



**Asia-Pacific
Economic Cooperation**

**2008 Report of the Executive Director of the
APEC Secretariat to the Twentieth
APEC Ministerial Meeting**

November 2008

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Executive Summary

The 2008 Report of the Executive Director of the APEC Secretariat to the 20th APEC Ministerial Meeting to Ministers depicts the main lines of work and deliverables from the APEC Secretariat this year. It underscores the key institutional reforms implemented and budget efficiencies. These include Administrative improvements, mainstreaming the project management, internal budget and financial reforms to increase transparency and accountability; intensive outreach programs to key international partners and support to the APEC 2008 meetings and project activities.

Required Action/Decision Points

AMM to note the 2008 Report of the Executive Director of the APEC Secretariat.

**2008 REPORT OF THE EXECUTIVE DIRECTOR OF THE APEC SECRETARIAT TO THE 20TH
APEC MINISTERIAL MEETING TO MINISTERS
(CSOM, 16–17 November 2008)**

In 2008, the APEC Secretariat has continued its focus on reform and strengthening of corporate functions, improvement the project management process, implementing recommendation for a more fine tuned budget and financial management as well as monitoring the efficiency and operability of APEC Fora. While much has been achieved, this internal reform work needs to be continued and further consolidated during the remainder of 2008 and into 2009, to ensure that the Secretariat is able to effectively support and meet the increasing needs of fora and member economies.

The Secretariat has devoted its efforts during the year to provide and improve support by streamlining the staff responsibilities and duties towards members. To this end, the continued strengthening of the Secretariat's human resources should remain as an ongoing activity throughout 2009.

As stated by Peru as the 2008 host economy, the Secretariat has paid especial attention in monitoring and advising APEC working groups in order to address this year's Chair's priorities as well as APEC goals at large. Tackling the social dimension of globalization, Ministers have made outstanding contribution to APEC's initiatives to reduce the development gap.

Key outcomes in 2008 for Secretariat operations have included the following:

I. APEC institutional reform

- **Policy Support Unit (PSU)** – Establishment of the Unit.
- **Fixed Term Executive Director (ED)** – Assisting in the development of the terms and conditions for the appointment of a fixed term ED as instructed by Ministers and Leaders.

II. Corporate Management – Continuing with reform at the Secretariat:

- a. Developing and implementing a new communications and outreach strategy to publicize the APEC brand and highlight the substantive work undertaken by APEC fora;
- b. Implementing measures to improve financial management, human resource management and general administration;
- c. Ensuring continued information technology (IT) support for internal and external stakeholders;
- d. Ensuring that the Secretariat's human resources, property, assets and contracted services are properly managed.

III. Project Management – Providing advice on development of APEC projects, managing project funding and evaluating projects. In 2008, the Secretariat also focused on further improving project management expertise.

IV. APEC-ASEAN Cooperation – In 2008, the Secretariat has explored broadening cooperation with the ASEAN Secretariat. The Secretariat paid a visit to the ASEAN Secretariat to exchange views on project management issues, and other concrete areas of collaboration continue to be explored.

V. Fora Support and Reform – Continuing to provide advisory, operational and logistical/technical services to the office of Chair of the Senior Officials' Meeting (SOM), member economies and APEC fora in coordinating and facilitating the effective conduct of business of the fora and to monitor the implementation of the reforms of fora adopted by the 2006 Steering Committee on ECOTECH (SCE) Fora Review, in particular, the implementation of the APEC For a Independent Assessment Program.

The requirement for higher efficiency of APEC activities and financial constraints pose challenges to the Secretariat in the management of resources to provide uninterrupted and effective support to SOM and APEC fora. These challenges are recognised in adoption of the 30% increase in member contributions from 2009 onwards, together with a renewed focus on ensuring budget sustainability and transparency in the Secretariat.

The new directions in 2008 with regard to the PSU, fixed term ED, corporate management, project management, and APEC-ASEAN cooperation are as follows:

I. APEC Institutional Reform

PSU

In 2007 Ministers and Leaders agreed to the establishment of the PSU within the Secretariat to support the work of APEC, particularly, that of the Committee on Trade and Investment (CTI) and Economic Committee (EC), in areas such as research/analysis, regional economic integration, structural reform and capacity building, etc. At the Sydney meetings in 2007, Australia and Japan pledged financial resources to make the PSU a reality in early 2008.

The Secretariat worked with donors to set up the PSU on premises adjoining the APEC Secretariat in Singapore, provided by the Singapore Government. Initial steps towards realization of the PSU during the year included:

- a. SOM agreement to a set of governance arrangements, including a Board of Governors;
- b. Recruitment of Mr. Phil Gaetjens as the new PSU Manager; and
- c. Establishment of appropriate administrative arrangements for the PSU in relation to the Secretariat, including the types of services/resources that would be provided and how these would be costed.

A comprehensive work plan was endorsed at SOM III and the PSU has received the first tasks as agreed by Senior Officials. The work plan is based on proposals made by APEC fora and in consultation with the PSU Board.

Fixed Term ED

Following Ministers and Leaders' instructions in 2007, the Secretariat worked closely with the Friends of the Chair (FOTC) on APEC Reform to develop the terms and conditions, selection process, responsibility and accountability mechanism for the proposed Fixed Term Executive Director (FT ED) of the Secretariat. This was contained in the FT ED paper which was endorsed at SOM III this year and which is being submitted to Ministers for their consideration and approval. It is envisaged that following Ministers' approval at the AMM this year, the Secretariat will work closely with SOM to begin the selection process of the FT ED candidate so that the final selected candidate will be in place by end 2009 as outlined in the timeline set out in the said paper.

II. Corporate Management

ED and DED will continue leading the operations of the Secretariat and the development of new measures to improve the quality of services in all the corporate areas pursuing the best standards for APEC members, Fora and stakeholders. Monthly Management Coordination Meetings (MCC) focus on the implementation and consolidation of budgetary, financial management and staffing reforms adopted in 2007, and, as detailed below, provide oversight in the administrative aspects of establishing the PSU.

