



**Asia-Pacific
Economic Cooperation**

2005

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



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Cooperation**

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**A Letter from
The ESC Chair**

A LETTER FROM THE ESC CHAIR

This year, the SOM Committee on Economic and Technical Cooperation (ESC) successfully implemented its tasks as outlined in the ESC's 2005 Work Program approved by Senior Officials in March 2005. The ESC has identified, monitored and coordinated the implementation of ECOTECH capacity-building projects by APEC working groups and fora, reflecting the agreed APEC-wide ECOTECH priorities, the ECOTECH themes, and other priorities set by Ministers and Leaders. The ESC organized the second Policy Dialogue on ECOTECH between APEC and International Financial Institutions (IFIs), other relevant international organizations, and the private sector in September 2005, which highlighted the commitment to work together on ECOTECH activities.

As part of its mandate to assist Senior Officials in identifying and coordinating the new crosscutting issues, the ESC coordinated projects relating to sustainable development and Invasive Alien Species (IAS). An ESC project implemented this year paves the way for a High-Level Meeting on Sustainable Development in 2006, as called for by the APEC Ministers' Meeting last year. I wish to thank Chile for taking the leadership role on this issue. I would also like to thank the United States of America and China for a successful workshop on IAS this year.

Strengthening the implementation of APEC's ECOTECH activities continues to be one of the major deliverables of the ESC. This is being achieved under the leadership of Australia through the development of rigorous evaluation frameworks for APEC projects. The Assessment, Monitoring and Evaluation (AME) Frameworks will effectively enhance the accountability and credibility of APEC projects that can further attract external resources from other International Financial Institutions and relevant international organizations as well as the private sector. The ESC also initiated an independent assessment of ECOTECH's implementation of projects relating to the Small and Medium Enterprises Working Group (SMEWG) and the Tourism Working Group (TWG). In addition, the implementation of ECOTECH projects will be greatly assisted with supplementary resources available through the APEC Support Fund (ASF) contributed by Australia.

In parallel with the discussion by the Friends of the Chair (FOTC) on APEC Reform, Senior Officials in September recommended strengthening the role of the ESC. As a result, the ESC will be transformed into the SOM Steering Committee on Economic and Technical Cooperation (SCE) from next year. With an enhanced mandate, the new Committee will assist SOM in identifying, monitoring and coordinating the implementation of ECOTECH capacity-building projects.

As this will be my last report as the Chair of the SOM Committee on Economic and Technical Cooperation, I wish to thank Ambassador Jong-Hoon Kim, APEC SOM Chair for 2005, and all Senior Officials in providing me with guidance and support for the work of the ESC. It has been such a privilege to be entrusted to lead the work on ECOTECH. I would like to thank all ESC members for their continued support. Together, we have achieved another successful year in advancing APEC's ECOTECH agenda. My thanks also go to the APEC Secretariat, especially Mr. Soonthorn Chaiyindeepum, who has always provided excellent support to the Committee.



Ambassador Juan Carlos Capuñay
Chair, SOM Committee on ECOTECH
2005

Executive Summary

EXECUTIVE SUMMARY

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

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

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

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

2005 APEC ECOTECH PROJECTS - HIGHLIGHTS

- A total of 135 projects were implemented
- Approximately 35% of the projects focused on building human capital
- 2005 saw a rising number of self-funded projects initiated by individual or groups of economies
- Joint activities such as training and seminars/symposiums remained common tools to facilitate the exchange of information, experience and best practices among member economies

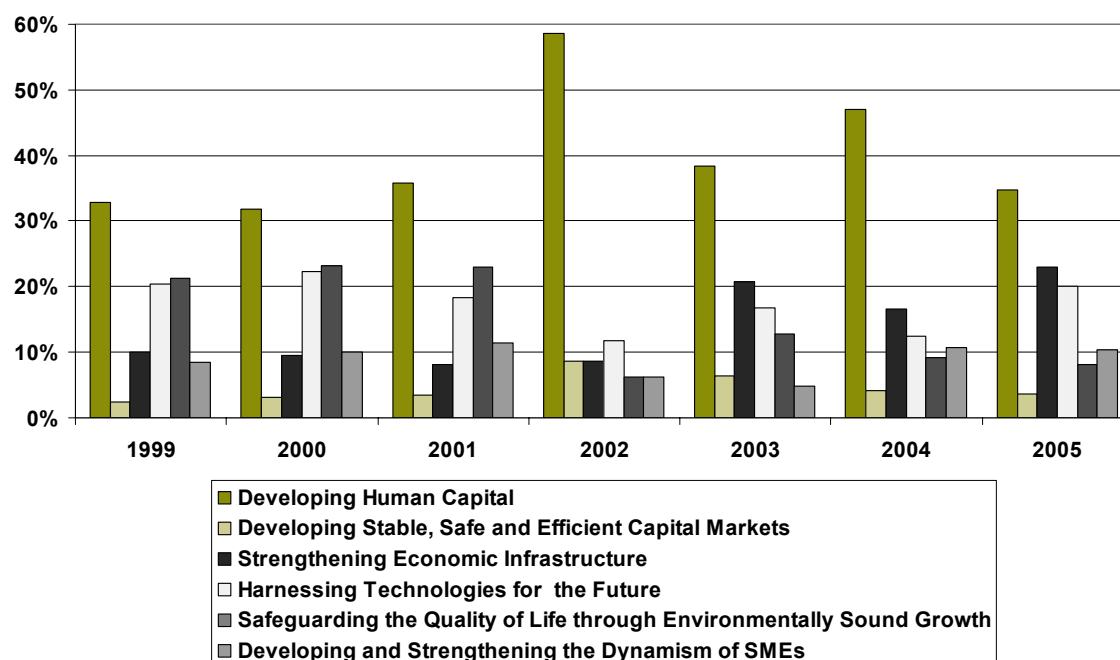
This year, a total of 135 ECOTECH-related projects were implemented by APEC working groups and fora. These include 97 projects that were approved for APEC funding and 38 self-funded projects that were financially supported by individual or groups of economies. About 35 percent of these projects were oriented towards developing human capital. More than half of these projects involved information exchange and sharing of best practices among members through joint activities such as seminars/symposiums and training.

With the need for a more focused agenda and a strategic road map for future ECOTECH activities to enable APEC to better communicate with its constituents, as well as to facilitate efforts to attract additional support from external organizations including International Financial Institutions (IFIs) and private sector, a short list of APEC-wide

ECOTECH priorities was adopted by Ministers in 2003. These include: Integration into the Global Economy; Counter-Terrorism Capacity Building; Promoting the Development of Knowledge-Based Economies; and Addressing the Social Dimension of Globalization. Additional emphasis has therefore been placed on the identification and implementation of activities in support of these priorities.

In general, APEC working groups implemented a larger number of activities supporting these priorities. Among them were 30 projects that support integration into the global economies; 16 capacity building activities on Counter-Terrorism; 21 activities that promote the development of knowledge-based economies; and 14 activities that address the social dimension of globalization.

Projects by ECOTECH Priority Themes 1999-2005



One of the major deliverables for APEC 2005 is the Mid-Term Stock Take to assess the progress APEC has made in achieving the Bogor Goals. At the Mid-Term Stock Take Symposium in Jeju, Korea in May 2005, the ESC Chair presented a broad picture of the successful ECOTECH activities implemented by all APEC fora. He also suggested that in its final report to APEC Ministers in November 2005, the contribution by all working groups and individual member economies on ECOTECH activities should be adequately reflected, apart from the progress made in TILF.

The ESC organized the second Policy Dialogue between APEC and IFIs and other International Organizations in September 2005. Representatives from the Asian Development Bank (ADB), the World Bank, and the Organization of Economic Cooperation and Development (OECD) as well as ABAC, working groups and fora were present. The meeting concluded that this type of dialogue is useful and should continue, noting that it could occur in a number of different ways. They also recognized that there are already joint activities or cooperation between APEC and IFIs and other international organizations in the areas

of SMEs, trade facilitation, and human resources development, and they agreed that deepened interaction is possible. Other views were also exchanged on how to further strengthen collaboration. Both sides will maintain communication by sharing work plans and keeping each other informed of activities that can be of common benefit, and encourage greater participation in research activities. Permanent contact points will be established in the IFIs and international organizations, which the ESC and the Secretariat can liaise with in order to assist working groups and fora in facilitating future cooperation.

Collaboration with IFIs was the direct outcome of the first APEC/IFIs Roundtable Discussion on ECOTECH held in August 2003. This year, the APEC Secretariat and the World Bank's Global Development Learning Network (GDLN) have undertaken two joint activities. These included the Rural Distance Learning (RDL) Course for APEC participants at no cost and the pilot projects to utilize GDLN's facilities to disseminate the benefits of APEC training to a wider audience. The APEC Secretariat and GDLN will continue the collaboration to support APEC's ECOTECH activities.

Since 2004, the ESC has also played the coordinator role on crosscutting issues such as sustainable development and Invasive Alien Species (IAS). The work on sustainable development was led by Chile through the ESC 1/2005 project entitled Voluntary Initiative on Sustainable Production, Trade and Consumption Chains. The aim was to ascertain the contribution of voluntary initiatives to sustainability in value chains and the comparative implication in different economies of the region, and to add value to the global discussion on sustainable development issues by APEC. The United States and China coordinated the work on invasive alien species (IAS). A workshop to develop an overall strategy for prevention, eradication and management of IAS in APEC, and the possible role of the ESC to coordinate this issue, was held in Beijing in September 2005.

Strengthening implementation of APEC's ECOTECH activities continues to be one of the major deliverables of the ESC. This is achieved through a two-prong approach. At the working group level, an independent assessment of the Small and Medium Enterprises Working Group (SMEWG) and the Tourism Working Group (TWG) will be conducted in 2005-2006, facilitated by ESC projects. This follows the success of an independent assessment of the Fisheries Working Group (FWG) in 2003 and responds to the call by APEC Ministers last year encouraging independent assessment of the remaining working groups to increase efficiency in APEC.

At the project level, the ESC-Small Group on Evaluation continues to develop rigorous evaluation frameworks for APEC projects. Last year, the Quality Assessment Framework (QAF) was endorsed by Ministers to replace the former ECOTECH Weightings Matrix, which formed part of the APEC Project Proposal Format, to assist project proponents in strengthening their proposals. This year, the Monitoring and Evaluation Frameworks are proposed to Ministers for endorsement. The frameworks also enhance credibility and accountability of APEC projects that can attract external resources from International Financial Institutions and relevant international organizations and the private sector. Since 2004, the

implementation of ECOTECH projects has been greatly assisted by supplementary resources made available through the APEC Support Fund (ASF).

The ESC discussed the internal review and the recommendations by the Friends of the Chair (FOTC) on APEC Reform, which was established this year to strengthen the operation of APEC. The ESC noted the final recommendations as endorsed by Senior Officials in September.

Recommendations

Together with the 2005 SOM Report on Economic and Technical Cooperation, five recommendations were proposed to the 17th APEC Ministerial Meeting as follows:

1. Endorse the 2005 SOM Report on Economic and Technical Cooperation.
2. Endorse the recommendations by the meeting of the second APEC/IFIs Policy Dialogue on ECOTECH held in September 2005 as the way forward in building collaboration with International Financial Institutions and relevant international organizations.
3. Approve the modified Quality Assessment Framework (QAF), Monitoring and Evaluation Frameworks for ongoing and completed APEC projects contained in Annex 10. These make up the complete evaluation frameworks for Assessment, Monitoring, and Evaluation (AME) Frameworks, which will help strengthen the implementation of APEC projects.
4. Note the ESC's contribution to the reform process in APEC by facilitating an independent assessment of the ECOTECH's implementation of the Small and Medium Enterprises Working Group (SMEWG) and the Tourism Working Group (TWG) in 2005-2006.
5. Welcome the development of the APEC Invasive Alien Species Strategy Framework and instruct the new Steering Committee on ECOTECH to coordinate and monitor implementation of the strategy across APEC fora, with inclusion of this topic in the annual reporting template of the Working Groups to the SOM.

MAJOR ACTIVITIES IN SUPPORT OF APEC-WIDE ECOTECH PRIORITIES IN 2005

Integration into the Global Economy

- Apart from the major work done by the Committee on Trade and Investment (CTI), there are more than 30 activities implemented by APEC working groups and fora that assist member economies in integrating themselves into the global economy. Among them are:
 - The E-CERT project, which is a web-based system for electronic health certification of agricultural exports that will facilitate trade in agricultural products and reduce transaction costs.
 - The APEC Energy Standards Information System website (APEC-ESIS) and Standards Notification Procedure to promote harmonization of energy standards and testing procedures for equipment and appliances.
 - Capacity Building for the Recycling-Based Economy (RBE) in APEC.
 - APEC Symposium on Micro and Small Enterprises Financing: A Tool for Mainstreaming the Informal Sector in Lima, Peru in July 2005.
 - The APEC Business Incubation Forum in Daegu, Korea in August 2005.
 - A training program on perishable goods handling skills in 2005 to improve the skills of middle level managers, packers and handlers in the APEC region.
 - An Air Services Negotiations Training Course in Bangkok in February 2005.
 - The APEC Tourism Impediments Study: Phase 2.

Counter-Terrorism Capacity Building

- The Counter-Terrorism Task Force (CTTF) plays a leading role in assisting member economies to implement the *Leader's Statement on Fighting Terrorism and Promoting Growth* agreed in 2002. There are also more than 16 activities implemented by other working groups and fora in support of counter-terrorism capacity building. Some of them are:
 - The Real-Time Emergency Information Sharing System on a secured web-based form for member economies.
 - The APEC Guidelines for establishing Computer Emergency Response Teams (CERTs).
 - A seminar on post-tsunami reconstruction and function of ports safety, Vladivostok, September 2005.
 - A project on the Best Practices and Ideas in Safety and Security for APEC Economies to Combat Terrorism in Tourism.

Promoting the Development of Knowledge-Based Economies (KBE)

- Twenty-one activities concentrate on assisting member economies to build the necessary policy environment and infrastructure conducive to the KBE. These include:
 - Workshop on Plant Genetic Resources
 - Seminar on Best Practices and Innovations in the Teaching and Learning of Science and Mathematics at the Secondary School Level
 - APEC Digital Opportunity Center by Chinese Taipei
 - APEC Learning Community Builders (ALCoB) at www.alcob.com
 - APEC Future Education Consortium (ACEC Task II)
 - APEC e-Learning Training Program
 - APEC Youth Plaza 2005
 - APEC Innovation Center for SME Development
 - Seminar on Best Practices of E-commerce Application to Small and Medium Tourism Enterprises (SMTEs)

Addressing the Social Dimension of Globalization

- Emphasis is given to addressing the social safety nets issue in APEC. Highlights include:
 - APEC Symposium on Strengthening Social Safety Nets under Rapid Socio-economic Changes, Seoul, August 2005
 - Seminar on Maximizing the Potential of Older Workforce
 - Seminar on Earthquake and Tsunami Disaster Reduction project (APEC-EqTAP)
 - Project on Best Practices in Sustainable Tourism Management Initiatives in APEC



Introduction

1. INTRODUCTION

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

The ESC, with Ambassador Juan Carlos Capuñay of Peru as Chair, met in Korea on three occasions in 2005 to assess the implementation of ECOTECH initiatives across APEC fora. The first meeting was held in Seoul on 28 February; the second meeting took place in Jeju on 27 May; and the third in Gyeongju on 11 September. At the first Senior Officials’ Meeting in March, Senior Officials endorsed the ESC’s 2005 Work Program which concentrated on the implementation of key directives from Ministers and Leaders in 2004, the coordination with relevant stakeholders on ECOTECH activities, outreach to the broader community, and the review of the ESC. The ESC’s 2005 Work Program is given in Annex 2.

This year, the ESC has successfully assisted SOM in identifying and coordinating the implementation of APEC’s ECOTECH activities across working groups and fora. It has developed a proactive approach to make APEC’s ECOTECH work and its benefits better known to business and constituencies.

As mandated, the ESC has reported annually on the implementation of various ECOTECH activities and key initiatives under the six ECOTECH themes according to the *Declaration on an Asia-Pacific Economic Cooperation Frameworks for Strengthening Economic Cooperation and Development (Manila Declaration)*. These priority themes are:

- Developing Human Capital
- Developing Stable, Safe and Efficient Capital Markets

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

These priorities were adopted by the ESC as the guiding principles to promote sustainable growth and equitable development while complementing and supporting APEC’s broader trade and investment liberalization and facilitation objectives.

In 2005, a total of 135 ECOTECH-related projects were implemented by APEC working groups and fora. These include 97 projects that were approved for APEC funding, and 38 self-funded projects financially supported by individual economies or groups of economies. A simple analysis of the implementation of the ECOTECH projects is presented in Section 2.

Since 2004, the ESC has been tasked to identify and implement capacity-building activities under the four APEC-Wide ECOTECH priorities adopted by Ministers in 2003.

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

This year, APEC working groups implemented a larger number of activities in support of these priorities. Among them were 30 projects that support integration into the global economies; 16 capacity-building activities on Counter-Terrorism; 21 activities that promote the development of knowledge-based economies; and 14 activities that address the social dimension of globalization. A complete report is presented in Section 3.

One of the major deliverables for APEC 2005 is the Mid-Term Stock Take to assess the progress APEC has made in achieving the

Bogor Goals. The ESC contributed by assessing the progress made in ECOTECH and offered suggestions to improve the efficiency of the ESC. These are contained in Section 4.

Section 5 reports the outcome of the second Policy Dialogue between APEC and International Financial Institutions (IFIs) and other international organizations held in September 2005. The meeting concluded that this type of Dialogue is useful and should be continued, noting that it could occur in a number of different ways. A way forward was proposed to the Ministers to build collaboration with IFIs and relevant international organizations.

Section 6 reports the collaboration between the APEC Secretariat and the World Bank's Global Development Learning Network (GDLN) in 2005. This was the direct outcome of the first APEC/IFIs Roundtable Discussion on ECOTECH held in August 2003.

Section 7 outlines the role of the ESC in coordinating crosscutting issues such as sustainable development and Invasive Alien Species (IAS). The work on sustainable development was led by Chile while the United States and China played key roles on IAS projects.

Strengthening implementation of APEC's ECOTECH activities continues to be one of the major deliverables of the ESC. This is reported in Section 8, which outlines a two-prong approach. At the working group level, an assessment of the Small and Medium Enterprises Working Group (SMEWG) and the Tourism Working Group (TWG) will be conducted in 2005-2006. At the project level, the ESC-Small Group on Evaluation continues to develop rigorous evaluation frameworks for APEC projects. The Monitoring and Evaluation Frameworks for ongoing and completed projects will be proposed to Ministers for endorsement. Complete evaluation frameworks for APEC projects encompassing the Assessment, Monitoring, and Evaluation (AME) will help strengthen the implementation of ECOTECH projects. The frameworks also enhance the credibility and accountability of APEC projects that can attract external resources from IFIs, relevant international organizations

and private sector. This section reports the operation of the APEC Support Fund (ASF) to which Australia has made a major contribution, and which will serve as a flexible funding mechanism to complement the existing Operational and TILF Special Accounts for meeting the capacity-building needs of APEC developing economies in agreed areas of high priority.

As the current term of the ESC Chair approaches its end in 2005, a review of the ESC as required by its TOR was considered. Discussions on this issue are presented in Section 9.

The last section provides conclusions and recommendations to the 17th APEC Ministerial Meeting in November 2005.



APEC Projects in Action

2. APEC PROJECTS IN ACTION

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

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

Since the 2004 APEC Ministerial Meeting, APEC working groups and fora have implemented 135 ECOTECH-related projects. These include 97 projects that were approved by the Budget and Management Committee (BMC) for APEC funding (Operational Account and TILF Special Account) and 38 self-funded projects initiated and implemented by individual economies or groups of economies.

Based on information obtained from the APEC Project Database and the progress reports of self-funded projects to the BMC meeting, the ESC evaluated the activities with the following criteria broadly in mind:

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

Information on individual ECOTECH projects and activities undertaken by APEC fora in 2005 can be accessed from the APEC Secretariat's Project Database at <http://www.apec.org/apec/projects.html>. A table summarizing the number of projects that are in progress or were completed in 2005 under each ECOTECH priority theme is included in **Annex 3** and a table summarizing the type of ECOTECH activities is included in **Annex 4**.

Key Findings

In 2005, 135 projects contributed to the six broad ECOTECH priority themes. Of these, 52 projects were funded from the TILF Special Account (funded by Japan), 45 projects from the Operational Account (funded collectively by APEC members), and 38 self-funded projects by individual or groups of APEC economies. The increasing number of self-funded projects reflects the emerging nature of APEC cooperation as not solely dependent on APEC financial resources. Also, in August 2004, the BMC requested that for any TILF project, an industrialized member economy must contribute at least 50 percent for a self-funded component, and 20 percent for developing member economies.

Since 1999, the number of ECOTECH projects has declined from 250 to 135 projects in 2005. This is shown in Chart 1. The decline could be attributed to repercussions from the Asian Financial Crisis in 1997. Another reason was that although a larger part of the APEC financial resources came from TILF Special Account contributed by Japan, a weaker US dollar exchange rate vis-à-vis the Japanese Yen led to a reduction of these funds in US dollar terms.

Chart 1 indicates a decline in the number of projects from 250 in 1999 to 121 in 2004 and a slight pick up to 135 projects in 2005. However, if the number of self-funded projects in 2005 is excluded, a declining trend will still be observed in the number of APEC-funded projects.

Across the six ECOTECH priority themes, developing human capital remains the focus

of many APEC projects, with more than 35 percent of all projects' objectives geared toward building human capacity. "Strengthening economic infrastructure," accounted for another 23 percent of project objectives. More than 20 percent of the current projects are focused on harnessing technologies for the future. These project objectives are shown in Chart 2.

Chart 1: Number of Projects by Year 1999–2005

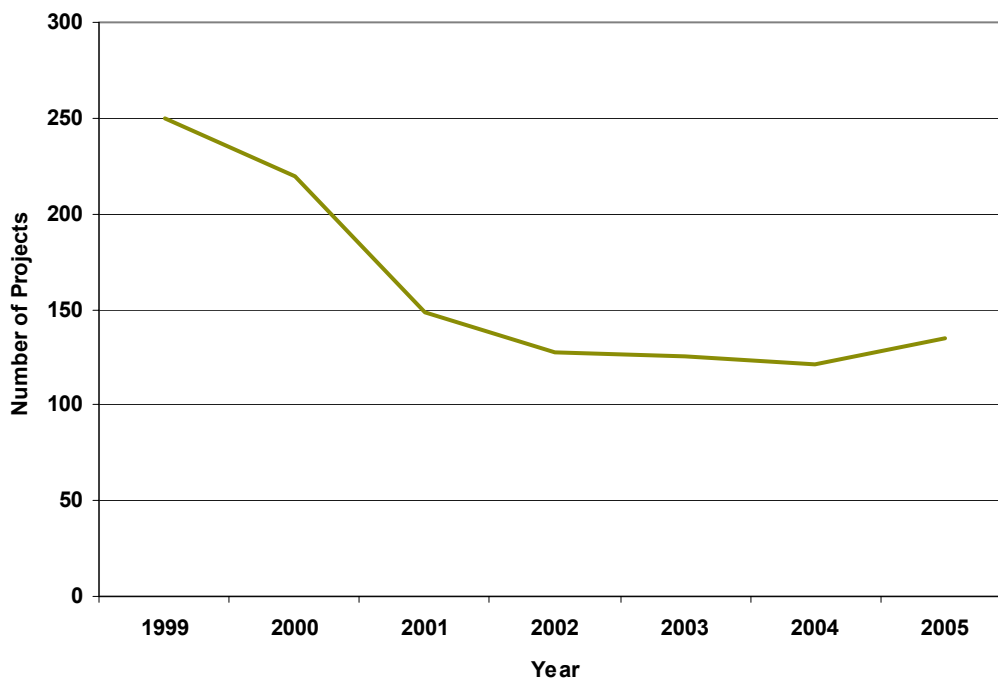
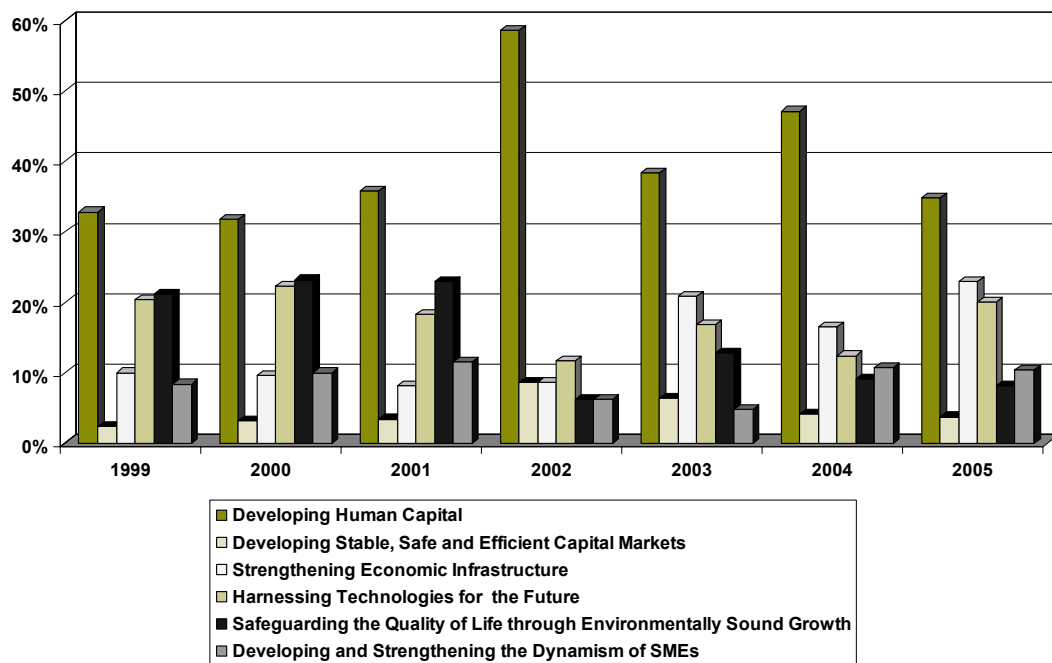


Chart 2 illustrates the history of projects that were conducted under each ECOTECH theme from 1999 to 2005.

The number of 2005 projects categorized by ECOTECH priority themes is as follows:

Developing human capital	47
Developing stable, safe and efficient capital markets	5
Strengthening economic infrastructure	31
Harnessing technologies for the future	27
Safeguarding the quality of life through environmentally sound growth	11
Developing and strengthening the dynamism of SMEs	14
Total	135

Chart 2: Projects by ECOTECH Themes 1999–2005



The ESC continued to classify APEC projects according to the broad categories that best describe the types of activities being undertaken (**Annex 4**). The analysis this year shows that more than half—around 57 percent—of the projects involved information sharing conducted through seminars and symposiums. Training accounted for about 18 percent of projects; and survey, analysis and research, 24 percent. The trend over the past six years is illustrated in Chart 3.

A majority of APEC projects still focus on human resources development, and with the emphasis on joint activity through seminar/symposium and training as the means for exchanging information, experience and best practices.

