and the impact of ECOTECH activities in key strategic areas. This will help the public to better understand the benefits of ECOTECH and will further support APEC progress towards the common trade and investment goals. In partnering with external organizations, including international financial institutions, development banks and the private sector, the short list of priorities will also be of practical use, if not a requirement to explore the possibility of expanding financial resources and technical expertise beyond those of APEC.

Short-listing ECOTECH priorities does not preclude other ECOTECH activities that may not fit directly into these schemes. The short list is meant to provide an up-to-date overall strategic focus and a roadmap for future APEC ECOTECH agenda, and enable APEC to better communicate with its constituents and possibly attract additional supports from external organizations and the private sector. The proposed short list reflects the complementary and cross-cutting nature of TILF and ECOTECH by addressing both sides of the same coin in an integrated manner.

Tentative Short List of ECOTECH Priorities

It may be useful to group APEC's key ECOTECH activities under four general priorities: A) integration into the global economy; B) counter-terrorism capacity building; C) promoting Knowledge-Based Economies, and; D) addressing the social dimension of globalization. These priorities fit well with the theme and sub-themes of APEC this year. They also fulfill the four ECOTECH goals as outlined in the 1996 Declaration on an APEC Framework for Strengthening Economic Cooperation and Development (the Manila Declaration), namely: reducing economic disparities among APEC members; helping them to attain sustainable growth and equitable development; improving economic and social well-being of the people, and; deepening the spirit of the Asia-Pacific community. These priorities are the major areas in which ECOTECH activities, if properly designed and managed, will brighten up the prospect for free and open trade and investment and greater prosperity in the Asia-Pacific region.

A.)   Integration into the Global Economy

APEC has a very strong track record in the area of trade-related capacity building. APEC has been noted for its unique contribution to the multilateral trading system through its substantial efforts in WTO-related capacity building. APEC should continue to step up its efforts in this area to help member economies comply with WTO commitments on old and new issues. APEC

programs can assist economies to implement trade agreements and to participate more effectively in trade negotiations. Activities should take various forms, not restricted to workshops, seminars, training programs, surveys, studies, reports or data collection. Innovative ways of building human and institutional capacities should be explored to assist relevant government agencies and businesses to better respond to challenges and opportunities of international trade. All aspects of capacity building should be addressed in the pursuit of APEC trade-related goals.

This being said, APEC's trade-related work goes much beyond capacity building for the WTO. APEC also has a strong comparative advantage in the area of capacity building for trade facilitation, where it has already started to engage other international organizations. This work should be pursued and further developed.

Furthermore, APEC has also been involved in leading work on increasing the participation of SMEs and micro-entreprises in international trade. APEC should continue to emphasize activities that will encourage the development of entrepreneurial skills, collection and dissemination of data relevant to small businesses. Special attention should be given to capacity building efforts to remove or ameliorate technical and human resources barriers for business start-ups. By committing itself to create a suitable environment in which micro, small and medium enterprises can develop and prosper, APEC can effectively use these new growth enterprises to link its peoples and communities to the regional and global marketplace.

APEC also has a successful work program on strengthening markets that is developing economies' institutional and legal framework to enable them to participate more in the global economy. This should also be a focus of APEC's work on ECOTECH.

B)   Counter-Terrorism Capacity Building

Terrorism poses a serious threat to the flow of trade, investment, and people throughout the entire APEC region. In order to enhance security in economic activities, to adhere to principles and to implement measures contained in the Leaders' Counter-Terrorism Statements (CTSs), capacity building activities similar to the STAR Conference, jointly organized by the United States and Thailand in February 2003, should be further explored. Aside from disseminating information and best practices in trade and investment related security issues among APEC members, more activities should be proposed in other areas, such as on-site training, technology transfer programs and the promotion of necessary private investment in developing member economies.

C.)   Promoting the development of Knowledge-Based Economies

APEC should strengthen its ECOTECH activities to promote KBE, lifelong learning and e-Commerce - in line with recent key APEC initiatives: the e-APEC Strategy and the Human Capacity Building Strategy for the New Economy. APEC should bridge the knowledge gap and to stimulate creative innovation. KBE should be promoted on all fronts through a proper mix of information and communication technology, human resources, legal and regulatory infrastructure developments with due respect for local content and knowledge. These efforts will allow people to equally participate in and benefit from the increasingly knowledge-driven world. In order to ensure that no one is left behind as a result of the digital divide, expanding access to information and communication technology is vital. In this regard, APEC needs to demonstrate clear progress towards the Brunei Goals. Only then can the true KBE environment for all be realized.

D.)   Addressing the Social Dimension of Globalization

APEC should continue its efforts to develop a better understanding among the public about the benefits of international trade and investment and how they can empower people to take charge of globalization. APEC can assist member economies in the development of public policies to better absorb future economic shocks and to facilitate necessary structural adjustments. This should build on APEC's current work in areas such as health or social safety nets.

Next Steps

This proposed short list of ECOTECH priorities is presented to SOM for consideration and endorsement. If it is agreed upon, SOM can then communicate with all APEC committees, working groups and fora, encouraging them to plan activities and projects according to these priorities to ensure a unified direction of ECOTECH over the next few years. These planned activities need not be implemented within one year, but can be targeted towards medium-term implementation timeframe that could be from 2003 to 2005.

Development of strategies, monitoring and assessment mechanisms can be further explored, possibly with specific timeframe within which relevant projects should be conducted under each priority areas.

This short list of key ECOTECH priorities could be used, if SOM agrees, to form the agenda of a roundtable with international financial institutions to explore where they can work with APEC in furthering our common priorities.

A Proposed Short List of ECOTECH Priorities

Integration into the Global Economy

- Increasing the capacity of economies to participate in international trade negotiations
- Increasing the capacity of economies to implement trade agreements and other measures that facilitate trade
- Increasing the participation of SMEs and micro-entreprises into the global economy
- Developing economies' trade-related institutional and legal framework

Counter-Terrorism Capacity Building

Development of Knowledge-Based Economies

- Meeting the Brunei Goals
- Implementation of the E-APEC Strategy
- Human Capacity Building for the New Economy

Addressing the Social Dimension of Globalization

- Developing a better understanding of the benefits of increased trade in order to help people to take advantage of globalization
- Assisting the development of public policies to help absorb economic shocks and facilitate adjustment.

ANNEX 5

INTEGRATION INTO THE GLOBAL ECONOMY

Prepared by Canada

BACKGROUND PAPER FOR THE APEC DIALOGUE WITH INTERNATIONAL FINANCIAL INSTITUTIONS

PRIORITY: INTEGRATION INTO THE GLOBAL ECONOMY

Background

This paper offers an overview of APEC's work aimed at assisting economies to integrate into the global economy. Its final version will be sent to international financial institutions and other international organizations invited to participate in the upcoming APEC Dialogue with IFIs scheduled for SOM III in Phuket. Its main purpose is to provide background to these organizations to help them prepare for the Dialogue. It has been structured along the lines of the "Integration into the global economy" section of the paper on priorities agreed by Senior Officials in Chiang Rai, which divides this category into four sub-sections. In each case, a description of APEC's current work is provided, along with ideas for further collaboration with IFIs or other international organizations. Comments are welcome from all APEC economies, APEC fora, and the APEC Secretariat, and can be sent to alan.bowman@dfait-maeci.gc.ca

1) Increasing the capacity of economies to participate in international trade negotiations and increasing the capacity of economies to implement trade agreements

Several APEC fora perform work to increase the capacity of member economies to negotiate and implement trade agreements. This work is essentially conducted by the Committee on Trade and Investment, and involves a number of CTI sub-fora such as the WTO Capacity Building Group and the Sub-Committee on Customs Procedures. Most projects take the form of confidence building seminars or training programs. Recent examples include a confidence-building workshop on Trade and the Environment and programs to train to customs officials on implementing the WTO Customs Valuation Agreement. While the CTI is the main channel for work in this area, other APEC fora also are also active on WTO issues in their sector. For example, the Telecommunications and Information Working Group holds workshops on the WTO.

Opportunities for closer collaboration with IFIs and other international organizations

The Asian Development Bank (ADB), the World Bank (WB) and the Inter-American Development Bank (IADB) are all involved in trade-related technical assistance activities in the APEC region. There is already an on-going dialogue with these organizations on a case-by-case basis as projects are developed. Additional opportunities for collaboration could include:

- Sharing training materials
- Exchange of information on project planning
- Joint projects

2)	Increasing the capacity of economies to implement measures that facilitate trade

APEC has taken a leadership role on trade facilitation issues in the Asia-Pacific region. APEC's Trade Facilitation Action Plan adopted in 2002 calls for the implementation of measures that will help member economies reach the Shanghai Accord's objective of reducing transaction costs by 5 percent in the region over the next five years. The Trade Facilitation Action Plan also calls for increased capacity building to help economies implement trade facilitation measures. A number of CTI sub-fora are active in developing such capacity building programs, such as the SCCP, the SCSC, the Chemical Dialogue and the BMG. Furthermore, CTI itself has developed a project that will provide assistance to developing economies on implementing actions listed in the trade facilitation action plan. Trade facilitation capacity building is also an important focus of APEC fora such as the E-Commerce Steering Group and the TEL Working Group, which organize regular workshops on issues like paperless trading.

Opportunities for closer collaboration with IFIs and other international organizations

The Committee on Trade and Investment has already been involved in two trade facilitation projects in collaboration with the World Bank: a workshop on the development dimension of trade facilitation (held in Singapore in September 2000), and the preparation of a report on the economic benefits of trade facilitation (released at the Los Cabos Leaders' Meeting). In addition, some of APEC's work on e-commerce and regulatory reform which both have a clear trade facilitation component, has been conducted in partnership with the OECD, including through joint workshops.

This work should be pursued, but there is ample room for further collaboration with IFIs. One area that immediately comes to mind is the CTI's efforts to help developing economies implement the APEC Trade Facilitation Action Plan. The World Bank report prepared for APEC pointed to a number of areas where work on trade facilitation would lead to substantial benefits for developing economies. IFIs could work with APEC to help developing economies implement some of the measures that have been identified in the Trade Facilitation Action Plan, which involves work in four areas: movement of goods (customs), movement of people (business mobility), standards, and e-commerce. Finally, IFIs and APEC could work together to build capacity for greater participation in APEC's Pathfinder Initiatives.

3) Increasing the participation of SMEs and micro-enterprises into the global economy

The vast majority of businesses in the APEC region are micro, small, and medium enterprises (mSMEs), and APEC is active in helping mSMEs take advantage of globalization and integrate into the global economy. While many APEC fora include activities on mSMEs, the Small and Medium Enterprises Working Group (SMEWG), which includes a recently-formed sub-group on micro enterprises, has primary responsibility for this issue. The SMEWG strives to strengthen the policy environment that will contribute to the growth and development of mSMEs, as well focusing on access to capital and microfinance. This includes removing obstacles that inhibit growth of small and medium enterprises, and encouraging the development and promotion of market-based micro-finance to ensure that mSMEs have access to needed capital.