Communications and Outreach

As part of ongoing efforts to widen APEC's reach to the international community and to improve external knowledge and understanding of the organization, the Secretariat increased its outreach

efforts. This year the Executive Director spoke at over 30 events of which almost half were organizations outside the APEC family.

To effectively communicate APEC's key messages and its activities in a comprehensive way, it is necessary that the APEC brand be strengthened. To that end, work is underway to establish a uniform look to all APEC websites by developing an APEC Website Development Tool Kit. This includes APEC Identity Branding (IB), Website HTML Templates, APEC Website IB Brand Guidelines, and APEC IB Website Development Guide. The Tool Kit will be made available to APEC groups when they develop/redevelop an APEC satellite website.

Communications is now actively participating in the evaluation of project proposals, with the aim of providing advice on publicity and publications to improve dissemination of project results.

Next year – 2009 - will be the 20th anniversary of APEC. To acknowledge and celebrate this milestone the Secretariat will focus on three areas: a writing contest aimed at business students in the APEC region, placement of think pieces in both financial and policy related publications, and developing and featuring success stories on the APEC website. A logo noting APEC's 20th year has been developed for use by economies and fora in 2009. Guidelines as to the use of the 20 year logo are available on CD and the APEC website.

The Communications FOTC was established this year with the aim of providing policy guidance to the APEC Secretariat's communication work. Three working groups will be looking at the following: strategic directions and messaging, mission statement, branding strategy and taglines, and a website and publications review. Terms of reference for the FOTC have been agreed as well as a timeframe for completion of the work of the three working groups.

Finance

The Finance Unit (Finance) manages the financial systems of the Secretariat, in line with established policies and guidelines. It assists other units within the Secretariat ensure that decisions with financial consequences are made with due regard to cost-effectiveness, affordability and the relevant approved budget.

In 2008, Finance implemented a list of SOM endorsed reform measures to enhance the financial management and transparency to ensure the sustainability of the APEC budgets. The measures include:

- a. preparation of the AA on an *actual* rather than *net* basis;
- b. separation of the AA and OA;
- c. establishment of reserves for the AA, and where the reserves exceed US\$1,000,000, for BMC to consider recommending to SOM that the excess be transferred to the OA for APEC projects;
- d. abolishment of the 5% management fee for new contributions to the ASF with immediate effect, and for contributions under existing MOUs from 2009;
- e. discontinuation of the SOM Contingency Fund of US\$150,000,
- f. the Secretariat providing quarterly financial reports of the accounts that it manages to the BMC and Senior Officials to enable closer scrutiny of these accounts; and
- g. making allocations for fixed asset replacement in the annual AA budget proposals from 2009.

A report on the financial status of the APEC Secretariat for the period ending 30 September 2008 is at Annex 2.

Information Technology

The Secretariat's key IT priorities in 2008 remains that of ensuring that the Secretariat's IT network and systems performs reliably with minimal disruptions, and providing service support for the users of its IT resources. Thus, the IT Unit (ITU) continued to focus on the maintenance and protection of the Secretariat's IT resources and upgrading/renewal of IT equipment, components and software. A Business Continuity Plan (BCP) was developed in 2008, in conjunction with the other units within the Secretariat, to deal with service disruptions.

The Secretariat is proposing to undertake a review of its IT and web resources in 2009, and their deployment and utilization, to optimize their efficiency, effectiveness, reliability/integrity and security. It is currently engaged in discussions with potential vendors to ensure that the review is conducted in a useful and cost-effective manner.

There has been growing acceptance of the APEC Information Management Portal (AIMP) among stakeholders since its deployment in 2006, particularly with regard to the use of the Project Database (PDB) in APEC projects. There are currently more 2,000 registered AIMP users. At the same time, the APEC project management process has also evolved. Though the PDB in its present form has been able to deal with most of the changes to date, further developmental work is necessary to enable it to cope with evolving needs going forward. Given the changes and new demands of the project management process and the system's limitations, usability and errors, the Secretariat is proposing to engage an external vendor to upgrade the PDB. Taking into consideration the costs involved, we plan to proceed with the proposed upgrade in phases, with the most urgent issues being addressed in 2009. The issues not requiring immediate attention will be dealt with in the next phase.

The costs of the review and AIMP upgrade have been factored into the 2009 Administrative Account (AA) budget.

Administration

Administration completed most of its work plan for 2008. A key outcome relates to the establishment of the Policy Support Unit (PSU). In this regard, Administration assisted with the recruitment of the PSU Manager and Administrative Executive as well as the refurbishment of the office space for the PSU. This requires us to work closely with the Singapore Ministry of Foreign Affairs (MFA), who provided and funded the refurbishment expenses, as well as the PSU Manager's diplomatic status. We also worked closely with the Singapore MFA on the additional office space for the Secretariat as we have run out of office space in its current premises. With the additional office space, the Secretariat is now able to provide space for the hosting unit and consultants.

Administration also assisted with the benchmarking exercise to determine an appropriate remuneration package for the fixed term ED as well as worked on the paper on the review of the COO's role that was tabled at BMC III. On the asset replacement plan, Administration provided the plan for assets under its charge as well as replaced the official car for the Executive Director and the office's telephone system. We have also carried out all of the recommendations in the Staff Structure Study except the staff appraisal form. Once the exercise on the Secretariat's core values is completed, we will incorporate the core values into the appraisal criteria.

ISO, Quality Management

Since 2002, the APEC Secretariat has achieved and continued to meet the requirements of the International Organisation for Standardisation's standard ISO 9001:2000 on Quality Management Systems. The ongoing quality management process within the Secretariat is aimed at ensuring that we continue to improve on services provided to stakeholders. The Secretariat addresses all feedback received from staff and stakeholders which are channeled through the Quality Management Representative.

