



**Asia-Pacific
Economic Cooperation**

Advancing Free Trade
for Asia-Pacific **Prosperity**

Renewed APEC Agenda for Structural Reform (RAASR) - Final Review Report

APEC Policy Support Unit

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The views expressed in this paper are those of the authors and do not necessarily represent those of APEC Member Economies. The terms such as “national”, “nation” used in the text are for purposes of this report and do not imply the “political status” of any APEC member economy.

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1. HIGHLIGHTS

This final review report assesses the progress attained by member economies in their structural reform efforts under the Renewed APEC Agenda for Structural Reform (RAASR), and serves as inputs for the next iteration of APEC's structural reform agenda.

1.1. Review of APEC collective progress

- APEC economies agreed to a list of 20 external indicators to monitor progress on RAASR implementation.
- Improvements were noted within **10** indicators namely: 1) World Bank Ease of Doing Business (EoDB); 2) The Conference Board Labour Productivity per Person Employed; 3) World Economic Forum (WEF) Indicators for Business Sophistication and Innovation; 4) ILO Share of Youth Unemployment; 5) ILO Labour Force Participation Rate for Age Group 65+; 6) WEF Indicators for Financial Market Efficiency; 7) UNESCO Tertiary Gross Enrolment Ratio; 8) WEF Indicators for Fiscal Transfers; 9) ITU Indicators on Access to ICT Infrastructure; and 10) World Bank and OECD Physicians Per 1,000 People.
- Mixed performance was registered within **8** indicators. These include: 1) OECD FDI Regulatory Restrictiveness Index (FDI RRI); 2) OECD Services Trade Restrictiveness Index (STRI); 3) World Bank Indicators on Women, Business and the Law; 4) WEF Indicators for Labour Market Efficiency; 5) WEF Indicators for Basic Services and Infrastructure; 6) UNESCO Pupil-Teacher Ratio; 7) OECD PISA Indicators on Reading, Mathematics and Science; and 8) World Bank Global Findex Indicators on Share of Population Making and Receiving Digital Payments in the last year (15+).
- On the remaining indicators, the ILO Employment to Population Ratio did not register any improvement. The OECD Product Market Regulation (PMR) indicators changed their methodology and it is not possible to make data comparisons across time.
- **Despite the progress made, there continues to be room for APEC economies to improve business regulations and conducts (Pillars #1 and 2).**¹ Between 2016 and 2019, the business environment in the APEC region improved. In the same vein, services trade has become less restrictive for all but three services sub-sectors. Although FDI regulations among APEC economies are becoming increasingly less restrictive, they have become more so within the primary sector. Some areas for improvements in APEC include simplification, evaluation of regulations and addressing barriers that affect trade and investment.
- **APEC has performed well in innovation and productivity efforts and should continue initiatives in this area (Pillars #1 and #2).** The labour productivity per person employed

¹ The 3 pillars of RAASR are: 1) more open, well-functioning, transparent and competitive markets; 2) deeper participation in those markets by all segments of society, including micro, small and medium enterprises (MSMEs), women, youth, older workers, and people with disabilities; and 3) sustainable social policies that promote the above-mentioned objectives, enhance economic resilience, and are well-targeted, effective, and non-discriminatory.

in the APEC region increased annually between 2016 and 2019. With the exception of a slight decline in 2018, year-on-year growth in productivity had improved over the assessed period. APEC improved in terms of business sophistication and innovation. Notwithstanding, more efforts are needed in terms of cluster development and university-industry collaboration in research and development.

- **To some extent, APEC’s competitiveness in the labour and financial markets has improved. However, it is important to ensure that the region does not backtrack (Pillars #1 and #2).** APEC has performed well across all indicators measuring financial market efficiency. Similarly, labour market efficiency has gotten better in the APEC region. However, further improvements (including avoiding backtracking) are needed in areas such as reliance on professional management, pay and productivity, and hiring and firing practices.
- **APEC should further strengthen access to basic services and infrastructure and enhance fiscal & social policies, by identifying gaps to be addressed (Pillars #1, #2 and #3).** Between 2016 and 2018, APEC improved in terms of providing basic services and infrastructure. However, some improvements are needed as the accessibility of healthcare services fell between 2018 and 2019. In a similar vein, although the number of physicians per 1,000 people in the APEC region had improved between 2016 and 2018, there was variation across individual members where data was available. In terms of access and quality of education, the tertiary gross enrolment ratio had increased for APEC between 2016 and 2018. On the other hand, pupil-teacher ratio in both secondary and tertiary levels improved, but declined within the primary level. The OECD PISA scores show improvement in the average scores for mathematics and science but note a decline for scores on reading. On access to ICT infrastructure, mobile cellular and fixed broadband subscriptions per 100 inhabitants as well as percentage of population using the internet had increased on average between 2016 and 2018. But in terms of access to services made possible via internet, such as digital payments, it is observed that although there was an increase in share of people making digital payments, the share of people receiving digital payments had fallen. On fiscal transfers, while an analysis of tax code and social protection indicators shows improvements for APEC collectively, there are variation in performance among individual members.
- **Further effort should be taken by APEC to increase the participation of wider segments of society within its markets (Pillar #2).** Although the labour force participation rate for elderly people improved and youth unemployment fell between 2016 and 2019, the employment to population ratio had fallen over the same period. Furthermore, the number of economies having laws/regulations to protect women against discrimination in employment and in accessing credit remained largely unchanged between 2016 and 2019, with the exception of one economy who has introduced regulations ensuring equal remuneration for work of equal value.

1.2. Review of progress made by individual economies

- Updates on RAASR priorities and related actions were provided by 20 economies thus far. Of these, full updates² were provided by 17 economies, namely: Australia; Brunei Darussalam; Canada; Chile; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Peru; the Philippines; Chinese Taipei; Thailand; the United States; and Viet Nam. Mexico identified one additional priority in its Final Review submission. Partial updates were provided by China; Papua New Guinea; and Russia.
- **A total of 80 priorities and 167 related actions were updated by 20 economies.** When categorized into the three pillars of RAASR, 65 percent of priorities were associated with pillar #1 - more open, well-functioning, transparent and competitive markets, 49 percent of the priorities can be associated with pillar #2 – deeper participation in those markets by all segments of society, including MSMEs, women, youth, older workers, and people with disabilities, while 36 percent are associated with pillar #3 – sustainable social policies that promote the above-mentioned objectives, enhance economic resilience, and are well-targeted, effective, and non-discriminatory.
- **Economies undertook a wide range of priorities and actions.** This is consistent with the fact that economies generally provided updates to priorities and activities identified in their Individual Action Plans (IAPs) and Mid-Term Review Template submissions.

Pillar	Examples of objectives of various priorities and actions
Pillar #1	<ul style="list-style-type: none"> • Improving market access and trade liberalization. • Improving infrastructure. • Reforming markets and government-linked firms. • Improving trade facilitation. • Supporting the adoption of technology within firms. • Implementing good regulatory practices. • Promoting research and innovation.
Pillar #2	<ul style="list-style-type: none"> • Supporting youth employment through skills training. • Increasing financing to MSMEs. • Providing economic support to indigenous people. • Supporting the elderly. • Supporting women both at home and at work.
Pillar #3	<ul style="list-style-type: none"> • Improving the quality of education and health and ensuring they respond to industry demands. • Promoting sustainable growth. • Enhancing social programs in terms of benefits and coverage.

- **Economies continued to make progress in advancing their priorities and related actions.** Progress reported by economies include, but are not limited to, repealing existing laws/regulations, amending laws/regulations, enacting or introducing laws/regulations, increasing citizen participation in rule-making, setting up/restructuring of

² All priorities and related actions identified in their 2016 RAASR Individual Action Plan (IAP) submissions and subsequent revisions including 2018 Mid-Term Review submission.

organizations/agencies, increasing the resources directed towards specific initiatives, digitalizing processes, enhancing the number of beneficiaries in ongoing initiatives, and improving the provision of public services. Deeper analysis also reveals some economies making significant progress in aspects/elements not reported in previous submissions, reflecting that structural reform is an ongoing process and more can always be done to progress it further. Several economies reported that they have yet been able to determine the benefits of certain laws/regulations and initiatives as they are either not at the implementation stage yet or having been just implemented.

- **Despite making progress, there have been challenges in advancing some actions.** The challenges cited by economies include no recent or available data for the identified indicators and falling short of the targets due to issues encountered during implementation (e.g., minimal capacity of stakeholders, lack of institutional framework, funding challenges, and need to tackle broader challenges in parallel). There have also been reorientation of certain actions in some economies due to changes in the external and domestic environment. In addition, later submissions have indicated the implications of COVID-19 on their actions. On the positive side, such observations have allowed economies to respond by making some changes.
- **Economies are moving in the right direction in their efforts to monitor and evaluate priorities and actions, but there is room for improvements.** Within certain constraints/limitations, these include ensuring that indicators evolve along with actions as they progress; improving the quality of information captured; identifying baseline conditions against which latest data and information are compared; and ensuring that latest data and information are as recent as possible. At a broader level, monitoring and evaluation can entail looking beyond identified indicators and include activities such as establishing and convening of a committee, expert panel and/or study, as have been undertaken by several economies.

1.3. Final remarks

- The review of APEC collectively as well as economies individually shows that APEC has overall made good strides in advancing RAASR. Notwithstanding, the Economic Committee (EC) could continue with some of the existing areas covered under the current agenda for reasons as follows: 1) lack of progress, backtracking or decline in some of the indicators/sub-indicators (e.g., university-industry collaboration in R&D, hiring and firing practices, and accessibility of healthcare services); 2) uneven progress across individual APEC economies in a number of indicators (e.g., labour productivity, pupil-teacher ratios, and density of physicians); 3) challenges faced by economies in moving certain actions forward; 4) indication of further plans by economies to implement identified actions post-RAASR; and 5) observation that identified priorities relate more to pillar #1 as compared to pillars #2 and #3.
- There is room to enhance on the indicators used to monitor progress as well. In the area of inclusion, for example, while the set of existing indicators have been informative to show progress at regional and economy-wide level, inclusion-related issues tend to be

distributional in nature and therefore need to be complemented by monitoring indicators at a more micro level (e.g., household, firm, and labour force surveys). Depending on the form of the next structural reform agenda, the EC can identify additional indicators (on top of the existing ones) or a new set of indicators, so as to ensure that they are more relevant and fit for the purpose of monitoring its progress. Economies can also include relevant indicators in their individual action plans.

- Apart from enhancing efforts in some of these existing areas, the EC needs to be adaptable to the changing landscape. Indeed, the independent report of the APEC Vision Group recommended that APEC advances robust and comprehensive structural reform through an ambitious successor programme when the RAASR mandate expires in 2020. While economies have taken actions to ensure the relevance of RAASR in the fast-evolving landscape (e.g., convening of HLSROM and advancing priorities which leverage the digital economy), it is important to keep this momentum going both in the development and implementation of the next structural reform agenda.
- In supporting RAASR implementation, the EC has continued to advance discussions on critical topics such as services, human capital development, infrastructure and the digital economy through the APEC Economic Policy Report (AEPR). To build on these efforts, the EC can explore how recommendations arising from the AEPRs can be better incorporated and operationalized in the next structural reform agenda.
- The COVID-19 pandemic is a health and economic crisis of unprecedented proportions. It has underscored the crucial role of regional cooperation in mustering a coordinated approach to enhance economic recovery while minimizing the damage caused by the pandemic. As such, it is important for the EC to act decisively to ensure that a new structural reform agenda contributes not only to tackling the challenging tasks at hand, but also to building resilience in the region against similar shocks in the future.
- To ensure that structural reforms are inclusive, it is important for APEC economies to recognize the need to implement structural reforms at different levels. The “Three Approaches” paper produced by the EC in 2018 indicated that core structural reforms need to be supplemented and optimized with structural reforms and supporting policies in specific areas generating positive externalities such as human capital development and social protection.³ It outlines a framework in which pro-inclusion structural reforms are integrated with supporting policies to effectively promote inclusion while maximising economic growth. The EC could reinforce the importance of holistic approaches to structural reform efforts in the next agenda and work to promote this approach across EC’s work and in interactions with other APEC fora.
- The RAASR Action Team, an informal group of delegates to take forward work on planning priorities related to the next structural reform agenda, is currently preparing input papers to inform the Structural Reform Ministers’ Meeting (SRMM). The input papers will

³ APEC Economic Committee (2019). “Structural Reform for Inclusive Growth: Three Approaches” Retrieved from <https://www.apec.org/-/media/Files/Groups/EC/Structural-Reforms-for-Inclusive-Growth---Three-Approaches.docx?la=en&hash=BD201A724890FAADE32D3A9A0E5999A8A6F51C10>

also include a discussion on the potential impact of COVID-19 on structural reform, and how structural reform can mitigate future external shocks. The EC is encouraged to review the recommendations emerging from the input papers as it formulates the next structural reform agenda.

2. INTRODUCTION

Broadly understood, structural reforms remove structural barriers to improve access to economic opportunity. Several experts have indicated that through structural reforms, governments can enable their economies to reach higher growth paths. In times of economic uncertainty, structural reforms have the potentials to boost growth and development, and support recovery. In times of economic prosperity, structural reforms can possibly further enhance economies' efficiency and competitiveness.

APEC economies have committed to promote and undertake structural reforms for close to two decades. APEC's collective structural reform agenda began taking shape with the adoption of the Leaders' Agenda to Implement Structural Reform (LAISR) in 2004. Five priorities for economies to focus on until 2010 were identified, namely: regulatory reform, competition policy, corporate governance, public sector governance and economic and legal infrastructure. A stock-take undertaken in 2010 revealed that while economies made progress across all five areas, regulatory reform appeared to be the area where progress was most significant.⁴

Structural reform is a continuous process that has to adapt to an ever-changing economic landscape as well as overcome existing and new challenges. Acknowledging this, APEC Leaders adopted the APEC New Strategy for Structural Reform (ANSSR) in 2010. To run until 2015, ANSSR categorized actions by individual members in terms of broader pillars aimed at promoting: 1) more open, well-functioning, transparent, and competitive markets; 2) labour market opportunities, training, and education; 3) sustained SME development and enhanced opportunities for women and vulnerable populations; 4) effective and fiscally sustainable social safety net programmes; and 5) better functioning and effectively regulated financial markets. The final review of ANSSR⁵ indicated that member economies' interest to undertake structural reform efforts remained strong. Hundreds of individual projects including capacity-building activities were undertaken, with the majority focused on the competitive market and labour market pillars.

To keep the momentum going, APEC's Structural Reform Ministers set forth the Renewed APEC Agenda for Structural Reform (RAASR) in 2015.⁶ The agenda was embraced against a backdrop of uneven economic growth and widening income disparity, even as the average per capita income increased and absolute poverty levels fell in the APEC region. Several studies have observed that inequality within an economy could impede its long-run growth and sustainable economic development. For instance, Brueckner and Lederman (2015) finds that a percentage point increase in the Gini coefficient reduces overall GDP per capita by approximately 1.1 percent over a period of 5 years. In the long run, the cumulative effect on

⁴APEC. (2011). APEC Economic Policy Report. Retrieved from <https://www.apec.org/Publications/2011/05/2011-APEC-Economic-Policy-Report>.

⁵APEC. (2015). Assessing the APEC New Strategy for Structural Reform (ANSSR) and Advancing the APEC Structural Reform Agenda Beyond 2015. Retrieved from <https://www.apec.org/Publications/2015/10/Assessing-the-APEC-New-Strategy-for-Structural-Reform-ANSSR-and-Advancing-the-APEC-Structural-Reform>.

⁶APEC. (2015). 2015 Structural Reform Ministerial Meeting Retrieved from https://www.apec.org/Meeting-Papers/Sectoral-Ministerial-Meetings/Structural-Reform/2015_structural.aspx

GDP per capita is expected to amount to a reduction of approximately 4.5 percent.⁷ Similarly, Persson and Tabellini (1994) finds a negative relationship between inequality and growth where a one standard deviation increase in equality is estimated to lead to a corresponding half a percentage point increase in growth during the post-war period.⁸ Observing this, Ministers were of the view that structural reform can potentially enhance inclusion, with consequent implications on growth. RAASR identified three pillars that could act as guideposts for the choice of concrete reform actions by individual economies, namely: 1) more open, well-functioning, transparent and competitive markets; 2) deeper participation in those markets by all segments of society, including micro, small and medium enterprises (MSMEs), women, youth, older workers, and people with disabilities; and 3) sustainable social policies that promote the above-mentioned objectives, enhance economic resilience, and are well-targeted, effective, and non-discriminatory. Similar to previous efforts, RAASR is not prescriptive in terms of its approach to structural reform by allowing each economy to identify its own priorities.

As an indication of the importance of structural reforms, even though RAASR is primarily an Economic Committee (EC) initiative, it has been mentioned in other work undertaken by APEC. For example, the APEC Services Competitiveness Roadmap (ASCR) indicates implementation of RAASR as one of its APEC-wide actions.^{9,10} It also advocates that economies implement unilateral reforms to improve their services sector. The Strategy for Implementation of the Cebu Action Plan (CAP), which is a roadmap for the APEC Finance Ministers' Process to build a community that is more financially integrated, transparent, resilient and connected, encourages economies to implement other initiatives, particularly those pertaining to structural reforms which can potentially contribute to CAP's 10-year goal.¹¹ More recently, an independent report by the APEC Vision Group, which was mandated to advise senior officials on developing a post-2020 vision for APEC, acknowledged the role of RAASR in enhancing structural reform efforts in APEC and called on members to broaden it further in the next iteration.¹²

2.1. Context of the Final Review of RAASR

As agreed by Structural Reform Ministers in 2015, a mid-term and final review of RAASR would be conducted in 2018 and 2020, respectively. To support the mid-term review process in 2018, the APEC Policy Support Unit (PSU) prepared the RAASR Mid-Term Review (MTR) Report.¹³ The report included: 1) a review of the collective progress made by APEC using 20

⁷ Brueckner, M., & Lederman, D. (2015). Effects of Income Inequality on Aggregate Output. Retrieved from <http://documents.worldbank.org/curated/en/291151468188658453/pdf/WPS7317.pdf>

⁸ Persson, T., & Tabellini, G. (1994). Is inequality harmful for growth? *The American Economic Review*. Retrieved from https://www.researchgate.net/profile/Torsten_Persson/publication/4901252_Is_Equality_Harmful_for_Growth/links/5440edf40cf228087b69a17c/Is-Equality-Harmful-for-Growth.pdf

⁹ APEC. (2016). APEC Services Competitiveness Roadmap Implementation Plan (2016 – 2025). Retrieved from http://mddb.apec.org/Documents/2016/MM/AMM/16_amm_012.pdf

¹⁰ APEC. (2016). Annex B: APEC Services Competitiveness Roadmap (2016-2025). Retrieved from https://www.apec.org/Meeting-Papers/Leaders-Declarations/2016/2016_aelm/2016_Annex-B.

¹¹ APEC. (2016). Annex B. Strategy for Implementation of the Cebu Action Plan. Retrieved from https://www.apec.org/Meeting-Papers/Sectoral-Ministerial-Meetings/Finance/2016_finance/annexb.

¹² APEC Vision Group. (2019). Report of the APEC Vision Group – People and Prosperity: An APEC Vision to 2040. Retrieved from <https://www.apec.org/Publications/2019/12/Report-of-the--APEC-Vision-Group>.

¹³ APEC Policy Support Unit. (2018). Renewed APEC Agenda for Structural Reform (RAASR) – Mid-Term Review Report. Retrieved from <https://www.apec.org/Publications/2018/08/RAASR-Mid-Term-Review-Report>

agreed external quantitative indicators; and 2) a review of individual progress made by APEC economies through analysis of their template submissions.

The objective of this final review report is to assess how much progress has been attained by member economies in their structural reform efforts under RAASR, and to serve as inputs for the next iteration of APEC's structural reform agenda. Similar to the MTR, the final review of RAASR would comprise of two parts as described above. The two-part review process balances two perspectives: 1) the importance of monitoring the progress made by individual economies since the range of concrete actions identified traverse very wide spectrum; and 2) the value of monitoring and analysing APEC-wide progress on structural reform to consider aspects beyond individual actions identified by economies.

With the final review report, the PSU aims to provide a snapshot of progress in various areas with linkages to RAASR and encourage deeper policy discussions among APEC members, especially on how the next iteration of APEC's structural reform agenda can be further enhanced.

2.2. Implications of COVID-19 Pandemic

The PSU commenced the process for the final review of RAASR in the last quarter of 2019, when COVID-19 was still unheard of. It only began to make headlines in early 2020, and by mid-July it has become a pandemic affecting close to 13 million people and resulting in more than 570,000 deaths around the world. It has also morphed into an economic crisis: even in the optimistic scenario where a partial economic recovery begins in the second half of 2020, the APEC region is projected to contract by 3.7 percent in 2020 or an output loss of around USD 2.9 trillion.¹⁴

Given its scale, COVID-19 would no doubt have implications on the final review in one way or another. While the final review report would like to go deeper into the analysis of COVID-19 and its implications on structural reform and vice versa (i.e., how structural reform can be geared towards addressing the challenges of COVID-19), there are constraints in doing so for various reasons, notably the information available at the time of assessment.

In the case of the agreed external quantitative indicators, the latest data available for the review was 2019 or earlier, before COVID-19 became widespread and was declared a pandemic. Hence, its implications would not have been captured by the data used for this review. In the case of template submissions by APEC economies, the timeline for submission, coupled with the unfolding COVID-19 situation in each economy, meant that not all economies were able to indicate in their submissions the impact of COVID-19 on their identified priorities and actions or their responses to the pandemic. Where such information was provided by economies, they have been included in this report.

¹⁴ Hernando, RC , APEC Regional Trends Analysis, July 2020 Update: Deeper Contraction Calls for Decisive Action, <https://www.apec.org/Publications/2020/07/APEC-Regional-Trends-Analysis-July-2020-Update>

3. REVIEW OF APEC-WIDE PROGRESS USING AGREED EXTERNAL INDICATORS

3.1. Background

APEC Senior Officials (SOM) tasked the Economic Committee (EC) to work with PSU to develop a set of quantitative indicators to monitor RAASR, with priority on identifying indicators for evaluating inclusiveness of policies. In response, PSU prepared a report to propose 17 possible external baseline indicators, which was later endorsed by EC in 2016.¹⁵ Based on discussions at the HLSROM in 2018 and the EC, 3 additional indicators were agreed by EC in 2019.

The list of 20 agreed indicators and associated RAASR pillars is included in Table 3.1 below. Most indicators can be associated with more than one pillar. For example, the World Bank Ease of Doing Business and OECD FDI Regulatory Restrictiveness Index are both indicators of market competitiveness and the ease of participation of various stakeholders including MSMEs in the market. The UNESCO Tertiary Gross Enrolment Ratio and OECD PISA Indicators on Reading, Mathematics and Science can be used to make inference on an economy’s education policy as well as the education level of its population and, therefore, their capacity to participate in the market.

The agreed indicators can either be policy-based, perception-based or outcome indicators. Five indicators (i.e., World Bank Ease of Doing Business, OECD Economy-wide Product Market Regulation, OECD FDI Regulatory Restrictiveness Index, OECD Services Trade Restrictiveness Index, and World Bank Indicators on Women, Business and the Law) are based partly or mostly on the assessment of economies’ policy framework. Another five indicators (i.e., World Economic Forum (WEF) Indicators for Business Sophistication and Innovation, for Labour Market Efficiency, for Financial Market Efficiency, for Basic Services and Infrastructure, and for Fiscal Transfers) are based mainly on perceptions and therefore provide insights into how policies are perceived by relevant stakeholders. The remaining ten (e.g., The Conference Board Labour Productivity per Person Employed, ILO Share of Youth Unemployment, UNESCO Pupil-Teacher Ratio and ITU Indicators on Access to ICT Infrastructure) are outcome indicators and provide important insights on the progress of economies in achieving their objectives when implementing certain policies. These include those pertaining to infrastructure access, enhancing productivity and boosting the level of tertiary education among others.

Table 3.1. Agreed indicators and associated RAASR pillars

No.	Indicator	Type	Pillar #1 - More open, well- functioning, transparent	Pillar #2 - Deeper participation by all segments of society,	Pillar #3 - Sustainable social policies that promote the other pillars,
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¹⁵ Wirjo, A. (2016). Exploring Quantitative Indicators for Effective Monitoring of APEC-wide Progress on Structural Reform under RAASR 2016-2020. Retrieved from <https://www.apec.org/Publications/2016/10/Exploring-Quantitative-Indicators-for-Effective-Monitoring-of-APECwide-Progress-on-Structural-Reform>.

3. Review of APEC-wide progress using agreed external indicators

			and competitive markets	including MSMEs, women, youth, older workers, and people with disabilities	enhance economic resilience, and are well-targeted, effective and non-discriminatory
1	World Bank Ease of Doing Business Distance to Frontier	Policy-based	■	■	
2	OECD Economy-wide Product Market Regulation	Policy-based	■	■	
3	OECD FDI Regulatory Restrictiveness Index	Policy-based	■	■	
4	OECD Services Trade Restrictiveness Index	Policy-based	■	■	
5	The Conference Board Labour Productivity per Person Employed	Outcome	■	■	
6	WEF Global Competitiveness Indicators for Business Sophistication and Innovation	Perception-based	■	■	
7	ILO Employment to Population Ratio	Outcome		■	
8	ILO Share of Youth Unemployment	Outcome		■	
9	ILO Labour Force Participation Rate for Age Group 65+	Outcome		■	
10	World Bank Indicators on Women, Business and the Law	Policy-based		■	
11	WEF Global Competitiveness Indicators for Labour Market Efficiency	Perception-based	■	■	
12	WEF Global Competitiveness Indicators for Financial Market Efficiency	Perception-based	■	■	

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13	UNESCO Tertiary Gross Enrolment Ratio	Outcome		■	■
14	WEF Inclusive Growth and Development Indicators for Basic Services and Infrastructure	Perception-based	■	■	■
15	WEF Inclusive Growth and Development Indicators for Fiscal Transfers	Perception-based	■	■	■
16	UNESCO Pupil-Teacher Ratio	Outcome		■	■
17	World Bank and OECD Physicians Per 1,000 People	Outcome		■	■
18	OECD Programme for International Student Assessment (PISA) Indicators on Reading, Mathematics and Science	Outcome		■	■
19	ITU Indicators on Access to ICT Infrastructure	Outcome	■	■	■
20	World Bank Global Findex Indicators on Share of Population Making and Receiving Digital Payments in the last year (15+)	Outcome	■	■	

Source: Compilations by APEC Policy Support Unit (PSU).

3.2. Update on indicators

Issues such as update frequency, delay in release and change in methodology for the agreed indicators mean that not all indicators would be available for the final review of RAASR.¹⁶ To overcome these issues, in particular on update frequency and delay in release, and to enable as many indicators as possible to be analysed for the purpose of the review, PSU has adhered to the following rules:

- 1) An indicator is deemed to have a baseline if the latest available year is 2016 or if unavailable, earlier year up to 2014 (i.e., 2014 and 2015).

¹⁶ There is usually a delay of a year in the release of indicators after raw data has been collected for reasons such as data cleaning and processing. Essentially, this signifies that indicators showing an economy's performance in 2017 would not be released until sometime in 2018 or even later. For social indicators such as tertiary gross enrolment ratio and pupil-teacher ratio, the time lag between data collection and release can extend to more than three years.

3. Review of APEC-wide progress using agreed external indicators

- 2) An indicator is deemed to have a baseline, and progress can be compared against baseline if the latest available year is after 2016.
- 3) An indicator is deemed to have no baseline if the latest available year is before 2014 for reasons other than release frequency.

Latest compilations by PSU show that a total of 19 indicators have baselines where progress can be compared with. The remaining one indicator, OECD Economy-wide Product Market Regulation, has data for year 2018, but progress cannot be compared against the baseline values as there has been considerable change in the methodology such that the latest score is no longer comparable to the earlier ones. These indicators are colour-coded in green and orange respectively under the “current status” column of Table 3.2.

3. Review of APEC-wide progress using agreed external indicators

Table 3.2. Status of agreed indicators

No.	Indicator	Latest available year	Latest update	Current status
1	World Bank Ease of Doing Business Distance to Frontier	2019 (DB2020)	Oct 2019	
2	OECD Economy-wide Product Market Regulation	2018 (only 7 economies: AUS; CDA; CHL; JPN; ROK; MEX; NZ)	Nov 2018	
3	OECD FDI Regulatory Restrictiveness Index	2018	Jan 2020	
4	OECD Services Trade Restrictiveness Index	2019	Jan 2020	
5	The Conference Board Labour Productivity Per Person Employed	2019	Apr 2019	
6	WEF Global Competitiveness Indicators for Business Sophistication and Innovation	Mostly 2018-19 (GCR2019)	Sep 2019	
7	ILO Employment to Population Ratio	2019	Nov 2019	
8	ILO Share of Youth Unemployment	2019	Nov 2019	
9	ILO Labour Force Participation Rate for Age Group 65+	2019	Jul 2019	
10	World Bank Indicators on Women, Business and the Law	2019 (WBL2020)	Jan 2020	
11	WEF Global Competitiveness Indicators for Labour Market Efficiency	Mostly 2018-19 (GCR2019)	Sept 2019	
12	WEF Global Competitiveness Indicators for Financial Market Efficiency	Mostly 2018-19 (GCR2019)	Sept 2019	
13	UNESCO Tertiary Gross Enrolment Ratio	Mostly 2018, CT 2018-19	Feb 2020	
14	WEF Inclusive Growth and Development Indicators for Basic Services and Infrastructure	Mostly 2018	Nov 2019	
15	WEF Inclusive Growth and Development Indicators for Fiscal Transfers	Mostly 2018	Nov 2019	
16	UNESCO Pupil-Teacher Ratio	Mostly 2018, CT 2018-19	Feb 2020	
17	World Bank and OECD Physicians Per 1,000 People	Patchy (mostly 2016 and 2017)	Nov 2019	
18	OECD Programme for International Student Assessment (PISA) Indicators on Reading, Mathematics and Science	2018	Dec 2019	
19	ITU Indicators on Access to ICT Infrastructure	2018 (fixed and mobile cellular); 2018 (individuals using the internet)	Dec 2019	
20	World Bank Global Findex Indicators on Share of Population Making and Receiving Digital Payments in the last year (15+)	2017	Oct 2018	

Source: Compilations by APEC PSU

Note: Red: No baseline (i.e. latest available year is before 2014); Orange: Latest available year is after 2016 but cannot be compared against baseline due to change in methodology; Green: Possible to compare progress against baseline (i.e. latest available year is after 2016).

3. Review of APEC-wide progress using agreed external indicators

Following PSU’s 2016 report on these external indicators and 2018 RAASR MTR report, changes have been made to some of the indicators. These changes can generally be divided into two main groups. The first pertains to revisions to the methodologies underlying the monitored indicators. One example is the OECD Economy-wide Indicators of Product Market Regulation – its methodology has been considerably changed in 2018 such that at present, data from past surveys cannot be compared with the 2018 data.¹⁷ The second pertains to the decisions by the source to stop tracking some indicators. For example, the WEF does not ask survey respondents to rate their company spending on R&D in the 2019 edition of its Executive Opinion Survey, which is a sub-indicator under the WEF Global Competitiveness Indicators for Business Sophistication and Innovation. Likewise, two sub-indicators under the WEF Global Competitiveness Indicators for Financial Market Efficiency (i.e., financing through local equity market and regulation of securities exchange) are not collected anymore. The full list of changes/modifications since these indicators were monitored are shown in Table 3.3 below.

PSU perceives these changes positively as it reflects the source’s efforts in improving the indicators over time and adjusting to new realities. Where both the overall score and the component sub-indicators are monitored in RAASR, there are merits in monitoring the new sub-indicators as well because they contribute to the overall score. Doing so will allow economies to identify where focus and efforts can be enhanced.

Table 3.3. Changes/modifications to agreed indicators

No.	Indicator	Changes/modifications
2	OECD Economy-wide Product Market Regulation	OECD indicated that the methodology has considerably changed in 2018. Currently, present past versions cannot be compared with the 2018 Product Market Regulation indicators.
6	WEF Global Competitiveness Indicators for Business Sophistication and Innovation	The sub-indicator on ‘company spending on R&D’ is no longer reflected in the latest edition of Global Competitiveness Report (i.e., GCR 2019). WEF indicated that it no longer asks survey respondents to rate the extent that companies invest in R&D in their economies in its latest edition of Executive Opinion Survey (i.e., 2019 edition).
10	World Bank Indicators on Women, Business and the Law	World Bank indicated that it no longer collects information on the following questions: 1) Are mothers guaranteed an equivalent position after maternity leave?; 2) Is it prohibited for prospective employers to ask about family status?; 3) Are employers required to provide break time for nursing mothers?; 4) Can parents work flexibly?
12	WEF Global Competitiveness Indicators for Financial Market Efficiency	The sub-indicators on “financing through the local equity market” and “regulation of securities exchange” are no longer reflected in the latest edition of Global Competitiveness Report (i.e., GCR 2019). While WEF still asks survey respondents to rate the extent that companies

¹⁷ OECD. (n.d.). Indicators of Product Market Regulation. Retrieved from <https://www.oecd.org/economy/reform/indicators-of-product-market-regulation/>

3. Review of APEC-wide progress using agreed external indicators

		can raise money by issuing shares and/or bonds in the capital market in its latest edition of Executive Opinion Survey (i.e., 2019 edition), it no longer asks survey respondents to rate the extent that regulators ensure the stability of the financial market in their economies.
14	WEF Inclusive Growth and Development Indicators for Basic Services and Infrastructure	The latest edition is Inclusive Growth and Development Report 2017, which was referred to in RAASR MTR. WEF indicated that while accessibility of healthcare services is still included in the latest edition of Executive Opinion Survey (i.e., 2019 edition), it no longer tracks the other three sub-indicators.
15	WEF Inclusive Growth and Development Indicators for Fiscal Transfers	The latest edition is Inclusive Growth and Development Report 2017, which was referred to in RAASR MTR. WEF indicated that while social safety net protection is still included in the latest edition of Executive Opinion Survey (i.e., 2019 edition), it no longer tracks the other three sub-indicators.

Source: Compilations by APEC PSU.

3.3. General caveats on insights

Similar to the RAASR MTR, readers should be aware of the following general caveats associated with these insights. First is causation, that is, indicators may be affected by factors other than concrete actions identified by economies. Even in instances where actions have direct impact on an indicator, it may take time for the outcome of these actions to be captured by the indicators.

Second is inference. Improvements in indicators may not be directly linked to observable outcomes for various reasons. For example, improvement in business regulatory environment would facilitate MSMEs' participation, but is not a given if MSMEs decide otherwise.

Analysis of these indicators generally provide a regional perspective, which may be different from those of an individual economy. Indeed, there are instances when an indicator shows improvements in its regional score, but showed the opposite for some economies individually and these will be indicated where relevant. Related is the issue of coverage. It is important to note that changes in score may not be reflective of APEC as a whole as some indicators have data only for certain member economies.

Last but not least, while the agreed indicators provide a good snapshot of progress in certain areas with linkages to RAASR and can encourage deeper policy discussions, they are not exhaustive and therefore, do not cover all aspects of structural reform efforts. For example, on inclusion, although the set of existing indicators are informative to show progress at regional and economy-wide level, inclusion-related issues tend to be distributional in nature and therefore need to be complemented by monitoring indicators at a more micro level such as by analysing household, firm, and labour force surveys. In this regard, relevant indicators reported by economies in their individual action plans can serve as useful complements.

3.4. Progress by pillars¹⁸

As previously mentioned, progress against baseline can be compared for 19 out of 20 indicators. Each would be analysed and assigned the following:

- 1) Upward arrow if the indicator shows improvements across all its sub-indicators.
- 2) Downward arrow if the indicator shows decline across all its sub-indicators.
- 3) Both upward and downward arrows if the indicator shows improvements for some sub-indicators and decline for other sub-indicators, or if there is no change.

For indicators where progress against baseline cannot be assessed, there are values in comparing how APEC has performed vis-à-vis other groupings such as OECD. If APEC has outperformed other groups, it may inspire members to continue their structural reform efforts so as to remain ahead. On the other hand, if APEC performs relatively poorer, then it encourages members to further enhance their structural reform efforts in that area.

APEC's progress in terms of the 20 agreed indicators are summarized in Table 3.4 below. Of the 19 indicators where progress in the latest available year can be compared against baseline, 10 of them indicate improvements against baseline. They are namely: 1) World Bank Ease of Doing Business; 2) The Conference Board Labour Productivity per Person Employed; 3) World Economic Forum (WEF) Indicators for Business Sophistication and Innovation; 4) ILO Share of Youth Unemployment; 5) ILO Labour Force Participation Rate for Age Group 65+; 6) WEF Indicators for Financial Market Efficiency; 7) UNESCO Tertiary Gross Enrolment Ratio; 8) WEF Indicators for Fiscal Transfers; 9) ITU Indicators on Access to ICT Infrastructure; and 10) World Bank and OECD Physicians Per 1,000 People - indicate improvements against baseline.

Another eight indicators show mixed performance. They are namely: 1) OECD FDI Regulatory Restrictiveness Index; 2) OECD Services Trade Restrictiveness Index; 3) World Bank Indicators on Women, Business and the Law; 4) WEF Indicators for Labour Market Efficiency; 5) WEF Indicators for Basic Services and Infrastructure; 6) UNESCO Pupil-Teacher Ratio; 7) OECD PISA Indicators on Reading, Mathematics and Science; and 8) World Bank Global Findex Indicators on Share of Population Making and Receiving Digital Payments in the last year (15+). The remaining indicator (i.e. ILO Employment to Population Ratio) indicates a fall in percentage. More detailed discussions on these indicators are provided below. Where relevant, analysis of APEC's performance between the baseline year and 2018 (the RAASR mid-term year), as well as between 2018 and latest year where data is available, is included.

Table 3.4. APEC performance in the agreed indicators

No.	Indicator	Improvement (2016-Latest)	Improvement (2016-2018)	Improvement (2018-Latest)
1	World Bank Ease of Doing Business Distance to Frontier	↑	↑	↕

¹⁸ Economy nomenclature for APEC members are based on the APEC Publications Guidelines (https://www.apec.org/~media/Files/AboutUs/PoliciesandProcedures/Publications/APECPubs_guide_Oct16.pdf), while that for other economies are based on ISO Alpha-3 codes.

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2	OECD Economy-wide Product Market Regulation			
3	OECD FDI Regulatory Restrictiveness Index	↕	↕	
4	OECD Services Trade Restrictiveness Index	↕	↕	↕
5	The Conference Board Labour Productivity Per Person Employed	↑	↑	↑
6	WEF Global Competitiveness Indicators for Business Sophistication and Innovation	↑	↑	↕ (only for state of cluster development; willingness to delegate authority; and university-industry collaboration in R&D)
7	ILO Employment to Population Ratio	↓	↓	↓
8	ILO Share of Youth Unemployment	↑	↑	↑
9	ILO Labour Force Participation Rate for Age Group 65+	↑	↑	↕
10	World Bank Indicators on Women, Business and the Law	↕	↕	↕
11	WEF Global Competitiveness Indicators for Labour Market Efficiency	↕	↕	↕
12	WEF Global Competitiveness Indicators for Financial Market Efficiency	↑	↑	↑ (only for venture capital availability; soundness of banks; and financing through local equity)
13	UNESCO Tertiary Gross Enrolment Ratio	↑	↑	
14	WEF Inclusive Growth and Development Indicators for Basic Services and Infrastructure	↕	↑	↓ (only for accessibility of healthcare services)
15	WEF Inclusive Growth and Development Indicators for Fiscal Transfers	↑ (only for extent and effect of taxation on incentives to work; extent and effect of taxation on incentives to invest; and social	↑ (only for extent and effect of taxation on incentives to work; extent and effect of taxation on incentives to invest; and social	↑ (only for social safety net protection)

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		safety net protection)	safety net protection)	
16	UNESCO Pupil-Teacher Ratio	↕	↕	
17	World Bank and OECD Physicians Per 1,000 People	↑	↑	
18	OECD Programme for International Student Assessment (PISA) Indicators on Reading, Mathematics and Science [#]	↕	↕	
19	ITU Indicators on Access to ICT Infrastructure	↑	↑	
20	World Bank Global Findex Indicators on Share of Population Making and Receiving Digital Payments in the last year (15+) [^]	↕		

Source: Compilations by APEC PSU

Note: ↑ - indicator shows improvements across all its sub-indicators where data are available; ↕ - indicator shows improvements for some sub-indicators and decline for other sub-indicators where data are available, or if there is no change; ↓ - indicator shows decline across all its sub-indicators where data are available; grey - no progress can be assessed. # The baseline year for OECD PISA is 2015 instead of 2016. ^ The baseline year for World Bank Global Findex Indicators is 2014 and latest year is 2017.