The SMEWG coordinates a number of activities each year in the form of workshops, seminars, and networking opportunities (including virtual networks). For example, the 2002 APEC SME and New Business Support Workshop took place in November 2002 with the objective of sharing knowledge to help SMEs and new businesses play an active role in the economy of the APEC region. In 2003, the SMEWG is focusing its attention on a number of major projects, including establishing Best Practices Guidelines for the mSME Financing Chain, and a seminar that will bring together public- and private-sector representatives from across the APEC region for an open dialogue on four major areas of entrepreneurship development: Entrepreneurial Opportunity, Entrepreneurial Capacity, Social Legitimacy and Finance. Recognizing the need for collaboration with other organizations to ensure joined-up policy decisions, the SMEWG already works closely with a number of other organizations, including PECC and the OECD, which was recently granted guest status in the SMEWG. There are two examples of current current work with other organizations: firstly, PECC and APEC are currently collaborating on the APEC PECC Entrepreneur Consortium, a project which aims to help business and governments work together more effectively to develop a suite of products, services and infrastructure aimed at meeting the information advisory and functional management needs of the emerging generation of managers and entrepreneurs in the APEC region. Secondly, APEC's Economic Committee held a Microbanking Regulation and Supervision symposium in which IFIs participated.

Opportunities for closer collaboration with IFIs and other international organizations

The focus of the SMEWG on development of a sound policy environment and access to capital resonates closely with current priorities of the ADB, IADB, and WB in this area. There are ample opportunities for collaborative work in this area, including joint projects and workshops. One area particularly ripe for collaboration is financing of mSMEs. A joint project on applying best practices for access to capital in the APEC region would be one area for consideration.

4) Developing economies' trade-related institutional and legal framework and supporting their efforts to undertake structural reforms

APEC's work in this area has had a strong focus on strengthening the functioning of market since the 1999 APEC Leaders' Meeting in Auckland. Activities in this area are primarily overseen by two CTI sub-fora, the Strengthening Economic Legal Infrastructure (SELI) Coordinating Group, and the Competition Policy and Deregulation Group (CPD), which have organized a number of capacity-building seminars in areas such as regulatory reform,, competition policy and corporate law. Some of APEC's work on regulatory reform has been conducted in partnership with the OECD (organization of joint workshops). The SELI Coordinating Group has developed a number of projects and seminars for strengthening economic legal infrastructure in APEC region, such as Intensive Training in Commercial Laws Project and Training Program on Competition Policy. The APEC Finance Ministers' Process and the APEC Economic Committee also have work programs on corporate governance.

Work in these areas falls within the broader APEC initiative of structural reform. At the 2002 Leaders' Meeting in Los Cabos, Leaders acknowledged the importance of structural reform and "agreed to further promote dialogue and work in this area". Ministers Responsible for Trade said in their meeting in June that " 'behind-the-border' [structural] reforms are necessary to support 'at-the-border' trade and investment liberalization and facilitation initiatives."

Opportunities for closer collaboration with IFIs and other international organizations

Cooperation between APEC and IFIs has been enhanced through the two symposiums on Strengthening Economic Legal Infrastructure in 2000 and 2002 where the participants from member economies and international organizations including the World Bank shared their experience on developing economic legal infrastructure and discussed the problems of enforcement of economic laws.

More opportunities for collaboration could include:

- Sharing training materials
- Exchange of information on project planning
- Joint projects including on structural reform

ANNEX 6

COUNTER-TERRORISM CAPACITY BUILDING IN APEC

Prepared by Counter-Terrorism Task Force

THE NEED TO BUILD CAPACITY TO FIGHT TERRORISM

Presented by Ambassador Makarim Wibisono,
the Chair of Counter-Terrorism Task Force
to the APEC-IFI's Roundtable Discussion

Phuket, Thailand, 19 August 2003

1. Introduction

In responding to the terrorist attacks, APEC's Leaders issued Statement on Counter Terrorism when they met in Shanghai in October 2001. Since then the need to secure the region's economy and trade from terrorism has become a major focus of APEC's agenda.

The terrorism looms as the major threat to regional economy and development. It is one of the most destructive threats to the APEC goals of free trade and investment. It not only ruins lives and destroys property, but also undermines market confidence and reduces economic activities, especially in the tourism industry.

Failure to address terrorism will undermine our collective efforts to reduce poverty and promote economic growth. Without a secure environment in which to operate, development programs and poverty reduction strategies will be ineffective.

Therefore, failure to act has severe repercussions and put economies at risk. The economic cost of a terrorist attack on US ports could be up to $58 billion for the US and reduce nominal GDP in Hong Kong, Singapore and Malaysia by 1.1 per cent. In the case of Indonesia, the Bali bombings resulted in a dip of about half a percentage point of its GDP growth but it really hit the small and medium enterprises sectors and tourism industry.

Terrorist acts have already imposed significant increased costs on all economies.

- The IMF estimates that the loss of US output resulting from terrorism related costs could be as high as 0.75 per cent of GDP or US$75 billion per year. The cost to the regional economy would be considerably higher.
- Other studies have shown an inverse (negative) correlation between the expected and actual per capita GDP in response to increased terrorist activity.

The cost to implement new counter-terrorism measures will require a substantial investment in new infrastructure. In the case of one area, shipping, the OECD calculates that the cost of implementing the International Maritime Organizations package of security measures contained in the SOLAS Convention and the ISPS Code to be over $US2 billion.

We believe that this infrastructure should be viewed as an investment that will reduce risk premiums and ensure that economic growth can continue. But not all economies have the funds available to implement needed counter-terrorism measures.

2. Unchecked Terrorism Undermines Trade

Terrorism and trade are inseparable. It is not only ruins lives and destroys property, but also has long-term impact on economies by undermining confidence and imposing new security cost. It increases insurance cost for cargoes and passengers. In the medium term this could lower investment and the output of affected sectors such as tourism.

Tourism is particularly affected by increased terrorism risks. In 2001, international tourist arrivals fell by 0.6 percent. Following the Bali tragedy, as of May 2003, overall Indonesia's tourist arrivals fell by 38 percent and fell by 58 percent for Bali only.

The threat of terrorism reduces investment and lowers economic growth. Increased risk perceptions undermine investor confidence. Higher risk premiums increase the required rates of return on investments thereby discouraging investment and retarding economic growth. And the currencies of economies with high risk premiums may experience higher exchange rate volatility.

- Modelling the impact of security risks on private investment and growth in 53 developing countries showed that when security risks were reduced, economic growth increased by 0.5 to 1.25 percentage points per year.
- ASEAN is particularly at risk. Investments in potentially higher return, long-term energy and infrastructure projects are highly sensitive to increased perceptions of security risk.
- Terrorism's impact on investment has also been shown in a study that looked at data from 1975 to 1991. It found that heightened terrorism reduced average annual net FDI inflows to Spain by 13.5 percent and to Greece by 11.9 percent.

The threat of terrorism is likely to hurt developing economies more given their greater reliance on trade and capital inflows. And developing economies that are perceived to be failing to deal effectively with terrorists have more difficulty in attracting FDI.
Due to regional and international economic linkages, terrorist acts in one economy can impose significant costs on other regional economies. Therefore international and regional cooperation is essential to reduce the threat of terrorism.

3. APEC's Response

APEC responded swiftly to the tragic events of September 11, 2001. In October 2001, APEC Leaders issued the Statement on Counter Terrorism that committed APEC to support the global fight against terrorism.

In October 2002, a month after the terrorist bombing in Bali, APEC Leaders issued their 2002 Statement on Fighting Terrorism and Promoting Growth. The Statement committed member economies to further measures to combat terrorism and to a specific timetable for their adoption.

3.1 Counter Terrorism Action Plan

In February APEC Senior Officials endorsed a Counter Terrorism Action Plan. The Action Plan lists specific objectives and expected outputs by economies to secure cargoes, to protect people in transit, to secure ships engaged in international voyages and international aviation, to halt the financing of terrorism; to enhance cyber security; to secure energy supplies and to protect the health of our communities.

The Action Plan recognizes that capacity building and the assessment of needs are essential to its successful implementation. It encourages all APEC members to both identify their capacity building needs and outline what assistance they can offer in the area of capacity building.
APEC Senior Officials also established a Counter-Terrorism Task Force to:

- Co-ordinate the implementation of the Leaders' Statement on Fighting Terrorism;
- Assist economies to assess their counter-terrorism needs;
- To co-ordinate regional and bilateral capacity building and technical assistance programs, including through consultations with international financial institutions
- To cooperate with other international organizations such as the International Maritime Organization, the World Customs Organization and the International Civil Aviation Organization; and
- To facilitate cooperation between APEC's Working Groups and Committees on counter-terrorism issues.

3.2 Specific Programs to Counter Terrorism

APEC's programs are designed to strengthen security against the terrorist threat while simultaneously boosting trade efficiency. An important aspect has been to ensure that increased security measures added efficiency to trading and travelling across borders.

3.2a. Enhanced Aviation and Maritime Security

The Third APEC Transportation Ministers Meeting in May 2002 in Lima, Peru agreed to support the actions and initiatives undertaken by ICAO and IMO in aviation and maritime security.

3.2b. STAR

In October 2002, APEC Leaders agreed to implement the Secure Trade in the APEC Region (STAR) initiative to protect key Pacific Rim infrastructure in the areas of trade, finance and information systems. The STAR initiative seeks to protect cargo by:

- Establishing a container security regime to identify and examine high risk containers; implementing the common standards for World Customs Organization electronic reporting and promoting supply chain security;
- Protecting ships engaged in international voyages;
- Protecting international aviation; and
- Protecting people in transit.

Partnership between the public and the private sector is essential in the defence against terrorism. At the STAR Conference in Bangkok on 23-25 February 2003, co-hosted by the United States and Thailand, APEC brought together key officials from government agencies and leading companies to address trade and security issues in the Asia-Pacific region.
This conference highlighted a range of programs to facilitate the secure movement of goods and people in the APEC region. Capacity building, in particular the need to strengthen the institutional capacity of governments, was cited as being essential to the success of the program. The 2nd STAR Conference will be held in Valparaiso, Chile on 5-6 March 2004.

3.2c. Suppression of Terrorist Financing

In October 2002 APEC Leaders endorsed the APEC Action Plan on the Financing of Terrorism. Each of the relevant members of APEC has signed and ratified—or is proceeding to ratify immediately—the International Convention for the Suppression of the Financing of Terrorism.

3.2d. Border Security

APEC is promoting the adoption of Advance Passenger Information systems (API) to enhancing border security while facilitating faster processing of legitimate passengers.

APEC's Informal Experts Group on Business Mobility is also strengthening the capacity of APEC economies to deal with border security issues through the implementation of several projects covering: document examination and fraud detection training; standards in travel document security and related issuance systems; and standard codes of professional conduct and service for immigration officers.

3.2e. Energy Security

APEC's Energy Security Initiative seeks to address disruptions in energy markets and enhance anti-piracy cooperation. A sea-lane oil disruption simulation exercise was conducted by APEC economies on 18-19 April 2002. The Energy Working Group is also establishing a network of APEC economies to share real-time information during oil supply emergency situations.

3.2f. Cyber Security

The Fifth APEC Ministerial Meeting on the Telecommunications and Information Industry (TELMIN 5), in May 2002 in Shanghai issued a Statement on the Security of Information and Communications Infrastructures. The Statement supports implementation domestically of the 10 measures included in General Assembly resolution 55/63 on combating the criminal misuse of information, taking into account international initiatives in this area, and further instructs the Telecommunications and Information Working Group to give special priority to and facilitate work within APEC on the protection of information and communications infrastructures.

4. Capacity Building

APEC Leaders have called that all APEC economies develop the capacity to participate fully in the endeavour to fight terrorism in the region. APEC Leaders have also committed to work cooperatively to build on the considerable counter-terrorism-related trainings and other assistances being undertaken in the APEC region. APEC member economies are also extending Counter Terrorism Capacity Building assistance to other APEC members.