An external audit conducted by the Lloyd's Register Quality Assurance Limited on 5 November 2008 successfully resulted in the renewal of the ISO 9001:2000 certificate.

III. Project Management

In 2008, a number of reforms to improve the project management process were instituted to include amendments to the Guidebook on APEC Projects, adoption of the Practical Guide on Gender Criteria, pooling existing human resources within the Secretariat to assist in project management and assessment, and improvement of the PDB to streamline the work of the Secretariat Project Assessment Panel. Progress was seen, for example, in a speedier and institutionalized manner in which decision for project management was made, and in the submission and assessment of a record

number of 149 project proposals on the PDB at BMC3 in accordance with the schedule decided by BMC.

A number of improvements on the AIMP were also implemented to increase performance and access. Further improvements on the PDB will be carried out in 2009 to improve usability in terms of project submission and search functionality, allow the system to generate statistical reports, and update project processes to reflect current practice.

BMC has come up with a number of recommendations which have been just endorsed by the CSOM to be implemented. They will have a great impact on the work of the APEC fora and on the Secretariat as well. As part of their commitment to the process, United States and Australia will soon send their experts to the Secretariat. The Secretariat will continue to implement reforms that are crucial in improving accountability and professionalism in the APEC project management process, and in 2009 will work particularly closely with the United States and Australia who have offered additional resources in this area.

IV. APEC-ASEAN Cooperation

Following the 2008 operational plan:

- The Secretariat reiterated advocacy on APEC's more collaboration with ASEAN especially the Secretariat-to-Secretariat cooperation in exchanging information and best practices in mutually agree areas. In June 16 to June 19, Representatives from APEC Secretariat (Project Management Unit) called on ASEAN counterpart in Jakarta, Indonesia.
- HWG and ISTWG have written into TOR the clause of APEC-ASEAN Cooperation;
- TFEP has been added to the chosen areas for APEC-ASEAN closer cooperation
- To explore a Plan of establishing a joint working group by two organizations to identify the areas of institutional cooperation, modalities of engagement, framework and outcomes.

The Secretariat will follow up on the above and seek the possibility of the further cooperation.

V. Fora Support and Reform

In 2008 the Secretariat continued to provide advisory, operational and logistical/technical services to the office of Chair of the Senior Officials' Meeting (SOM), member economies and APEC fora in coordinating and facilitating the effective conduct of business of the fora. The Secretariat also assisted the SOM Steering Committee on ECOTECH in its ongoing fora reform efforts, in particular, the implementation of the APEC Fora Independent Assessment Program. This included, inter alia, the support for the successful completion of the independent assessment of the Marine Resources Conservation Working Group (MRCWG) and Gender Focal Point Network (GFPN), the implementation of the remaining issues of the 2006 SCE Fora Reform, and works on strengthening SCE's policy role.

Required Action/Decision Points

It is recommended that CSOM:

Endorse the 2008 Report of the Executive Director of the APEC Secretariat to the 20th APEC Ministerial Meeting.

APEC SECRETARIAT 2008 OPERATIONAL PLAN

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Annual Operational Priorities and Accountability

APEC's operational priorities and activities are established annually by Leaders' and Ministers' tasking directions to Senior Officials. APEC Senior Officials manage the activities and may adjust priorities on behalf of Ministers during the course of the year.

The Executive Director is responsible to Senior Officials through the Chair of the Senior Officials' Meeting (SOM) and manages the Secretariat in line with priorities determined above. Secretariat staff members are responsible to the Executive Director for fulfilment of their respective responsibilities.

The Executive Director will provide a performance accountability statement to SOM and also annually to Ministers.

The Executive Director will also provide relevant reports to the Budget and Management Committee (BMC).

Statement of Outputs

Output I: Policy Support Unit

Establishment of the Unit in 2008 upon the agreement of the governance arrangements and recruitment of a Manager for the Unit.

Output Description

Establishment and operationalization of the Unit by 2Q 2008 (TBC).

Primary Responsibility: Relevant Directors (Program), supported by Administration, Information Technology (IT) and Finance Units.

Output II: Fixed Term Executive Director

Assist member economies in the development of terms and conditions for the appointment of the fixed term Executive Director.

Output Description

Secretariat to undertake a benchmarking exercise to determine an appropriate compensation package for the fixed term Executive Director,

Primary Responsibility: Deputy Executive Director, supported by Chief Operating Officer and Director (Administration)

Output III: Communications and Public Affairs/ Information Services

Delivery of information on APEC and engagement with key audiences, including media, government, academic and business audiences and the general public. Includes generic information on APEC and its objectives as well as specific support to fora and their activities.

Output Description

- A. Production of general information and promotional resources on APEC such as:
 - printed and electronic publications providing regular updates on the work of APEC;
 - online and web-based tools and resources, including e-Newsletter;
 - audio/video material suitable for use by electronic media as required; and
 - APEC promotional material for event use.
- B. Media relations program, including press liaison, development and dissemination of press releases, backgrounders, advisories and other information materials for media; and production of audio and video content for distribution.
- C. Presentations, speeches and briefings for business, industry, academic and other groups, as well as visitors to the Secretariat.
- D. Management of the APEC Secretariat website.
- E. Management of APEC document access policy, including procedures for collection of meeting documents and maintenance of document archives, and other publications.
- F. Activities to support outreach to business.

G. Management of intellectual property rights (APEC logo, copyrights for publications and data, etc.) on behalf of APEC member economies and provision of relevant advice.

H. Outreach activities in APEC member economies.

Primary Responsibility: Director (Communications and Public Affairs)

Output IV: Financial Management

Implementation of various measures to improve financial and budget management as agreed at BMC II in 2007.