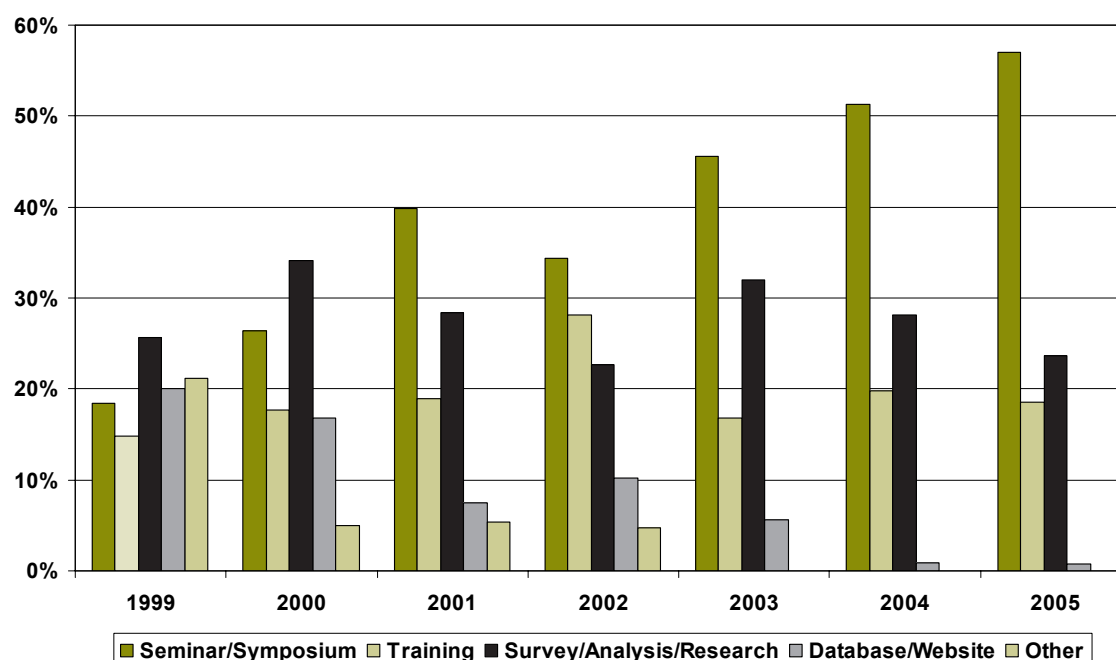
This year's report has added stakeholders' comments and further information on the proposing economies. This is shown in Annex 5. It was revealed that the major proposing economies were Korea, United States, Japan, Australia, Chinese Taipei and Thailand, reflecting a good balance of developed and developing member economies initiating or proposing ECOTECH activities.


Chart 3 shows the types of ECOTECH projects implemented over the period of 1999 to 2005.

The number of 2005 projects categorized by type of activity is as follows:

Seminar/Symposium	77
Training	25
Survey/Analysis/Research	32
Database/Website	1
Total	135

Chart 3: Types of ECOTECH Projects 1999–2005





Implementation of the APEC-Wide Ecotech Priorities

3. IMPLEMENTATION OF THE APEC-WIDE ECOTECH PRIORITIES

Since 2003, the ESC has focused on identification and implementation of capacity building projects under the four APEC-wide ECOTECH priorities. These priorities are:

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

The ESC has monitored the activities implemented by APEC working groups that are supportive of those four priorities. The information was obtained from the APEC Forum Reports to SOM III, reports to SOM by an economy, or group of economies, and reports of self-funded activities.

3.1 Integration into the Global Economy

Assisting member economies to integrate into the global economy has always been one of APEC's primary objectives. In 2005, there were a higher number of activities directed toward this priority. Much of the efforts are reflected in the report by the Committee on Trade and Investment (CTI), which is responsible for the implementation of the Osaka Action Agenda (OAA) Part I.

A large number of projects or activities were also undertaken by APEC working groups to assist developing member economies to integrate into the global economy. These were mainly from the Agricultural Technical Working Group (ATCWG), Energy Working Group (EWG), Human Resources Development Working Group (HRDWG), Small and Medium Enterprises Working Group (SMEWG), Transportation Working Group (TPTWG) and Tourism Working Group (TWG). In total, there were more than 30 activities implemented by APEC working groups that can be considered as supporting this priority.

The **ATCWG** reported four activities that promote cooperation in agricultural technology that are closely related to trade. In the field of research, development and

extension of agricultural biotechnology, the ATCWG will hold the 9th Workshop on Technical Cooperation, Capacity Building, Risk Assessment/Management and Emerging Issues in Agricultural Biotechnology from 15-23 December 2005 in Chile. In the area of production, processing, marketing, distribution and consumption of agricultural products, the ATCWG and member economies are working strenuously to strengthen markets in developing economies. The ATCWG supported initiatives by Malaysia and Australia to build capacity in marketing and to manage the implementation of free trade agreements involving trade in agricultural products. It also supported the uptake of E-CERT amongst APEC economies. The E-CERT is a web-based system for electronic health certification of agricultural exports that will facilitate trade in agricultural products and reduce transaction costs. As part of the efforts to reduce business transaction costs, the ATCWG also supported the initiative by Australia on the Australian Fumigation Accreditation Scheme.

The **EWG** has undertaken five activities to promote integration into the global economy. It has organized four workshops and projects to facilitate natural gas trade. These included the APEC LNG workshop which prioritized and identified next steps for implementing best practices identified in the EWG report on "Facilitating the Development of LNG Trade in the APEC Region" in March 2005; the EWG Business Network Forum on "Opportunities and Challenges in Viet Nam's Energy Sector" in March 2005; and the first Meeting of the APEC Gas Forum in September 2005. In November 2005, it will organize a workshop on "Best Practice in Cross-Border Interconnection of Natural Gas in APEC Member Economies." In addition, the EWG is also implementing the APEC-Energy Standards Information System website (APEC-ESIS) and Standards Notification Procedure to promote harmonization of energy standards and testing procedures for equipment and appliances.

The **HRDWG** undertook and completed several capacity building activities to promote

integration into the global economy including Capacity Building For the New International Architecture in Trade and Investment and Capacity Building for the Recycling-Based Economy in APEC; two projects promoting good governance including an enhanced risk management system in the APEC region: toward establishing best practice governance in education policy and service delivery through country-specific case studies; and projects to promote the standardizing and recognition of qualifications in the APEC region including the ongoing APEC Architect and Engineering projects and a project on comparability of qualifications in the health sector.

The **SMEWG** has reported 10 activities undertaken in 2005. Four activities are ongoing work which include: 1) a project in cooperation with the Organization for Economic Cooperation and Development (OECD) to set up an identification and monitoring system of SME impediments to trade; 2) an *APEC PECC Entrepreneur Consortium* which aim at helping business and governments to better work together to develop a suit of products, services and infrastructure to meet the information, advisory, financial and functional management needs of the emerging generation of managers and entrepreneurs, especially those in developing countries; 3) the Consumer Education and Protection Initiative, or CEPI, which is self-funded by the United States, is now active in 10 APEC economies and helps to ensure that proper government regulatory measures and legal protections are in place to instill confidence in buying from new micro enterprises; and 4) a project on *APEC International network of Institutes for Small Business Counselors (APEC-IBIZ)* which met in Daegu, Korea in August 2005 and held a side meeting with SMEWG members to update them on IBIZ activities. As a result, a website was developed to share essential documents of the program and to enable economies to share the new modules developed.

The other six projects implemented in 2005 were:

- An *APEC Symposium and Exhibition on Industrial Clustering for SMEs* held in March 2005 to exchange experiences on industrial clusters and promote cooperation. Experts on industrial clustering, government officials, scholars, incubators, firms, and venture capitalists attended the symposium. The main theme was how to create a liberal trade and investment environment for industrial clustering. The outcomes of the Symposium included the Best Practices Guidelines for Industrial Clustering.
- A conference on “*Micro and Small Enterprise Financing: A Tool for Mainstreaming the Informal Sector?*” was held in Lima, Peru in July 2005. The different aspects of formalization—including the regulatory framework—and how these aspects affect the financing of micro, small and medium enterprises in APEC economies were analyzed.
- A *Seminar on the Best Practices on Mentoring Systems: Key to Reducing APEC SME Loan Default* was held in July 2005. It was self-funded by Thailand and exchanged best practices on APEC economies’ mentoring systems and in particular, on how to reduce APEC SME loan default.
- A seminar on *SME Program Managers on Reducing SME’s Compliance Costs* took place in July 2005 in Brunei Darussalam with the objective of enhancing understanding of SME program managers of APEC’s efforts in reducing compliance costs of meeting the standards and conformance requirements in order to gain access to the overseas market. It also introduced SME Program Managers to the concept of Good Regulatory Practice that can help them in preparing policy recommendations to regulatory bodies in their respective governments on creating business-friendly environment without compromising safety for certain regulated products.
- The *APEC Business Incubation Forum* in August 2005 was self-funded by Korea and aimed to enhance the environment for the development of business incubation. The theme of the Forum was “Toward the Global Business Incubation

- Prosperity through Facilitation, Liberalization and ECOTECH.”
- The *Third Meeting of APEC SME Service Alliance* saw participation by intermediaries from 12 APEC member economies in October 2005. The main priorities were to set up an APEC SMESA website that provides information about the alliance members and opportunities for economic and trade cooperation for SMEs in APEC. It also conducted a survey on the sustainability of SMEs that was reported to the 2005 SME Ministerial Meeting.

The **TPTWG** has completed three ongoing projects and three new projects in support of the priority on the integration into the global economy. The ongoing works comprise:

- A project on *Mutual Recognition of a Trial Competency-Based Model in the Intermodal/Logistic* has now entered its third Phase. The Intermodal Experts Group in consultation with the HRD Steering Committee of the TPTWG initiated the project. Since August 2004, Phase 2 was undertaken through a comparative study of logistics and terminal operators' competencies in Australia, Canada, Thailand, and the United States. The study demonstrated that the majority of identified competencies were considered transferable as starting points for international comparison and mutual recognition. For Phase 3, it was decided that Australian firms with operations in Thailand be approached for placement of qualified Thai personnel. It is likely that a Thai nominee will be acting as a deputy manager in Australia for the application of the identified competencies against that person's existing skills levels.
- A Seafarers' Training Project has also entered its third phase. Indonesia provided a progress report on the project since Phase 2 and the problems encountered. The main objective of the project is to establish a network system of the seafarers' training institute among APEC member economies. However, because of an amendment in budget requirements, Indonesia has indicated that the timetable for the completion of this project may be affected.

- An Identification of Needed Intermodal Skills and Development of Required Training Programs has successfully completed its second phase. All pertinent course materials including course modules, outlines, readings and case studies were deposited at the APEC Secretariat and posted in the TPTWG website for use by all economies. As a follow-up to this pilot course, Canada has agreed to co-sponsor any APEC economy that chooses to develop a project proposal for future hosting of this Intermodal Skills Course based on the pilot template.

The other three new projects that were completed in 2005 were:

- A Perishable Goods Handling Skills project aimed at improving perishable goods-handling skills of middle level managers, packers, and handlers in the APEC region. The final report recommended that APEC considers fostering the implementation of cool-chain training within developing economies, especially for unskilled workers. The final report also highlighted the benefits of focusing attention on post-harvest and cool-chain practices, particularly for unskilled workers. This will improve the quality and shelf life of perishable products in demand in competitive international markets. Finally, the report developed a suite of training modules that can be used within the APEC economies for both horticultural and agricultural products, covering handling skills of perishable goods, storage temperature management, water loss, and controlled atmosphere storage.
- An Aviation Law Training Program was successfully conducted for Indonesia and Thailand. The project provided government and aviation industry sectors in Asian economies with a greater understanding of the role played by aviation law in regulating civil aviation in the international arena. The course was designed to improve delivery of aviation services, through a collaborative approach in training for government and industry officials. It was conducted by Melbourne-based consultant Leighton Morris in Bangkok, Thailand in November 2004 and was attended by 22 officers

from the Thai Department of Civil Aviation. Participants' feedback was positive, with many participants commenting that they had gained a greater understanding and knowledge of international aviation law that would have practical application in the workplace.

- An Air Services Negotiations Training Course was held in Bangkok in February 2005, and hosted by the Thai Department of Civil Aviation. Nineteen government and industry representatives from five economies (China, Chinese Taipei, the Philippines, Singapore and Thailand) attended. Leighton Morris and an experienced negotiator from the Australian Department of Transport and Regional Services conducted the course.

The **TWG** reported the completion of an ongoing project and one new project this year. These were the *APEC Tourism Impediments Study: Phase 2* and the project on *Public and Private Partnership for Facilitating Tourism Investment in the APEC Region*. The group is also implementing the project on *Best Practices in Sustainable Tourism Management Initiatives for APEC Economies*, which is expected to be completed next year.

3.2 Counter-Terrorism Capacity Building

Since the establishment in 2003, the Counter-Terrorism Task Force (CTTF) has been tasked with coordinating the counter-terrorism capacity building activities. It is especially tasked to coordinate the implementation of the *2002 Leaders' Statement on Fighting Terrorism and Promoting Growth*. In essence, it has assisted member economies to identify and assess counter-terrorism needs, coordinate capacity building and technical assistance programs, cooperate with international and regional organizations and facilitate cooperation between APEC fora on counter-terrorism issues. Details can be seen in the report from the CTTF.

In addition to the major work done by the CTTF, there are also four working groups that reported the implementation of activities in support of this priority.

The **EWG** has, under the APEC Energy Security Initiative's short-term measures, undertaken several activities related to counter-terrorism capacity building. These included further development, testing and producing a secure web-based operation manual for a Real-Time Emergency Information Sharing System for member economies to communicate in the event of an energy emergency; and the sharing of information regarding domestic energy security arrangements as part of EWG's efforts to assist member economies to have in place fully-developed emergency preparedness plans. It also held a workshop in July 2005 to assist member economies in implementing the best practice principles for the establishment and management of strategic oil stocks.

The **TELWG** reported several activities in response to the Ministers' call for improving communication and network security. For example, it has created a specific task group devoted to cyber crime and other issues related to secure information infrastructures (the e-Security Task Group (eSTG)) to implement the APEC Cyber-security Strategy adopted in 2002. It also held a Cyber Crime Legislation Training exercise with experts from law enforcement agencies, justice ministries, telecommunications ministries, and policy makers involved in the legal reform attending. The TELWG has developed guidelines for establishing Computer Emergency Response Teams (CERTs) in member economies and to develop a communications framework to facilitate the CERT global network. On information diffusion, the group has worked on: (a) the establishment of a website for infrastructure protection and electronic authentication resources; (b) a compendium of IT Security Standards; (c) a development of Public Key Infrastructure (PKI) guiding principles; and (d) the development of an online IT Security Training Material Manual. The group is currently working with the OECD on the guidelines for the Security of Information Systems and Networks.

The **TPTWG** reported implementation of activities in support of the Secure Trade in the APEC Region (STAR) initiative for a secure and safe transportation system. The TPTWG has embarked on a maritime

security technical assistance program and how such efforts can assist in all modes of transportation. APEC Transport Ministers have also directed the TPT to implement a road safety technical assistance program, and improve cooperation in aviation safety. In response to the tragic tsunami disaster that resulted in a tremendous loss of life in member economies, the group has played a role in assisting in relief and rehabilitation of economies that have been affected by disasters. A paper was submitted for consideration and economies were encouraged to table papers on possible efforts that the TPT can explore in contributing to the rehabilitation of transportation infrastructure, and aiding in relief efforts for future disasters. In this light, the seminar on post-tsunami reconstruction and function of ports safety was held at the 26th TPT meeting in Vladivostok in September. The group agreed to continue discussion on this theme and share viewpoints among member economies.

In the area of maritime security, the APEC Maritime Security Experts Group completed its first APEC ISPS Code Implementation Assistance Visit in Manila in March 2005. Four Goals were presented at the meeting: (a) improve and move forward the APEC ISPS Code Implementation Assistance Program; (b) coordinate capacity building and technical outreach efforts throughout the APEC Region; (c) develop a catalogue of available maritime security training within the APEC Region; and (d) establish a sub-working group to find data on the costs and benefits of maritime security. The result of the discussions led to the realization that there must be more focus on specific needs and desires of each individual economy. In that meeting, presentations were made by the World Bank, the US Trade and Development Agency (USTDA), and US Department of State. The USTDA suggested coordinating with the World Customs Organization, which is actively working on the issue of a secure supply chain. A holistic approach should be seriously considered. Resources are available but economies must complete assessments of their ports in order to understand their real needs. Once needs are identified and plans generated to meet those needs, funds should be made available from

a variety of sources throughout the APEC region and the world.

The **TWG** also reported completion of two projects related to counter-terrorism. These include a project on the *Best Practices and Ideas in Safety and Security for APEC Economies to Combat Terrorism in Tourism*, and the APEC International Center for Sustainable Tourism (AICST) project self funded by AusAID, PATA & World Tourism Organization on *Tourism Risk Management for the Asia Pacific Region: An Authoritative Guide for Managing Crises and Disasters*.

3.3 Promoting the Development of Knowledge-Based Economies

There are many activities related to the priority on promoting the development of knowledge-based economies. These were led by the ATCWG, HRDWG, ISTWG, SMEWG, TPTWG, and TWG. Many member economies also play an active role in promoting the knowledge-based economies in APEC.

In the area of the conservation and utilization of plant and animal genetic resources, the **ATCWG** held the 6th Workshop on Plant Genetic Resources co-hosted by Chinese Taipei and Mexico. In the area of the plant and animal quarantine and pest management, a Workshop on International Standards for Plant and Animal Health was held at the USDA Center for Epidemiology and Animal Health (CEAH) facilities in Fort Collins, Colorado in October 2005. With respect to research, development and extension of agricultural biotechnology, the ATCWG will hold the 9th Workshop on Technical Cooperation, Capacity Building, Risk Assessment/ Management and Emerging Issues in Agricultural Biotechnology from 15–23 December 2005 in Chile.

Human capacity-building activities were also implemented as the group held the 3rd Seminar on Agricultural Technology Transfer and Training in Bandung, Indonesia in July 2004 and will hold another seminar in Jakarta from 28 November to 2 December 2005.

The **HRDWG** continued to promote the development of knowledge-based economies through a strong focus on education and e-learning including: Seminar on Best Practices and Innovations in the Teaching and Learning of Science and Mathematics at the Secondary School Level; APEC-IT and vocational education training projects; Workforce Retraining through Digital English

Instruction Media; the APEC e-Learning Strategic Plan Development; the APEC Consortium for Future Education: Focusing on APEC Network of ICT Model Schools for Future Education; APEC HRD Training Program on the adoption of IT and the APEC Learning Community for Shared Prosperity and the Colloquium on The Future of Educational Assessment: East Meets West.

Box 1: Strategic Action for English and Other Languages in the APEC Region

At the 2004 APEC Education Ministerial Meeting in Santiago, Chile, Ministers agreed that English has become an increasingly important tool for doing business, widening labor opportunities, and strengthening development in APEC region. The Ministers tasked EdNet, as part of the Human Resources Development Working Group to develop a Strategic Action Plan (SAP) for English and other Languages in the APEC region. This commitment was also supported in the Ministerial Statements of four sectoral Ministerial Meetings in 2004 (Trade, Education, Tourism, and SMEs).

This endeavor is in line with the duties outlined at the 3rd APEC Education Ministerial Meeting in 2004 when EdNet was tasked to work with other relevant fora to develop the SAP. The 3rd APEC Tourism Ministerial Meeting recognized that English and other languages constituted an important operational tool for businesses in the tourism industry. At the 11th APEC SME Ministerial Meeting, officials dealing with SMEs were instructed to cooperate with EdNet to identify specific actions that could contribute to the collective development of the SAP so as to encourage greater mobility and assist SMEs and micro enterprises in meeting the challenges of globalization.

At the 15th APEC Ministerial Meeting in November 2004, Ministers instructed Senior Officials to collaborate with EdNet:

“Ministers instructed Senior Officials, through the SOM Committee on ECOTECH, to oversee the work to be developed by the Education Network from the Human Resources Development Working Group, so as to establish a Strategic Action Plan for English and other languages in the APEC region, with the support of all relevant fora, aimed at creating a competitive human capital, and to report progress in 2005.”

The statement from the 3rd APEC Education Ministerial Meeting in April 2004 on “Skills for the Coming Challenges” specifically instructed EdNet to develop an SAP for English and other languages:

“We requested that EdNet work with other relevant APEC fora, including the APEC Business Advisory Council (ABAC), to develop a Strategic Action Plan for English and Other Languages in the APEC region that would take into account each economy’s context. We encouraged our counterparts responsible for Trade, SMEs, and Tourism, to instruct their senior officials so as to collectively develop the Plan for the APEC region, taking on board the strengths that these sectors can offer for the positive, long-term development of this initiative, with an aim of presenting a progress report to APEC Economic Leaders when they meet in Santiago on November 20-21, 2004.”

As background information, one of the sub-themes of the 3rd APEC Education Ministerial Meeting was:

Sub-theme 1 - Teaching English and other Foreign Languages

“The ability to communicate across language barriers is essential to international trade and to building mutual understanding among interconnected global economies. Due to the primacy of

English in diplomacy and trade, some APEC members have further stressed English language education.”

The groundwork for English as a working language within the APEC region was established at the 2003 APEC Ministerial Meeting in Bangkok when Ministers issued a Joint Statement echoing the Leaders’ commitment on the development of a “Five-Year Strategic Plan for E-Learning” in the region. Along with the recommendations to improve access to Internet infrastructure for teachers and students, Ministers also encouraged member economies to undertake measures to provide adequate knowledge and practical use of English as a working language in the APEC rim. It is significant to note that promoting English as a working language in the APEC region does not mean replacing the great diversity of local languages in member economies.

Following its mandate, the SOM Committee on ECOTECH (ESC) made a contribution to EdNet in the form of an Input for the SAP for English and Other Languages (in Annex 6). This Input was approved by the ESC in May 2005 and was forwarded to the HRDWG for consideration on 2 June 2005.

The use of English language for cross-border communications is important in many areas of trade, ranging from tourism to financial services to build a stronger regional economy through freely and openly communicating with one another. However, an increasing involvement in trade, tourism and other relations among APEC members whose official language is not English poses some problems and barriers in achieving regional integration.

Regarding the implementation of Leaders’ instruction, and specifically in regard to the Strategic Action Plan for English and Other Languages, a report submitted by the HRDWG in 20–24 June 2005 in Pattaya, Thailand noted that:

“The HRDWG, through the EdNet, thanked the ESC for its contribution to the Strategic Action Plan for English and Other Languages. EdNet will present an update on its progress to the ESC in September 2005 and will subsequently invite all relevant fora to contribute to the development of the action plan.”

EdNet later reviewed reports and proposals of several projects that will be undertaken to follow up on the Ministers’ four suggested strategic areas, including seven progress reports and 10 final project reports. In response to ECOTECH’s directive that EdNet develops a Strategic Plan for English and Other Language Learning in the APEC region, EdNet members endorsed a draft plan for this endeavor. Members expressed concern that EdNet does not have the financial or administrative resources to take on such a sizable project and recommended that the HRDWG respond cautiously to the ESC in not committing EdNet to be the sole responsible fora for a task beyond its current scope and resources.

The Draft ESC’s Input for a Strategic Action Plan for English and Other Languages appears in Annex 6.

The **ISTWG** completed a workshop assessing the current and future state of development and potential use of fuel technologies in the APEC region. It examined the issues raised by a transition from a fossil fuel economy to a renewable based fuel economy.

The **SMEWG** reported two activities. The APEC Innovation Center for SME

Development was self-funded by Korea to establish and operate an “APEC SME Innovation Center.” The Center will serve as the foundation for sharing policy experiences within APEC on the promotion of SME innovation in the region. It will link SMEs with support organizations of member economies to enhance the capacity of innovation stakeholders. The Center is intended to provide education and training for innovative

capacity building, develop innovation models, and build a cooperative network. The project consists of two phases: a preparatory phase in 2005 and an operational phase with three stages from 2006 to 2010. The APEC SME Innovation Center will be located in Seoul. The APEC Informatization Forum for SMEs was another self-funded project, with the aim to provide an opportunity for members to come up with a practical cooperative model for SMEs informatization. The forum was inaugurated in the margins of the SME Ministerial Meeting. Its main objectives are: (1) to promote the informatization of SMEs in APEC in order to bridge the digital divide in APEC; (2) to set up a close cooperation structure with related APEC fora, which are the stakeholders of e-APEC strategy; and (3) to solidify the foundation of the "APEC e-Community for SMEs" which was the result of the efforts made by Korea during the last two years.

The **TPTWG** has two ongoing activities under this priority. The first is a project led by Australia to support the secure transport of dangerous goods, including developing an inventory of economies' regulatory regimes. A survey will be conducted on members' current regulatory regimes, the regulation of the interface between modes of transport, specific security provisions for dangerous goods, and the adoption of international agreements on the transport of dangerous goods, such as the UN Model Regulations. Australia will convene a Dangerous Goods Task Force to develop a proposal to support the secure transport of dangerous goods. Member economies were invited to join the group, and a work plan will be formulated. Another activity was a Rail Safety Project led by the United States of America. There was a presentation by Mr. William Schoonover, Director of HazMat Programs at the United States Federal Railroad Administration on the recent fatal rail accident involving hazardous materials. The sharing of experiences covered safety, security and emergency response, noting that the lessons learned could be applied to all modes.

The **TWG** completed a project on *Exploring Best Practices of E-commerce Application to Small and Medium Tourism Enterprises in the APEC Region*, and has an ongoing project on

Managing the APEC Tourism Information Network (TIN).

APEC Digital Opportunity Center

Apart from the work done by APEC fora, a number of economies also played an active role in promoting the development of knowledge-based economies. Chinese Taipei has implemented various activities to bridge the digital divide between developed and developing member economies, and to support the e-APEC Strategy to develop human resources capable of responding to the demands of the New Economy.

In January 2005, Chinese Taipei hosted an APEC Telecenter Training Camp to raise awareness of the digital divide that exists within APEC, as well as to provide participants with practical knowledge and skills related to digital divide policy planning and implementation. The training camp brought to conclusion Phase 1 of the APEC Telecenter Development Program, which is one of the projects initiated under the APEC Digital Opportunity Center (ADOC). This initiative aims to bridge the digital divide through the physical establishment of telecenters, with a focus on strengthening the digital capability of people in rural areas. The first phase involved a workshop and a short-term training camp, while the second phase will involve the establishment of telecenters in APEC developing economies. The training camp was attended by respected scholars and experts. It focused on topics such as the role of government in bridging the digital divide, how to make sustainable telecenters in rural areas a reality, and how to develop resources for telecenter development. The training camp was well received by the participants and paved the way for additional activities implemented by the following TELWG meetings in Thailand and Korea.