APEC Senior Officials task the APEC Counter terrorism Task Force to co-ordinate regional and bilateral capacity building and technical assistance programs, including trough consultations with international financial institutions (IFIs).

For these reasons, APEC is also seeking to work with international financial institutions and the private sector to contribute to efforts to build counter-terrorism capacity. We appreciate the cooperation from the ADB and the IMF to fight money-laundering activities. But much more needs to be done, in particular in the area of maritime and airline transport security as well as to secure the movement of goods and people within the APEC region. And APEC's limited resources can only fund small scale or pilot projects such as strengthening institutional capacity or feasibility studies.

Given the potential terrorism has to destroy economies and societies, providing adequate finance to assist APEC members, particularly developing economies to counter terrorism must be one of the core priorities for International Financial Institutions.

LIST OF COUNTER TERRORISM CAPACITY BUILDING ACTIVITIES AND NEEDS

1.   STAR (1): Cargo Protection

1.1.   CB projects implemented
(a)   APEC Projects
- 1st STAR Conference (Bangkok, 23-25 February 2003)
- Symposium of Maritime Experts to Assist in Implementation of the STAR Initiative (Melbourne, 18-20 June 2003)

(b)   Non-APEC Projects
- Lloyds List DCN Port and Maritime Security Conference (Sydney, 1-2 May 2003)
- Technical Cooperation for Customs (Tokyo, 2000, 2001, 2002)
- Asian Export Control Seminar (Tokyo, 2000, 2001, 2002, 2003)
- Administration of Security Export Controls (Tokyo, 2000, 2001, 2002)
- WCO Symposium on Security and Facilitation of the International Trade Supply Chain (Yokohama, 2-4 April 2003)

1.2.   Future CB projects
(a)   APEC Projects
- 2nd STAR Conference (Chile, February 2004)
- APEC High Level Meeting in Maritime Security Cooperation (Philippines, 8-9 September 2003)
- Port Security Proposal for Self-Conducted Port Security Assessments (US)
- APEC Supply Chain Security Guidelines Project (US)

1.3.   Necessary CBs
General
- Exchange information/views among port manager, shipping companies and government authorities (customs, port, etc).
- CB to introduce new technologies (information technology, etc) to improve safety in ports.
- CB for the private sector (cargo carriers, etc) to strengthen the cargo security
- CB in legal infrastructure area (standardisation of procedures, etc).

Supply Chain
- CB to secure the safety through the use of supply chain guideline.
- CB to promote cooperation in supply chain security.

Container Security
- CB to/among the Customs authorities.
- CB to improve Custom administration.

2.   STAR (2): Protect ships engaged in international voyages

2.1.   CB projects implemented
(a)   APEC Projects
- 1st STAR Conference (Bangkok, 23-25 February 2003)
- Symposium of Maritime Experts to Assist in Implementation of the STAR initiative (Melbourne, 18-20 June 2003)
- Enhancing Secure Trade and Efficiency in the APEC Region with Intelligent Transportation Systems (ITS) and e-Commerce

(b)   Non-APEC Projects
- Lloyds List DCN Port and Maritime Security conference (Sydney, 1-2 May 2003)

- Maritime Law Enforcement Seminar (Tokyo, 2001, 2002)

2.2. **Future CB Projects**

(a) **APEC Projects**
- 2nd STAR Conference (Chile, February 2004)
- APEC High Level Meeting in Maritime Security Cooperation (Philippines, 8-9 September 2003)

(b) **Non-APEC Projects**
- Maritime Law Enforcement Seminar (Tokyo, 2003)

2.3. **Necessary CBs**
- Exchange of information
- Promote cooperation with private sectors related to shipments and maritime safety
- CB in information technology area; Technical support for communication satellite such as GNSS
- Anti-piracy cooperation, especially in Southeast Asian sea area.
- CB to introduce/operate ISPS (International Ships and Port Facility Security Code)
- CB to implement SOLAS (Safety of Life at Sea)
- Establishment of a model sea port for port security
- CB to conclude agreements for mutual support and cooperation among maritime safety agencies
- CB to conclude related conventions, and strengthening domestic legal system.
  - *Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation*
  - *Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf*
- Promote cooperation with International Maritime Organisation (IMO)

3. **STAR(3) : Protect International Aviation**

3.1. **CB projects implemented**
(a) **APEC Projects**
- 1st STAR Conference (Bangkok, 23-25 February 2003)
- Terrorism Crisis Management Exercise Phase 1: Feasibility Study
- Assistance for Promoting 100% of Screening of Baggage
- Support for Aviation Security Audits Phase 1: Preparation for ICAO Universal Security Audit Programme (USAP) Audits

(b) **Non-APEC Projects**
- Seminar on Aviation Security (Japan, 2001, 2002, 2003)

3.2. **Future CB Projects**

- 2nd STAR Conference (Chile, February 2004)

3.3. **Necessary CBs**
- Information exchange/promoting cooperation with private sector (aviation companies, etc).
- CB to effectively combat terrorism such as hijacking.
- CB for highly effective (100%) screening of air cargo and Baggage; for introduction of new technology (screening equipment, etc).
- Technical support in ICT for exchange of air service information and introduction of electronic application Systems.
- Support for ICAO (International Civil Aviation Organisation) aviation security action plan.

- CB to implement measures in accordance with ICAO's international standards and recommendation regarding security measures and crisis management of aviation.
- CB to improve domestic legislation and regulation to conclude treaties regarding aviation safety.
  - ✧ *Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation*
  - ✧ *Convention for the Suppression of Unlawful Seizure of Aircraft*
  - ✧ *Convention on Offence and Certain Other Acts Committed on Board Aircraft*
  - ✧ *Convention for the detection of plastic explosives.*
  - ✧ *Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, done at Montreal on 23 September 1971*

4.   STAR (4): Protect People in Transit

4.1.   CB projects implemented
(a)   APEC Projects
- Capacity Building in Immigration Border Management / Advance Passenger Processing (APP)
- APP Feasibility Studies (Australia)
- APEC Capacity Building in Immigration Border Management － Travel Document Security（Sydney, 16-18 July）
- Capacity Building Strategy–Legal Infrastructure（Bangkok, 22-25 July 2003）
- Professional Service for immigration officers (Australia)

(b)   Projects by member economy
- Immigration Control Administration Seminar (Tokyo, 2001,2002)
- Seminar on Immigration Control (Tokyo, 2001,2002)
- Seminar on Document Examination (Tokyo, 2001,2002,2003)

4.2.   Future CB Projects
(a)   APEC Projects
- APEC Smart Border Symposium (Canada, 29 September- 1 October 2003)
- 2nd STAR Conference (Chile, February 2004))
- Regional Immigration Alert System (RIAS) (Chile)

(b)   Non-APEC Projects
- Immigration Control Administration Seminor (Tokyo, 2003)
- Seminar on Immigration Control (Tokyo, 2003)
- Seminar on Document Examination (Tokyo, 2004)

4.3.   Necessary CBs
- CB to standardise immigration procedure
- CB to increase transparency of entry/residence procedure
- CB to strengthen security on issued travel document (passport, visa and certification)
- CB to improve legal infrastructure
- CB for airline companies in order to strengthen border management
- Cooperation between immigration authorities and international organisations such as ICAO and IATA
- CB to introduce/operate biometrics measures for travel document
- CB to establish/develop code of conduct for immigration officials
- API (Advance Passenger Information) / APP (Advance Passenger Processing)
  - CB to introduce API/APP systems (including legal infrastructure)
  - CB to standardize items on API systems
  - Study and technical assistance for Regional Immigration alert system

5.   **Halting Terrorist Financing**

5.1. *CB Projects implemented*
        Non-APEC Projects
        - Seminar on Organised Crime in the Asian Region (Japan, 2001,2002,2003)
        - Workshop for Indonesian FIU regarding FIU management (Japan, 3 July 2003)
        - Conference on combating money laundering and terrorist financing (Australia and Indonesia, 2002)
        - Assistance provided by the Asian Development Bank, financed by the Government of Japan (2002).

5.2. *Future CB Projects*
(a) **APEC Projects**
        - Training Course on Anti-Money Laundering/ Anti-Terrorist Financing Policy Development (Canada, October, 2003)
(b) **Non-APEC Projects**
        - Provision of a Compliance Manual for Commercial Bank Staff (Tokyo, 2003)
        - Seminar on Organised Crime in the Asian Region (Tokyo, 2004)

5.3. *Necessary CBs*
        - CB to improve domestic legal infrastructure to halt terrorist financing such as alternative cash transfer.
        - CB for governmental agencies to supervise financial sectors (banks, etc)
        - Especially halting terrorist financing, promote cooperation with IFIs
        - Information exchange between officials and private sectors regarding terrorists financing.
        - Support for concluding the International Convention for the Suppression of the Financing of Terrorism and UN Security Council Resolution 1373 and for implementing them by amending relevant domestic law.
            - International Convention for the Suppression of the Financing of Terrorism
        - CB for financial intelligence unit (FIU)

6.   **Promoting Cyber Security**

6.1. *CB Projects implemented*
        APEC Projects
        - Cybercrime Legislation and Enforcement Capacity Building Project (Bangkok, 21-25 July 2003)
        - Computer Emergency Response Team Awareness Raising and Capacity Building (Australia, 2003)

6.2. *Necessary CBs*
        - CB to improve domestic legislation on cybercrime
        - CB of law enforcement agencies
        - CB in security system technology

7.   **Other Areas for CB**
        - CB for ratification of other treaties for counter terrorism
            - *Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents*
            - *International Convention Against the Taking of Hostages*
            - *Convention on the Physical Protection of Nuclear Material*
            - *Convention on the Marking of Plastic Explosives for the Purpose of Detection*
            - *International Convention for the Suppression of Terrorist Bombings*
        - CB for effective response to biochemical terrorism
        - CB for crisis management

ANNEX 7

Knowledge-Based Economies
Prepared by: Thailand

BACKGROUND PAPER FOR THE APEC DIALOGUE WITH INTERNATIONAL FINANCIAL INSTITUTIONS

THE ENGAGEMENT OF INTERNATIONAL FINANCIAL INSTITUTIONS (IFIs) IN APEC'S KNOWLEDGE-BASED ECONOMY (KBE) ACTIVITIES [3]

By Medhi Krongkaew

Abstract

This paper argues that modern economies in the increasingly globalised world must be able to make better uses of existing knowledge and technology, and able to adapt, adopt or generate their own knowledge or technical know-how in order to survive and prosper. But while various attempts to use various tools such as the Information and Communication Technology (ICT) to make the economy a knowledge-based economy (KBE), this knowledge should be made to lead to greater trade and investment, increased economic welfare and reduced poverty as well. It is through this KBE activities to increase trade, investment, welfare and reduce poverty that provide necessary linkage for APEC economies or its various forums such as the ESC to work with such international financial organizations as the World Bank, the Inter-American Development Bank, and the Asian Development Bank because these IFIs also have the same objective.