3.5. Pillar #1 – More open, well-functioning, transparent and competitive markets

Pillar #1 monitors the performance of APEC economies in creating more open, well-functioning, transparent and competitive markets. A variety of indicators in the following areas are reviewed: improving business regulations and facilitating their conduct; enhancing innovation and productivity; boosting the competitiveness of labour and financial markets; strengthening access to basic services & infrastructure; and having well-targeted fiscal & social policies. Among the key findings are: 1) APEC should further improve business regulations and conducts despite the progress made; 2) APEC should continue to build on its successes and advance initiatives to promote innovation and productivity; 3) APEC should ensure that the region does not backtrack in its progress to improve labour and financial market competitiveness; and 4) APEC could address gaps in the provision of basic services and infrastructure, and further enhance the implementation of fiscal and social policies.

Improving business regulations and facilitating their conduct

An improved business regulatory environment is vital for the firms' development across all stages, especially MSMEs. Efficient regulations can reduce the burden on firms and hence, enhance their productivity and competitiveness.¹⁹ Furthermore, supportive regulatory environment has positive implications on economic growth, employment, and overall attractiveness of an economy.²⁰

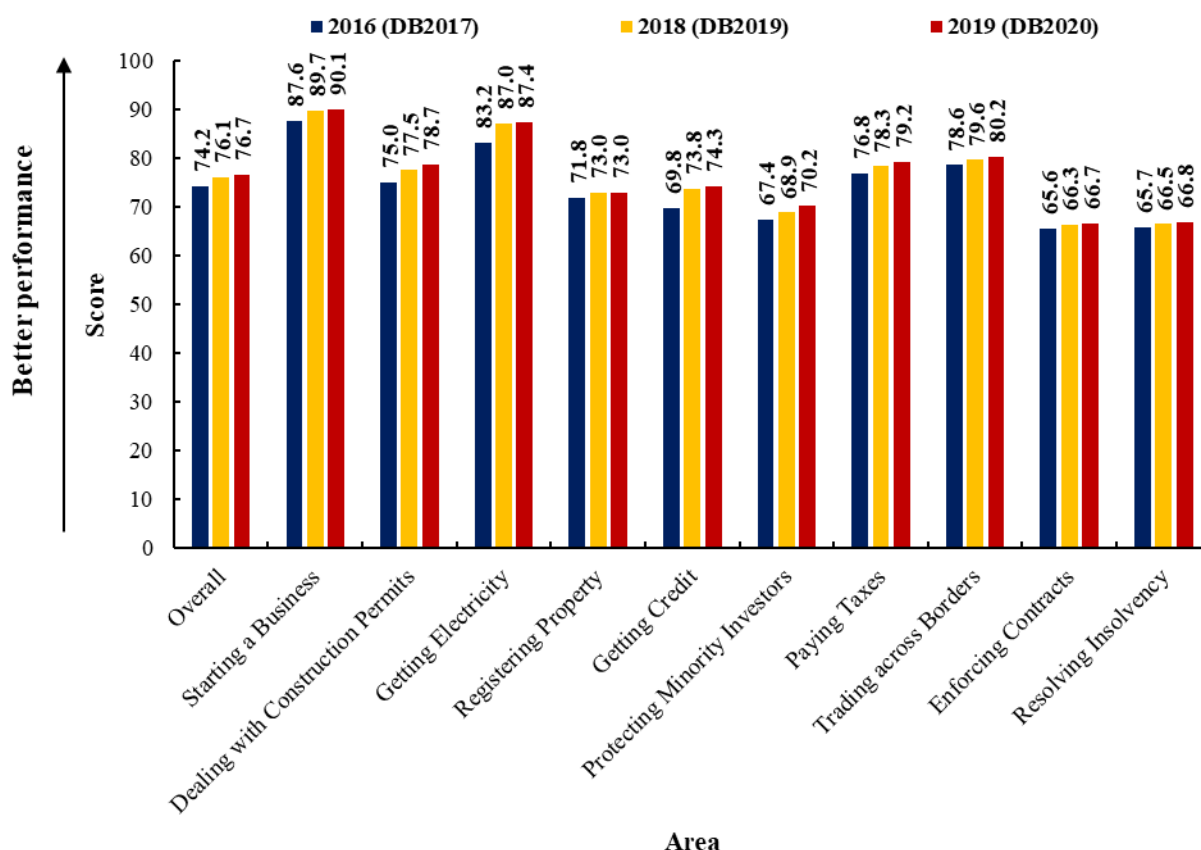
The World Bank's Ease of Doing Business (EoDB) indicators evaluate various business regulations that affect the establishment and operation of businesses. EoDB captures the latest regulatory reforms put in place by economies and is used as a benchmarking tool by policy makers and researchers to facilitate policy discussions and identify best practices.²¹ Analysis of APEC's average scores between 2016 and 2019 shows that the region is becoming more open, well-functioning, transparent and competitive (Figure 3.1). Positive improvements can be seen across all areas covered by the indicators over the assessed period. Perhaps due to the shorter run between 2018 and 2019, the improvement in scores for the period was relatively smaller as compared to those registered between 2016 and 2018. For instance, in terms of overall score, while APEC collectively registered an improvement of 1.91 from 2016 to 2018, it only showed an improvement of 0.59 between 2018 and 2019. In addition, the score had fallen slightly by 0.04 in the area of registering property between 2018 and 2019.

¹⁹ OECD (2018). Improving the Business Environment for SMEs through Effective Regulation. <https://www.oecd.org/cfe/smes/ministerial/documents/2018-SME-Ministerial-Conference-Parallel-Session-1.pdf>

²⁰ World Bank (2019). Doing Business 2019. https://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report_web-version.pdf

²¹ World Bank (2020). Doing Business 2020. <https://openknowledge.worldbank.org/bitstream/handle/10986/32436/9781464814402.pdf>

Figure 3.1. World Bank Ease of Doing Business scores



Source: APEC PSU calculations using data from the World Bank, Doing Business 2020 database. Accessed 6 November 2019. Note: An economy's score is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the best performance. A higher score indicates better performance. For economies with multi-city data, data from the city with the largest population is used. APEC score is the average of all 21 economies.

APEC continued to perform well in “Starting a Business”, and “Getting Electricity”, with scores of 90.1 and 87.4, respectively in 2019. In the case of “Starting a Business”, relatively shorter time, fewer procedures, and lower costs required to start a business were widely observed within most economies. Specifically, economies such as Brunei Darussalam; Chile, China; Indonesia; the Philippines; Russia; and Thailand announced various initiatives to streamline business application processes.

In terms of “Getting Electricity”, APEC made improvement in almost all sub-areas, especially the time, cost, and procedures of getting electricity, communication of tariffs and tariff changes, and system average interruption duration index (SAIDI) between 2016 and 2019. Economies that performed well in this area include Hong Kong, China; Korea; Malaysia; Chinese Taipei; and Thailand.

However, there are several areas where APEC can further improve its performance. Examples include “Protecting Minority Investors”, “Enforcing Contracts” and “Resolving Insolvency”. Lower scores in these areas indicate the need for APEC economies to consider the adoption of good practices to promote an effective judicial system. Specifically for “Protecting Minority Investors”, although reforms in several economies (China; Papua New Guinea; and the

3. Review of APEC-wide progress using agreed external indicators

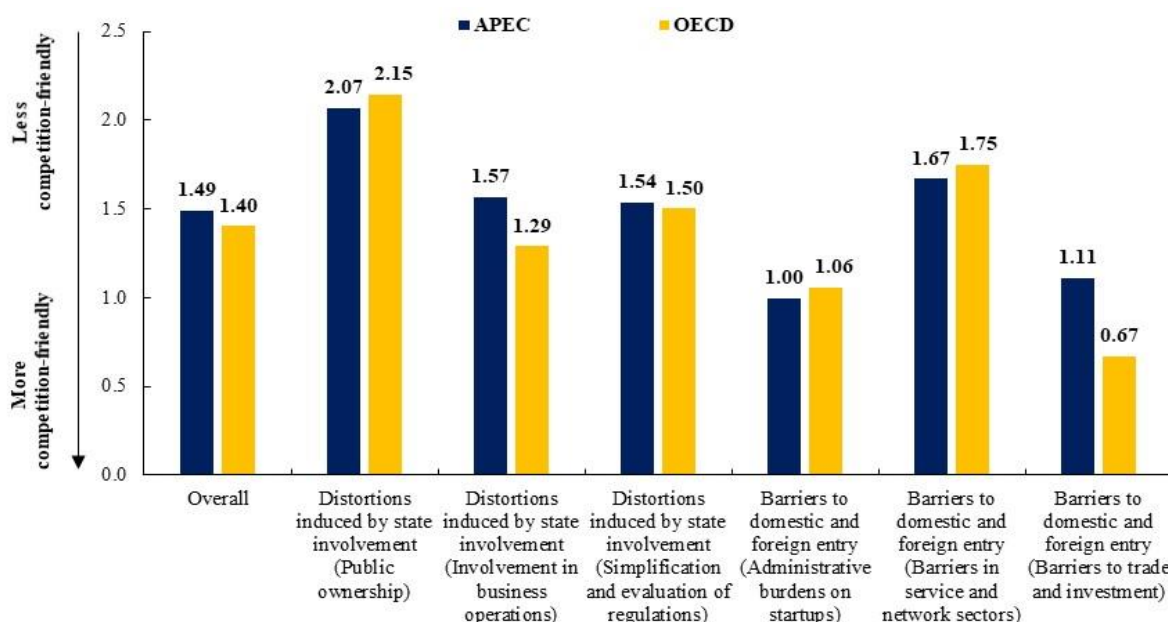
Philippines) have helped to increase shareholders' rights as well as clarify ownership and control structures, only six economies scored above 80 in 2019.^{22,23}

Despite the progress made under “Enforcing Contracts”, the improvement was marginal with only three APEC economies (China; Korea and Singapore) scoring above 80. In fact, some economies undertook measures that have arguably made it more challenging to enforce contracts. For instance, one economy lengthened the initial phase of judicial proceedings by mandating pre-trial resolution before filing a claim. Another economy suspended the filing of new commercial cases, making it more difficult to enforce contracts.

The scores for “Resolving Insolvency” are based on the recovery of debt in insolvency and the strength of insolvency framework. Only four APEC economies (Canada; Japan; Korea; and the United States) scored above 80 for this area, indicating room for improvement.

OECD’s Product Market Regulation (PMR) indicators provide the extent through which policies encourage competition in both goods and services sectors. The latest year where data is available is 2018, but as mentioned earlier, changes in methodology have affected the comparability of this data with earlier versions. As such, the average scores of APEC economies are compared with those of OECD. In terms of overall score, although it is observed that APEC is relatively less friendly to competition than the latter, the region has performed relatively well in addressing public ownership, administrative burdens on start-ups and barriers in service and network sectors (Figure 3.2).

Figure 3.2. OECD Economy-wide Product Market Regulation scores, comparison between APEC and OECD (2018)



Source: APEC PSU calculations using data from OECD Product Market Regulation Database. Accessed 6 November 2019.

²² World Bank (2019). Doing Business 2019. https://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report_web-version.pdf

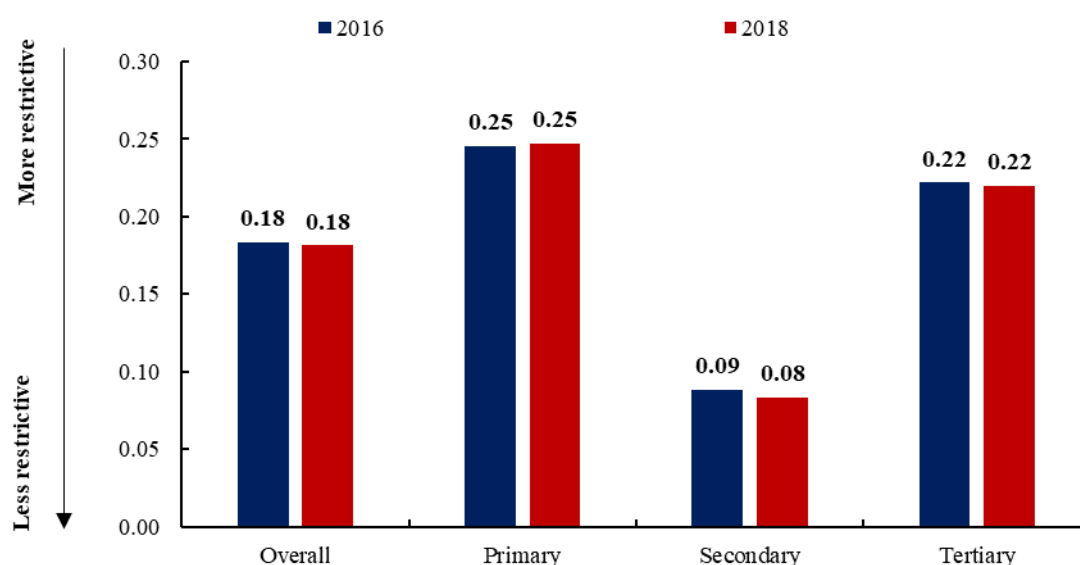
²³ World Bank (2020). Doing Business 2020. <https://openknowledge.worldbank.org/bitstream/handle/10986/32436/9781464814402.pdf>

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Note: A lower value indicates regulatory stance that is more competition-friendly. Overall scores are the average of the six subsections. The APEC score is the average of seven economies (AUS; CDA; CHL; JPN; ROK; MEX; and NZ). The OECD score is an average of 34 member economies.

OECD FDI Regulatory Restrictiveness Index (FDI RRI) measures economies' investment climate by analysing their statutory restrictions on FDI. Analysis of APEC's progress between 2016 (baseline year) and 2018 (latest year where data is available) shows slight improvement in overall score (0.181 in 2016 vs. 0.184 in 2018), indicating that FDI regulations had collectively become less restrictive (Figure 3.3). However, in terms of sector, FDI regulations pertaining to the primary sector had become more restrictive over the same period (0.245 in 2016 vs. 0.247 in 2018). Among the sectors evaluated, the secondary sector was the least restrictive, followed by tertiary and then primary sectors.

Figure 3.3. OECD FDI Regulatory Restrictiveness Index for APEC (2016 and 2018)



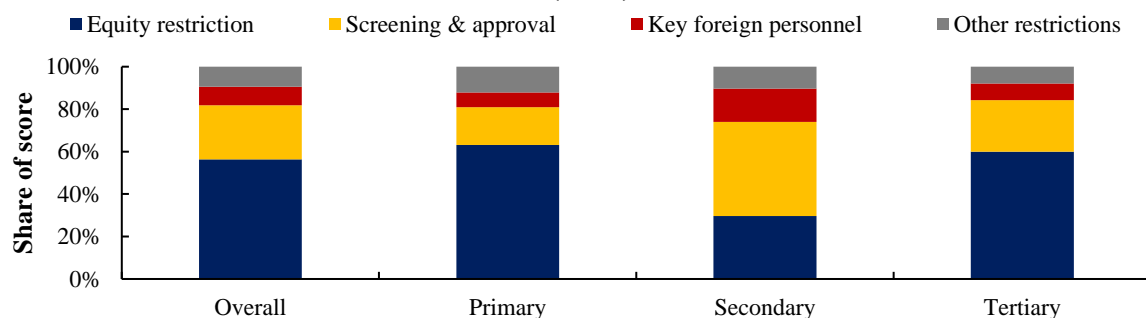
Source: APEC PSU calculations using data from OECD. Accessed 6 November 2019.

Note: A higher score indicates higher levels of restriction. Primary sectors include agriculture, forestry, fisheries, and mining & quarrying. Secondary sectors include manufacturing (food and other, oil & chemicals, transport equipment), electricity (electricity generation, and electricity distribution), and construction. Tertiary sectors include distribution (wholesale, retail), transport (land, maritime, air), hotels and restaurants, media (radio and TV broadcasting, other media), communications (fixed telecoms, mobile telecoms), financial services (banking, insurance, other finance), and business services (legal, accounting and audit, architectural, engineering).²⁴ Calculations comprise of data from 15 APEC economies (AUS; CDA; CHL; PRC; INA; JPN; ROK; MAS; MEX; NZ; PE; PHL; RUS; USA and VN).

The FDI RRI groups restrictions into four main areas, namely those pertaining to: 1) equity restriction, 2) screening & approval, 3) key foreign personnel, and 4) other restrictions. Assessing the restrictions of individual sector shows equity restrictions to have mainly affected the primary and tertiary sectors (Figure 3.4). On the other hand, the secondary sector was affected mainly by restrictions pertaining to screening and approval.

²⁴ OECD (2010). OECD's FDI Restrictiveness Index: 2010 Update. <https://www.oecd-ilibrary.org/docserver/5km91p02zj7g-en.pdf?expires=1582871782&id=id&accname=guest&checksum=B5D2B90F3D3243DB4768949EF15878CD>

Figure 3.4. OECD FDI Regulatory Restrictiveness Index, breakdown by sector, APEC (2018)



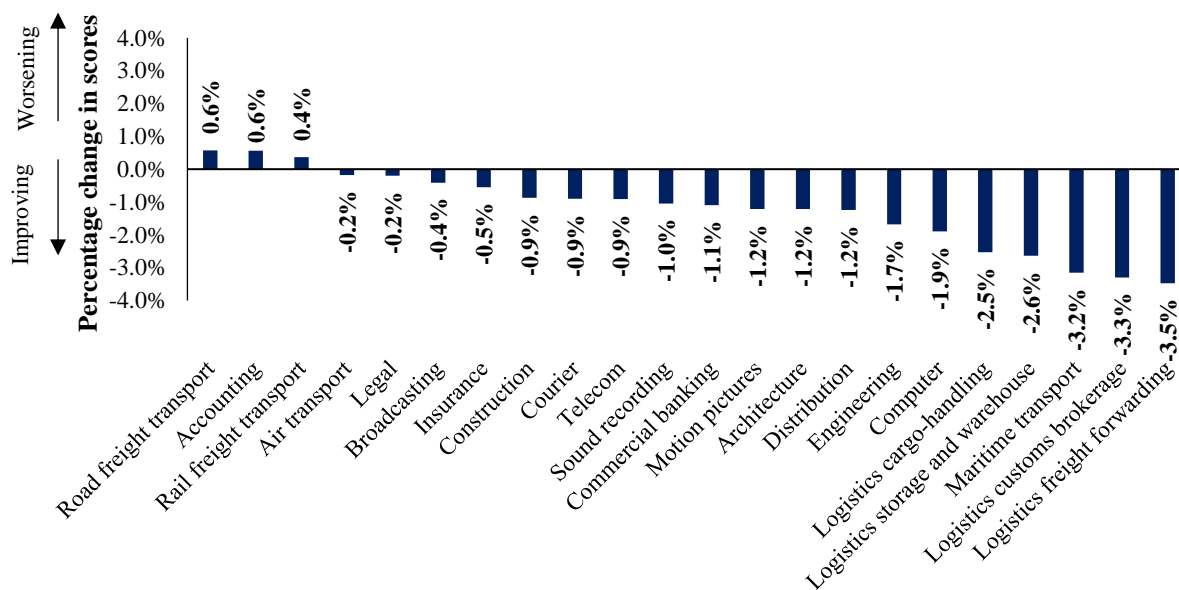
Source: APEC PSU calculations using data from OECD. Accessed 6 November 2019.

Note: Calculations comprise of data from 15 APEC economies (AUS; CDA; CHL; PRC; INA; JPN; ROK; MAS; MEX; NZ; PE; PHL; RUS; USA; and VN).

The OECD Services Trade Restrictiveness Index (STRI) identifies the regulatory policies that lead to barriers specifically on trade in services. It covers 22 services sub-sectors and 13 out of 21 APEC economies. For each of the sector assessed, a value of between 0 (least restrictive) and 1 (most restrictive) is assigned to represent the level of restrictiveness in policies. Five types of restrictions were recorded, namely restrictions on foreign entry, restrictions on movement of people, barriers to competition, regulatory transparency, and other discriminatory measures such as treatment of foreign suppliers regarding taxes and subsidies.

In terms of STRI scores, comparing data for year 2016 and 2019 indicates improvement registered within all sectors except road freight transport, accounting and rail freight transport (Figure 3.5). In terms of improvements, the decrease in restriction across sectors noted improvements ranging from lows of 0.2% to highs of 3.5%. Among the sectors analysed, road freight transport and accounting registered the largest increase in restrictions of 0.6%, driven by an increase in restrictions within other discriminatory measures and regulatory transparency respectively.

Figure 3.5. Change in STRI Scores in APEC (2016-2019)



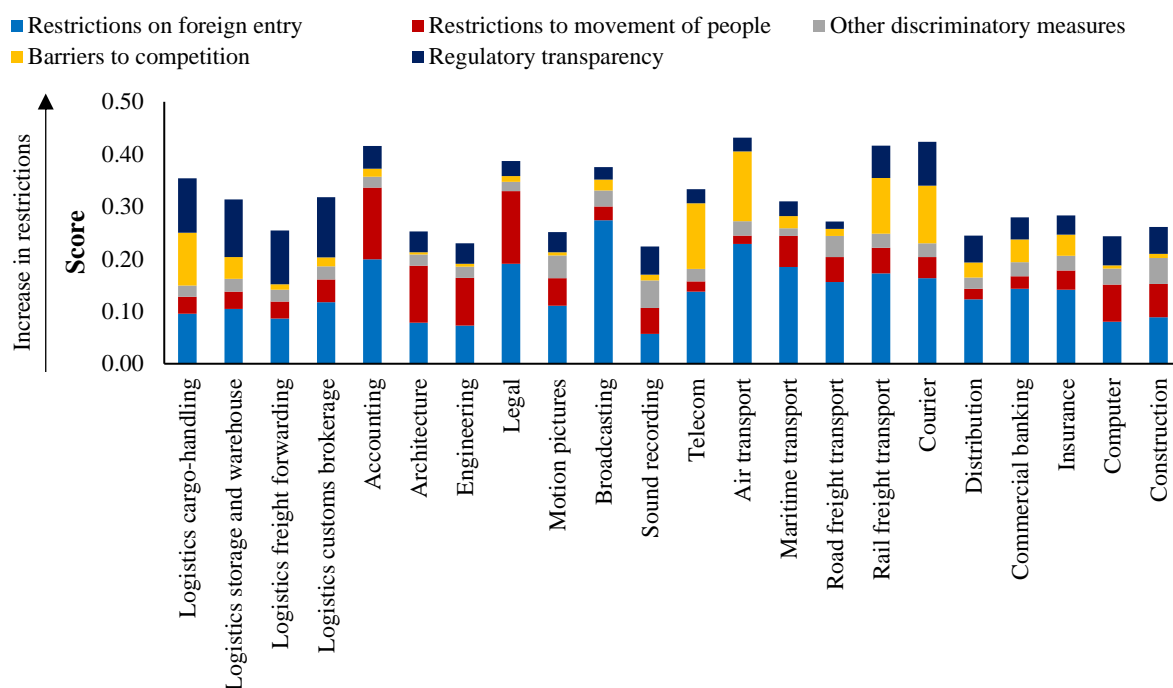
3. Review of APEC-wide progress using agreed external indicators

Source: APEC PSU calculations using data from OECD. Accessed 22 April 2020.

Note: A higher score indicates higher levels of restriction. Calculations comprise of data from 13 APEC economies (AUS; CDA; CHL; PRC; INA; JPN; ROK; MAS; MEX; NZ; RUS; THA; and USA).

Analysis of 2019 data indicates that restrictions on services trade vary between sectors. The main contributing restrictions for some sectors (e.g., accounting, broadcasting and air transport) were foreign equity while in others (e.g., architecture and legal), they were due to regulations affecting the movement of people (Figure 3.6). Air transport, courier and rail freight transport were among the most restrictive sectors in 2019. As many of these sectors facilitate other economic activities including efficiency of supply chains, enhancing the provision of these services from the trade perspective will have spillover benefits to other sectors as well. Sound recording, engineering and computer services were the least restrictive sectors in 2019. In both cases (i.e., the most and least restrictive sectors), the top sectors remained the same as the situation in 2016, the baseline year.

Figure 3.6. OECD Services Trade Restrictiveness Index, Average Scores for APEC (2019)



Source: APEC PSU calculations using data from OECD. Accessed 22 April 2020.

Note: A higher score indicates higher levels of restriction. Calculations comprise of data from 13 APEC economies (AUS; CDA; CHL; PRC; INA; JPN; ROK; MAS; MEX; NZ; RUS; THA; and USA).

Enhancing innovation and productivity

Enhancing innovation and productivity can promote well-functioning, transparent and competitive markets. World Bank (2017) noted that innovation is critical to boosting income, employment, and long-run economic growth.²⁵ Using a production function framework, the contribution of innovation to growth is threefold: 1) technological progress of physical capital

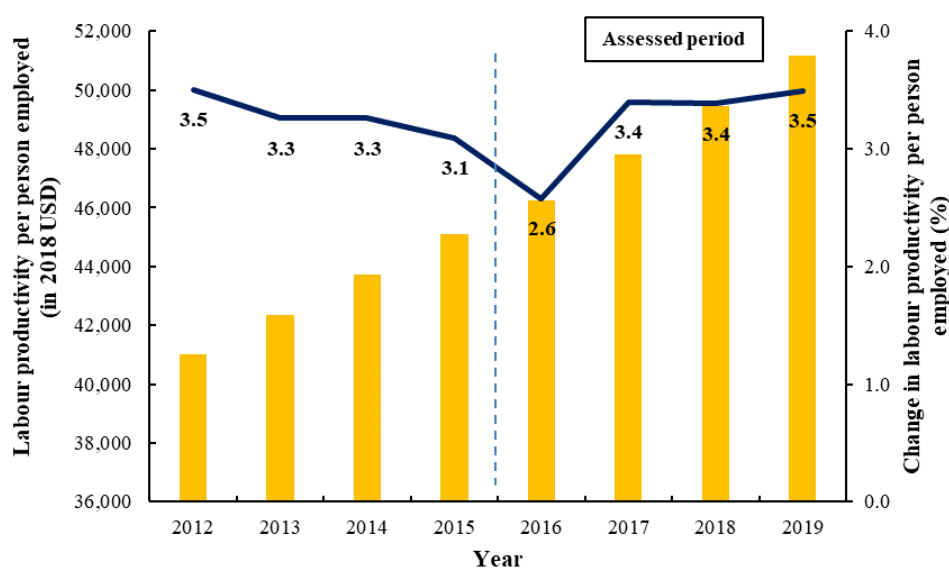
²⁵ World Bank (2017). The Innovation Paradox. <https://openknowledge.worldbank.org/bitstream/handle/10986/28341/9781464811609.pdf>

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in terms of more advanced machinery; 2) investments in intangible capital such as R&D, software or skills; and 3) increased efficiency in the use of labour and capital.²⁶

The average labour productivity is an important indicator of the overall economic productivity. Data obtained from The Conference Board's data on labour productivity per person employed shows that on average, both APEC's labour productivity per person²⁷ employed had increased between 2016 and 2019 (Figure 3.7). A similar trend is noted for adjusted labour productivity per person (data not shown). With the exception of a small decline in 2018, the year-on-year growth in productivity had also been improving over the same period. This is a reversal of trends from 2012 to 2016 where growth had been on a decline. However, among APEC economies there is a divergence, as some registered high growth rate in their labour productivity, while others witnessed stagnant or even declining labour productivity.

Figure 3.7. The Conference Board Labour Productivity per Person Employed



Source: APEC PSU calculations using data from The Conference Board Total Economy database. Accessed 6 November 2019. Note: Calculations comprise of data from 19 APEC economies (AUS; CDA; CHL; PRC; HKC; INA; JPN; ROK; MAS; MEX; NZ; PE; PHL; RUS; SGP; CT; THA; USA; and VN).

Various policy instruments can be implemented by economies to enhance innovation capability and productivity. These include provision of tax incentives, allocation of government funds or loan to support private R&D activities, encouraging skills upgrading courses for employees, as well as facilitation of joint research activities between institutions and industries.

Specifically for APEC, indicators related to business sophistication and innovation taken from the WEF Global Competitiveness Reports (GCRs) indicates that the region showed improvements across three indicators still included in the latest edition of the report (i.e., GCR 2019) (Figure 3.8). Two sub-indicators under business sophistication, namely state of cluster development and willingness to delegate authority, increased from 4.37 and 4.38 in GCR2016-2017 to 4.45 and 4.88 in GCR2019, respectively. However, it is worthwhile to note that

²⁶ OECD (2015). *The Innovation Imperative: Contributing to Productivity, Growth and Well-Being*, OECD Publishing, Paris. DOI: <http://dx.doi.org/10.1787/9789264239814-en>

²⁷ Labour Productivity per person employed is defined by TCB as output in the form of GDP divided by persons employed https://www.conference-board.org/retrievefile.cfm?filename=TED_SMDetailed_nov2017.pdf&type=subtitle

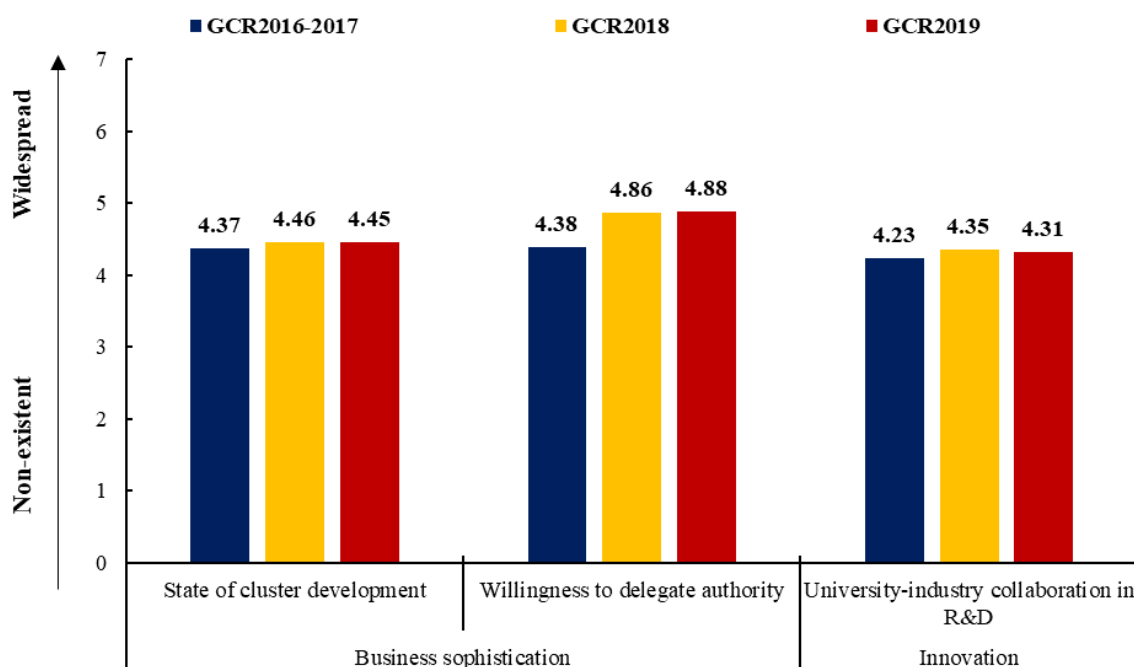
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compared to the score in GCR2018, there was a slight decline in the state of cluster development in GCR2019. The former measures the extent by which well-developed and deep clusters can be found in the economy, while the latter assesses the willingness of senior management to delegate authority to subordinates which would have implications on decision-making process and hence productivity.

Concerning innovation, the sub-indicator on university-industry collaboration in R&D shows improvements in score from 4.23 in GCR2016-2017 to 4.31 in GCR2019. Despite the improvement, the score in GCR2019 is actually a decline when compared to that in GCR2018 (4.31 vs. 4.35). The sub-indicator on company spending on R&D is no longer tracked in the latest edition of the WEF Executive Opinion Survey (i.e., 2019 edition), which serves as a basis for the scores reflected in the GCRs. However, analysis of the survey scores shows that the average score for APEC had improved from 4.15 in 2016 to 4.27 in 2018, the last survey edition where this sub-indicator is monitored. Company spending on R&D measures the extent that companies in the economy spend on R&D, while university-industry collaborations measure the extent of such collaborations.

Mixed performance on the indicators is observed for individual APEC economies. For instance, in terms of state of cluster development, 13 economies reported improvements, while the other 7 had worsening scores between 2016 and 2018. Similarly, university-industry collaboration in R&D identified 12 economies with higher scores, while 9 economies noted a decline in scores between 2016 and 2018.

Figure 3.8. WEF Global Competitiveness Indicators for Business Sophistication and Innovation



Source: APEC PSU calculations using data from the World Economic Forum. Accessed 13 November 2019.

Note: A higher score indicates higher level of business sophistication and innovation. APEC score for state of cluster development, company spending on R&D, and university-industry collaboration in R&D is a simple average of the scores of

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20 economies (AUS; BD; CDA; CHL; PRC; HKC; INA; JPN; ROK; MAS; MEX; NZ; PE; PHL; RUS; SGP; CT; THA; USA; and VN). Willingness to delegate authority does not include data for BD.

Boosting the competitiveness of labour and financial markets

An efficient labour market can promote productivity by providing the right incentives to both employers and employees and by allocating human capital optimally.²⁸ Similarly, a developed financial market can be characterised as one having the capacity to manage risks and enable savings to be allocated in a way to achieve best returns among others.²⁹

Economies can undertake a variety of actions to enhance the competitiveness of their labour markets, including providing unemployment insurance, revisiting existing mechanisms on wage setting, and improving the flexibility of labour market regulations. For APEC economies, the WEF indicators pertaining to labour market efficiency show improvement in scores between GCR2016-2017 and GCR2019 in four out of five areas (Figure 3.9). With respect to cooperation in labour-employer relations, average score in APEC was 4.892 in GCR2019, higher compared to 4.886 in GCR2016-2017. On flexibility of wage determination, average score in APEC was 5.369 in GCR2019, higher than 5.352 in GCR2016-2017. In terms of hiring and firing practices, executives gave APEC economies an average score of 4.224 in GCR2019, higher than 4.160 in GCR2016-2017. With respect to the extent that pay is related to productivity, business executives gave APEC an average score of 4.644 on a scale of 1 (not at all) to 7 (to a great extent) in GCR2019, marginally higher than 4.640 in 2016.

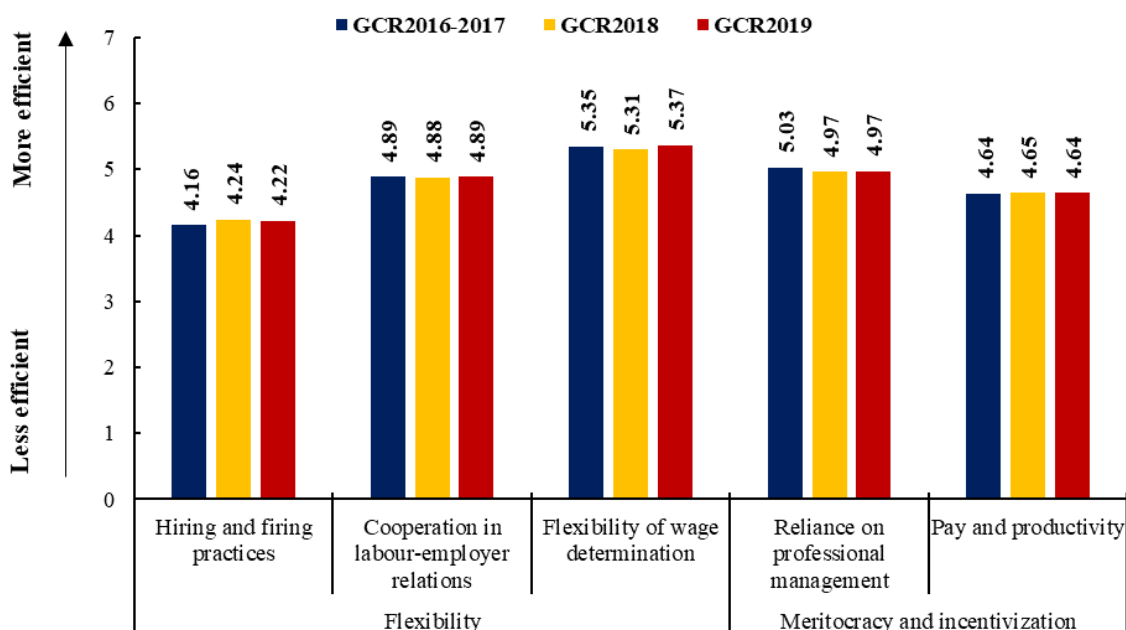
At the same time, it should be pointed out that as compared to GCR2018, the scores for two areas (i.e., pay and productivity, and hiring and firing practices) in GCR2019 were actually lower. This indicates that there was some backtracking of progress gained earlier despite improvements from the baseline situation. The opposite trend is observed in the case of reliance on professional management – although there was a fall in score from 5.030 in GCR2016-2017 to 4.974 in GCR2019, the situation in the latter was an improvement relative to that indicated in GCR2018.

Despite the observed setback by APEC as a region, some member economies such as Hong Kong, China; New Zealand; Singapore; and the United States had consistently high scores across multiple areas. Sharing of best practices among members may potentially contribute to the increase of competitiveness of labour markets in the APEC region.

²⁸ World Economic Forum (n.d.). Labor Market Efficiency. <https://reports.weforum.org/global-competitiveness-report-2015-2016/labor-market-efficiency/>

²⁹ World Economic Forum (n.d.). Financial Market Efficiency. <https://reports.weforum.org/global-competitiveness-report-2015-2016/financial-market-efficiency/>

Figure 3.9. WEF Global Competitiveness Indicators for Labour Market Efficiency



Source: APEC PSU calculations using data from the World Economic Forum. Accessed 4 November 2019.

Note: A higher score indicates more efficient labour market practices. APEC score is a simple average of the scores of 20 economies (AUS; BD; CDA; CHL; PRC; HKC; INA; JPN; ROK; MAS; MEX; NZ; PE; PHL; RUS; SGP; CT; THA; USA; and VN).

To improve the efficiency of their financial markets, economies are promoting inclusive access to financial services, improving transparency of financial regulations, lifting barriers for foreign companies to operate and offer financial products, and encouraging competition.