In addition to the APEC Telecenter Training Camp, the ADOC has seen the completion of many programs dedicated to ICT education and training. Digital Opportunity Centers (DOC) in Peru, the Philippines, and Viet Nam were set up with the purpose of educating and training the public and IT professionals in ICT fields such as applications, management, accounting, and manufacturing. Each of the Digital Opportunity Centers is expected to

train over 500 personnel by the end of 2005. As part of the program, a seven-week IT Trainers Program was held from 4 July–19 August 2005 to train 20 IT instructors. This technically oriented program invited IT trainers from ADOC partner economies for a course in e-Government, e-Security, web management, web service, and wireless telecommunications. The goal of the seven-week program was to infuse the latest ICT-related courses into the curriculum and for the instructors-in-training to become qualified as ICT instructors in their respective partner economies. They will in turn transfer their learning to fellow instructors at home.

While the IT Trainers' training was primarily focused on the technical aspects of e-Governments, the 2005 ADOC program also organized an ICT Elite Camp from 25 July–5 August 2005. The camp was attended by 18 government officials and focused on training in ICT policies. During the course, public and industry experts exchanged views in the areas of ICT applications, and various legal and administrative issues pertaining to e-Government. The Elite Camp members also visited various organizations and private enterprises to learn about Chinese Taipei's ICT industry and how it cooperates with public organizations to implement prudent public policies. The Elite Camp gave the participants a much better understanding of the inner workings of e-Government, further testifying to the spirit and purpose of the ADOC program. Finally, an e-Learning portal was set up and made accessible from the

ADOC website, which provides distance learning opportunities for students of all levels and needs.

APEC Youth Plaza 2005

As part of the activities to promote cultural understanding and knowledge-based economies, the National Youth Commission of Korea organized the APEC Youth Plaza 2005 in Seoul and Gangwon province in August 2005. The purpose of this Plaza was to provide youths—the catalysts for the next generation—an opportunity to recognize and celebrate the diversity of the race, culture, and history of the region. Moreover, it aimed to establish a future-orientated network among youths from the APEC members and other countries, and to promote mutual cooperation and understanding for the peaceful development of the world. It also provided an opportunity for the youths to get a broad span of knowledge on their neighboring countries, sharing their ideas on how they can use the cyber world created by modern technology for the future. The concerns of youth will be conveyed to the APEC Economic Leaders' Meeting in November 2005.

The theme of the Youth Plaza was "APEC Youths in the Cyber World." It consisted of two sub-themes on the Roles and Ethics of Youths in the Cyber World and the Challenges and Visions of e-World for the Youth.

Box 2: The Work by Korea to Promote Knowledge-Based Economies in APEC

As one of the leading economies in the fields of IT and education, Korea has since 2001 contributed to crystallizing the APEC vision for reducing the digital divide in APEC with its work on the APEC Learning Community and a stable support system for educational development, the Consortium for APEC Cyber Education Cooperation (ACEC) and the APEC Education Foundation (AEF).

In 2001, with the support of the AEF and four economies (Hong Kong, China; Korea; New Zealand; and the United States), the ACEC Task I took the first step to draw the member economies' attention to narrowing the digital divide in APEC.

The ACEC enlarged and developed the scope of activities through the ACEC Task II of "APEC Learning Community for Shared Prosperity (ALCom)." In particular, the APEC Learning Community Builders (ALCoB) was mobilized to enhance educational and cultural exchange among 11 member economies to solidify the foundation of international collaborative activities.

Last year, Korea proposed the APEC Future Education Consortium (ACEC Task III) at the 26th APEC HRDWG with 11 co-sponsoring economies to address the challenges of today's IT-based society. It proposed the set-up of an ideal model for future education and promoted sub-projects, such as the ICT Model School Network, the APEC Future Education Forum and the APEC Future Education White Paper, with a web repository, ALCoB.com (www.alcob.com).

Based on the accumulated know-how and international collaboration, Korea will suggest an ideal model for the education of the next generation, who will be the support and driving force of the future of APEC. As part of these efforts, Korea advanced the APEC e-Learning Training Program, which was recognized at the 27th APEC HRDWG to carry out theoretical and practical ideas of future education. Likewise, the achievements of the ACEC will be conducive to the APEC e-Learning Training Program.

The progress of international collaborative projects in education initiated by Korea is as follows:

1. APEC Future Education Consortium (ACEC Task III)

As of September 2005, 67 member economies' schools have joined in the ICT Model School Network and examined the feasible ways to realize an ideal model of future education. In particular, the 1st APEC Future Education Forum was convened in Busan, Korea from 9–11 September, and attended by 500 prominent scholars, education administrators, experts, teachers, and businesspersons.

The participants followed up on the priority areas of the 3rd APEC Education Ministerial Meeting, materialized the vision of ideal future education and carried out the plan to share the outcomes with member economies through issuing the APEC Future Education White Paper at the APEC Economic Leaders' Meeting in Busan in November 2005.

2. APEC Education Foundation

The Foundation's grant programs continue to focus on enhancing digital opportunities and promoting capacity building in the region. A total of US\$679,000 in grants was given to the Consortium for APEC Cyber Education Cooperation, consisting of four projects from four economies on cyber education cooperation in 2001. In addition, the Foundation approved a total of US\$719,500 in grants to six projects from six economies on ICT capacity building for small and micro-enterprises in 2004.

In 2005, the AEF continued to foster APEC cooperation in education and human capacity building through grant programs such as the Call for Grant Proposals to enhance the capacity of disadvantaged youths affected by social and economic factors such as low income, geographical isolation, and disability. More information about the AEF can be accessed from its website at www.apecf.org.

3. APEC e-Learning Training Program

Building upon the achievements in cyber education cooperation in the APEC region, Korea proposed the APEC e-Learning Training Program as a systematic and sustainable initiative to expand digital opportunities for education policy makers, school administrators, and innovative teachers in the APEC region.

Beginning from 2006, the program will provide e-Learning training courses and technical support for educators to improve the quality of e-Learning and to reduce the digital divide in the APEC region. This program will also support collaborative e-Learning research and development projects suited to the needs of APEC member economies, while facilitating the sharing of experiences and cooperation among the member economies.

3.4 Addressing the Social Dimension of Globalization

In 2005, there were 14 activities implemented by the APEC working groups in support of this priority.

The **ATCWG** reported in January 2005 the findings of a study on Biomass Utilization for Sustainable Agriculture Production by Japan.

The **HRDWG** continued its strong focus on the social dimension of globalization through education, capacity building and promoting labor and social protection policies. Projects included: Workshop cum Dialogue Session to Analyze Wage Systems Practiced, Specifically on Performance-Based Remuneration; Sustainable Economic Development and Youth Employment Vocational Training Policies for the Youth; Seminar on Maximizing the Potential of Older Workforce; and the APEC International Youth Camps.

The **ISTWG** reported five activities related to the environment. These included a Seminar on Globalization and Business Incubators; an APEC Biotechnology Conference – Policy and Strategy; an establishment of APEC Climate Network for Climate Information Services; the APEC - EqTAP Seminar on Earthquake and Tsunami Disaster Reduction; and Project Clean Aqua for tsunami relief.

The **SMEWG** reported three activities supporting this priority. A project on *The Need and Availability of Micro-Finance Service for Micro-Enterprise: Bringing Multi-Level Good Practices into Local Context* was implemented with the aim to obtain a clear description of micro finance services, both on the demand and supply side. This study was conducted in 2004–2005 in five APEC member economies, namely Malaysia, Thailand, the Philippines, Mexico, and Indonesia. The objectives were (1) to assess the capacity of Micro Finance Institutes (MFIs) and problems faced by MFIs to deliver micro finance services to micro enterprises; (2) to collect information about good practices done by some MFIs in delivering services, outreach, data collection sustainability, etc; (3) to assess the need for micro finance services at the micro level and to address problems including that of capacity faced by micro enterprises to access

the services; (4) to assess the expectation of micro-enterprises on the MFIs in terms of location, delivery system, interest rate, mode of payment, amount of money, etc. The project concluded by having a seminar in Bali in August 2005. A seminar on *Enhancing the Business Environment for Micro-Enterprises in the Asia-Pacific Region* was held in Hanoi in August 2005 to share the experience among government officials and policy makers, especially for developing economies, on the need for supporting policies for micro-enterprises. The seminar was attended by experts from developed economies and International Financial Institutions such as the World Bank and Asian Development Bank (ADB) as well as other key speakers from government and agencies related to SMEs/Micro-Enterprises.

In responding to the Senior Officials' directions that APEC revitalize its work on disaster preparedness in the wake of the December 2004 Indian Ocean tsunamis, the group also developed a Disaster Preparedness Checklist for SMEs which provides a guide to assist SMEs in planning their response to emergencies and disasters. The SME Checklist was endorsed by the SME Ministers at their September 2005 meeting in Daegu, Korea.

The **TWG** reported two ongoing activities and one completed project. These included a project on *Tourism Occupational Skills Standards (TOSS) in the APEC Region – Stage 4*, and a project on *Best Practices in Sustainable Tourism Management Initiatives for APEC Economies*. One project was completed by the APEC International Center for Sustainable Tourism (AICST) on *Tourism Risk Management for the Asia Pacific Region: An Authoritative Guide for Managing Crises and Disasters*. This project was self-funded by three agencies namely, the Australian Agency for International Development (AusAID), the Pacific Asia Travel Association (PATA) and the World Tourism Organization (WTO).

APEC Social Safety Net Capacity Building Network

The APEC Social Safety Net Capacity Building Network (SSN-CBN) was launched in July 2002 with the Korea Institute for Health and Social Affairs (KIHASA) as head institution, and with participation of Lead Institutions from 16 APEC member economies. The work of the SSN-CBN is to focus on capacity building to implement the SSN recommendations made by the Finance Ministers and the HRDWG study. The main activities are conducted by exchanging information; collaborating on research and development; holding seminars; and disseminating effective practices for better social safety net delivery to developing member economies.

Over the past years, the SSN-CBN has conducted research on six major areas as suggested by the Finance Ministers' Process and the HRDWG. The group has also compiled a social safety net training manual for the APEC economies. It also worked with the HRDWG on a project on *Workforce Retraining through Digital English Instruction Media for SMEs*.

The SSN-CBN has organized an *APEC Symposium on Strengthening Social Safety Nets Under Rapid Socio-economic Changes* in August 2005. The Symposium discussed the role of social safety nets for the vulnerable people under the diverse socio-economic impact of globalization. Experts from 13 APEC SSN-CBN Lead Institutions, six social policy scholars and representatives from APEC Gender Focal Point Network (GFPN) attended the meeting, as did specialists from the International Labor Organization (ILO), the World Bank, and UN Development Program. More information on the activities by the SSN-CBN can be accessed via its website at www.apecssn.org.



**Contribution by the ESC
to the Mid-term Stock
Take Symposium (MTST)**

4. CONTRIBUTION BY THE ESC TO THE MID-TERM STOCK TAKE

One of the major deliverables for APEC 2005 is the Mid-Term Stock Take to assess the progress APEC has made in achieving the Bogor Goals. The Mid-Term Stock Take (MTST) Symposium was held on 28 May 2005 on Jeju Island, in Korea. The ESC Chair participated and gave an assessment of the progress made in the field of ECOTECH. In his remarks, Ambassador Juan Carlos Capuñay concurred with the findings of the experts that APEC has made impressive progress in the past decade and that it is well on the way to achieving the Bogor Goals by 2010 for industrialized economies, and 2020 for the rest. However, he noted that this should not be a cause for complacency, and the liberalization goal posts should not be considered finite, static targets. It will be a less meaningful outcome if APEC achieves low or zero tariff rates but a large proportion of its people do not benefit from trade, or if there is increasing income inequality among members. It is an opportune time for APEC to not only review its progress on Trade and Investment Liberalization and Facilitation, but to also consider improving economic and technical cooperation in ways which will address the impacts of globalization and regional integration, and to ensure that everyone benefits from freer trade and investment.

The ESC Chair also provided comments on the assessment of ECOTECH and capacity building by presenting a broad picture of the successful ECOTECH activities implemented by all APEC fora. For example, the e-APEC Strategy, which was formulated in 2001 with research support from the Economic Committee and inputs from various working groups, including the TELWG and the E-Commerce Steering Group, has significantly contributed to the progress made in paperless trading. This directly supports the trade facilitation efforts in the CTI. The ESC Chair suggested that in the final Mid Term Stock Take report to APEC Ministers in November 2005, the contribution by all working groups and individual member economies on ECOTECH activities should be adequately reflected, in addition to the progress made in TILF.

On the recommendations to the MTST Symposium, the ESC Chair stressed the need to strengthen the operation of the ESC in order to effectively coordinate the ECOTECH agenda on behalf of SOM. At the same time, he outlined the work that has already been done by the ESC to strengthen the implementation of APEC projects by developing Evaluation Frameworks for APEC projects. Last year, ministers endorsed the Quality Assessment Framework (QAF) as a tool to replace the ECOTECH Weightings Matrix to help Project Overseers improve the quality of project proposals. This year, the ESC is working on a continuation of the evaluation frameworks for projects that are ongoing and completed. These evaluation frameworks will detect and minimize any shortcomings or risks and help identify appropriate remedies for the successful achievement of project objectives. The ESC has also encouraged the SMEWG and TWG to voluntarily undertake an independent assessment of the group's implementation of ECOTECH activities.

The ESC submitted its report on meeting the Bogor Goals as required by the Symposium. A full report appears in Annex 7.



**The Second APEC/IFIs
Policy Dialogue on**

5. THE SECOND APEC/IFIs POLICY DIALOGUE ON ECOTECH

On 10 September 2005, the SOM Committee on Economic and Technical Cooperation (ESC) organized the second APEC/IFIs Policy Dialogue on ECOTECH. The theme of this Dialogue is “Toward Equitable and Shared Prosperity.” The objective is to share experiences and expertise on capacity-building activities in the areas of mutual interest. These include Small and Medium Enterprises (SMEs) and Micro-Enterprises (MEs) development, human resources development, and trade facilitation. Representatives from International Financial Institutions (IFIs) such as the Asian Development Bank (ADB), the Inter-American Development Bank, and the World Bank, as well as relevant international organizations such as The Organization for Economic Cooperation and Development (OECD) were invited. The APEC Senior Officials, Chairs of Committees, Chair of the APEC Finance Technical Working Group, Chair of the APEC Business Advisory Council (ABAC) and Lead Shepherds of all Working Groups and Fora were also invited to participate in this Policy Dialogue.

The agenda of the meeting included an overview of ECOTECH activities in APEC which touched on the ECOTECH priorities for 2005 and 2006, empowering SMEs and MEs, cooperation between OECD and APEC on SMEs, capacity building for trade facilitation, and innovation; technology development and knowledge-based SMEs and MEs. The Dialogue was well attended by APEC representatives and invited speakers from IFIs and international organizations, namely Mme Marie-Florence Estimé, Deputy Director of the Center for Entrepreneurship, SMEs and Local Development, OECD; Ms Asa Malmstrom Rognes, Senior Financial Economist, ADB; and Mr Colin Lonergan, Operations Manager, Tokyo Development Learning Center, the World Bank’s Global Development Learning Network. A summary record of the meeting appears in Annex 8.

Participants acknowledged the close cooperation, both past and present, between APEC and these IFIs and other organizations. At the same time, they agreed that there is a need to consider how we can

deepen cooperation, noting that there are already cooperative efforts in the area of SMEs and Micro-enterprise development. At the same time, it was recognized that there is a need to avoid duplication, remain focused and to develop concrete policy outcomes.

During the dialogue, a number of suggestions and recommendations were made:

Cooperation with APEC is important for the OECD, and to this end the OECD favors identifying concrete policy issues where the two organizations can join forces. Since 2002, APEC and all APEC economies have been invited to participate in the “OECD Bologna Process on SME and Entrepreneurship Policies.” It was noted that an APEC economy (New Zealand) was the chair of the OECD Working Group on SMEs (WPSME). In 2005, for the first time, the OECD and APEC SMEWG decided to undertake a joint activity on “*Removing Barriers to SME Access to International Markets.*”

At the same time, APEC is invited to participate in certain activities of the current 2005-2006 Work Program of the OECD WPSME. In particular, the following projects:

- Enhancing the role of SMEs in Global Value Chains;
- The Global Conference on “*Better Financing for Entrepreneurship and SME Growth,*” which will be held in Brasilia, Brazil on 27–30 March 2006; and
- Entrepreneurship and SME-related Statistics

The World Bank stressed the importance of innovation and new technologies to help build capacity. The World Bank’s Global Development Learning Network (GDLN) is one mechanism by which this can be achieved.

The ADB has set up a new unit specifically to deal with regional economic integration. This will be the focal point for interactions with international fora, such as APEC. The ADB is undertaking regional cooperation in SME

development, trade facilitation and customs cooperation.

The SMEWG representative recommended designating a working group liaison member to maximize synergy between APEC and the IFIs, and to increase SME capacity building through training, surveys and seminars.

The ABAC representative noted ABAC's efforts to strengthen collaboration on SMEs, and recommended deepening the relationship between APEC and the IFIs, and tightening coordination within APEC processes.

The HRDWG Lead Shepherd made a number of suggestions on how the HRDWG can work with the SMEWG and other organizations to build capacity in SMEs and improve labor and social protection for SMEs. The HRDWG Lead Shepherd committed to further collaborate with the SMEWG to engage the OECD in developing activities related to SME statistics.

The CTI Chair proposed:

1. APEC and the IFIs should keep one another better informed of their respective work on trade and investment liberalization and facilitation through an annual briefing and by attending a CTI meeting.
2. CTI conducts trade policy dialogues, and would like to have such discussions with the IFIs on specific trade facilitation issues related to development of economy programs.
3. Local collaboration between relevant economy's CTI members and the local IFI managers.

At the end of the Dialogue, participants discussed the way to enhance collaboration with IFIs and relevant international organizations. Recommendations to Senior Officials and Ministers were made as follows:

1. The meeting concluded that this type of policy Dialogue is useful and should be continued. An option to consider would be to include the Dialogue as part of the agenda of the proposed ESC/Committee of the Whole. There are a number of ways that both sides can strengthen their collaboration:

- Broaden awareness of any activities that may be of mutual benefit to each party (for example sharing data, research and reports);
- Elevate partnership to a higher level, sending a stronger signal in the annual Leaders' Declaration to lend support to joint activities that APEC has with IFIs where appropriate;
- Deepen interaction in specific areas such as SMEs and MEs, trade facilitation, human resources development (and explore additional topics);
- Broaden engagement to include other international organizations and other APEC fora, ABAC and the Finance Ministers' Process; and
- Consider lessons learned from previous IFI roundtables

2. Both sides will maintain communication by sharing work plans, by continuing to meet annually, and/or by joining in each other's seminars/symposiums as invited.
3. APEC will be invited to participate in two OECD conferences on SMEs in March 2006 in Brazil and in the last quarter of 2006 in Greece.
4. Each side will improve coordination through the following measures:
 - OECD suggested: (1) improving the exchange of information and keeping each other abreast of what the other is doing; and (2) encouraging greater participation in OECD research activities.
 - ADB reiterated the importance of sharing information and suggested using websites to do so. The newly established office for regional economic integration will act as a focal point for interaction.
 - Members were enthusiastic to learn that the World Bank has recently assigned Ms Peggy Kek (pkek@worldbank.org) as Coordinator to liaise between APEC and its Office of the Vice President of the East Asia.
 - APEC working groups will be requested to identify a liaison member to handle outreach with IFIs and other international organizations.

- The APEC Secretariat IFI coordinator will facilitate these liaisons.
- 5. Recommend IFIs and the OECD consider the paper on 19 APEC projects approved for 2006 implementation that may incorporate participation by IFIs or other international organizations (as identified in Document 2005/SOM3/IFI/006).
- 6. APEC will continue to collaborate with the GDLN.
- 7. APEC ESC will continue to work on coordination with IFIs and other organizations, and within APEC processes, including the Finance Ministers process.
- 8. The ESC Chair will provide key points of contacts for IFIs and international organizations to other working groups and for lead shepherds to facilitate ease in communication.



Collaboration with International Financial Institutions (IFIs)

6. COLLABORATION WITH INTERNATIONAL FINANCIAL INSTITUTIONS (IFIs)

In August 2003, APEC organized the first APEC/IFIs Roundtable Discussion on Economic and Technical Cooperation to exchange experiences and policies on past, present and future economic and technical cooperation activities undertaken by APEC and IFIs. One of the concrete outcomes from the discussion was an agreement between the APEC Secretariat and the World Bank's Global Development Learning Network (GDLN) to undertake pilot projects utilizing the existing facilities of the GDLN to support APEC's ECOTECH activities. In this regard, a Letter of Intent between the APEC Secretariat and the International Bank for Reconstruction and Development (IBRD) concerning the GDLN was signed in July 2004. This was reported in the 2004 SOM Report on Economic and Technical Cooperation.

In 2005, the APEC Secretariat and the GDLN have undertaken two joint activities. These included the Rural Distance Learning (RDL) Course for APEC participants at no cost and the pilot projects to utilize GDLN facilities to disseminate the benefits of APEC training. At the second APEC/IFIs Policy Dialogue on ECOTECH, a GDLN representative also attended and gave an assessment of current cooperation in order to discuss future collaborative activities.

Rural Distance Learning (RDL) Course for APEC participants

In April 2005, the Secretariat and the GDLN jointly organized an online course on Rural Distance Learning (RDL) for APEC participants, at no cost. An announcement was posted on the APEC Secretariat's website in November 2004 and brochures were made available to the Senior Officials Meeting in Seoul in February 2005. The World Bank representative, Mr Tom C. Tsui, also discussed the ongoing cooperation between the World Bank and APEC, especially on GDLN, at the ESC meeting on 28 February.

The course aims at providing officials from development agencies, key government ministries, NGOs, research and academic institutions, ways in which to utilize low-cost and appropriate technology in serving the development and educational needs of rural populations. In total, 11 participants from Peru and three participants from Chile took part in the online course from 25-28 April 2005. The course materials were also made available to those who were not able to participate on the GDLN's website at <http://sites.jointokyo.org/rdl/>.

After the completion of the course, the APEC Secretariat sent a questionnaire to all participants. Six responses were received and their feedback can be summarized as follows:

1. Those who completed the questionnaire are all from Peru. Four are government officials working on APEC, while the rest are from business and academia.
2. The respondents learned about the RDL course from various channels but mostly through their APEC contacts points, Senior Officials and the APEC Secretariat's communications.
3. They were generally satisfied with the assistance from the APEC Secretariat in getting the information about the course and the registration. However, one of the respondents said the Secretariat should provide more assistance.
4. All of them were very satisfied with the assistance from the GDLN in registering for the course. They were also satisfied with the course and the course materials provided. They were generally satisfied with the GDLN's facilities. One respondent encountered a problem with the simultaneous translation of the lectures from Spanish into English.
5. Five out of six respondents considered the length of the course (four days) as adequate. One respondent suggested the course be longer; many points and questions that could not be covered because of time constraints.

6. When asked if the course was relevant to their present work, only two respondents indicated that their present work was not related to the subject matter of the course. However, they noted that the course was useful and the knowledge gained was relevant to their work. Those who considered the course useful also suggested that it be promoted to all APEC participants.
7. All respondents were interested to participate in future courses provided by the GDLN. The areas that they were most interested are ranked accordingly as:
 - SMEs
 - Sustainable Development
 - Public Sector Administration
 - Education
 - e-Commerce and e-Government and ICT
 - Health Services
8. Two of the respondents expressed an interest in using GDLN's facilities—for a Symposium on Micro and Small Enterprises Financing (a tool for mainstreaming the informal sector, which was held from 6–7 July 2005) and for a conference with the local government about SME promotion.

The APEC Secretariat conveyed the results of the survey to the World Bank's GDLN for consideration and copied all APEC participants attending the course for their information. A preliminary discussion with the GDLN has led to an agreement that:

- The progress to date in establishing sustainable partnerships between APEC and GDLN has been very valuable;
- Future collaborative activities will build upon successful activities, particularly the Rural Distance Learning tool kit. In this regard, the GDLN will prepare a short paper on possible follow-up activities to these courses (possibly including additional training or development of proposals for follow-up implementation activities);
- The GDLN will respond to the Project Overseers who indicated their interest in utilizing GDLN facilities in their projects. In particular, the GDLN, through its Development Learning Center in Lima, Peru, will be in touch with the organizer of the upcoming Symposium on Micro

and Small Enterprises Financing; a tool for mainstreaming the informal sector on the possible use of GDLN's facilities;

- Both sides will expand the outreach of GDLN events that have already been planned by including APEC-endorsed participants. Future courses may include the Microfinance training program.
- The GDLN will respond to any request for assistance that has been made by APEC.

Utilizing GDLN facilities to disseminate the benefits of APEC trainings

On 19 October 2004, the APEC Secretariat engaged in a discussion with the representative of the Global Development Learning Network on cooperation to utilize GDLN's facilities for dissemination of APEC trainings and seminars to a wider audience.

Five APEC-funded projects for implementation in 2005 were selected and the Project Overseers were approached to take part in a pilot program to utilize the GDLN's facilities for their seminar or symposium:

- Micro and Small Enterprise Financing: a Tool for Mainstreaming the Informal Sector (SME 01/2005)
- Wi-Fi Connectivity in Rural and Remote Communities: Bridging the Digital Divide (TEL 02/2005)
- Harmonized Data Elements: Workshop on Implementation of World Customs Organization Data Model (CTI 07/2005T–SCCP)
- Third Secure Trade in the APEC Region (STAR) Conference (CTTF 01/2005T)
- APEC Seminar on Textile Trade under the WTO Legal Framework (TP 02/2005)

Only the project on Micro and Small Enterprise Financing: a Tool for Mainstreaming the Informal Sector responded with interest to participate in a pilot project. The project involved a symposium from 6–7 July 2005 in Lima, Peru, to analyze the different aspects related to business formalization in the APEC economies, as well as its impact on financing for Micro and Small Enterprises and to learn

the best practices on formalization and financing developed in the APEC region.

The Secretariat and the GDLN then engaged and provided technical assistance to the project. The essential part was a one-hour video-conferencing session during which a speaker from the Office of Financial Assistance, Small Business Administration (SBA) in the United States, gave a presentation and interacted with a panel. The other main sessions were also recorded and edited for Video-on-Demand, which can be accessed through internet for reference. The technical assistance was provided by the Lima and Washington offices of GDLN's Development Learning Center (DLC). Partial funding of US\$831 was also made available from the Tokyo Development Learning Center to cover the communication cost.

After the completion of the project, the Secretariat conducted a follow-up survey to ascertain the usefulness and efficacy of the GDLN's facilities in disseminating the benefits of seminar and training to a wider audience. The Project Overseer expressed satisfaction with the assistance received from the APEC Secretariat and the Development Learning Centers. A video-conferencing session was successful, with very good sound and video quality. The speaker was able to interact with the audience without interruption. This was made possible by pre-session testing to ensure there were no technical problems. On the cost effectiveness of this exercise, the Project Overseer responded that video conferencing might not substantially reduce the project cost. However, it gave the opportunity to connect the participants with an important speaker who would otherwise be unable to travel to the symposium. The interaction was lively because panelists were able to make comments and ask questions of the speaker. The Project Overseer's final assessment was that this pilot project was very useful and should be considered for use at other APEC seminars and training sessions. It was suggested that the video conferencing is more effective for a small group discussion (15–20 persons) or for a steering group meeting and it should not last more than two hours due to the high communication cost. Three factors that should be considered are technical issues (video and audio quality), content

(presentation by speakers), and format (the manner in which video conferencing will be carried out such as speech, Q&A, etc.)