However, the existing concern of these APEC economies or forums is how to work together with these IFIs for the mutual support and cooperation of their activities. This is not difficult as these IFIs are reaching out to work more closely with other organizations or institutions having the same objectives. What have been undertaken within the APEC process may also have indirect impacts on poverty reduction such as the 2000 Brunei Declaration would aim at increasing the number of internet users in the less developed APEC region which could result in their ability to earn more income. Or the successful implementation of the 'E-APEC Strategy' which will strengthen market structure and institutions, and enhance human capacity building and entrepreneurship for better economic livelihood. APEC economies or forums may have to put more efforts on the use ICT to bring about increased economic welfare and poverty reduction through greater productive efficiency. **The opportunity to engage the IFIs and to work more closely with them should enable the APEC process to reach the Bogor Goals in the APEC region more quickly.**

1. Introduction

Since the year 2000, many innovative economic and technical cooperation (ECOTECH) activities have taken place under the initiatives, leadership, and supervision of the SOM Committee on ECOTECH (ESC). In 2001, for example, the ESC was able to encourage APEC members to prepare, on voluntary basis, their selected individual action plans on human resources development to be called ECOTECH Action Plans (EAPs). The ESC was able also to establish the Human Capacity Building Coordinating Group (HCBCG) to prepare the first Human Capacity Building Strategy Report for APEC SOM. However, these activities fall under what are generally known as 'Type I Activities', that is activities that are initiated and implemented within the realm of APEC inter-governmental agencies and fora. In other words, these activities are what APEC officials and those who are formally related to it are doing with respect to ECOTECH agenda. Even in 2000, it was already decided this was not enough. ECOTECH activities should also include 'Type II Activities' where organisations or institutions outside proper official APEC governmental networks are invited to participate or engage in joint activities. In the beginning, many now well-known organisations such as the APEC Business Advisory Council (ABAC), the Pacific Economic Cooperation Council (PECC), and the APEC Study Centers (ASCs) have been invited to get involved in APEC ECOTECH activities, but now the list of important outside participants include several international financial institutions (IFIs)

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[3] Revised version of the paper presented at the Third ECOTECH Committee (ESC) Meeting in Phuket, 17 August 2003.

such as the World Bank, the Inter-American Development Bank (IADB), and the Asian Development Bank (ADB).

In a way, the engagement of these IFIs could be looked upon as a natural consequence of an event that is bound to happen sooner or later. The above named IFIs have been active in development lending within the Asia Pacific region for much longer than the life of APEC. But, as both APEC and these IFIs aim at the increased welfare or economic well-being of the people in the region through trade and investment, and general development efforts, the need to work together becomes even more imperative. However, some common working relations or *modus operandi* need to be established before such fruitful engagement could take place, and this may not be easy. For example, Andrew Elek, an expert on APEC, once said that, while the ADB and the World Bank were willing to become involved in principle, they could not be expected to respond to a 'shopping list' of hundreds of activities. [4] Engaging these institutions effectively will require a much sharper definition of priorities for capacity building.

In the four areas that form the short-list of ECOTECH priorities endorsed by APEC SOM this year, namely the integration into the global economy; counter-terrorism capacity building; promoting the development of knowledge-based economy (KBE); and addressing the social dimension of globalization, this paper addresses the issue of the linkage between third theme, promoting the development of KBE, and the main focus of activities of the three well-known IFIs, namely the WB, IADB, and ADB. The next section, Section 2, takes a brief look at the nature and requirements of a KBE in APEC. Then Section 3 analyses the main missions of the said IFIs to see how APEC can interest them to get involved with APEC activities. Section 4 will attempt to establish a common ground for such a linkage, with some samples of activities. Finally Section 5 concludes with recommendations on what need to be done next.

2. The Nature and Requirements of a KBE, and Experience in APEC

There is already very rich knowledge and understanding of KBE in APEC. Since 2000, the APEC Economic Committee (EC) has conducted successive studies on KBE and its derivatives (such as problems and prospects of the New Economy and Digital Divide).[5] These studies have formed a basis under which various APEC Working Groups and forums have prepared their project proposals, and have these projects funded by the APEC Central Funds and other funding sources in the last several years.

In Box 1, the APEC Economic Committee has attempted to give a simple explanation to the meaning of a KBE. It is obvious that a KBE is an economy which needs and uses knowledge as the main driver of its growth and expansion. It has further clarified that this knowledge is more than just 'technological' knowledge but includes cultural, social, and managerial knowledge as well. However, what lies underneath this concept of knowledge did not get mentioned in the box, but appeared in other part of the EC 2000 Report. In other words, the most important precondition for a KBE is basic education. This is what lies underneath the fundamental concept of knowledge. As the EC puts it, basic education is a long-term investment, without which a KBE is unsustainable. It has further elaborated that in a fully developed KBE, high quality education services that are both widely available and widely used are a major priority for the economy and society, of which without this background it is virtually impossible to build the other elements of the national knowledge base (such as R&D) to the level needed by a KBE (see EC, 2000, p. xi).

Concurrently with the achievement in quality basic education, a KBE needs the use and mastery of information and communication technology (ICT). Again as the EC puts it, ICT can be seen as an enabling technology for a KBE. Advanced information systems bring down the cost of information, facilitate access to wider pools of information, and promote the spread of ideas. Moreover, a fully developed KBE has an advanced communications network and a

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[4] Andrew Elek, 'Promoting ECOTECH in APEC: Bridging the Digital Divide and Other Issues', Issues Paper prepared for the Foundation for Development Cooperation (FDC), Beijing, April 20, 2001.
[5] The three successive studies by the EC are, for 2000, 'Towards Knowledge-Based Economies in APEC'; for 2001, 'The New Economy and APEC'; and for 2003, 'The New Economy in APEC: Innovations, Digital Divide and Policy'.

policy and regulatory framework that encourages competition and supports the development and use of information hardware and applications. Finally, in order for a KBE to flourish, the social, political, economic and legal framework of the economy must support an open environment for trade and investment. Some even go further as to say that a KBE needs more than an open trade and investment system; it needs an open society where the creativity of the free people is at the heart of a productive KBE.

Beyond the above preconditions, several areas of activities in a fully developed KBE could be conceived. The APEC EC recommends four areas in which an advanced KBE could get involved in:

(1) Innovation systems: In this economy, innovation and technological change are pervasive, and are supported by an effective national innovation system (that is, a network of institutions in the public and private sector whose activities and interactions initiate, import, modify, and diffuse new technologies and practices).
(2) Human resources development: In this same economy, human resources development is also pervasive. Education and training are of high standard, widespread and continue throughout a person's working life.
(3) ICT infrastructure: An efficient infrastructure operates, particularly in ICT, which allows citizens and businesses to readily and affordably access pertinent information from around the world.
(4) Business environment: This is the economy where the business environment (that is, the economic and legal policies of government, and the mix of enterprises operating in the economy) is supportive of enterprises and innovation.

Table 1 summarises the policy framework that facilitates progress towards a KBE. Drawing on the four policy directions set out above, the EC further suggests directions of APEC action for each area that could be pursued through relevant APEC technical working groups and other APEC forums as follows:

Business Environment
The following three areas could be considered:
(a) Trade, Investment and Legal Systems: pursue multilateral agreements for FDI facilitation in the region, improving the level of automation of investment-related documentation, create an investment promotion body to generate and distribute 'best practices' in legal systems;
(b) E-Commerce: improve the level of related infrastructure in each economy, establish and coordinate legal systems pertaining to e-commerce, establish 'e-payment systems';
(c) Policy Coordination: improve the computerisation level within APEC economies and build a computer network among governments, improve efficiency in contents management through standardisation of ICT area, establish a broadband network in APEC using the World Wide Web, coordinate policies for promoting Small and Medium Enterprises (SMEs) in APEC economies, establish programs (including education and training) to assist developing member economies to move towards KBEs.

Innovation Systems
Challenges which APEC members economies can address collectively include: cooperating in basic research, identifying and disseminating non-technology-based knowledge of developing economies to promote innovative systems of more developed economies, sharing best practices in strengthening innovation systems, enhancing networking between firms and public institutions, providing the right climate for business innovation, and creating an APEC system for promoting flows of knowledge about innovations and innovation systems.

Human Resource Development (HRD)
Potentially fruitful directions in which APEC's cooperative actions in HRD could be reinforced include: enhancing HRD assistance in developing economies through the internship of young IT experts from other economies; increasing assistance in training by large private companies (the 'Fortune 100 in APEC'); establishing a labour market information system and fostering linkages between learning and work, improving skill development through cooperation and participation; expanding e-education programs; and strengthening linkages between the APEC working groups on HRD and services.

Information and Communication Technology (ICT)
In order to close the knowledge gap among the APEC member economies, specific measures of cooperation in the area of ICT would be required, including: production of APEC ICT-related statistics; provision of a database of country-specific information; promoting the networking of medical and educational institutions; and effective propagation of the results of projects undertaken by the APEC Telecommunications and Information Working Group (through the proposed Knowledge Clearing House).

In the past few years, several APEC working groups and forums have undertaken several KBE projects. As can be seen from Table 2, most of these KBE activities were undertaken by the Telecommunications Working Group (12 out of 31 projects), followed by the Committee on Trade and Investment (CTI) (5 projects), the Human Resources Development Working Group (4 projects), the Transportation Working Group (3 projects), and so on. The pertinent question to be asked now is: How these activities can be linked up with the activities of the aforementioned IFIs? If such linkages cannot be established, it will be difficult to generate these Type II activities between these IFIs with the APEC process. It is imperative, therefore, that we understand the core activities of these IFIs before we consider any possibilities of their engagements.

3.   Current Missions and Activities of IFIs

Of the three IFIs mentioned at the beginning of the paper, the International Bank for Reconstruction and Development (IBRD) or the World Bank (WB) is the most well known. And as an international development bank, what the World Bank does is also what the other two international development banks do, that is to mobilise savings of richer countries and lend it to poorer countries for investment in various sectors that will bring about faster and higher rates of economic growth and expansion, and subsequently greater income and welfare of their peoples. There are more IFIs that we could talk about, such as the International Monetary Fund (IMF), or the African Development Bank (AfDB), but since these IFIs either are not long-term development banks, or lie outside the general interest areas of the Asia Pacific, they will not be discussed here. [6]

It is not far from the truth to say that the recent financial and economic crisis in East Asia in late 1990s has helped reshape the goals and objectives of these IFIs. Despite the low interest charges that these international development banks levied on borrowers, these international development banks do not operate differently from any commercial banks in the sense that, finally, the whole operation must bring in profits. The performance records of these international development banks especially the World Bank have always been successful in the last several decades, yet several developing countries especially in Africa continue to suffer from lack of development despite high level of indebtedness. Even in the fast-growing and more prosperous East Asian region, the severe economic and social problems brought about by the financial and economic crisis in late 1990s have prompted or forced these international development banks to reassess their goals and objectives. And almost by coincidence, they have arrived at one common and most important objective of their missions and operations: economic well-being of the people of which poverty reduction is a major component, along with other development goals such as sustainable economic growth and environment. To prove this point, we can look at the statements of missions of each of these international development banks.

The World Bank
Very succinctly, the World Bank states that its mission is to see a world without poverty. More exactly, the World Bank mission is to reduce poverty and improve living standards through sustainable growth and investment in people.

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[6] The main reason the IMF is not included in the discussion is because unlike the WB, the IMF provides short-term credit for member countries suffering from balance-of-payments problems. Although recently the IMF has extended its role beyond it short-term provision of balance-of-of-payments credit into development issues such as poverty reduction as well, there is no general agreement that this is appropriate. In fact, there is a great deal of debate on the role of the IMF vis-à-vis the World Bank on the handling of the recent East Asian financial crisis. Until there is greater acceptance otherwise, the role of the IMF is still limited to balance-of-payments problems financing rather than development financing.

The Inter-American Development Bank (IADB)
The two main objectives of the IADB as set out in its institutional strategy are poverty reduction and social equity, and environmentally sustainable growth.

The Asian Development Bank (ADB)
Equally succinct, the ADB's overarching goal is to reduce poverty and improve the quality of life of people in the Asia and Pacific region.