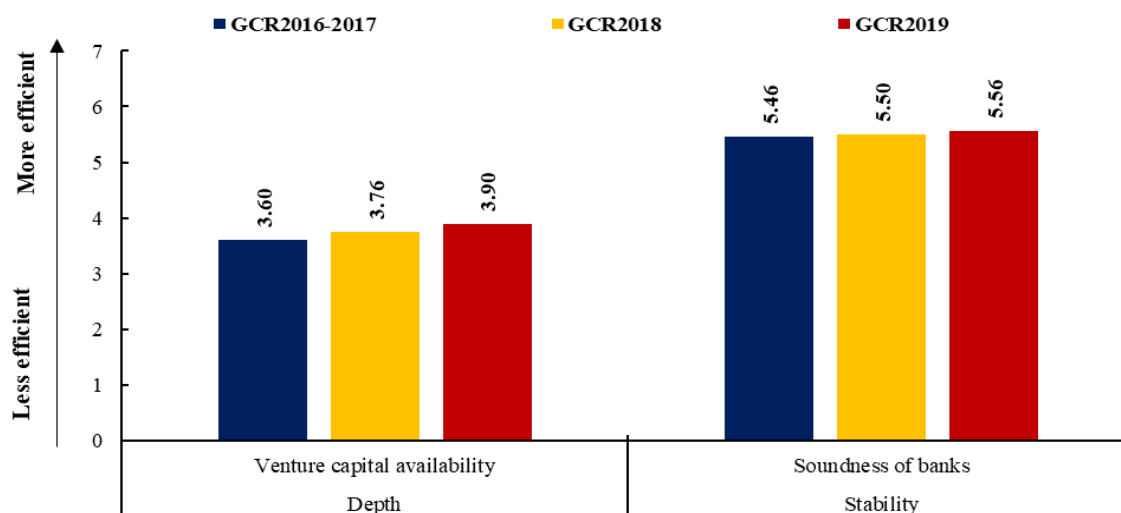
Relative to GCR2016-2017, analysis of WEF indicators pertaining to financial market efficiency shows that the APEC region has done relatively well in GCR2019 – business executives gave higher scores to two areas still covered in this latest edition of the report (out of the four original areas assessed): venture capital availability, and soundness of banks (Figure 3.10).

Venture capital availability showed improvement from 3.60 in GCR2016-2017 to 3.90 in GCR2019. Progress in this area was led by Japan; the Philippines; and Korea. Soundness of banks also indicated an improvement, from 5.46 in GCR2016-2017 to 5.56 in GCR2019, which was led by improvements in economies such as Korea; the Philippines; and Brunei Darussalam. This indicates opportunities for sharing of best practices among APEC members as some other economies have witnessed drop in their scores.

Similar to the case for one indicator related to business sophistication and innovation, WEF no longer included two assessed indicators pertaining to financial market efficiency (i.e., financing through local equity and regulation of securities exchange) in the latest edition of the report (i.e., GCR 2019), but provided the survey scores from its Executive Opinion Surveys for perusal. In terms of financing through local equity, APEC average score improved from 3.60

in 2016 to 3.90 in 2019. For regulation of securities exchange, APEC average score registered an increase from 5.12 in 2016 to 5.22 in 2018, the latest survey edition where this indicator is still tracked.

Figure 3.10. WEF Global Competitiveness Indicators for Financial Market Efficiency



Source: APEC PSU calculations using data from the World Economic Forum. Accessed 4 November 2019.

Note: A higher score indicates more efficient financial market practices. APEC score is a simple average of the scores of 20 economies (AUS; BD; CDA; CHL; PRC; HKC; INA; JPN; ROK; MAS; MEX; NZ; PE; PHL; RUS; SGP; CT; THA; USA; and VN).

Strengthening access to basic services & infrastructure and having well-targeted fiscal & social policies

Improving basic services and infrastructure such as the provision of safe water, sanitation, energy, waste management, public transport, schools, health facilities, and social welfare is critical to social wellbeing, job creation and economic development. As Abiad et al (2016) noted, increased public investment can have a positive effect on both short- and long-term economic output, encourage private investment, and reduce unemployment.³⁰ Similarly, infrastructure investment is estimated to have a direct impact on economic growth. In a study conducted by the APEC Policy Support Unit (2020), it was found that a 10 percent increase in public capital investment increases overall economic growth of economies by a corresponding 1.9 percent.³¹ In the same vein, other studies have found that investing in infrastructure has a positive impact on other areas as well. For example, Munnell (1990) estimates that labour productivity can be improved by between 0.31 and 0.39 percent because of an increase in public infrastructure investment.³² To support the provision of such services and infrastructure, effective taxation and social protection policies are needed to ensure revenue sustainability. Moreover, in addition to being a redistribution tool of income and resources, tax system is also

³⁰Abiad, A., Furceri, D., & IMF, P. T. (2016). The macroeconomic effects of public investment: Evidence from advanced economies. *Journal of Macroeconomics*, 50, 224-240.

³¹ Sangaraju, D., & Bayhaqi, A. (2020). Do public capital investments have an impact on economic growth? Retrieved from <https://www.apec.org/Publications/2020/01/Do-Public-Capital-Investments-Have-an-Impact-on-Economic-Growth>

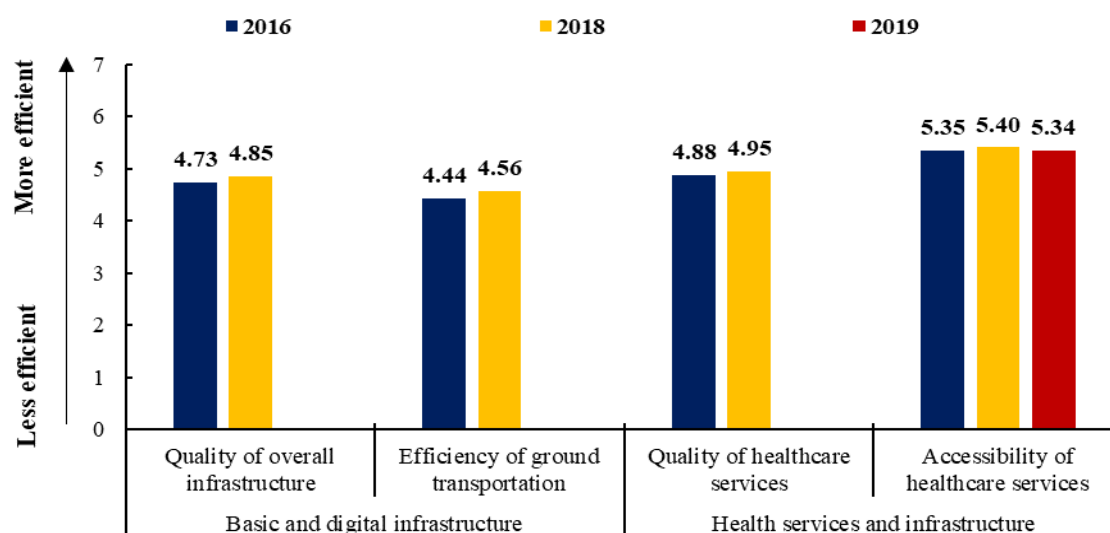
³² Munnell, A. H. (1990). Why has productivity growth declined? Productivity and public investment. *New England Economic Review*. <https://www.bostonfed.org/-/media/Documents/neer/neer190a.pdf>

a key element of the overall business environment and can affect investment decisions significantly.³³

To provide better basic services and infrastructure in the region, APEC economies can improve both the quality and accessibility of their roads, railways, and telecommunications that connect businesses and people domestically and internationally. Economies can also improve the coverage and quality of their public services including education and health by encouraging innovation and leveraging new technologies.

The WEF Inclusive Growth and Development Indicators for Basic Services and Infrastructure measures the perspectives of business executives on the availability of two types of basic services and infrastructure, namely: 1) basic and digital infrastructure; and 2) health services and infrastructure.³⁴ Analysis shows improvement in scores for all four sub-indicators between 2016 and 2018. However, accessibility of healthcare services, which is the only assessed sub-indicator still tracked in the latest edition of the survey, had fallen from 5.40 in 2018 to 5.34 in 2019 (Figure 3.11).

Figure 3.11. WEF Inclusive Growth and Development Indicators for Basic Services and Infrastructure for APEC (2016, 2018 and 2019)



Source: APEC PSU calculations using data from the World Economic Forum. Accessed 6 January 2020

Note: Higher score denotes more effective policies. Data for APEC excludes PNG. Specifically for efficiency of ground transportation, data for APEC excludes HKC and PNG.

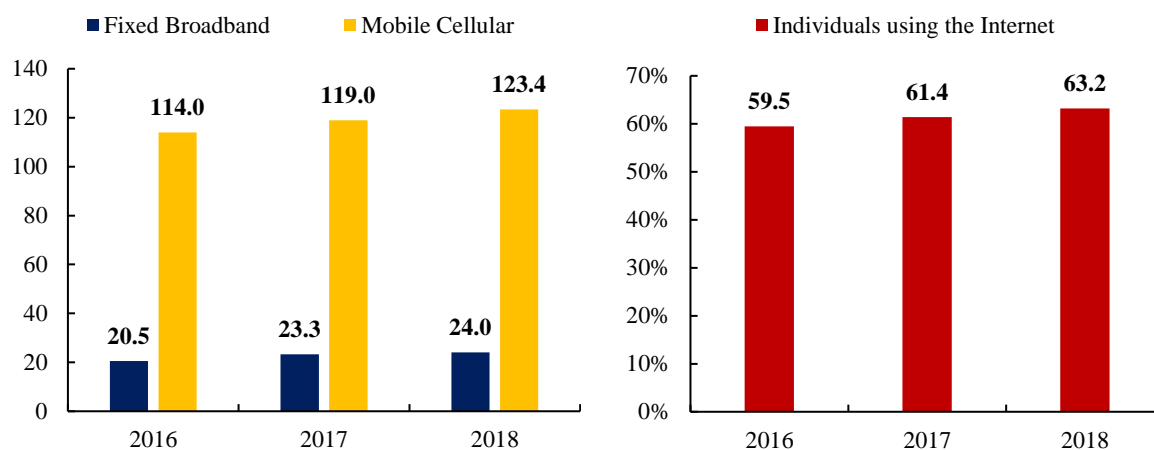
As digital technologies have transformed our day-to-day activities, connecting online has become a necessity and the development of digital infrastructure has become critical and strategic for many economies. In general, digital infrastructure includes both the physical hardware and software (e.g., fibre cable networks, broadband communications satellites, data and cloud computing facilities) which enable the flow of information and the end systems to

³³ OECD. (2013). Policy Framework for Investment – User’s Toolkit. <http://www.oecd.org/investment/toolkit/policyareas/41890309.pdf>

³⁴ When these indicators were agreed upon in 2016, they were reflected in the WEF Inclusive Growth and Development Report (IGDR), but the latest edition of the report with data available was IGDR2017. Having said that, the Executive Opinion Surveys can be used as a basis of the scores presented in the IGDR.

function.³⁵ ITU collects several indicators intended to monitor access to critical ICT infrastructure among the population in the respective economies. In the case of APEC region, mobile cellular subscriptions per 100 inhabitants increased on average from 114.0 in 2016 to 123.4 in 2018. Fixed broadband subscriptions per 100 inhabitants rose from 20.5 to 24.0 over the same period (Figure 3.12). Similarly, the percentage of population using the internet also registered an increase, from 59.5 percent in 2016 to 63.2 percent in 2018.

Figure 3.12. ITU Indicators on Access to Critical ICT Infrastructure for APEC (2016, 2017 and 2018)



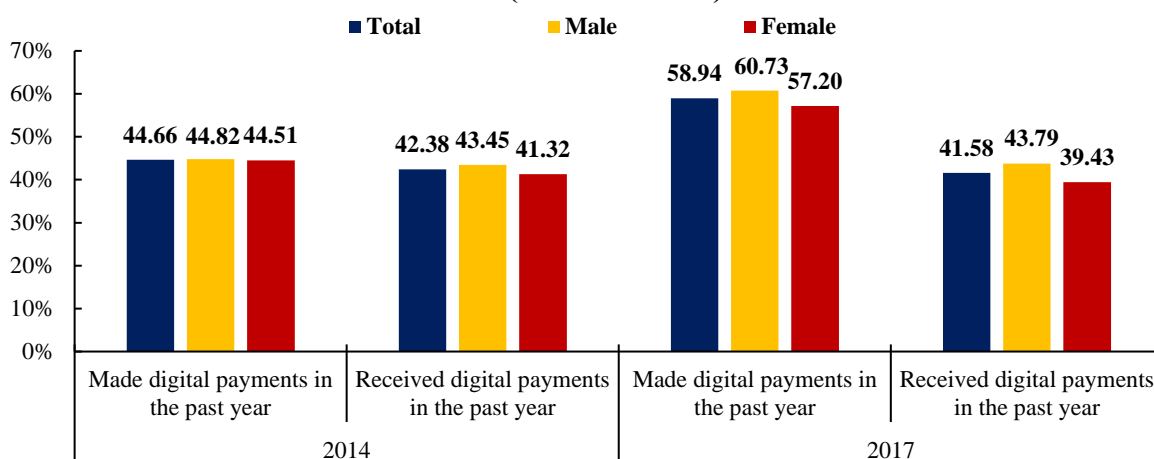
Source: APEC PSU calculations using data from the International Telecommunication Union. Accessed March 2020.

Note: APEC average is a population weighted average of 21 APEC economies. For fixed broadband and mobile cellular subscriptions in 2018, data for 2017 are used for PNG and PE. For percentage of population using the internet in 2018, data for 2017 are used for AUS; BD; CDA; CHL; PRC; NZ; PNG; PHL; and USA.

Specifically on the potentials of having access to these critical ICT infrastructure, data from the World Bank show that the proportion of age 15+ respondents who made digital payments in the past year had increased between 2014 and 2017 (Figure 3.13). In contrast, those who received digital payments in the past year had decreased over the same period. Disaggregating the data by gender indicates that women had primarily contributed to the decrease in the latter. Indeed, men were noted to outperform women across both indicators. These are all indicative that access to the ICT infrastructure may be unequal between gender.

³⁵ ITU (2019). Digital Infrastructure Policy and Regulation in the Asia-Pacific Region. https://www.itu.int/en/ITU-D/Regional-Presence/AsiaPacific/SiteAssets/Pages/Events/2019/RRITP2019/ASP/ITU_2019_Digital_Infrastructure_28Aug2019FNL.pdf

Figure 3.13. Percentage of age 15+ who have made or received digital payments in APEC (2014 and 2017)



Source: APEC PSU calculations using data from Demirgüç-Kunt, Asli, Leora Klapper, Dorothe Singer, Saniya Ansar, and Jake Hess (2018). *The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution*. World Bank: Washington, DC. Accessed 13 November 2019.

Note: APEC average is a weighted average of 19 economies based on population data from UNCTAD Statistics. Data for BD and PNG are not available.

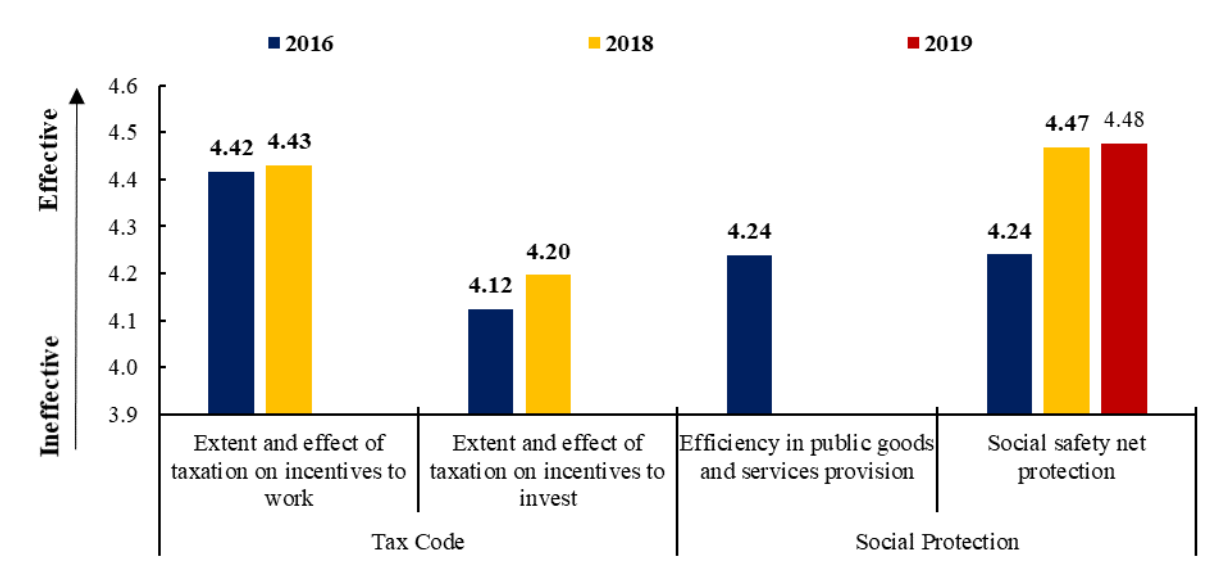
An efficient fiscal policy provides sufficient incentives for employment and innovation. For economies that are able to strike a fine balance between tax revenue and public expenditure, fiscal policy also offers effective social protection programmes for those in need. The WEF Inclusive Growth and Development Indicators for Fiscal Transfers measures the view of business executives on an economy's fiscal policies in two areas: 1) tax code; and 2) social protection. Indicators under the tax code measures the extent to which taxes reduce incentives to work or invest, where 0 represents significant reduction in incentives to work/invest while 7 represents no reduction in incentive to work/invest. Indicators under social protection assess the efficiency of government efforts in providing public goods and services, and in formal social safety nets to protect the general population from economic insecurity in an event of job loss or disability.

Analysis of the survey scores for three areas where progress can be assessed shows improvements. In terms of extent and effect of taxation on incentives to work, the score increased slightly from 4.42 in 2016 to 4.43 in 2018. Regarding the extent and effect of taxation on incentives to invest, the score improved from 4.12 to 4.20 between 2016 and 2018. For social safety net protection, which is the only assessed sub-indicator still monitored by the latest survey edition, the score increased from 4.24 in 2016 to 4.48 in 2019 (Figure 3.14).

In terms of tax code indicators, both APEC developing and developed economies had fairly similar average scores.³⁶ On the other hand, social protection indicators of APEC developed economies showed significantly higher average scores than APEC developing economies. Exchanging of experience and best practices among economies may therefore fill knowledge gaps and collectively boost the region's performance.

³⁶ APEC developed comprises of Australia; Canada; Japan; New Zealand; and the United States, while APEC developing comprises of the rest of APEC members.

Figure 3.14. WEF Inclusive Growth and Development Indicators for Fiscal Transfers in APEC (2016, 2018 and 2019)



Source: APEC PSU calculations using data from the World Economic Forum. Accessed 6 January 2020.

Note: Higher score denotes more effective policies. Data for APEC excludes PNG.

3.6. Pillar #2 – Deeper participation in those markets by all segments of society, including MSMEs, women, youth, older workers and people with disabilities

Pillar #2 encourages member economies to ensure that market participation can be more inclusive. While the range of actions economies can take varies, several key areas where actions can be grouped are highlighted in this section. They are namely: improving the general business environment; overcoming regulatory restrictions in certain sectors; supporting upgrading efforts; reviewing laws and regulations which protect specific groups against discrimination and ways to encourage their participation; as well as enhancing access to infrastructure, education and other social policies. The key findings are: 1) APEC should continue to make improvements in the general business environment, particularly those which may affect MSMEs and startups disproportionately; 2) APEC should maintain efforts in tackling regulatory restrictions which limit participation of firms including MSMEs in certain sectors; 3) APEC should build on its momentum in supporting upgrading efforts by firms including MSMEs; 4) APEC should re-double efforts aimed at increasing the participation of wider segments of the society within its markets, particularly women; and 5) APEC should continue to strengthen access to quality infrastructure, education, healthcare and other social policies as means to improve inclusion in the society.

Improving the general business environment

One way to enhance inclusion is to have general business environment which is conducive to active participation by MSMEs. This is because although there are several challenges that impede the participation of MSMEs as compared to their larger counterparts, one of the most notable is the impact of regulatory barriers, which have the tendency to affect firms disproportionately. Variation in employment size and capabilities among firms means the

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burden of complex business procedures often imposes a larger cost on smaller firms. For instance, Bradford (2004)³⁷ finds that although variable costs are dependent on the size of a company to a certain extent, fixed costs are not. As a result, smaller firms are often disadvantaged given that they are not able to benefit from economies of scale. This disproportionality in regulatory costs tilts the playing field and reduces the competitiveness of smaller firms. In fact, the OECD finds compliance cost to differ extensively between small and large firms. At the aggregate level, the latter registers higher costs but at the per employee level, lower costs have been registered by the larger firms (OECD, 2001).³⁸

Several indicators can provide an indication of MSMEs' potential participation in the market. One such indicator is the World Bank's Doing Business, which focuses mainly on regulations affecting MSMEs. As elaborated in the previous section, an analysis of APEC average scores between 2016 and 2019 indicates positive improvements across all areas covered by the indicators, demonstrating that APEC as a region is becoming increasingly facilitative of MSMEs' participation within the markets. The "Starting a Business" indicator registered the best performance with the highest average score of 90.1 in 2019, followed closely by "Getting Electricity" with score of 87.4. In terms of indicators with the most improvements, "Getting Credit" improved the most over the period (4.52), followed by "Getting Electricity" (4.20) and "Dealing with Construction Permits" (3.78) (Figure 3.1).

Another aspect affecting the participation of MSMEs within the economy is their access to financing. The "Getting Credit" indicator from the World Bank's Doing Business provides some guidance on the improvements APEC economies have made in this area. This indicator tracks if collateral laws are in place as well as the coverage of credit information system across economies.³⁹ Under this indicator, the APEC region fared well with average scores improving from 69.8 in 2016 to 74.3 in 2019. Looking closer, APEC economies noted improvements in areas such as coverage through credit bureaus, where the number of economies achieving full coverage had increased from 9 in 2016 to 11 in 2019.

Another indicator that provides an evaluation of regulatory barriers would be the OECD's Economy-wide Indicators of Product Market Regulation (PMR). The measure evaluates the extent to which policies encourage (or discourage) firm entry and by extension, affect competition. Comparing APEC's performance with that of OECD in 2018 revealed that the regulatory environment in the former was less favourable towards competition than the latter - the overall score and each of the two high-level indicators (i.e., distortions induced by state involvement, and barriers to domestic and foreign entry) supported this observation (data not shown).

Of the six medium-level indicators analysed in previous section, it is worth looking deeper into two, namely simplification and evaluation of regulations and administrative burden on start-ups, in particular from the perspective of inclusiveness as it provides additional information on

³⁷ Bradford, S. (2004). Does size matter? An economic analysis of small business exemptions from regulation. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=548322

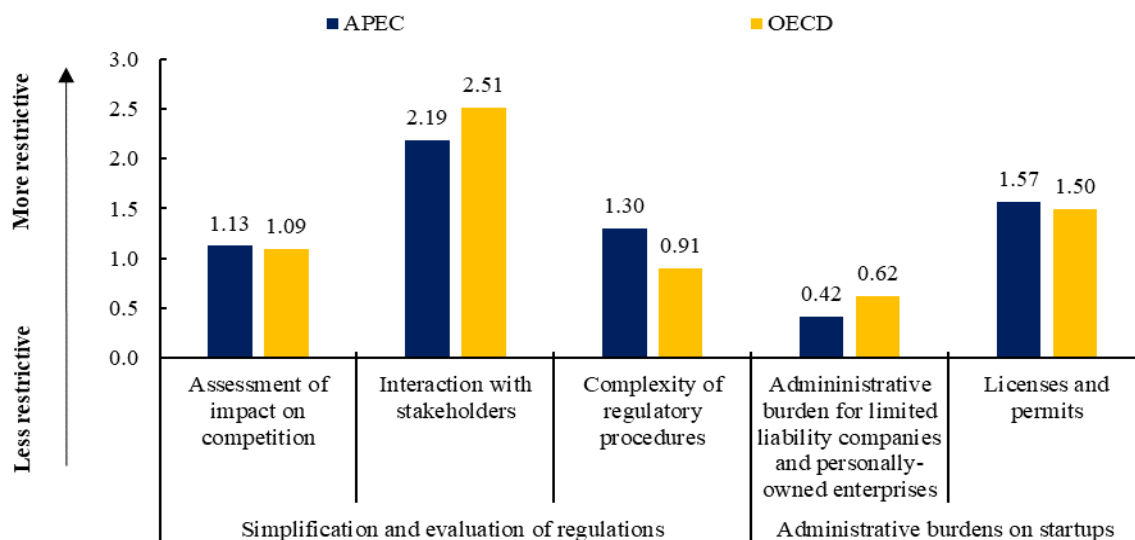
³⁸ OECD. (2001). Businesses' Views on Red Tape: Administrative and Regulatory Burdens on Small and Medium-Sized Enterprises. Retrieved from <https://doi.org/10.1787/9789264193468-en>

³⁹ World Bank (2020). Doing Business 2020. <https://openknowledge.worldbank.org/bitstream/handle/10986/32436/9781464814402.pdf>

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the main regulatory challenges that firms including MSMEs may face and consequently, their ability to deepen their participation. Data show mixed performance – APEC outperformed OECD in the two aspects of interaction with stakeholders and administrative burden for limited liability companies and individual/personally-owned enterprises, but underperformed in the other three aspects of assessment, that is, on competition, complexity of regulatory procedures, and licenses and permits (Figure 3.15).

Figure 3.15. Comparison of APEC and OECD scores in the different aspects on startups (2018)



Source: APEC PSU calculations using data from OECD Product Market Regulation Database. Accessed 6 November 2019. Note: The APEC score is the average of seven economies (AUS; CDA; CHL; JPN; ROK; MEX; and NZ). The OECD score is an average of 34 member economies.

Although literature discussing the impact of labour market efficiency on employment are mixed,⁴⁰ within certain qualifications, labour market efficiencies could have a significant impact on the extent of participation within the economy. For instance, Rafi (2015) finds that within the Australian market, increasing labour market flexibility has a dampening effect on the unemployment rate.⁴¹

The APEC region has performed relatively well in improving the labour market situation. The WEF indicators related to labour market efficiency showed improvement in scores between GCR2016-2017 and GCR2019 in four out of five areas (Figure 3.9). However, it is also worthwhile to note that the scores in the two areas of pay and productivity, and hiring and firing practices in GCR2019 were actually lower than the situation reflected in GCR2018, indicating that some economies may have backtracked from progress gained earlier.

Being able to access a range of financial products is one way MSMEs develop capacity to compete directly with larger firms. In fact, increased access to financing is found to lead to

⁴⁰ For example, see Pissarides, C.A. (2010), “Why Do Firms Offer Employment Protection?”, *Economica*, Vol. 77, pp. 613-636.

⁴¹ Rafi, B. (2015). The impact of labour market regulation on the unemployment rate: Evidence from OECD economies. Retrieved from <https://esacentral.org.au/images/RafiM.pdf>

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higher employment growth rates among MSMEs (World Bank, 2016).⁴² In order to do so, this requires funds to be readily available to MSMEs. This can be achieved through greater financial market efficiency, access to venture capital and financing through local equity markets. Within the APEC region, analysis of WEF indicators pertaining to venture capital availability and soundness of banks, the two sub-indicators still covered in the latest edition of the GCR (i.e., GCR2019) shows that it had improved by 0.10 and 0.29 respectively (Figure 3.10). Although the other two sub-indicators are no longer reflected in GCR2019, analysis of scores in WEF Executive Opinion Surveys indicated improvements between the 2016 edition of the survey and the latest edition where each indicator is still tracked.

Overcoming regulatory restrictions in certain sectors

More restrictive regulations imposed on certain sectors within an economy may affect firms' participation via two main channels. Firstly, the existence of these regulations have the tendency to reduce participation by either discouraging or prohibiting investments within the sector (McKinsey, 2015).⁴³ Secondly, the increasing interconnectedness between markets and industries today means that regulations impacting one industry may have spill over effect on another. As illustration, the manufacturing industry today has become increasingly fragmented such that a product is no longer produced in just a single economy. In addition, services are either embodied or embedded in/with these products. Therefore, regulations that affect an industry that is part of the global value chain may have implications on the overall value chain. For instance, a study conducted by PSU in 2015 showed robustly negative correlation between gross manufacturing exports (controlled for market size) and the various OECD index of restrictiveness for between 34 and 40 economies depending on the sector, giving support to the idea that higher restrictions on services adversely affect the competitiveness of downstream sectors that make use of them.⁴⁴

Section 3.5 of this assessment provides an analysis of the OECD FDI Regulatory Restrictiveness Index (FDI RRI) between 2016 and 2018. It shows that while there had been improvements in overall score and specifically in the secondary and tertiary sectors, FDI regulations pertaining to the primary sector had become slightly more restrictive (Figure 3.3). Assessment of contributions of different restrictions to the scores in 2018 shows that the primary and tertiary sectors were mainly affected by equity restrictions, while the secondary sectors were mostly affected by those pertaining to screening & approval (Figure 3.4).

The OECD has also developed another set of indicator, which analyses and identifies regulatory policies in the services sector – the OECD Services Trade Restrictiveness Index (STRI). As highlighted in section 3.5, examining scores between 2016 and 2019 shows that the progress made by APEC was positive – with all but three sectors showing improvements in its score over the period (Figure 3.5). Among the top sectors that became more restrictive are road

⁴² World Bank. (2016). Access to Finance and Job Growth: Firm-level Evidence across Developing Countries. Retrieved from <http://documents.worldbank.org/curated/en/804781467990954208/pdf/WPS7604.pdf>

⁴³ McKinsey. (2015). The impact of regulation. Retrieved from <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/the-impact-of-regulation>

⁴⁴ APEC Policy Support Unit. (2015). Services, Manufacturing and Productivity. Retrieved from <http://publications.apec.org/Publications/2015/01/Services-Manufacturing-and-Productivity>

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freight transport, accounting and rail freight transport. The main contributors to the increase in scores are restrictions on foreign entry and reductions in regulatory transparency.

Supporting upgrading efforts

Enhancing the business and regulatory environment to support MSMEs' participation is one thing. Equally important if not more are efforts to ensure their continued and deepening participation through regular upgrading. MSMEs often lack the capacity to invest in upgrading themselves and their labour force, with the OECD estimating that they often invest in 50 percent less training as compared to their larger counterparts (OECD, n.d.).⁴⁵ With investment in upgrading efforts, productivity of MSMEs can be improved to allow them to better compete. Apart from increasing labour productivity, investment in upgrading efforts could be in the form of investing in research and development, which could potentially enhance their ability to access international markets. For instance, the World Bank's Enterprise Survey⁴⁶ finds APEC exporters tend to spend more on research and development as compared to non-exporting firms (37.6 percent vis a vis 22.1 percent). In fact, productivity improvements benefit both small and large firms alike. For instance, through investing in upgrading efforts, larger firms will be able to close the gap between leading and lagging firms (Andrews et al, 2015).⁴⁷

As seen in section 3.5, while disaggregated data based on firm size are not available, overall labour productivity per person employed in APEC – both original and adjusted – had increased between 2016 and 2019 (Figure 3.7). In terms of year-on-year growth in productivity, improvements were made over the same period, with the exception of a small decline in 2018. Such improvements highlight the success achieved by APEC economies in enhancing labour productivity, although it should be recognized that the linkage between an improvement in overall labour productivity and MSME productivity is not a given.

WEF indicators pertaining to business sophistication and innovation appear to concur with the observation and can be indicative of the specific efforts undertaken by some APEC economies to improve their labour productivity. As shown in section 3.5, the state of cluster development as rated by business executives improved from 4.37 in GCR2016-2017 to 4.45 in GCR2019 (Figure 3.8). Rating for willingness to delegate authority improved from 4.38 in GCR2016-2017 to 4.88 in GCR2019, while rating for university-industry collaboration in R&D improved from 4.23 to 4.31 over the assessed period. In terms of the sub-indicator on company spending on R&D, while it is no longer included in GCR2019, analysis of scores in the Executive Opinion Surveys provided by WEF indicated that the APEC score had improved from 4.15 in 2016 to 4.27 in 2018 on average.

⁴⁵ OECD. (n.d.). Innovation in Skills Development in SMEs. Retrieved from https://www.oecd.org/cfe/leed/TSME_Highlights_FINAL_formatted.pdf

⁴⁶ Data was only available for 11 economies with the latest year of data indicated in brackets: CHL (2010); PRC(2012); Indonesia (2015); Malaysia (2015); Mexico (2010); Papua New Guinea (2015); Peru (2017); The Philippines (2015); Russia (2019); Thailand (2016); and Viet Nam (2015)

⁴⁷ Andrews, D., C. Criscuolo and P. Gal (2015), "Frontier firms, technology diffusion and public policy: Micro Evidence from OECD Countries", OECD Productivity Working Papers No. 2, OECD Publishing, Paris.

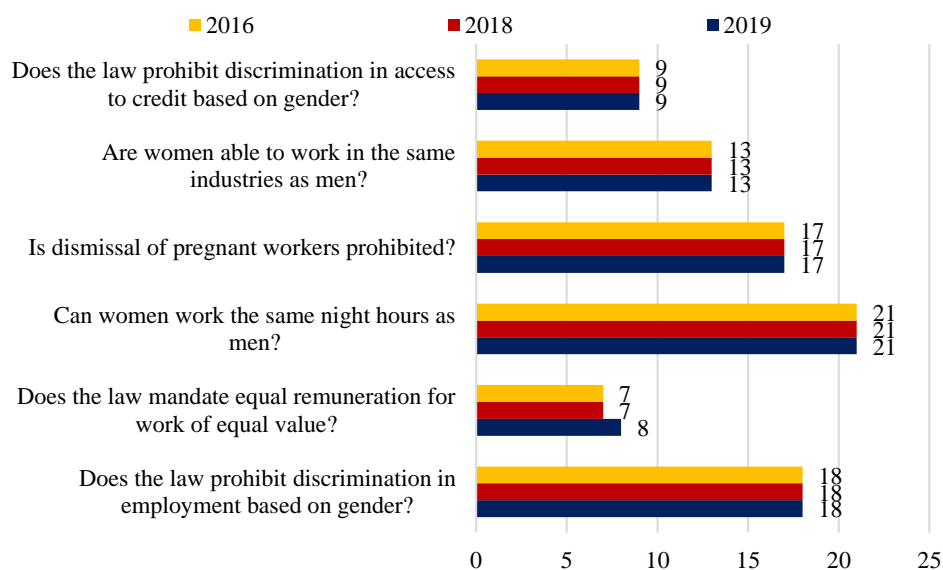
Reviewing laws and regulations which protect specific groups against discrimination and ways to encourage their participation

There are benefits to increasing the participation of various segments of the society in the markets including labour force, as shown by many literature. For example, PwC (2020) estimates that by boosting female employment rates across 33 OECD economies to match those of Sweden (which boasts female employment rate of 69 percent and is consistently among the top 3 OECD economies for the last 5 years) would add USD6 trillion to the economy, while closing the gender pay gap would further boost it by USD2 trillion.⁴⁸ Despite the benefits, increasing their participation is a challenge given that there are often several considerations, which can include work life balance, opportunities for advancement and flexibility (Deloitte, 2016). From the employers' perspective, potential candidates would need to be assessed for their skills and fit to the organization. It is important that policies take into consideration the needs of both parties to promote increased participation.

One means to determine the success of economies in improving participation is via policy indicators such as the World Bank Indicators on Women, Business and the Law (WBL). Data from WBL2020 which reflected the situation in 2019 show that APEC economies have laws/regulations which are intended to protect women against discrimination. For instance, all 21 economies have laws/regulations that allow women to work the same night hours as men (Figure 3.16). Eighteen economies also have laws/regulations prohibiting discrimination based on gender in employment and 17 prohibit dismissal of pregnant workers. However, it is worthwhile to note that with the exception of one question on equal remuneration for work of equal value where one additional APEC economy put in place regulations supporting it, there has been no change in the number of economies that have laws and regulations , which are supportive of women participation between 2016 and 2019.

⁴⁸ PwC. (2020). Women in Work Index 2020. Retrieved from <https://www.pwc.co.uk/services/economics-policy/insights/women-in-work-index.html>

Figure 3.16. Presence of laws/regulations on various aspects that may protect women against discrimination (2016, 2018 and 2019)

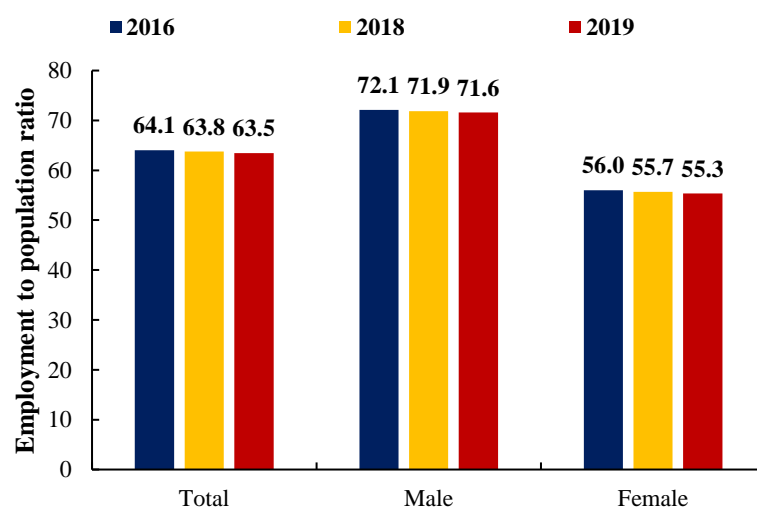


Source: APEC PSU calculations using data from World Bank. Accessed 22 April 2020.

Another approach to measure success is through outcome indicators such as employment to population ratio, share of youth unemployment, labour force participation rate for age group 65+, etc. While there are difficulties in evaluating the actual impact of regulations through these outcome indicators, they are often the best alternative to measure progress.

The ILO employment to population ratio measures the proportion of working age population that is employed in an economy. In general, a higher employment to population ratio indicates that more individuals in a population are actively engaged in productive activities. Analysing APEC's overall performance over the assessed period shows that the ratio had declined from 64.1 in 2016 to 63.5 in 2019 (Figure 3.17). In addition, evaluating the ratio by gender shows that both male and female employment to population ratio had fallen.

Figure 3.17. Average employment to population ratio in APEC by gender (2016, 2018 and 2019)



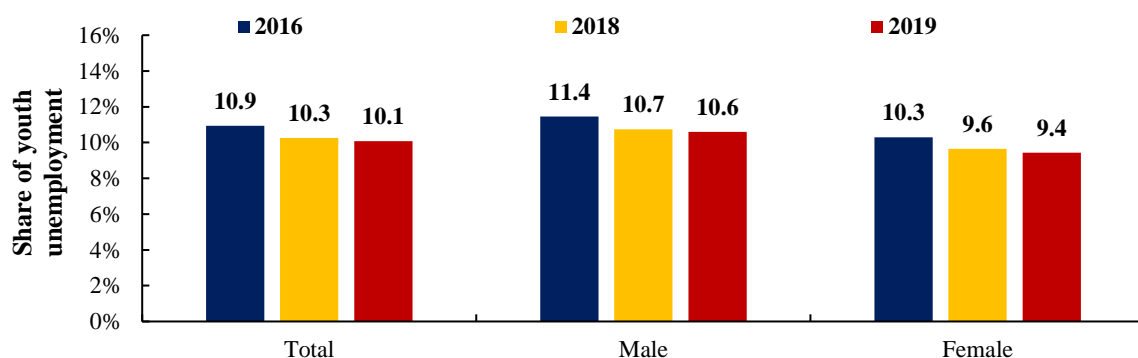
3. Review of APEC-wide progress using agreed external indicators

Source: APEC PSU calculations using data from ILO. Accessed 4 November 2019.

Note: The employment to population ratio is based on modeled ILO estimate. APEC employment to population ratio is a weighted calculation based on the total number of employment and population of all 21 economies

Youths are often perceived as a vulnerable segment of the economy in terms of their ability to join the workforce due to their limited experience and lack of necessary skills to participate actively in the economy. Moreover, hiring them may incur large investment costs to businesses (Thomas, n.d.)⁴⁹ One indicator of youth's participation in the labour force is the ILO share of youth unemployment, which measures the proportion of the labour force between 15 and 24 that are looking to find employment. Analysis finds that the APEC share of youth unemployment fell steadily between 2016 and 2019 (Figure 4.19) for both men and women.