For the project on Wi-Fi Connectivity in Rural and Remote Communities: Bridging the Digital Divide (TEL 02/2005), the Project Overseer expressed an interest to have a World Bank official deliver a speech about the importance of trade facilitation and to introduce the World Bank's policy to member economies in an APEC Symposium on the Assessment and Benchmark of Paperless Trading in Beijing, People's Republic of China on 1–2 September 2005. In this regard, the Secretariat coordinated with the World Bank, which nominated a speaker to attend the Symposium.

The other three projects did not respond to the offer. All of them have been implemented without a GDLN component being incorporated into the project.



**APEC's Cross-sectoral
Approach to Sustainable
Development and Invasive
Alien Species (IAS)**

7. APEC'S CROSS-SECTORAL APPROACH TO SUSTAINABLE DEVELOPMENT AND INVASIVE ALIEN SPECIES (IAS)

Since 2004, the ESC has endorsed the inclusion of the issue of sustainable development into its annual work plan with the aim of revitalizing APEC's cross-sectoral approach to sustainable development and identify areas and linkages where APEC can add value. This year, the ESC has developed partnerships and effective coordination mechanisms with relevant fora on the issue of sustainable development. The ESC also implemented project ESC 01/2005 – Voluntary Initiatives for Sustainable Production, Trade and Consumption, with Chile playing a lead role. This project will pave the way for discussions on the cross-sectoral approach to sustainable development and recommendations to the High-Level Meeting on Sustainable Development, to take place in Chile in 2006.

At the meeting of the APEC Ministers Responsible for Trade (MRT) in June 2005, the Chilean Minister of Trade announced that Chile will host the APEC High-Level Meeting on Sustainable Development in 2006. Preparations are well underway and the High-Level Meeting will be held in July 2006 in Santiago.

7.1 Implementation of Crosscutting Issue of Sustainable Development in APEC

Since the beginning of a revitalization of the sustainable development issue in APEC at the MRT in June 2004, the theme has been approached from a crosscutting sectoral point of view, as reflected in the 12th APEC Economic Leaders' Declaration and the 16th APEC Ministerial Joint Statement.

The 12th APEC Economic Leaders' Declaration *"called upon our officials to advance toward an APEC Sustainable Development Framework that will build on the work carried out by APEC and ensure that the growth and development of the region is enjoyed by future generations. We instructed them to report on progress by the time we meet in 2005."*

APEC Ministers also recognized the need to revitalize APEC's agenda on sustainable development. They welcomed the work undertaken by various APEC fora on this issue. They recognized that these initiatives have shed light upon the relationship between economic, environmental and social issues from the widest range of perspectives and that they have contributed to a better understanding of what sustainable development implies for the APEC region.

Ministers highlighted the cross-cutting character of this theme and welcomed the work achieved during 2004 in the First Meeting of APEC Ministers Responsible for Mining; SME Ministerial Meeting; the Third APEC Tourism Ministerial Meeting; and the Fourth APEC Ministers Meeting on Regional Science and Technology Cooperation.

In that context, in January 2005 Chile presented a project proposal on "Voluntary Initiatives for Sustainable Production, Trade and Consumption" (ESC 01/2005). The Budget and Management Committee approved the project in March 2005. The aim of the project is to conduct a stocktaking exercise aimed at identifying ways in which sustainability has been integrated, in voluntary ways, at different stages of the production, trade and consumption chain in different economic sectors of the region, and how APEC activities have contributed.

The three basic elements of this project are:

1. Creation of a Steering Committee (basically the project overseer, representatives of the relevant WGs, plus selected experts from international institutions);
2. A background paper for the workshop; and
3. An international workshop, and its recommendations.

A workshop was held from 26-27 September 2005 in Santiago, Chile. The objective was to analyze the actual contribution of voluntary initiatives to sustainability in value chains, the comparative implementation in different

economies of the region, major trends such as handling of certification or integration of multi-criteria (social and environmental), market barriers, and to elaborate recommendations for action for the government as well as the private sector. The sectors under analysis are mining, tourism, aquaculture and agriculture. Examples of the initiatives to be analyzed include ISO 14001, eco-labeling in different sectors, voluntary agreements, and systematic initiatives on corporate social responsibility. Beyond these international schemes there are numerous and manifold national schemes. These may or may not include certification and may or may not be internationally recognized. These schemes were included in the stocktaking in order to obtain a good overview of the current situation.

During 2005, progress has been made with regard to the analysis of past APEC activities on sustainable development and background information for the formulation of recommendations for the future. A questionnaire was sent out to all Working Groups to report on important past activities on sustainable development. A list of the content of the background paper is available in Annex 9.1. This background paper and the recommendations after the workshop will be important inputs for the High Level Meeting on Sustainable Development to be held in 2006. Chile started with the implementation of the ESC-supported cross-sectoral project on voluntary initiatives for sustainable development in production, trade and consumption. This project exemplifies APEC's cross-sectoral approach toward sustainable development.

Progress to date:

- The Steering Committee was formed in April 2005. Members of the Steering Committee are listed in Annex 9.1
- The background paper has been prepared. Annex 9 contains a summary and conclusions as well as a list of contents of the background paper. The International Institute for Environment and Development (IIED) in London has agreed to contribute to the paper. A questionnaire was sent to all ESC members in May 2005 in order to recollect domestic experiences with voluntary schemes to foster sustainable

production, trade and consumption. This is also contained in Annex 9.1

- A Workshop was held on the 26-27 September in Santiago. The program is presented in Annex 9.1
- A website on the outcomes of this activity is also available at www.apecvist.cl.

7.2 APEC High-Level Meeting on Sustainable Development in 2006

Following up on the valuable work achieved at the APEC Ministerial Meeting on Environment in 1996 in the Philippines, and after the serious and intense cross-cutting work undertaken since 2004 (in the ESC 01/2005 project, "Voluntary Initiatives on Sustainable Production, Trade and Consumption Chains"), Chile has announced that it will host an APEC High Level Meeting on Sustainable Development in 2006. This meeting will take place in Santiago during the APEC 2006 year of Viet Nam. This will enhance the role of APEC, considering that one of the key priorities of Viet Nam is sustainable development.

2006 marks the 10th anniversary of Manila's declaration on sustainable development, an opportune time to review and communicate with the outside world what APEC has achieved and to orient future work on sustainable development with regard to priorities, cross-cutting issues and cooperation with different international organizations.

The Directorate of Environment, Antarctic, and Maritime Affairs (DIMA) at the Foreign Affairs Ministry of Chile will be responsible for the preparations of this High Level Meeting on Sustainable Development, initially scheduled for 20–21 July 2006. The APEC Department at the International Economic Affairs Bureau, Foreign Affairs Ministry, will serve as Chile's contact point in APEC.

The results of the ESC 01/2005 project on "The Role of Voluntary Initiatives in Sustainable Production, Trade and Consumption," co-sponsored by Canada, Indonesia, China and the Philippines will provide important input for the High Level Meeting. The meeting responds to the need of incorporating in APEC the principles and guidelines for sustainable development that

come from the Johannesburg Plan of Implementation. The integration and coordination of APEC activities with WSSD implementation processes and CSD (Committee of Sustainable Development, United Nations) will be central. The recent election of Chile as a CSD member for the period 2006-2008 comes at a propitious time.

APEC economies have been consulted by Chile's missions abroad and also at the ESC meetings about the issues that each member economy would like to be reflected in the final agenda for the High Level Meeting on Sustainable Development.

At the ESC III meeting in September, Chile presented the 2005/SOM3/ESC/014 document, "Brief Analysis of APEC Sustainable Development Approaches and Activities, 1997–2004." Chile has invited feedback from all APEC economies and a summary appears in Annex 9.

7.3 Coordination of the Invasive Alien Species (IAS) Issue in APEC

An APEC Workshop on Invasive Alien Species (IAS) was held from 18-22 September 2005 in Beijing, People's Republic of China. It was co-sponsored by the Ministry of Agriculture, China and the U.S. Department of State; and funded by the U.S. National Science Foundation and the Department of Science, Technology and Education of the Chinese Ministry of Agriculture, with supplemental financial and/or administrative support from the Center for the Management of Invasive Alien Species, and the Office for Alien Species Management, Chinese Ministry of Agriculture; the U.S. Departments of Agriculture and Interior; CAB International; the Global Invasive Species Program; and the governments of Chile and Australia. The workshop was attended by 154 delegates from 17 APEC member economies. Representatives came from the FAO, the World Conservation Union (IUCN), Global Invasive Species Program (GISP), CABI and The Nature Conservancy (TNC) as well as non-member economies Italy and India. Participants to this workshop came from a wide range of sectors, such as agriculture, forestry, quarantine, environment,

aquaculture, marine, trade and research institutions.

During this workshop, Mr. Zhu Xiu-Yan, Chief Economist of China's Ministry of Agriculture and Dr. Joseph Jen, Undersecretary of the USDA highlighted the seriousness of IAS issues within APEC economies. Ambassador Juan Carlos Capuñay, ESC Chair delivered a speech on behalf of the ESC. Delegates reported their domestic and multi-regional efforts in addressing IAS. Their discussion focused on the development of a comprehensive APEC IAS strategy that cuts across all relevant APEC fora within the context of trade as well as appropriate action plans for future implementation. Delegates stressed the importance of cooperative efforts among APEC members, which will support APEC's goal to facilitate regional trade and promote economic and technical cooperation.

The APEC Invasive Alien Species Strategy Framework or APEC IAS Strategy Framework, a major outcome of this workshop will be submitted to APEC senior officials, Ministers and leaders at their November 2005 meetings in Busan, Korea. This framework and its recommendations on priority actions lay down a solid foundation for cooperation among APEC economies on the prevention, eradication and management of IAS. The strategy also reflects the importance of human and institutional capacity building in economic and environmental risk assessment, pest and vector identification, pest and vector management, and eradication, all of which support early detection and rapid response. In this context, delegates called for increased public awareness campaigns among APEC economies and agreed to strengthen their information sharing and networking efforts.



**Strengthening
Implementation of APEC's
ECOTECH Activities**

8. STRENGTHENING THE IMPLEMENTATION OF ECOTECH ACTIVITIES

Strengthening implementation of APEC's ECOTECH activities continued to be one of the major deliverables of the ESC this year as part of its contribution to the APEC Reform agenda. The ESC-Small Group on Evaluation (ESC-SGE), which has been chaired by Australia since 2004, has pioneered much of the work. The Small Group held meetings prior to each ESC meeting in 2005 to discuss and assess the progress made on developing evaluation frameworks for APEC projects. Last year, the Quality Assessment Framework was endorsed by ministers to replace the ECOTECH Weightings Matrix, which was part of the APEC Project Proposal Format. This year, the ESC-SGE conducted successful trials of the Monitoring and Evaluation Frameworks for ongoing and completed projects, respectively. The trials led to the ESC's recommendation to SOM and ministers for adopting these two frameworks, which then led to the complete Project Assessment, Monitoring and Evaluation (AME) Frameworks from the proposal stage to project implementation and completion. This will strengthen the implementation of ECOTECH projects in APEC. Following the successful completion of the ESC-SGE role in 2005, its work will now be continued within the broader ambit of the SOM Committee on ECOTECH.

This year, the ESC also contributed to the discussion of the APEC Support Fund (ASF) that will be officially endorsed and inaugurated by Ministers in Busan. The ASF was set up as a flexible funding mechanism to complement the existing Operational and TILF Special Accounts for meeting capacity building needs for APEC developing economies in APEC's agreed high-priority sectors for economic and technical cooperation. Australia's total contribution to the ASF will be A\$3 million, with funding of A\$1 million in 2005, and the remaining amount to be paid in 2006 and 2007.

8.1 APEC Support Fund

In November 2004, Ministers endorsed the proposed APEC Support Fund (ASF) and welcomed the offer of Australia to contribute

A\$3 million toward the establishment of the fund over the coming three years: *"Ministers noted that APEC's growing work program is generating greater demand on its capacity-building resources. Accordingly, they instructed officials to consider ways to broaden APEC's funding base, and endorsed the establishment of an APEC Support Fund ("the ASF"), which could attract funds from government as well as non-government sources."*

The ASF was formally approved during the second Senior Officials Meeting in Jeju, Korea in May 2005. The first payment of A\$1 million was made in June 2005, with subsequent payments to be made in 2006 and 2007. The first batch of 2006 project proposals for the ASF were considered and endorsed at BMC II.

The objective of the ASF is to serve as a flexible funding mechanism to complement the existing Operational and TILF Special Accounts for meeting capacity-building needs for APEC developing economies in APEC's agreed high-priority sectors for economic and technical cooperation. Contributions (co-financing or in-kind) from proposing and/or participating economies (excluding donors to the ASF) are required. The ASF also welcomes contributions from private sources.

8.2 Evaluation Frameworks for APEC Projects

The ESC Small Group on Evaluation (ESC-SGE) met at SOM I and SOM II to discuss the development of Assessment, Monitoring and Evaluation (AME) frameworks for APEC projects.

The starting point for the AME strategy was to foster good quality proposals that lead to projects more likely to achieve their stated aims; and to engage APEC's available resources, structures and systems more effectively. The Quality Assessment Framework (QAF) for project proposals builds on to the structures and procedures that already existed in APEC to support more successful projects. It has now replaced the

ECOTECH Weightings Matrix and is mandatory for project proposals from 2005 onwards, alongside a modified Project Proposal Format prepared by the Secretariat. In addition, the Guidebook on APEC Projects was updated by the APEC Secretariat to incorporate the QAF.

Two further frameworks, a health check for ongoing projects and a framework for the evaluation of completed projects, were considered by the ESC-SGE at SOM I where it was agreed that the frameworks were to be trialed on six Operational Account projects from six working groups that used the QAF last year and were therefore familiar with the approach. Project Overseers, whose projects had trialed the QAF, were asked to volunteer projects for the trial. The following projects were volunteered for the trial: FWG 02/2005, HRDWG 01/2005, ISTWG 01/2005, SME 01/2005, and TWG 01/2005. The outcomes and recommendations will be discussed at CSOM.

APEC has so far made good progress in improving project quality through the use of the QAF, which was trialed only last year, approved and adopted by the Ministers in Santiago. But, this was only stage I of the AME approach. What now remains to be done is the successful trialing of the other frameworks. As stated, stages II and III are currently undergoing simultaneous trials.

There has been a general acceptance of the need to do a health check on about 10-20% of all APEC projects in the early part of their implementation. Six plus six simple indicators were prepared to flag a project needing a health check. It was also agreed that the relevant Working Group or Program Director in the Secretariat should flag projects that have one or more of these criteria. It was noted that a health check was not a probe; rather it is designed to assist a project to be more successful.

It was decided to prepare an abridged version of the Evaluation of Outcomes Framework for short and simple APEC projects, which are in the majority—like conferences or short training sessions. This shorter framework, known as Evaluation Framework I, was also developed to evaluate projects that, up to now, have remained

unevaluated by the Project Overseers and the concerned Working Groups, contrary to instructions in the APEC Guidebook. This framework only asks four basic questions about achieving the objectives and outputs, and their sustainability (See Annex 10).

It was agreed that during the funding approval stage, the BMC should decide which framework is applicable for each of the approved project proposals. For the longer and more complicated projects, or when there is doubt about which framework should apply to a proposal, the BMC should automatically apply the default Evaluation Framework II, which is currently being trialed.

After the trials have finished, the feedback will be used to revise and strengthen the AME frameworks and procedures. Recommendations will then be prepared for CSOM and the Ministers so that:

- i. The Health Check Framework and the two Evaluation Frameworks can be used from 2006 onwards and made part of the APEC Guidebook.
- ii. From 2006, the BMC will be responsible for deciding which Evaluation Framework is appropriate for which proposal at the time of giving approval for funding.

It was suggested by the ESC-SGE that annual summaries of the main findings of the Health Check, and annual summaries of the main findings of the Evaluation of Outcomes should be prepared by the Program Director responsible for M&E and presented to the BMC, to give them an annual overview of progress.

8.3 Independent Assessment of the APEC Working Groups

In 2003, the ESC helped the Fisheries Working Group (FWG) conduct an independent assessment of the group's implementation of ECOTECH activities. The project was overseen by the United States with APEC funding and included Prof Basil M. H. Sharp of the University of Auckland, New Zealand.

The objectives of the assessment included: making ECOTECH activities more effective and better recognized; improving internal coordination within APEC; identifying where ECOTECH activities had the greatest impact on member economies; enhancing the ESC's role on furthering ECOTECH coherence and efficiency and formulating strategic priorities for future ECOTECH projects.

The assessment was presented to the FWG and feedback received from the group's members indicated that the assessment was useful. At its 15th meeting in Puerto Varas, Chile, the FWG acted upon each of the recommendations in the evaluation and completed the "Strategic Direction" process, whereby the FWG identified relevant APEC policy guidance and objectives, which were then used to frame project proposals and to measure project outputs against APEC priorities. At its meeting in May 2004, Senior Officials approved the independent assessment and encouraged other working groups to consider this exercise as "lessons learned" that could be used to improve the operations of other working groups. Subsequently, the 16th APEC Ministerial Meeting in Santiago encouraged other working groups to undertake a similar review as part of the reform efforts in APEC.

In 2005, the ESC approached the Small and Medium Enterprises Working Group (SMEWG) and the Tourism Working Group (TWG) as candidates for an independent assessment of their ECOTECH's implementation. As these two working groups have their Lead Shepherd rotated annually according to the host economy, this makes it difficult for the group to effectively focus and implement its medium to long-term plan. Thus, an independent assessment of the ECOTECH's implementation of the group can assist them in developing "Strategic Directions" and help improve the efficiency of their operations.

Both the SMEWG and TWG accepted the offer by the ESC to facilitate an independent assessment of the groups' implementation of ECOTECH activities. The ESC Chair from Peru volunteered to oversee an independent assessment project of the TWG with US\$34,240 sought from APEC funding. As requested by the TWG, the project will also

undertake a strategic review of the APEC Tourism Charter adopted in 2000 to make it relevant to the current situation. At its meeting in August, the Budget and Management Committee (BMC) approved the funding for this project. It is now being implemented with the selection of experts agreed by both the TWG and the ESC. An independent assessment project of the SMEWG was agreed by the ESC as a self-funded project and overseen by Australia. A selection of experts was made in consultation with the SMEWG. The assessment findings of both working groups are expected to be reported to Senior Officials and their sectoral Ministerial meetings next year.

At the 24th meeting in September 2005, ESC agreed that this work continues to be important in supporting the overall APEC reform efforts being undertaken by the Senior Officials and called for continued outreach in 2006 to the remaining eight working groups that have yet to undergo such an independent assessment.

Review of the ESC

9. REVIEW OF THE ESC

At the 23rd ESC meeting on 27 May in Jeju, a review of the ESC as it approaches the end of its two-year term (end 2005) was discussed. According to its TOR, the operation and effectiveness of the ESC are to be assessed to facilitate its future work. An internal review of the Committee will be conducted, and a study prepared by the APEC Secretariat on the ESC's implementation of the ECOTECH agenda. In addition, the views of APEC members, working groups, fora and other stakeholders will be sought to assist in the review, especially their feedback on how to improve the operation and effectiveness of the ESC in implementing the mandate given by SOM.

At its 24th meeting on 11 September in Gyeongju, the ESC discussed the study prepared by the Secretariat on the past implementation of the ECOTECH agenda by the ESC. It also revisited the current mandate of the ESC according to its TOR. Feedback received from stakeholders to the questionnaire circulated by the ESC Chair as part of the internal review was also considered. Finally, the meeting exchanged views on the recommendations by the Friends of the Chair (FOTC) on APEC Reform, which was established in the beginning of the year to improve the efficiency of APEC.

9.1 The Past Implementation of ECOTECH Activities

In general, the implementation of ECOTECH projects or activities is accomplished by APEC working groups and fora rather than the ESC directly. These consist of both APEC-funded projects and other self-funded activities implemented by individual economies or groups of member economies. The ESC has no direct role in formulating the strategy or the work program on ECOTECH activities, but it assists SOM in identifying and coordinating those activities to achieve maximum impact for capacity building of member economies.

There are various sources of information on the number of ECOTECH projects

implemented by APEC to date. According to the APEC Project Database, since 1993 APEC has implemented over 1,133 projects. The number of projects implemented according to each ECOTECH theme is shown in Table 1 below. This was also reported in the ESC's Report on Meeting the Bogor Goals presented at the Mid-term Stock Take Symposium in Jeju, Korea, in May 2005. It should also be noted that from this table only 876 projects (about 77 percent) were listed as clearly stating which ECOTECH theme they are supporting.

Table 1: Number of ECOTECH Projects Implemented by APEC according to the six ECOTECH themes from 1993–2005

ECOTECH Theme	Number of Projects	Percentage
Developing Human Capital	370	32.6
Developing Stable, Safe and Efficient Capital Markets	52	4.6
Strengthening Economic Infrastructure	132	11.7
Harnessing Technology for the Future	136	12.0
Safeguarding the Quality of Life Through Environmentally Sound Growth	121	10.7
Developing and Strengthening the Dynamism of Small and Medium Enterprises (SMEs)	65	5.7
Not Classified	257	22.7
Total	1133	100.0

Source: APEC Project Database, the APEC Secretariat.

A report by the SOM Sub-Committee on ECOTECH on *ESC Role and Mandate* (Meeting Document No. 2002/SOM1/ESC13/003, February 2002) gave a different figure. According to this report, there are over 1,405 ECOTECH projects implemented by APEC

fora from 1992–2005. This is shown in the table below.

Table 2: Number of ECOTECH Projects implemented by APEC from 1992-2005

Year	No. of ECOTECH Projects
1992	4
1993	4
1994	8
1995	49
1996	74
1997	N/A
1998	274
1999	250
2000	220
2001	148
2002	128
2003	125
2004	121
2005	135
Total	1,540

Source: SOM Sub-Committee on ECOTECH, *ESC Role and Mandate*, Meeting Document No. 2002/SOM1/ESC13/003, February 2002.

When looking at the recent implementation of ECOTECH projects from 1999-2005 as reported in the annual SOM Report on Economic and Technical Cooperation, it reflects a declining number of projects implemented by APEC. There was a surge in project in 2005. However, if self-funded projects are excluded from the total, the downward trend continues. There has been a continually declining trend in the number of ECOTECH projects over the past seven years.

From this table, it is noted that the vast majority of projects are geared toward developing human capital (nearly 38 percent of total projects). This is followed by projects in support of the ECOTECH priority on harnessing technologies for the future.

Table 3: Number of ECOTECH Projects Implemented from 1999-2005

Priority Theme	1999	2000	2001	2002	2003	2004	2005	Total
Developing Human Capital	82	70	53	75	48	57	47	432
Developing Stable, Safe and Efficient Capital Markets	6	7	5	11	8	5	5	47
Strengthening Economic Infrastructure	25	21	12	11	26	20	31	146
Harnessing Technologies for the Future	51	49	27	15	21	15	27	205
Safeguarding the Quality of Life Through Environmentally Sound Growth	53	51	34	8	16	11	11	184
Developing and Strengthening the Dynamism of Small and Medium Enterprises (SMEs)	21	22	17	8	6	13	14	101
Other	12	-	-	-	-	-	-	12
Total	250	220	148	128	125	121	135	1127

The list of major ECOTECH initiatives since 1996 when the Manila Action Plan for APEC (MAPA) and the Framework for Strengthening Economic Cooperation and Development were adopted (paving the way for the implementation of ECOTECH activities) is presented in Annex 10.

APEC has initiated many projects on a diverse range of issues. Some of these

initiatives have gradually wound down, while others have been driven by a host economy or a group of member economies and were not a collective initiative. This makes the success in achieving the tangible outcomes as prescribed in those initiatives dependent on the follow-up implementation by the involved economies.

9.2 Revisiting the Current ESC's Mandate

The ESC revisited its current TOR (attached in Annex 1) to assess whether the mandate from SOM has been fulfilled. The following information was provided by the Secretariat in reference to each mandate:

1. **Report to SOM on its proposed work program and assist the SOM to effectively implement the 1996 Framework for Strengthening Economic Cooperation and Development. In so doing, the SOM Sub-Committee shall ensure that all the elements of the Framework are developed.**

The first task of reporting to SOM on its proposed work program has been done regularly at the first SOM each year. In doing so, the Framework for Strengthening Economic Cooperation and Development has been incorporated. In addition, the relevant part of the previous year's Tasking Statements were included to implement the new tasks or instructions as required by Leaders, Ministers and Senior Officials.

2. **Review progress of APEC activities toward achieving APEC ECOTECH goals.**

The second task of reviewing progress of APEC activities toward achieving APEC ECOTECH goals has been done as part of the annual SOM Report on ECOTECH prepared by the Secretariat. However, this depends on the information provided by relevant working groups and fora, and in some cases by the economy that implements the ECOTECH activities. There is no systematic review of progress or panel to actually review the reports submitted by working groups and fora. Therefore, it is a compilation of progress reports rather than a formal review with the specific purpose of evaluating them and making improvements.

3. **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.**

In identifying and coordinating ECOTECH activities, the ESC does not have power or authority over working groups or fora. The ESC relies on reports and information from each working group and fora and through internal coordination among the Directors (Program) within the APEC Secretariat in deriving necessary views and recommendations to SOM. Until 2003, there was a mechanism for coordination between SOM and working groups through the Joint Fora Meeting (JFM) or the Committee of the Whole (COW) meeting. This was an avenue where Senior Officials interacted with the Chairs of the Committees and Lead Shepherds of working groups with a view to achieve common understanding of the priorities and expected outcomes as instructed by the annual Leaders and Ministers' meetings. However, this was replaced with the ESC-Working Group Coordination meeting in the margins of SOM I, 2004. In 2005, there was no such meeting and the coordination function was entirely done by the ESC with its own limited resources. At present, there is a suggestion from the Reform Friends of the Chair (FOTC) to reinstitute a meeting of the new SOM Steering Committee on ECOTECH (SCE) with all Lead Shepherds of Working Groups as the "Meeting of the ECOTECH Committee of the Whole (ECOW/SCE)." Should this be adopted by SOM, it may enhance the coordination between the ESC and the Working Groups and make the realignment of ECOTECH themes and priorities more effective.

4. **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.**

The ESC currently does not have authority to coordinate the ECOTECH program proposed by the working groups and fora. It can only refer to the Leaders', Ministers' and Senior Officials' instruction contained in the annual Tasking Statement and suggest to working groups or fora of any possible coordination that can lead to a visible, targeted and results-oriented deliverables.

5. **Assist the 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 crosscutting issues.**

Currently, the ESC consists of members from various departments and with different backgrounds and seniority. Apart from the ESC Chair, who is currently a Senior Official from Peru, other Senior Officials rarely attend. Discussions in the ESC tend to be focused on reporting member activities with less strategic discussion and recommendations to SOM on how to improve coordination and management of ECOTECH activities. The identification and coordination of new crosscutting issues are mainly done by e-mail communications from the ESC Chair to relevant fora with support from interested economies that are championing the issues. Participation by the ESC Chair in these meetings is dependent on the invitation by those fora and are not considered automatic. At the same time, information sharing may be done through ESC delegates from interested economies or via the report submitted to the ESC Chair.