Output Description

A. Providing quarterly financial reports for all accounts managed by the Secretariat from 1Q 2008.

B. Making the appropriate allocations for fixed asset replacement in the Administrative Account budget proposals from 2008.

Primary Responsibility: Director (Finance)

Output: V: Information Technology

A. Continued support for all users of the Secretariat's IT resources.

B. Improving the stability, functionality and usability of the APEC Information Management Portal (AIMP), particularly the Project Database (PDB).

Output Description

A. Maintenance and protection of the Secretariat's IT network and systems and upgrading/renewal of IT equipment, components and software to ensure they perform reliably with minimal disruptions.

B. Service support for all users of Secretariat's IT resources.

C. A Business Continuity Plan (BCP) was developed, in conjunction with the other units within the Secretariat, to deal with service disruptions.

D. Proposal to undertake a review of its IT and web resources in 2009, and their deployment and utilization, to optimize their efficiency, effectiveness, reliability/integrity and security. The Secretariat is currently engaged in discussions with potential vendors to ensure that the review is conducted in a useful and cost-effective manner.

E. Following the renewal of the licenses necessary to operate the AIMP at end-2007, work on the AIMP in 2008 included:

- Establishing a test environment using virtual technology to carry out modification and patch management work outside the live system;
- Implementing a anti-virus software to deal with infected documents;
- Improving performance of and access to the system;
- Revising/updating documentation, including user manuals and technical guides;
- Reorganizing fora/working groups information within the AIMP to reflect prevailing structures; and
- Negotiating a new maintenance agreement for the AIMP servers and devices (warranty for the equipment ends in January 2009).

Given the changes and new demands of the project management process and the system's limitations, usability and errors, the Secretariat is proposing to engage an external vendor to assist in the further upgrading work in 2009 on the PDB, as it is the most utilized component of the AIMP. Taking into consideration the costs involved, we plan to proceed with the proposed upgrade in phases, with the most urgent issues being addressed in 2009. The issues not requiring immediate attention will be dealt with in the next phase. Discussions with potential vendors are on-going.

Primary Responsibility: Chief Operating Officer

Output VI: Administration

Implementation of second tranche of measures recommended by the 2007 Staff Structure Study and other Secretariat reform.

Output Description

- A. Revised and simplified salary scales for locally recruited staff members from 2008.
- B. Report on the feasibility of outsourcing project travel arrangements to an external travel management company.

Primary Responsibility: Director (Administration)

Output VII: Project Management

Delivery of advisory, assessment, activity management, financial management and evaluation support for APEC projects.

Output Description

- A. Providing advice to fora and member economies on the development, assessment, implementation and evaluation of projects.
- B. Organizing and managing the Secretariat Project Assessment Panel (SPAP) to conduct quality assessments of project proposals and provide recommendations to SOM and its committees/fora.
- C. Managing the APEC Operational, Trade and Investment Liberalization Fund and APEC Support Fund Accounts.
- D. Developing and conducting training on project management.
- E. Administering the Guidebook on APEC Projects.
- F. Continue developing the Project Database.
- G. Developing and improving APEC project processes from a strategic perspective.

Primary Responsibility: Project Management Unit, Finance and IT Units, Directors (Program).

Output VIII: Logistical and Advisory Support for APEC Fora

Delivery of a wide range of support services for the different fora (Committees, Working Groups, *Ad hoc* Groups, Task Forces, etc.) and associate bodies (e.g., APEC Business Advisory Council) through which APEC conducts its business. Fora meet periodically, hosted by different member economies. Support is also provided to Ministerial meetings and meetings held at the APEC Secretariat.

Output Description

The Secretariat provides support to the Chair/Lead Shepherd at and between meetings as follows:

- A. Managing document circulation at meetings and drafting documents.
- B. Providing regular briefings and advice on APEC policies and procedures.
- C. Maintaining a comprehensive Operational Manual of APEC Policies and Procedures.
Primary Responsibility: Director (Administration) with support from Directors (Corporate and Program).
- D. Supporting fora chairs in media relations.
Primary Responsibility: Director (Communications and Public Affairs) and Communications Team, with support from Directors (Program) as assigned to fora.
- E. Representing the interests of particular fora in the Secretariat's general service areas (communications and public affairs, updating the APEC website, administration of APEC Collaboration System sites, project funding/management, etc., and acting as a channel of communication and coordination, as necessary.
Primary Responsibility: Directors (Program) as assigned to fora with support from Director (Communications and Public Affairs), Director (Finance), Publications Manager and Webmaster.
- F. Managing the production of publications on behalf of fora, including collating content, sourcing printers/proof readers/Internet authoring, print production management and distribution.
Primary Responsibility: Directors (Program) as assigned to fora, Director (Communications and Public Affairs) and Publications Manager.
- G. Providing preparatory advice to fora and project proponents on formulation and financing of projects.
Primary Responsibility: Directors (Program) as assigned to fora.
- H. Providing electronic support to virtual taskforces, as required.
Primary Responsibility: Director (Information Technology), with support from Directors (Program) as assigned to fora.
- I. Providing support and assistance to the strengthened Individual Action Plan (IAP) Peer Review process.
Primary Responsibility: Director (Program) responsible for coordination of IAP Peer Reviews and Directors (Program) in charge of specific IAP Peer Review.
- J. Providing program evaluation services.
Primary Responsibility: Directors (Program) responsible for program evaluation, supported by other Directors (Program) and Director (Finance).

Output IX: Support for SOM Chair

Delivery of support services to the SOM Chair.

