

(Draft) Policy on APEC's Capacity Building through Economic and Technical Cooperation

I. KEY APEC'S POLICY GUIDELINES ON ECONOMIC AND TECHNICAL COOPERATION - CAPACITY BUILDING

The following Leaders' and Ministerial declarations constitute the foundations for technical cooperation and capacity building in APEC:

- The Bogor Declaration, paragraph 8.¹
- The Osaka Action Agenda Part II. ²
- The Subic Declaration, paragraph 15.³
- The 1996 Framework for Strengthening Economic Cooperation and Development. ⁴

In addition, there are three more documents approved at SOM level that enhance the framework for ECOTECH and capacity building in APEC:

- The Framework to guide ECOTECH activities (2010), and
- The Capacity Building Guidelines (2014),
- ECOTECH Medium-term Priorities.

II. CAPACITY BUILDING WITHIN APEC

Economic and technical cooperation is delivered in APEC mainly through capacity building programs and activities. Capacity building is a responsibility of APEC and all its fora and sub-fora, and it often deals with many emerging cross-cutting issues involving more than one forum in APEC.⁵

In APEC, capacity building can be broadly considered as a process to enable member economies -particularly developing economies- to obtain, share, strengthen, maintain and develop knowledge, abilities, skills and technical know-how, through relevant individuals and institutions, in order to improve their policies and regulations or their institutional structures or processes, so as to engage more fully in and benefit from trade and investment liberalization and facilitation, whilst reducing economic disparities within APEC, thus helping them to effectively meet the APEC's goals.

From an operational point of view, APEC's capacity building can be considered as a means for reaching APEC long term goals and objectives, medium term and strategic plans, as well as to implement mandates adopted at ministerial and Leader's meetings as well as the Medium-term Priorities and the agenda priorities agreed annually at the initiative of the Host Economy.

Capacity building in APEC shall take into account the unique position of APEC as the premier economic policy dialogue forum in the Asia-Pacific region, by recognizing both the potentials as well as the nature of its institutional position. At the same time, capacity building in APEC shall consider the expertise and capacities of other relevant regional and international institutions and complement these capacities with APEC's unique institutional value-added.

III. APEC CAPACITY BUILDING STAKEHOLDERS

Capacity building across all APEC fora and sub-fora should ultimately benefit the peoples of the Member Economies, in particular developing ones. The stakeholders of such capacity building activities and initiatives of APEC include government officials, business, academia and consumers in APEC economies.

IV. ECOTECH - CAPACITY BUILDING LONG TERM GOALS AND OBJECTIVES

ECOTECH comprises programs and activities carried out across all APEC's committees and sub-fora with four overarching goals, as established by the 1996 Framework:

- 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.

and two specific objectives:

- to build APEC member economies' capacity in the areas relevant to achieve the above long term goals; and
- to help Members to participate more fully in the regional economy as well as in the trade and investment liberalization and facilitation process

V. ECOTECH MEDIUM TERM PRIORITIES ⁶

A "Capacity Building Survey" for APEC fora and economies should be conducted by each fora every 5 years. While the results of this survey could provide a useful indicator of projected economic and technical cooperation priorities over a five-year period, the relevance of these priorities should be assessed in the light of present-day developments.

The results of the survey will be consulted with the CTI, EC, and SFOM. The SCE will be responsible for reviewing the results and, if necessary, recommending to CSOM a new or revised APEC-wide Medium Term Capacity Building Priorities, including both, cross cutting and work stream issues, and CSOM will be responsible for approving any modifications. These priorities shall be in place for 5 years⁷

The scope of APEC fora and sub fora planning documents should fall within the stated APEC-wide medium term strategic priorities for capacity building, unless an urgent and unforeseen need or opportunity is identified at any stage and approved as an additional priority at the level of a Senior Officials Meeting or higher.

VI. APEC FORA STRATEGIC AND WORKING PLANS

APEC's fora and sub fora shall conduct their activities, including development of APEC-funded projects, on the basis of their planning documents.

In addition to long term goals and strategic medium term priorities, APEC capacity building projects could also target short term specific objectives achievable through capacity building as long as they are proposed to operationalize commitments issued by the latest Ministerial or Leaders declarations or the current Host Economy priorities approved by SOM1.

VII. APEC CAPACITY BUILDING OPERATIONAL PRINCIPLES

Consistent with the Guiding Principles as provided for by the 1996 Framework, any APEC's capacity building activities, including the APEC Capacity Building Programme, will pursue the following operational principles:

- Long-term: capacity building should be a permanent pillar of APEC and target a combination of long, medium term and short term APEC goals, priorities and objectives.
- Needs / opportunities driven: capacity building projects should target APEC members' and APEC's fora needs and opportunities, giving priority to targeted capacity building programs and interventions where they are most needed.
- Internal and regional replicability: the beneficiaries of APEC projects should be able to further replicate and /or disseminate their acquired skills within their economies and to other regional actors, including members of the public, private and academic sectors.