One FOTC recommendation is to strengthen the ESC by changing its composition to include 11 APEC Senior Officials, with three Senior Officials from the *troika* economies—current, previous and incoming host economies, and eight other members elected each year at CSOM for a one-year term on a rotational basis upon recommendation of the SOM Chair. Any other Senior Official could also join the meeting on a voluntary basis. Their participation, both of elected and voluntary members, will be limited to Senior Officials or Deputy Senior Officials when Senior Officials cannot exercise this function due to compelling reasons. The new ESC will be chaired by the incoming host economy.

6. **Evaluate proposals to include new priority areas within the Framework for Strengthening Economic Cooperation and Development.**

The FOTC also recommends that all Working Groups should submit their annual work plan

to the new ESC for consideration at the “Meeting of the ECOTECH Committee of the Whole (ECOW/SCE)”. If this is adopted, it can certainly help the ESC to perform its task to improve identification and coordination of crosscutting issues. In addition, the meeting shall agree on the list of priorities on ECOTECH activities for the year, which can help in the ranking of projects submitted by all Working Groups to the Budget and Management Committee.

7. **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**

Last year, the ESC Chair attended several meetings organized by ABAC. During the ESC II meeting in May 2004, the ABAC representative also attended the ESC meeting to share the information and work plan of each group. This year, there has been less interaction between the ESC and ABAC. As the ABAC Chair rotates annually with the host economy, the cooperation between the ESC and ABAC depends on the focus and interest of the current ABAC Chair. There is no formal engagement mechanism between the ESC and ABAC or other stakeholders including PECC, ASC, etc.

Feedback from some ESC members suggests that it may not be necessary to establish a formal mechanism to engage with those stakeholders, but the ESC could solicit their input on what they would like to see APEC doing on ECOTECH activities. ABAC had previously launched the Partnership for Equitable Growth, which has since faded. The ESC could push for greater involvement by the business sector as a requirement in projects. In addition, there should be clear and identifiable objectives when engaging ABAC so that recommendations from ABAC can be fed into ESC’s role of strengthening and coordinating the ECOTECH agenda.

The ESC has also assisted SOM in organizing the APEC/IFIs Policy Dialogue on ECOTECH. The first one was held in 2003. The second was held on 10 September 2005 in the margin of SOM III. This was a response to the call by Leaders and Ministers

to engage International Financial Institutions and other stakeholders, including the private sector, in activities that support the ECOTECH agenda.

However, there were different views among the ESC members on what should be the role of the ESC. Some members felt that this activity needs to be conducted at the SOM or even ministerial level which can be the AMM or Sectoral Ministerial Meetings, depending on the specific topics and areas of engagement. Others considered that this activity should be planned by the ESC and CTI. If the main objectives of the Policy Dialogue with IFIs are closely linked to sharing development and capacity building experiences, then it should be under the ESC's responsibility. There was also a suggestion that the ESC should only play the role of coordinator and work with relevant Working Groups to assess if there is a need for closer engagement with IFIs, and on that basis facilitate or coordinate, as required, a dialogue between policy experts in APEC and IFIs. It was stressed by members that a closer coordination with the Finance Ministers' Process is needed to develop a dialogue's theme, agenda and targeted participants.

8. Undertake ECOTECH-related tasks as directed by Senior Officials.

At present, the ESC has undertaken several other tasks as approved by the Senior Officials. These include the work on strengthening the implementation of ECOTECH activities through project evaluation frameworks and other crosscutting issues of sustainable development, social safety nets, the Strategic Action Plan on English and Other Languages in the APEC region, etc.

On the project evaluation frameworks, the ESC through the ESC-Small Group on Evaluation successfully developed the Quality Assessment Framework (QAF) in 2004. This framework was endorsed by Ministers to replace the ECOTECH Weightings Matrix as a tool to assist project overseers in strengthening proposals for submission before requesting APEC funding. It is now mandatory for all projects requesting Operational Account funding and/or APEC

Support Fund (ASF) to undergo the evaluation process using the QAF.

9.3 Review of the ESC's Role and Mandate in 2002

In 2002, New Zealand undertook an examination of the role and mandate of the ESC since its establishment in 1998. The Secretariat provided an update on whether there have been any changes in the operation of the ESC since the recommendations in the report made by New Zealand.

In its paper (Document 2002/SOM1/ESC13/003, February 2002), the following recommendations were made and the corresponding actions were evidenced:

Defining ECOTECH

1. *"ECOTECH" for the purposes of the ESC's work should be taken to mean all economic and technical cooperation work undertaken under the APEC umbrella, rather than only that work which flows from Part 2 of the Osaka Action Agenda (OAA) which is generally funded by the Operational Account.*

It is well understood within the ESC and across fora that ECOTECH activities have now encompassed the capacity building activities in both TILF and non-TILF agenda. However, there is still some confusion about whether the main focus of ECOTECH should strictly adhere to the OAA Part II only. Hence, the ESC should focus its efforts on working with all Working Groups and leave the capacity building activities related to the OAA Part I to APEC's main committee, the CTI.

2. *Consideration should be given to including emerging crosscutting themes (such as human capacity building, new economy and gender integration) as priority areas within the Framework for Strengthening Economic Cooperation and Development.*

The ESC has already incorporated those emerging crosscutting themes into its work program but the focus of work may vary from year to year.

3. *In order to seek a more focused and results-oriented ECOTECH program, APEC should earmark resources to a shorter list of strategic priorities, drawing from the overall categories of ECOTECH activities set by Leaders and Ministers (the four goals, the six themes, the four principles, the 13 areas from the OAA Part 2; the 15 areas from OAA Part 1, the five key initiatives).*

This recommendation has now been met with the establishment of the APEC Support Fund (ASF). Australia has pledged to contribute A\$3 million over the next three years. However, it remains to be seen if the ASF will be sustained after the next three years in order to support longer-term objectives.

Integrating ECOTECH

4. *The ESC should examine options for furthering the mutual reinforcement of ECOTECH and TILF, for example by:*
 - (a) *removing the formal separation of activities by funding source (operational account or TILF account);*
 - (b) *formal consultations between the ESC and CTI with a view to distilling a common set of capacity-building/technical cooperation objectives.*

The first option has already been implemented, as there is now no separation of activities by funding source. On the second option, although there is no formal consultation between the ESC and CTI on capacity building projects undertaken by CTI and Sub-fora, the work has been coordinated through the relevant Program Director at the APEC Secretariat.

Coordinating ECOTECH

5. *Consideration should be given to whether the ESC should have direct oversight responsibilities in the process through which projects are conceived, developed and approved, for example by:*
 - (a) *endorsing/ranking working group project proposals (under OAA Part 2) before submission to the BMC (such endorsement could be by way of assessment against the Guidance on*

- Strengthening the Management of APEC ECOTECH Activities and/or the ECOTECH Weightings Matrix)*
- (b) *having the ESC Chair attend BMC meetings*

Recommendation (a) has not yet been implemented, as the ESC has no explicit mandate to endorse/rank working group project proposals before submission to the BMC. However, this has again been proposed by the FOTC but the decision is subject to SOM's approval. Recommendation (b) has not yet been implemented but the coordination between ESC and BMC can be done through liaison between relevant Program Directors in the APEC Secretariat.

6. *Consideration should be given to whether the ESC should work more closely with other APEC fora on ECOTECH issues, for example by:*
 - (a) *having working groups report directly to the ESC*
 - (b) *having ESC members "adopt" a working group to follow, either by attending meetings and/or receiving the communications of that group*
 - (c) *formal consultations between the ESC and CTI*
 - (d) *reviewing the reporting requirements of fora, including ways to increase the level of feedback to fora on how reporting is used and reduce the compliance burden (for example by rationalizing reporting requirements and making better use of information collected)*

Recommendations (a) and (d) have been proposed by the FOTC to have all Working Groups submit their annual work plan for consideration at the "Meeting of the ECOTECH Committee of the Whole (ECOW/SCE)." In addition, the new SGE is tasked to compile progress and evaluation reports of Working Groups for review and report to SOM. The ESC has not addressed Recommendation (b) has thus far, but the idea of setting up Friends of the ESC Chair to assist in specific issues has been mooted with different views from ESC members. Similarly, some ESC members do not see the need to have a formal consultation or cross-fora meeting between ESC and CTI Chairs as there are other channels of coordination.

7. *The ECOTECH Sub-Committee should be renamed the Ecotech Committee (ETC) with a mandate substantially the same as the current mandate of the ESC.*

This recommendation was realized in 2001 when SOM elevated the Sub-Committee to SOM Committee on ECOTECH (ESC).

9.4 Feedback from Stakeholders

The ESC considered a report by the Secretariat on Feedback on Questionnaire on the Internal Review of the ESC as circulated by the ESC Chair to all stakeholders. These included Senior Officials, Chairs of the Committees and SOM Task Force, Lead Shepherds of APEC Working Groups and ESC delegates. They were also encouraged to pass the questionnaire to other stakeholders who may be interested to comment on the current work of the ESC.

The Secretariat received feedback from the ESC delegates of seven economies and one Lead Shepherd. The stakeholders were asked 13 questions and were asked to provide their opinions freely. A summary of the findings is given below. A detailed report can be found in Document 2005/SOM3/ESC/008.

In general, the respondents agreed that the current mandate encompasses the work that ought to be done by the ESC. However, it is the function and coordination role of the ESC that should be strengthened (putting into practice its mandate). While the Friends of the Chair (FOTC) on APEC Reform also discussed this issue, it was suggested that the ESC initiate a review of the six ECOTECH themes to consider if they are still relevant and meet the needs of developing member economies. There is a general sense of having the priorities of the Working Groups and the ESC better aligned, and their work plans more coordinated. Lastly, the ESC should devote more attention to the evaluation of completed projects to assess how well APEC is implementing its ECOTECH goals.

The respondents do not consider it difficult to manage the proliferation of issues and the activities of an expanding ECOTECH

agenda. ECOTECH is just one dimension of APEC's broader activities. However, the ESC should focus on the issues that the current environment expects APEC to work on, and by doing so the ESC can effectively coordinate and manage issues including the crosscutting issues. One respondent suggested that the Bogor Goals should guide the scope of the ECOTECH agenda.

The respondents generally agreed that the Quality Assessment Framework (QAF) has strengthened the quality of project proposals and ensure their linkage to ECOTECH themes and APEC priorities. A little more time should be given to see whether the QAF is an effective tool. If it is not, QAF should be reviewed with a view to further improvement.

A majority of respondents were in agreement with the recommendations to strengthen the ESC made by the Friends of the Chair (FOTC). However, one cited an observation made by Senior Officials that a change in the ESC may present potential risks, and commented that these should be thoroughly considered before any decision is made.

On outreach activities, it was felt that communications would be more effective if the ESC focused on the specific issues or initiatives undertaken by working groups and fora in response to the needs and concerns of the people such as the avian influenza, natural disasters, energy issues, the impact of globalization on developing economies, etc. A one-page fact sheet on ECOTECH activities may be a good idea. The right audience needs to be identified as well as a powerful channel to deliver the message. Another suggestion was to incorporate reports from the Working Groups.

A suggestion was made that the ESC review its long-term strategy for APEC's ECOTECH activities while identifying annual ECOTECH priorities and making the effort to have these reflected in the annual work plan of APEC working groups and fora.

While all respondents agreed that the ESC should engage other stakeholders such as ABAC, PECC, ASC, etc., there were different views on establishing a formal engagement mechanism. One respondent stressed that such engagement should have identifiable

and clear objectives and that the recommendations from those stakeholders should feed into the ESC's role of coordinating the ECOTECH agenda.

There were different views on the responsibility of the ESC to organize the APEC/IFIs Dialogue. A majority of the respondents said the role of the ESC should be to add value to the existing cooperation that each working group may already have with IFIs, and not be the 'owner' of this process.

On the operation of the ESC, there was a suggestion that a clear objective, the right chairmanship and management may help to attract the attention of Senior Officials. At the same time, the FOTC is also discussing ways to strengthen the operation of the ESC.

All respondents said there was no need to extend the ESC meeting for more than day, unless there is a justifiable agenda to cover. It is not necessary to prolong the meeting to allow cross-participation among the three Committee Chairs as this can be accomplished through other means, including intercessional consultations and troika meetings.

It was also noted that once the mandate of the ESC-SGE in developing evaluation frameworks for APEC projects is fulfilled there is no need for a separate ESC-SGE meeting. However, this will depend on the future role of the ESC. Lastly, the level of support from the APEC Secretariat to the work of the ESC was seen as adequate.

9.5 Recommendations by the Friends of the Chair (FOTC) on Strengthening the ESC

The ESC exchanged views on the recommendations by Friends of the Chair (FOTC) on strengthening the ESC. The final set of recommendations was approved at SOM III and the excerpt on the strengthening the ESC is provided below.

(a) Strengthening coordination for ECOTECH activities

Noting that the operations of APEC's 11 working groups should be more consistent

*with the APEC process, FOTC **recommends** that SOM take a decision on transforming ESC into the SOM Steering Committee on ECOTECH (SCE) with an enhanced mandate to undertake the coordinating function and rank project proposals of Working Groups (WGs) by priority while evaluating their progress.*

The composition, meetings and mandate of the SCE are as follows:

- (i) **Composition:** The SCE will be open to all Senior Officials. For the sake of effectiveness, the SOM Chair will nominate, at CSOM of each year, a core group of 11 Senior Officials in consultation with member economies. They shall comprise Senior Officials of the troika economies—current, previous, and incoming host economies, and eight other Senior Officials for a one-year term on a rotational basis. When Senior Officials cannot exercise this function due to compelling reasons, alternate officials at the policy-making level will participate. The SCE will be chaired by the incoming host economy.*
- (ii) **Meetings:** The SCE will meet three times a year in the margins of SOM. At SOM I, the SCE will be convened as the "Meeting of the ECOTECH Committee of the Whole (ECOW/SCE)" where the SOM Chair and Lead Shepherds of WGs or their representatives are invited. The SCE shall convene as close as possible to SOM meetings.*
- (iii) **Mandate:** The SCE will be mandated as follows:*
 - a. To develop a short-term plan and priorities to best implement the APEC's ECOTECH activities for the coming APEC year;*
 - b. To coordinate and supervise ECOTECH-related WGs as well as provide policy guidance on ECOTECH agenda;*
 - c. To assess and recommend realignment of work plans of WGs with the overall SCE's medium and long-term work plan: To this purpose, all WGs should submit their annual work plans to the SCE for*

consideration at the Meeting of the ECOTECH Committee of the Whole (ECOW/SCE);

- d. To evaluate the progress of WGs in implementing and achieving APEC's ECOTECH priorities;*
- e. To approve and rank through categorization intersessionally, with the assistance of the Secretariat, all project proposals from WGs requesting Operational Account and TILF funding ahead of presentation to BMC; and take note of proposals for funding under the APEC Support Fund;*
- f. To compile progress and evaluation reports of WGs for review and report to SOM; and*
- g. To make recommendations to SOM so that SOM may seek decision at a higher authority as necessary on the establishment, merging and disbandment of WGs.*

The draft revision of the TOR of the ESC, and that of the BMC if necessary, will be accordingly submitted to SOM I in 2006.

To make the SCE be functional as mandated, BMC II will be rescheduled to convene between SOM III and CSOM so that SCE can rank in a timely manner project proposals of WGs by priorities and transmit them to BMC II.

In addition, Senior Officials also endorsed Australia as the next ESC Chair for 2006.



Conclusions and Recommendations

10. CONCLUSIONS AND RECOMMENDATIONS

10.1 Conclusions

This year, the ESC has successfully implemented its tasks as outlined in the ESC's 2005 Work Program approved by Senior Officials in March 2005. Essentially, it has assisted SOM in identifying and coordinating the implementation of APEC's ECOTECH activities across working groups and fora. In doing so, the six ECOTECH themes according to the *Declaration on an Asia-Pacific Economic Cooperation Frameworks for Strengthening Economic Cooperation and Development (Manila Declaration)* were adopted as the guiding principles for the work of the ESC. These themes aim at promoting sustainable growth and equitable development while assuring advancement toward free and open trade and investment in the region.

This year, a total of 135 ECOTECH-related projects were reported as implemented by APEC working groups and fora. These include 97 projects that were approved for APEC funding, and 38 self-funded projects financially supported by individual economies or groups of economies. About 35 percent of these projects were geared toward developing human capital while another 23 percent of these projects were supporting the ECOTECH theme of strengthening economic infrastructure. As has always been the case in the past, this year's projects were mainly conducted through seminar and symposium. Training accounted for about 18 percent while survey, analysis and research accounted for 24 percent.

Beginning from 2004, the ESC has been tasked to report on the identification and implementation of capacity building activities under the four APEC-wide ECOTECH priorities adopted by Ministers in 2003. This year, a larger number of activities in support of the four priorities were implemented by APEC working groups. Among them were 30 activities that supported integration into the global economy; 16 capacity building activities on counter-terrorism; 21 activities that promoted the development of knowledge-based economies; and 14

activities that addressed the social dimension of globalization.

One of the major deliverables for APEC 2005 is the Mid-Term Stock Take (MTST) to assess the progress APEC has made in achieving the Bogor Goals. The ESC contributed to the Mid-Term Stock Take Symposium, which was held in Jeju, Korea in May 2005. The ESC Chair provided an assessment of the progress made in ECOTECH by presenting a broad picture of the successful ECOTECH activities implemented by all APEC fora. He also suggested that in its final report to APEC Ministers in November 2005, the contribution by all working groups and individual member economies on ECOTECH activities should be adequately reflected, in addition to the progress made in TILF.

On the recommendations to the MTST Symposium, the ESC Chair stressed the need to strengthen the operation of the ESC to be able to effectively coordinate the ECOTECH agenda on behalf of SOM. He also emphasized the contribution by the ESC in strengthening the implementation of APEC projects by developing Evaluation Frameworks for APEC projects and encouraging the SMEWG and TWG to undertake an independent assessment of the ECOTECH's implementation by the groups.

The ESC organized the second Policy Dialogue between APEC and International Financial Institutions (IFIs) and other international organizations in September 2005. Representatives from the Asian Development Bank (ADB), the World Bank, and the Organization of Economic Cooperation and Development (OECD) attended as well as representatives from ABAC, working groups and fora. The meeting concluded that this type of Dialogue is useful and should be continued, noting that it could occur in a number of different ways. They recognized that there are already joint activities or cooperation between APEC and IFIs and other international organizations in the areas of SMEs, trade facilitation and human resources development, and agreed that deepened interaction is possible. The

meeting also exchanged views on how to strengthen collaboration. Both sides will maintain communication by sharing work plans and keeping each other informed of the activities that each is doing and that can be of common benefit to each party, and encouraging greater participation in each other's research activities. There will also be permanent contact points in IFIs and international organizations through which the ESC and the Secretariat can liaise and assist working groups and fora in facilitating future cooperation.

Collaboration with IFIs was the direct outcome of the first APEC/IFIs Roundtable Discussion on ECOTECH held in August 2003. This year, the APEC Secretariat and the World Bank's Global Development Learning Network (GDLN) have undertaken two joint activities. These included the Rural Distance Learning (RDL) Course for APEC participants at no cost and pilot projects to utilize GDLN's facilities to disseminate the benefits of APEC training to a wider audience. The APEC Secretariat and GDLN will continue to collaborate in support of APEC's ECOTECH activities.

Since 2004, the ESC has also played the coordinator role on crosscutting issues such as sustainable development and Invasive Alien Species (IAS). The work on sustainable development was led by Chile with an ESC 1/2005 project on Voluntary Initiative on Sustainable Production, Trade and Consumption Chains. The aim was to ascertain the contribution of voluntary initiatives to sustainability in value chains, to understand the comparative implications for different economies of the region, and to add value to the global discussion on the sustainable development issue by APEC. The work on IAS was coordinated by the United States and China. A workshop to develop overall strategy in prevention, eradication and management of IAS in APEC, and the possible role of the ESC to coordinate this issue was held in Beijing in September 2005.

Strengthening implementation of APEC's ECOTECH activities continues to be one of the major deliverables of the ESC. Better implementation is being achieved through a two-pronged approach. At the working group

level, an independent assessment, facilitated by ESC projects, of two working groups, namely the Small and Medium Enterprises Working Group (SMEWG) and the Tourism Working Group (TWG), will be conducted in 2005-2006. This followed the success of an independent assessment of the Fisheries Working Group (FWG) in 2003 and responded to the call by APEC Ministers last year encouraging independent assessment of the remaining working groups to increase efficiency. At the project level, the ESC-Small Group on Evaluation continued to develop rigorous evaluation frameworks for APEC projects. Last year, the Quality Assessment Framework (QAF) was endorsed by Ministers to replace the former ECOTECH Weightings Matrix, which forms part of the APEC Project Proposal Format, to assist project proponents in strengthening their proposals. This year, the Monitoring and Evaluation Frameworks are proposed to Ministers for endorsement. Complete evaluation frameworks for APEC projects encompassing the Assessment, Monitoring, and Evaluation (AME) will help strengthen the implementation of ECOTECH projects in APEC. The frameworks also enhance credibility and accountability of APEC projects that can attract external resources from International Financial Institutions, other relevant international organizations and the private sector.

From 2004, the implementation of ECOTECH projects will be greatly assisted with supplementary resources available through the APEC Support Fund (ASF). The fund, to which Australia will contribute over the next three years, will serve as a flexible funding mechanism to complement the existing Operational and TILF Special Accounts for meeting the capacity building needs of APEC developing economies in agreed areas of high priority.

As the current term of the ESC Chair approaches its end in 2005, the ESC prepared and discussed the review of the ESC. According to its TOR, the operation and effectiveness of the ESC will be reviewed to facilitate the future work of the ESC. The ESC agreed to conduct an internal review of the Committee with a study prepared by the APEC Secretariat on the past implementation of the ECOTECH agenda. It was found that APEC has initiated a large number of

initiatives and projects on a diverse range of issues. Some of the initiatives have been successful and have been wound down. Many others continue to be driven by a host economy or a group of economies. In terms of project numbers, while the available statistics differ, it is certain that no less than 1,000 ECOTECH projects have been implemented since 1992. The study also noted the past reviews of the role and mandate of the ESC found that almost all recommendations have been implemented leading to an improvement in the operation of the ESC.

In addition, the views of APEC members, working groups, fora and other stakeholders were sought to assist in the review, especially their feedback on how to improve the operation and effectiveness of the ESC in implementing the mandate given by SOM. This was discussed in conjunction with the Friends of the Chair (FOTC) recommendations on APEC Reform aimed at strengthening the ESC.

10.2 Recommendations

Together with this report, five recommendations are proposed to the 17th APEC Ministerial Meeting as follows:

1. Endorse the 2005 SOM Report on Economic and Technical Cooperation.
2. Endorse the recommendations by the meeting of the second APEC/IFIs Policy Dialogue on ECOTECH held in September 2005 as the way forward in building collaboration with International Financial Institutions and other relevant international organizations.
3. Approve the modified Quality Assessment Framework (QAF), Monitoring and Evaluation Frameworks for ongoing and completed APEC projects contained in Annex 10. These make up the complete evaluation frameworks for Assessment, Monitoring, and Evaluation (AME Frameworks), which will help strengthen the implementation of APEC projects.
4. Note the ESC's contribution to the reform process in APEC by facilitating an independent assessment of the ECOTECH's implementation of the Small and Medium Enterprises Working Group

(SMEWG) and the Tourism Working Group (TWG) in 2005–2006.

5. Welcome the development of the APEC Invasive Alien Species Strategy Framework and instruct the new Steering Committee on ECOTECH to coordinate and monitor implementation of the Strategy across APEC fora, with inclusion of this topic in the annual reporting template of the Working Groups to the SOM.

Annexes

ANNEX 1

TERMS OF REFERENCE OF THE ESC

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

A. BACKGROUND

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

B. OBJECTIVES

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

Activities

6. The ESC will:
 - Report to SOM on its proposed work program and assist the SOM to effectively implement the *1996 Framework for Strengthening Economic Cooperation and Development*. In so doing, the ESC shall ensure that all the elements of the Framework are developed.
 - Review progress of APEC activities toward achieving APEC's ECOTECH goals.
 - Identify and recommend for Senior Officials' consideration specific issues and value added initiatives to assist the achievement of ECOTECH goals, taking into account the economic situation, requirements and capacities of all member economies.
 - Examine and evaluate ECOTECH programs and activities and recommend to Senior Officials means to achieve visible, targeted and results-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 crosscutting issues.
 - Evaluate proposals to include new priority areas within the *Framework for Strengthening Economic Cooperation and Development*.
 - Encourage active participation of the private sector in the activities of economic and technical cooperation. Consider the recommendations of ABAC regarding the process of economic and technical cooperation in APEC.
 - Undertake ECOTECH-related tasks as directed by Senior Officials.

C. ORGANIZATION AND OPERATION

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

ANNEX 2

THE ESC'S 2005 WORK PROGRAM

SOM COMMITTEE ON ECOTECH

2005 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. Implementing key directives from the 16th AMM Joint Statement

"Ministers noted that APEC's growing work program is generating greater demand on its capacity building resources. Accordingly, they instructed officials to consider ways to broaden APEC's funding base, and endorsed the establishment of an APEC Support Fund, which could attract funds from governments as well as non-governmental sources."

- Assisting SOM and BMC to develop a proposal for an effective use of the APEC Support Fund for capacity building activities.

"Ministers looked forward to concrete outcomes from the second APEC/IFI Roundtable Dialogue on ECOTECH to be held in Korea in 2005, focusing on the areas of SMEs and education, and called for close consultation with the Finance Ministers Process."

"Ministers encouraged an open dialogue with regional International Financial Institutions (IFIs), in coordination with the SOM Committee on ECOTECH, to advance joint initiatives that specifically benefit Micro Enterprises (MEs), including through microfinance."

- Development of an approach to the second APEC/IFI Roundtable, including ascertaining appropriate themes and issues for discussion.
- Continue collaboration with the World Bank's Global Development Learning Network (GDLN) on ECOTECH activities.

"Ministers approved a new Quality Assessment Framework, which will replace the ECOTECH Weightings Matrix, as a tool to foster good quality project proposals and an efficient allocation of APEC resources."

- Further development of an approach to strengthen the quality of APEC projects. (See the ESC Small Group on Evaluation 2005 Work Plan in following section.)

"Ministers welcomed the 2004 Senior Officials' Report on Economic and Technical Cooperation and endorsed its recommendations, in particular that working groups be assessed to ensure that they are responsive to APEC's current work priorities and contribute to the achievement of the Bogor Goals."

- Development of an approach to encourage an independent assessment of other working groups, following the successful assessment of the APEC's ECOTECH Activities of the Fisheries Working Group (FWG).

II. Coordinating with relevant stakeholders

"Ministers instructed Senior Officials, through the SOM Committee on ECOTECH, to oversee the work to be developed by the Education Network from the Human Resources Development Working Group, so as to establish a Strategic Action Plan for English and Other Languages in the APEC Region, with the support of all relevant fora, aimed at creating competitive human capital, and to report progress in 2005."

- Collaboration with the Education Network and the Human Resources Development Working Group to establish a Strategic Action Plan for English and Other Languages in the APEC Region.

