

Annex A: Individual Economy Reports



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AEPR 2023: Structural Reform and an Enabling Environment for Inclusive, Resilient, and Sustainable Businesses

INDIVIDUAL ECONOMY REPORT (IER) QUESTIONNAIRE

The 2023 APEC Economic Policy Report (AEPR) aims to promote structural reforms that foster an enabling environment conducive to inclusive, resilient, and sustainable businesses, particularly small, and medium-sized enterprises (SMEs) in alignment with the implementation of the APEC Putrajaya Vision 2040.

Refer to the Terms of Reference, which sets out the scope and objectives of the AEPR.

This IER Questionnaire seeks to gather information on:

1. the APEC region's structural reform policies and good regulatory practices (GRPs) as they relate to enabling an inclusive, resilient, and sustainable environment, which is particularly advantageous to SMEs;
2. how governments and other stakeholders enable the successful implementation of policies to promote economic competition, innovation and growth, and identify barriers that businesses, particularly SMEs, are unable to overcome;
3. the durability and effectiveness of structural reforms implemented in building an environment conducive to inclusive, resilient, and sustainable businesses; the implementation of good regulatory practices or policies; whether other objectives, such as innovation, tackling climate change, and inclusion of groups with untapped economic potential have been incorporated into structural reforms to create an enabling environment for businesses; the potential for providing incentives and resources that can assist SMEs to adopt inclusive, resilient, and sustainable business practices; and the significance of the timing and sequencing of structural reforms.

We encourage economies to include links to online material where referenced in their responses.

Questionnaire

1. Barriers and challenges: Considering your economy's current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

2. Policies and initiatives: Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples. If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

4. Best practices: Among your economy's structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs' innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

5. Action Plans: Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy's short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

6. Regional cooperation: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

AUSTRALIA

1. Barriers and challenges: Considering your economy's current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

In Australia, the outlook for the SME sector remains mixed as the recovery from the impacts of the pandemic, natural disasters and rising inflation drives up business costs.

Consumers (including SMEs, individuals and households) are facing increasing financial pressure as interest rates and inflation remain high and key input costs (e.g. energy costs) remain elevated and put market pressure on SMEs across a range of sectors.

SMEs are looking to adapt their operations to meet these cost pressures while also taking steps to address other key issues that can adversely affect business operations (e.g. cyber threats).

Governments have responded to this challenging environment by developing policies and initiatives for SMEs that can help to make SMEs more inclusive, resilient, and sustainable.

Australia's response to this questionnaire focuses on the Consumer Data Right (a structural reform enabling SMEs and individuals to safely share data held by their bank or energy provider for their own benefit). It also provides details on a key initiative known as the 'Cyber Wardens Program', which is helping to improve cyber security and reduce small business' vulnerability to cyber-attacks (including potential loss of data).

2. Policies and initiatives: Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

The Consumer Data Right

The Consumer Data Right (CDR) is Australia's data portability framework. The CDR enables consumers (individuals and businesses) to share data that businesses (banks and energy providers) hold about them with trusted third parties. These third parties can then use consumer data to provide services tailored to the customer's unique circumstances, such as comparing products and services, accessing better-value and improved services, and assisting with financial and cashflow management. The CDR currently applies in the banking sector; implementation has commenced in the energy sector.

Alongside households, businesses generate a huge volume of data throughout their operations. The CDR enables businesses to utilise this already-generated data to help them with financial management or find a better deal on their banking products and energy providers, or to gather insights and create new products and services for their customers.

The CDR can facilitate competition and improve market efficiency. Competition may be enhanced by lowering the barriers to entry for new industry participants by enabling the dispersion of valuable

consumer data across the industry. Empowering SMEs to find products and services that best meet their needs and save money can enable market participants to offer more suitable services to businesses and consumers. In sectors of the Australian economy where competition is low, the CDR will mean that businesses like banks and energy providers will need to improve their offerings to consumers or pass benefits on to consumers, or risk becoming uncompetitive in their sector.

Cyber Security

Small businesses have increasingly moved online in the last few years, bringing new opportunities but also increasing their vulnerability to cyber-attacks. A cybercrime attack on a small business can cause significant financial and reputational damage, putting at risk the viability of the business and the jobs it provides in the community.