- Consistency: the capacity building projects should be internally consistent and methodologically solid, and should benefit from the input and analysis of relevant technical and sectorial specialists.
- Transparency: information such as targeted outcomes; the process to achieve the outcome and the risks involved should be shared.
- Innovation: capacity building projects should not be redundant. Instead, APEC encourages sharing proven best practices or the implementation and new approaches to solving existing problems in the region.
- Iterative: capacity building projects, especially multi-year projects, should explicitly build on the best practices and lessons learned from previously approved projects, and seek to reinforce capacities of targeted institutions and / or individuals,
- Inclusiveness: projects should not exclude beneficiaries because of their gender, ethnicity, age, sexual orientation, disability or poverty.
- Enabling: capacity building in APEC should have a real impact on individuals, institutions and economies, to assist them to participate more fully in the regional economy and the trade and investment liberalization and facilitation process
- Cost-effectiveness: projects should be formulated bearing in mind that their projected benefits should always exceed their costs.
- Results-based: projects should be defined in terms of their expected results (short, medium and long-term outcomes), with measureable performance indicators.
- Evaluation: the evaluation should address the questions of relevance, performance and cost-effectiveness.
- Continuity and sustainability: capacity building should fulfill the needs and opportunities of members in a catalytic way, so as to facilitate each member's efforts and lead member economies to own the institutional / individual capacity acquired for long term impact.
- Collaborative: capacity building projects should, where appropriate, build on and complement the work of other relevant regional and global institutions
- Aligned: capacity building projects should be aligned with key APEC Leaders' and Ministerial declarations, key APEC Policy Guidelines on Economic and Technical Cooperation, its long-term goals and objectives, ECOTECH Medium Term Priorities, Fora Strategic and Working Plans, the Host Economy's Priorities, specific objectives to operationalize APEC commitments and take into consideration other related / relevant regional and global efforts.

VIII. APPROVAL OF APEC-FUNDED PROJECTS

APEC-Funded Projects play a pivotal role in achieving APEC's long term goals of capacity building. To this end and considering limited resources available, the entire process of preparation, submission, selection, approval, implementation and evaluation should be focused on and aligned with the capacity building goals and principles of APEC.

The relevant Committees should also ensure that the approval procedures of APEC Funded Projects:

- Effectively encourage a holistic approach, including giving priority to projects engaging multiple APEC fora or drawing on expertise from other organizations;
- Promote certain modalities of projects, which are more conducive to sustainable and cost-effective outcomes, including such methodologies as training the trainers in specific areas, self-funding availability and involvement of the business sector or APEC Study Centers;
- Invite and incorporate multi-disciplinary inputs and analysis, including perspectives from sectoral experts, civil society and the business sector;
- Incorporate a broader and substantive perspective across many issues on APEC's agenda from an early stage of planning; and,
- Ensure transparency and cost-efficiency of the process by keeping the procedures and the selection criteria as simple and specific as possible, minimizing duplication of work, while considering the need to serve the comprehensive set of the APEC goals.

IX. FINANCING FOR APEC FUNDED CAPACITY BUILDING PROJECTS

ECOTECH as one of the three pillars of APEC, together with trade and investment liberalization and facilitation and as a vehicle for reinforcing these other pillars, should be allocated predictable, secure and sufficient financing.⁸

In order to achieve this, APEC shall consider ways to encourage all Member Economies to contribute to financing ECOTECH activities so as not to be too dependent on financial remnants of the Secretariat Account or tied-funding in ASF Sub-funds.

Additional contributions – in the form of voluntary funds or in-kind contributions - shall be welcome for the GPA or ASF and also for enhancing particular capacity building priorities.⁹ Self-funding, co-funding and other forms of collaboration will also be encouraged.

X. QUALITY MANAGEMENT, IMPLEMENTATION AND COMPLETION OF APEC CAPACITY BUILDING PROJECTS

The APEC Secretariat shall ensure the quality of project proposals by applying the quality assessment processes that are set out in the Guidebook on APEC Projects. The BMC shall ensure that agreed quality assessment processes have been completed, and that projects are of satisfactory quality, before it approves funding.

As set out in the Guidebook on APEC Projects, standard projects shall be implemented by the end of the next year after they were approved. Approved multiyear projects should state their annual phasing and completion date and be allocated funding on a yearly basis for each phase. Extensions shall be approved in accordance with the Guidebook on APEC Projects. Any request for extension beyond one year shall be substantiated and proposed to BMC for approval.

The Guidebook on APEC Projects and the APEC Guidelines on Conducting Capacity Building with the amendments necessitated by this Capacity Building Policy will continue to apply for all phases of the project cycle.

XI. APEC'S CAPACITY BUILDING EVALUATION

As set out in the Guidebook on APEC projects, project overseers shall submit monitoring reports every 6 months during the live cycle of the project and a completion report using the forms, tools and guidance approved by BMC to this end. Reports shall be shared through the AIMP Projects Database.