“Ministers instructed Senior Officials to redouble their efforts on strengthening social safety nets and workforce retraining programs through the Human Resources Development Working Group (HRDWG) and the Social Safety Nets Capacity Building Network (SSN-CBN).”

- Collaboration with the Human Resources Development Working Group and the Social Safety Nets Capacity Building Network (SSN-CBN) to develop programs for strengthening safety nets and workforce retraining.

“Leaders called upon officials to advance toward an APEC Sustainable Development Framework, that will build on the work being carried out by APEC and ensure that the growth and development of the region is enjoyed by future generations. Leaders instructed officials to report on progress by the time they meet in 2005.”

“Ministers looked forward to the results of a study on sustainable development that will be undertaken by SOM, as well as the preparations for an APEC High-Level Meeting on Sustainable Development in 2005-2006.”

- Development of partnerships and an effective coordination mechanism with relevant fora on the issue of sustainable development.

III. Outreach to the Broader Community

- 2005 SOM Report on Economic and Technical Cooperation.
- Publicizing key outcomes of ECOTECH activities.
- Coordinating with the APEC Secretariat on ECOTECH outreach programs, including APEC Project Database.
- Collaboration with the ABAC’s Capacity Building Working Group.

III. Review of the ECOTECH’s contribution to the Bogor Goals

- Contribute to the Mid-Term Review this year by undertaking a review of the ECOTECH’s contribution to the Bogor Goals.
- Undertake required 2005 review of the ESC.

**THE ESC SMALL GROUP ON EVALUATION (ESC-SGE)
2005 WORK PLAN
27 FEBRUARY 2005**

At the 16th APEC Ministerial meeting, Ministers endorsed the implementation of the evaluation frameworks for projects funded under the operational account. Three recommendations for implementation were approved at 2004 SOM III.

1. *ESC-SGE recommends the evaluation frameworks be adopted and implemented for Operational Account Projects from 2005 onwards.*

Steps to achieving recommendation 1:

- Projects being proposed for funding through the operational account from 2005 onward will require being assessed against the Assessment framework prior to BMC.
 - Continuation of the trial process of the Assessment, Monitoring and Evaluation (A, M&E), focusing on the second and third phases of the frameworks (M&E).
 - The above two activities will be coordinated by the APEC Secretariat's project A, M&E coordinator (Michelle Lowe) in consultation with the BMC and the ECOTECH process.
 - An independent expert (Mr Lincoln Young) will support the A, M&E assessments.
 - Based upon the implementation in 2005 of the frameworks, The M&E frameworks will be refined to incorporate lessons learned with a view to adopting revised frameworks at the CSOM and 17th AMM in November.
2. *ESC-SGE recommends the Guidebook on APEC Projects be updated to incorporate the evaluation frameworks, including replacing the ECOTECH Weightings Matrix and updating the project application form.*

Steps to achieving recommendation 2:

- The Secretariat, in consultation with relevant APEC fora will complete the revisions of the Guidebook and project application form.
 - The revisions will be submitted to SOM for approval.
3. *ESC-SGE recommends APEC Working Groups continue to receive technical assistance and support in implementing the frameworks.*
- The Secretariat's professional staff member responsible for A,M&E coordination (Michelle Lowe) will be available to assist with the coordination of technical support to the working groups, including the evaluation consultant.
 - Australia will continue to fund an evaluation consultant to provide technical advice during 2005, including attendance at various working group meetings to increase effectiveness of implementation.

ANNEX 3

**NUMBER OF PROJECTS CONDUCTED BY APEC FORA IN 2005
UNDER EACH ECOTECH PRIORITY THEME**

**NUMBER OF PROJECTS CONDUCTED BY APEC FORA IN 2005
UNDER EACH ECOTECH PRIORITY THEME**

<i>APEC Forum Priority Theme</i>	ATC	CTI	CTTF	EC	ECSG	ESC	EWG	FIN	FWG	HRD	HTF	IST	MRC	SME	SOM	TEL	TP	TPT	TWG	<i>Total</i>
Developing Human Capital	4	13	-	-	2	-	-	1	-	8	5	2	-	1	-	2	3	4	2	47
Developing Stable, Safe and Efficient Capital Markets	-	1	1	-	-	-	-	3	-	-	-	-	-	-	-	-	-	-	-	5
Strengthening Economic Infrastructure	1	16	1	3	-	-	8	-	-	-	-	-	-	-	1	-	-	1	-	31
Harnessing Technologies for the Future	4	-	-	-	1	-	1	-	-	-	3	10	-	1	-	6	-	1	-	27
Safeguarding the Quality of Life Through Environmentally Sound Growth	2	-	1	-	-	1	-	-	2	-	-	-	5	-	-	-	-	-	-	11
Developing and Strengthening the Dynamism of SMEs	-	1	-	-	-	1	-	1	-	-	-	-	-	9	-	-	2	-	-	14
<i>Total</i>	11	31	3	3	3	2	9	5	2	8	8	12	5	11	1	8	5	6	2	135

**PROJECTS CONDUCTED BY APEC FORA UNDER EACH ECOTECH PRIORITY THEME
FROM 1999 to 2005**

<i>Priority Theme</i>	1999	2000	2001	2002	2003	2004	2005
Developing Human Capital	82	70	53	75	48	57	47
Developing Stable, Safe and Efficient Capital Markets	6	7	5	11	8	5	5
Strengthening Economic Infrastructure	25	21	12	11	26	20	31
Harnessing Technologies for the Future	51	49	27	15	21	15	27
Safeguarding the Quality of Life Through Environmentally Sound Growth	53	51	34	8	16	11	11
Developing and Strengthening the Dynamism of Small and Medium Enterprises (SMEs)	21	22	17	8	6	13	14
<i>Total</i>	250	220	148	128	125	121	135

ANNEX 4

TYPES OF ECOTECH ACTIVITIES CONDUCTED BY APEC FORA

**SUMMARY OF THE TYPES OF ECOTECH PROJECTS
CONDUCTED BY APEC FORA IN 2005**

<i>Type of Activity</i>	APEC Forum	ATC	CTI	CTTF	EC	ECSG	ESC	EWG	FIN	FWG	HRD	HTF	IST	MRC	SME	SOM	TEL	TP	TPT	TWG	Total	
Seminar/Symposium	6	21	2	2	2	2	1	4	2	1	5	4	7	2	8	1	5	2	2	2	-	77
Training	3	3	-	-	1	1	-	1	2	-	3	2	2	-	2	-	3	2	1	-	-	25
Survey or Analysis and Research	2	7	1	1	1	-	1	4	1	1	-	2	3	3	1	-	-	1	3	1	1	32
Database/Website	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
<i>Total</i>	11	31	3	3	3	3	2	9	5	2	8	8	12	5	11	1	8	5	6	2	135	

SUMMARY OF THE TYPES OF ECOTECH PROJECTS CONDUCTED BY APEC FORA IN 2005
ACCORDING TO FUNDING SOURCES

<i>Source of Funding</i>	ATC	CTI	CTTF	EC	ECSG	ESC	EWG	FIN	FWG	HRD	HTF	IST	MRC	SME	SOM	TEL	TP	TPT	TWG	Total
Operational Account	2	2	-	1	-	1	5	1	2	4	4	4	3	4	1	6	-	3	2	45
TILF Special Account	4	29	2	2	2	-	2	-	-	1	-	2	-	2	-	-	4	2	-	52
Self-funded¹	5	-	1	-	1	1	2	4	-	3	4	6	2	5	-	2	1	1	-	38
Total	11	31	3	3	3	2	9	5	2	8	8	12	5	11	1	8	5	6	2	135

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

Note:

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

In 2005, there were 38 self-funded projects implemented by APEC fora and working groups. These are:

ESC

1. An Assessment of the ECOTECH Implementation of the APEC Small and Medium Enterprises Working Group (SMEWG) – Australia

CTTF

1. APEC Airport Vulnerability and Counter-Measures Workshop – Canada

Finance Ministers' Process

1. APEC Future Economic Leaders' Think Tank – Australia
2. Asia Pacific Finance and Development Program – China
3. Initiative on APEC Financial Institutions Dealing with SMEs – China
4. APEC Financial Regulators Training Initiative – United States

HTF

1. Symposium on Avian Influenza Training – Chinese Taipei, 23-24 June 2005
2. Symposium on Avian Influenza and Preparedness for a Human Health Emergency – United States, 28-29 July 2005
3. Virological Surveillance and Molecular Epidemiology of Dengue – Chinese Taipei
4. Economic Assessment of Health Crises – Canada

ATCWG

1. Workshop to Develop an Overall Invasive Species Strategy for APEC – United States
2. Workshop to Exchange Technical Information and Views on Biomass Utilization – Japan
3. Workshop on the Development and Adoption of International Standards with a Focus on Plant and Animal Health – United States
4. Fumigation Accreditation Scheme – Australia
5. Avian Influenza – United States

ECSG

1. Initiative for APEC Women's Participation in the Digital Economy – Korea

EWG

1. A Vision for Cooperation on Energy Standards & Labelling Programs - Australia
2. APEC Clean Fossil Energy Technical and Policy Seminar - Unites States

HRDWG

1. APEC e-Language Research Consortium: Phase I – China and Unites States
2. UNU-APEC EDNET Invitation Program on Education for Sustainable Development – Japan
3. APEC Forum on HRD – Japan

ISTWG

1. APEC Technology Innovation Collaboration Conference – Chinese Taipei
2. Science Centre Impact Project – Australia
3. Establishment of Virtual International Molecular Biology Laboratory (eIMBL) – Korea
4. The Promotion of Green Supply Chain in Response to the Restrictions of Chemicals on Electronic Products – Chinese Taipei
5. Forum on Globalisation and Business Incubators – China

6. APEC R&D Management Training Program – Korea

MRCWG

1. The 5th Roundtable on the Involvement of Business/Private Sector in the Sustainability of the Marine Environment – Chinese Taipei
2. Water Quality Criteria/Standards Adopted in the Asia Pacific Region: Phase 2 – Hong Kong, China

SMEWG

1. APEC Innovation Center for SME Development – Korea
2. 2005 APEC Informatization Forum for SMEs – Korea
3. Seminar on “Application of Sufficiency Economy Concept for Enhancing Capability of SMEs in Environmental Management” – Thailand
4. Seminar on “Environmental Management for APEC Micro Enterprises: Toward Sustainable Development – Thailand
5. Seminar on “Best Practices on Mentoring Systems: Keys to Reducing APEC SME Loan Default” – Thailand

TPTWG

1. Required Navigation Performance (RNP)/Area Navigation (RNAV) Implementation Workshop – United States

TPWG

1. Brand Management Strategies for Small and Medium Enterprises in the APEC Economies – Korea

TELWG

1. E-University for e-Government – Japan, Thailand and Indonesia
2. Workshop on IT-based Disaster Early Warning Systems – Korea

ANNEX 5

**NUMBER OF PROJECTS CONDUCTED BY APEC FORA IN 2005
ACCORDING TO THE PROPOSING ECONOMIES**

NUMBER OF PROJECTS CONDUCTED BY APEC FORA IN 2005 ACCORDING TO THE PROPOSING ECONOMIES

Proposing Economy	APEC Forum																Total				
	ATC	CTI	CTTF	EC	ECSC	ESC	EWG	FIN	FWG	HRD	HTF	IST	MRC	SME	SOM	TEL		TP	TPT	TWG	
Australia	1	3	-	-	-	1	2	1	-	-	-	1	-	-	-	2	-	-	-	-	11
Brunei Darussalam	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	1
Chile	1	1	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	4
Canada	-	2	1	-	-	-	-	-	-	2	-	-	1	-	-	1	-	-	-	-	7
China	-	1	-	-	1	-	-	2	-	1	-	1	-	-	-	-	1	-	-	-	7
Hong Kong, China	-	1	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	2
Indonesia	1	1	-	-	-	-	-	-	-	-	-	-	-	1	-	1	-	1	-	1	6
Japan	1	8	-	-	-	1	-	-	3	-	1	-	-	-	-	1	-	-	-	-	15
Korea	-	6	1	3	1	-	1	-	1	1	4	1	3	-	-	2	1	1	1	-	26
Malaysia	1	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	1	4
Mexico	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
New Zealand	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	3
Papua New Guinea	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Peru	-	-	-	-	-	-	-	-	1	-	-	-	-	1	-	-	-	-	-	-	2
Philippines	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	3
Russian Federation	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Singapore	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1
Chinese Taipei	-	-	-	-	-	-	-	-	-	2	4	2	1	-	-	1	-	-	-	-	10
Thailand	2	1	-	-	-	1	-	1	1	1	1	-	3	-	-	-	-	-	-	-	10
United States of America	3	3	-	-	1	-	3	2	-	-	2	-	-	-	-	-	-	-	4	-	18
Viet Nam	-	2	-	-	-	-	-	-	-	-	-	-	1	1	1	-	-	-	-	-	4
Total	11	31	3	3	3	2	9	5	2	8	12	5	11	1	1	8	5	6	2	135	

ANNEX 6

**DRAFT ESC's INPUT FOR THE STRATEGIC ACTION PLAN ON
ENGLISH AND OTHER LANGUAGES IN THE APEC REGION**

DRAFT ESC'S INPUT FOR THE STRATEGIC ACTION PLAN FOR ENGLISH AND OTHER LANGUAGES IN THE APEC REGION

1. Background

Recognizing the importance of English and other languages for the people of the Asia-Pacific region, APEC made a commitment to develop a Strategic Action Plan (SAP) for English and other Languages at last year's Summit in Santiago. This commitment was made at several levels, including at the joint Ministerial Meeting (AMM) and in four separate Ministerial statements (Trade, Education, Tourism, and SMEs).

At the meeting of APEC Ministers Responsible for Trade, Ministers recognized that knowledge of several languages in the APEC region can create more business opportunities. It is in this regard that Ministers instructed officials to develop a SAP that takes into account the situation of each economy. At the third APEC Education Ministerial Meeting, Ministers tasked EDNet to work with other relevant fora to develop the SAP. The third APEC Tourism Ministerial Meeting recognized that English and other languages constituted an important operational tool for businesses in the tourism industry. And finally, at the 11th APEC SME Ministerial Meeting, Ministers instructed their officials to cooperate with EDNet to identify specific actions that could contribute to the collective development of the SAP, so as to encourage greater mobility and assist SMEs and MEs in meeting the challenge of globalization.

At the joint APEC Ministerial Meeting (17–18 November 2004), Ministers instructed Senior Officials to collaborate with EDNet:

“Ministers instructed Senior Officials, through the SOM Committee on ECOTECH, to oversee the work to be developed by the Education Network from the Human Resources Development Working Group, so as to establish a Strategic Action Plan for English and Other Languages in the APEC region, with the support of all relevant fora, aimed at creating competitive human capital, and to report progress in 2005.”

The statement from the third APEC Education Ministerial Meeting (29–30 April 2004), “Skills for the Coming Challenges,” specifically instructed EDNet to develop a SAP for English and Other languages:

“We requested that EDNet work with other relevant APEC fora, including the APEC Business Advisory Council (ABAC), to develop a Strategic Plan for English and Other Languages in the APEC region that would take into account each economy's context. We encourage our counterparts responsible for Trade, SMEs, and Tourism, to instruct their senior officials so as to collectively develop the Plan for the APEC region, taking on board the strengths that these sectors can offer for the positive, long-term development of this initiative, with an aim of presenting a progress report to APEC Economic Leaders when they meet in Santiago on November 20-21, 2004.”

Some important material that can serve as the basis for the development of the SAP, particularly the educational dimension, is the “Strategic Plan for English and Foreign Language Learning” that was approved at the third APEC Education Ministerial Meeting. This document recommended five areas for advancing the learning of English and other languages. These areas include:

- curriculum standards
- exchange and development
- research
- resource leverage
- policies to focus not only on the formal education sector, but also on adult training strategies

In addition, the international seminar on “The Interaction Between Language, Mathematics, Science and ICT,” held on 27 April 2004, could also be a useful basis for developing the SAP. One of the outcomes of the seminar was its recommendation for further action in the following areas:

- Collaborative research, sharing information about promising practices, curriculum and standards, using the Knowledge Bank and other APEC Networks.
- A feasibility study to form an e-learning consortium for language training, teaching and practice.
- The formation of an ABAC Business School network based on a satisfactory proposal and cost study.

2. Strategic Objectives

The above provides a context for the development of the SAP, which aims to seek the empowerment of English and other languages as working tools in addition to the formal education sector. This general approach will need to be adapted to the specific historical situation/context of each individual economy.

Elements that could be considered a part of the SAP’s strategic objectives are:

- At the dawn of the 21st century, linguistic capabilities are inalienable working needs, and APEC cultural diversity is an intrinsic positive value that can be strengthened by the development of knowledge of English and other languages.
- All efforts should be directed toward ensuring that every APEC worker has the best command of English and other languages as the working language (*lingua franca*).
- The SAP should take into account the role played by new information and communication technologies (NICTs), considering its potential to improve livelihoods of low-income earners by enhancing delivery of socio-economic services, offering them opportunities to increase income, and empowering them through participation in the decision-making processes.
- The SAP should encourage collaboration with relevant APEC stakeholders who have specific interests in strengthening the use of English and other languages as working tools. Some of these groups may include: Tourism Working Group, SMEWG, Asia Pacific Chambers of Commerce, and the APEC Study Consortium Center (ASCC), among others. APEC should work cooperatively with relevant sub-fora and external stakeholders in finding solutions to the common challenge of improving the linguistic aptitudes of APEC workers.
- The SAP should develop a framework of APEC policies for English and other languages.

3. Recommendations

- The SAP should build on the “Strategic Plan for English Language and Foreign Language Learning,” approved at the third Education Ministerial (29–30 April 2004), and its preceding international seminar (27 April 2004).
- The SAP should consider the contribution from the ASCC’s 2004 Annual Meeting (26–29 May 2004), with respect to the role that English can play in human resource development.
- Each economy should consider conducting a self-assessment on current activities toward improving English and other languages among their working populations. The assessment should be conducted in collaboration with the public and private sectors of each economy and could be used as a research contribution toward developing the SAP. Details regarding the self-assessment (i.e. potential contribution to the SAP, objectives, timeframes, etc.) should be discussed by EDNet at its upcoming meeting in June.

- In developing the SAP, EDNet should work closely with relevant APEC sub-fora, such as the HRDWG, Tourism Working Group, SMEWG, ESC, ABAC, and the ASCC among others.
- As a first step toward developing and implementing the SAP, consideration should be given toward presenting a concrete deliverable for the XVII Joint Ministerial Meeting in November. Such a deliverable could be a set of Best Practices on English and Other Languages that would help to equalize opportunities for APEC workers in a globalized world.

ANNEX 7

ESC's REPORT ON MEETING THE BOGOR GOALS

ESC's REPORT ON MEETING THE BOGOR GOALS

Submitted to the Mid-Term Stock Take Symposium on 28 May 2005
Juju Island, Korea

(Chair's Report of 4 April 2005)

I. Introduction

1. Stakeholder's role in achieving the Bogor Goals

The SOM Committee on Economic and Technical Cooperation (ESC) is not mandated to implement any specific activity which contributes directly to achieving the Bogor Goals. However, it does play a role in achieving the Bogor Goals through its coordination function among APEC fora including APEC working groups and policy level committees. This is based on its mandate established when the ESC was established in 1998 to *"assist SOM in improving the management and coordination of ECOTECH activities among APEC fora, including APEC working groups and policy level committees, with a view to improving the identification and coordination of new cross-cutting issues."*

The primary role of the ESC is to coordinate activities implemented by various APEC working groups to ensure that the focus of their capacity building effort is in line with the ECOTECH themes adopted in Manila in 1996. These themes are:

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

In 2002, APEC Leaders recognized the need for clear and focused goals for capacity building activities in APEC. They instructed Ministers and Officials to refine the focus of ECOTECH and capacity building objectives to ensure that the efforts on ECOTECH are duly monitored and assessed, and fully support APEC's trade and investment liberalization and facilitation goals while also addressing the challenge of globalization. This led to the four APEC-wide ECOTECH priorities being proposed to and endorsed by Ministers in October 2003. The ESC was tasked to focus on identification and implementation of capacity building projects under those priorities and to report annually to the APEC Ministerial Meeting. The four APEC-wide ECOTECH priorities are:

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

Unlike the Committee on Trade and Investment (CTI), the ESC does not have its own sub-fora. In 2000, it used to oversee the Group on Economic Infrastructure (GEI), but this was disbanded in 2002 by SOM, as its scope of work and mandate were no longer clear.

The ESC operates by way of meetings with relevant stakeholders three times a year prior to each Senior Officials Meetings. Most of the ESC members come from the ministry of foreign affairs of all 21 member economies.

2. Stakeholder's vision of achieving the Bogor Goals

Together with trade and investment liberalization and facilitation (TILF), the ECOTECH activities through capacity building are considered as another indispensable part supporting the endeavor by member economies to achieve the Bogor Goals. Many of these activities are conducted through the sharing of information and best practices, training and in some cases, the necessary

infrastructure to enable developing member economies to implement the agreed commitments with confidence.

With increasingly intertwined economic, social and environmental impacts, it is even more important that APEC does not lose sight of its effort to build a strong foundation for sustained economic growth and development. The work on ECOTECH must be seen as capable of transforming the benefit from free trade and investment into a tangible improvement in the well-being of the people.

II. Evaluation of Current Status

1. Stakeholder's role and contribution to Bogor Goals

As stated in Section I, the ESC is not mandated to implement any specific activity which contributes directly to achieving the Bogor Goals. The role of the ESC is to coordinate the implementation of ECOTECH activities by APEC working groups and report to Senior Officials and Ministers on an annual basis.

The major goal of ECOTECH is to intensify cooperation in the community of Asia-Pacific economies that will enable members to develop more effectively develop human and institutional capacity to achieve the Bogor Goals while also attaining sustainable growth and equitable development in the region. Thus, the evaluation of the ESC should also be based on the progress it has made in promoting such cooperation and a number of cooperative projects undertaken in APEC.

From the information extracted from the APEC Secretariat's Project Database, there are 1,133 projects that have been completed or are still in the implementation by all APEC working groups and fora since 1995. The number of projects undertaken by each working group and fora is shown in Annex A.

Among them, only 876 projects (about 77%) were listed as clearly stating which ECOTECH theme they are supporting. Thus, it can be deduced that the highest proportion (about 33%) was in support of the development of human capital.

ECOTECH Theme	Number of Projects	Percentage
Developing Human Capital	370	32.6
Developing Stable, Safe and Efficient Capital Markets	52	4.6
Strengthening Economic Infrastructure	132	11.7
Harnessing Technology for the Future	136	12.0
Safeguarding the Quality of Life Through Environmentally Sound Growth	121	10.7
Developing and Strengthening the Dynamism of Small and Medium Enterprises (SMEs)	65	5.7
Not Classified	257	22.7
Total	1133	100.0

2. Stakeholder's direct contribution to Bogor Goals

Although the ESC's contribution to the Bogor Goals is through coordination of ECOTECH activities across fora, it also has a limited role in implementing five projects to date which aimed to improve information sharing among stakeholders or facilitate the coordination of crosscutting issues. The total value of funding of these ESC projects is US\$269,748. Approximately 81 percent of the projects came from APEC Fund, and the rest came from supplementary contribution by participating member economies. These are shown in Annex B.

3. Stakeholder's direct contribution to business facilitation in APEC

Although the ESC does not directly contribute to business facilitation in APEC, it plays an indirect role in promoting capacity building that enables business sectors and individuals in member economies to thrive. This is mostly through working closely with ABAC on ECOTECH capacity building activities. In the past year, the ESC through the current Chair has participated in the ABAC meetings. He also participated in the ABAC's Capacity Building Working Group meetings. The cross-forum interaction has been useful for learning that the priorities of ABAC's Capacity Building Working Group coincided with that of the ESC in the promotion of Small and Medium Enterprises (SMEs) and Human Resources Development. The latter is through an initiative by ABAC to establish an APEC Business Schools Network.

Another indirect contribution to facilitate business by the ESC is through its interaction with International Financial Institutions (IFIs) on ECOTECH capacity building. In August 2003, the ESC assisted the Senior Officials in organizing the first APEC/IFIs Roundtable Discussion on ECOTECH. The Roundtable was structured according to the short list of APEC-wide ECOTECH Priorities as endorsed by APEC Senior Officials at their first meeting in February 2003. Representatives from the World Bank and the Asian Development Bank (ADB) were invited to attend the meeting. The Roundtable achieved its objectives in promoting mutual understanding, exchanging experiences and policies on past, present and future economic and technical cooperation activities undertaken by APEC, the World Bank and the ADB, and in considering areas and means of future cooperation. Representatives of the World Bank and the ADB were enthusiastic about APEC's four ECOTECH priorities and were willing to continue the dialogue with APEC with a view to furthering the development of cooperation, information exchange, sharing of expertise and resources in common areas of interests.

One of the tangible outcomes of that meeting was an agreement between APEC and the World Bank's Global Development Learning Network (GDLN) in July 2004, to conduct a series of pilot projects utilizing existing GDLN facilities to disseminate the benefits of workshops or training by APEC fora to a wider audience. At present, the ESC is working with the GDLN to provide a Low-cost, Appropriate Technology and Approaches for Rural Distance Learning course to APEC participants at no cost. There will be an online course offered to participants during 25-28 April 2005 in Lima, Peru; Santiago, Chile; and Washington DC, USA. A CD-ROM toolkit will also be available to those who are unable to participate in the course.

III. Assessment

1. Assess how close APEC as a whole is to the Bogor Goals

The ESC considers that the Bogor Goals of free and open trade and investment in the Asia-Pacific region by 2010 for industrialized member economies and 2020 for developing member economies are the means rather than the end to achieve the vision set forth by Leaders in 1993 for a stable and prosperous community. While APEC has made tremendous progress in liberalizing trade and investment as evidenced by a substantial tariff reduction in the region, it still has to translate these benefits into a significant improvement in the well being of members. The ESC believes that ECOTECH is an integral part that enables members to develop more effectively human capacity and supporting infrastructure so as to attain sustainable growth and equitable development in APEC while reducing economic disparities among them.

While the IAP Peer Review Process is a useful tool to assess the progress made on trade and investment liberalization and facilitation, there is no similar tool to assess the progress of ECOTECH activities in support of those trade and investment related goals. In 2002, the Osaka Action Agenda (OAA), which is a road map for APEC to achieve the Bogor Goals, was updated. The exercise involved an update of Part One on Liberalization and Facilitation, and Part Two on Economic and Technical Cooperation, as well as incorporation of additional action programs in other specific areas such as e-APEC Strategy. At the same time, a development of evaluation criteria for ECOTECH Action Plans (EAP) as a tool to progress APEC's ECOTECH agenda was also proposed as a pilot phase. However, this was phased out as members felt that there were shortcomings with the EAP, especially with the lack of clear objectives and clarity with regard to

end-users. Thus, there is no tool to effectively assess how the ECOTECH, as a supporting pillar for TILF, has assisted APEC in getting closer to the Bogor Goals.