The Australian Government has recently committed \$23.4 million over three years for the Cyber Wardens Program, to equip small businesses with the foundational skills they need to guard against cyber threats. Building on the successful practice of designating and training fire wardens, the program will train individuals in basic cyber safety practices to act as in-house cyber wardens for the business. The program will support more than 15,000 small businesses to train around 50,000 cyber wardens.

RIA for cleaning up sea wrecks

The Australian Government requires Regulatory Impact Analysis (RIA) to be included for all major proposals that would have a significant impact on individuals, businesses or the community. This RIA framework requires policy makers to consider a wide variety of likely impacts, ranging from qualitative to quantitative and how these are distributed through to Australians. The level of detail in a policy's RIA is commensurate to the level of impacts expected. Where policies have been assessed as having a more than minor impact, the Office of Impact Analysis (OIA) works closely with the policy team to assist them complete a detailed RIA.

The OIA assessed Australia's accession to the Nairobi Wreck Convention (the Nairobi Convention) as having significant impacts on users of Australia's Exclusive Economic Zone (EEZ), therefore requiring a detailed RIA. The Nairobi Convention is an internationally agreed liability framework that provides a legal basis for parties to remove wrecks in the EEZ. The RIA process supported Australia's decision makers through providing the costs and benefits of ratifying the Nairobi Convention and the impacts of adopting a liability insurance framework on ship owners for sea wrecks.

The OIA conducted various workshops with the policy team and reviewed drafts to ensure decision makers would be provided with genuine and viable options along with the commensurate level of evidence to take a decision. The RIA for the Nairobi Convention received the highest quality rating of 'exemplary' under the Australian Government's RIA framework. This RIA is [publicly available](#) on OIA's website and can be used to inform Australia's future decisions towards implementing the Nairobi Convention.

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples.
If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

The Consumer Data Right

Australia is developing measures of the strategic/economic outcomes of the CDR program. CDR agencies plan to estimate economic outcomes through the measurement of outcomes in financial capability, digital markets, competition and innovation.

Cyber Security

Data, measurement and monitoring activities for the Cyber Wardens Program are yet to be determined. An independent impact evaluation of the program is planned for its final year, 2025-26.

4. Best practices: Among your economy's structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs' innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

The Consumer Data Right

Australia frequently engages with stakeholders to help shape and drive initiatives. Throughout the development of the CDR, the Government undertook frequent and targeted engagement with a variety of stakeholders from different sectors, including data holders, tech innovators and consumer advocacy groups. Consultation with these stakeholders helps inform policy design, and identify issues and risks early in the implementation process so they can be mitigated. Consultation with these groups have been key to the successful implementation of the CDR so far, to ensure that the framework was fit-for-purpose and consumer-focussed.

Cyber Security

The Cyber Wardens Program aligns with Australia's long-running Digital Solutions – Australian Small Business Advisory Services Program, which aims to build the digital capability and confidence of small businesses. An impact evaluation of the Digital Solutions Program in 2022 found it was effective in helping businesses to digitalise.

5. Action Plans: Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy's short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

The Consumer Data Right

Australia will continue to implement its CDR to drive competition and facilitate responsible tech innovation of products and services that can benefit SMEs.

Cyber Security

Uplifting the cyber security capability of small businesses (through the Cyber Wardens Program) aligns with Australia's 2023-2030 Cyber Security Strategy, which is currently under development (see details below).

6. Regional cooperation: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for

inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

The Consumer Data Right

Consumer data portability presents an opportunity for continued connectivity within the Asia-Pacific region, particularly as other APEC economies, such as New Zealand and Singapore, are also developing government-led consumer data portability frameworks.