The arrival of this most important objective of economic well-being of the people (including poverty reduction and its subsidiary objective of reduced income inequality) is not by joint agreements of decisions, but from individual perception of the importance of this economic and social happening. Each organisation has also developed similar approaches or techniques that are likely to bring about the desired result increased economic well-being and poverty alleviation. As the World Bank is the most established of these IFIs, perhaps it is appropriate to understand the approaches or techniques to increase economic well-being including poverty reduction of these IFIs by looking at what the World Bank has done in the past few years.[7]

First of all, the World Bank strongly believes that poverty reduction depends very much on sustained economic growth, and sustained economic growth is likely to be an outcome of two development efforts:
(1) the creation of good investment climate whereby the private sector could invest and produce efficiently, in a way that generates jobs and productivity growth;[8] and
(2) the empowerment and investment in the poor people so that they can participate in growth.[9]

Along these two basic strategies, the World Bank can and do perform three functions: (a) provide development loans that aim towards the above two development efforts, (b) provide grants that will do the same as in (a), and (c) provide expertise through sector studies or analytical work that help the government in question to understand the problems and the ability to solve them. Additionally, another innovative activity by the World Bank recently has been the promotion of Poverty Reduction Strategy Paper (PRSP) whereby each country is encourage to carry out poverty studies and how to solve poverty problems by engaging all the people in all sectors of the economy, so that once everyone 'owns' the project, the incentives to achieve the end results (poverty reduction) are much greater. These changes towards poverty reduction and its allied activities are also clear from the composition of lending categories. As can be seen from Table 3, the reduction in private sector and infrastructure development between 1961/70 and 1991/01 has been most dramatic. And equally dramatic are the increase in lending for human development network, of which education and health are the chief activities.

To conclude, the present focus of most of IFIs at least as represented by the work of the World Bank appears to be on one prominent theme of increased economic well-being especially poverty reduction. In APEC itself, it is already well-known that ECOTECH reflects the pursuit of APEC's common objectives and goals through cooperative activities to attain sustainable growth and equitable development, while reducing economic disparities among APEC economies and improving economic and social well-being. In short, both APEC and most IFIs have the same common goals. The pertinent question is how we can induce the two

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[7] Information for the following account is gathered from Ian Goldin, Halsey Rogers and Nicholas Stern in 'The Role and Effectiveness of Development Assistance: Lessons from World Bank Experience', a research paper from the Development Economics Vice Presidency of the World Bank, June 2002.
[8] According the World Bank, the investment climate consists of all the factors that most influence private-sector decisions: macroeconomic stability and openness, governance and institutions, and infrastructure. See Goldin, Rogers and Stern, 2002.
[9] Whereas good investment climate provides general conditions for poverty reduction, the government need to target poverty more directly, notably by equipping poor people with the tools necessary to contribute to growth, such as education and health, and by giving them access to infrastructure and financial services. Again according to Goldin, Rogers and Stern (2002), people are empowered when they are given the ability to shape their own lives, whether through greater capabilities or through participation in decision-making.

organisations to work more closely together so as to help accelerate the fulfilment of our goals. This is the subject of the next section.

4. Linkage Between APEC and IFIs

In Section 2, we have established that we can use, and indeed we have used, KBE tools and activities to achieve the goal of increased economic welfare and well-being of the people in the APEC region. The use of these KBE tools and activities could be the same means to arrive the same ends of increased people's welfare and well-being. As depicted in Figure 1, economic well-being is set at the top of diagram representing the common goal for both the APEC ESC and the IFI. The horizontal arrow goes both ways between APEC ESC and the IFIs, meaning that both organisations could support each other in their respective endeavour. The arrow then points upward to the same means of the use of KBE tools and activities to eventually achieving the ultimate goal of increased well-being of the people. This may require that we try to understand each other's approaches and activities, and help each other when necessary.

Figure 1: Mechanism of Engagement of IFIs in APEC
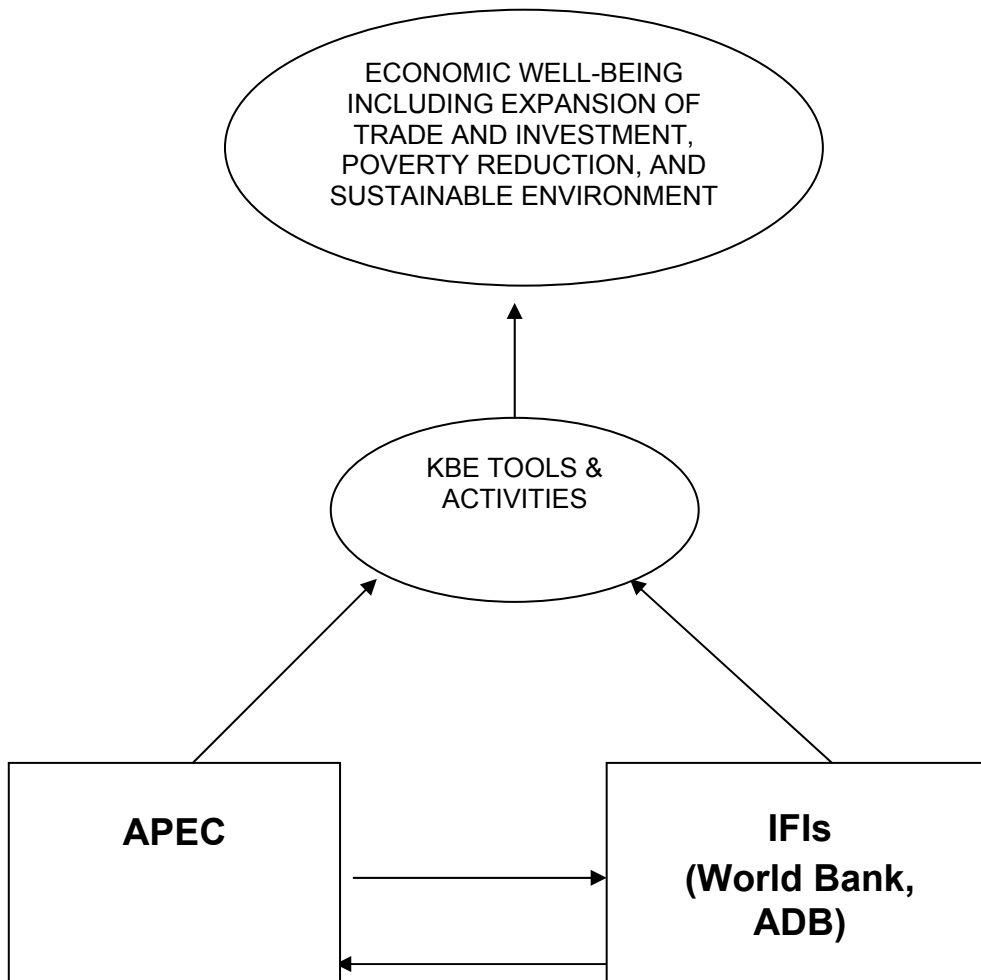
The next step is to see how each organisation could use KBE tools and activities to promote economic welfare of the people. With the APEC itself, the Economic Committee has already recommended several activities. The following activities undertaken by the ESC and other APEC forums are informative:

(a) The 2000 Brunei Declaration
At the APEC Summit in Brunei in 2000, APEC Leaders had called for a policy framework which will enable the people of urban, provincial and rural communities in every economy in APEC to have individual or community-based access to information and services offered via the internet by the year 2010. And as a first step toward this goal, the Leaders aimed to triple the number of people within the region with individual or community-based access by 2005. This is a very clear indication of how important this ICT is to the life of modern people in the future.

(b) The e-APEC Strategy
In the 2001 Leaders' Declaration in Shanghai we have seen the launch of the e-APEC Strategy which is a forward-looking, long-term and action-oriented plan to do three things: one, to create an environment for strengthening market structure and institutions; two, to facilitate an environment for infrastructure investment and technology development; and three, to enhance human capacity building and promote entrepreneurship. Although it seems that the weight or focus of this plan swings more toward the first objective of economic efficiency in the macroeconomy, the reference to technology development and human resources development especially through ICT is within the purview of economic and technical cooperation (ECOTECH) in APEC, and community building in PECC.

(c) Other APEC Initiatives
There are several other APEC initiatives that can be qualified as ICT-based activities. The e-commerce activities under the special E-Commerce Steering Group (ECSG) have gone a long way toward trade without paper and trade without paper money. The e-government activities under the APEC Telecommunications Working Group have become widespread which increase the ease and efficiency with which the government can interact with its citizens and taxpayers, and vice versa. Many innovative activities under this e-government can be seen in many economies such as the practice of e-procurement and e-taxation. This year (2003), China and Thailand proposed a project called 'Innovative APEC' with an aim to help develop science and technology intermediary mechanisms within the APEC region through seminars, workshops, networking, training and joint research that will make APEC members 'innovative'. This project proposal has already received approval from the Budget and Management Committee of APEC.

(d) PECC Initiated Activities
As an official observer of APEC, the Pacific Economic Cooperation Council (PECC) has worked closely with APEC. Currently, many PECC members have been involved in many initiatives or activities that incorporate ICT. For example, Japan PECC has suggested that the PECC Telecommunications and Information Industry Forum (PECC TIIF) be restructured as a new taskforce under the CBF to be called 'PECC Networked Economies Taskforce' or 'PECC Net'. There is another activity organised under the aegis of PECC called 'EduPACT' based in the US which focuses on the promotion of IT literacy and skills in the Asia Pacific region. At the APEC TEL27 just concluded in Kuala Lumpur, one more project was submitted for consideration and was strongly supported. This is the 'E-University Network in HRD for E-Government Project' proposed by Japan PECC with Thailand as co-sponsor. This project aims to use university network in PECC to help train senior government officials and high-level executives on their capability in implementing e-government activities.

These above activities are basically KBE activities that may contribute indirectly to increased economic welfare and poverty reduction of the people. It is possible that we could design a set of policies or measures that have a direct bearing on, say, poverty reduction among the people. As an example, the National Electronic and Computer Technology Center (NECTEC) of Thailand has recently conceived a project that exactly addresses this issue. It wants to find out

how the use of ICT could be made to help several groups of people in Thailand, especially people who live in the rural areas to improve their livelihood and thus reduce their poverty. Table 4 sums up some existing or on-going projects. NECTEC is currently planning to extend its ICT for Poverty Reduction program to cover a much wider group of activities. Once completed, it will be the leader for the use of ICT, not just for the improvement or progress of Thailand as a KBE, but also for the further reduction of poverty in the country. This is the type of linkages that can be generated between APEC members and the IFIs such as the World Bank, the Inter-American Development Bank and the Asian Development Bank.

5. Concluding Remarks

In this paper, we have demonstrated that modern economies in the increasingly globalised world must try to make better uses of existing knowledge and technology, and must be able to adapt, adopt, or generate their own knowledge in order to survive and prosper. But while various attempts to use various tools such as the ICT to make the economy the knowledge-based economy (KBE), one must not lose sight of the fact that the APEC's Bogor Goals must also lead towards increased economic well-being and poverty reduction among the people. It is through these KBE activities and their ability to lead to increased welfare and poverty reduction that provide the necessary nexus or linkage for APEC economies or its various forums such as the ESC to work with international financial institutions (IFIs) such as the World Bank, the Inter-American Development Bank, and the Asian Development Bank. On the part of APEC, perhaps there is little need to launch a new search for KBE activities that have direct effects on increased economic welfare and poverty reduction as existing KBE activities may already have indirect effects on increased economic welfare and poverty reduction. For example, students who are able to use ICT knowledge and techniques well stand a better chance to benefit more from modern economy, resulting in better income and less chance to fall into poverty. Even easier to see is the case where a disabled person could avoid poverty if he or she is able to use ICT as a tools of employment.