2. Assess APEC's measures concerning trade facilitation and ECOTECH activities as addressed in the Shanghai Accord

Under the Shanghai Accord, Leaders agreed that the Bogor Goals needed to be placed within the context of an updated and expanded vision that addresses trade and investment liberalization and facilitation, and economic and technical cooperation, in an integrated manner to maximize the benefits for all economies in the region. In the areas concerning ECOTECH there are three specific tasks:

- a) *Broadening and updating of the OAA*
As mentioned in the above section, a broadening and updating of Part Two of the Osaka Action Agenda (OAA) as required under the Shanghai Accord was completed in 2002.
- b) *Review of mandate and role of the SOM Sub-committee on ECOTECH*
This was successfully done and the SOM Sub-committee on ECOTECH was elevated to a SOM Committee on ECOTECH with the incorporation of priorities of SMEs throughout the APEC agenda.
- c) *Develop ECOTECH Action Plans (EAPs)*
The EAP was developed as a tool to progress APEC's ECOTECH agenda but had to be phased out as members felt that there were shortcomings with the EAP, especially with the lack of clear objectives and clarity with regard to end-users.

Thus, there is no tool to effectively assess how ECOTECH, as a supporting pillar for TILF, has assisted APEC in getting closer to the Bogor Goals.

IV. Recommendations

1. What APEC as a whole must collectively do to achieve the Bogor Goals (including trade facilitation and ECOTECH)
2. What the stakeholder can do to help achieve the Bogor Goals (including trade facilitation and ECOTECH)

These two questions are difficult to answer. As mentioned earlier, the role of the ESC is through the coordination of ECOTECH activities implemented by APEC working groups and fora. It requires voluntary action by member economies in the ECOTECH activities. Thus, it is up to the member economies to join in any activity that they consider beneficial to them. What the ESC can do and has done to help achieve the Bogor Goals is to strengthen the implementation of ECOTECH activities. This is done at the working group level through an independent assessment, and at project level through the evaluation frameworks for APEC projects.

At the working group level, the Fisheries Working Group (FWG) was the first group that volunteered to undergo an independent assessment facilitated by the ESC. The assessment was completed in March 2004, and forwarded to the FWG for comment. Members of the FWG were satisfied with the recommendations, which led to a more focused strategic work plan of the FWG being developed in a more focused manner. In November 2004, Ministers endorsed this initiative by the ESC and encouraged other working groups to be assessed. to ensure that their work program on ECOTECH is responsive to APEC's current work priorities and contribute to the achievement of the Bogor Goals. Subsequently, the ESC approached the Small and Medium Enterprises Working Group (SMEWG) and the Tourism Working Group (TWG) in December 2004 and offered to facilitate the assessment process similar to that provided to the FWG. A positive response from the SMEWG has been received, while the TWG will consider this offer at its annual meeting in May 2005.

At the project level, the ESC established the Small Group on Evaluation (ESC-SGE) in 2004 to develop project evaluation frameworks to ensure the efficiency and value for APEC projects. The

first stage to foster good quality project proposals was completed with an introduction of the Quality Assessment Framework (QAF) for APEC project proposals approved by Ministers in November 2004. The QAF replaces the previous ECOTECH Weightings Matrix as an assessment tool to improve the project proposals. The ESC-SGE is now working on a trial of the second and third stages of developing assessment tools for the ongoing projects and the completed projects to assess whether they have made significant impacts in the area they were intending to promote.

Lastly, as the mandate of the ESC is to coordinate ECOTECH activities implemented across fora, its views and assessment on how APEC is moving toward the Bogor Goals may not reflect the overall achievement by all APEC working groups. The experts who conduct the Mid-Term Stock Take should also try to seek the views of other working groups in order to get a complete picture.

Annex A

Number of APEC Projects Undertaken by Working Groups and Fora during 1995-2005

Working Group/Fora	Name	Number of Projects	Years in Operation
AGGI	Advisory Group on Gender Integration	5	1999-2002
ATCWG	Agricultural Technical Cooperation Working Group	32	Since 2003
CTI	Committee on Trade and Investment	284	Since 1994, formally the Informal Group on Trade Liberalisation since 1992
CTTF	Counter-Terrorism Task Force	4	Since 2003
EC	Economic Committee	27	Since 1995, formally the Ad Hoc Group on Economic Trends and Issues since 1991
ECSCG	Electronic Commerce Steering Group	3	Since 1999
ESC	SOM Committee on ECOTECH	5	Since 1998
EWG	Energy Working Group	107	Since 1990
FIN	Finance Ministers' Process	27	Since 1994
FWG	Fisheries Working Group	32	Since 1991
HRDWG	Human Resources Development Working Group	183	Since 1990
HTF	Health Task Force	4	Since 2003
ISTWG	Industrial Sciences and Technology Working Group	113	Since 1990
MRCWG	Marine Resources Conservation Working Group	43	Since 1990
SMEWG	Small and Medium Enterprises Working Group	47	Since 1994
SOM	Senior Officials Meeting	22	Since 1989
TELWG	Telecommunication and Information Working Group	72	Since 1990
TID	Trade and Investment Data	5	1990-1998
TPWG	Trade Promotion Working Group	28	Since 1990
TPTWG	Transportation Working Group	60	Since 1991
TWG	Tourism Working Group	29	Since 1991
	TOTAL	1,133	

Source: APEC Project Database 2005, March 2005.

Annex B

ECOTECH Projects Undertaken by the ESC

Project Code	Project Name	Amount of OA funding (US\$)	Amount of TILF funding (US\$)	Amount of self-fund (US\$)	Total Amount of funding (US\$)
ESC 01/1999	Publication and Internet Dissemination of the 1999 ESC Report to Ministers	11,425			11,425
ESC 01/2000	The ECOTECH Information Clearing House	107,638		26,600	134,238
ESC 02/2000	SOM 2000 Report on Economic and Technical Cooperation		7,375		7,375
ESC 01/2003	An Independent Assessment of APEC's ECOTECH Activities of the Fisheries Working Group	23,210			23,210
ESC 01/2005	Voluntary Initiatives for Sustainable Production, Trade and Consumption Chains	70,000		23,500	93,500
	TOTAL	212,273	7,375	50,100	269,748

Source: APEC Project Database, March 2005.

ANNEX 8

**SUMMARY RECORD OF THE SECOND APEC/IFIs POLICY
DIALOGUE ON ECOTECH**

2ND APEC/IFIs AND INTERNATIONAL ORGANIZATIONS POLICY DIALOGUE ON ECOTECH SUMMARY RECORD

**10 September 2005
Gyeongju, Korea**

The 2nd APEC/IFIs and International Organizations Policy Dialogue on ECOTECH was held in Gyeongju, Korea on 10 September 2005. It was attended by representatives from the Asian Development Bank, the World Bank, the OECD and member economy representatives from Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; Philippines; Singapore; Chinese Taipei; Thailand; the United States, and Viet Nam. The meeting also welcomed the SOM Chair, the BMC Chair, the Executive Director of the APEC Secretariat, the HRD Lead Shepherd, a SMEWG representative and an ABAC representative. The APEC Secretariat also attended.

Ambassador Juan Carlos Capuñay, Senior Official of Peru chaired the meeting.

1. Welcoming Remarks

Ambassador Jong-Hoon Kim, APEC SOM Chair for 2005, welcomed members and representatives to the ESC IFIs dialogue and formally opened the session. Ambassador Kim stressed the importance of sharing knowledge and working together with the IFIs to help meet the ECOTECH priorities.

2. Opening Remarks

Ambassador Juan Carlos Capuñay, Chair of the SOM Committee on Economic and Technical Cooperation (ESC), thanked Ambassador Kim for his opening remarks and for his comments on how the IFIs can contribute to the ECOTECH agenda. He outlined the meeting proceedings and highlighted the importance of working together with the IFIs, other organizations and the private sector. He commented that the IFIs dialogues, including the first meeting in 2003, was in direct response to the Leaders call for ECOTECH to liaise with the IFIs. In 2005, the dialogue's focus is on SMEs and Micro-enterprises and Education. He stressed the importance of focusing on the human side of APEC through ECOTECH and stated that this was the beginning of a long-term relationship discussing ECOTECH issues with the IFIs, other international organizations and the private sector.

3. Overview of ECOTECH Activities in APEC

Members provided an overview of ECOTECH activities in APEC, including the on-going efforts under the current priority ECOTECH themes, the APEC Support Fund and the strengthening of the evaluation process to ensure efficient implementation of ECOTECH projects.

Mr. Soonthorn Chaiyindeepum, Director (Program), APEC Secretariat, presented two papers to the meeting: Review of the Past Experiences in Collaboration with International Financial Institutions and Other Organizations (2005/SOM3/IFI/003), which highlighted the different areas of collaboration including SMEs; and the List of Possible 2006 APEC Projects with IFIs Collaboration (2005/SOM3/IFI/006).

Ambassador Capuñay further expanded on the ECOTECH's priorities in 2005 and highlighted the opportunities and challenges offered by globalization, particularly for SMEs. He noted areas where ECOTECH is successfully collaborating with the IFIs already, including the GDLN and SMEs.

Viet Nam identified its ECOTECH priorities as APEC host for 2006. Viet Nam stressed the important role of ECOTECH in building capacity in developing economies. Capacity building needs to be further incorporated into all activities within APEC. Viet Nam also intends to focus on SMEs and micro enterprises during 2006. Themes include improving the competitiveness of

SMEs through: improving the business environment, HRD for SMEs, and better access to resources. Viet Nam is also keen to improve the effectiveness of the SMEWG process by extending the term of the Chair for longer than one year. Viet Nam stressed the importance of close cooperation with IFIs to develop common priority issues.

Mr. Ross Muir, Chair of the ESC-Small Group on Evaluation and representative for Australia, presented an update on the APEC Support Fund highlighting that the Fund was developed as a flexible funding mechanism with the view of funding high quality projects addressing developing economies' capacity building needs. Mr. Muir also provided information on the ECOTECH Assessment, Monitoring and Evaluation Framework.

Mr. Colin Lonergan, Operations Manager, Tokyo Development Learning Centre of the World Bank's Global Development Learning Network stressed the importance of innovation and new technologies to help capacity building. The new role for IFIs is one of a partner with equal footing that brings different expertise to the table.

Ms Asa Malmstrom Rognes, Senior Financial Economist, ADB, identified initiatives under the APEC Finance Ministers Meeting process and explained that the ADB has recently opened a new office for regional economic integration, which will bring all regional activities together and is charged as the focal point for APEC. The ADB is supporting regional cooperation in SME development, trade facilitation and customs cooperation.

ABAC is also deeply involved in considering how to integrate the work of ABAC and SMEs, particularly in relation to formal financing and regulatory systems and capacity building, and technology transfer. ABAC recommends deepening the relationship between APEC and the IFIs, proposing that a more serious coordination role is required by APEC's Finance Ministers if the organization is truly serious about SME development. Areas to be explored include possible funding contributions to the APEC Support Fund, and the need for more resources to support financial regulatory capacity building training courses.

Philippines stressed the importance of stronger dialogue with the IFIs on SMEs, especially to develop programs for SMEs in the services sector.

Session 1: Empowering SMEs and MEs

This session discussed how to assist the development of SMEs and Micro-Enterprises (MEs) to better integrate into the global economy by enhancing the policy and commercial environment. The experience by other IFIs in promoting SMEs and MEs can be shared and specific collaboration projects with APEC formulated.

Dr. Maeng Chul-Gue, SMEWG's representative, provided a background on the SMEWG and discussed the ongoing capacity building activities for SMEs and MEs. Since the first roundtable, the SMEWG opened its projects and activities to collaboration with the IFIs. Micro-enterprise collaboration with IFIs includes vocational training, internship support scheme, and policy and programs for micro credit and finance. The SMEWG welcomes the opportunity provided by this meeting to collaborate further. It was recommended that each APEC Working Group or fora designate a liaison for outreach with bilateral groups for ECOTECH to maximize synergy. SMEWG representative recommends an increase in SME capacity building through training, surveys and seminars.

The Role of Human Resources Development Working Group (HRDWG) in Capacity Building of SMEs and MEs was discussed by Dr. Chira Hongladarom, Lead Shepherd of the HRDWG. His group is keen to collaborate further with SMEWG, IFIs and other organizations. He stressed that it is important for people to benefit from globalization. He also stated that it was important to avoid duplication and to adopt a longer-term commitment for successful human resource development. If done correctly, the work of the SME and HRD will generate income for people.

Dr. Chira offered suggestions for possible collaborations including: linking APEC business schools network by developing specific curriculum for SMEs and MEs; having IFIs explore fiscal and

monetary policy to support effective capacity building for SMEs; building capacity via tax incentives; training and research on HRD/SME issues; increasing case studies on SMEs and HRD for more effective training; looking into outsourcing and labour and social protection; attracting talent to SMEs and MEs; assisting SMEs to better understand cross cultural issues and competitiveness as global players; working closely with the GFPN to promote the role of women in SMEs; and promoting education and lifelong learning for SMEs, particularly in better utilizing ICT.

USA recommended that the HRDWG consult further with the SMEWG, as a seven-year on-going project – the Consumer Education and Protection Initiative – is developing curriculum in schools in Thailand that assists in development of micro-enterprises. It was also advised that HRDWG may wish to contact the ECSG and APEC TEL to identify and build on activities being undertaken in relation to use of ICT. To assist Viet Nam in its promotion of SME and ME issues next year, the USA representative requested that Viet Nam take note of the wealth of SME-related activities across APEC, in IFIs and other international organizations, to add substantive content to the SME Ministerial agenda. Many of these activities will dovetail with Viet Nam's priority themes and sub-themes.

Cooperation between the OECD and APEC on SMEs

Mme Marie-Florence Estimé, OECD's Deputy Director of the Centre for Entrepreneurship, SMEs and Local Development, OECD explained the role of the Centre which was created by the OECD Secretary General in July 2004. The aim of the Centre is to foster the development of an entrepreneurial society, capable of innovating, creating jobs and seizing the opportunities provided by globalization, while helping to promote sustainable growth and social inclusion. The Centre serves as an OECD "one-stop shop" on issues and activities related to entrepreneurship, SMEs and local development and tourism.

She stressed the importance for the OECD of sharing experiences and good practices. She outlined the recent OECD APEC Cooperation, and emphasized, in particular, some examples of successful cooperation, i.e.: *The APEC-OECD Co-operative Initiative on Regulatory Reform; Cooperation in the area of the Digital Economy; Cooperation in the area of international investment; Cooperation in the area of SMEs.*

With regard to SMEs, the aim of the presentation made by the OECD representative was to review the successful and growing cooperation between the OECD Working Party on SMEs and Entrepreneurship (WPSME) and the APEC SME Working Group (SMEWG), while sharing with participants the OECD's experience for promoting the SME agenda at the international level, and in particular for fostering SME globalization.

Since 2002, APEC and all APEC economies have been invited to participate in the "OECD Bologna Process on SME and Entrepreneurship Policies." In 2005, for the first time, the OECD WPSME and APEC SMEWG decided to undertake a joint activity on "Removing Barriers to SME Access to International Markets." The Study aims at the identification and monitoring of impediments; Identification of best practices in support programmes for SMEs for overcoming barriers to internationalization; and Development of ways for reporting, and for action mechanisms to deal with impediments.

The OECD Secretariat is preparing a questionnaire to collect information on related issues and policies. The questionnaire will be sent out to all OECD countries and APEC economies. New Zealand is leading this activity on the APEC side and co-leading it on the OECD side with Greece, which will host an OECD-APEC Global Conference on this project in late 2006 (October or November).

Improving coordination

The New Zealand representative noted that strengthening coordination with APEC was a recurring theme in the presentations by guest participants. He sought their views on how this could be achieved.

OECD sees two main ways to improve coordination: 1) improving the exchange of information, finding a way to report and inform APEC member economies and OECD countries; 2) encourage greater participation in OECD research activities.

ADB again raised the importance of sharing information, where the websites are an important starting point. The new Office of Regional Economic Integration would also help to improve coordination.

The World Bank has appointed a partnership specialist for APEC, Ms Peggy Kek. The BMC Chair stressed the importance of finding concrete joint activities that will then be put to the attention of Leaders, as APEC's annual priorities and instructions for work are driven by the Leaders' meetings.

The ABAC representative noted that APEC also needed to strengthen coordination within its own processes.

Session 2: Capacity Building for Trade Facilitation

In this session, members discussed how to assist SMEs and MEs integrate into the global economy through supporting capacity building for trade facilitation in the APEC region. These include the capacity building to secure trade and enhance competitiveness and ease of doing business in APEC.

Mr. Alan Bowman, Chair of the Committee on Trade and Investment (CTI) outlined a few areas of collaborations: such as the World Bank's trade facilitation report; and joint OECD conferences on analyzing trade facilitation. He then outlined the APEC Trade facilitation Action Plan (TFAP) developed in 2002 and sought to work closer with the IFIs on components of the plan. Recently a report was commissioned to assess the progress of APEC in meeting the TFAP goals; recommendations included the need to work more closely with partners and in the WTO (to make binding commitments) and undertaking peer reviews. CTI is looking for partners to assist in implementing some of the remaining, more difficult TFAP issues.

Hong Kong, China, stated that whilst APEC had achieved a lot, it still needed to have an objective assessment about how far it is from achieving these targets. Also, CTI would like to invite an independent expert to participate in a final review, after which the CTI will develop follow-up actions from 2006.

In offering a developing economies' perspective on trade facilitation and possible cooperation with IFIs, the Philippines identified the need for access to resources for infrastructure development.

The CTI Chair proposed:

1. APEC and the IFIs should make a better effort to keep one another informed for example, through an annual briefing by attending the CTI meeting.
2. CTI conducts trade policy dialogues, and would like to have such discussions with the IFIs on specific trade facilitation dialogues.
3. Local collaboration between the local CTI members and the local IFI country managers.

Session 3: Innovation, technology development and knowledge-based SMEs and MEs

Members discussed the APEC strategy to promote Knowledge-based SMEs and MEs, including the use of English and other languages to help them gain access to the global economy.

Ambassador Edsel T. Custodio, Senior Official of the Philippines explained the experience of SME development in the Philippines. Increasingly SMEs are being developed in the services sectors. This creates both opportunities and challenges for the Philippines, including the need to overcome trade barriers and difficulties seeking access to finance.

Ms. Ana Maria Quiroz, Chair of the EdNET sub-group of the HRDWG provided background information on the need for learning English and other languages and updated the meeting on the development of a joint taskforce to develop a Strategic Action Plan for English and Other Languages.

Mr. Colin Lonergan, Operations Manager, Tokyo Development Learning Center presented an update on collaboration with APEC and the Global Development Learning Network (GDLN), particularly the rural distance learning network. GDLN will be offering a pre-MBA course to all APEC members. The World Bank values its collaboration with APEC.

Session 4: Concluding session – The Way Forward

Ambassador Juan Carlos Capuñay, Chair of the SOM Committee on Economic and Technical Cooperation (ESC) presented his closing remarks. He expressed his gratitude to the IFIs and the OECD, ABAC and Working Group representatives for their participation in the dialogue.

Members agreed that there is a need for deeper cooperation between APEC, IFIs and other organizations. These efforts are particularly important for SME and micro-enterprise development. But there is also a need to avoid duplication, remain focused and to develop concrete policy outcomes.

The Way Forward

Based on the discussion, the ESC would like to propose the following measures as a way forward in our collaboration:

1. Propose to SOM that this type of policy dialogue is useful and should be continued, perhaps as part of the agenda of the proposed Committee of the Whole. There are a number of ways that we can strengthen our collaboration:
 - Broaden awareness of the activities that each other is doing and that can be of common benefit (for example, sharing data, research and reports);
 - Elevate partnership to a higher level such as sending a stronger signal in the annual Leaders' Declaration to lend support to joint activities that APEC has with IFIs where appropriate;
 - Deepen interaction in specific areas such as SMEs and MEs, trade facilitation, human resources development and explore additional topics;
 - Broaden engagement to include other international organizations and other APEC fora, ABAC and the FMP; and
 - Consider lessons learned from the previous IFI roundtables.
2. We will maintain communication by sharing work plans and continue to meet annually and/or join in each other's seminars/symposiums as invited.
3. APEC will be invited to participate in two OECD conferences on SMEs in March 2006 in Brazil and in the last quarter of 2006 in Greece.
4. Each side will improve coordination through following measures:
 - OECD suggested (1) improving the exchange of information and keeping each other abreast of what the other is doing; and (2) encouraging greater participation in OECD research activities.
 - ADB reiterated the importance of sharing information and suggested using websites for information sharing.
 - Members were enthusiastic to learn that the World Bank has recently assigned Ms. Peggy Kek (pkek@worldbank.org) as Coordinator to liase between APEC and its Office of the Vice President of the East Asia.
 - APEC working groups will be requested to identify a liaison member to handle outreach with IFIs and other international organisations.
 - The APEC Secretariat IFI coordinator will be able to assist to facilitate these liaisons.

5. Recommend IFIs and the OECD consider the paper on 19 APEC projects approved for 2006 implementation that may incorporate participation by IFIs or other international organizations (as identified in 2005/SOM3/IFI/006).
6. APEC will continue to collaborate with the GDLN.
7. APEC ESC will continue to facilitate coordination with the Finance Ministers process.
8. ESC Chair will provide key points of contacts for IFIs and international organizations to other working groups and for lead shepherds to facilitate ease in communication.

ANNEX 9

**A BRIEF ANALYSIS OF SUSTAINABLE DEVELOPMENT
ACTIVITIES IN APEC: 1997-2005**

A BRIEF ANALYSIS OF SUSTAINABLE DEVELOPMENT ACTIVITIES IN APEC: 1997-2005

A brief review of APEC actions and initiatives on sustainable development during the period of 1997-2004 was prepared by Chile to provide some interesting background. Though the analysis does not provide an exhaustive account of facts and discussion on figures, it aims to identify some lines of thought useful for future orientations on sustainable development to APEC member economies.

Summary and Conclusions

1. The amount and range of activities concerning sustainable development in APEC was very wide during the period of 1997-2004, close to 400 different activities. Some involved all APEC member economies while many were engaged by a group of economies. A large number were initiated at a sectoral level while others presented a wider approach with sustainability goals as the main purpose. In fact, few of the activities could be characterized as truly cross-sectoral as they dealt with the issue of sustainable development within a rather narrow scope of their sectors, and not always related to wider sustainable development incidences in APEC. In this study, some examples were provided as background.
2. There were a great variety of types of activities. These included seminars and symposia, discussion panels, workshops, training activities, high-level and technical meetings, elaboration of conceptual/methodological studies, case studies, pilot projects, reports, databases, networks, etc. Cooperation and the educational approach were remarkable contributions of APEC works that were worth noting and should be developed. However, many of these initiatives though with very specific efforts have not been sustained and some have been discontinued. This provokes a sense of discontinuity and implies dissipated interests in the efforts made. Examples included the work done on the use of economic instruments for environmental management, or a deeper elaboration of sectoral and specific policies for sustainability, or the cooperation between certain member economies on specific sustainability topics.
3. During those periods, efforts to foster sustainability were unabated but the interest in this issue seemed to be declining in recent years. Despite the fact that the issue of global environment has been extensively discussed, it seems the efforts by APEC are not commensurate with those growing concerns. The Millennium Goals or The Global Ecosystem Assessment, as well as other global efforts to put in place measures that ensure the pace of globalization lead to the path of sustainability—not only in environmental terms—seem to have gone unnoticed in APEC. Very few activities in cooperation with the UN system or other international organizations were noted. In addition, no effort seemed to be launched in APEC to contribute to the necessary reform in the international arena.
4. It was found that not all sectors responded with the same interest in undertaking approaches or activities linked to sustainable development, such as human resources development, energy, marine resources conservation and fisheries, industry, and more recently, tourism and mining.
5. Some of the conceptual frameworks also lacked contents that truly contribute to overall sustainable development. For example, the insistence in the notion of “sustainable growth” is a caricature of the real and profound textures of a development that pretends to harmonize the economic, the social and the ecological. The efforts should move toward finding an equation for the economic, social and environmental dimensions of development as part of the whole development process.
6. Civil Society organizations have played a valuable role in sustainable development although not at an official platform because APEC is a consultative forum for government officials. Nevertheless, the current APEC’s Guidelines for Non-Member Participation allow such a dialogue.
7. Some sectors, such as mining, presented opportunities for more cooperation in the management of environmental issues associated with its activities. The subject matter of environmental legacies, i.e. the potential environmental impacts after mining extraction, is one of

the most complicated problems faced by member economies where the mining sector is key to the economy's development. Thus, it is the area where cooperation between APEC members can be realized and is desirable, both on financial and technical grounds. This could contribute to the improvement of the environmental performance of APEC economies and perhaps give room to new types of businesses.

8. The environmental issue in the SME sector has been tackled with a rather narrow economic approach. This requires more emphasis and should take into account long-term sustainability. This sector is truly complex from the point of view of public policy. Particularly, in less developed economies it is of the highest importance in terms of employment generation and social integration. This has led to the implementation of various instruments to improve SMEs' financial and technological performance but not always with success. On environmental grounds, the problem facing SMEs is much more difficult. In spite of their rather small contribution to environmental deterioration, in specific situations they can cause damages and threats to population's health, particularly at the local level. Hence, a solution can be found through the exchange of experiences and/or cooperation between member economies.

9. The approach to tourism development has been particularly interesting and promising in APEC. Ways and means have been studied to stimulate exchanges between the different partners of APEC, with a view to preserving the natural environment and implementing modalities for sustainable tourism. Many economies envisage tourism as one of the most promising development initiatives. It can potentially be a new source of incomes and a stimulus for new economic activities. However, it requires certain measures be put in place and incorporated into development plans. It also offers down-stream possibilities for SMEs and micro-enterprises to find new niches to sell goods and services.

10. APEC is currently taking some actions that have gained momentum among decision-makers. These are voluntary initiatives and agreements and other similar policy tools. Such tools have become popular to engage private sectors into shared responsibility regarding environmental protection, efficient use of resources, recycling and other features of sustainability. Preliminary results of APEC studies on the subject showed more works are necessary for a better understanding of these inter-relationships and that there is a need to promote more exchanges and communications between members to spread information about successful experiences.

11. It is highly relevant that APEC develops a general framework for a global sustainable development strategy. A lack of resources and weak institutional capacities often hamper efforts. A framework would lead to more emphasis on cross-sectoral strategies, and improvement in relations with international players as well as within the community.

12. The content of a Brief Analysis of Sustainable Development Activities in APEC: 1997-2005 included: APEC Approach to Sustainable Development; the present situation; cross-sectoral themes; institutional aspects; involvement of non-governmental actors in APEC's sustainable development activities; integration of APEC activities on sustainable development with international initiatives/players; and some preliminary conclusions. Those who are interested in this report should contact the Project Overseer, Ms. Nicola Borregaard, Advisor to the Minister of Economy and Energy, Chile at nborregaard@economia.cl and Ms. Paola Calcagni, APEC Coordinator of the Foreign Affairs Ministry of Chile, at pcalcagni@direcon.cl.

ANNEX 9.1

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Questionnaire

Name of the Respondent:

E-mail:

Ministry / Department:

Position:

1. Is there any comprehensive domestic scheme for assuring more sustainable production—such as a systematic and formal approach to Voluntary or Clean Production Agreements? Please describe it very briefly, indicate year of implementation of the scheme, scope of implementation so far, and whether or not it includes certification (if there is a website, please indicate).