The APEC Capacity Building Policy will be evaluated on 5-year intervals for, *inter alia*, its relevance, performance and cost-effectiveness. Specific terms of reference and funding proposals for this evaluation will be developed by SCE and presented to BMC for consideration one year prior to the initiation of this evaluation.

Annex:

1. APEC Capacity Building Guidelines
2. ECOTECH Medium Term Priorities
3. Guidebook on APEC Projects

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¹ In 1994, APEC Leaders, issued the Bogor Declaration, which states:

“Our objective to intensify development cooperation among the community of Asia-Pacific economies will enable us to develop more effectively the human and natural resources of the Asia-Pacific region so as to attain sustainable growth and equitable development of APEC economies, while reducing economic disparities among them, and improving the economic and social well-being of our people. Such efforts will also facilitate the growth of trade and investment in the Asia-Pacific region.

Cooperative programs in this area cover expanded human resource development (such as education and training and especially improving management and technical skills), the development of APEC study centers, cooperation in science and technology (including technology transfer), measures aimed at promoting small and medium scale enterprises and steps to improve economic infrastructure, such as energy, transportation, information, telecommunications and tourism, with the aim of contributing to sustainable development.”

² In 1995, APEC Leaders brought forward the Osaka Action Agenda, which states that “APEC economies will pursue economic and technical co-operation in order to attain sustainable growth and equitable development in the Asia-Pacific region, while reducing economic disparities among APEC economies and improving economic and social well-being. Such efforts will also facilitate the growth of trade and investment in the region.

APEC economies will conduct economic and technical cooperation on the basis of the principles of mutual respect and equality, mutual benefit and assistance, constructive and genuine partnership and consensus building. APEC economies shall make voluntary contributions commensurate with their capabilities and the benefits of the co-operation shall be shared broadly.

In pursuing economic and technical cooperation, APEC economies will develop an environment favorable to the effective operation of market mechanisms and integrate into the co-operation process the business/private sector as well as involve wherever possible other pertinent institutions.”

³ In 1996, APEC Leaders recognized “...that our vision of community can be strengthened only if our efforts benefit all citizens. As an essential complement to our trade and investment liberalization agenda, economic and technical cooperation helps APEC members to participate more fully in and benefit from an open global trading environment, thus ensuring that liberalized trade contributes to sustainable growth and equitable development and to a reduction in economic disparities.”

⁴ This framework, agreed by the AMM in 1996, establishes the following goals of economic and technical cooperation and development in APEC:

- 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.

⁵ In 2014, the AMM adopted the APEC Strategic Plan on Capacity Building to Promote Trade and Investment, which proposes actions and acknowledges that it is critical for the CTI, in coordination with the SCE and BMC, to develop a strategic plan which would identify economies’ capacity building needs in the context of ambitious trade and investment commitments by Leaders and Ministers, and address these identified capacity-building needs in a more systematic and focused manner.

⁶ In 2003, following the call of the Leaders and Ministers to improve the focus on APEC’s economic and technical cooperation and capacity building objectives, a short list of four priority areas was approved to serve as guidelines for future APEC –wide ECOTECH agendas. In 2006, ten ECOTECH priorities to guide SCE’s work were set, based on the Manila Declaration’s six long-term APEC ECOTECH priority themes and the four medium-term APEC-wide ECOTECH priorities approved in 2003. In 2009, SCE adopted a document on “Strengthening Economic and Technical Cooperation in APEC - Framework to Guide ECOTECH activities” and a Stocktake of Capacity Building Activities” for sub fora and economies was conducted to examine the capacity building needs of APEC fora and developing economies. Considering all the result of the surveys, SCE recommend four priority areas for future ECOTECH activities in APEC whilst it noted that many stakeholders recognized human capital development as an important foundation for the economic and social development of the APEC region, thus, recommended that ECOTECH activities should focus on this matter. SCE also recommended to pursue the possibility of securing enough budgets for ECOTECH activities in APEC, including the possibility of creating a new fund for promoting human

resource development in APEC. Building on that, in 2010, a document on “Strengthening Economic and Technical Cooperation in APEC – SCE Framework” was adopted by the SOM, which introduced a uniform set of criteria for all project funding and identified five areas as medium-term APEC -wide ECOTECH priorities.

⁷ In 2014 SCE and SOM approved a set of revised cross-cutting and work stream APEC- wide ECOTECH Medium-term priorities for 2015-2019, which are:

Cross-cutting priorities

1. Developing human capital through capacity building;
2. Developing and strengthening the dynamism of SMEs;
3. Harnessing technologies for the future and supporting innovation;
4. Inclusive growth - addressing the social dimension of globalisation, health, gender;

Work stream priorities

5. Regional economic integration;
6. Structural reform;
7. Safeguarding the quality of life through sustainable growth; and
8. Human security.

⁸ Historically, general funding for APEC projects reached a peak of USD 11 million in 2009.

⁹ Such as the capacity building plans on supply chain performance, the REI CBNI Action Plan Framework.