Figure 3.18. Average share of youth unemployment in APEC by gender (2016, 2018 and 2019)

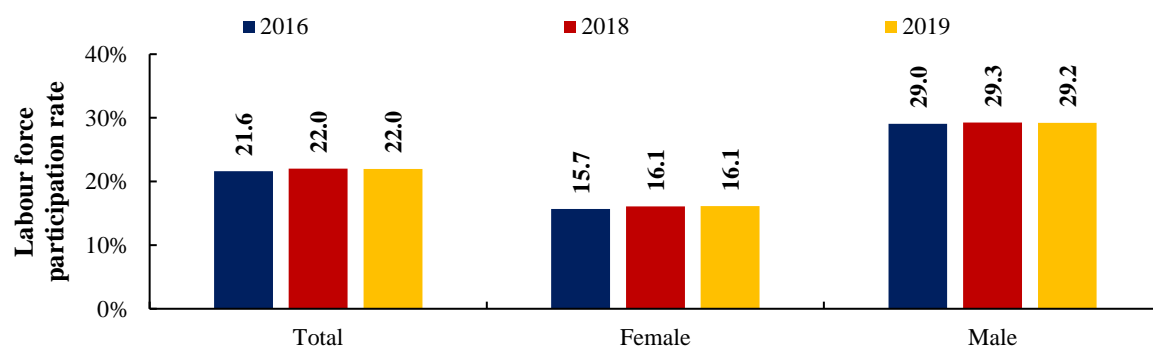


Source: APEC PSU calculations using data from ILO. Accessed 4 November 2019.

Note: APEC share of youth unemployment is a weighted calculation based on the total number of unemployed youth and youth labour force of all 21 economies.

Apart from youth unemployment, increasing participation on the other end of the age spectrum is also important to many economies. The ILO labour force participation rate for age group 65+ indicates the proportion of an economy's population who is aged 65 and above that are economically active. Despite efforts made by economies, the overall level of participation within the APEC region had risen slightly from 21.6 percent in 2016 to 22.0 percent in 2019 (Figure 3.19). In terms of gender, male participation rates were marginally higher than female participation rates in both 2016 and 2019.

Figure 3.19. Average labour force participation rate for age group 65+ in APEC by gender (2016, 2018 and 2019)



⁴⁹ Thomas, M. (n.d.). Employment - Measuring and improving outcomes for young Australians. Retrieved from [https://www.aph.gov.au/About Parliament/Parliamentary Departments/Parliamentary Library/pubs/BriefingBook45p/EmploymentYoungAustralians](https://www.aph.gov.au/About%20Parliament/Parliamentary%20Departments/Parliamentary%20Library/pubs/BriefingBook45p/EmploymentYoungAustralians)

3. Review of APEC-wide progress using agreed external indicators

Source: APEC PSU calculation using data from ILO. Accessed 27 March 2020.

Note: The labour force participation rate is based on modeled ILO estimate and actual data. APEC labour force participation rate is a weighted calculation based on the total number of labour force and population of all 21 economies.

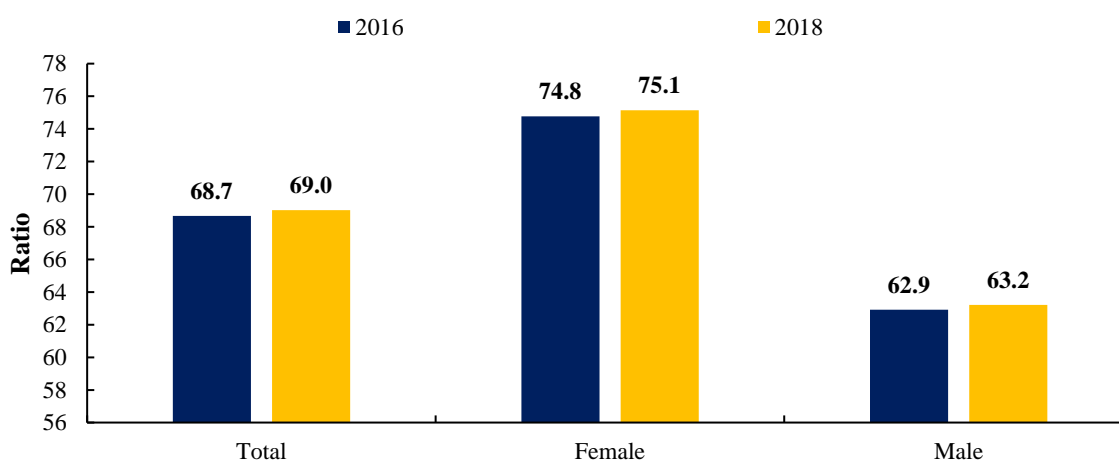
Enhancing access to education and other social policies as well as infrastructure

Improving access to education, healthcare and other social services is one way to enhance inclusion in the society. In fact, several studies have found that with every additional year of education, the output capacity of an individual is likely to increase. For instance, the World Bank (2002) estimates that an additional year of school would increase output by approximately 10 percent. In terms of secondary school education, returns for investment on women were found to be higher than that on men (18.4 percent vis-à-vis 13.9 percent).⁵⁰ Similarly, Barro and Lee (2010) estimates that each additional year of schooling increases output per worker by between 5 to 12 percent.⁵¹

One indicator to measure the level of access to education is the tertiary gross enrolment ratio (GER). It evaluates the number of students enrolled in the tertiary level of education regardless of age as a share of the official school-age population corresponding to the same level of education. Tertiary GER can also be used to infer the improvements in basic education because students would need to complete basic schooling and obtain the requisite skills before enrolling in tertiary institutions.

In APEC, tertiary gross enrolment ratio had increased between 2016 and 2018. About 69.0 percent of the official school-age population corresponding to the tertiary level were enrolled in tertiary education in 2018 (Figure 3.20). By gender, the share of female students who was enrolled in tertiary institutions in both 2016 and 2018 exceeded that of male students.

Figure 3.20. Tertiary gross enrolment ratio for APEC (2016 and 2018)



Source: APEC PSU calculations using data from UNESCO and Chinese Taipei's Ministry of Education. Accessed 12 November 2019.

⁵⁰ World Bank. (2002). Returns to Investment in Education. Retrieved from http://siteresources.worldbank.org/EDUCATION/Resources/278200-1099079877269/547664-1099079934475/547667-1135281504040>Returns_Investment_Edu.pdf

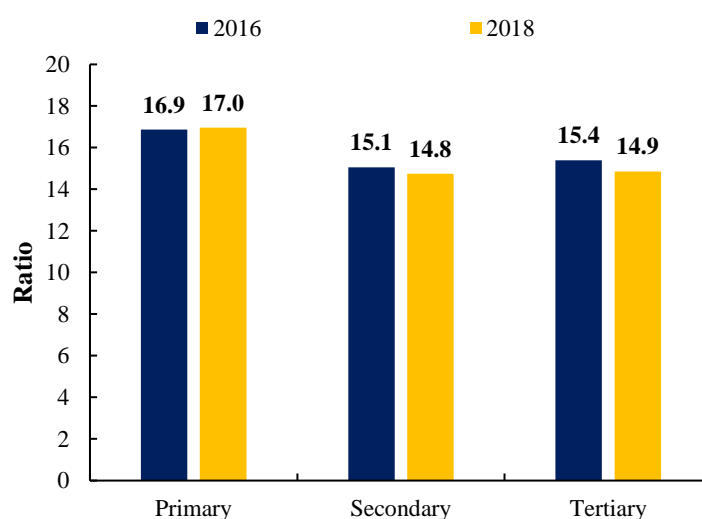
⁵¹ Barro, R. J., & Lee, J. W. (2013). A new data set of educational attainment in the world, 1950–2010. *Journal of development economics*, 104, 184-198.

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Note: APEC total, female and male tertiary gross enrolment ratio is a simple average of the ratio of 17 economies (AUS; BD; CDA; CHL; PRC; HKC; INA; ROK; MAS; MEX; NZ; PE; PHL; RUS; SGP; CT; and USA). Weighted average shows the same trend. For 2016 average ratio, 2014 data are used for PHL. For 2018 average ratio, 2017 data are used for AUS; CDA; CHL; ROK; MEX; NZ; PE; PHL; RUS; SGP; CT and USA. For CT, 2016-2017 and 2018-2019 data are used for 2016 and 2018 respectively.

Apart from providing access to education, it is important for quality education to be provided to individuals. One proxy indicator of quality is pupil-teacher ratio, which serves as an indication of the human resources allocated to the education sector. A lower ratio can be indicative of better teaching quality since each teacher arguably can focus his/her effort on fewer number of students. Between 2016 and 2018, the APEC region registered an improvement in both secondary (15.1 to 14.8) and tertiary levels (15.4 to 14.9). Despite the improvements made, the range among APEC economies was large. For instance, in 2018, ratios at the primary level extended from a low of 9.9 to highs of 29.0. Similar trends are noted for secondary and tertiary levels.

Figure 3.21. UNESCO Pupil-Teacher Ratio for APEC (2016 and 2018)



Source: APEC PSU calculations using data from UNESCO and Chinese Taipei's Ministry of Education. Accessed 12 November 2019.

Note: Data for AUS; CDA; and PNG are not available for all three levels of education; data for CHL, PRC, HKC, PE, PHL and THA are available for primary and secondary levels only; data for RUS are available for primary and tertiary levels only; and data for VN are available for primary level only. With the exception of secondary level, weighted average shows the same trend.

Another indicator of the quality of education is PISA scores on reading, mathematics and science, which are deemed foundational to ongoing education of 15-year-old students. The average age of 15 was chosen because young people at this age are nearing the end of compulsory education in most economies. As a whole, PISA provides an assessment of the extent at which students have been able to gain knowledge and skills that are relevant to the real world and are important for their full participation in society (OECD, 2009).⁵² For instance, knowledge of mathematics is a key underpinning of an individual's life and it is important they

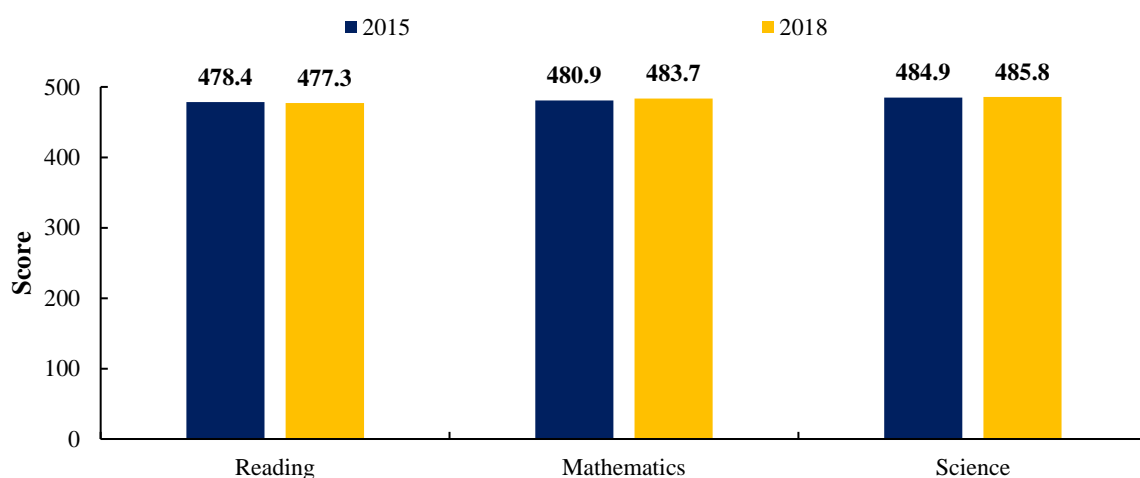
⁵² OECD. (2009). The usefulness of PISA data for policy makers, researchers and experts on methodology. Retrieved from <https://www.oecd-ilibrary.org/docserver/9789264056275-2-en.pdf?expires=1583834697&id=id&accname=guest&checksum=47A355A1B3EAF188DA9257C7E3FF91E8>

3. Review of APEC-wide progress using agreed external indicators

are well equipped to solve problem in the real-world. This is also the case for the other two components (OECD, 2018).⁵³

Analysis shows that the average scores for mathematics had increased from 480.9 in 2015 to 483.7 in 2018. Similarly, the average score for science had increased from 484.9 in 2015 to 485.8 in 2018. On the other hand, the average score for reading had decreased from 478.4 to 477.3 over the same period (Figure 3.22). Additionally, there are variation in scores among individual economies, indicating that there are potentials in sharing of best practices among members. For example, the average score for science ranged between 396.1 and 590.5, while that for mathematics ranged between 378.7 and 591.4.

Figure 3.22. Average PISA reading, mathematics and science scores for APEC (2015 and 2018)



Source: APEC PSU calculations using data from OECD PISA. Accessed 15 January 2020.

Note: APEC average is a simple average of 17 APEC economies. Data for BD, PNG, PHL and VN were not included. For PRC, the four cities/provinces, which participated in PISA 2015, were Beijing, Shanghai, Jiangsu and Guangdong, while the four cities/provinces that participated in PISA 2018 were Beijing, Shanghai, Jiangsu, and Zhejiang.

Assessment of four WEF sub-indicators (i.e., quality of overall infrastructure, efficiency of ground transportation, quality and accessibility of healthcare services) which capture the perspectives of business executives shows that the scores had improved between the 2016 and 2018 survey editions (Figure 3.11). On the last sub-indicator (i.e., accessibility of healthcare services), which was still tracked in the latest survey edition (i.e., 2019), the score had fallen from 5.40 in 2018 survey edition to 5.34 in 2019 survey edition.

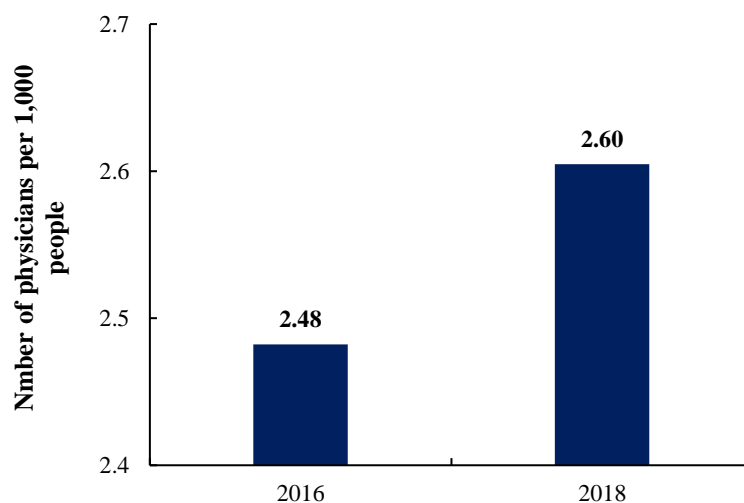
Particularly on access to critical ICT infrastructure, data from ITU show that mobile cellular and fixed broadband subscriptions per 100 inhabitants had increased on average between 2016 and 2018 (Figure 3.12). There was also an increase in the percentage of population using the internet over the same period. In terms of ensuring more equal access to services made possible through such infrastructure, however, disaggregating the proportion of age 15+ respondents who made and received digital payments in the past year in 2014 and 2017 by gender reveals that male respondents had outperformed female respondents across both indicators (Figure 3.13).

⁵³ OECD. (2018). PISA 2018 Mathematics Framework. Retrieved from <https://www.oecd-ilibrary.org/docserver/13c8a22c-en.pdf?expires=1583835406&id=id&accname=guest&checksum=15A86F65014DE075BC8ECF5E91F528FF>

3. Review of APEC-wide progress using agreed external indicators

Deeper participation by segments of the society can also be improved through better access to services such as healthcare and social services. These contribute towards increased participation in economies by ensuring physical wellbeing of individuals. For example, access to healthcare ensures physical wellbeing of individuals and minimizes negative effects such as productive losses due to illnesses and absenteeism rates (WHO, 2004).⁵⁴ Some studies have attempted to quantify the impact of diseases/illnesses on output. For instance, Sarma et al (2001) estimates that a 10 percent reduction in malaria – through the access to better healthcare - increases average income per capita by 0.3 percent.⁵⁵ For the APEC region, one measure of access to healthcare is the World Bank and OECD’s number of physicians per 1,000 people. Analysis shows that there had been a slight increase in the average number of physicians per 1,000 people, from 2.48 in 2016 to 2.60 in 2018 (Figure 3.23). In 2018, variation within APEC ranged between 0.8 and 4.0 physicians per 1,000 people.

Figure 3.23. World Bank and OECD Physicians per 1,000 people for APEC (2016 and 2018)



Source: APEC PSU calculations using data from OECD, World Bank and Chinese Taipei’s Ministry of Health and Welfare. Accessed 30 March 2020.

Note: APEC number of physicians per 1,000 people is the simple average of 10 economies (AUS; CDA; PRC; ROK; MEX; NZ; RUS; CT; THA; and USA). Weighted average shows the same trend. Data for AUS; CDA; PRC; MEX; NZ; RUS; and USA are from OECD. For the number of physicians per 1,000 people in 2018, data for 2017 are used for AUS; PRC; ROK; MEX; RUS; THA; and USA.

In addition to providing access to services, economies have a role to implement well-targeted fiscal transfers which do not promote wastefulness. To better measure this, the WEF indicators on fiscal transfers can be used. The indicators evaluated provide the perspectives of business executives on an economy’s fiscal policies on tax code and social protection. The former evaluates the extent in which its imposition reduced the incentive to work or invest while the latter measures the effectiveness of fiscal policy in tackling income inequality. For the tax code indicator, APEC data show that there had been improvements between 2016 and 2018 (Figure

⁵⁴ WHO. (2004). Investing in health for economic development. Retrieved from <https://www.who.int/macrohealth/action/sintesis15novingles.pdf>

⁵⁵ Sarma, N., Patouillard, E., Cibulskis, R., & Arcand, J.-L. (n.d.). The Economic Burden of Malaria: Revisiting the Evidence. Retrieved from <http://www.ajtmh.org/docserver/fulltext/14761645/101/6/tpmd190386.pdf?expires=1583833188&id=id&accname=guest&checksum=584F3BA9792D0CEC7C6BAF7E03280023>

3.14). In the case of social protection, the sub-indicator on social safety net protection showed that APEC had improved its average score between 2016 and 2019, while no progress can be assessed for the sub-indicator on efficiency in public goods and services provision as it was not tracked since the 2016 survey edition.

3.7. Pillar #3 – Sustainable social policies that promote the other pillars, enhance economic resiliency, and are well-targeted, effective and non-discriminatory

Pillar #3 encourages the design of social policies that are well-targeted, effective, non-discriminatory, and catalyse the economic resiliency of the beneficiaries. APEC economies could consider making improvements in various areas, including those pertaining to enhancing access and quality of education; bolstering access and quality of basic services & infrastructure; and having well-targeted fiscal transfers. Key findings are: 1) APEC should continue to improve access and quality of education, paying attention to gaps in certain level and areas; 2) APEC should augment efforts to improve access to quality basic services and infrastructure, particularly in a number of economies; and 3) APEC should further enhance fiscal transfers through sharing of knowledge and best practices among economies.

Enhancing access and quality of education

The importance of education can never be overstated. It enables individuals to acquire skills, contribute to the society and achieve their full potential. Education has become even more relevant in the wake of the structural unemployment and skills mismatch experienced by economies due to globalisation and technological changes (Krueger et al, 2017). For instance, the digital transformation requires individuals to possess a new set of skills in order to succeed, such as data analysis skills and computer programming. In response to these changes, economies would need to take various initiatives to make education policies more inclusive, including but not limited to increasing the number of institutions, providing scholarships for needy students, facilitating upgrading opportunities for working adults as well as promoting the use of online platforms to deliver various online/e-education programmes.

The tertiary gross enrolment ratio (GER) is one indicator typically used to assess the access to education in an economy.⁵⁶ Analysing APEC's progress between 2016 and 2018 shows that the ratio had increased from 68.7 to 69.0 percent (Figure 3.20). By gender, it can be observed that although the ratios had been increasing for both, it was higher for female students relative to male students. There was also large disparity in the ratios among APEC economies.

In addition to enhancing the inclusiveness of the education policies, improving the quality of education is also critical. Despite its limitations, pupil-teacher ratio remains one of the more widely-accepted ways to monitor education quality. Low pupil-teacher ratio has been associated with better teaching quality, as it signifies smaller classes and more attention on

⁵⁶ Tertiary enrolment rates are also indicative of improvements in basic education as students need to complete basic schooling and attain the necessary skills before entering tertiary institutions. Therefore, increase in tertiary enrolment rates demonstrate improving completion rates at the level of primary and secondary institutions.

3. Review of APEC-wide progress using agreed external indicators

individual pupils. This is supported by studies which found that smaller class size would lead to more positive learning outcomes for students in their first few years of school.⁵⁷

Analysis of data obtained from UNESCO shows that across time, the APEC region's pupil-teacher ratio had increased for primary level education but fallen for secondary and tertiary level education (Figure 4.22). There were rather wide variations between economies; however the ratio for primary level ranged between 9.9 and 29.0, that of secondary level ranged between 8.3 and 25.9, while that of tertiary level ranged between 6.9 and 27.3.

Comparing PISA scores in 2015 and 2018 show that while the average scores for mathematics and science had increased between 2015 and 2018, the average score for reading had decreased over the same period (Figure 3.22). Further disaggregating scores by gender reveals that in addition to reading, the average score for science had also fallen for male students.

Bolstering access and quality of basic services & infrastructure

Widespread availability of basic services and infrastructure improves social mobility and increases access to economic opportunities across income groups (Calderon and Serven, 2014).⁵⁸ They can solve some of the issues faced by low-income groups in their endeavour to increase market participation by lowering their transport and communication cost. As illustrated by Woldeamanuel (2016), limited or irregular transportation options would cause higher job search cost for low-income groups as well as longer and more costly commuting time to work.⁵⁹

The WEF Inclusive Growth and Development Indicators for Basic Services and Infrastructure captures the perspectives of business executives on the availability of basic services and infrastructure. Looking at the situation in APEC between 2016 and 2018 shows that on average, economies had increased their scores in all four areas, namely quality of overall infrastructure, efficiency of ground transportation, quality and accessibility of healthcare services. In the 2019 edition of the WEF Executive Opinion Survey, only accessibility of healthcare services is still tracked and analysis indicates that despite the increase between 2016 and 2018, it had fallen between 2018 and 2019 (Figure 3.11).

Within APEC, it is observed that the difference between APEC developed and developing economies was noticeably significant in the health services and infrastructure indicators. For instance, average quality of health services differed by 1.19 points, while accessibility of healthcare services differed by 1.17 points. In addition to the observed difference between the two groups, the range of scores amongst APEC developing economies was large, with some scoring above the average for developed economies.

⁵⁷ Darian Woods. (2015). "The Class Size Debate: What the Evidence Means for Education Policy." <https://gspp.berkeley.edu/research/featured/the-class-size-debate-what-the-evidence-means-for-education-policy> ; Monk, J., & Schmidt, R. (2010). The Impact of Class Size and Number of Students on Outcomes in Higher Education. Retrieved from <https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1145&context=workingpapers>

⁵⁸ Calderón, C., & Servén, L. (2014). Infrastructure, Growth, and Inequality. Retrieved from <https://openknowledge.worldbank.org/bitstream/handle/10986/20365/WPS7034.pdf>.

⁵⁹ Mintesnot G. Woldeamanuel. (2016). Concepts in Urban Transportation Planning: The Quest for Mobility, Sustainability and Quality of Life.

3. Review of APEC-wide progress using agreed external indicators

Specifically on healthcare, the number of physicians per 1,000 people provides a measure of the health resources available in one economy. Higher ratio is associated with better access to health facilities and higher quality of the health services provided. In this regard, data from World Bank and OECD show that APEC economies had improved the number of physicians per 1,000 people from 2.48 in 2016 to 2.60 in 2018 (Figure 3.23). APEC developed economies in general have more physicians per 1,000 people than APEC developing economies. This trend is largely similar to earlier observations from the WEF indicators, implying that there is room for APEC to further improve both the quality of healthcare infrastructure (including through implementation of e-health initiatives in rural and remote areas) and the number of healthcare personnel.

On access to critical ICT infrastructure, data from ITU showed that mobile cellular and fixed broadband subscriptions per 100 inhabitants had increased on average between 2016 and 2018 (Figure 3.12). There was also an increase in the percentage of population using the internet over the same period.

Well-targeted fiscal transfers

Sound use of taxation and social protection policies can support social inclusion by ensuring better redistribution of resources in an economy, which in turn enhances economic resiliency (Samans et al, 2017).⁶⁰ Indeed, fiscal policies are key to reducing inequalities, by ensuring all individuals have the opportunities to invest in education and skills and contribute to the economic growth (OECD, 2017).⁶¹

From the perspectives of tax code, the sub-indicators from WEF on the extent and effect of taxation on incentives to work as well as that to invest show that APEC had improved its scores between 2016 and 2018, the last survey edition where they were still monitored (Figure 3.14). From the perspectives of social protection, which looks at whether government revenue from various sources including taxation are used in an effective way, the sub-indicator on social safety net protection shows that APEC had improved its score between 2016 and 2019.

Categorizing scores into APEC developed or developing economies indicate that the former performed relatively better in terms of social protection indicators, while the two groups appeared to have similar or fairly close scores pertaining to tax code indicators (Figure 3.14). It indicates that performance can be further improved through sharing of knowledge and best practices among APEC economies.

⁶⁰ WEF. (2017). The Inclusive Growth and Development Report 2017. Retrieved from http://www3.weforum.org/docs/WEF_Forum_IncGrwth_2017.pdf

⁶¹ OECD. (2017). A Fiscal Approach for Inclusive Growth in G7 Countries. <http://www.oecd.org/tax/tax-policy/a-fiscal-approach-for-inclusive-growth-in-g7-countries.pdf>

4. REVIEW OF PROGRESS MADE BY INDIVIDUAL ECONOMIES

4.1. Overview

Nineteen economies provided progress updates on their RAASR priorities and related actions. Full updates (i.e., all priorities and related actions identified in their 2016 RAASR Individual Action Plan (IAP) submissions and subsequent revisions including 2018 Mid-Term Review submissions) were provided by 17 economies, namely Australia; Brunei Darussalam; Canada; Chile; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Peru; the Philippines; Chinese Taipei; Thailand; the United States; and Viet Nam. An additional priority was identified by Mexico in its Final Review submission. Partial updates were provided by China; Papua New Guinea; and Russia.

As a whole, updates were provided for a total of 80 priorities and 167 related actions. Categorizing the priorities into the three pillars of RAASR shows that 65 percent pertain to pillar #1 – more open, well-functioning, transparent and competitive markets, 49 percent pertain to pillar #2 – deeper participation in those markets by all segments of society, including MSMEs, women, youth, older workers, and people with disabilities, while 36 percent pertain to pillar #3 – sustainable social policies that promote the above-mentioned objectives, enhance economic resilience, and are well-targeted, effective, and non-discriminatory.⁶² These shares are fairly similar to that determined during the RAASR Mid-Term Review and indicate that most of the identified priorities relates more to pillar #1 relative to pillars #2 and #3. However, it should be acknowledged that individual economy could have undertaken more activities to address pillars #2 and #3, but these may not have been reported under the RAASR progress review framework.

Various priorities and related actions were identified and undertaken by economies. This is to be expected considering that economies generally provided updates to priorities and activities identified in their IAPs and Mid-Term Review template submissions, which previous analysis had shown to be diverse, even within the same pillar. As an illustration, the objectives of identified priorities categorized under pillar #1 - both original and new - range from reducing/streamlining administrative burden and boosting competitiveness and competition in the economy as a whole and in specific sectors including addressing issues related to SOEs to improving infrastructure and liberalising the market to a greater extent. The purposes of identified priorities categorised under pillar #2 range from enhancing the quality of human resource in the economy and increasing job creation as well as the participation of specific segments of the society such as women, youth, people with disabilities and vulnerable groups in the labour force to providing support to MSMEs in various aspects including lower tax, access to finance and overseas market, technology adoption and government procurement. The aims of identified priorities under pillar #3 range from improving the quality of both education and healthcare and ensuring that they respond to industry demands to enhancing social programmes in terms of benefits and coverage.

As with the Mid-Term Review, more detailed evaluation of the submissions continue to show the progress made by economies in advancing different aspects/elements of their priorities and

⁶² Shares do not sum up to 100 percent because some priorities are associated with more than one pillar.

4. Review of progress made by individual economies

related actions. For example, where economies indicated plans to pass/amend a certain law/regulation in previous submissions, progress observed in their 2020 final review submissions range from the repeal or revocation of laws/regulations, amending existing laws/regulations and introducing new laws/regulations. Depending on the specific laws/regulations, each can be at a different stage (e.g., undergoing passage through the legislative, having been passed but not enforced yet, fully implemented). Where economies indicated the intent to set up/re-structure a certain organisation/agency, efforts have been undertaken with some updates such as the organisation being fully operational or their structures being finalised.

Where economies noted the presence of certain programmes or the intent to undertake certain activities, updates can generally be divided into two groups: 1) specific (i.e. directly associated with the programmes) such as the allocation of budget to the programmes, introduction of new, specific initiatives, annual compliance costs which have been saved, the number of licenses issued, the number of workshops conducted, and the number of beneficiaries of the programmes, including the number of people trained; and/or 2) broad (i.e. might not be attributable only to the programmes) such as change in total number of employment, and contribution of specific sector to macroeconomic variables (e.g. GDP, exports). Several economies indicated that they have yet been able to determine the benefits of certain laws, regulations or programmes in spite of progress because they are either not at the implementation stage yet or having been just implemented.

It is worthwhile noting that deeper analysis of existing actions also reveals some economies making significant progress in aspects/elements not observed in previous submissions such as the intent to set up a new ministry, the establishment of a new agency, the convening of a public-private technical committee, the introduction of a new strategy and the passage of new laws/regulations. While these observations can be attributed to the broadness of the priorities and actions identified by economies, they are also reflective that structural reform is an ongoing process and more can always be done to progress it further.

Despite making progress, several economies noted challenges in moving their actions forward. For example, one economy mentioned that the analysis of several indicators shows that its innovation capacity is still insufficient. Another economy noted that a combination of challenges in funding scheme, high costs, limited land allocation and implementation at the local government has made it challenging to realize the goal of building 1 million houses for low-income families by 2020. There have also been a reorientation of certain actions in some economies due to changes in the external and domestic environment. For example, the Microcredit Financing Scheme in one economy has been withdrawn since the establishment of a dedicated SME bank to ensure clarity on the institution responsible for providing MSMEs financing. Similarly, another economy mentioned that while business confidence was relatively stable before, the economic impact of its domestic issues and uncertainty in the constitutional process have led to a decline in confidence. In addition, later submissions have indicated the implications of COVID-19 on their actions. For instance, one economy noted that it has led to paralysis and rescheduling of ongoing infrastructure projects. Another economy also identified that despite the initiatives it has undertaken to boost the contribution by SMEs to its total exports, weak global GDP and trade growth have dampened its progress. Similarly, another

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updated that COVID-19 has resulted in the postponement of a key meeting required to move forward a certain action. On the positive side, such observations by economies would enable them to respond by making some changes. As an illustration, in the first case, the economy noted that it is in the midst of improving the design and effectiveness of its innovation policies. Specifically on responding to COVID-19, one economy shared that it has led to the strengthening of an agency so that it is better able to support SMEs affected by the pandemic. Last but not least, no or little progress have been observed for several actions, as surmised from the final review submissions relative to the earlier ones. While this could be attributed to the unavailability of recent data, other unreported reasons could have contributed to the lack of progress. Identifying potential solutions necessitates that the underlying reasons be determined.

Monitoring and evaluating priorities and actions require indicators to be identified and baseline to be set. At a broader level, monitoring and evaluation can entail the establishment and convening of a committee, expert panel and/or study. Several economies have indeed looked beyond identified indicators in carrying out their monitoring and evaluation activities. For example, one economy has established an expert panel on youth employment, which led to recommendations and modernisation of its strategy on youth employment and skills. In the same vein, another economy has introduced multi-agency quality assurance panels to ensure that the implementation of regulatory impact statements are carried out to a high standard. In terms of studies, one economy has commissioned a study on the effectiveness of its policy pertaining to kindergarten education. Similarly, another is evaluating possible amendments to its secured transaction laws and has commissioned public hearings to consider different perspectives on the matter.

By and large, analysis of final review submissions shows that economies are moving in the right direction, but there is room for improvement. Indicators need to evolve along with the action as it progresses so that actions with good intentions continue to be monitored and followed through. The quality of information captured by indicators can also be improved. The provision of information without elaborating on their exact nature and target population make it challenging to pinpoint what the economies have exactly implemented and how to benefit from the policies. Indicating that there is improved awareness among stakeholders, without complementing it with information on how awareness was measured, leads to difficulty in better assessing which outreach mechanisms work and which do not, particularly when several mechanisms are being tested. In the same vein, one economy identified that its action has resulted in a “better understanding” of the opportunities and challenges associated with the service exports of some trade agreements but did not specify what “better understanding” meant. Also, specifying regulatory amendments made without providing evaluations of the resulting impact of these regulations makes it challenging to quantify or understand their benefits. Several economies have also identified overall ranking/scores as a means to identify their progress - while useful, it is important that specific aspects are tracked so as to better link progress made through a particular initiative to improvement in ranking/scores.

The identification of baseline conditions (against which latest data and information were compared) is important because it allows for progress to be determined. At the same time, it should be noted that despite their best attempts to isolate the effect of specific policies/programmes, it is not possible to do so because the indicators used also inadvertently

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capture the effect of other policies. Although there is progress at setting baseline conditions, analysis shows that it remains an issue. For example, one economy indicated that expenditure in a specific sector has increased by a certain percentage but did not mention the base period. One economy shared that a specific sector received a larger share of the budget in 2019 but did not indicate the exact value of the share and year of comparison. Another indicated that investment for non-mining businesses has increased since the 2016-2017 budget but did not specify the extent of the increase. As indicated in the Mid-Term Review, the latest data and information in some cases were not as recent as expected (i.e., 2019 or later). This often makes a comparison of progress difficult. While it is understood that data collection and processing may be costly and economies could not do so as often as they wish, there are merits in having indicators which are updated regularly to ensure that they reflect the situation on the ground as close as possible, hence allowing for more appropriate responses and fine-tuning of policies.

4.2. Summary of progress review by economies

Australia

Australia identified 5 priorities in its RAASR Individual Action Plan (IAP) submission in 2016, namely: 1) increasing workforce participation; 2) improving competition and reducing administrative burden; 3) supporting growth and higher wages; 4) supporting business and entrepreneurship through innovation and regulatory reform; and 5) market access and trade liberalization. Australia associated each of these priorities with single or multiple pillars identified under RAASR (Table 4.1).

Table 4.1. Australia's RAASR priorities and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	Increasing workforce participation		■	■
2	Improving competition and reducing administrative burden	■		
3	Supporting growth and higher wages		■	
4	Supporting business and entrepreneurship through innovation and regulatory burden	■	■	■
5	Market access and trade liberalization	■		

Source: Compilations by APEC Policy Support Unit (PSU) based on Australia's submission of 2020 RAASR Final Review Template.

Australia provided updates for all priorities and related actions. Below is a summary of progress by priority.

Priority 1 – Increasing workforce participation

Australia introduced an AUD840 million Youth Employment Package in its 2016-2017 Budget. A key component of the package is an AUD752 million Youth Jobs PaTH (pre-employment-hire) Programme, which aims to facilitate job seekers under 25 years old registered with employment services to become more competitive in the labour market and hence gain employment. It comprises of three flexible parts, namely: 1) pre-employment skills training to help candidates develop stronger employability skills; 2) business internship placements of four to twelve weeks for up to 30,000 job seekers annually, with businesses involved receiving one-off payment; and 3) youth wage subsidy of up to AUD10,000 for employers that hire eligible young job seekers and paid over six months. Since its commencement in April 2017, the Youth Jobs PaTH Programme has helped 53,700 youths into employment as at December 2019. Furthermore, the Government would provide an additional AUD89 million to encourage youths to start their own businesses, including via expansion of the New Enterprise Incentive Scheme. In 2019, the Government announced that through the Youth Jobs PaTH Industry pilots, it would partner with nine organizations to try different models of pre-employment pathways in a demand-led approach.

Australia committed to investing around AUD37.1 billion over four years (from 2018 to 2021) under the New Child Care Package to support access to childcare. The Package introduced a single means-tested Child Care Subsidy for families, which is paid directly to approved child

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care providers. 1.1 million families received support for their child care costs in the first year of operation of the Child Care Subsidy, with latest data from the Australian Bureau of Statistics (ABS) indicating that out-of-pocket costs are on average 4.2 percent lower than before its introduction. The Child Care Subsidy has also managed to slow the growth of child care fees to below the 10-year long term average. The Australian Institute of Family Studies is currently reviewing the impact of the Package.

Priority 2 – Improving competition and reducing administrative burden

Following the 2015 Harper Competition Policy Review, Australia passed major reforms to the Competition and Consumer Act 2010 in 2017. Key reforms include strengthening prohibition on misuse of market power, implementing prohibition on concerted anti-competitive practices and reforming merger approval processes. Furthermore, Australia repealed the intellectual property-related exemption for anti-competitive conduct in the Act in 2019 after a Review of Intellectual Property Arrangements by the Productivity Commission. Australia opined that the reforms would support innovation and boost economic growth and jobs. In December 2019, the Australian Competition and Consumer Commission announced that it was commencing the first court action under the new prohibition on misuse of market power.

To reduce red tape and unnecessary regulation, Australia has established a new Deregulation Taskforce to examine regulations from businesses' perspective, identify regulations and processes which impose largest costs on the economy, and propose solutions to remove or simplify them.

In November 2019, the Government announced a range of measures as part of its New Deregulation Agenda to streamline regulations, improve regulatory processes and reduce the cost of doing business. Four key measures include (1) developing a consolidated online source of information and guidance to help up to 150,000 small and micro-businesses who employ someone for the first time; (2) modernising Australia's business registers to make it easier and faster for businesses to interact with government by bringing together 32 separate business registers into a single source of reliable, trusted and accessible Australian business data; (3) developing a single digital environmental approvals process and biodiversity database, in partnership with the Western Australian Government, to reduce major project approval times; and (4) digitising export certification to align Australia's export systems with those of our trading partners, saving businesses an annual total of AUD6.4 million to AUD10.4 million in costs and 6,625 days in border delays.

Since 2013, around AUD5.9 billion of regulatory burden on businesses, community organizations and individuals have been removed. It also improved and strengthened the Regulatory Impact Analysis (RIA) framework, focusing to minimize regulatory burden on individuals, businesses and community organizations. This came into effect in March 2020. Australia's regulators also continue to periodically report against key performance indicators (KPIs) developed under the Regulator Performance Framework in 2015.

Priority 3 – Supporting growth and higher wages

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Australia announced a 10-year enterprise tax plan (ETP) in its 2016-17 Budget, aimed at encouraging investment and supporting job creation. In the original tax cut schedule legislated in 2017, businesses would only be able to benefit from 2023-24 onwards. However, Australia has fast-tracked key elements of the ETP five years ahead of schedule through a second legislative amendment. For example, the adjustment to the corporate tax rate was fast-tracked so that companies with an annual turnover below AUD50 million would receive a 26 percent rate in 2020-21 and a 25 percent rate from 2021-22. The tax discount rate for unincorporated businesses was fast-tracked such that it will now increase to 13 percent in 2020-21 and then 16 percent from 2021-22 (up to a cap of AUD1,000).

Priority 4 – Supporting business and entrepreneurship through innovation and regulatory burden

Following the launch of the National Innovation and Science Agenda (NISA) in 2015, Australia has committed additional investments to support innovation. The 2018-19 Budget allocated AUD2.4 billion over 12 years to grow Australia's research, science and technology capabilities. It has also announced an AUD150 million fund to enable Australian businesses to participate with NASA on its inspirational campaign to return to the moon and travel to Mars. The Government has also tasked Innovation and Science Australia (ISA) to investigate the barriers of undertaking R&D in the economy. In February 2020, it reported that non-R&D innovation (e.g., staff training, business model enhancement and technology adoption) was equally important to supporting innovation.