2. Is there any domestic sectoral scheme? Such as for organic agricultural certification, sustainable tourism certification, sustainable mining certification or sustainable aquaculture? Please describe it very briefly, indicate year of implementation of the scheme, scope of implementation so far, and whether or not it includes certification (if there is a website, please indicate).

3. What role does the public sector/state play in these schemes?

Workshop Programme

Program

Day 1: Monday, 26 September 2005 -

- 8:30 – 9:00 Registration of Participants – Economic Commission for Latin America and the Caribbean – ECLAC (CEPAL) - Celso Furtado Conference Room - Av. Dag Hammarskjöld 3477, Vitacura, Santiago de Chile
- 9:00 – 9:30 Welcome
Carlos Alvarez, Subsecretary of Economy, Chile
Juan Carlos Capuñay, Senior Official of Peru to APEC, Director of Asia and Oceania Affairs, Ministry of Foreign Affairs - Peru - ESC Chair
Cristián Maquieira, Director of Environment (DIMA), Ministry of Foreign Affairs, Chile.
José Luis Samaniego, Head of Division of Environment and Natural Resources, ECLAC
- 9:30 – 9:45 Presentation of Workshop Agenda and Objectives
Nicola Borregaard, Advisor to the Minister of Economy and Energy, Chile
- 9:45 – 10:15 Presentation of the Background Paper
Hernán Blanco, Executive Director ONG Corporación RIDES
- 10:15 – 11:00 Sectoral Panel: Comments
Aquaculture – **Alex Brown**, Under Secretary of Fisheries, Chile
Mining – **Tomás Astorga**, GEMEED, Energy WG
Tourism – **Eugenio Yunis**, WTO
- 11:00 – 11:15 Coffee Break
- 11:15 – 11:45 Discussion
How important are the voluntary schemes in general? What are the trends? Are there any important schemes or issues that have not been mentioned in the background paper?
- 11:45 – 13:30 Economy Case Panel
Seven APEC economy cases (10 minute presentations)
Russia, Chile, China, Peru, New Zealand, Philippines, Mexico
- 13:30 – 15:00 Lunch
- 15:00 – 15:30 Two sub-regional presentations: **José Luis Samaniego**, ECLAC,
Venkatachalam Anbumozhi, Institute for Global Environmental Strategies
- 15:30 – 15:45 Intergovernmental organizations and voluntary initiatives
Fulai Sheng, Economics and Trade Unit, UNEP
- 15:45 – 16:15 Discussion
Are there significant sub-regional differences? Differences between more or less industrialized economies of the region? Which have been the drivers? Who are the actors involved? What has been the role of governments? What has been the role of the private sector? What has been the role of NGOs?
- 16:15 – 16:30 Coffee Break

- 16:30 – 17:15 View from the private sector
Adolfo Alvial, INTESAL, Chile, **Javier Hurtado**, Chilean Confederation of Production and Commerce, **Andrés Camaño**, Manager Arauco, **Chulwon Kim**, Kyung Hee University
- 17:15 – 17:45 Discussion

Day 2:	Tuesday 27 September 2005
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- 9:00 – 9:15 Summary of first day
Nicola Borregaard, Advisor to the Minister of Economy and Energy, Chile
- 9:15 – 10:45 Panel: Infrastructure for Certification and Conformity Assessments; Integration of Social and Environmental Issues (participation of SMEs, gender issues) Market Access and Eco-Labeling, Mutual Recognition
Jason Potts, IISD, **Dale Andrew**, OECD, **Pedro Vilaseca**, ISO; **Annie Dufey**, Research Associate, Environmental Economics Program, International Institute for Environment and Development (IIED)
- 10:45 – 11:00 Coffee Break
- 11:00 – 13:00 Breakout Groups (3)
- 13:00 – 14:30 Lunch
- 14:30 – 16:00 Presentation of Breakout Groups
- 16:00 – 16:15 Coffee Break
- 16:15 – 17:30 Discussion on Recommendations, Way forward for APEC
How can the results be applied in each Working Group? What is the way forward? What might be actions in each Working Group? How could synergies be exploited and benefited from?
- 17:15 – 17:45 Closing Remarks

Moderators / Leaders of Breakout Groups: **Hernán Blanco**, ONG Corporación RIDES – **Nicola Borregaard**, Ministry of Economy and Energy, **Annie Dufey**, Research Associate, Environmental Economics Program, International Institute for Environment and Development (IIED) - **Margarita R. Songco**, Assistant Director-General National Economic and Development Authority of Philippines, **Nigel Ironside**, Manager of New Zealand's Ministry for the Environment's Sustainable Industry Group

ANNEX 10

**COMPLETE EVALUATION FRAMEWORKS FOR APEC
PROJECTS**

COMPLETE EVALUATION FRAMEWORKS FOR APEC PROJECTS

GUIDELINES ON HOW TO USE THE ASSESSMENT, MONITORING AND EVALUATION (AM&E) FRAMEWORKS

Introduction:

To improve APEC project quality, the ESC Small Group on Evaluation has developed the Quality Assessment, Monitoring and Evaluation Framework for all Operational Account and APEC Support Fund projects. This will help members develop good quality project proposals, and increase the likelihood of a successful project—one likely to achieve its objectives.

The AM&E is the same QAF for all APEC Working Groups. A generic approach will allow working groups to harmonize their standards together and develop a common approach to project quality across APEC. This paper provides members with guidance on how to use the AM&E Frameworks.

A - Assessment

- a) The small team from the working group should assess and give a score to each submitted proposal using the Proposal Assessment Framework. The Lead Shepherd should decide how the proposal assessment is carried out. Members of a small team should be chosen for their experience in evaluation, their objectivity and their technical understanding of the proposal's subject matter.
- b) Proposals should be assessed within eight weeks of their submission for APEC funding. The involvement of the working group should not be too time-intensive, particularly for smaller projects. The project proponent, or the project overseer, should also be a part of the group for his/her project— but should not score the proposal.
- c) If problems or weaknesses are found then the proposal should be referred back to the project proponent for remedial action. The changes should strengthen the proposal and give it a better chance of success. The Proposal Assessment Framework should be filled out again. The working group can then make an informed decision about how to rank the proposal against other competing priorities.
- d) The proposal and the final filled-out Proposal Assessment Framework is sent to the Budget and Management Committee (BMC) to help it make an informed decision based on a fairly rigorous assessment of the proposal's strengths and weaknesses. If the Proposal Assessment Framework has a high score then it is understood that the proposal meets all required guidelines and is of good quality.

M - Monitoring

- a) Currently, the project overseer prepares Project Progress Reports before the end of each June, then they are given to the working group to consider. The Project Progress Report is submitted to the BMC II meeting in July or August. Such annual reporting is sufficient for most projects and should continue.
- b) For a minority of projects—10-20%— annual Progress Reports are insufficient to alert the working group to emerging problems so that corrective actions can be implemented. The Monitoring Framework (also called a Health Check) has been prepared for these projects to help identify problems and allow corrective actions.
- c) Using the six plus six criteria that identify projects needing a "Health Check," the BMC can flag such projects at funding approval stage. The concerned Director (Program) or working

group can also flag candidate projects either at the proposal stage or later during their implementation— if the project does not perform as well as expected (or if it is a very good project and has many positive lessons).

The relevant working group or Director (Program) in the Secretariat should flag projects that have one or more of these criteria:

- Projects likely to run for more than six months
- Projects performing well that may have positive lessons
- Projects not performing to expectation that may have negative lessons
- Projects likely to have a follow-up or an extension
- Innovative or pilot projects, and
- Interesting or controversial projects (publicly or internally)

”Interesting” projects are important for learning lessons that can lift general project quality. Interesting projects may have the following features:

- Difficult or risky sub-sectors or settings
- Significant delays in starting up
- History of significant problems or omissions
- Significant policy or environmental questions
- Questions of project management, and
- Poor financial performance

- d) The review can be either done by members from the working group or by a small team from the working group. The Lead Shepherd should decide which system can be used. The group or team should include the Project Overseer as a resource person; the co-sponsoring economy should especially be involved. The review should be done halfway through the life of the project while there is sufficient time left to make corrections to strengthen the project. The review may be done during the annual or bi-annual working group meetings.
- e) After the review, the concerned PSM should prepare a brief summary report for the BMC. This report should be based on the results of the review. It should explain the problem(s) identified and describe the actions taken (or to be taken) to correct matters. The brief summary report may be prepared in coordination with the Lead Shepherd.

E - Evaluation

- a) All APEC projects must be evaluated. The Outcome Evaluation Framework has been prepared for the evaluation of all projects after their completion. There are two Evaluation Frameworks. Evaluation Framework I is more detailed and was designed for bigger projects or multi-year projects. For the majority of APEC projects, which are small and simple like workshops, seminars, short training courses, surveys, studies and report writing, a shorter and simpler framework has been prepared called Evaluation Framework II.
- b) The Project Overseer should provide the working group with a brief and factual statement on the project’s outcome. The question to answer in a brief statement is “*What were the results of the project?*” Lessons learned should also be included in the statement. The working group, or a small group from the working group, should then review the completed project using either Evaluation Framework I or Evaluation Framework II— as previously decided.
- c) The Co-sponsoring Economy should be part of this group and could take the lead to ensure that the framework is correctly filled out. The Lead Shepherd should then read the framework, comment on it if necessary, and then sign off. The filled out Evaluation Framework should then be sent to the PSM to read, comment on if necessary. It is then forwarded by the PSM to the BMC.

Scoring

The following scores should be given to each criterion on all the AM&E Frameworks:

- 3 - good practice
- 2 - fully satisfactory
- 1 - marginally satisfactory
- 0 - weak
- 0 - not applicable

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

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

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

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

Not applicable (0) should only be used when absolutely necessary. Because the criteria are important indicators of project success, when one of them has not been considered then it is a weakness.

Basic Principals of Scoring

1. All criteria are of equal value, no weighting system should be used.
2. When awarding scores only whole numbers should be used.
3. Be alert to the tendency of adopting a central position by awarding a "2" when sometimes it may not be merited.
4. Final written judgments should be made on a logical "*all things considered*" basis. Judgments should not be derived from any formulaic combination of earlier ratings (like taking the average).
5. Final scores are derived from adding together the criteria scores and they can be used to rank projects in order of their relative merit.

#	Criteria	Explanations (what to look for in the proposal)	Comments (if any)	Assessments
4.	Will the objectives clearly contribute to one of the APEC priority themes referred to in criteria 1 above?	The linkage between the objectives and one of the priority themes should be clear and logical. Achieving the objectives will contribute toward achieving one of the APEC priority themes.		
5.	Are the outputs described in the proposal clear and easily achievable?	Outputs (the goods and services produced) should be quantified as much as possible. The outputs should logically lead to the achievement of the stated objectives.		
6.	Have the direct beneficiaries been precisely identified, and will they have significant roles in the project?	The men and women, institutions or businesses that will directly benefit should be identified as precisely as possible. Will they have an important or minor role in project consultation, planning, implementation, monitoring and evaluation?		
7.	Will there be active participation from the private sector, or the international funding institutions, or non-governmental institutions and other APEC fora?	Have the proponents actively requested their participation? Will they participate in project consultation, planning, implementation, monitoring and evaluation? Will they play an important or minor role?		

#	Criteria	Explanations (what to look for in the proposal)	Comments (if any)	Assessments
8.	Does the proposal add anything to co-existing or previous projects from APEC or elsewhere? Could this project influence future projects from other proponents?	Will contacts be made and/or information exchanged? Is there evidence that lessons learned have been applied? Does the proposal build on from other projects or repeat them? Is it sufficiently innovative or useful to influence future projects?		
9.	Is the implementation methodology described in the proposal both clear and effective? Have the main risks to implementation been identified?	Implementation should be well planned and logical, and based on a breakdown of functions over time. Institutional and organizational arrangements should be specific and workable. Main risks or assumptions should be identified and practical strategies prepared to manage them. Will implementation be flexible enough to cope with any unexpected risk?		
10.	Are there effective plans for the widespread publication and dissemination of results?	Has the proposal answered all the parts of the question in sufficient detail? There should be specific details given, especially regarding target audience(s), content of materials, and dissemination strategies that consider women.		
11.	Does the proposal closely conform to the "Framework for the Integration of Women in APEC?"	Is there evidence that the proponents have understood APEC's position about taking special care to integrate women in APEC projects?		

#	Criteria	Explanations (what to look for in the proposal)	Comments (if any)	Assessments
12.	Does the proposal explain how women will be actively involved in planning, implementation and evaluation of the project?	Does the proposal promote gender equity in project participation and benefits? Is there a plan to measure the project's impact on women participants and other women who may be influenced or affected by the project's results?		
13.	Does the proposal have a strategy to make project benefits sustainable?	Project benefits should last well beyond project completion. Proponents can support sustainability by planning for regular updates of documents and training, ensuring that manuals are in local language, etc. Beneficiaries or other bodies should be involved in planning for sustainability and making sure that local resources are mobilized to do this in part or full.		
14.	Does the proposal comply with APEC financial procedures?	Have the prescribed formats and timetables been followed? Does the budget contain sufficient detail? Will the project be efficient and cost effective?		
15.	Any other relevant points?	Any other strong or weak points in the proposal that you believe to be relevant to project success?		
16.	Final statement of suitability for APEC funding	If implemented, is the project likely to make a sufficient contribution to APEC's mission to justify its funding? Make an informed judgment considering all the relevant factors such as: specificity of objectives and outputs, clearly identified beneficiaries, good implementation arrangements, good background information, major risks, quality of analysis, etc.		

Final Score: _____

****Important Notes:**

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

MONITORING FRAMEWORK (QUALITY IN IMPLEMENTATION)

#	Criteria	Explanations (what to look for)	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?	This should include any specific sector risks, plus environmental considerations, resource limitations, social issues.		
3	Is the implementation strategy, including institutional and organizational arrangements, working well?	Are there any institutional or organizational problems that impede project implementation?		
4	Is the project management effective?	Management procedures should meet the needs of implementation. Project start-up should be smooth, implementation should be on schedule and within budget, and all working relations should be professional.		
5	Is the project cost-effective?	The project should represent the least-cost way to achieve the expected results.		
6	Is the project complying with established APEC financial procedures?	Are financial resources being used efficiently and being correctly accounted for?		
7	Are other APEC projects, Working Groups and economies participating in the project?			

#	Criteria	Explanations (what to look for)	Comments (if any)	Assessment
8	Are support and participation being received from the private sector and non-government institutions?	Are they maintaining their financial or other inputs at the agreed levels?		
9	Are the beneficiaries involved in implementation and are they satisfied with the project?	Are the men and women, institutions or business beneficiaries actively involved in implementation or are they just passive recipients? Do they have any comments regarding the project and their roles?		
10	Are women benefiting in a measurable way?	Is gender fairness being actively promoted? Do women have significant roles in project implementation? To what extent do they share in the benefits?		
11	Is the monitoring and reporting effective?	Monitoring and reporting should provide sufficient information to accurately assess project strengths and weakness.		
12	Is the sustainability strategy being implemented?	Are plans being put into action so that project benefits are likely to be sustained beyond project completion?		
13	Any other relevant point?			
14	Considering the above, and any other relevant factors, is the project on track to succeed?	Use your best judgment. Are there problems and shortcomings in implementation, and if so are they being overcome?		

Generic Monitoring Framework for Projects in Implementation (On-going Projects)

#	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 effective?	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 size of the budget appropriate for the expected results?			
6	Is the project cost-effective?	The project represents the least-cost way to achieve the expected results.		
7	Is the project complying with established APEC financial procedures?	Are financial resources used efficiently and being properly accounted for?		
8	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?		
9	Are the cross cutting issues being well managed?	Specify any omissions or difficulties.		

#	Criteria	Explanations	Comments (if any)	Assessment
10	Are women benefiting in a measurable way?	Is gender equity being actively promoted? Have women significant roles in project implementation? To what extent do they share in the benefits?		
11	Is the monitoring and reporting effective?	Monitoring and reporting must provide sufficient information to accurately assess project strengths and weakness.		
12	Are the results and findings being collected or being disseminated according to plan?	Are the lessons learned being recorded, are they useful?		
13	Any other relevant point?			
14	Considering the above, and any other relevant factors, is the project on track to succeed?	Use your best judgment. Are the problems and shortcomings being overcome? Is mentoring required?		

Generic Evaluation Framework for Completed Projects

#	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 (intended & unintended)? 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 and are documents available?		

#	Criteria	Explanations	Comments	Assessment
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? 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 statements of 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 feedback?		
13	Were the lessons learned recorded and successfully disseminated?	Were the lessons learned succinctly described, could they be useful to other projects, and have they been communicated to other interested parties?		

#	Criteria	Explanations	Comments	Assessment
14	Are project benefits likely to be sustainable?	Were the constraints to the benefits lasting beyond project completion addressed during implementation? Why?		
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 judgment has the project been successful?	To what extent were the objectives achieved and how relevant were they? What useful lessons have been learned for future projects? Based on current information, could this project be earmarked for an impact evaluation in the future?		

Final Score _____

ANNEX 11

LIST OF MAJOR ECOTECH INITIATIVES SINCE 1996

List of Major APEC's ECOTECH Initiatives during 1996-2004

Year	ECOTECH Initiative	Relevant Fora	Outcomes
1996	Manila Action Plan for APEC (MAPA)	SOM, Member economies	MAPA becomes the basis on which APEC cooperation is to be implemented to achieve the Bogor Goals. It consists of the Individual Action Plan (IAP), Collective Action Plan (CAP), and Joint Activities in Economic and Technical Cooperation (ECOTECH). A section on ECOTECH provides the six themes, which become the first six priority areas in ECOTECH activities.
1996	Framework for Strengthening Economic Cooperation and Development	ESC	The Framework led to the creation of the SOM Sub-committee on ECOTECH and the implementation of six ECOTECH themes under MAPA in 1996. A Guidance on Strengthening the Management of APEC ECOTECH Activities has become the basis for the ESC to manage activities according to this framework.
1997	Action Plan for Sustainability of the Marine Environment	MRCWG	The Action Plan was designed to respond to the Leaders' vision of clean oceans and seas, and to provide guidance in setting future direction in achieving this vision. Much of the works are implemented by the MRCWG.
1997	Cleaner Production Strategy	ISTWG	The Strategy was drafted by the ISTWG in 1997. So far, there is no further information on the implementation of this strategy.
1997	Sustainable Cities Program of Action		The initiative was adopted by the APEC Environment Ministers' Meeting in 1997 together with the Cleaner Production Work Plan and the APEC Framework for Capacity Building Initiatives on Emergency Preparedness. To date, there has been no further information on its implementation.
1997	Vancouver Framework for Enhanced Public-Private Partnerships in Infrastructure Development	ESC, GEI, TEL	The Framework aimed at promoting investment in infrastructure development. Among many of the projects approved were Asia-Pacific Information Society; Asia-Pacific Transportation System; and Sustainable Cities. The Group on Economic Infrastructure (GEI) was created within the ESC to discuss the implementation of the Framework. The Group was disbanded in 2002.

Year	ECOTECH Initiative	Relevant Fora	Outcomes
1998	APEC Agenda for Sciences & Technology Industry Cooperation into the 21 st Century (ASTIC)	ISTWG, TELWG, HRDWG, TPTWG	The Agenda comprises five mechanisms to promote prosperous and sustainable APEC community through improved availability of and access to information; human resources development; business climate; policy dialogue; and facilitation of networks and partnerships. The implementation of this Agenda cuts across the work of various fora. In 1999, the ESC was briefly tasked to oversee the implementation and follow-up work on this agenda with annual report to the Ministers. From 1999-2001, the ISTWG prepared progress reports and submitted through ECOTECH reports.
1998	Integrated Plan of Action for SME Development (SPAN)	SME	The scope of SPAN was later expanded and its various activities implemented to create an environment and policy conducive to the promotion of SMEs and micro-enterprises. There are still on-going works done by the SMEWG.
1998	Kuala Lumpur Action Program on Skills Development	HRDWG	The Action Plan provides a framework for advancing HRD in APEC through upgrading the industrial skills and technology bases and promoting innovation for entrepreneurship in cooperation with the business/private sector. Much of the work was done by the APEC Network of Skills Development Center (NetSDC) in Malaysia. To date, there is no further information about the activities of the NetSDC. In conjunction to this Action Plan, the APEC Youth Skill Camp was held in Korea.
1998	Framework for the Integration of Women in APEC	AGGI, GFPN	The Framework was developed by the Ad Hoc Group on Gender Integration (AGGI) to promote the integration of women in APEC. The AGGI was disbanded in 2002 as its mandate was fulfilled and the Gender Focal Point Network (GFPN) was established to follow up the implementation of this Framework in APEC fora. The Framework was also supported by the Women Leaders' Network (WLN).
1999	APEC Framework for Capacity Building Initiatives on Emergency Preparedness	ISTWG	The Framework aimed at strengthening joint cooperative efforts to enhance capacities of member economies to respond to natural disasters and emergencies through information sharing and capacity building. A Virtual Task Force was created in 1998 and was revisited

Year	ECOTECH Initiative	Relevant Fora	Outcomes
			in 2005 to respond to the Indian Ocean Tsunami disaster in December 2004.
1999	ECOTECH Weightings Matrix	ESC	The ECOTECH Weightings Matrix was developed by the ESC in 1999 to assist APEC fora and the BMC in determining a project's importance in relation to APEC's ECOTECH objectives. It was later replaced with the new Quality Assessment Framework (QAF) in 2004.
1999	APEC Food System Initiative	SOM	The proposal on APEC Food System came from ABAC's recommendations in 1998. An Ad Hoc Task Force was created by SOM to study the proposal, which calls for capacity building measures to accompany the promotion of trade in recognition of the critical role of the rural sector in the economy and wider society. The system will harness the resources in the region to meet the food requirements of the people and maximize the contribution of the food sector to the welfare and prosperity of all economies. To date, there has been no further information on its implementation in APEC.
2000	Action Agenda for the New Economy	ISTWG, TELWG, HRDWG	The Agenda was adopted to move APEC forward on the New Economy including e-Commerce, paperless trading and enhance capacity building of members to achieve the vision of e-APEC community. The follow-up implementations have been carried out by various fora.
2000	Energy Security Initiative	EWG	The EWG is currently working on various projects under this initiative which aims to enhance energy security by improving data transparency, energy emergency responses, preparing for energy supply disruptions, facilitating energy investment, and expanding energy choices and technologies including renewable energy.
2000	ECOTECH Clearing House	ESC	The ECOTECH Clearing House was launched in 2000 in response to the need to strengthen coordination and improve the effectiveness of ECOTECH through accessible Project Database. It was discontinued in 2003, while the APEC Secretariat continued to provide information on its own APEC Project Database.

Year	ECOTECH Initiative	Relevant Fora	Outcomes
2000	APEC Social Safety Nets Initiative	SOM, ESC	Discussions about the social impact of the Asian financial crisis began in 1998 but it was not until 2000 that SOM approved the establishment of an Ad Hoc Task Force on Strengthening APEC Social Safety Nets (SSN) for the period of two years to discuss capacity building for developing member economies to implement key recommendations on social safety nets made by the Finance Ministers' Process and the HRDWG. The APEC Social Safety Nets Capacity Building Network (SSN-CBN) was launched in 2001 to follow up the implementation. The Network was led by Korea with relevant institutions from 18 member economies. The Network reports regularly to the ESC.
2000	Youth	AMM, member economies	The first Youth Science Festival was held in Korea in 1999. In 2000, Thailand hosted the first APEC Youth Networking while Singapore hosted the 2 nd APEC Youth Science Festival. This was followed by a joint initiative by China and Canada to host the Youth Festival/Young Leaders and Entrepreneurs Forum in 2001. Mexico continued the APEC Young Leaders and Entrepreneurs Forum in 2002. Thailand hosted the APEC Youth Camp in 2003 as part of the APEC Schools Networking. Chinese Taipei hosted the APEC International Youth Camp in 2004 and Korea hosted the APEC Youth Plaza in 2005.
2001	Beijing Initiative on APEC Human Capacity Building	SOM, member economies	The Initiative was broadened to become the Human Capacity Building Strategy for the New Economy, which seeks to bridge the digital divide and create digital opportunity for human resources development. Follow-up works are now undertaken by a number of interested economies include the APEC Digital Development Opportunity Center in Chinese Taipei, APEC Education Foundation and APEC Cyber Education Consortium in Korea.
2001	Update of Osaka Action Agenda (OAA)	SOM, all fora	The OAA Part II on Economic and Technical Cooperation was updated to reflect fundamental changes in the global economy, including the New Economy and strengthening the functioning of markets that will put APEC on a faster track to achieving the Bogor Goals.

Year	ECOTECH Initiative	Relevant Fora	Outcomes
2001	e-APEC Strategy for the New Economy	SOM, TEL,	The e-APEC Strategy provides the framework for all fora and member economies to work in achieving the vision of e-Community. A review of the implementation of the e-APEC Strategy was conducted by PECC in 2004. Its main finding was that APEC is still far from achieving the goal of universal access to internet by 2010 for all members. In 2004, Ministers further endorsed the APEC Privacy Framework and the APEC's Strategies and Actions Toward a Cross-Border Paperless Trading Environment.
2001	ECOTECH Action Plan (EAP)	ESC	The Action Plan was initiated as an instrument to gauge and encourage ECOTECH activities, drawing from the experience and lessons learned in the pilot phase. It was discontinued in 2003.
2002	Secure Trade in the APEC Region (STAR)	SOM, CTTF	The Counter-Terrorism Task Force (CTTF) was later set up to implement the APEC Leaders' Statement on Fighting Terrorism and Promoting Growth. There were also other related initiatives such as the APEC Cyber Security Initiative.
2003	Invasive Alien Species (IAS)	SOM, member economies	Discussions have been made in the FWG and MRCWG but much of the works are done mainly by interested economies. A workshop was held in September 2005 in Beijing to develop an overall APEC strategy to address invasive alien species (IAS) prevention, eradication and management.
2003	Life Sciences Innovation Forum (LSIF)	SOM, member economies	Since 2003 there have been several meetings of the LSIF to develop Strategic Plan for Promoting Life Sciences Innovation.
2003	APEC Health Security Initiative	SOM, HTF	The Health Task Force (HTF) was later set up to implement this initiative as well as the APEC Action Plan on SARS (Severe Acute Respiratory Syndrome).
2004	Strategic Action Plan for English and Other Languages in the APEC Region	HRDWG	The EdNet sub-group in the HRDWG is currently developing this Strategic Action Plan. The ESC has contributed inputs as instructed by the 16 th AMM to the HRDWG.

Year	ECOTECH Initiative	Relevant Fora	Outcomes
2004	Santiago Agenda on Entrepreneurship	SMEWG	The Agenda identifies the key factors that are crucial for innovation and seek to promote the entrepreneurial culture and business start-up.
2005	Daegu Initiative on SME Innovation Action Plan	SMEWG	The initiative aims to help each APEC member economy to identify factors that can be improved to accelerate innovation, and cooperative and efficient measures to facilitate SME innovation through voluntary reviews, information sharing and recommendations among peers.

ANNEX 12

GLOSSARY

GLOSSARY

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

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