Output Description

- A. Providing analyses, advice and administrative support to the SOM Chair on substantive and procedural issues.
Primary Responsibility: Executive Director, Special Assistant to Executive Director with support from relevant Directors (Program).
- B. Providing support, where appropriate, for the work of the SOM Chair on APEC Reform agenda.
Primary Responsibility: Executive Director, supported by Secretariat staff members.
- C. Drafting documentation for SOM Meetings, including:
 - Draft Expanded Annotated Agenda
 - Chair’s Summary Conclusions as requested
 - Annual Tasking Statement
 - Executive Director’s Report to APEC Ministerial Meeting (AMM)
 - Other papers as requested by SOM Chair or SOMPrimary Responsibility: Special Assistant to Executive Director, with support from relevant Directors (Program and Corporate) as appropriate and the COO when applicable.
- D. Compiling documentation for AMM, including:
 - Annual Report on Economic and Technical Cooperation (ECOTECH) Activities
 - Committee on Trade and Investment (CTI) Annual Report
 - Economic Committee (EC) Annual Report
 - Counter Terrorism Task Force (CTTF) Annual ReportPrimary Responsibility: Relevant Directors (Program).
- E. Managing the annual IAPs collation and summarization process, including support for implementation of the strengthened IAP Peer Review process.
Primary Responsibility: IAP Review Coordinator with support from Assistant to the CTI Chair and Director (Information Systems)
- F. Support for media management and liaison:
 - Liaising on managing media logistics and liaison at SOM and related meetings;
 - Assisting with drafting and issuing of news releases;
 - Producing and disseminating backgrounders, APEC publications and information materials;
 - Providing background briefings to journalists;
 - Assisting with interview and news conference arrangements and other media opportunities;
 - Recording audio and video content for webcasts and distribution to regional broadcasters.
 - Shooting and editing of news photographs for provision to media outlets.Primary Responsibility: Director (Communications and Public Affairs) and Communications Team, with support from Directors (Program) assigned to fora.
- G. Liaising with the SOM Chair on behalf of the EC, SCE, CTI, BMC and Fora Chairs.
Primary Responsibility: Relevant Directors (Program).

Financial Report of the APEC Secretariat for the Period Ending 30 September 2008**1. Asset Status**

APEC maintains all assets in deposits, most in the form of US dollar fixed deposits. Members' contributions are made in US dollars. Eventual disbursements to approved projects are also mostly made in US dollars. Singapore-dollar denominated expenditures are required for the majority of the local costs of the APEC Secretariat. The relevant US dollar accounts are drawn upon and converted to Singapore dollars when such expenditures are necessary.

As at 30 September 2008, the total assets under the Administrative Account (AA) were as follows:

| | | |
|--|------|-----------------|
| Fixed Deposit Account | US\$ | 2,895,200 |
| Current Account | | 230,000 |
| USD Petty Cash | | 1,300 |
| Amounts maintained in Singapore dollars (S\$801,000) | | <u>559,900*</u> |
| Total: | | 3,686,400 |

(* Per exchange rate as at 30 September 2008)

The total assets under the Operational Account (OA) were as follows:

| | | |
|-----------------------|------|------------------|
| Fixed Deposit Account | US\$ | <u>1,438,300</u> |
| Total: | | 1,438,300 |

The total assets under the TILF Special Account were as follows:

| | | |
|-----------------------|------|------------------|
| Fixed Deposit Account | US\$ | 7,599,600 |
| Current Account | | <u>2,393,600</u> |
| Total: | | 9,993,200 |

The total assets under the APEC Support Fund (ASF) were as follows:

| | | |
|-----------------------|------|----------------|
| Fixed Deposit Account | US\$ | 8,070,800 |
| Current Account | | <u>333,100</u> |
| Total: | | 8,403,900 |

2. Revenue

The total revenue for the period 1 January to 30 September 2008 for the AA and OA was US\$3,999,700^[1]. Contributions from member economies are required to be deposited in the APEC Central Fund by 31 March each year. The APEC Secretariat budget is now prepared on a disciplined net basis without contingencies. For this to work also requires discipline from APEC member economies to provide their annual contributions on the agreed time-scale.

The total revenue from 1 January to 30 September 2008 under the TILF Special Account was US\$2,385,100^[2].

The total revenue from 1 January to 30 September 2008 under ASF was US\$4,088,600^[3].

^[1] Details of revenue for AA and OA appear as Annexes G1 and G2

^[2] Details of revenue for TILF Special Account appears as Annex H

^[3] Details of revenue for ASF Account appears as Annex I

3. Expenditure

Projects have a disbursement period of two years although they may be extended with the approval of the BMC.

Administrative Account

The AA covers the costs of running the APEC Secretariat Office and the delivery of Operational Plan outputs. In 2008, the Secretariat continues to exercise prudence and tight control in managing this account. Economizing measures were made on all fronts and including APEC Secretariat staff travel to support meetings. The expenditure incurred from 1 January to 30 September 2008 was US\$2,347,900 (68.02%)^[4]. BMC 3 approved minor revisions to the AA budget.

Operational Account

The committed funding under the OA for 2006, 2007 and 2008 projects as at 30 September 2008 was US\$3,833,700. The APEC Secretariat had, up to 30 September 2008, disbursed a total of US\$1,105,400 (28.8%)^[5].

TILF Special Account

The committed funding under the TILF Special Account for 2005, 2006, 2007 and 2008 projects as at 30 September 2008 was US\$8,119,800. The Secretariat had, up to 30 September 2008, disbursed a total of US\$2,373,100 (29.2%)^[6]

APEC Support Fund Account

The committed funding under ASF Account for 2006, 2007 and 2008 projects as at 30 September 2008 was US\$6,380,700. The Secretariat had, up to 30 September 2008, disbursed a total of US\$1,352,300 (21.2%)^[7]