Australia announced an AUD5.5 billion Growing Jobs and Small Business package in the 2015-16 Budget. Since then, it has further built on the measures by legislating lower tax rates for small and medium-sized companies (i.e., to 26 percent in 2020-21 and 25 percent in 2021-22); bringing forward increases to the unincorporated small business tax discount rate (i.e., to 13 percent in 2020-21 and 16 percent in 2021-22, up to a cap of AUD1,000); lifting the small business entity turnover threshold to AUD10 million; and making successive extensions to the instant asset write-off (including increasing asset threshold to AUD30,000 and expanding access to medium businesses with an annual turnover of less than AUD50 million).

Priority 5 – Market access and trade liberalization

The Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP) economies including Australia was signed in March 2018, and in the case of Australia, entered into force on 30 December 2018. The agreement eliminates more than 98 percent of tariffs among the signatories; delivers a more liberalized and predictable regime for the regulation of foreign investment; and ensures Australian services suppliers improved transparency and certainty in the operating conditions in the signatories' markets. A Leader's Statement on the Regional Comprehensive Economic Partnership (RCEP) Agreement was made by 15 RCEP participating economies in November 2019, announcing the conclusion of all 20 chapters of the agreement and all market access commitments on goods, services and investment. Moving forward, Australia is looking at achieving signature of the RCEP Agreement in 2020.

Brunei Darussalam

Brunei Darussalam identified one priority in its RAASR Individual Action Plan (IAP) submission in 2016, namely to establish a business-friendly environment. In its Mid-Term and Final Review template submissions, Brunei Darussalam updated the priority identified in its IAP and identified three additional priorities. The four priorities are: 1) increasing the national productivity; 2) ease of doing business in Brunei Darussalam (updated from 2016 IAP priority); 3) business growth; and 4) lower unemployment rate and create industry-ready manpower. Brunei Darussalam associated each of these priorities with single pillars identified under RAASR (Table 4.2). Two of the actions under priority #4 are also expanded in the Final Review template submissions.

Table 4.2. Brunei Darussalam’s RAASR priorities and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	Increasing the national productivity			■
2	Ease of doing business in Brunei Darussalam	■		
3	Business growth		■	
4	Lower unemployment rate and create industry-ready manpower			■

Source: Compilations by APEC Policy Support Unit (PSU) based on Brunei Darussalam’s submission of 2020 RAASR Final Review Template.

Brunei Darussalam provided updates for all priorities and related actions. Below is a summary of progress by priority.

Priority 1 – Increasing the national productivity

Brunei Darussalam proposed restructuring and reorganization of its Law and Welfare Division to optimise human resource allocation and efficiency. To date, it has identified and established three units to handle the daily tasks of the division, namely: legal unit, welfare unit, and support services unit.

In relation to the above, Brunei Darussalam also proposed reforms to improve key performance indicators (KPI) of the Division. Five initiatives have been implemented, namely: 1) implementation of work process manual; 2) job description & competency framework; 3) standard operating procedures (SOP) governing the review of persons of unsound mind; 4) reactivation of the Jawatankuasa Penelitian Semula Undang-Undang (Law Review Committee); and 5) more efficient and effective process in the provision of housing assistance to the poor and destitute. The reform has increased workforce productivity and improved accountability, which is in line with the Prime Minister’s Office strategic plan.

Priority 2 – Ease of doing business in Brunei Darussalam

Brunei Darussalam implemented a number of legal and regulatory reforms to facilitate starting a business. For example, name reservation and company incorporation processes had been merged into a single process. Certification of the Memorandum and Articles of Association by the Registry of Companies and Business Names (ROCBN) Division at the Ministry of Finance

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and Economy have been eliminated. Other improvements include: elimination of the requirement for companies to file the Return of Allotment of Shares during incorporation and to stamp share certificates, as well as automatic registration to the online Employees Provident Fund system. Brunei Darussalam plans to explore the utilization of e-signature and enhance the online ROCBN system to reduce documents to be uploaded upon incorporation and to improve data sharing between agencies, respectively.

Brunei Darussalam has introduced reforms to ease obtaining a construction permit since 2017. The government has focused on three key areas, namely: 1) streamlining the number of procedures through an online submission system; 2) revising the building guidelines to ensure alignment with the building control order; and 3) conducting more in-depth socialization of reforms to stakeholders to ensure they understand and practice the new processes and regulations. As part of the reforms, Brunei Darussalam eliminated redundant procedures indicated in the building control order; implemented a Qualified Persons performance monitoring system to encourage healthy competition and improve efficiency and quality of services; and streamlined the Fire Department as well as Ministry of Home Affairs endorsement process and allowed online fee payment through OneBiz. The Ministry of Development is currently looking at enhancing and integrating the existing systems, such as the Public Works Department's utility mapping and Survey Department's GeoPortal.

To ease the process of getting electricity, Brunei Darussalam now allows online application for permanent supply and electricity turn-on. Phase 1 of the Supervisory Control and Data Acquisition (SCADA) system for monitoring outages and automatic restoration of power service was completed in January 2017 and operational from National Control Centre since March 2017. In addition, a compensation via credit scheme to business owners who experience power outages exceeding 3 hours has been implemented from June 2016. The number of procedures to obtain electricity has reduced from 5 to 4 procedures, and businesses can obtain a permanent electricity connection for a newly built warehouse within 22 calendar days compared to 56 calendar days previously.

Brunei Darussalam has established Autoriti Elektrik Negara Brunei Darussalam (AENBD) under the Electricity Order 2017. AENBD is a division under the Ministry of Energy, appointed as the authority to implement and enforce the Electricity Order 2017. AENBD's key role is to regulate the electricity industry in Brunei Darussalam, including the generation, transmission and distribution of electricity; and safe use of electricity.

Priority 3 – Business growth

Brunei Darussalam established the Darussalam Enterprise (DARe) in February 2016, a single agency to drive the growth of micro, small and medium enterprises (MSMEs). Recognizing some of the key challenges faced by MSMEs (e.g., lack of entrepreneurial knowledge and skills, lack of export readiness), DARe has introduced different training programmes, including an entrepreneurial bootcamp and accelerator programme for startups and micro businesses. Its Industry Business Academy provides a wide range of training in business fundamentals such as financial management and export strategy. DARe has also introduced a consultancy programme to prepare companies in obtaining international standard certification. To facilitate greater alignment of national economic development initiatives moving forward, the national

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industry development portfolio was transferred from the Ministry of Energy, Manpower and Industry to the Ministry of Finance and Economy in December 2019. New key initiatives introduced to support MSME development are: 1) launch of Brunei Mentors for Entrepreneurs Network (BMEN) in March 2019 to link businesses with mentors from various fields of expertise; 2) introduction of a new co-matching grant scheme to assist MSME in starting up or expanding their business where MSME and DARE contribute 30 and 70 percent of the cost respectively, up to a maximum of BND20,000; and 3) launch of DARE LINKS programme in November 2019 to connect credible MSMEs with large companies by supporting the development of technical and business skills of MSMEs to prepare them to perform effectively on contracts with large companies through a series of assessments, mentoring and training. In Financial Year 2019/20, which does not cover the full year, DARE had trained 1,669 aspiring entrepreneurs, as compared to 989 in Financial Year 2016/17. In terms of business and employment creation, DARE programmes had led to the establishment of 25 businesses and employment of 50 people in Financial Year 2019/20.

In the RAASR Mid-Term Review, Brunei Darussalam indicated that it had re-introduced the Microcredit Financing Scheme (MFS) in October 2016 to provide microcredit lending to micro and small enterprises to start and expand their businesses. However, noting the establishment of Bank Usahawan in September 2017, a dedicated SME bank which provide a wider range of financing products, the MFS had been withdrawn to ensure clarity on the institution providing MSME financing.

Priority 4 – Lower unemployment rate and create industry-ready manpower

Brunei Darussalam established the Manpower Planning Council (MPC) in April 2016 to drive development and planning of the local workforce and therefore, build a pipeline of skilled Bruneians. As of November 2019, the MPC has been transformed to the Manpower and Employment Council (MPEC), with an expanded work scope of looking at employability and gainful long-term employment. The MPEC has identified nine root causes which may contribute to unemployment and used them to identify pillars and related areas where their efforts would be focused on. Under the supply pillar, the three focus areas are: 1) provide highly skilled human capital needed by industries; 2) develop resilient workforce with industry ready mindset and work ethics; and 3) upgrading skills and competencies (upskilling & reskilling). Under the demand pillar, the three focus areas are: 1) review and develop labour policies and processes; 2) engagement and collaboration with industries; and 3) economic growth. Under the enabler pillar, the three focus areas are: 1) one stop career centre (i.e., JobCentre Brunei); 2) synchronized and centralized database; and 3) process and physical infrastructure. Brunei Darussalam has identified 31 key deliverables under these focus areas. It noted that total employment has increased by 6 percent between 2014 and 2018, and this has been contributed mainly by increase in the number of employment in the private sector. Additionally, gender gap ratio in employment has narrowed in the past years. In terms of unemployment rate, Brunei Darussalam has managed to reduce it from 9.3 percent in 2017 to 8.7 percent in 2018.

JobCentre Brunei (JCB) was established in January 2017 to be a ‘One Stop Career Centre’, enabling jobseekers to utilize available services to help improve their employability and marketability in the job market. The requirement for mandatory registration to the system has enabled all available vacancies in the private sector to be centralized and real-time data on job

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seekers to be gathered. . The number of registered companies and jobseekers on the portal increased from 397 and 4,957, respectively in August 2016 to 14,334 and 41,541 respectively as of 30 January 2020. The total number of locals recruited via JCB was 3,350 between 1st January 2019 and 30th January 2020. . JCB is currently undergoing enhancements so as to improve the overall robustness of the talent pool in the system and therefore, more efficient job-matching.

Brunei Darussalam has introduced an initiative which is aimed at providing a better understanding of the current and future manpower demand of various sectors. To realize this, the MPEC Secretariat had engaged with different agencies and organizations such as the Department of Economic Planning and Statistics, Brunei Economic Development Board (BEDB), Darussalam Assets (DA) and FDI companies. It also obtained preliminary data on manpower composition from FDI Action and Support Centre (FAST) and DA to identify sustainable job opportunities for the working age population and further develop the workforce in focused industries. The Manpower Industry Steering Committee (MISC) has identified five priority industries in the next five years, namely: 1) hospitality and tourism; 2) information and communication technology; 3) marine; 4) energy; and 5) construction. The relevant stakeholders would be collecting first-hand information on the updated skills required by respective industries. The MISC is also developing the National Competency Framework, which is in alignment with the Ministry of Education's National Skills Accreditation Framework.

To ensure Technical and Vocational Education and Training (TVET) alignment, the MPEC has been collaborating with several agencies such as the Ministry of Education, Ministry of Culture, Youth and Sports as well as industries and MISC leads. In September 2016, the 1st Opportunity Framing Workshop (OFW) was organized to: 1) review the functions of the Institute of Brunei Technical Education (IBTE) in supporting the Industry Competency Framework (ICF); identify relevant stakeholders to provide IBTE with possible collaboration opportunities and industry network expansion; and 3) identify actionable items for the identified industry clusters. Various technical and vocational institutions such as the Centre for Capacity Building (Pusat Pembangunan Kapasiti), Youth Development Centre (Pusat Pembangunan Belia), and IBTE have been visited to understand the courses offered and facilities provided to the students. The Higher Education Division of the Ministry of Education has produced the first draft of the TVET baseline report in 2019 to inform on the challenges associated with quality of TVET and ensure that training programmes offered by providers can be matched with manpower needs of the economy. To date, 38 out of 53 IBTE courses have been aligned.

Canada

Canada identified 5 priorities in its RAASR Individual Action Plan (IAP) submission in 2016, namely: 1) fostering open trade, fair tax system and strong financial sector; 2) advancing labour market reform, educational attainment and skills; 3) improving infrastructure; 4) encouraging innovation and enhancing environmental sustainability; and 5) promoting inclusive growth. Canada associated each of these priorities with single or multiple pillars identified under RAASR (Table 4.3).

Table 4.3. Canada's RAASR priorities and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	Fostering open trade, fair tax system and strong financial sector	■		
2	Advancing labour market reform, educational attainment and skills		■	
3	Improving infrastructure	■		■
4	Encouraging innovation and enhancing environmental sustainability	■		■
5	Promoting inclusive growth		■	

Source: Compilations by APEC Policy Support Unit (PSU) based on Canada's submission of 2020 RAASR Final Review Template.

Canada provided updates for all priorities and related actions. Below is a summary of progress by priority.

Priority 1 – Fostering open trade, fair tax system and strong financial sector

Canada continued to eliminate tariffs on a broad range of ingredients for the food manufacturing sector, as well as some inputs in the consumer goods and transportation sectors. Canada indicated that provisional application of the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) came into effect in September 2017 even as other signatories continue to pursue full ratification. On the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), it entered into force on 30 December, 2018 for the first six economies that had ratified the agreement including Canada. The new Canada-United States-Mexico Agreement (CUSMA) was signed on 30 November, 2018 and have come into force on 1 July, 2020. To date, FTAs concluded, in force, or where negotiations have been commenced by Canada cover 68.5 percent of world GDP. Furthermore, the rules of origin requirements pertaining to its Least Developed Country (LDC) Tariff regime were amended to grant duty-free treatment for more apparel products imported from LDCs. Canada's Customs Tariff legislation was also streamlined in terms of administration and structure. Where necessary, Canada will introduce outstanding legislations and regulations to allow for implementation of identified measures.

Since 2016, Canada has pledged CAD1.4 billion to the Canada Revenue Agency (CRA) over a period of seven years to address tax evasion and improve tax compliance.

In its 2019 Budget, Canada proposed investing an additional CAD150.8 million over five years to allow the CRA to fund new initiatives and extend existing programs, including: 1) hiring

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additional auditors, conducting outreach and building technical expertise to target non-compliance associated with cryptocurrency transactions and the digital economy; 2) creating a new data quality examination team to ensure proper withholding, remitting and reporting of income earned by non-residents; and 3) extending programs aimed at combatting offshore non-compliance. Canada expected that the investment is expected to have a revenue impact of CAD360.9 million over five years and this projection excludes the gains to be realized by provinces and territories. To enhance tax integrity, Canada is in the midst of implementing certain recommendations from the G20/OECD Base Erosion and Profit Shifting (BEPS) project. These include: 1) exchanging economy-by-economy reports since 2018; 2) relying on the revised OECD Transfer Pricing Guidelines; 3) the ratification and entry into force of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (MLI) in 2019; and 4) encouraging spontaneous information exchange on certain tax rulings between the Canada Revenue Agency and other tax administrations.

To strengthen its financial sector, Canada noted its efforts in three aspects: the financial sector legislative review, the implementation of a bail-in regime, and strengthening the housing finance system. Canada introduced three phases of legislative amendments to put the most recent review of financial sector legislation into effect. The first phase of amendments included measures to: 1) better adapt the framework to the emergence of fintechs; 2) permit federally regulated life and health insurance companies to invest in public infrastructure; 3) provide flexibility for regulated non-bank deposit taking institutions to use bank terminology to describe their products and services; and 4) reset the sunset date in the federal financial institution statutes. The second phase included technical measures to enhance the stability, efficiency and utility of the financial sector. The third phase included measures to modernize the corporate governance for federally regulated financial institutions, and other measures to ensure that the legislation continues to support a stable, competitive and resilient financial sector. Since the last update, Canada put into effect its bail-in regime, applying only to banks designated as domestically systemically important by the Office of the Superintendent of Financial Institutions. Finally, to strengthen the housing finance system, Budget 2019 introduced the First-Time Home Buyer Incentive, a shared equity mortgage program which provides CAD1.25 billion over 2.5 years to give first-time home buyers the ability to lower their borrowing costs. It also increased the Home Buyers' Plan withdrawal limit from CAD25,000 to CAD35,000. In efforts to increase, Budget 2019 also extended the Rental Construction Financing Initiative to 2027-28 and expanded the program by an additional CAD10 billion. A CAD300 million Housing Supply Challenge was also launched to break down barriers which limit housing construction. Other measures include the launch of an Expert Panel on the Future of Housing Supply and Affordability with the province of British Columbia to facilitate collaboration on housing challenges, and increase of guarantee fees for Canada Mortgage and Housing Corporation (CMHC)-sponsored securitization programs effective 1 July 2020. Revisions to the guideline for uninsured mortgages and the stress test, continue to help ensure that Canadians take on mortgages they can afford and have decreased the share of borrowers taking on new uninsured mortgages that are more than 4.5 times their annual income from 20 percent in Q2 2017 to 15 percent in Q2 2019.

Priority 2 – Advancing labour market reform, educational attainment and skills

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Canada is investing a total of CAD2.5 billion in improving the current Employment Insurance (EI) system over two years. Since the 2018 Mid-Term Review, Canada has further improved the EI system by: introducing a new EI parental sharing benefit that provides additional weeks of EI parental benefits when both parents agree to share parental leave; announcing improvements to make EI recourse process easier to navigate and more responsive to Canadians' needs; launching a pilot project to better support workers in seasonal industries; and making additional investments to improve EI service delivery. The Working While on Claim provisions, which allow those earning income while on claim to keep a portion of their EI benefits, were made permanent in August 2018. Through measures announced in Budget 2019, Canada strives to continue improving its EI system over time.

Canada is implementing various skills and training programmes to help youth and Indigenous people in gaining employment. Based on input of the Expert Panel on Youth Employment, Canada announced a modernized Youth Employment and Skills Strategy in June 2019. It builds on investments made in the Youth Employment Strategy and Canada Summer Jobs program by providing approximately CAD382 million annually to support youth job skills development, with focus on vulnerable youth. Additionally, Canada announced in Budget 2019 investments of approximately CAD798 million over five years (starting in 2019-20) to support work-integrated learning opportunities and job placements for post-secondary students. Approximately 70,000 summer job placements were supported in 2018 and 2019. Furthermore, approximately 2,500 student work placements in science, technology, engineering and math (STEM)-based businesses were supported in fiscal year 2018-19. In line with the change of focus from rapid re-employment to training for high-quality, better-paying jobs, the Aboriginal Skills and Employment Training Strategy (ASETS) has been replaced by the Indigenous Skills and Employment Training Program, which was implemented in April 2019. Incremental funding (CAD447 million over five years, starting in 2018-19) is expected to place an additional 4,000 clients in employment and support an additional 13,700 skills development interventions per year.

Canada aims to improve educational outcomes through reforms in post-secondary education and investments in the education of Indigenous youth. For the 2019-20 school year, Canada has implemented the following: 1) introduction and implementation of a pilot project for adult learners to receive additional funding through Canada Student Grants; 2) more generous repayment terms and reduction in interest rates for Canada Student Loans borrowers; 3) investments to increase access to post-secondary education for students with permanent disabilities; 4) new programs to increase work integrated learning opportunities; and 5) additional funding of graduate level scholarships for research and innovation. Supported by Budget 2016, where investments of CAD2.6 billion over five years in primary and secondary education on reserve was announced, a new co-developed education policy framework for First Nations took effect in April 2019 to provide predictable core-funding for on-reserve schools, which are comparable to provincial education systems. Moreover, on top of the ongoing CAD61.8 million, Budget 2019 provided CAD824 million over ten years to ensure that Indigenous students have better access to post-secondary education, and more support to ensure they succeed in their studies.

Priority 3 – Improving infrastructure

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Following the introduction of a 12-year CAD180 billion Investing in Canada infrastructure plan, Budget 2019 and the 2018 Fall Economic Statement indicated further measures to improve Canada's infrastructure, such as: 1) an additional CAD1.7 billion over 13 years to ensure 100 percent of Canadians have access to high-speed internet by 2030; 2) a one-time transfer of CAD2.2 billion through the federal Gas Tax Fund to address short-term infrastructure priorities in municipalities and First Nation communities; and 3) a top-up and accelerated existing funds for trade and transportation infrastructure. So far, Canada has approved more than 52,000 projects for a total federal contribution of CAD57.5 billion under the Investing in Canada Plan. The Canada Infrastructure Bank is fully operational and has been actively engaging with jurisdictions and the private sector to explore innovative financing solutions to invest in trade and transportation, transit, green infrastructure and broadband. It has announced its participation in ten projects, including potential investments of up to CAD3.7 billion.

Priority 4 – Encouraging innovation and enhancing environmental sustainability

Canada has allocated increasing resources over the years to encourage innovation. In addition to those mentioned previously, recent ones include: 1) an additional CAD900 million to the Strategic Innovation Fund to support innovative investments across the economy, including CAD100 million to support the activities of the Clean Resource Innovation Network; 2) elimination of income threshold for accessing the enhanced Scientific Research and Experimental Development tax credit; 3) review of regulatory requirements and practices which impede innovation and growth in high growth sectors (e.g., agri-food and aquaculture, health and biosciences) and introduction of regulatory roadmaps to address stakeholder issues and barriers; and 4) establishment of five innovation superclusters focusing on key sectors (i.e., oceans, AI-powered supply chains, advanced manufacturing, protein industries, and digital technology). To date, the Strategic Innovation Fund has supported 66 projects which are worth approximately CAD44 billion in total and expected to help create or maintain about 67,000 jobs. The superclusters initiative has brought together more than 450 businesses, 60 post-secondary institutions and 180 other partners. It is expected to add CAD50 billion to the economy and create 50,000 jobs over the next 10 years.

Canada has supported activities in the area of clean technology, including: 1) the launch of the Clean Growth Hub in January 2018, improvement of stakeholders communication and coordination of federal clean technology programming; and 2) a provision of CAD2.3 billion to support clean technology, including growth of Canadian firms and clean technology exports. Some major programs of support within this provision include 1) a commitment of Business Development Bank of Canada (BDC)'s Cleantech Practice to deploy CAD600 million over five years (2018-23) in loans and equity to support growth of globally competitive and environmentally impactful businesses; and 2) a recapitalization of Sustainable Development Technology Canada by making CAD400 million available to projects which develop and demonstrate new technologies with potential to advance sustainable development, including technologies in areas of climate change, clean air and water, as well as soil quality. Canada's Low Carbon Economy Fund (LCEF) is divided into the Low Carbon Economy Leadership Fund and the Low Carbon Economy Challenge. The former currently supports 11 federal-provincial/territorial agreements, which are investing CAD1 billion in 42 provincial/territorial projects expected to reduce greenhouse gas (GHG) emissions by about 2.5 million tonnes in

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2030. When funding agreements are completed, the latter is expected to provide CAD500 million to around 90 projects, which are expected to reduce GHG emissions by about 2.7 million tonnes in 2030. The legislation implementing the federal carbon pollution pricing system received Royal Assent in June 2018 and applies in jurisdictions that voluntarily adopt one or both components of the system (i.e., a fuel charge and an output-based pricing system for industrial facilities), as well as in jurisdictions whose systems do not meet the federal stringency requirements for the sources covered. Efforts to have cleaner and more sustainable environment are also reflected by projects supported by the Canada Infrastructure Bank, the Green Infrastructure-Climate Change Mitigation stream of the Investing in Canada infrastructure plan and Budget 2019.

Priority 5 – Promoting inclusive growth.

In addition to the 2016 reduction of the 2nd federal tax bracket rate from 22% to 20.5%, and the introduction of a new 33% top bracket for high earners, in 2019 Canada announced its intent to increase the Basic Personal Amount (BPA) by incremental amounts, starting in 2020, to CAD15,000 by 2023. The BPA is a non-refundable tax credit available to all filers that effectively sets a minimum amount of income on which no federal tax is collected. It also proposed increasing two related amounts (i.e., the Spouse or Common-Law Partner Amount and the Eligible Dependant Credit) to CAD15,000 by 2023. In addition, Canada would phase out the benefits of the increased BPA and related amounts for high-income individuals. When fully phased-in by 2023, the increased BPA and related amounts are expected to lower taxes for close to 20 million Canadians, with a projected maximum annual tax reduction of about CAD300 for single individuals and about CAD600 for couples and single parents.

Canada's tax-free, income-tested Canada Child Benefit (CCB) continues to support families with the high costs of raising children. About 3.5 million families receive the CCB, with families receiving an average of CAD7,000 in payments annually. A number of investments including the income-boosting effects of the CCB have helped Canada achieve its targeted 20 percent reduction of poverty three years ahead of schedule, lifting more than 1 million Canadians out of poverty in 2018 relative to 2015, including about 334,000 children. Canada projected benefits to rise from CAD23.9 billion in 2018-19 to CAD26.1 billion in 2023-24 due to full indexation of the CCB to consumer price inflation starting in July 2018.

Canada has invested in various programs over the years to improve the socio-economic conditions of its Indigenous Peoples. In Budgets 2016, 2017 and 2018, Canada invested more than CAD16.8 billion to address areas of critical need in Indigenous communities. As a result, planned funding for First Nation, Inuit and Metis grow from over CAD11 billion in 2015-16 to more than CAD15 billion in 2021-22, which reflected an increase of 34 percent in total funding. In Budget 2019, Canada invested a further CAD4.5 billion over five years (starting in 2019-20) to continue efforts to close the gap between the living conditions of Indigenous Peoples and the non-Indigenous population, increasing total planned federal government investments in Indigenous programs in 2021-22 by 50 percent compared to 2015-16. As of January 2020, Canada has lifted 88 long-term drinking water advisories and is on track to lift all long-term drinking water advisories on public systems on reserve by 2021. Moreover, 441 projects to repair, upgrade or build drinking water infrastructure have been completed as of September 2019. In terms of primary and secondary education, Manitoba First Nations School

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System officially started operation in July 2017, where approximately 1,700 students from 10 communities would receive educational and support services from the newly formed system. There has been also been an Anishinabek Education Agreement which transfers K-12 education jurisdiction to 23 Ontario First Nation communities of 25,000 people and 2,000 students.

To further improve the Retirement Income System, Budget 2019 enhanced the Guaranteed Income Supplement (GIS) earnings exemption to allow low-income older Canadians to take home more money while they work, beginning in July 2020. Canada estimates that 326,000 individuals will benefit directly from the enhanced GIS earnings exemption in the first full year of implementation. Legislative amendments were also made to proactively enroll Canada Pension Plan (CPP) contributors who are age 70 or older in 2020 but who had not yet applied to receive their retirement benefit. Approximately 40,000 individuals who were missing out on CPP retirement benefits are beginning to receive an average monthly retirement pension of CAD302 in 2020. As many as 4,000 people could be proactively enrolled annually by 2040.

Chile

Chile identified 3 priorities in its RAASR Individual Action Plan (IAP) submission in 2016, namely: 1) to foster productivity; 2) to expand the capacity of economic growth; and 3) to promote inclusive growth. Chile associated each of these priorities with the following pillars identified under RAASR (Table 4.4).

Table 4.4. Chile RAASR priorities and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	To foster productivity	■		
2	To expand the capacity of economic growth			■
3	To promote inclusive growth		■	

Source: Compilations by APEC Policy Support Unit (PSU) based on Chile's submission of 2020 RAASR Final Review Template.

Chile provided updates for all priorities and related actions. Below is a summary of progress by priority.

Priority 1 – To foster productivity

Chile proposed a new infrastructure fund in 2016 to develop, build, maintain, and finance public multi-purpose infrastructure through cooperation with third parties. Following its foundation as a corporation, the Board of Directors was appointed in 2019 and an initial operational budget was allocated for its expenses. The Ministry of Public Works is currently in the process of evaluating its 5-year plan. Aware of the gaps between urban and rural areas in terms of infrastructure, health, education and poverty level, in January 2020, Chile approved and signed the “National Rural Development Policy”. This program seeks to advance a new perspective on rurality and enhance coordination of various stakeholders that affect rural area development. Also, Chile allocated more resources to programs focused on the most vulnerable sectors. Specifically, for public infrastructure, there has been a 29.4 percent increase in investments in concessions. It also noted that COVID-19 has led to paralysis and re-scheduling of ongoing and new projects.

Since 2017, Chile has allowed Pension Funds and Solidarity Unemployment Fund to invest in alternative assets (such as shares of infrastructure concession and real estate companies) to diversity investment portfolio and increase returns on pension savings. Chile introduced new norms in 2019 to consolidate and improve on the investment guidelines for alternative assets.

Chile has undertaken several activities to encourage a higher level of investment and boost private sector confidence. One focus area is to ensure the adoption of environmental, social, and governance (ESG) policies, practices and goals by entities offering instruments in financial markets. To this end, the Financial Market Commission (CMF) conducted a public consultation on the modification of sustainability information that needs to be contained in the annual reports of issuers of public offer securities (NCG No. 386) between December 2019 and January 2020. In parallel, CMF is working on modifying NCG No. 385 on disclosure of corporate governance practices to incorporate reporting on ESG factors. On business

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confidence, while its level had been relatively uniform between 2018 and 2019, Chile noted that the social crisis towards end-2019 led to a significant decrease.

Chile established the Ministry of Science, Technology, Knowledge and Innovation in 2018 to raise the science profile in the economy and enhance government funding for research and innovation which had been dispersed across ministries. The Ministry has established a joint agenda with the Ministry of Economy to improve coordination. One outcome of this is the promotion of ALMA Chilean Center, a repository of data collected by the Data Observatory, which is available for use by the local astronomy community. The Ministry is currently undertaking public consultation on the use and development of Artificial Intelligence in Chile. It will use them as one of the inputs for the development of the National Artificial Intelligence Policy, expected to be published in July 2020. In addition, Chile amended Law No. 20.241 on Tax Incentives for R&D (Innovation and Development) to reduce bureaucracy and allow its use by SMEs that meet certain criteria.

Priority 2 – To expand the capacity of economic growth

Chile continues to build capacity and create opportunities to promote services export. Recently, the Service Export Program led by the Ministry of Finance focused on two main initiatives: 1) Program to Support the Export of Global Services; and 2) Public-Private Technical Committee for the Export of Services. The former is financed with a loan of up to USD27 million from the Inter-American Development Bank (IADB). It includes activities such as product, export and investment promotion, training, and certification as well as the incorporation of culture and arts. The latter aims to diagnose and propose solutions to various limitations or measures hindering the services export. Main achievements in 2019 include: 1) implementation of a compulsory Electronic Export Invoice; 2) creation of matrix to support the creative economy; and 3) issuance of circulars 80 and 81 of 2019 by the Tax Administration to recognize and regulate mode 4 of services export. By end-2019, the National Customs Service had recorded a 5.7 percent increase in cross-border services export relative to 2018.

Chile removed the requirement to print and present sealed accounting books and invoices to the Internal Revenue Service (SII). In 2018, Chile set up the Office of Productivity and Entrepreneurship (OPEN) and the Office for Management of Sustainable Projects (GPS). The former aims to incorporate SMEs into the modern economy, while the latter aims to facilitate big investment projects in obtaining licenses and permits. In 2019, Chile introduced the Regulatory Simplification Agenda to reduce bureaucracy and eliminate regulations that hinder investment, employment and growth. Specifically on leveraging digital transformation, Chile launched “Digitaliza tu pyme” in 2018 to provide digital tools to smaller companies to improve their productive capacities. In 2019, Chile introduced “Digital Talent”, a public-private initiative to train the unemployed, entrepreneurs who need technological skills as well as people in jobs with a high risk of automation. Despite these initiatives, Chile noted that its ranking in the World Bank EoDB has deteriorated from 55 in 2017 to 59 in 2019. Noting the impact of the COVID-19 outbreak on SMEs, Chile has strengthened the Guarantee Fund for Small and Medium-Sized Entrepreneurs (FOGAPE) with a capitalization of USD3 billion to better support SMEs. It also accelerated an income tax refund for SMEs (in April 2020 instead of May 2020), postponed payment of Corporate Income Tax for SMEs (in April 2020 to July 2020), and reduced temporarily Stamp Tax to 0% for all credit operations.

Priority 3 – To promote inclusive growth

Chile introduced the Productivity, Innovation and Growth Agenda (2014-2018) to enhance the economy's productivity in strategic sectors with high growth potential. To realize this agenda and implement its product diversification strategy, Chile's Economic Development Agency (Corfo) has created Strategic Smart Specialization Programs within healthy foods, solar industry, mining and construction. Recognizing its position as an economy with the largest lithium reserves, CORFO has encouraged domestic and international firms with proven experience, technical and financial capabilities to invest and develop the lithium industry. In 2020, Chile introduced a bill to create the Ministry of Agriculture, Food and Rural Development to transform the economy into a food production powerhouse and provide new responsibilities to the Chilean Agriculture and Livestock Service. Chile noted that the agriculture, forestry and livestock industry accounted for about 10 percent of jobs in the economy.

Given that SMEs play an important role in Chile's economy, it has put in place initiatives to increase its access to financing. For example, CORFO and Start-Up Chile's programmes are the main instruments of SME capital financing in the economy. In January 2019, Chile published the 30-day payment law to establish a maximum payment term of 60 calendar days from the date the debtor received the invoice. This will be reduced to 30 calendar days by February 2021. The law also regulates other complementary matters such as the interest and fines to be applied if payments are not made within the terms established. Chile has reacted swiftly to the COVID-19 pandemic by introducing measures to protect SMEs. Among the measures adopted are an accelerated income tax refund for SMEs (in April 2020 instead of May 2020), which will benefit 500.000 SMEs, and a capitalization of Banco Estado.

Chile continues to introduce initiatives aimed at enhancing women's integration and participation in the labour market. The Universal Childcare Provision Bill (2018) was introduced to amend the Labour Code to promote the conciliation of work and family life and social inclusion, among others. The Ministry of Women and Gender Equity launched the "Registro de Mujeres para Directorios" in 2018 to increase the visibility of women who are willing to hold top-level management positions and meet certain criteria. The information provided in the online platform will be available to companies and head-hunters. The Women's Agenda also includes the promotion of greater participation of women in scientific and technological careers. Chile is currently promoting the 2018-2030 National Plan for Equality between men and women, which is developed to overcome gender inequalities and full exercise of the rights and autonomy of women in the economy.

China

China identified 2 priorities in its RAASR Individual Action Plan (IAP) submission in 2016, namely: 1) speed up innovation-driven development; and 2) deepening the reform of state-owned enterprises. The RAASR pillars associated with each of these priorities can be seen in Table 4.5.

Table 4.5. China's RAASR priorities and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	Speed up innovation-driven development	■	■	
2	Deepening the reform of state-owned enterprises	■	■	■

Source: Compilations by APEC Policy Support Unit (PSU) based on China's submission of 2020 RAASR Final Review Template.

China provided updates for both priorities and some related actions. Below is a summary of progress by priority.

Priority 1 - Speed up innovation-driven development

China noted that it continues to make significant progress in enhancing its innovation capacity. Since 2016, positive progress has been observed in fields such as aerospace; communications and navigation; high-speed rail; and deep-sea exploration science. Since 2018, additional progress has also been made in Beidou navigation and 5G commercialization. China released development plans for emerging fields such as big data, artificial intelligence and biomedicine in 2016-17 and has established three science centers in Huairou (Beijing), Zhangjiang (Shanghai) and Hefei (Anhui). China's National Innovation System (NIS) is aimed at encouraging enterprises to undertake more R&D activities. Over the last few years, enterprises have contributed more than 70 percent of R&D expenditure in the economy. In line with these improvements, China's R&D intensity (i.e. the proportion of R&D expenditures in GDP) increased from 2.1 percent in 2016 to 2.19 percent in 2018 and is expected to reach 2.2-2.3 percent in 2020. The contribution of total factor productivity (TFP) to economic growth increased from 56.2 percent in 2016 to 58.7 percent in 2018 and is expected to reach 60 percent in 2020.

China continues to take steps to encourage people to be entrepreneurs and innovate. In order to create a favorable environment for these activities, since 2015, the Chinese government has streamlined administration, delegated power, and improved public service. Indeed, these efforts have been reflected in China's EoDB ranking improving from 78th in 2016 to 31st in 2019. Leading enterprises, research institutes and universities have established maker spaces and new R&D entities including industrial technology institutes to facilitate entrepreneurship and innovation. By end-2019, China has an incubation system which comprises of 6,959 maker spaces, 4,849 incubators, 115 university science parks and 500+ accelerators which collectively, are capable of serving 620,000 entrepreneurs and enterprises as well as 3.95 million people. 21.79 million enterprises are also newly registered in 2019. At the same time, China noted that more can be done to improve the quality of entrepreneurs and innovation, and

pointed to venture capital market and business environment as some of the areas that can be further enhanced.

Since the release of the “Implementation Plan for Deepening the Reform of Scientific and Technological System” in 2015, China has been undertaking reforms in various areas, including strengthening talent cultivation and development, promoting collaborative innovation and improving innovation governance. Since 2018, special reform measures have been introduced to strengthen basic scientific research, optimize scientific research management, better protect intellectual property rights and stimulate constant improvement of innovative systems and mechanisms. For example, China extended the policy on raising the proportion of additional tax-deductible R&D costs to all enterprises. It also expanded the industry and intellectual property alliances between educational institutes, research institutions and technical service intermediaries so as to boost industrialization of patent. While these are impressive progress, China noted that as a developing economy, its innovation capacity is still insufficient, and its science and technology system reform is far from complete and pointed to the need to further improve intellectual property right mechanism.

Priority 2 - Deepening the reform of state-owned enterprises

China continues to rollout reforms of its state-owned enterprises (SOEs) which includes allowing for mixed ownership of SOEs. Following the success of conducting three batches of pilot program involving 50 SOEs by end-2018, China started the fourth batch in 2019. It involved 160 enterprises in the traditional manufacturing industry as well as strategic emerging industries such as software and information technology services, new energies, and energy conservation and environmental protection. By end-2019, the share of mixed-ownership enterprises among SOEs had exceeded 70 percent. In terms of the effects of reforms, China indicated that average enterprises which completed main reform tasks had been able to reduce their asset-liability ratio by 5.2 percentage points and increase year-on-year profit by more than 10 percent. In addition, private capital made up 37 percent of SOEs’ equity by end-2019.

To enhance the regulatory environment of state-owned capital investing and operating companies, the State-owned Assets Supervision and Administration (SASAC) prepared a list to properly define the function of these companies in terms of strategic planning, remuneration management, employee hiring and promotion, as well as property right management. By end-2018, more than one hundred enterprises have joined the pilot program. Since 2016, SASAC has also put in efforts to establish closed-loop supervision of state-owned assets, including strengthening supervision on enterprise restructurings, property right transactions and major investments.

Hong Kong, China

Hong Kong, China identified 7 priorities in its RAASR Individual Action Plan (IAP) submission in 2016, namely: 1) to maintain an internationally competitive regulatory environment and strengthen financial stability; 2) to enhance functioning of the financial and capital markets; 3) to develop a Trade Single Window; 4) to enhance the flow of employment information in the labour market; 5) to provide support for the development of youth; 6) to enhance the employability of the vulnerable populations (e.g. youth, women, older workers, people with disabilities) through specialized programs; and 7) to implement the new kindergarten education policy. Hong Kong, China associated each of these priorities with single or multiple pillars identified under RAASR (Table 4.6).

Table 4.6. Hong Kong, China's RAASR priorities and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	To maintain an internationally competitive regulatory environment and strengthen financial stability	■		
2	To enhance functioning of the financial and capital markets	■		
3	To develop a Trade Single Window	■		
4	To enhance the flow of employment information in the labour market	■		
5	To provide support for the development of youth		■	
6	To enhance the employability of the vulnerable populations (e.g. youth, women, older workers, people with disabilities) through specialized programs		■	
7	To implement the new kindergarten education policy		■	■

Source: Compilations by APEC Policy Support Unit (PSU) based on Hong Kong, China's submission of 2020 RAASR Final Review Template.

Hong Kong, China provided updates for all priorities and related actions. Below is a summary of progress by priority.

Priority 1 – To maintain an internationally competitive regulatory environment and strengthen financial stability

Hong Kong, China's Legislative Council passed the Banking (Amendment) Ordinance 2018 in January 2018 to provide for recovery planning by authorized institutions, to change the limitations on authorized institutions' exposures, and to empower the Monetary Authority (MA) to make rules for such limitations. Amendments have also been made to the Banking (Capital) Rules, Banking (Liquidity) Rules, Banking (Disclosure) Rules and Banking (Exposure Limits) Rules to bring the regulatory regimes in Hong Kong, China up to date and in line with international standards. Hong Kong, China plans to continue implementing the latest standards prescribed by the Basel Committee on Banking Supervision.