The existing concern seems to be that many APEC forums are uncertain about how to work together with these IFIs. This is a valid concern as the APEC process is just beginning to be exposed to Type II activities with outsiders, and not everyone knows how to go about doing it yet. Equally of concern is the uncertainty of how these IFIs would react once the engagement has been made. However, it is interesting to point out also that there is also a reciprocal gesture from these IFIs to reach out and work more closely with other organisations or institutions having similar objectives. At the meeting in Prague in September 2000, the Board of Governors of the World Bank endorsed a focused set of priorities for Bank global programs, and these are reflected in the criteria for possible Bank action in global public goods:

- That the actions provide clear added value to the Bank's development objectives at the country level;
- That the global action by the bank catalyse resources and build collaborative partnerships;
- That Bank action play to its comparative advantage; and
- That there be an emerging international consensus that the issues calls for global action.

Using these criteria, the Bank has identified five priority areas for global public goods, namely:

- Communicable diseases
- Environmental commons
- Information and knowledge
- Trade and integration, and
- International financial architecture

These priorities and criteria now need to be incorporated by the Bank in a global strategy for the institution that can guide its global programs, much as—at the economy level—the economy assistance strategy guides its country programs. As is the case at the economy level, this strategy needs to evolve in close consultation with the relevant stakeholders.[10]

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[10] Information from Goldin, Rogers and Stern (2002), pp. 66-67.

In all, it can be summarised that there exists an exciting opportunity for the IFIs and APEC to work together for the betterment of the life of the people in the Asia Pacific region and achieving the Bogor Goals. In this particular area of the use of KBE tools and activities, increased economic welfare and poverty reduction could be directly and indirectly effected so that the joints efforts can bring about greater outcome than if each is acting alone. Contrary to what many people might have feared, the relationships between APEC economies and these IFIs have gone beyond the patron-client association or aid donor-recipient makeup. The use of ICT which has become more widespread as a result of recent freer and less restricted trade increases both the capability of the people to be more productive in their livelihood and the efficiency of the system they are living and working in.

Box 1: What is a Knowledge-Based Economy (KBE)?

A *Knowledge-Based Economy* is an economy in which the production, distribution, and use of knowledge is the main driver of growth, wealth creation and employment across all industries.

In this context, being a KBE means more than simply having a thriving "new economy" or "information economy" that is somehow separate from a stagnant "old economy". In a truly knowledge-based economy, all sectors have become knowledge-intensive, not just those usually called "high technology".

Important features of an ideal KBE include: an openness to trade, new ideas and new enterprises; sound macroeconomic policy; the importance attached to education and lifelong learning; and the enabling role of information and telecommunications infrastructure.

Note that the knowledge required by a knowledge-based society is wider than purely technological knowledge; for example, it includes cultural, social, and managerial knowledge. The knowledge possessed by an organisation is much more than the information written in its files, and includes its culture, the way in which people interact within the organisation, knowledge about the contacts they use to gain information from outside, and so on. The organisation's knowledge consists of its capability in integrating information with experience and expertise to take action. This assimilation is no mean feat; as one wit put it: "Today we are drowning in information but starving for knowledge".

Source: Reproduced from APEC EC, 'Towards Knowledge-Based Economies in APEC', November 2000, p. vii.

Table 1: Policy Framework to Facilitate the Progress Towards a Knowledge-Based Economy

Innovation Systems	Human Resources Development	Business Environment	ICT Infrastructure
- The science system and investment in basic research	- Level of basic education of population	- Regulatory environment	- Investment in ICT
- Promoting R&D	- Pool of scientific and engineering talent	- Intellectual property rights	- Building digital networks
- Diffusion of technology	- Lifelong learning	- Competition policy	- Increased access and use of ICTs
- M&E investment	- Job training	- Role of the financial markets and corporate governance	- Growth of electronic commerce and enterprises
- Openness to international trade and investment	- Organisational innovation	- Internationally competitive personal and corporate tax rates	
- Science/industry links	- Continuing education	- Macroeconomic fundamentals	
- Networking and collaboration	- Distance education	- Physical infrastructure	
- Financing of new technology-based firms			
- Clusters			

Source: Adapted from the Economic Committee (EC), Towards Knowledge-Based Economies in APEC,
Report by APEC Economic Committee, November 2000.

Table 2: Selected APEC Projects on Knowledge-Based Economy

No.	Project Number	Project Name
1	TEL 03/1998	Interactive Medical Curriculum Pilot Project
2	TEL 04/1998	Telecommunication Training Pilot Project
3	TEL 01/1999	APEC Distance Learning Project
4	TEL 03/1999	Symposium for Collaborative Strategies for Multimedia and World Wide Web Skills Development
5	TEL 02/2000	Interconnection Resources Project
6	TEL 03/2000	Distance Learning Training Courses Project
7	TEL 04/2000	APEC Distance Learning Project on Basic Telecommunications Technology
8	TEL 02/2001	Distance Learning Strategic Needs Analysis
9	TEL 01/2001T	Electronic Commerce Capacity Building
10	TEL 02/2002	APEC Distance Learning Project on Telecommunications Technology
11	TEL 02/2003	Research into Electronic Commerce Strategies for Rural SMEs in APEC
12	TEL 03/2003	Overview of Internet Protocol version 6 (IPv6): Bridging the Digital Divide
13	CTI 23/2000T	Business-to-Government (B2G) e-Service Website for Post-Market Surveillance of SdoC
14	CTI 02/2001T	SCCP Program to Implement Risk Management
15	CTI 03/2002	Revision of the website version of 'a guide to arbitration and dispute resolution in APEC member economies'
16	CTI 02/2003	Publication of the 5th Edition of the APEC Investment Guidebook
17	CTI 03/2003T	Towards a Cross-Border Paperless Trading Environment—Actions for Trade Facilitation
18	HRD 01/1996	Lifelong Learning Project
19	HRD 05/1998	Internet and Electronic Commerce: Training Based on Java Technology in APEC
20	HRD 01/1999	Maintenance of the APEC LMI Database
21	HRD 11/2002	APEC Network of Skills Development Center
22	TPT 01/2000T	Pilot Electronic Commerce Training in Maritime Transport
23	TPT 01/2001T	APEC Paperless Trading Demonstration Project—Electronic Transmission on the SANCRT Message
24	TPT 02/2001T	Electronic Port Manifests Project
25	ATC 01/1999S	Agricultural Technology Transfer and Training
26	ATC 01/2000	APEC Institutional Linkage for Human Resources Development in Postharvest Technology
27	EWG 03/1999T	Comprehensive linked database on mining and energy related legal framework within APEC Member Economies—Extension of Phase 2
28	EWG 03/2002T	Measuring the impacts of new economy technologies on the energy sector in APEC economies
29	SOM 01/2001T	Transforming the Digital Divide into a Digital Opportunity Phase 1: Symposium and Workshops
30	EC 05/1999S	Promotion of Knowledge-Based Industries (KBIs) in APEC Region
31	IST 01/1998	Establishing APEC Center for Technology Foresight—Phase 1

Source: Compilation from the APEC Secretariat's Website by Division of International Economic Policy, Thailand's Ministry of Foreign Affairs, 7 May 2003.

Table 3: Percentage Share of Total Lending by Network (Type of Lending)

	1961/70	1991/2001
1. Human Development (HD) Network: Education and Health	3.0	19.0
2. Environment and Social Sustainable Development (ESSD): Environment, Agriculture, Rural Development and Social Protection	13.0	15.0
3. Financial Sector Network (FSN)	9.0	9.0
4. Poverty Reduction and Economic Management (PREM): Governance, Public Sector, Gender and Economic Policy	5.0	9.0
5. Private Sector and Infrastructure (PSI): Infrastructure, Extractive Industries and Private Sector Development	70.0	38.0
Total	100.0	100.0

Source: Approximate from Figure 4.3 in Goldin, Rogers and Stern (2002).

Table 4: ICT for Poverty Reduction, Thailand

Project Name	Goal or Rationale	How Related to Poverty Reduction?
1. SchoolNet Thailand	To link all schools in Thailand with internet systems.	Students who are able to learn from the vast educational resources of the internet have a better chance of employment and economic success in life
2. Agricultural Information Network (AIN)	To develop agricultural information systems that can be used in and for agricultural production, agricultural management, and community development	When farmers can access and use necessary information for their production, management and marketing, their income should increase and risks reduced, resulting poverty reduction.
3. Community Access Telecenters in Thailand	To assist community centers throughout Thailand to link up among themselves and with the outside world	A more open and more knowledgeable community could help its members to cope better with external changes and benefit from increased personal and community capability.
4. Data Warehouse for Community Products	To systematically catalogue various products of community throughout Thailand for efficient trade and services	Increased trade in goods and services at the community level will bring in more income to community members, thus reducing existing poverty.
5. Automatic Web Translation Services	To provide machine translation (MT) between English and Thai through the internet	Ability to use English is still limited among most Thais especially in the rural areas. This service could help many rural people with language problems to use the internet more profitably.
6. Rural Telephone	To provide one of the most important communication channel for people in the rural areas of Thailand	Telephone services could bring in faster agricultural information, and facilitate and accelerate rural trade which should bring in greater rural prosperity and less rural poverty.

Source: Thailand's National Electronics and Computer Technology Center (NECTEC), ICT for Poverty Reduction: Examples of Programs/Projects in Thailand, Bangkok, July 2002.

ANNEX 8

Social Dimensions of Globalization

Prepared by: Social Safety Net Capacity Building Network–Korea

BACKGROUND PAPER FOR THE DIALOOGUE WITH INTERNATIONAL FINANCIAL INSTITUTIONS

ADDRESSING THE SOCIAL DIMENSION OF GLOBALIZATION

I.   **Introduction**

In its efforts to achieve growth and prosperity through trade and investment liberalization (TILF), and economic and technical cooperation (ECOTECH), APEC recognizes the need to pay closer attention to the social dimension of globalization.

APEC plans to continue its efforts to develop a better understanding among the public about the benefits of international trade and investment and how they can empower people, as well as micro, small and medium enterprises, to better manage the impact of globalization. Moreover, APEC can assist member economies in developing public policies to better absorb future economic shocks and to facilitate necessary structural adjustments. This will build on APEC's current work in areas such as health, financing, human resources development, access to information and social safety nets.

APEC has undertaken a variety of activities to help people adjust to the continuous process of economic opening. For example, the APEC Social Safety Net Capacity Building Network (SSN CBN) was established in 2002 to serve as a mechanism for information exchange and dissemination in the area of social safety nets. A number of other APEC Fora also engage in structural adjustment issues, including the Finance Ministers Process (FMP), the Economic and Technical Cooperation SOM Committee (ESC), the Economic Committee (EC), the Small and Medium Enterprises Working Group (SMEWG), the SME Microenterprise Subgroup (MEs), the Industrial Science and Technology Working Group (ISTWG), and the Gender Focal Point Network (GFPN). After several years of working on the social dimension of globalization, APEC recognizes that cooperation with international financial institutions (IFIs) can also help further its work in addressing the social dimension of globalization.

Therefore, the aim of this paper is twofold: first, to provide a snapshot of social safety net activities undertaken by APEC and the SSN CBN; second, to propose a possible way of developing relationships with IFIs and inviting their participation in the activities of APEC.