^[4] Details of AA appears as Annex G1

^[5] Details of projects financed by OA appears as Annex G2

^[6] Details of projects financed by TILF special account appears as Annex H

^[7] Details of projects financed by ASF account appears as Annex I

1(a) Expenditure on Administrative Account (AA) as 30 September 2008

| | Approved Budget US\$ | Actual Expenditure US\$ | (%) |
|---|----------------------------|-------------------------------|---------------|
| (1) TRAINING/ SEMINARS | | | |
| 1.1 Course fees, Registration Fees and Related Items | 10,000.00 | 10,991.75 | 109.92 |
| (2) PUBLISHING/COMMUNICATIONS | | | |
| 2.1 <u>Publishing</u> | | | |
| 2.1.1 Publication of APEC Literature (e.g. APEC Brochure) | 45,000.00 | 440.85 | 0.98 |
| 2.1.2 Publication of APEC Committee Reports | 30,000.00 | - | - |
| | 75,000.00 | 440.85 | 0.59 |
| 2.2 <u>Communication</u> | | | |
| 2.2.1 Website Redevelopment and Electronic Publishing | 55,000.00 | 14,168.82 | 25.76 |
| 2.2.2 Support for Media and Outreach Programs | 30,000.00 | 11,394.23 | 37.98 |
| | 85,000.00 | 25,563.05 | 30.07 |
| 2.3 <u>Salaries and Bonus</u> | 312,200.00 | 226,509.49 | 72.55 |
| Total for Publishing/Communications Expenditure | 472,200.00 | 252,513.39 | 53.48 |
| (3) LIBRARY | | | |
| 3.1 Subscriptions (e.g. Newspapers, Journals,etc) | 2,000.00 | 1,937.90 | 96.90 |
| 3.2 General reference Books/Encyclopedia | 1,500.00 | 274.45 | 18.30 |
| 3.3 Databases (Electronic Information) | 15,000.00 | 11,389.66 | 75.93 |
| | 18,500.00 | 13,602.01 | 73.52 |
| (4) PUBLIC RELATIONS | | | |
| 4.1 Official Functions/ Receptions | 14,000.00 | 525.94 | 3.76 |
| 4.2 Meetings at the Secretariat | 4,000.00 | 2,142.62 | 53.57 |
| 4.3 Exhibitions/ APEC Promotional Items | 5,000.00 | 1,591.60 | 31.83 |
| | 23,000.00 | 4,260.16 | 18.52 |
| (5) EQUIPMENT | | | |
| 5.1 Office Furniture and Equipment | 15,000.00 | 14,949.60 | 99.66 |
| 5.2 Computer | 33,500.00 | 41,199.18 | 122.98 |
| 5.3 Motor Vehicle | 60,000.00 | 53,315.21 | 88.86 |
| | 108,500.00 | 109,463.99 | 100.89 |
| (6) TRAVEL | | | |
| 6.1 <u>Exec-Director/Deputy Exec-Director</u> | | | |
| 6.1.1 SOM & Related Meetings, AMM, AELM | 87,200.00 | 58,526.78 | 67.12 |
| 6.1.2 Ministerials, FMP and WGs | 56,900.00 | 29,980.30 | 52.69 |
| 6.1.3 Outreach | 32,000.00 | 23,774.82 | 74.30 |
| | 176,100.00 | 112,281.90 | 63.76 |
| 6.2 <u>Professional and Support Staff</u> | | | |
| 6.2.1 SOM & Related Meetings, AMM, AELM | 699,800.00 | 591,863.57 | 84.58 |
| 6.2.2 Ministerials, FMP and WGs | 163,100.00 | 132,215.80 | 81.06 |
| 6.2.3 Outreach | 24,000.00 | 10,949.56 | 45.62 |
| | 886,900.00 | 735,028.93 | 82.88 |
| Total for Travel Expenditure | 1,063,000.00 | 847,310.83 | 79.71 |
| (7) PERSONNEL -SUPPORT STAFF | | | |
| 7.1 Recruitment Costs | 2,000.00 | 1,496.53 | 74.83 |
| 7.2 Insurance | 25,000.00 | 26,959.77 | 107.84 |
| | 27,000.00 | 28,456.30 | 105.39 |
| (8) RESEARCH AND ANALYSIS | | | |
| 8.1 Research | 2,000.00 | - | 0.00 |