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Hong Kong, China established an independent Insurance Authority (IA) in December 2015 to modernize the regulatory infrastructure to facilitate the sustainable development of the insurance industry in the economy, provide better protection for policy holders, and comply with international requirements set by the International Association of Insurance Supervisors (IAIS). The IA took over the regulatory functions of the Office of the Commissioner of Insurance in June 2017 and assumed direct regulation of insurance intermediaries in September 2019. To benchmark with international standards and establish Hong Kong, China as a preferred base for large insurance groups in the Asia-Pacific region, the government is pushing forward a legislative exercise which will enhance the regulation of insurance groups whose group holding company is incorporated in Hong Kong, China. Meanwhile, to keep pace with evolving global financial landscape and changing international standards, the IA is also developing a Risk-based Capital Regime (RBC) which will make the capital requirements for insurers more sensitive to the risk they bear. The RBC Regime is observant of relevant Insurance Core Principles issued by the IAIS.

Hong Kong, China's Financial Institutions (Resolution) Ordinance (FIRO) establishes a resolution regime which is consistent with the standards set out in the Financial Stability Board (FSB)'s "Key Attributes of Effective Resolution Regimes for Financial Institutions" as confirmed by its 2018 Peer Review Report. The resolution authorities have been operationalizing the resolution regime by: 1) developing resolution policy standards to address impediments to resolvability (e.g. by imposing loss-absorbing capacity (LAC) requirements on banks since 2019, developing the rules on contractual stays on termination rights in financial contracts for banks in 2020/21); 2) conducting institution-specific cross-border resolution planning with relevant home authorities; and 3) building up the capabilities of resolution authorities to ensure cross-functional coordination and cooperation throughout the lifecycle of an institution in both going and gone concern scenarios; and (4) putting in place safeguards with the establishment of two tribunals under the FIRO.

Hong Kong, China has enhanced the payout capability of the Deposit Protection Scheme by enacting the Deposit Protection Scheme (DPS) (Amendment) Ordinance 2016. The adoption of gross payout approach has made it possible for individuals to access their deposits in a failed bank within seven days. The next important milestone for speedier payout is the adoption of electronic payment channels (via the launch of Faster Payment System by the Hong Kong Monetary Authority (HKMA) in 2018) to complement traditional paper cheque payments. The Hong Kong Deposit Protection Board is undertaking relevant preparatory work, with a view to enabling electronic payout around mid-2021.

Priority 2 – To enhance functioning of the financial and capital markets

Hong Kong, China's financial infrastructure has been further enhanced to support global Renminbi (RMB) transactions. For example, the Shenzhen-Hong Kong Stock Connect which came into operation in December 2016 provides an additional channel for international investors to use their RMB to invest in People's Republic of China's stock market through Hong Kong, China's platform. Likewise, investors from People's Republic of China can trade stocks listed in Hong Kong, China's stock market using RMB. The launch of Bond Connect in July 2017 allows international investors to conduct bond investments in People's Republic of China's through Hong Kong, China's platform. Hong Kong, China continued to host the largest

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offshore RMB liquidity pool, amounting to RMB700 billion. Its payment system recorded a high turnover averaging RMB1,200 billion daily in the first five months of 2020, while its share of global RMB payments remained stable at around 70 percent. A survey by the Bank of International Settlements (BIS) in 2019 showed Hong Kong, China as the largest offshore RMB foreign exchange market. Moreover, the average daily turnover under the Northbound trading of Stock Connect and Bond Connect increased twofold and threefold respectively in 2019. The development of Guangdong-Hong Kong, China-Macau, China Greater Bay Area would create opportunities to explore measures to facilitate the cross-border use of RMB for residents, corporates and financial institutions in the region, such as the development of a cross-boundary wealth management connect pilot scheme.

Hong Kong, China established the Infrastructure Financing Facilitation Office (IFFO) in July 2016 to facilitate infrastructure investments and their financing. The number of organizations from the Mainland of China; Hong Kong, China; and overseas joining IFFO as partners increased from 41 as of the launch of IFFO in 2016 to 95 at the end of 2019. Since its launch, IFFO has hosted and participated in 20 large-scale conferences, seminars and workshops, including collaborating with the International Finance Corporation (IFC). In May 2019, the HKMA announced the setup of the Centre for Green Finance (CGF) under the IFFO whose objectives are to promote Hong Kong, China as a hub for green finance in Asia and the importance of sustainability within infrastructure investment and financing.

Hong Kong, China enhanced its competitiveness as a regional hub for corporate treasury centres (CTCs) through the Inland Revenue (Amendment) (No. 2) Ordinance 2016. It allows the deduction of interest expenses when calculating profits tax for the intra-group financing business of corporations under specified conditions. It also reduces the profits tax payable for specified treasury activities by 50 percent for qualifying CTCs. Hong Kong, China expanded the scope of application of the half rate tax concession for qualifying CTCs to corporate treasury activities conducted with associated corporations in the economy as part of its efforts in implementing the OECD base erosion and profit shifting (BEPS) package. It has also conducted outreach activities to around 370 corporations since 2016. As of end-2019, more than 60 corporates had indicated that they were actively planning to set up CTCs or had already done so.

Hong Kong, China noted that in line with its goal of promoting the economy as an asset management centre, a number of leading international asset managers have expanded their operations. Several prominent asset owners have also set up their Asian investment hub. To promote the development of the private equity industry, Hong Kong, China has broadened the eligibility of investment funds to enjoy profits tax exemption to cover both onshore and offshore funds since April 2019, and introduced legislative proposals on establishing a limited partnership regime for private equity funds in 2020.

In terms of fintech research and application in Hong Kong, China, recent activities include the establishment of the first ever Innovation Hub Centre of the Bank for International Settlements (BIS) to foster international collaboration on fintech research; the joint study on Central Bank Digital Currency (CBDC) with the Bank of Thailand; the launch and implementation of the Open API Framework for the banking sector; the launch of the Faster Payment System (FPS)

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and Common QR Code Standard; study on the application of artificial intelligence (AI); and review of the Cybersecurity Fortification Initiative (CFI) to further raise the cyber resilience of banks. In terms of industry liaison, recent activities include the launch of Fin+Tech Collaboration Platform by the HKMA and the Hong Kong Science and Technology Parks for industry players to organize fintech-related activities to explore innovative solutions, identify talents, and seek collaboration opportunities. The HKMA also organized 51 events, spoke at 211 fintech-related events and held 807 regulatory and liaison meetings with the industry between 2016 and 2019. On regulatory interface, 103 new technology products were tested in the HKMA's Fintech Supervisory Sandbox (FSS) from 2016 to 2019. On talent development, the Fintech Career Accelerator Scheme (FCAS) was upgraded to FCAS2.0, which comprises an entrepreneurship summer boot camp, a summer internship programme in Shenzhen, China, a gap year full-time placement programme and a full-time graduate programme. As at end-June 2020, Hong Kong, China had also granted banking licenses to eight virtual banks.

Priority 3 – To develop a Trade Single Window

Hong Kong, China is in the process of implementing a Trade Single Window to allow one-stop lodging of all trade documents. It will be rolled out in three phases. Phase 1 was launched in December 2018 and has been progressively extended to cover a total of 14 documents by June 2020. Technical feasibility studies for Phase 2 that will cover 28 more trade documents have been completed. Subject to funding approval by the legislature, the target is to roll out Phase 2 in batches in 2023 at the earliest. Refinement of detailed proposals for implementation of Phase 3 is underway.

Priority 4 – To enhance the flow of employment information in the labour market

Hong Kong, China launched the Higher Education Employment Information e-Platform (HEEIP) in December 2016 to strengthen employment support for job seekers with higher education. To promote HEEIP to relevant users, collaborations have been made with career service centres and student associations of local and overseas universities, and Hong Kong Economic and Trade Offices. An online survey on services provided by HEEIP conducted in 2018 showed that job seekers and employers rated it 3.38 and 3.43, respectively on a scale of 1 (very dissatisfied) to 5 (very satisfied). The numbers of job vacancies posted on HEEIP were approximately 26,000, 26,300 and 24,200 in 2017, 2018 and 2019 respectively. In terms of daily page views, it was approximately 9,300, 6,200 and 5,400 in 2017, 2018 and 2019 respectively.

Priority 5 – To provide support for the development of youth

Hong Kong, China launched a HKD300 million Youth Development Fund (YDF) in July 2016 to support the development of innovative youth activities and assist youths in starting their own businesses. The Entrepreneurship Matching Fund under the YDF approved HKD24.31 million of funding in 2017 to about 100 teams comprising approximately 200 young entrepreneurs. With a further injection of HKD300 million, a new funding scheme inter alia under the YDF was launched in March 2019 to provide relevant start-up support to youths, and to enhance the financial incentives in the form of a matching grant. Assessment is in the final stage and Hong Kong, China expects to provide funding to 16 NGOs, which will in turn implement youth

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entrepreneurship projects to provide matching grant to close to 200 start-ups and provide entrepreneurial support and incubation services to 4 000 other young people.

Hong Kong, China launched several new initiatives to expand the exchange and internship opportunities for its youths, including: 1) introduction of a new Funding Scheme for International Youth Exchange in 2017, where a total of HKD24 million was approved in 2019-20 to fund exchange projects in 44 economies; 2) introduction of the Scheme on Corporate Summer Internship on the Mainland and Overseas in 2018 to provide quality internship opportunities, where participating companies increased to 18 in 2019; 3) introduction of Thematic Youth Internship Programmes to the Mainland in 2018 to provide unique and in-depth internship opportunities at reputable scientific and cultural research institutions in China; and 4) expansion of the United Nations Volunteers – Hong Kong Universities Volunteer Internship Programme to increase the number and diversity of placements at various UN units in different location, including Belt and Road economies. Specifically on funding, it also approved a total of HKD700 million of funding under the Funding Scheme for Youth Exchange in Mainland and Funding Scheme for Youth Internship in Mainland between 2016/17 and 2019/20 which benefited about 85,000 young participants.

Priority 6 – To enhance the employability of the vulnerable populations (e.g. youth, women, older workers, people with disabilities) through specialized programs

Hong Kong, China continued to implement specialized employment programmes which provide financial incentives to encourage employers to hire various disadvantaged groups. In September 2018, enhancement measures were introduced to specialized employment programmes for various disadvantaged groups, including an increase in training allowance. Additional enhancement measures have also been implemented since the start of 2020 to assist young people in entering the labour market, including: 1) raising the allowance payable to trainees who participated in workplace attachments; 2) increasing the quota of a project for young people with special employment difficulties as well as subsidy payable to participating non-governmental organizations. Pertaining to the employment of middle-aged and mature persons, surveys on retention status conducted up to September 2019 showed that 79 percent of the cases under the programme had a retention period of 4 months or above and 65 percent stayed in employment for at least 6 months. Specifically on young people, a survey conducted on young people who enrolled under the specialized programme and completed the 12-month support services in the 2017/18 programme year showed more than 70 percent remained in employment. Specifically on persons with disabilities, a survey conducted in 2018 showed 94 percent of employers who participated in the programme found the financial incentives useful in encouraging them to try or continue to employ persons with disabilities.

Priority 7 – To implement the new kindergarten education policy

Hong Kong, China has implemented the new kindergarten (KG) education scheme starting from the 2017/18 school year. Under the new KG policy, Hong Kong, China provides eligible KGs with a basic subsidy to offer three-year quality half-day services for all eligible children aged between three and six. An additional subsidy is provided to eligible KGs offering whole-day and long whole-day services. About 97 percent of local non-profit making KGs have joined the KG education scheme. About 90 percent of the Scheme-KGs offering half-day programmes

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were free and the school fee of whole-day programmes offered by Scheme-KGs have been maintained at low level. Various measures have also been put in place by Hong Kong, China to further improve the quality of KG education such as enhancing the teacher-pupil ratio, upgrading teachers' professional competence, revising the curriculum guide as well as enhancing governance and transparency of Scheme-KGs. A review on the implementation of the new policy, with stakeholders consulted during the process, was started in mid-2019 to identify room for improvement.

Moreover, a longitudinal research study was commissioned to a tertiary institution to examine the effectiveness of providing quality KG education in Hong Kong, China based on frontline experience of KGs in the first three years of implementation of the new KG policy. It is expected to be completed in March 2021.

Indonesia

Indonesia identified 2 priorities in its RAASR Individual Action Plan (IAP) submission in 2016, namely: 1) to implement good regulatory practices (GRP) in policymaking; and 2) to improve economic competitiveness. Indonesia associated each of these priorities with single or multiple pillars identified under RAASR (Table 4.7).

Table 4.7. Indonesia's RAASR priorities and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	To implement good regulatory practices (GRP) in policymaking			■
2	To improve economic competitiveness	■	■	

Source: Compilations by APEC Policy Support Unit (PSU) based on Indonesia's submission of 2020 RAASR Final Review Template.

Indonesia provided updates for all priorities and related actions. Below is a summary of progress by priority.

Priority 1 – To implement good regulatory practices (GRP) in policymaking

Indonesia noted that regulatory reform continues to be a priority of its development plan. Since the 2018 RAASR Mid-Term Review Report, Indonesia has continued to simplify existing regulations including removing them if necessary, as well as restructuring current institution. Indonesia shared that in accordance with its Regulatory Reform Roadmap 2015-2019, there has been improvement in efforts to decrease the regulatory burden. All line ministries and local governments have also made progress in reducing the number of regulations identified as impeding business climate. For example, 222 regulations have been deregulated via the 1st to 16th economic policy packages. 3,143 local government regulations, 67.5 percent of which are identified as investment impediments, have been revoked. Several ministries such as the Ministry of Transportation and Ministry of Agriculture have also revoked regulations. Indonesia also reported progress in increasing the quality and quantity of regulation, which has been made possible by making regulatory impact assessment (RIA) as a mandatory requirement in the policy process at the ministerial level. To ensure that RIA has been conducted on draft regulations and that they are in line with the development agenda, Presidential Decree No. 7/2017 was enacted to authorize the Coordinating Ministry of Economic Affairs to review and supervise the process. Furthermore, Indonesia indicated that to date, 349 agencies, legal libraries and parliamentary at both local and central level have been integrated in the National Legal Information and Documentation Portal, an increase from 135 in 2018.

Priority 2 – To improve economic competitiveness

Indonesia shared that the objectives of its economic policy packages include boosting industry competitiveness, accelerating strategic infrastructure projects and improving the investment climate. Indonesia continues to make good progress on some of its identified goals. On access to education, Indonesia provides educational grants to school-age children (6-21 years old) via the Smart Indonesia Program. 18,745,047 children had benefited from the program in 2018, an

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increase from 18,248,287 children in 2017. On access to health services, the National Health Cover Program was initiated in 2014 to integrate all existing programs. Total health coverage had increased from 49 percent to 79 percent of the population between 2014 and 2018. On labour protection, the Workers' Social Security Agency was set up in 2015 to provide universal social security to both formal and informal workers. The number of registered users has increased from 48.3 million in 2016 to 50.6 million in 2018, while the number of active users has increased from 22.6 million in 2016 to 30.5 million in 2018. On SMEs' access to finance, People's Business Financing Program made it possible for MSMEs and cooperatives to access government-guaranteed loans (up to 70 percent) provided by participating financial institutions. In 2019, IDR139.5 trillion of loans had been disbursed, which was 99.65 percent of the targeted IDR140 trillion. On ease of doing business, Indonesia has reduced the time and procedures for starting a business in 2020 to 10 days and 11 procedures, respectively. Furthermore, Indonesia has established 97 bonded logistics centres by 2019. Indonesia plans to continue monitoring the progress of existing policy packages as well as implement a new policy package aimed at further improving the business climate.

Japan

Japan has identified five priorities in its RAASR Individual Action Plan (IAP): 1) cultivation of new promising growing markets; 2) promotion of local Abenomics – vitalization of local areas; 3) regulatory and system reforms to realize revolution in productivity; 4) taking in overseas growing markets; and 5) realization of a society in which diversity is accepted and all citizens are included. Japan associated each of these priorities with multiple pillars identified under RAASR (Table 4.8).

Table 4.8. Japan’s RAASR priorities and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	Cultivation of new promising growing markets	■		■
2	Promotion of local Abenomics – vitalization of local areas	■	■	■
3	Regulatory and system reforms to realize revolution in productivity	■		■
4	Taking in overseas growing markets	■	■	■
5	Realization of a society in which diversity is accepted and all citizens are included	■	■	■

Source: Compilations by APEC Policy Support Unit (PSU) based on Japan’s submission of 2020 RAASR Final Review Template.

Japan provided updates for all priorities and related actions. Below is a summary of progress by priority.

Priority 1 – Cultivation of new promising growing markets

Japan continues to promote efforts to realise the fourth industrial revolution through technological and business model innovation in the field of IoT, big data, AI, and robots. In FY2018, 58 percent of companies collected data at their factories and 26 percent of these had used the data to solve specific management issues. To further maximize the use of valuable data in the manufacturing industry, the Ministry of Economy, Trade and Industry began creating mechanisms to share data beyond the company. The entry into force of the Japan-United States Digital Trade Agreement allowed Japan to play a leading role in rule-making in this field. By 2020, Japan aims to achieve 80 percent of its companies collecting data at factories and 40 percent of them using data to solve specific management issues.

In the area of providing personalized healthcare services using IoT and other technologies, Japan originally estimated that the market size of robot healthcare equipment would reach JPY 50 billion and 260 billion in 2020 and 2030, respectively. However, noting that the actual size in 2016 was only JPY3.36 billion, Japan is currently exploring other promotion policies to attain the set goals. On using big data to provide diagnosis support and facilitate innovation in new drugs and medical devices, Japan enacted the Act on Anonymously Processed Medical Information to Contribute to Medical Research and Development in 2017 to allow for anonymized treatment and checkup data to be collected and securely managed. The Act has been in force since May 2018. Specifically on long-term care, Japan noted that the government continues to support the development and introduction of nursing care robots with the objective of maintaining/enhancing the quality of older persons’ lives.

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To overcome constraints in the energy and environmental sectors, including investment promotion, Japan undertook tax reforms in 2018, provided subsidies for equipment installation, and encouraged cooperation between multiple businesses. Japan expects to increase energy investment from JPY18 trillion in FY2014 to JPY28 trillion in FY2030.

Japan has introduced initiatives to turn sports into a growth industry. It released the “Stadium and Arena Reform Guidebook” to provide measures that improve profitability as well as case studies on how to use IT to enhance customer experience. Seminars were conducted across Japan to raise awareness about the guidebook. Between FY2016 and end-December 2020, Japan has provided support to 18 regional projects relating to developing stadiums and arenas. In addition, the Sports Management Personnel Platform Council meetings, comprised of experts from various stakeholders discussed several issues such as the development and utilization of sports management personnel. In 2019, Japan drafted two types of postgraduate curricula to provide sports business education for students at: 1) sports science-related universities; and 2) business-related universities. To promote active cooperation between sports and other industries, Japan launched a project for one of the sports federations to be an innovation platform. Japan identified these efforts to have collectively contributed to the increase in share of adults doing exercise more than once a week has increased from 40.4 percent in FY2015 to 55.1 percent in FY2018.

Japan has undertaken many measures to revitalize markets for transactions of existing houses. These measures are generally aimed at achieving three objectives: 1) improving the quality of existing houses; 2) building a market in which existing houses with good quality are properly appraised; and 3) developing environments where people can confidently purchase and sell existing houses. To improve the quality of existing houses, for example, Japan extended a system to certify houses of long-lasting quality to cover renovated houses in FY2016. It also introduced preferential tax treatment for renovated houses considered to be of long-lasting quality in FY2017. To develop a facilitative environment for the purchase and sales of existing houses, Japan introduced a good quality marking system for houses that meet conditions such as quake resistance and those that disclose information on the history of renovations in April 2018. Japan aims to double the market size from JPY11 trillion in 2013 to JPY20 trillion by 2025.

Priority 2 – Promotion of Local Abenomics (Vitalization of Local Areas)

Although the use of IT and improved cooperation between relevant stakeholders are expected to revitalize and enhance the productivity of its services industry, labour productivity in the service industry increased by only 0.2 percent in 2016, which was lower than that in 2015 (1.3 percent). Japan attributed the lower increase in labour productivity to the growth of workforce in the industry (1.7 percent).

Japan has encouraged its mid-ranking firms, SMEs, and micro enterprises to undertake reforms. Among others, these include improving support for management know-how and encouraging technological development. Moreover, it promotes dialogue between management and external stakeholders such as financial institutions to enhance the supply of capital to firms. It indicated that the number of MSMEs with account surpluses had increased to 955,000 in FY2016.

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Japan carried out agricultural reform for economic growth and regional revitalization, based on the “Plan to Create Dynamism through Agriculture, Forestry and Fisheries and Local Communities” formulated in December 2013. Japan also released the “Policy Package for Enhancing Competitiveness of Japan’s Agriculture” as part of the broader plan to accelerate reform in November 2016. Moreover, Japan introduced “The Program for Improvement of Agricultural Productivity” in 2019. The notable measures taken are: 1) promotion of farmland consolidation to farmers through the fully-operational Farmland Banks; 2) enactment of the Revised Land Improvement Act in 2017 to promote an infrastructure development project led by administrative organization with the entire project cost charged to the organization to improve agricultural efficiency and productivity on farmland rented by the Farmland Banks; 3) enactment of the Act on the Support for Strengthening Agricultural Competitiveness in 2017 to promote business restructuring and entry of agricultural material companies, distributors, and processors among others; and 4) promotion of agriculture, forestry, and fisheries products for expanding exports. Japan noted that these measures collectively led to an increase in Sixth Industry Market size from JPY5.1 trillion in FY2014 to JPY7.1 trillion in FY2017. Exports of agricultural, forestry, and fishery products and foods increased from JPY745.1 billion in 2015 to JPY912.1 billion in 2019. Moreover, the share of farmland used by business farmers increased from 52.3 percent in FY2015 to 57.1 percent in FY2019, while the number of Incorporated Management Entities rose from 15,300 in 2014 to 23,400 in 2019.

Guided by the “Tourism Vision to Support the Future of Japan,” Japan reviewed the existing regulations and systems and took the following measures: 1) amendment of “The Guide-Interpreter Business Law” and “Travel Agency Act” in 2017 to improve productivity in the tourism industry; 2) introduction of “Private Lodging Business Act” in 2018 to facilitate the provision of diverse accommodation services; and 3) introduction of “International Tourist Tax” to secure funds for tourism promotion. In addition, Japan introduced Bio Carts in October 2016 to obtain biometric information (fingerprints and facial photograph) from tourists waiting in line for immigration examination. By December 2019, Bio Carts are in place in 18 airports and two ports. The Trusted Traveler Program (TTP), allows foreign travellers meeting requirements to use the automated gates. This would be extended to facilitate the entry of business persons as well as those categorized as “persons having sufficient financial resources and credibility” and “the spouses and children of registered users of the TTP.” Japan noted that the number of foreign tourists visiting Japan increased from 28.7 million in 2017 to 31.9 million in 2019, while consumption by foreign visitors increased from JPY4.4 trillion in 2017 to JPY4.8 trillion in 2019.

Priority 3 – Regulatory and system reforms to realize revolution in productivity

Japan has deepened its corporate governance reform. The Japan Financial Services Agency (JFSA) revised its Stewardship Code twice, in 2017 and 2020 and established the Guidelines for Investor and Company Engagement in 2018. The Tokyo Stock Exchange revised its Corporate Governance Code in 2018. In addition, JFSA revised the “Cabinet Office Order on Disclosure of Corporate Affairs” and published the “Principles Regarding the Disclosure of Narrative Information” and “Good Practices of Narrative Information” in 2019. To facilitate dialogue between investors and companies, JFSA and the Ministry of Justice (MOJ) amended the Cabinet Office Order and the Ordinance of MOJ respectively to unify overlapping

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disclosure elements in business and annual securities reports. Furthermore, the Companies Act was amended in 2019 to: 1) promote the use of outside directors and enhance transparency regarding directors' remunerations; and 2) allow stock companies to provide shareholders with shareholders' meeting materials in electronic format without acquiring each shareholder's consent. These measures would have contributed to the increase in capital expenditure from JPY81.1 trillion in FY2014 to JPY88.0 trillion in FY2018.

JFSA introduced "Dollar-Cost Averaging Nippon Individual Savings Accounts (NISA)" to promote long-term, regular, and diversified investment for households. As of September 2019, 11.7 million NISA accounts and 1.7 million Dollar-Cost Averaging NISA accounts have been opened. JFSA published the "Principles for Customer-Oriented Business Conduct" and the comparable "common KPIs" to encourage competition among financial service providers by introducing better financial products and services. As of March 2020, 1,925 financial service providers adopted the Principles, while 380 providers published the comparable "common KPIs." Furthermore, JFSA has encouraged financial institutions to provide high-quality financial intermediation functions by ensuring that provision of finances is based on business assessments and helping to solve customers' core business issues. To promote the digitalization of the financial sector, JFSA established the FinTech Support Desk, FinTech Proof-of-Concept Hub, and also organized the "Fintech Summit" and the "Blockchain Roundtable". These measures collectively raised Tokyo's ranking in the Global Power City Index to 3rd between 2016 and 2019. Furthermore, Japan ranked 18th in the World Bank's Ease of Doing Business ranking among developed economies in 2019, up by eight positions compared to 2016. In 2019, it ranked 6th in the World Economic Forum's Global Competitiveness Index.

Japan has undertaken several activities to expand the participation of private sector in Public-Private Partnerships/Private Finance Initiative (PPP/PFI) projects. These include introducing the "Action Plan for Promoting PPP/PFI" that identifies the priority areas such as airports, waterworks, sewerages, roads, cultural facilities, public housings, passenger terminal facilities and meetings, incentives, conferences, and exhibitions (MICE) facilities. Furthermore, the Cabinet Office promoted PPP/PFI projects through the formation of Regional Platforms. Between FY2013 and FY2018, the total size of PPP/PFI projects was valued at JPY19.1 trillion.

Priority 4 – Taking in overseas growing markets

To leverage on the opportunities created by the entry into force of the Japan-EU Economic Partnership Agreement (EPA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Japan deployed specialists with knowledge of overseas markets to provide a range of support to SMEs (e.g., planning, business negotiations). By 2020, Japan aims to double the exports of SMEs relative to the 2010 level of JPY12.6 trillion.

Japan continues to expand its infrastructure exports. Since 2013, the Chief Cabinet Secretary chaired the "Ministerial Meeting on Strategy relating to Infrastructure Export and Economic Cooperation." In 2019, Japan revised its Infrastructure System Export Strategy underscoring the need for progressive efforts in the following four pillars: 1) promote public and private sector cooperation to strengthen competitiveness; 2) implement strategic efforts for getting orders, 3) promote quality infrastructure, and 4) approach to wide range of infrastructure fields.

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Moreover, Japan appointed infrastructure project officers (200 as of March 2020) in its embassies and consulates around the world to collect local information and support Japan's infrastructure overseas expansions. Local private consultants were engaged to improve information gathering and analysis where necessary. Japan's leadership led to the endorsement of the "G20 Principles for Quality Infrastructure Investment" which includes the elements of Japan's priority such as openness, transparency, economic efficiency, and debt sustainability, at the G20 Osaka Summit in June 2019. As a result of these initiatives, Japan contributed to ensuring that quality infrastructure investment made up JPY25 trillion of its overseas infrastructure project orders in 2018. Japan will continue to promote quality infrastructure investment going forward. Additionally, as a part of efforts for the international standardization, Japan promotes the importance of quality infrastructure investment based on the G20 Principles at leaders and ministerial meetings related to G7, G20, UN, APEC, ASEAN, and so on.

To attract more inward FDI, the Working Group for Revising Regulations and Administrative Procedures under the Council for Promotion of Foreign Direct Investment in Japan discussed issues impeding foreign investment and compiled the final report in 2017. The Council launched the Support Program for Regional Foreign Direct Investment in Japan in 2018 to advance regional revitalization through FDI. Moreover, the Council adopted the Program to Intensively Attract Foreign Direct Investment in Regional Japan in 2019 to strengthen the earlier Support Program and intensify support to priority local governments. In efforts to attract highly-skilled foreign professionals, Japan introduced preferential immigration control and residency management treatment based on the points-based system for highly-skilled foreign professionals in 2012. Furthermore, Japan reduced the residence period prior to applying for permanent residency from five to three years in April 2017. For professionals who are able to accumulate more points under certain criteria, the residence period prior to applying for permanent residency can be reduced to one year in April 2017. In 2019, Japan commenced online residence application procedures. The measures could have contributed to the size of the inward FDI stocks in Japan, valued at JPY33.9 trillion by end-2019.

Japan is a signatory of many economic partnership and investment-related agreements as well as tax treaties. CPTPP and the Japan-EU EPA entered into force in 2018 and 2019 respectively. In August 2020, the First Protocol to Amend the Agreement on Comprehensive Economic Partnership between Japan and ASEAN member economies entered into force. Japan aims to sign the RCEP Agreement in 2020. Japan noted that 52.4 percent of its trade value was conducted with its EPA/FTA partners as of March 2020. On investment-related agreements, Japan noted that the Japan-Armenia Investment Agreement and Japan-Jordan Investment Agreement entered into force in May 2019 and August 2020 respectively. It also signed several agreements including Japan-UAE (April 2018), Japan-Argentina (December 2018), Japan-Morocco (January 2020), and Japan-Cote d'Ivoire (January 2020). Japan has started negotiations with Tajikistan (2018), Paraguay (2018) and Azerbaijan (2019).

Priority 5 – Realization of a society in which diversity is accepted and all citizens are included

Japan has undertaken several activities to support work-style reform. In June 2018, the "Act on the Arrangement of Related Acts to Promote Work Style Reform" was passed. To eliminate irrational treatment gaps between regular and non-regular workers, Japan puts into practice

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“equal pay for equal work” starting from April 2020 onwards. To support its implementation, Japan formulated a guideline providing information about “equal pay for equal work.” To correct the practice of long working hours, Japan strengthened its system of Labour Standards Inspection Offices to enable them to take strict measures on inspection to companies suspected of overworking. In June 2018, the “Act on the Arrangement of Related Acts to Promote Work Style Reform,” which set overtime cap of 45 hours a month and 360 hours a year in principle, was passed. To promote the employment of the elderly, Japan provided subsidies to firms that extend employment to age 65 and older, or raise the mandatory retirement age to 65. It also provided subsidies to firms which create conducive working environment for the elderly. Japan has increased the number of support desk for “active throughout life assistance sites,” which prioritizes on re-employment of the elderly persons aged 65 and above, from 110 sites in FY2017 to 180 sites in FY2018. Furthermore, it is expanding the “active throughout life promotion region collaboration program,” which oversees activities contributing to a range of employment and work opportunities for the elderly based on proposals of councils made up of local governments. These measures had contributed to the employment rate of individuals above age 65 increasing from 21.7 percent in 2015 to 24.9 percent in 2019.

Japan continues to implement measures to raise its birth rate to 1.8 and create an environment where no one would be forced to leave their jobs for nursing care. On empowering women, Japan revised the Act on the Promotion of Female Participation and Career Advancement in the Workplace in 2019. Under the revised act, general employers who are required to formulate an action plan and disclose information related to women’s participation and advancement will be expanded from those having 301 or more employees to those having 101 or more employees (will be enforced in April 1, 2022). On childcare arrangements, Japan increased the number of childcare facilities between FY2013 and FY 2017 to care for approximately 535,000 children, hence achieving the government’s goal. On supporting activities of people with disabilities, measures include raising pay levels, improving the quality of employment of disabled people, and promoting the planned development of infrastructure for welfare services such as group home, as well as improving the program for promoting and supporting the construction of integrated community care system for responding to mental disorders. On supporting activities of people who are fighting intractable diseases, measures include strengthening the Intractable/Rare Disease Consultation Support Center to help patients in aspects such as providing job search assistance and improving their social involvement; and Hello Work (Public Employment Security Offices) to provide safety net for jobseekers. Japan launched a project which places specialists at Cancer Counselling Support Center in every designated cancer care hospitals to promote counselling support and information to patients who wish to work during their cancer treatments. Regarding long-term care insurance system, Japan constructed the standard specification for data format in FY2018 to enhance coordination of care plan data among long-term care providers. In FY2019, Japan introduced project to promote ICT utilization by long-term care providers. In higher education, to enable students to receive the education they desire, Japan enhanced its scholarship systems and launched the New Higher Education Support System from April 2020. This new system aims to support students from low-income households. Eligible students can receive exemption or reduction of tuition and enrolment fees, and grant-type scholarships.

Korea

Korea identified 4 priorities in its RAASR Individual Action Plan (IAP) submission in 2016, namely: 1) fostering an open, competitive, and seamless economic environment; 2) economic empowerment of women; 3) reducing labour market duality; and 4) promoting inclusive growth through the development of well-functioning safety net programs. The RAASR pillars associated with each of these priorities can be seen in Table 4.9.

Table 4.9. Korea's RAASR priorities and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	Fostering an open, competitive, and seamless economic environment	■		
2	Economic empowerment of women		■	
3	Reducing labour market duality			■
4	Promoting inclusive growth through the development of well-functioning safety net programs			■

Source: Compilations by APEC Policy Support Unit (PSU) based on Korea's submission of 2020 RAASR Final Review Template.

Korea provided updates for all priorities and related actions. Below is a summary of progress by priority.

Priority 1 – Fostering an open, competitive, and seamless economic environment

Korea has put in place a comprehensive innovation strategy for service industries in June 2019, together with a series of innovation plans for four key industries between April and September 2019, namely tourism, healthcare, logistics and content. It also enacted measures to stimulate the sharing economy by building an institutional framework and overhauling relevant regulations in January 2019. In addition, it strived to ensure equal access to government supports such as tax incentives and funds for both services and manufacturing firms. Korea noted that services value-added as a share of GDP has increased from 60.6 percent in 2015 to 61.9 percent in Q3 2019, while employment in the services sector (as a percentage of total employment) has increased from 70.0 percent in 2015 to 70.8 percent in 2020.

In line with its open trade policies, Korea has participated in multilateral, regional and bilateral initiatives. In 2019, Korea had 16 free trade agreements (FTAs) with 56 economies and is negotiating several agreements at the moment, such as Regional Comprehensive Economic Partnership (RCEP), Korea-China-Japan FTA, Korea-MERCOSUR FTA, Korea-Philippines FTA and Korea-Malaysia FTA. Furthermore, negotiations are underway to upgrade existing FTAs such as Korea-ASEAN FTA, Korea-India CEPA, Korea-Chile FTA as well as service and investment chapter of Korea-China FTA.

Priority 2 – Economic empowerment of women

Korea has implemented policies to support the work-life balance of working women. In accordance with the Act on Equal Employment and Support for Work-Family Reconciliation,

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Korea put in place “the Basic Plan on the Work-Family Reconciliation”. The Act was also amended to extend the period of a paternity leave from 3 paid days to 10 paid days and increased the maternity leave benefits of workers in SMEs. Between 2015 and 2019, female employment rate increased from 55.7 percent to 57.8 percent, while the number of paternity leave taken by male workers rose from 4,872 to 22,297.

Korea has undertaken several initiatives to encourage skills development and employment opportunities for women, including: 1) taking affirmative action; 2) providing total care services (e.g., career counselling, vocational training) for job seekers through the Women’s Re-Employment Center (Saeil Center); 3) diversifying vocational training programs to foster professional workforce in high value-added occupations; 4) implementing programs to support women scientists and engineers; and 5) revising the Financial Investment Services and Capital Markets Act to require companies with total assets exceeding KRW2 trillion to include at least one female member in their corporate boards. In terms of outcome, the number of Family-Friendly Certificate companies have increased from 253 in 2015 to 3,833 in 2019. The number of Saeil Centers has increased from 147 in 2015 to 158 in 2019, while the number of trainees in the Academy for Promising Women has increased from 7,067 in 2015 to 8,636 in 2019.

Priority 3 – Reducing labour market duality

To narrow the gap between regular and non-regular workers, since 2016, Korea has included discrimination against non-regular workers in the mandatory checklist for labour inspections, Korea also established the Fixed-Term Employees’ Job Security Guidance and encouraged companies to convert fixed-term employees to regular workers. In 2018, Korea conducted more intensive labour inspection on establishments with many non-regular workers and provided corrections as well as guidance. Korea noted that the number of businesses complying with the Fixed-Term Employees’ Job Security Guidance has increased from 97 to 111 between 2016 and 2018, while hourly wages for non-regular workers as a percentage of that of regular workers have increased from 66.3 percent in 2016 to 68.3 percent in 2018. Moving forward, Korea plans to restrict the employment of non-regular workers only on reasonable grounds and consistently amend relevant laws and regulations among others.

Priority 4 – Promoting inclusive growth through the development of well-functioning safety net programs

Korea undertook several policy steps to improve the Basic Livelihood Security Program (BLSP) including expanding the population coverage, increasing the level of benefits, and incentivizing recipients to develop self-reliance. Specifically on BLSP eligibility criteria, they have been further relieved in line with the 1st Comprehensive Plan on the Basic Livelihood Security Program for 2018-2020 and National Finance Strategic Meeting. The total number of BLSP recipients have increased from 1.32 million in June 2015 to 1.88 million in 2019, while the average monthly cash benefit has risen from KRW407,000 in June 2015 to KRW540,000 in 2019. In 2020, the 2nd Comprehensive Plan on the Basic Livelihood Security Program for 2021-2023 will be established and will include measures to abolish additional obligatory family provider criterion.

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Korea is identifying welfare and healthcare needs through outreach services by community centers, and offering customized welfare services via public-private welfare services, case management and healthcare visit services. It is also increasing the number of government officers dedicated to social welfare works and public health nurses so as to provide integrated healthcare and welfare services. In addition, Korea is employing big data owned by public organizations to identify at risk households and provide pre-emptive support. In terms of outcome, the number of welfare counselling cases has increased from 1.07 million in 2016 to 3.81 million in 2019, while the number public-private welfare services cases has increased from 0.87 million in 2016 to 4.31 million in 2019. The use of big data has led to the identification of 633,000 people, with support being provided to 228,000 people in 2019.

Malaysia

Malaysia identified 3 priorities in its RAASR Individual Action Plan (IAP) submission in 2016 and subsequent revision, namely: 1) public consultation reforms; 2) strengthening SMEs participation in the domestic and international markets; and 3) deeper participation/involvement of women in the decision making position in the government and corporate sector. Malaysia associated each of these priorities with single pillars identified under RAASR (Table 4.10).

Table 4.10. Malaysia’s RAASR priorities and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	Public consultation reforms	■		
2	Strengthening SMEs participation in the domestic and international markets		■	
3	Deeper participation/involvement of women in the decision making position in the government and corporate sector		■	

Source: Compilations by APEC Policy Support Unit (PSU) based on Malaysia’s submission of 2020 RAASR Final Review Template.

Malaysia provided updates for all priorities and related actions. Below is a summary of progress by priority.

Priority 1: Public consultation reforms

Malaysia continued to transform its public services sector for greater efficiency and productivity, noting that it is one key area in the 11th Malaysia Plan. As reported in the RAASR Mid-Term Review Report, Malaysia has released circular, policies and guidelines to strengthen the engagement mechanism between the government and the private sector in the area of policy development over the years, namely the online public consultation circular (2012), the National Policy for the Development and Implementation of Regulations (NPDIR) (2013), and Guideline on Public Consultation Procedures (2014). Malaysia also continued to conduct annual capacity building on Regulatory Impact Assessment (RIA) and published Annual Report on Modernisation of Regulations (ARMR) to share improvements in the regulatory environment with stakeholders. In collaboration with the World Bank, Malaysia launched the Unified Public Consultation (UPC) portal during the National Convention on Good Regulatory Practice (GRP), which was held in October 2019 and attended by more than 1,000 participants from government agencies, private sectors and academia. Malaysia also noted that seminars, workshops and trainings have been conducted to promote UPC and build capacity of regulators since the beginning of 2019. To date, 31 ministries and government agencies have used the UPC, while more than 100,000 stakeholders have visited the portal. Malaysia’s ranking on transparency of government policy improved from 30th in 2017 to 14th in 2019. In addition, RIA has been conducted on increasing number of business regulations – from 27 in 2014 to 67 in 2019. Specifically on UPC portal, 97 business regulations have been formulated or consulted via the portal as of April 2020.