II.   **APEC's activities to address the social dimension of globalization**

As the social dimension of globalization came to the fore in the wake of the 1997 economic crisis, the issue of social safety nets was first discussed in APEC late that year under the broad theme of the "Impact of the Crisis".

It became more focused in Kuala Lumpur in 1998, when Leaders agreed that, as a matter of high priority, APEC should step up its efforts to address the social impacts of the crisis, and directed their Ministers to work with the Asian Development Bank (ADB), the World Bank, the Inter-American Development Bank and, where appropriate, public and private institutions to formulate strategies of concrete actions aimed at strengthening social safety nets.

In their 1999 Declaration, APEC Economic Leaders recognized further that income and wealth disparities between and within economies pose a challenge for social stability. Mindful of the role that well-designed social safety nets can play in economic adjustment and transition, Leaders welcomed the efforts of APEC economies and other institutions to address social safety net issues. This statement was reiterated and thus reinforced during the meetings in 2000 in Bandar Seri Begawan and in 2001 in Shanghai, China.

In 2000, Leaders instructed Ministers to make renewed efforts in APEC work on developing strategies to manage the required structural adjustment more effectively. They also asked Ministers to find ways to help those who became disadvantaged by economic changes. Tasked by APEC Leaders and Ministers in 2000, the Senior Officials' Meeting established the *Ad Hoc*

Task Force on Strengthening Social Safety Nets in February 2001. The Task Force had three meetings in 2001 in China.

At the APEC Joint Ministerial Meeting in October 2001 in Shanghai, Ministers welcomed the recommendations of the *Ad Hoc Task Force on Strengthening APEC Social Safety Nets* and endorsed the proposed establishment of the SSN CBN.

The SSN CBN was launched in 2002 and tasked with exchanging information and knowledge on the following 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.

Other APEC initiatives were also advanced in 2002 to address the challenges of globalization. The Dialogue on Globalization and Shared Prosperity was a key effort to discuss the benefits and challenges of globalization in a constructive manner. Representatives from the government, the private sector, academia and IFIs, gathered to hold an extensive dialogue on how to enable all APEC stakeholders to positively reap the benefits of globalization.

Another example of an APEC initiative to address the social dimensions of globalization is the significant focus that has been given to microenterprise development. APEC Economic Leaders acknowledged the importance of promoting micro-enterprises in achieving APEC's goals towards gender equity, economic growth, poverty alleviation, and the strengthening of social safety nets at their 10th Annual Meeting in Los Cabos. They welcomed the outcomes of the 2002 High Level Meeting on Micro-enterprises, as well as the decision made by the Ministers Responsible for SMEs to establish an APEC Sub-group for Micro-enterprises. They encouraged efforts to create an enabling policy environment and to promote market-based micro-finance to assure micro and small businesses and entrepreneurs have access to capital.

III.   Opportunities for closer collaboration between APEC and IFIs

Social safety net issues became increasingly important as the APEC region witnessed the 1997 economic crisis, which was accompanied by large increases in unemployment and the impact on the poor and vulnerable that far outlasted the crisis.

In this context, not only did IFIs play a crucial part in establishing economic stabilization strategies for many affected economies, they also provided technical assistance to governments in structural adjustment to economic globalization. In addition, concerned government agencies have been collaborating with IFIs in their efforts to design workable and efficient social safety nets that could alleviate any negative effects economic adjustment measures may have on the socially vulnerable.

In this respect, one APEC-wide issue that deserves closer attention, as manifested in the Leaders' Declaration in Los Cabos in 2002, is the important role that micro-enterprises play in strengthening social safety nets. Micro-enterprises (MEs) are widely regarded as highly effective not only in minimizing the costs of structural changes accompanying globalization but also in poverty reduction and wealth creation among socially disadvantaged groups. In many of the APEC member economies, however, formal financial services often remain out of reach for MEs.

We consider therefore, issues such as MEs, women and youth entrepreneurship as examples for collaborative efforts between APEC and IFIs, which have ample hands-on experience in modeling and implementing institutional arrangements in this and allied fields.
More specifically, collaborative activities may include:

a. *Information Sharing:* On this level of collaboration APEC and IFIs can exchange information on projects, programs, research, training courses and workshops concerning MEs. APEC can gain much from exchanging information with IFIs on their knowledge regarding, for example, how to build capacity and facilitate institutional arrangements, identify self-employment opportunities and related vocational guidance for vulnerable and disadvantaged groups, address the issues concerning testing and certification, and target those who most need assistance. Meanwhile, IFIs can be encouraged to communicate with APEC and have access to information on existing projects, which may prove helpful in designing future projects on economic adjustment and poverty reduction. At this phase of cooperation, however, many questions remain, including how to measure people's vulnerability to structural changes.

b. *Demand-Based Joint Projects*: APEC and IFIs can start a discussion on comparative advantages with regard to micro-enterprise issues and consider joint research projects or small-scale pilot projects to promote best practices. At this stage, the SSN CBN and related research groups can work to assess, for example, poor people's vulnerability and income trajectories during the time of economic opening. IFIs can contribute to APEC by collaborating on analytical works and providing recommendations. Collaboration can be extended to include assessing the training needs of microentrepreneurs and increasing accessibility to microfinance and business development services.

ANNEX 9

NUMBER OF PROJECTS CONDUCTED BY APEC FORA IN 2003 UNDER EACH ECOTECH PRIORITY THEME

NO. OF PROJECTS CONDUCTED BY APEC FORA IN 2003

UNDER EACH ECOTECH PRIORITY THEME

APEC Forum Priority Theme	ATC	CTI	EC	ESC	EWG	FIN	FWG	HRD	IST	MRC	SME	SOM	TEL	TP	TPT	TWG	Total
Developing Human Capital	7	12	0	1	2	0	1	11	2	2	1	1	3	4	1	0	**48**
Fostering Safe, Efficient Capital Markets	0	3	0	0	0	3	0	0	0	0	0	2	0	0	0	0	**8**
Strengthening Economic Infrastructure	0	8	2	0	10	0	0	0	1	0	0	0	1	0	3	1	**26**
Harnessing Technologies for the Future	0	10	0	0	0	0	0	1	3	0	0	0	7	0	0	0	**21**
Promoting Environmentally Sustainable Development	1	3	0	0	6	0	1	0	1	2	0	0	0	0	2	0	**16**
Encouraging the Growth of SMEs	0	2	0	0	0	0	1	0	1	0	1	0	0	0	0	1	**6**
Total	**8**	**38**	**2**	**1**	**18**	**3**	**3**	**12**	**8**	**4**	**2**	**3**	**11**	**4**	**6**	**2**	**125**

PROJECTS CONDUCTED BY APEC FORA UNDER EACH ECOTECH PRIORITY THEME – 1999 TO 2003

Priority Theme	1999	2000	2001	2002	2003
Developing Human Capital	82	70	53	75	48
Fostering Safe, Efficient Capital Markets	6	7	5	11	8
Strengthening Economic Infrastructure	25	21	12	11	26
Harnessing Technologies for the Future	51	49	27	15	21
Promoting Environmentally Sustainable Development	53	51	34	8	16
Encouraging the Growth of SMEs	21	22	17	8	6
Other	12				
Total	*25*	*220*	*148*	*128*	*125*

ANNEX 10

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

SUMMARY OF THE TYPES OF ECOTECH PROJECTS

CONDUCTED BY APEC FORA IN 2003

APEC Forum / Type of Activity	ATC	CTI	EC	ESC	EWG	FIN	FWG	HRD	IST	MRC	SME	SOM	TEL	TP	TPT	TWG	Total
Seminar/Symposium	6	19	1	0	6	2	3	5	4	2	2	0	3	3	1	0	**57**
Training	0	9	0	0	1	1	0	2	1	1	0	1	3	1	1	0	**21**
Survey or Analysis and Research	2	10	1	1	9	0	0	4	1	0	0	2	5	0	3	2	**40**
Database/Website	0	0	0	0	2	0	0	1	2	1	0	0	0	0	1	0	**7**
Total	**8**	**38**	**2**	**1**	**18**	**3**	**3**	**12**	**8**	**4**	**2**	**3**	**11**	**4**	**6**	**2**	125

TYPES OF ECOTECH PROJECTS CONDUCTED BY APEC FORA – 1999 TO 2003

Type of Activity	1999	2000	2001	2002	2003
Seminar/Symposium	46	58	59	44	57
Training	37	39	28	36	21
Survey or Analysis and Research	64	75	42	29	40
Database/Website	50	37	11	13	7
Other	53	11	8	6	
Total	250	220	148	128	125

ANNEX 11

HUMAN CAPACITY BUILDING PROMOTION PROGRAM

**List of Supporting Enterprises, Education /Training Institutes,
and Participating Member Economies**

Human Capacity Building Promotion Program

List of Supporting Enterprises, Education/Training Institutes, and Participating Member Economies

Supporting Enterprises, Education /Training Institutes
Cisco Systems,
Sun Microsystems,
Oracle Corporation,
Mcgraw-Hill Company,
Tsinghua Tongfang Co., Ltd,
China Petroleum & Chemical Corporation,
China Training Network,
Nankai University,
Kyoto University,
Tsinghua University,
University of Southern California.

Participating Member Economies:
Brunei Darussalam;
Canada;
Chile;
China;
Hong Kong, China;
Indonesia; Korea;
Malaysia; Mexico;
Papua New Guinea;
Peru;
The Philippines;
Russia;
Singapore;
Chinese Taipei,
Thailand
Viet Nam

ANNEX 12

DRAFT EVALUATION FRAMEWORKS

Generic Quality Assessment Framework for Project Proposals				
#	Criteria	Explanations	Comments (if any)	Assessment
1	Does the proposal clearly state which APEC priority theme will be addressed?	The proposal should have a clear and direct relevance to one priority theme set by APEC Ministers and Leaders.		
2	If the proposed project is not linked to the six priority themes then is it still justified?	The proposed project must be relevant to specific and priorities set by APEC Ministers and Leaders.		
3	Will the objectives clearly contribute to the priority theme?	Objectives should be clear and not too ambitious, and take account of the local political and institutional context.		
4	Are the objectives measurable and achievable?	Objectives should be measurable in quantitative or qualitative terms – what changes will occur to an identified group of beneficiaries, and by what extent?		
5	Are the outputs (the deliverables) linked to the objectives?	Objectives should drive project design and outputs.		
6	Does APEC have a comparative advantage in doing this project?	Project should be in an area where APEC can add value and build on lessons learned from other institutions.		
7	Is the proposal based on sufficient understanding of the situation and background research?	Has there been sufficient investigation into the problem to be addressed? Does the proposal take account of the work of other fora, and will there be any complementarity? Have lessons learned from past APEC projects been incorporated?		
8	Does the project proposal address cross-cutting issues or needs for collaboration with other fora?	These issues include: sustainable development, human capacity building, the New Economy, gender integration, equitable development within and between economies.		