| | | | | |
|-------------|---|---------------------|-------------------|---------------|
| (9) | <u>ADMINISTRATIVE SUPPORT</u> | | | |
| 9.1 | <u>Communications</u> | | | |
| 9.1.1 | Fax Charges | 4,500.00 | 1,941.47 | 43.14 |
| 9.1.2 | Telephone | 30,000.00 | 21,849.56 | 72.83 |
| | | 34,500.00 | 23,791.03 | 68.96 |
| 9.2 | <u>Professional Fees</u> | | | |
| 9.2.1 | Audit fee | 13,800.00 | 15,201.96 | 110.16 |
| 9.2.2 | Legal & Professional fees | 10,000.00 | 3,240.60 | 32.41 |
| | | 23,800.00 | 18,442.56 | 77.49 |
| 9.3 | <u>Maintenance/Insurance of Vehicles</u> | | | |
| 9.3.1 | Insurance | 4,000.00 | 1,552.48 | 38.81 |
| 9.3.2 | Vehicle Running Expenses | 13,000.00 | 12,606.31 | 96.97 |
| | | 17,000.00 | 14,158.79 | 83.29 |
| 9.4 | <u>Stationery</u> | | | |
| 9.4.1 | Photocopying Charges and Paper | 4,000.00 | 3,786.33 | 94.66 |
| 9.4.2 | Printed Stationery and Others | 7,000.00 | 7,921.99 | 113.17 |
| | | 11,000.00 | 11,708.32 | 106.44 |
| 9.5 | <u>Postage and courier charges</u> | 40,000.00 | 20,610.76 | 51.53 |
| 9.6 | <u>Office and Building maintenance</u> | | | |
| 9.6.1 | Office Supplies | 1,100.00 | 503.83 | 45.80 |
| 9.6.2 | Office Maintenance | 25,000.00 | 12,448.96 | 49.80 |
| 9.6.3 | Utilities | 88,000.00 | 66,623.74 | 75.71 |
| 9.6.4 | Insurance | 4,000.00 | 751.38 | 18.78 |
| 9.6.5 | Building Maintenance | 65,000.00 | 50,775.34 | 78.12 |
| 9.6.6 | Security | 30,000.00 | 25,170.29 | 83.90 |
| | | 213,100.00 | 156,273.54 | 73.33 |
| 9.7 | <u>Others</u> | | | |
| 9.7.1 | Local Transport, Overtime Meals, etc. | 5,000.00 | 4,929.24 | 98.58 |
| 9.7.2 | Bank Charges | 3,000.00 | 1,015.16 | 33.84 |
| 9.7.3 | Other Expenses | 700.00 | 444.19 | 63.46 |
| 9.7.4 | Staff Welfare | 5,000.00 | 2,110.53 | 42.21 |
| | | 13,700.00 | 8,499.12 | 62.04 |
| 9.8 | <u>Salaries and Bonus</u> | | | |
| 9.8.1 | Administration | 588,500.00 | 422,338.67 | 71.77 |
| 9.8.2 | Project Management | 309,300.00 | 234,698.18 | 75.88 |
| | | 897,800.00 | 657,036.85 | 73.18 |
| | Total for Administrative Support Expenditure | 1,250,900.00 | 910,520.97 | 72.79 |
| (10) | <u>INFORMATION TECHNOLOGY</u> | | | |
| 10.1 | <u>Operational Costs</u> | | | |
| 10.1.1 | Telecommunications Lines and Service Charges | 45,000.00 | 34,828.18 | 77.40 |
| 10.1.2 | Maintenance of Hardware | 44,700.00 | 6,239.37 | 13.96 |
| 10.1.3 | Maintenance of Software | 6,300.00 | 892.87 | 14.17 |
| 10.1.4 | Others | 20,000.00 | 3,454.63 | 17.27 |
| | | 116,000.00 | 45,415.05 | 39.15 |
| 10.2 | <u>Development Costs</u> | | | |
| 10.2.1 | New Projects | 36,600.00 | - | - |
| 10.2.2 | Upgrading | 33,000.00 | 2,197.64 | 6.66 |
| | | 69,600.00 | 2,197.64 | 3.16 |
| 10.3 | <u>Miscellaneous Expenses</u> | | | |
| 10.3.1 | Computer Accessories, CD Rom, etc. | 5,500.00 | 343.60 | 6.25 |
| 10.4 | Salaries and Bonus | 285,200.00 | 122,726.65 | 43.03 |
| | Total for IT expenditure | 476,300.00 | 170,682.94 | 35.84 |

Grand Total : 3,451,400.00 2,347,802.34 68.02

1(b). **Expenditure on 2006 & 2007 Operational (OA) Projects as at 30 Sep 2008**

| Active Projects For the Financial Year | Committed Funding (1) US\$ | Actual Expenditure (2) US\$ | Unspent Balance (1)-(2) US\$ |
|--|-------------------------------|--------------------------------|---------------------------------|
| 2006 | 259,824 | 62,374 | 197,450 |
| 2007 | 1,776,553 | 579,761 | 1,196,792 |
| | <u>2,036,377</u> | <u>642,135</u> | <u>1,394,242</u> |

2. **Committed Funding and 2006 & 2007 Operational Projects/Administrative Account Approved**

| | US\$ |
|---|-----------------------|
| Uncommitted reserves as at 31 Dec 2007 <i>(before taking into consideration 2008 Members' Contribution, AA & OA)</i> | 1,864,701 * |
| Add Revenue | |
| 2008 Memebers' Contribution received | 3,864,000 |
| Less: Committed 2008 OA funds transferred out | (1,900,000) |
| Bank interest income (Jan - Sep 08) | 54,351 |
| Net publications income (Jan - Sep 08) | 4,519 |
| 5% Administrative Overhead for ASF | 70,000 |
| Other Income (Jan - Sep 08) | <u>5,246</u> |
| Total Revenue | 2,098,117 |
| Add | |
| Return Funding for 2006 Projects <i>[EWG 05/2006, MRC 03/2006, HRD 01/2006, FWG 02/2006, TEL 01/2006]</i> | 122,917 |
| Less : | |
| 2008 Administrative Account | (3,451,400) |
| Uncommitted reserves as at 30 Sep 2008 | <u>634,335</u> |

1. Actual Expenditure on 2008 Operational Projects as at 30 September 2008

| Active Projects For the Financial Year | Committed Funding (1) US\$ | Actual Expenditure (2) US\$ | Unspent Balance (1)-(2) US\$ |
|--|-------------------------------|--------------------------------|------------------------------------|
| 2008 | 1,797,279 | 463,265 | 1,334,014 |

2. Committed Funding and 2008 Operational Projects Approved

| | US\$ |
|---|------------------|
| Funds transferred from AA on 01 April 2008 | 1,900,000 |
| Bank interest income (Jan - Sep 08) | 1,521 |
| Total Revenue | 1,901,521 |
| Less : | |
| Less :2008 projects approved - BMC2/Aug 2007 | (1,578,576) |
| BMC2 - Approved OA projects | (218,703) |
| Uncommitted reserves as at 30 Sep 2008 | 104,242 |

1. Actual Expenditure on TILF Projects as at 30 September 2008

| Active Projects For the Financial Year | Committed Funding (1) US\$ | Actual Expenditure (2) US\$ | Unspent Balance (1)-(2) US\$ |
|--|-------------------------------|--------------------------------|---------------------------------|
| 2005 | 260,911 | 195,248 | 65,663 |
| 2006 | 328,252 | 171,556 | 156,696 |
| 2007 | 2,728,201 | 856,847 | 1,871,354 |
| 2008 | 4,802,386 | 1,149,372 | 3,653,014 |
| | 8,119,750 | 2,373,023 | 5,746,727 |