Priority 2: Strengthening SMEs participation in the domestic and international markets

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Malaysia shared several structural changes to its council, ministry and agency which oversee SME development. In 2018, SME Corporation Malaysia, a single dedicated agency to formulate the overall policies and strategies for SMEs, was gazetted as an agency under the Ministry of Entrepreneur Development (MED). In 2020, the Ministry was rebranded as the Ministry of Entrepreneur Development and Cooperatives (MEDAC). In line with entrepreneurship being accorded greater importance in 2018, the National SME Development Council (NSDC), the highest policymaking body for SME related matters and chaired by the Prime Minister, was rebranded as the National Entrepreneur and SME Development Council (NESDC). As reported previously, Malaysia has established the SME Integrated Plan of Action (SMEIPA) to coordinate, streamline, monitor and evaluate the progress and effectiveness of SME development programs. In 2019, 176 programmes with an expenditure of RM9.51 billion were implemented and benefitted 648,429 SMEs. These programmes were distributed across six focus areas, namely human capital development, access to financing, market access, innovation and technology adoption, infrastructure, and legal & regulatory environment. To avoid duplication and encourage resource optimisation, Malaysia set up “Scenic”, an integrated database of SME development programmes. To date, 44 ministries and agencies that implement SME programmes have agreed to participate and share their data via the database. In addition, Malaysia developed the SME Competitive Rating for Enhancement (SCORE) to rate and enhance SMEs competitiveness based on their performance and capabilities. Malaysia noted that as of March 2020, 14,246 SMEs have obtained a score of 3 stars and above. On promoting e-commerce participation, Malaysia established the Digital Free Trade Zone (DFTZ) which includes the provision of state-of-the-art platform for SMEs and enterprises in November 2017. Malaysia noted that SME exports have increased from RM166.2 billion in 2017 to RM171.9 billion in 2018.

Priority 3: Deeper participation/involvement of women in the decision making position in the government and corporate sector

Malaysia shared that the Policy of At Least 30% Women in Decision-Making Positions in the Public Sector has led to an increase in the share of women in decision-making from 18.8 percent in 2004 to 37.3 percent in 2019. On realizing the Policy of At Least 30% Women in Decision-Making Positions in the Corporate Sector, which was introduced in 2011 to increase women’s contribution at leadership positions, the following activities have been conducted by Malaysia: 1) In 2017, 4 engagement sessions were conducted with corporate business leaders in collaboration with Bursa Malaysia and Securities Commission to improve awareness and buy-in with regards to this policy; 2) In April 2017, the Securities Commission indicated that the new Malaysian Code of Corporate Governance (MCCG) would require publicly-listed companies (PLCs) with market capitalization of RM2 billion and above to have 30 percent women as board members; 3) During the 2018 Budget Speech delivered to the Parliament in October 2017, the Prime Minister announced that all government-linked companies (GLCs), government-linked investment companies (GLICs) and Statutory Bodies must achieve the target of at least 30 percent women on board by 2018. In 2019, statistics from Bursa Malaysia showed that there was 26.4 percent women placed in the board of directors of the top 100 PLCs by market capitalization in Malaysia. Despite the progress, Malaysia noted that more could be done and targeted to achieve 30% women on board of directors, 10% women as chairwomen of the board and 0% men-only board of directors by end-2020.

Mexico

Mexico identified building a traffic light score methodology (TLSM) as a priority in its RAASR Individual Action Plan (IAP) submission in 2016. In its Final Review template submissions, Mexico added one additional priority, namely consolidating the implementation of the regulatory reform throughout all levels of government by creating a national institutional framework on Better Regulation Policy as a result of the publication of a General Law on Better Regulation. Mexico associated both priorities with RAASR Pillar #1 (Table 4.11).

Table 4.11. Mexico's RAASR priority and associated pillar

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	Building a traffic light score methodology (TLSM)	■		
2	Consolidating the implementation of the regulatory reform throughout all levels of government by creating a national institutional framework on Better Regulation Policy as a result of the publication of a General Law on Better Regulation	■		

Source: Compilations by APEC Policy Support Unit (PSU) based on Mexico's submission of 2020 RAASR Final Review Template.

Mexico provided updates for both priorities and related actions.

Priority 1 – Building a traffic light score methodology (TLSM)

In 2012, Mexico formally implemented Ex-Post Regulatory Impact Assessment (Ex-Post RIA) as a mechanism to review if regulations had effectively achieved their original objectives in terms of efficiency, effectiveness, impact, and permanence. Although the results of this initial effort were satisfactory, Mexico decided to continue improving domestic mechanisms so as to strengthen the ex-post evaluation of regulations as well as its analytical depth. Mexico resolved to make the development of a methodology aimed at verifying the quality of the ex-post RIA as its domestic priority. In view of this, between 2016 and 2019, Mexico developed the traffic light score methodology (TLSM) as a new good regulatory practice (GRP) tool to: 1) generate sufficient oversight on whether regulations are delivering the intended impacts; 2) provide systematic feedback on the robustness of assumptions used in Ex-Ante RIA, which would then allow regulators to make necessary adjustments to current regulation if required; and 3) identify and seize improvements in public policies instead of reacting to external reviews and appraisals. By including the development and dissemination of this methodology as part of its RAASR Individual Action Plan (IAP), Mexico hopes to contribute towards efforts of improving the quality of regulatory stock in the APEC region.

Mexico listed nine activities under this priority, namely: 1) reviewing international best practices pertaining to ex-post evaluation of regulation; 2) revising methodologies for assessing ex-post RIA; 3) developing methodology to assess the quality of ex-post RIA; 4) applying the methodology to a case study; 5) training staff of CONAMER, Mexico's National Commission of Better Regulation, on using the methodology; 6) disseminating the methodology among

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regulators and stakeholders; 7) selecting regulations to apply the methodology; 8) sharing the methodology and findings with APEC economies; and 9) requesting the adoption of methodology by APEC economies.

In RAASR MTR, Mexico updated that it had completed eight of the nine activities. The final activity, which is the release and publication of the TLSM methodology document, was completed in April 2019. Although the use of Ex-Post RIA among APEC economies is generally low, Mexico opined that the final TLSM methodology would contribute to the international regulatory efforts to increase implementation of the Ex-Post evaluation practices and hence improve the regulation process in APEC economies.

Priority 2 – Consolidating the implementation of the regulatory reform throughout all levels of government by creating a national institutional framework on Better Regulation Policy as a result of the publication of a General Law on Better Regulation

Since 1989, Mexico has implemented policies of deregulation and regulatory governance. In 2000, Mexico created the Federal Oversight Body and it became mandatory to use Regulatory Impact Assessment (RIA) and to seek public consultation for Federal regulatory proposals. Between 2000 and 2016, Mexico strengthened the level of analysis of its RIA process and its regulatory governance. The positive results of the Federal policy on Better Regulation, verified by the evaluations made by international organizations, provided the basis for implementing this policy at all levels of government by its inclusion in Mexico's Constitution in 2017.

In May 2018, the Official Gazette published the General Law on Better Regulation (GLBR) that outlines the basis and principles for implementing the national policy on Better Regulation. The GLBR mandates the creation of the National Commission of Better Regulation (CONAMER), as the economy-wide Oversight Body, and the setting-up of the National System of Better Regulation for applying this policy at the economy-wide level. The GLBR makes mandatory the implementation of the Good Regulatory Practices (GRP), the policies, and the oversight institutions in all levels of government.

Since the publication of the GLBR, notable progress has been made in its implementation. In May 2019, Mexico published the Guidelines of the State Laws on Better Regulation. In August 2019, Mexico established the National Council on Better Regulation and the Local Councils of Better Regulation at a State and Municipal level. Mexico also announced the National Strategy on Better Regulation (NSBR) that comprises a set of medium and long-term objectives for monitoring and evaluating the progress in implementing the policy on Better Regulation in all levels of government over a 20-year horizon. In February 2020, Mexico created the National Observatory on Better Regulation, which is a civil society body responsible for verifying the progress in the compliance of the national policy on Better Regulation. Additionally, to date, all the States in Mexico have approved legislation on Better Regulation. Finally, Mexico is currently working to meet all the remaining obligations included in the GLBR, such as the operation of the National Catalog on Regulations, Procedures, and Services, which is a technological tool that compiles all the information about the regulations and procedures at an economy-wide scope; as well as other relevant GRP tools and policies on Better Regulation in an economy-wide scope.

New Zealand

New Zealand identified 4 priorities in its RAASR Individual Action Plan (IAP) submission in 2016, namely: 1) significantly lifting the rate of business investment as a percentage of GDP to accelerate growth; 2) creating internationally connected businesses that are able to add value to volume and seize opportunities in an increasingly Asia-Pacific centered world; 3) pursuing and maintaining a high quality regulatory environment; and 4) creating appropriate, resilient infrastructure to develop connections and supporting future investment, growth and quality of life. New Zealand associated each of these priorities with single or multiple pillars under RAASR (Table 4.12).

Table 4.12. New Zealand's RAASR priorities and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	Significantly lifting the rate of business investment as a percentage of GDP to accelerate growth	■	■	■
2	Creating internationally connected businesses that are able to add value to volume and seize opportunities in an increasingly Asia-Pacific centered world	■	■	■
3	Pursuing and maintaining a high quality regulatory environment	■		
4	Creating appropriate, resilient infrastructure to develop connections and supporting future investment, growth and quality of life	■	■	

Source: Compilations by APEC Policy Support Unit (PSU) based on New Zealand's submission of 2020 RAASR Final Review Template.

New Zealand provided updates for all priorities and related actions. Below is a summary of progress by priority.

Priority 1 – Significantly lifting the rate of business investment as a percentage of GDP to accelerate growth

New Zealand launched the Investment Attraction Strategy to attract higher levels of business environment and hence accelerate growth in the economy. Among New Zealand's priorities are: 1) increasing the quality of overseas investment; 2) attracting overseas R&D investment (e.g., encouraging MNCs to locate their R&D activity in the economy); and 3) expanding its pool of smart capital by attracting individual investors and entrepreneurs. New Zealand shared that FDI has continued its upward trend since 2001 and was valued at NZD113 billion as of 31 March 2019. It has exceeded its target of attracting 10 new international companies to undertake R&D in 2019 (originally set at 2020). Particularly on R&D expenditure, New Zealand noted that it has increased by NZD548 million between 2016 and 2018. Immigration New Zealand has attracted NZD2.052 billion worth of capital between 30 June 2018 and 29 Feb 2020, exceeding the target of NZD2 billion by 2020. New Zealand is currently in the process of reviewing the Overseas Investment Act 2005 so as to further facilitate investment

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activities. To enhance competition, the Commerce Commission has been allowed to carry out market studies and the first one on retail fuel market was completed in 2019.

New Zealand established the Provincial Growth Fund (PGF) to provide NZD1 billion annually over three years to help lift productivity potential in various regions. Its objective is to support the delivery of government funding for the purpose of enhancing economic development and growth as well as social cohesion. These include increasing jobs, Māori development, climate change and environmental sustainability and resilience. Between inception and December 2019, the PGF has approved 593 projects with a total value of approximately NZD2.3 billion in various areas such as productivity of Māori owned land, digital connectivity of regional and Māori communities, skills and training programs, transport and tourism infrastructure, as well as energy.

New Zealand passed the Financial Services Legislation Amendment Act 2019 into law in April 2019. The Act introduced a new regulatory regime for the provision of financial advice, including online advice. When in force on 29 June 2020, it is expected to establish a more level playing field for financial advice and improve access to them, encourage investment in financial markets, and consequently a more competitive and productive economy.

Priority 2 – Creating internationally connected businesses that are able to add value to volume and seize opportunities in an increasingly Asia-Pacific centred world

In 2019, New Zealand developed the New Zealand-Aotearoa Government Tourism Strategy to create productive, inclusive and sustainable tourism growth in the economy. The five goals of the Strategy are: 1) improving sector productivity; 2) delivering exceptional visitor experiences; 3) supporting thriving and sustainable regions; 4) protecting, restoring and championing the natural environment, culture and historic heritage; and 5) improving the lives of people in the communities. New Zealand also implemented the International Visitor Conservation and Tourism Levy (IVL) to respond to tourism-related pressures within local communities and conservation pressures domestically. The Minister of Tourism held a Tourism Information and Data Hui/Assembly to set the path towards a collaborative dynamic tourism data system which generates value. Indicators monitored showed that New Zealand is moving in the right direction. For instance, total tourism expenditure in 2018/2019 was NZD40.9 billion, an increase of 4 percent from previous year. Overseas visitor arrivals to New Zealand increased by 1.3 percent, while 229,566 people (8.4 percent of total employment) were directly employed in tourism, which represents an increase of 3.9 percent from previous year.

New Zealand's *He kai kei aku ringa* (Crown Māori Economic Growth Partnership) provides a framework to drive an all-of-government focus to achieve positive economic outcomes for Māori. The Partnership comprises of six goals, namely: 1) greater educational participation and performance; 2) skilled and successful workforce; 3) increased financial literacy and savings; 4) Partnership between government and Māori to enable growth; 5) active discussions about development of natural resources; and 6) Māori Inc as a driver of economic growth. The Ministry of Business, Innovation and Employment's Māori Economic Development Unit, Te Kupenga, has continued to support and contribute to economic policy and implementation in areas of high impact for Māori (e.g., Economic Development Plan, Industry Transformation Plans, the Future of Work). As of June 2019, Māori annual median income was NZD33,600,

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which although higher than the target set in the Partnership (NZD31,800 by 2021), was lower than the economy-wide median of NZD36,800. As of September 2019, Māori unemployment was 8.0 percent. The annual Business Demography Statistics indicated that the number of Māori businesses has increased from 1,404 in 2016 to 1,503 in 2019. New Zealand plans to continue monitoring progress and develop more effective ways of doing so.

Priority 3 – Pursuing and maintaining a high quality regulatory environment

New Zealand required seven major government agencies with regulatory responsibilities to publish their regulatory management strategies to set out the fitness-of-purpose of regulation, plans for regulatory change as well as emerging trends and issues. Since their initial publication in 2016 and 2017, the focus of reporting has shifted emphasis to regulatory systems instead of departments in 2018/19 to be in line with the whole-of-system focus of regulatory stewardship. In response, eight major departments published information on their regulatory systems. Specifically, the Ministry of Business, Innovation and Employment has been developing Regulatory Systems Amendment Bills since 2016. Two Bills were passed in 2019 and two more are in development.

New Zealand requires regulatory agencies to publish Regulatory Impact Statements (RISs) on any policy proposals which require regulatory change, with significant ones being assessed by the Treasury. Moreover, agencies are expected to propose new policy only when accompanied by a Regulatory Impact Analysis (RIA). In 2017, RIA administrative requirements and templates were updated to encourage earlier attention and proportional effort by regulatory agencies. In 2019, further guidance was provided to regulatory agencies to make sure that discussion documents reflect and support good RIA practice. RIA processes were also updated to address new requirements of reporting on the major greenhouse gas emission impacts of policy proposals. To spread the RIS quality assurance (QA) workload and develop the QA experience of smaller agencies, multi-agency quality assurance panels have been established.

Priority 4 – Creating appropriate, resilient infrastructure to develop connections and supporting future investment, growth and quality of life

New Zealand is currently implementing the Ultra-Fast Broadband (UFB) Initiative to bring faster and better internet access to 80 percent of the population. 88 percent of the programme have been completed. As of December 2019, the programme has rolled out fibre to 79 percent of New Zealand homes and businesses. To date, total government investment across all phases of the programme is NZD1.782 billion and uptake of UFB was 56 percent, which is well ahead of initial projections. Besides UFB, the Rural Broadband Initiative (RBI) brings improved broadband to rural areas, while the Marae Connectivity programme (which is part of PGF connectivity package) is on track to improving connectivity in the region. As of September 2019, 27 Maraes have been connected.

Papua New Guinea

Papua New Guinea identified 3 priorities in its RAASR Individual Action Plan (IAP) submission in 2016 and subsequent revision, namely: 1) encouraging a low cost, competitive and transparent business environment, leading to greater participation in the domestic and international economy; 2) promoting greater participation from all segments of the community through financial inclusivity and greater public participation in policy and regulatory development; and 3) sustainable social policies that promote priority 1 and 2 objectives, enhance economic resiliency, and are well-targeted, effective and non-discriminatory. Papua New Guinea associated each of these priorities with single or multiple pillars under RAASR (Table 4.13).

Table 4.13. Papua New Guinea’s RAASR priorities and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	Encouraging a low cost, competitive and transparent business environment, leading to greater participation in the domestic and international economy	■	■	
2	Promoting greater participation from all segments of the community through financial inclusivity and greater public participation in policy and regulatory development	■	■	■
3	Sustainable social policies that promote priority 1 and 2 objectives, enhance economic resiliency, and are well-targeted, effective and non-discriminatory	■	■	■

Source: Compilations by APEC Policy Support Unit (PSU) based on Papua New Guinea’s submission of 2016 Individual Action Plan and subsequent revision as well as 2018 RAASR Mid-Term Review Template.

Papua New Guinea provided updates for all priorities, but noted that there were no updates for some related actions. Below is a summary of progress by priority.

Priority 1 – Encouraging a low cost, competitive and transparent business environment, leading to greater participation in the domestic and international economy

Papua New Guinea has continued to undertake activities to facilitate the conduct of business. These include: 1) introduction of legislative and business process reforms to implement a new online registration system; 2) launching of Personal Properties Securities Act (PPSA) registry; 3) tabling of amendments pertaining to the Investment Promotion Act 1992 to the parliament; 4) enhancement of the Online Registry System (ORS) to allow users and clients the flexibility to obtain information and process business applications. Furthermore, the Investment Promotion Authority (IPA) has organized business regulators summit with the aim of streamlining and harmonizing policy regulations of key regulatory agencies, and establishing One-stop-shop to monitor, review and implement regulatory reforms among others.

Papua New Guinea has made progress in modernizing and enhancing its competition and consumer policies. It has completed the Consumer and Competition Framework Review (CCFR) where 192 recommendations to improve on the current framework were identified and

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endorsed in its entirety by the government. One recommendation is the formulation of the National Competition Policy Statement, whose final draft is currently under consideration by the government by 3Q 2020. Following its finalization, the Independent Competition and Consumer Commission (ICCC)'s Leniency Program has been launched by the ICCC Commissioner along with the Merger Review Guidelines and Confidentiality Guidelines in December 2019. Moreover, the ICCC Act was amended in June 2018 to make merger and acquisition notification exceeding certain thresholds compulsory.

Following the 2015 Financial Services Sector Review, Papua New Guinea developed the Financial Sector Development Strategy (FSDS) 2018-30 to guide important reforms to its financial services sector. Some of the actions identified in the FSDS include achieving a more coordinated and integrated approach to financial sector regulation and supervision; facilitating government bond and capital market development; developing the payment system; and increasing financial inclusion. To date, the governance structures to implement the FSDS has been approved and the immediate goal is to set up the Financial Sector Council (FSC), the Steering Committee and a fully-resourced FSDS Secretariat.

To simplify the tax administration systems and processes, Papua New Guinea is in the midst of rewriting the Income Tax Act (ITA), which include separating all administrative functions in the current ITA into a stand-alone Tax Administration Act (TAA). It has set a plan for TAA to come into effect in July 2020 and the new ITA in January 2021. Following a recent Tax Administration Diagnostic Assessment (TADAT) in 2019, the Internal Revenue Commission (IRC) is currently taking steps to address issues identified in the assessment report such as: 1) entering into MOUs with relevant government agencies to enhance cooperation; 2) rearranging its organizational structure to make Goods and Services Tax (GST) the main revenue generator; 3) acquiring a new tax administration system; and 4) having online payments portal connected to its website to facilitate tax payment and lodgements. In addition, Papua New Guinea has signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) in 2019 and plans to ratify it in 2020.

Papua New Guinea gazetted the Public Private Partnership (PPP) Act in early 2018 and is now establishing a PPP Centre. It plans to roll out few pilot projects in different sectors to test and use them as inputs to amend the current PPP framework to enhance its effectiveness. Following the development of the National Public Procurement Policy in 2016 and the approval of the National Procurement Act in 2018, Papua New Guinea has established the National Procurement Commission (NPC) to streamline its procurement system as well as achieve value for money and support the delivery of the government services effectively. However, it noted that there are challenges in the implementation process, including awareness and participation by all government agencies and public, local content requirements and transparency in the procurement processes.

Priority 2 – Promoting greater participation from all segments of the community through financial inclusivity and greater public participation in policy and regulatory development.

Papua New Guinea is in the midst of implementing its National Financial Inclusion Strategy (NFIS) 2016-2020 adopted in December 2016. For example, pertaining to its commitment to reach an additional 2 million unbanked low-income people where 50 percent would be women,

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the Bank of Papua New Guinea (BPNG) updated that 48 percent of the target had been achieved as of 4Q 2019. Of these, 33 percent of the accounts were opened by women. Moreover, the National Financial Inclusion Policy was launched in January 2019 to further support the implementation process. On access to credit, the Centre for Excellence in Financial Inclusion (CEFI) would be signing an MOU with the National Training Council (NTC) on recognition and accreditation on Financial Education Training. On payment system, Papua New Guinea has launched KATS in 2015 to process credit transfers and cheques targeted at companies and individuals. Real Time Gross Settlement (RTGS) transactions are also supported between participating banks. Papua New Guinea has also introduced the Retail Electronic Payments System (REPS) to enable local debit cards issued by any member organizations to be used across all ATM and EFTPOS terminals belonging to other member organizations.

Priority 3 – Sustainable social policies that promote priority 1 and 2 objectives, enhance economic resiliency, and are well-targeted, effective and non-discriminatory

To realize Papua New Guinea's Health Vision 2050, the Divine Word University (DWU) introduced the Bachelor of Medicine, Bachelor Surgery (MBBS) programme in 2016 with the aim of addressing the critical shortage of doctors and other medical professionals in the economy, especially in the rural areas. By end-2020, the pioneer class of 30 final MBBS students would be ready to undertake the compulsory two-year medical residency programme in hospitals across the economy. Through the National Department of Health (NDoH), the government has also established nursing schools in various locations including Boram (East Sepik), Arawa (Bougainville), Kimbe (West New Britain) and Wabag (Enga).

Peru

Peru identified 2 priorities in its RAASR Individual Action Plan (IAP) submission in 2016 and subsequent revision, namely: 1) to establish clear rules, effective procedures and predictable results in the resolution of anticompetitive behavior considering the recent modifications done on the free competition act; and 2) to produce and maintain quality of regulations, reducing costs and burdens to consumers and enterprises while legitimate public policy objectives are pursued. Both priorities are associated with pillar #1 of RAASR (Table 4.14).

Table 4.14. Peru's RAASR priorities and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	To establish clear rules, effective procedures and predictable results in the resolution of anticompetitive behaviour considering the recent modifications done on the free competition act	■		
2	To produce and maintain quality of regulations, reducing costs and burdens to consumers and enterprises while legitimate public policy objectives are pursued	■		

Source: Compilations by APEC Policy Support Unit (PSU) based on Peru's submission of 2020 RAASR Final Review Template.

Peru provided updates for all priorities and related actions. Below is a summary of progress by priority.

Priority 1 – To establish clear rules, effective procedures and predictable results in the resolution of anticompetitive behavior considering the recent modifications done on the free competition act

Peru's competition agency (INDECOPI) has introduced different guidelines aimed at enhancing competitive conduct in the economy. These include: 1) the publication of the Leniency Program Guidelines in 2017 to make the rules of the leniency program more transparent and predictable; 2) the issuance of the Guide to Fight Collusion in Public Procurement in 2018 to help officials in designing competitive and efficient selection process within the current legal framework, and to provide them with tools to identify possible indications of anti-competitive conduct; 3) the approval of the Guidelines on Trade Associations and Competition in 2019 to formulate recommendations so that various associations (e.g., unions, federations, chambers, societies and professional associations) and their members can detect and minimize the risks of committing illegal actions; and 4) the issuance of the Antitrust Rewards Program Guidelines in 2019 to better define the application of the rewards mechanism for those who have evidence on cartel cases. Of these, the Leniency Program Guidelines had been awarded in "The Antitrust Writing Awards 2018" competition, while the Antitrust Rewards Program Guidelines has been nominated as part of "The Antitrust Writing Awards 2020" competition.

INDECOPI employs various tools to raise public awareness of its work and to disseminate relevant information pertaining to different guidelines (e.g., Leniency Program Guidelines).

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These include issuing press releases, publishing brochures and producing videos, as well as undertaking dissemination campaigns via local newspapers, radio programs and legal journals.

Priority 2 – To produce and maintain regulations of quality, reducing costs and burdens to consumers and enterprises while legitimate public policy objectives are pursued

Peru continues to make progress in implementing first-stage Regulatory Impact Assessment (RIA) to review draft regulation before it is sent to the Vice-Ministerial Coordinating Council for approval. It now includes multisectoral draft regulations (i.e., those involving two or more ministries) and between 2019 to May 2020, more than 300 draft regulations had been reviewed. In September 2018, Peru issued Legislative Decree No. 1448 to establish both ex-ante and ex-post RIA. The Commission on Regulatory Quality, which is composed of the Presidency of the Council of Ministers, the Ministry of Justice and the Ministry of Economy and Finance, is currently developing the by-law to provide more details on the operationalization of the Decree, particularly with regards to Article 6 on RIA implementation. To reduce government bureaucracy, Peru approved Legislative Decree 1310 which required all existing administrative procedures put in place by entities within the national government to be reviewed and simplified. When the reviews conducted by the Commission on Regulatory Quality were completed in 2019, 734 administrative procedures and 1300 requirements which entities of the Executive Branch requested from citizens had been removed.

The OECD Regulatory Policy Review recommended that Peru established an oversight body in the executive branch to coordinate most of the regulatory policy activities and tools that are currently scattered across several ministries, agencies and offices. Peru updated that the Commission on Regulatory Quality is effectively playing this role. Its responsibility on RIA is regulated by Supreme Decree 061-2019-PCM and will be further enhanced by the development of the by-law mentioned above.

The Philippines

The Philippines identified 6 priorities in its RAASR Individual Action Plan (IAP) submission in 2016 and subsequent revision, namely: 1) improving the efficiency of the logistics sector; 2) improving broadband access and usage; 3) developing and institutionalizing Quality Regulatory Management System (QRMS); 4) improving access of micro, small and medium enterprises (MSMEs) to financial services; 5) promoting skills development opportunities; and 6) making the economy's legislative and regulatory framework more conducive to the promotion of market competition. The RAASR pillars associated with each of these priorities can be seen in Table 4.15.

Table 4.15. The Philippines's RAASR priorities and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	Improving the efficiency of the logistics sector	■		
2	Improving broadband access and usage	■		
3	Developing and Institutionalizing Quality Regulatory Management System (QRMS)	■		
4	Improving access of Micro, Small and Medium Enterprises (MSMEs) to Financial Services		■	
5	Promoting Skills Development Opportunities			■
6	Making the economy's legislative and regulatory framework more conducive to the promotion of market competition		■	

Source: Compilations by APEC Policy Support Unit (PSU) based on The Philippines' submission of 2020 RAASR Final Review Template.

The Philippines provided updates for all priorities and related actions. Below is a summary of progress by priority.

Priority 1 – Improving the efficiency of the logistics sector

The Philippines is in the midst of establishing a single window or one-stop shop to simplify the accreditation and registration processes for Multimodal Transport Operators (MTOs) and to reduce transaction costs. It is also aimed at improving efficiency in the government and reflecting good governance in public service delivery. A Joint Department Order (JDO) between the Department of Transportation (DoTr), Department of Finance (DOF), and Department of Trade and Industry (DTI) was signed in November 2019 to create a Steering Committee and an inter-agency technical working group (IATWG) to operationalize the ASEAN Framework Agreement on Multimodal Transport (AFAMT). Specifically, the Steering Committee would be responsible for the overall policy guidelines for the implementation of AFAMT and setting up of the Office of Multimodal Transport & Logistics (OMTL), while the IATWG would provide technical and legal assistance on AFAMT related matters and establishment of the Competent National Body.

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To adhere to the terms of the AFAMT which requires the establishment of a domestic competent body to implement the agreement, the Philippines drafted an Executive Order (EO) designating DOTr as the Competent National Body. Certificate of Concurrences for the draft EO had been received from concerned agencies, and the EO had been submitted to the Office of the President for the President's signature.

Priority 2 – Improving broadband access and usage

The Philippines' National Broadband Plan (NBP) was put in place to ensure that broadband connectivity is a basic right for all consumers, businesses and government entities. It entails developing a broadband ecosystem through several policies, including those that promote fair competition for consumer welfare, innovation and investment, as well as efficient allocation and management of assets. In addition, it would also reform existing laws, policies and standards so as to maximize the benefits of broadband across the public sector. Several achievements were noted since which includes: 1) 790 government agencies have been connected via fiber optic cable through the Department of Information and Communications Technology (DICT)'s Government Network (GovNet) Project; 2) 3,341 live sites have been established as of 2019; 3) 12.5 Gbps bandwidth utilization for the free WIFI in Public Places Project under the National Broadband Plan; 4) total number of fixed broadband subscribers has risen to 3,919,713 as if 2018. These achievements have translated into an increase in internet traffic in Metro Manilla with downloads reaching 622.36 Mbps while uploads registered values of 65.02 Mbps. In the future, the Philippines have several plans to extend further coverage. Some examples of these initiatives include: connecting to an additional 163 government agencies; connecting to seven new GovNet sites; pursuing last mile access network through the Free WiFi in Public Places and the GovNet program; complementing the current infrastructure with the construction and sharing of towers, the colocation of equipment in the towers as well as with satellite capacity to access challenging areas.

Priority 3 – Developing and Institutionalizing Quality Regulatory Management System (QRMS)

The Philippines introduced the Modernizing Government Regulations (MGR) Program to improve the regulation formulation process by government agencies. MGR is a collaboration between the National Economic and Development Authority (NEDA) and the Development Academy of the Philippines (DAP) to integrate overlapping initiatives, develop a quality regulatory management system (QRMS), and incorporate new tools such as a regulatory impact assessment (RIA). Since the start of the program, the Philippines has achieved the following: 1) creation of Anti-Red Tape Authority (ARTA) to serve as the lead agency in the formulation and implementation of the policy on anti-red tape and ease of doing business; 2) issuance of the Implementing Rules and Regulations of the EODB and EGSD Act (IRR), which includes the steps in the conduct of RIA and submission of Regulatory Impact Statements (RIS) to ARTA for review; 3) publication of a Guide on Stakeholder Consultation by DAP for distribution to regulatory agencies; 4) introduction of Traffic Light Score Methodology (TLSM) for Ex-Post RIA to government agencies through a training course conducted by the Asian Productivity Organization; 5) development of clear and detailed industry regulatory framework based on the ASEAN Good Regulatory Practices Core Principles; and 6) assessment of existing regulatory environment for various industries such as food processing,

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tourism, logistics, healthcare and education; and 7) establishment of the regulatory Management System Steering Committee to oversee the drafting and implementation of the National Policy Regulations Management System. In terms of capacity building activities under the MGR program, DAP has conducted training for 133 (out of 146) target regulatory agencies as of December 2019. DAP has also assisted ARTA in providing training to 224 government officers from 42 targeted agencies.

The Philippines has several documents whose objective is to encourage and institutionalize RIA in the regulation formulation process. RIA was formally institutionalized through the enactment of the EODB and EGDS Act. In July 2019, ARTA issued the IRR, which among others, includes the steps in the conduct of RIA and submission of RIS to ARTA for review. ARTA and the Department of the Interior and Local Government (DILG) have issued a Joint Memorandum Circular establishing Regulatory Reform Teams in cities and municipalities to conduct ex-post review of regulations. In terms of outcome, a total of 37 and 21 RISs had been submitted by government agencies which participated in the Basic and Advance RIA Courses, respectively. Under the MGR program, the DAP has trained a total of 1,267 participants from 133 (out of 146) target regulatory agencies in various courses on good regulatory practices.

The Philippines introduced Project Repeal in 2016 as a systematic method for reviewing regulations that are no longer relevant to the regulatory functions of the government. Regulations that are deemed outdated or detrimental to the economy are repealed, delisted, amended or consolidated. Following the enactment of the EODB and EGSD Act, the Better Regulations Office of the ARTA has taken over the function of implementing Project Repeal. Between 2016 and 2018, a total of 6,137 issuances had been acted for review as part of Repeal Days.

Priority 4 – Improving access of Micro, Small and Medium Enterprises (MSMEs) to Financial Services

Credit information of borrowers can help financial institutions (FIs) in assessing credit risk and hence make more informed decisions. Using wider range of sources can also help the unbanked to build their credit history/information despite having no or little formal access to credit. Through efforts by the Philippines, the number of credit information suppliers has increased from 408 in the 1st semester of 2019 to 474 as of 2nd semester of 2019. The number of institutions using credit information has also increased by 17 between 1st and 2nd semester of 2019. More importantly, in terms of data points, the number has increased from 7,700,000 in 2016 to 57,439,706 in the 2nd semester of 2019.

The Philippines aimed to align its legal framework to international best practices of secured transactions and collateral registries (STCR) to allow more credit to follow to MSMEs and support growth of supply chains. This includes modernizing the application of the Chattel Mortgage Law as well as deploying a movable collateral registry. The Philippines noted that while offline computerized Chattel Mortgage Registry has been used for various Registries of Deeds, these registries have yet to be consolidated. On deployment of Online Personal Property Security Registry, the Philippines updated that it would commence between six to nine months from the publication of the IRR in November 2019.

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Priority 5 – Promoting Skills Development Opportunities

The Philippines has repositioned its Technical Vocational Education and Training (TVET) programmes to meet the challenges of global competition and social equity. The TVET for Global Competitiveness caters to the needs of wage/self-employed workers, industry workers and trainers who need skills upgrading; basic and higher education graduates; and workers needed in emerging technologies and newly established companies. The TVET for Social Equity caters to the need of informal workers, indigenous people, farmers, fisherfolks, drug dependents, rebel returnees, women victims of abuse and human trafficking, returning overseas Filipino workers and persons of disabilities among others. In terms of enrolment, the number has increased from 2,269,665 in 2016 to 2,488,922 in 2019. The number of graduates increased from 1,765,757 in 2016 to 2,240,750 in 2019, while the TVET certification rate has improved from 91.1 percent in 2015 to 94.3 percent in 2019.

Priority 6 – Making the economy's legislative and regulatory framework more conducive to the promotion of market competition

The Philippine Competition Commission (PCC) developed a Competition Assessment Manual to operationalize its framework on delisting, amending, repealing or consolidating anti-competitive legislations and regulations. The manual was pilot-tested in four agencies, namely: 1) the Department of Health; 2) the Food and Drug Administration; 3) the Maritime Industry Authority; and 4) the Civil Aeronautics Board. Specifically, these agencies were requested to use the manual to identify potentially anti-competitive laws and regulations and propose action plans to amend, repeal or consolidate them. The pilot was completed in August and detailed workplans were submitted by the pilot agencies in September 2019. Moving forward, the Philippines planned to promote the adoption of the manual by tapping local training institutes or universities to develop a program to train future users, and integrating Competition Impact Assessment (CIA) and the manual in the training modules of the DAP among others.

Russia

Russia identified 6 priorities in its RAASR Individual Action Plan (IAP) submission in 2016, namely: 1) more competitive markets; 2) securing employment of women with young children and people with disabilities; 3) sustainable social policies through quality job creation, modernization of existing jobs and boosting labour productivity; 4) development of regulatory impact assessment tools and reducing the regulatory burden; 5) new tariff policy development; and 6) wider use of e-government technologies for improving the quality of life, doing business and public administration. In line with the increased focus on developing its digital economy, Russia updated priority 6 to “comprehensive digital economy development, including wider use of e-government technologies for improving the quality of life, doing business and public administration”. Russia associated each of these priorities with single or multiple pillars under RAASR (Table 4.16).

Table 4.16. Russia’s RAASR priorities and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	More competitive markets		■	
2	Securing employment of women with young children and people with disabilities		■	
3	Sustainable social policies through quality job creation, modernization of existing jobs and boosting labour productivity			■
4	Development of regulatory impact assessment tools and reducing the regulatory burden	■		
5	New tariff policy development	■		
6	Comprehensive digital economy development, including wider use of e-government technologies for improving the quality of life, doing business and public administration	■	■	■

Source: Compilations by APEC Policy Support Unit (PSU) based on Russia’s submission of 2020 RAASR Mid-Term Review Template.

Russia provided updates for all priorities and some related actions. Below is a summary of progress by priority.

Priority 1 – More competitive markets

In 2016, Russian Small and Medium Business Corporation (RSMB Corporation) developed and put into service the SME Business Navigator (smbn.ru), a free information resources portal, to assist entrepreneurs in starting or expanding their business. Among the services that can be accessed at the portal include determining market niche, finding office space and obtaining information on subsidies, specialized loan products as well as guarantee support provided by RSMB Corporation, SME Bank and regional guarantee organizations. To further develop the portal, RSMB Corporation is working with the Ministry of Industry and Trade, the Industrial Development Fund and public business associations of entrepreneurs to integrate the services provided by the SME Business Navigator Portal with the State Information System of Industry (SISI). As of December 2019, the total number of unique visitors to the SME Business

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Navigator is more than 6.1 million, while the number of unique registered users is about 1.3 million.

Russia implemented a two-tier system to provide SMEs with increased access to public procurement. RSMB Corporation is responsible for evaluating public procurement for 1,769 largest public companies (i.e., 1413 are federal level and 356 are regional level). In 2019, the share of SMEs in public procurement was 69.5 percent, which is four times the set quota of 18 percent. Starting from January 2020, the quota has been adjusted to 20 percent. In terms of value, the total purchase from SMEs was valued at USD49.93 billion and USD57.95 billion as of end-2018 and end-2019, respectively.

Russia has introduced several programs within the ambit of the National Guarantee System (NGS) to enhance financial support for MSMEs. For example, RSMB Corporation's SME Credit Promotion Program fixes the final interest rate for loans starting from RUB3 million (about USD47,000) at 10.6 percent for micro and small companies and 9.6 percent for medium-sized companies. Between 2015 and 2019, the total cumulative amount provided to SMEs is approximately RUB1.5 trillion. In addition, RSMB Corporation launched the Concessional Leasing Program to individual entrepreneurs and small enterprises in 2017. Specifically, four regional leasing companies with authorized capital of RUB2 billion have been created in the Republic of Tatarstan, Republic of Bashkortostan, Republic of Sakha and Yaroslavl Region each.

Better financing for SMEs is also one of Bank of Russia's top priorities. The Roadmap for the development of SMEs financing highlights some of the issues that the Bank plans to tackle, including: 1) development of SMEs lending through banking regulation; 2) expansion of alternative funding sources; 3) improvement of financial inclusion for SMEs; and 4) increase of financial literacy among SMEs. In addition to the Roadmap, the Bank of Russia participates in the national project (i.e. Small and Medium-Sized Businesses and Support for Individual Entrepreneurs), which includes measures to facilitate access to the securities market by SMEs. Incremental targets for SME financing via the securities market have also been set (i.e., between RUB1 billion in 2019 and RUB20 billion in 2024). In 2019, data from the Moscow Exchange showed that there were 12 placements of bonds issued by SMEs which amounted to RUB2.97 billion. The same national project also includes the 8.5 Program, where SMEs can access funds at 8.5 percent. As of December 2019, 89 banks were authorized to provide loans under the 8.5 Program, 76 of which did so.

Priority 2 – Securing employment of women with young children and people with disabilities

Russia has conducted both professional and supplementary vocational education for women on parental leave (i.e., those with children up to three years old) to enable them to adapt and hence increase their competitiveness in the labor market. Under the framework of additional activities to ease tensions in the labor market introduced in 2011, where federal budget was used to co-finance such endeavour, more than 26,200 women on parental leave had participated. Russia hopes that in the future, all women on parental leave will be able to receive recommendation on the professional specialization from the respective state bodies so as to gain the necessary skills prior to returning to work.