Generic Quality Assessment Framework for Project Proposals

#	Criteria	Explanations	Comments (if any)	Assessment
9	Does the proposal conform to the 'Framework for the Integration of Women in APEC?'	Does the proposal have a plan or strategy to promote gender equity and to measure its impact on women?		
10	Is the implementation methodology clear and appropriate?	The way that the outputs and objectives will be achieved must be logical. Institutional and organisational arrangements must be clear and workable.		
11	Is funding support sufficient for project activities?	Budget proposals should take into account APEC funding constraints.		
12	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 suitably efficient and cost effective?		
13	Is there significant support and participation from either the private sector or non-government institutions?	Is the proposed project relevant to the private sector or non-government institutions? Their role and the expected benefits to them should be described.		
14	Have the main risks to successful implementation been identified and are they manageable?	Is the risk management plan sufficiently detailed and realistic?		
15	Is there a plan for monitoring and reporting?	There should be a simple schedule that identifies what will be monitored and how, and when reports are to be prepared.		
16	Will the outputs (the deliverables) meet the needs of the beneficiaries? (outcomes)	Outputs must be specific and of tangible benefit to the beneficiaries. There should be targets derived from an analysis of the situation.		
17	Does the proposal have a strategy to	The proposal should identify the main factors		

#	Criteria	Explanations	Comments (if any)	Assessment
	Generic Quality Assessment Framework for Project Proposals			
	make project benefits sustainable?	likely to prevent project benefits from lasting beyond project completion. Simple strategies must be developed to counter or manage each factor.		
18	Is there a plan for the dissemination of information and useful project findings?	Adequate information should be given about the plans for publicity and publication, including form and content, the budget and strategies to include women in the target audience.		
19	Any other relevant points?			
20	Final statement of suitability for APEC funding	Will the project make a sufficient contribution to APEC's mission to justify its funding? Make an informed judgement considering all the relevant factors including duplication with other projects, gaps in logic, major risks, quality of analysis, specificity of objectives and benefits.		

Final Score_____

Generic Quality Assessment Framework for Projects in Implementation

#	Criteria	Explanations	Comments (if any)	Assessment
1	Are the intended objectives and outputs being achieved as planned?	Is the project on track to achieve all the stated objectives and outputs within schedule and budget?		
2	Are there any unexpected risks to successful implementation?	Including (but not limited to) changes in the operating environment.		
3	Is the implementation strategy, including institutional and organisational arrangements, working well?	Are there any problems that impede project implementation?		
4	Is the project management professional?	Management procedures must meet the needs of implementation. Project start up should be smooth, implementation should be on schedule, and all working relations must be professional.		
5	Is the budget appropriate?			
6	Is the project complying with established APEC financial procedures?			
7	Is support and participation being received from the private sector and non-government institutions?	Are financial or other inputs being maintained at the agreed levels?		
8	Are the cross-cutting issues being well managed?	Specify any omissions or difficulties.		
9	Are women measurably benefiting?	Is gender equity being actively promoted? Have women significant roles in project implementation? To what extend do they share in the benefits?		
10	Is the monitoring and reporting	Monitoring and reporting must provide sufficient		

Generic Quality Assessment Framework for Projects in Implementation				
#	Criteria	Explanations	Comments (if any)	Assessment
	effective?	information to accurately assess project strengths and weakness.		
11	Are the results and findings being collected or being disseminated according to plan?	Are the lessons learned being recorded?		
12	Any other relevant point?			
13	Considering the above, in your judgement is the project on track to succeed?	Are the problems and shortcomings being overcome?		

			Generic Evaluation Framework at Outcome Level		

#	Criteria	Explanations	Comments	Assessment
1	In what way has the completed project contributed to addressing a priority APEC theme?			
2	Were all the objectives fully achieved?	Were there clear and measurable outcomes? What exactly were they? What skills were improved – from what level to what level; was capacity built and institutions strengthened – by how much? Was economic efficiency and performance increased – how is it measured?		
3	Were the risks to successful implementation well managed?	This should include any specific sector risks, plus environmental considerations, resource limitations and sustainability issues, and unintended effects.		
4	Did the completed project comply with established financial procedures?	Were fiduciary aspects monitored and reported sufficiently well to ensure compliance with agreed standards?		
5	Were all the outputs fully achieved?			
6	Were beneficiaries satisfied with project outcomes?			
7	Has there been an assessment of any training delivered?	Did trainees assess their training, are documents available?		
8	Did the project achieve any of the priorities of the Framework for the Integration of Women in APEC?	Were women consulted both during planning and implementation? Did the project take account any difference in needs of women and men?		

	Generic Evaluation Framework at Outcome Level			
#	**Criteria**	**Explanations**	**Comments**	**Assessment**
		Was any training given relevant to women? How were women encouraged to participate?		
9	Were the cross-cutting issues addressed in an appropriate way?	Were they identified and then 'mainstreamed' in the project, such as being included in the outputs and objectives?		
10	Was there close and collegial coordination with other APEC fora?	To what extent did other fora participate, and how was work coordinated between them?		
11	Did other economies actively participate in the project?	To what extent did other economies participate, and how was it coordinated?		
12	Was there active participation from the business/private sector or non-government institutions?	What was their role? Were the project outcomes relevant to them? What was their feed back?		
13	Were the lessons learned recorded and successfully disseminated?	Were the lessons learned succinctly described, could they be useful to other project, and have they been communicated to other interested parties?		
14	Are project benefits likely to be sustainable?	Are any constraints to the benefits lasting beyond project completion being addressed?		

Generic Evaluation Framework at Outcome Level

#	Criteria	Explanations	Comments	Assessment
15	Is there an opportunity for any follow-up projects?	What ideas or pending issues can be followed up?		
16	Any other relevant points?			
17	In your judgement has the project been successful?	To what extent were the objectives achieved and how relevant were they? What useful lessons have been leaned for future projects?		

Final Score_____

ANNEX 13

GLOSSARY

GLOSSARY

3Es	Economic Growth, Energy Security and Environmental Protection
ABAC	APEC Business Advisory Council
ACEC	APEC Cyber Education Consortium
ADB	Asian Development Bank
AEF	APEC Education Foundation
AELM	APEC Economic Leaders' Meeting
AEMM	APEC Education Ministers' Meeting
AfDB	African Development Bank
AFS	APEC Food System
AGGI	SOM Ad Hoc Group on Gender Integration
AICST	APEC International Centre for Sustainable Tourism
ANIE	APEC Network on Innovation and Entrepreneurship
ANMED	Database on Mining and Energy-related Opportunities
AOMM	APEC Ocean-related Ministerial Meeting
APCIC	Asia-Pacific Chemical Industry Coalition
APEC	Asia-Pacific Economic Cooperation
APIAN	APEC International Assessment Network
APII	Asia-Pacific Information Infrastructure
ASG	Air Services Group
ASTIC	APEC Agenda for Science and Technology Industry Cooperation into the 21st Century
ATCWG	Agriculture Technical Cooperation Working Group
AUS-AID	Australian Agency for International Development
BMC	Budget and Management Committee
CBN	Capacity Building Network
CCNA	Cisco Certified Network Associate
CCNP	Cisco Certified Network Professional
CCS	Core Characteristics Survey
CEPI	Consumer Education and Protection Initiative
CPC	Common Policy Concepts
CTI	Committee on Trade and Investment
CTSs	Counter-Terrorism Statements
EAP	ECOTECH Action Plan
EBN	Energy Business Network
EC	Economic Committee
EC	Electronic Commerce
ECERT	Web-based System for Electronic Health Certification of Agricultural Products
ECH	ECOTECH Clearing House
ECOTECH	Economic and Technical Cooperation
EDNET	Education Network
EESSI	European Electronic Signatures Standards Initiative
e-IAP	Electronic Individual Action Plan

EID	Emerging Infectious Diseases
ESC	SOM Committee on ECOTECH
ESIS	Energy Standards Notification System
EVSL	Early Voluntary Sectoral Liberalization
EWG	Energy Working Group
FAO	Food and Agriculture Organization
FEEEP	Impact of Economic Growth and Expanding Population on Food, Energy, and Environment
FMP	Finance Ministers' Process
FWG	Fisheries Working Group
GATT	General Agreement on Tariffs and Taade
GFPN	Gender fovcal point network
GIS	General Information System
GIS	Gender Integration Session
GPEG	Government Procurement Experts' Group
GPS	Global Position System
GSTAB	Gender Science and Technology Advisory Board
HCB	Human Capacity Building
HCBCG	Human Capacity Building Coordinating Group
HCBPP	Human Capacity Building Promotion Program
HCBSNE	Human Capacity Building Strategy for the New Economy
HLPDAB	High Level Policy Dialogue on Agricultural Diversity
HRD	Human Resource Development
HRDWG	Human Resources Development Working Group
IACE	Institute of APEC Cyber Education
IADB	Inter-American Development Bank
IAP	Individual Action Plan
ICT	Information and Communication Technology
IFAT	Implementation Facilitation Assistance Teams
IFI	International Financial Institution
INTAN	National Institute of Public Administration , Malaysia
IRA	Import Risk Awareness
ISO	International Organization for Standardization
ISTWG	Industrial Science and Technology Working Group
ITF	Inter-modal Task Force
ITS	Intelligent Transport Systems
JETRO	Japan External Trade Organization
JIRCAS	Japan International Research Center for Agricultural Sciences
KBE	Knowledge-Based Economy
KCH	Knowledge Clearing House
KSN	Knowledge Sharing Network
KSRPD	Korean Society for Rehabilitation of Persons with Disabilities
LSPN	Labor and Social Protection Network
MEs	Micro-enterprises
MLA	Multilateral Recognition Arrangement

MOU	Memorandum of Understanding
MRA	Mutual Recognition Arrangement
MRAM	Mutual Recognition Arrangement Management
MRCWG	Marine Resources Conservation Working Group
MRT	Ministers Responsible for Tourism
MTWP	Medium-term Work Plan (ISTWG)
NECTEC	National Electronic and Computer Technology Center
NetSDC	Network of Skills Development Centres
NGO	Non-Governmental Organization
OAA	Osaka Action Agenda
OCP	Oracle Certificate Professional
OECD	Organization for Economic Cooperation and Development
OIE	Office International des Epizooties (or World Animal Health Organization)
PATA	Pacific Asia Travel Association
PBEC	Pacific Basin Economic Council
PECC	Pacific Economic Cooperation Council
QMS	Quality Management Systems
RDEAB	Research, Development and Extension of Agricultural Biotechnology
REDI	Renewable Energy Development Initiative
RGC	Regional Growth Centre
RISE	Regional Integration for Sustainable Economies
RRTs	Round Robin Tests (ISTWG)
RTA	Regional Trade Arrangement
S&T	Science & Technology
SARS	Sudden Acute Respiratory Syndrome
SCHRD	Steering Committee on HRD
SCJP	SUN Certified Java Programmer
SCSC	Standards and Conformance
SELI	Strengthening Economic Legal Infrastructure Coordinating Group
SETC	State Economic and Trade Commission
SFI	Specialized Financial Institutions
SGE	Small Group on Evaluation
SMEs	Small and Medium-sized Enterprises
SMEWG	Small and Medium-sized Enterprises Working Group
SMIDP	Small and Medium Industries Development Plan
SMTE	Small and Medium Tourism Enterprise
SOM	Senior Officials' Meeting
SPAN	APEC Integration Plan of Action for SME Development
SSNCBN	Social Safety Net Capacity Building Network
STAR	Secure Trade in the Asia-Pacific region
STIPs	Science and Technology Industrial Parks
SWAT	Sea Watch in Asia Pacific with Telemetry
TELWG	Telecommunications and Information Working Group
TILF	Trade and Investment Liberalisation and Facilitation

TIN	Tourism Information Network
TOR	Terms of Reference
TOSS	Tourism Occupational Skills Standards
TPO	Trade Promotion Organizations
TPTWG	Transportation Working Group
TPWG	Trade Promotion Working Group
TSA	Tourism Satellite Accounts
TWG	Tourism Working Group
WB	World Bank
WLN	Women Leaders' Network
WSIS	World Summit on the Information Society
WSSD	World Summit on Sustainable Development
WTO	World Trade Organization
WTTC	World Travel and Tourism Council
YIV	Youth Internet Volunteer