2. Committed Funding and TILF Projects Approved

| | US\$ |
|--|-------------------------|
| Uncommitted reserves as at 31 December 2007 <u>after</u> approval of 2008 Projects | 1,660,405 |
| <u>Add Revenue</u> | |
| 2008 Japan Contribution received on 23 July 2008 | 1,777,861 |
| Other Income | 54 |
| Remaining US Contribution for 2008 approved projects received on 25 June 2008 | 497,265 |
| Bank interest income (Jan - Sep 2008) | 109,854 |
| Total Revenue | 2,385,034 |
| <u>Add</u> | |
| Returned funding for expired 2005 projects (<i>TPT 02/05T</i>) | 9,652 |
| Returned funding for expired 2006 projects (<i>ATC 01/06T- US\$47,867.73, EWG 01/06T-US\$8,477.59, HRD 01/06T-US\$25,797.27, TWG 01/06T-US\$82.22, CTI 21/06T-US\$35,970, CTI 04/06T-US\$149,340</i>) | 267,535 |
| <u>Less:</u> | |
| <u>Approved in BMC 2 Apr 2008</u> | |
| Urgent 2008 Projects (<i>CTI 30/08T, CTI 31/08T, CTI 31/08T, CTI 32/08T, CTI 33/08T, CTI 34/08T, CTI 35/08T, CTI 36/08T, CTI 37/08T, EC03/08T, IST 03/08T & SOM 03/08T</i>) | (801,607) |
| Approved Interessionally in 15 Aug 08 <i>Additional Funding for SOM 01/07T -(US\$24,000) and CTI 27/08T(US\$17,648)</i> | (41,648) |
| Uncommitted Reserves as at 30 September 2008 | <u><u>3,479,371</u></u> |

1. **Actual Expenditure on ASF Projects as at 30 September 2008**

| Active Projects For the Financial Year | Committed Funding (1) US\$ | Actual Expenditure (2) US\$ | Unspent Balance (1)-(2) US\$ |
|---|-------------------------------|--------------------------------|---------------------------------|
| ASF General Fund | | | |
| 2006 | 57,842 | 38,788 | 19,054 |
| 2007 | 1,054,745 | 350,319 | 704,426 |
| 2008 | 3,363,967 | 663,613 | 2,700,354 |
| ASF Sub-Fund A: Human Security | | | |
| 2007 | 482,264 | 104,138 | 378,126 |
| 2008 | 488,847 | 31,935 | 456,912 |
| ASF Sub-Fund A: Human Security (Avian Influenza and Emerging Infectious Diseases) | | | |
| 2007 | 271,925 | 65,320 | 206,606 |
| 2008 | 661,050 | 98,146 | 562,904 |
| ASF Sub-Fund B: TFAP II Implementation | | | |
| 2008 | - | - | - |
| | 6,380,640 | 1,352,259 | 5,028,382 |

2. **Committed Funding and ASF Projects Approved**

| | US\$ |
|--|------------------|
| <u>ASF GENERAL FUND</u> | |
| Uncommitted reserves as at 31 Dec 2007 | (1,128,897) |
| <u>Add</u> | |
| * Contribution received from Australia on 26 Feb 2008 for General Fund - A\$1.5million | 1,379,250 |
| * Contribution received from China on 16 Apr 2008 for General Fund | 700,000 |
| * Contribution received from China on 27 May 2008 for General Fund | 700,000 |
| * Contribution received from China on 25 Jun 2008 for General Fund | 767,615 |
| * Bank interest income (Jan - Sep 2008) | 58,364 |
| Return Funding for 2006 Projects [EWG 01/2006A and HRD 06/2006A] | 36,532 |
| <u>Less :</u> | |
| 5 % Admin fee transferred to APEC Administrative Account | (70,000) |
| Urgent 2008 Projects approved in BMC1, Apr 2008 | (777,899) |
| Urgent 2008 Projects approved intersessionally, Aug 2008 | (233,839) |
| <u>Uncommitted Reserves for ASF General Fund (a)</u> | 1,431,126 |

| | |
|--|-------------------------|
| <u>ASF SUB-FUND A: HUMAN SECURITY</u> | |
| Uncommitted reserves as at 31 Dec 2007 | 166,816 |
| <u>Add</u> | |
| * Bank interest income (Jan - Sep 2008) | 11,743 |
| <u>Less :</u> | |
| Urgent 2008 Projects approved in BMC1, Apr 2008 | (146,528) |
| <u>Uncommitted Reserves for ASF Sub-Fund A :Human Security (b)</u> | <u>32,031</u> |
| | |
| <u>ASF HUMAN SECURITY SUBFUND - AVIAN INFLUENZA</u> | |
| Uncommitted reserves as at 31 Dec 2007 | 2,354,714 |
| <u>Add</u> | |
| * Bank interest income (Jan - Sep 2008) | 38,158 |
| <u>Less :</u> | |
| Urgent 2008 Projects approved in BMC1, Apr 2008 | (357,590) |
| <u>Uncommitted Reserves for Human Security SubFund - Avian Influenza (c)</u> | <u>2,035,282</u> |
| | |
| <u>ASF SUB-FUND B - TFAP II IMPLEMENTATION</u> | |
| Contribution received from Hong Kong, China on 07 Mar 2008 for ASF Sub-Fund B -TFAP II Implementation -US\$0.5 million | 500,000 |
| * Bank interest income (Apr - Sep 2008) | 3,442 |
| <u>Uncommitted Reserves for ASF SubFund B - TFAP II Implementation (d)</u> | <u>503,442</u> |
| | |
| Total Uncommitted Reserves as at 30 September 2008 (a) + (b) + (c) + (d) =(e) | <u>4,001,881</u> |
| | |
| * Net Revenue for ASF Account from 01 Jan - 30 Sep 2008 is US\$ | 4,088,571 |