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Furthermore, the Presidium of the Presidential Council for Strategic Development and National Projects enacted a project on “Demography”, which contains the Federal Project on “Facilitation of women’s employment – creation of pre-school education environment for children at the age of up to three years”. Its goal is to provide opportunities for women bringing up children of pre-school age to balance working activities and family obligations, and has identified actions such as increasing the availability of pre-school education and creating additional groups for short-term attendance by children of pre-school age. The project hopes to benefit 40,000 and 50,000 women annually by 2020-2021 and 2022-2024 respectively, hence bringing the level of women’s employment (those having children of pre-school age) to 68.5 percent by 2024.

Corresponding legislative acts to support the abovementioned activities as well as the methodology for monitoring and evaluation were developed in 2019.

Priority 3 – Sustainable social policies through quality job creation, modernization of existing jobs and boosting labour productivity

In order to increase employment of women while ensuring their well-being, the Ministry of Labor of the Russian Federation issued Order No. 512H (18 July 2019), which contains the list of industries, jobs and positions which are physically demanding or are accompanied with abusive and dangerous working conditions, therefore restricting women’s labor. It will come into force since 1 January 2021 and contains less positions than the previous Decree of the Government of the Russian Federation No. 162 (25 February 2000) (100 vs. 456). Criteria used to update the list include factors such as whether they are dangerous for the reproductive health of women, influence health of future generations and potentially have negative repercussions. Restrictions were lifted for various professions such as: drivers of oversize vehicles and agricultural vehicles (such as truck, tractor, tip-truck) excluding operators of building machinery (bulldozer, excavator, grader); deck crew member (boatswain, skipper, sailor) excluding work in engine-rooms; electric locomotive operator, operators of high-speed trains; climbing works at above 10 meters height. However, the list does not cover women’s labor in the pharmaceutical industry, healthcare centers, R&D laboratories, and organizations providing consumer services.

Priority 4 – Development of regulatory impact assessment tools and reducing the regulatory burden

Russia continues to extend the implementation of regulatory impact assessment (RIA) on draft regulatory acts. In 2019, the Decree of the Government of the Russian Federation No. 234 amended the Decree of the Government of the Russian Federation No. 1318 so as to establish RIA procedure for draft acts prepared to implement the national program on “Digital Economy of the Russian Federation”. In addition, the Decree of the Government of the Russian Federation No. 1200 amended paragraph 2 of the Decree of the Government of the Russian Federation No. 1318 so as to subject draft acts or their individual provisions containing confidential information to RIA procedure.

Russia adopted Decision No. 813 in July 2017 to optimize mechanisms of RIA at various stages. In terms of public discussions about regulatory drafts, the timing for draft regulatory

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legal acts (DRLA) assessed to have a high degree of regulatory impact was reduced from 45 to 20 working days, while those assessed to have a medium degree of regulatory impact was reduced from 20 to 15 working days. An option was also added to coordinate draft federal laws with RIA, public comment procedures and independent anti-corruption assessment simultaneously.

Russia is in the process of implementing “regulatory guillotine” mechanisms to decrease the number of mandatory requirements and hence minimize administrative burdens. In May 2019, the Prime Minister of the Russian Federation approved a roadmap which established concrete actions and deadlines for the implementation of the mechanism, including the preparation of important regulatory acts. A draft federal law “On Mandatory Requirements”, which defines the basic principles and procedure for establishing and updating mandatory requirements, has been developed. Moreover, the composition of the 41 sectoral working groups, which brings representatives of leading business associations and authorities in relevant areas of regulation, has been approved.

Russia began to implement the ex-post evaluation of regulatory policies (EPE) in January 2016. EPE is conducted on the most important legal acts regulating business activities and aims to revise inefficient ones. The Ministry of Economic Development conducted EPE with regards to 8, 11 and 18 regulatory legal acts in 2017, 2018 and 2019 respectively. In 2020, the Ministry plans to conduct EPE for 12 acts and at the request of the federal executive authorities, would conduct EPE for 4 additional acts.

Priority 5 – New tariff policy development

Russia continues to improve its tariff regulation, in particular those with significant impact on the state of the economy, so as to improve the efficiency of natural monopolies. At the moment, price/tariff regulation is being implemented in accordance with several federal laws, such as those “On Electricity”, “On Heat Supply”, “On Water Supply and Sanitation”, “On Gas Supply” and “On Natural Monopolies”. In 2018, supervisions by FAS Russia in the area of tariff regulation led to RUB17.7 billion of unreasonable costs being excluded from regulated prices/tariffs. A new Law on Tariff Regulation introduces the common principles in price/tariff determination, including methods for doing so. To effect the Resolution of the Government of the Russian Federation No. 941 regarding tariff decisions, the Board of the FAS Russia which comprises of 12 people had been established. In 2018, the Board has 51 meetings where 257 regulations were approved and 25,501 tariff decisions were taken.

Priority 6 – Comprehensive digital economy development, including wider use of e-government technologies for improving the quality of life, doing business and public administration

The economy-wide National program “Digital Economy of the Russian Federation” was developed by decree of the President Vladimir Putin (No. 204 “On national goals and strategic tasks of development of the Russian Federation 2024”, 07.05.2018) and is in force until 2024. The program is financed both through the government and commercial sources of funds. Among the main objectives of the program are removing legal barriers, ensuring information security, developing technologies and creating infrastructure, introducing innovative approaches to public administration, and providing the economy with competent specialists. In

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line with these objectives, 6 federal projects have been endorsed by the Presidium of the Presidential commission on digital development, usage of information technologies for improvement of quality of people's life and conditions for business conduct in 2019. These projects are: 1) regulation of the digital environment; 2) digital technologies; 3) information security; 4) information infrastructure; 5) digital public administration; and 6) human resources for the digital economy. Some of the key target indicators to be achieved include: 1) the share of domestic expenditures on development of digital economy increasing from 2.2 percent in 2019 to 5.1 percent in 2024; 2) the share of households having broadband access to Internet rising from 79 percent in 2019 to 97 percent in 2024; and 3) the share of socially important infrastructure having broadband access to Internet increasing from 45.2 percent in 2019 to 100 percent in 2024.

Chinese Taipei

Chinese Taipei identified 5 priorities in its RAASR Individual Action Plan (IAP) submission in 2016, namely: 1) building a comprehensive competition regime for fair competition; 2) forging a competitive regulatory environment; 3) promoting financial inclusion; 4) fostering MSMEs' development and internationalization; and 5) deepening women's economic participation. Chinese Taipei associated each of these priorities with single pillars identified under RAASR (Table 4.17).

Table 4.17. Chinese Taipei's RAASR priorities and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	Building a comprehensive competition regime for fair competition	■		
2	Forging a competitive regulatory environment	■		
3	Promoting financial inclusion		■	
4	Fostering MSMEs' development and internationalization		■	
5	Deepening women's economic participation		■	

Source: Compilations by APEC Policy Support Unit (PSU) based on Chinese Taipei's submission of 2020 RAASR Final Review Template.

Chinese Taipei provided updates for all priorities and related actions. Below is a summary of progress by priority.

Priority 1 – Building a comprehensive competition regime for fair competition

Chinese Taipei amended 33 regulations relating to Fair Trade Act between 2016 and 2019, with the aim of keeping its competition law up to date. For instance, the “Thresholds and Calculation of Sales Amount which Enterprises of a Merger Shall File with the Fair Trade Commission” was revised to adopt a standalone threshold for the global sales of merging parties. Article 11 of the Fair Trade Act was amended to increase the merger review period from 30 calendar days to 30 working days. When reviewing a hostile acquisition, the competition authority is required to provide parties disagreeing on the merger with necessary information in advance and obtain their opinions on hostile takeover. Moreover, ten administrative regulations and directives pertaining to market competition were enacted, while five advises provided by the Fair Trade Commission relating to competition issues are adopted by the industry regulators and local governments. Chinese Taipei opined that horizontal or vertical coordination between competent authorities, cabinet and legislature can be enhanced. It is also important to make sector regulators understand the importance of competition.

Priority 2 – Forging a competitive regulatory environment

Chinese Taipei is currently exploring possible amendments to the Personal Property Secured Transaction Act (PPSTA). In particular, it is considering the deletion of Article 4 of PPSTA to clarify restrictions of transaction objects and adopt the concept of floating charge. Chinese Taipei would also be formulating reform measures to its secured transactions system by making reference to the UNCITRAL Legislative Guide on Secured Transactions, Supplement on Security Rights in Intellectual Property and World Bank Doing Business Report. In this regard,

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public hearings were held in 2018 and 2019 to consider it. Chinese Taipei noted that its EoDB ranking fell slightly from 13th in 2018 to 15th in 2019 and would continue to promote reforms relating to Starting a Business, Getting Credit, Paying Taxes and Trading Across Borders.

Chinese Taipei extended the preview period for draft laws and regulations from a minimum of 14 days to 60 days in principle to allow stakeholders sufficient time to express opinions. For draft laws and regulations with a public consultation period of more than 60 days, they would also be posted on an online Join Platform to facilitate public feedback. A Regulatory Impact Analysis (RIA) Operations Handbook was completed in August 2017, with government officials encouraged to refer to it for practical operations of RIA. 44 public consultation education and training sessions as well as 38 seminars on good regulatory practices (GRPs) have been held with participation totalling at more than 4,300 experts and civil servants as of end-2019.

Priority 3 – Promoting financial inclusion

Chinese Taipei is on phase V of the 3-year program (2018-2020) for Financial Literacy, which aims to improve financial education of different demographics through various channels such as social advocacy, different forms of media, and organising educational activities. Between 2018 and Q3 2019, the Financial Supervisory Commission (FSC) and related financial organizations organized a total of 13,854 social advocacy activities, 3,180 on campus promotion activities and 1,406 charity activities, which were participated by about 2.52 million people in total. Chinese Taipei has also established the “Financial Education Promotion Group” to integrate available resources that are currently in various financial organizations, and to cooperate with relevant agencies to hold financial educational activities.

Chinese Taipei has implemented a "Program to Encourage Lending by Domestic Banks to Small and Medium Enterprises" since July 2005. As at end-November 2017, loans extended to MSMEs by domestic banks amounted to NTD6,030.2 billion (USD202.56 billion), up by NTD3,495.4 billion (USD117.41 billion) from the end-June 2005. Loans extended to SMEs by domestic banks accounted for 59.8 percent and 62.4 percent of total loans extended to all enterprises and private enterprises, respectively.

Chinese Taipei launched the “Creating Digital Financial Environment 3.0” program to help financial industries benefit from the development to provide the public with convenient digital financial services. The program aims to encourage financial institutions to adopt online services and mobile payment options. As of December 2019, achievements include: 12 types of banking business being allowed to accept online applications (from January 2015); 53 securities firms accepting customer orders online; 34 securities firms accepting electronic signing of risk disclosure statements; 22 securities firms accepting the signing of trading agreement documents electronically; as well as 17 life insurance firms, 15 non-life insurance firms and 16 insurance brokers or agent companies being approved to conduct online insurance business. Chinese Taipei has also implemented the Financial Technology Development and Innovative Experimentation Act since 30 April 2018, which establishes a regulatory sandbox mechanism to create a safe environment for fintech R&D and pilot trials. 7 cases have approved as of November 2019.

Priority 4 – Fostering MSMEs’ development and internationalisation

Chinese Taipei noted that MSMEs are the backbone of its economic growth and to that end, has continued to implement activities aimed at enhancing their development and internationalization. For example, Chinese Taipei hosted a series of Online-to-Offline (O2O) events to equip MSMEs with skills needed to meet challenges in the digital era. In 2018, under the 3rd phase of the O2O initiative, 5 O2O events and 5 SME Digital Resilience Training Workshop were held. In 2019, under the 4th (final) phase of the O2O initiative, 5 O2O events were held. In conjunction with these events, Chinese Taipei published the APEC Guidebook on SME Digital Resilience in 5 languages (2018), and a collection of APEC O2O Best Practices (2018), and the APEC Guidebook on SME Embracing Digital Transformation in APEC Economies (2019). Chinese Taipei has also implemented the Local Innovation Ecosystem Initiative, which aims to encourage local SMEs to apply technology and digital tool, so as to promote the local innovation ecosystem and revitalize the local economy. The framework of this initiative is composed of 3 dimensions, namely: 1) the accumulation of knowledge; 2) helping local MSMEs to build economics assets and networking assets; and 3) promoting industrial clusters to connect in global industrial value chains. Under the initiative, 4 events were held in 2019 and a report on “APEC Local Innovation Ecosystem Best Practices” was published. Besides, the regulatory adjustment mechanism and a regulatory sandbox were introduced to lower compliance costs for MSMEs when laws and regulations are either enacted or amended. For the former, 51 visits were made to MSMEs and business associations to understand their needs and concerns. For the latter, close to 120 applications and are currently under processing. Between January and November 2019, the Small and Medium Enterprise Credit Guarantee Fund (SMEG) which was established to assist SMEs financing offered credit guarantee to 312,238 SMEs with insufficient collateral, hence enabling them to obtain NTD1,181 billion of credit from financing institutions.

Priority 5 – Deepening women’s economic participation

Chinese Taipei implemented “Countermeasures against Declining Birthrate” in 2018 to promote gender equality and work-life balance. To encourage employers to provide employees with childcare-friendly measures including the setting up of childcare facilities, Chinese Taipei increased the maximum amount of subsidies provided to employers from NTD2 million to NTD3 million in 2018. Furthermore, it enacted “Implementation Regulations Governing Mutual Aid Style Educare Services in Workplaces” to simplify regulation for setting up childcare facilities and lower staff-child ratio. Between 2016 and 2019, Chinese Taipei has provided subsidies to 726 employers to facilitate the setting up of childcare facilities and childcare-friendly measures. By end-2019, 951 public and non-profit preschool classes have also been established. Female labour force participation rate increased from 50.8 percent in 2016 to 51.4 percent in 2019.

The Gender Equality Policy Guidelines of Chinese Taipei was promulgated in 2011 to regulate at least a third of positions in all committees under the Cabinet, state-owned enterprises (SOEs) and the senior rank civil servants be filled by each gender. These guidelines were revised in 2017 to expand the application of the “one third” principle to organisations such as labour unions, civil organizations, and private enterprises. Progress has been mixed. The share of female ministers increased from 9.52 percent in 2016 to 21.88 percent in 2018, which is above the target percentage of 20 percent by 2020. Over the same period, the share of senior rank civil servants who are female increased from 32.5 percent to 34.6 percent, which is above the

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target percentage of 30 percent by 2020. SOEs whose board supervisors achieved the 1/3 gender quota principle increased from 62.5 percent in 2016 to 75 percent in 2018. On the other hand, SOEs whose board members and directors achieved the target declined from 25.0 percent in 2016 to 8.3 percent in 2018. In the private sector, although various indicators showed that there have been an increase in share of women, the 1/3 gender quota principle has yet to be achieved.

Thailand

Thailand identified regulatory reform to facilitate ease of doing business as a priority in its RAASR Individual Action Plan (IAP) submission in 2016. Thailand associated this priority with RAASR pillar #1 on more open, well-functioning, transparent and competitive markets as well as pillar #2 on deeper participation in those markets by all segments of society, including MSMEs, women, youth, older workers, and people with disabilities (Table 4.18).

Table 4.18. Thailand's RAASR priority and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	Regulatory reform to facilitate ease of doing business	■	■	

Source: Compilations by APEC Policy Support Unit (PSU) based on Thailand's submission of 2020 RAASR Final Review Template.

Thailand provided updates for its priority and related action.

Priority 1 – Regulatory reform to facilitate ease of doing business

Thailand aimed to improve services to businesses through three main ways: 1) conducting a study on legal and regulatory constraints that hinder business operations; 2) supporting and facilitating foreign trade and investment; and 3) improving access to capital to increase competitiveness of trade and investment sectors.

On (1), the Office of the Public Sector Development Commission (OPDC) in collaboration with the Office of SMEs Promotion (OSMEP) and World Bank had completed the joint study. A comprehensive guideline was presented to relevant government agencies through regulatory guillotine programme. Workshops have also been organized to help relevant agencies to develop action plans and set specific measurable goals in priority reform areas.

On (2), Thailand shared that various government agencies have adopted electronic systems to reduce cost and accelerate procedures. For example, the Port Authority of Thailand has used the National Single Window system to report the number of moored ships and inventory. The Customs Department has developed the e-Transition system to accelerate customs processes. The National Digital Trade Platform (NDTP) has been established to link B2B and B2G data, and would enable exporters and importers to interact with all business partners and stakeholders on international trade-related transaction. The Department of Employment within Ministry of Labour, together with the Board of Investment (BOI) and the Immigration Bureau have come up with an online Single Window System for Visa and Work Permits to reduce the time as well as documentation required for application. In addition, the Department of Business Development has developed an Online Electronic Corporate Registration System (e-Registration) to enable owners to reserve names and register companies. One Stop Service Centers (OSS) for investment have also been established in all 10 Special Economic Zones in Thailand.

On (3), Thailand improved access to capital for SMEs by relaxing regulations on the use of collateral. The Secured Transaction Act B.E. 2558 (2015) was amended to expand the range of assets such as machines, bank deposits or inventory to be used as collateral. The amendment

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also made collateral registration easier and enabled parties to bargain on collaterals. Furthermore, the Bankruptcy Act (Business Reorganization for SMEs) No. 9, 2016 was passed in April 2016 to facilitate MSMEs in resolving financial distress by submitting a business reorganization plan.

Thailand noted that its EoDB ranking improved from 46th in 2016 to 21st in 2019. Private investment grew by 4.1 and 2.8 percent in 2018 and 2019 respectively. On the other hand, export value and volume contracted by 3.2 and 3.5 percent respectively in 2019 due to a slowdown.

United States

The United States identified 5 priorities in its RAASR Individual Action Plan (IAP) submission in 2016, namely: 1) growing businesses and creating jobs; 2) strengthening the digital economy; 3) infrastructure permitting modernization; 4) improve patent pendency and quality; and 5) expand access to foreign markets. The United States associated each of these priorities with single or multiple pillars identified under RAASR (Table 4.19).

Table 4.19. United States' RAASR priorities and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	Growing businesses and creating jobs		■	
2	Strengthening the digital economy	■	■	■
3	Infrastructure permitting modernization		■	
4	Improve patent pendency and quality	■		
5	Expand access to foreign markets	■		■

Source: Compilations by APEC Policy Support Unit (PSU) based on United States' submission of 2020 RAASR Final Review Template.

The United States provided updates for all priorities and related actions. Below is a summary of progress by priority.

Priority 1 – Growing businesses and creating jobs

Access to capital is one of the key success factors for small businesses in the United States. The U.S. Small Business Administration (SBA) approved more than 58,000 loans for small businesses in fiscal year (FY) 2019, which translated to more than USD 28 billion being loaned to these businesses. For FY2021, SBA expects to support up to USD 42.5 billion in small business loans. To improve risk management and oversight practices, the United States noted that all lenders now have full transparency into the metrics used by SBA to assess risk at both lender and loan level. Moving forward, SBA recommends that analysis of loan agents be enhanced to monitor and identify high risk lenders. In addition, an evaluation may have to be conducted to determine the non-identification/non-mitigation of non-compliance by material leader during the purchase and quality control reviews of the recently reported high-dollar/early-defaulted loans.

The SBA worked with various federal departments on their small business prime contracting goals to make sure that small businesses are able to provide goods and services to the federal government. In FY2018, small businesses were awarded close to USD 121 billion in federal contracts and SBA surpassed its goal of distributing 23 percent of federal contracting dollars to small businesses. To overcome weaknesses in small business contracting programs, in FY2019, SBA published supporting language on the SBA Scorecard website and FY2018 Goaling Guidelines so as to ensure transparency in the small business goals achievement process. It also published a proposed rule to seek inputs on certification of Women-Owned Small Businesses (WOSB). Moreover, SBA has provided training to more than 7,000 federal contracting and acquisition officials from more than 23 agencies on the benefit and use of all its contracting programs.

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To strengthen entrepreneurial ecosystems, SBA provided mentoring, business advice, and training assistance to more than one million entrepreneurs and small business owners in FY2019. Its veteran's business outreach programme continues to grow and has supported 16,529 veterans, service members and military spouses. Moreover, it implemented new performance metrics focusing on emerging markets, rural areas and consistency in resource partner oversight in the same fiscal year. Specifically on access to export financing and training, SBA noted that export training for small businesses fell from 8,615 in FY2018 to 7,264 in FY2019. Over the same period, export training for lenders also fell from 5,101 to 4,302.

Priority 2 – Strengthening the digital economy

The United States has been championing policies to maximize the potential of the Internet and expanding broadband capacity to provide a robust environment for innovation. For example, it has used and participated in multi-stakeholder processes to develop solutions to evolving digital economy issues. The U.S. Department of Commerce has used its expertise in funding broadband projects and providing technical assistance to help communities increase their broadband infrastructure among others. It has also been promoting digital commerce and internet governance. For instance, it works with various stakeholders to ensure that equities of innovation, economic growth and open Internet are factored into cybersecurity policy decisions. The National Institute of Standards and Technology (NIST) is developing and revising cybersecurity-related guidance such as “Recommendations for IoT Device Manufacturers: Foundational Activities and Core Device Cybersecurity Capability Baseline”, the Privacy Framework, and the National Initiative for Cybersecurity Education (NICE) Cybersecurity Workforce Framework. The National Telecommunications and Information Administration (NTIA) and U.S. Patent and Trademark Office work with stakeholders to develop a public record and make recommendations on critical digital copyright issues. On access to broadband, NTIA broadband support reached 7,000 Community Anchor Institutions (CAIs), 3,200,000 K-12 students and 1,500 hospitals in FY2019.

Priority 3 – Infrastructure permitting modernization

Standardizing interagency coordination in the infrastructure permitting process remains a priority of the US administration as it removes duplication, enhances efficiency, and leads to improved decision-making. In 2018, agencies agreed to jointly and cooperatively process environmental reviews and render decisions for major infrastructure projects collectively by using collaborative timetables and engaging senior officials, among others. Moreover, agencies have started to implement the “Fixing America’s Surface Transportation Act” that created the Federal Permitting Improvement Steering Council (FPISC) and assigned it to improve infrastructure transparency and coordination among agencies. For its part, the FPISC released its first series of recommended best practices in 2018. These include ways to improve early stakeholder engagement, enhance coordination between federal and non-federal entities and utilization of tools such as Geographic Information Systems (GIS).

The current US administration has set a goal of reducing the time for the federal government’s processing and authorization of new major infrastructure projects to an average of 2 years on average. In 2018, the U.S. Department of Transportation (DOT) expanded the availability of scientific tools for project applicants to streamline the application process for infrastructure

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permitting. More specifically, a list of publicly available sources was made available to enable applicants to better access GIS information. The current administration has set indicators to improve the efficiency of agency staff in processing permits and the President's management team plans to publish an accountability system guidance document.

To measure the functioning of the permitting and review process, the current US administration is employing interagency tools and plans to create organizational health indicators. Agency leaders have asked relevant officials to advocate project-specific improvements in infrastructure permitting within their agencies. The FPISC issued its annual report to the United States Congress in 2018 to review interagency implementation and recommend best practices. The Permitting Dashboard, an online tool for infrastructure permitting, will start to collect data pertaining to time and cost measures.

An action plan involving various stakeholders, including the Council on Environmental Quality, the Office of Management and Budget, and the FPISC, was also formulated to put in place existing reforms, evaluate processes among agencies and identify additional reforms.

Priority 4 – Improve patent pendency and quality

The U.S. Patent and Trademark Office (USPTO) continues to improve its patent review efficiency. While it has managed to reduce the initial response to a patent application from 15.8 months in FY2018 to 14.7 months in FY2019, it noted that the time for a total patent review has stayed constant at 23.8 months for FY2018 and 2019. In addition, USPTO saw a 4.9 percent increase in serialized filings, which led to a patent application inventory of 553,899 at end of FY2019.

To ensure that patent examination results are accurate and consistent, USPTO has expanded on the use of metrics and measurements as well as make them more transparent. It has determined patent correctness indicators and met or exceeded its goals pertaining to one of the statutory patent correctness indicators in FY2019. Moreover, USPTO has increased training on proper search techniques as well as strategies and training on search tools for foreign patents and non-patent literature. Education and outreach programs are provided to small businesses and under-resourced inventors. In addition, it is providing more resources to examiners, piloting new processes (e.g., collaborative search efforts), and exploring new technologies (e.g., AI).

USPTO is part of various initiatives whose objective includes increasing collaboration between patent offices globally and therefore, reduce duplication and redundancy as well as increase examination efficiency. 1,757 subgroups were established in the Cooperative Patent Classification System in FY2019. It has continued to optimize the Patent Prosecution Highway (PPH) to increase efficiency and decrease costs for applicants filing in multiple offices. The Global PPH has established a single set of standards among patent offices globally and USPTO has filed 61,944 PPH filings as of 30 September 2019, with 53,814 applications granted. Through the Patent Cooperation Treaty (PCT), it enables inventors to apply for patent protection in multiple economies through a single application. PCT's Collaborate Search and Examination pilot helps U.S. rights holders with more comprehensive reviews of PCT patent applications.

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Priority 5 – Expand access to foreign markets

The exports of transportation-related goods and services contribute to the US economy. In this regard, the U.S. Department of Transportation (DOT) continues with efforts to make sure that the US is competitive in foreign markets. While progress updates on the US transportation exports are not yet available, the US noted that reducing fatalities caused by transportation systems and policies is a priority of the current administration.

Viet Nam

Viet Nam identified 6 priorities in its RAASR Individual Action Plan (IAP) submission in 2016 and subsequent revision, namely: 1) improving competition policy to enhance the efficiency of resource allocation and utilization in key economic sectors; 2) improving public investment efficiency; 3) improving investment-business environment to strengthen microeconomic foundation; 4) promoting the application of good regulatory practices; 5) promoting the contribution of service sector to the economic development; and 6) improving the quality of human resource. Viet Nam associated each of these priorities with single or multiple pillars identified under RAASR (Table 4.20).

Table 4.20. Viet Nam’s RAASR priorities and associated pillars

No.	Priority	Pillar #1	Pillar #2	Pillar #3
1	Improving competition policy to enhance the efficiency of resource allocation and utilization in key economic sectors	■		
2	Improving public investment efficiency	■		
3	Improving investment-business environment to strengthen microeconomic foundation	■		
4	Promoting the application of good regulatory practices	■		
5	Promoting the contribution of service sector to the economy development	■		
6	Improving the quality of human resource		■	■

Source: Compilations by APEC Policy Support Unit (PSU) based on Viet Nam’s submission of 2020 RAASR Final Review Template.

Viet Nam provided updates for all priorities and related actions. Below is a summary of progress by priority.

Priority 1 – Improving competition policy to enhance the efficiency of resource allocation and utilization in key economic sectors

Viet Nam has conducted reviews to identify areas in which state-owned enterprises (SOEs) have received preferential treatment and changed its regulations accordingly, including removing the identified preferential treatments. Thus far, it has conducted 10 workshops on competitive neutrality in the period of 2016-2018, and another 10 in the period of 2018-2020. Viet Nam noted that the entry into force of CPTPP in January 2019 would lead to more impetus on ensuring competitive neutrality. It also noted the increased awareness about the topic among relevant stakeholders including competition authority, as well as improved consensus on the need to address practices which are deemed to be non-competitive neutral. Noting that principles and aspects of competitive neutrality can be better defined, Viet Nam plans to formulate additional regulations pertaining to it moving forward.

In an effort to separate the ownership and administrative management function of SOEs by the state, Viet Nam has passed a resolution to establish the Commission of Managing State Capital. Furthermore, the organizational structure and personnel for the Commission has been

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approved, while memorandum of understanding (MOUs) to collaborate with various line ministries have been signed. State ownership in 19 major SOEs will be managed through the Commission when operational. Since 2018, several reports on improving the institutional and technical capacity of the Commission have been released. Currently, Viet Nam is improving relevant regulations to ensure effective operations of the Commission, and developing clear mandate for government agencies to conduct consultation with private sector.

Viet Nam has undertaken a series of activities to promote the use of economic evidence in competition policy enforcement. It has carried out two APEC-funded trainings on the importance and methods to employ evidence in competition policy, as well as published a research report on the topic⁶³. In collaboration with the OECD, it has also organized a workshop on the importance and techniques of using economic evidence in competition cases. Although there is improved awareness on the use of economic evidence, Viet Nam noted that its use has yet to be incorporated in the amendment to the Competition Law. It plans to conduct more training and introduce a work plan to further promote its use.

Priority 2 – Improve public investment efficiency

Viet Nam has taken steps to improve the capacity of officials in preparing and appraising public investment projects. It approved the medium-term public investment plan for 2016-2020 and conducted a number of trainings to provide local officials with information pertaining to the plan. Viet Nam has also revised the guidelines and criteria to appraise public investment projects. It has issued the amended Law on Public Investment and is currently drafting the medium-term public investment plan for 2021-2025. Viet Nam plans to develop a handbook on public investment appraisal and improving various regulations to guide the implementation of the amended Law on Public Investment.

On improving community monitoring of public investment projects, Viet Nam noted that while the enforcement of the amended Law on Public Investment would achieve this objective, the capacity of stakeholders such as local community to analyze reports and data provided would need to be further strengthened. In addition to conducting stocktaking of efforts on this front, Viet Nam plans to provide more training for the local community as well as enhance dialogues between local governments and community on public investment projects.

Priority 3 – Improve investment business environment to strengthen microeconomic foundations

Viet Nam implemented Resolution No. 19-2016/ND-CP (until 2018) and Resolution No. 02/NQ-CP to improve the economy's standing pertaining to the World Bank Ease of Doing Business indicators and World Economic Forum Global Competitiveness indicators. On the World Bank indicators, Viet Nam noted that while it has met its target related to getting credit, there has been no change in progress on obtaining construction permit, trading across borders, contract enforcement and resolving insolvency between 2017 and 2019. On the World Economic Forum indicators, Viet Nam indicated that some of the indicators have not been

⁶³ APEC. (2018). Use of Economic Evidence: Experience from APEC Members and Implications to APEC Developing Economies and Viet Nam. Retrieved from <https://www.apec.org/Publications/2018/04/Use-of-Economic-Evidences>.

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monitored by World Economic Forum, but based on latest available data, Viet Nam has yet to meet its targets pertaining to effectiveness of anti-monopoly policy, flexibility of wage determination, and availability and affordability of financial services.

In response to Resolution No. 19-2016/ND-CP (until 2018) and Resolution No. 02/NQ-CP, Viet Nam indicated that government agencies have reviewed business conditions within their authority and have developed plan for phasing out unnecessary regulations. By end-2017, five ministries/agencies namely Ministry of Industry and Trade (MOIT), Ministry of Agriculture and Rural Development (MARD), Ministry of Construction, Ministry of Information and Communication (MOIC) and State Bank of Viet Nam (SBV) had done so. Another 10 ministries are reviewing and preparing recommendations on removing or revising business conditions under their authority. Between 2018 and 2020, various government decrees were issued by the relevant ministries. For example, Decree 10/2020/ND-CP and Decree 17/2020/ND-CP on simplifying business conditions under authority of the Ministry of Industry and Trade; Decree 135/2018/ND-CP on simplifying business conditions in education; and Decree 155/2018/ND-CP on simplifying business conditions under the authority of the Ministry of Health. Viet Nam has also worked on increased use of ICT in public services. The number of services that can be completed online increased from 1,400 in 2016 to 45,127 in 2019.

Priority 4 – Promote the application of good regulatory practices

Viet Nam has required all policies and regulations to receive comments from the public and the business community. Comments can be provided via online platform, written submissions or during attendance at workshops.

Priority 5 – Promote the contribution of service sector to the economy development

Viet Nam has reviewed and improved policies to restructure the service sector as well as promote the export of services. Key sectors identified include ICT, financial services, education, logistics, transport, healthcare, tourism and professional services. Specifically on logistics, more focused actions have been developed to tackle competition and regulatory constraints. Pertaining to financial services/banking, the sector has been restructured with accompanying regulatory changes. Moving forward, Viet Nam plans to continue reviewing and improving the legal framework needed to minimize burden on services development; incorporate international standards and best practices in services regulations; and adopt global value chain (GVC) perspective in its services reforms.

Viet Nam has conducted a review of barriers to service exports and has engaged in free trade agreements (FTAs) that include services as its components such as CPTPP and EU-Viet Nam FTA. Indeed, participation in these FTAs have led to improved understanding of the opportunities and challenges for service exports, and Viet Nam has developed action plan to promote services exports during the implementation phase of CPTPP and EU-Viet Nam FTA. In addition, it has also implemented policies focused on promoting exports of specific service sub-sectors such as tourism and healthcare, and developed new regulatory guideline for FDI attraction (including those in services).

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Priority 6 – Improve the quality of human resource

Viet Nam has incorporated the science, technology, engineering and mathematics (STEM) model into the curriculum of various schools at the primary and secondary levels as a pilot program. There has also been an increase in the number of training and textbooks introducing the STEM model to the wider audience in the public and private sector including government agencies, schools, teachers and parents. Viet Nam plans to continue raising awareness about the STEM model and expand its adoption by the wider education system.

Viet Nam has made efforts to enhance women participation in the economy by raising awareness of the importance of women-led businesses through various channels including the media. Policymakers have increasingly considered that policies need to take into account the viewpoints of women-led businesses. A survey conducted by the Viet Nam Chamber of Commerce and Industry showed that women-led enterprises made up 25 percent of total enterprises in Viet Nam in 2019. Viet Nam has also shared its experiences in supporting the development of women-led enterprises in multilateral forum.

5. FINAL REMARKS

APEC has made good progress in advancing RAASR: collectively as a region with improvements reported in 10 out of 20 agreed indicators, and individually based on analysis of information provided by APEC economies. Individual economies are observed to be forging ahead in advancing their priorities and related actions; in fact some are making significant progress in aspects that were not observed or reported in previous submissions, thus reflecting that structural reform is an ongoing process.

Progress aside, there are pockets of room for improvement. The lack of progress, backtracking or decline in some of the indicators/sub-indicators emphasizes the need for continued work in certain areas. These include to strengthen university-industry collaboration in R&D; improve hiring and firing practices; and make healthcare services more accessible. Moreover, despite the collective progress experienced by the APEC region in general, progress across APEC economies has been uneven in a number of indicators. This would require the governments to implement reforms to further improve labour productivity, pupil-teacher ratios and density of physicians, among others.

Additionally, there is room to enhance on the indicators used to monitor progress. Specifically on inclusion, for example, although the set of existing indicators have been informative to show progress at regional and economy-wide level, inclusion-related issues tend to be distributional in nature and therefore need to be complemented by monitoring indicators at a more micro level such as by analysing household, firm, and labour force surveys. In fact, once the next structural reform agenda has been decided by economies, it would be worthwhile for EC to identify additional indicators (on top of the existing ones) or a new set of indicators which could be more relevant and fit for the purpose of monitoring progress with regards to the new agenda. Indeed, 17 of the current indicators were identified following the endorsement of RAASR, while three more were added following the mid-term review of RAASR.

While there is progress at the individual economy level, several economies have indicated challenges in moving some actions forward. Among the challenges cited are: no recent or available data for the agreed indicators and falling short of the targets set due to various issues encountered during the implementation stage (e.g., minimal capacity of stakeholders, lack of institutional framework, funding challenges, and need to tackle broader challenges in parallel). Later submission by economies have indicated the implications of COVID-19 on their actions. Some economies have also reported no or little progress in several actions. Besides, economies have indicated further plans to implement the identified actions post-RAASR.

Categorizing the priorities into the three pillars of RAASR also reveals that most of the identified priorities relate to pillar #1 as compared to pillars #2 and #3. This could be contributed by various factors, such as reporting limitations and domestic priorities of the economies. As such, the EC could carry forward some of the existing areas to the next agenda. The EC could convene workshops to better understand the challenges faced by economies in advancing certain actions as well as to facilitate experience-sharing among economies. This is similar to an idea emanating from the 2018 High-Level Structural Reform Officials' Meeting

(HLSROM), which suggested the organization of a policy dialogue focusing on cases – both successful and unsuccessful – in implementing structural reform under pillars #2 and #3.⁶⁴

At the same time, it is imperative for the EC to be adaptable to the changing landscape. One recommendation captured in the independent report of the APEC Vision Group is for APEC to advance robust and comprehensive structural reform through an ambitious successor programme when the RAASR mandate expires in 2020. Over the course of RAASR, economies have been taking actions to ensure the relevance of this reform agenda in the fast-evolving landscape. Taking the digital economy as an example, a quick scan of economies' submissions for the final review shows that economies have been advancing priorities related to leveraging on the digital economy. For instance, some economies have made efforts to digitalize processes or promote better connectivity through ICT infrastructure. Others have introduced initiatives aimed at enhancing adoption of digital technology in the manufacturing or financial sectors. During the 2018 HLSROM, economies also called for additional quantitative indicators to be considered, including those relevant to the digital economy, which led to the eventual inclusion of 3 additional indicators.

In supporting RAASR implementation, the EC has not shielded away from discussing critical topics such as services, human capital development, infrastructure and the digital economy through the APEC Economic Policy Report (AEPR). In some cases, the EC has undertaken follow-up activities to operationalize the AEPR recommendations. A case in point is the formulation of the forward agenda for the 2017 AEPR, including the establishment of a post-Core Team to track follow-up on the report recommendations (e.g., projects and work by APEC fora, reference to the AEPR in high-level events and initiatives). The EC can explore how recommendations arising from the AEPRs can be better incorporated and operationalized in the next structural reform agenda so as to ensure the relevance and alignment of the agenda to the changing landscape.

The COVID-19 pandemic is a health and economic crisis of unprecedented proportions. It has led economies across the globe to impose mitigation measures and brought economic activity to a near-standstill. Even in the optimistic scenario where a partial economic recovery begins in the second half of 2020, the APEC region is projected to contract by 3.7 percent, leading to an output loss of USD 2.9 trillion and some of the highest unemployment rates reported in decades. Enhancing economic recovery while minimizing the damage caused by the pandemic requires a coordinated approach that can be achieved through regional cooperation. It is thus important for the EC to ensure that the new structural reform agenda is able to contribute to the challenging tasks at hand and help the region build resiliency against future shocks, including as a lever to support a range of COVID-related policies (e.g., fiscal and monetary policies). This RAASR final review for example, has evaluated a few indicators that are relevant to the pandemic, such as the number of physicians per 1,000 people and the accessibility of healthcare services. The findings show that there is a need to improve conditions in APEC's healthcare sector and this is particularly critical for a number of APEC economies.

⁶⁴ APEC Economic Committee. (2018). 2018 High - Level Structural Reform Officials' Meeting - 10 Structural Reform Priorities and Gaps to Fill. Retrieved from: http://mddb.apec.org/Documents/2018/SOM/SOM3/18_som3_013anxa.pdf

To ensure that structural reforms are inclusive, it is important for APEC economies to keep in mind the need to implement structural reforms at different levels. As mentioned in a document produced by the EC in 2018, core structural reforms need to be supplemented and optimized with structural reforms and supporting policies in specific areas, generating positive externalities such as human capital development, infrastructure and social security. The EC could reinforce the importance of a holistic approach to structural reform efforts in the next agenda and work to promote this approach across EC's work and in interactions with other APEC fora.

Finally, the EC has created the RAASR Action Team, an informal group of delegates to take forward work on planning priorities related to the next structural reform agenda. In collaboration with external consultants, the team will prepare input papers to inform the 2020 Structural Reform Ministers' Meeting. The input papers will cover three topics, namely: 1) adapting APEC's structural reform efforts to the digital economy; 2) advancing progress of unfinished business from RAASR for inclusive growth; and 3) leveraging structural reform for improved labour productivity and sustainable growth in APEC. The input papers will also discuss the potential impact of COVID-19 on structural reform. The EC could review the recommendations emerging from these input papers when formulating the next structural reform agenda.

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