Cyber Security

Uplifting the cyber security capability of SMEs is one focus in Australia's economy-wide cyber security strategy which the Department of Home Affairs is currently leading the development of. Consideration of how Australia can elevate the existing level of engagement with international partners through concrete steps to promote cyber resilience is also a focus. A discussion paper is available on the Department's website: [2023-2030 Australian...~https://www.homeaffairs.gov.au/reports-and-publications/submissions-and-discussion-papers/2023-2030-australian-cyber-security-strategy-discussion-paper](https://www.homeaffairs.gov.au/reports-and-publications/submissions-and-discussion-papers/2023-2030-australian-cyber-security-strategy-discussion-paper)

BRUNEI DARUSSALAM

1. Barriers and challenges: Considering your economy's current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

Not applicable.

2. Policies and initiatives: Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

i. **Local Business Development (LBD) Policy Framework**

To ensure the provision of opportunities in local content and employment, a number of LBD policies have been established for several sectors. For example, oil and gas operators, contractors and suppliers are required to comply with the policy directives on local business development in order to ensure the sustainable development of capacities, capabilities, competencies and competitiveness. This initiative is intended to become a platform to build and further strengthen sustainable local business development. Further initiatives can be given according to the companies' eligibility to receive industrial incentives, such as tax exemption, upon fulfilling the local content targets set within the LBD Framework.

ii. **DARe-LINKS**

A youth entrepreneurship development program to support and provide opportunities to start and grow their businesses. A platform used to generate economy-wide value through greater MSME participation in local supply chains, to encourage adoption of proper procurement practice for MSMEs and to support the development of MSME by linking to other DARE programs/initiatives.

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples. If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

Several measuring and monitoring mechanisms have been introduced to measure the success of policy implementation. Some of the tools utilized include:

- **Online Business Reporting Portal:** It is a system aimed at streamlining all business data collection from various government systems. Through this initiative, all companies' information from various government systems will be channeled/linked into the Business

<p>Reporting Portal and all companies in Brunei Darussalam will only be required to send their business data & performance report through the Business Reporting Portal.</p> <ul style="list-style-type: none"> • Annual Census of Enterprise (ACE): To collect latest information on the size, structure and economic activity characteristics of business enterprises in the private sector business, particularly relating to the micro, small and medium enterprises. ACE has been conducted annually since 2015, in addition to the Economic Census (conducted every 5 years). Results from ACE will provide more frequent and up-to-date information on the profile of private sector businesses to assist in the planning, research and policy making related to the development of the private sector in contributing towards the economy’s economic growth. • Economic Census of Enterprise (ECE): The main objective of ECE is to collect comprehensive and latest information pertaining to the growth, contribution, composition and distribution of the economic activities undertaken by the business enterprises in the private sector. The data collected will be used in the compilation of the economy-wide accounts statistics, particularly for the calculation of the Gross Domestic Product (GDP) to determine the latest contribution of the private sector to the economy’s economic growth. The ECE results will be used to assist the Government in development planning, formulating policies and strategies.
<p>4. <u>Best practices</u>: Among your economy’s structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs’ innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?</p>
<p><u>Not applicable.</u></p>
<p>5. <u>Action Plans</u>: Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy’s short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?</p>
<p>Multiple capacity building opportunities have been created to help SMEs. For instance, Brunei Innovation Lab, a joint collaboration between BSP, LiveWIRE, DST and DARE was newly launched last year. It aims to develop the business ecosystem through capacity building programmes, identifying market and funding opportunities and forging collaborations amongst stakeholders.</p>
<p>6. <u>Regional cooperation</u>: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?</p>
<p>Brunei Darussalam and Singapore have signed the following agreements on 24 August 2022 between Ministry of Finance and Economy (MOFE), Brunei Darussalam and Ministry of Trade and Industry (MTI), Singapore:</p> <ol style="list-style-type: none"> Memorandum of Understanding on Strengthening Trade and Investment Cooperation in Food and Medical Products <p>To promote joint development of trade of food and medical products, facilitate and promote transit between Brunei Darussalam and Singapore through joint programmes</p>

on food security, stock piling, technology, cold chain logistics and maritime transshipment logistics.

ii. Memorandum of Understanding on Cooperation in Energy and Green Economy

To establish cooperative framework for cooperation on matters of energy and green economy, including energy transition, emerging low-carbon technologies, carbon capture and storage, and carbon markets.

These are some existing efforts in order to create opportunities for local businesses that wish to venture into these sectors.

CANADA

1. Barriers and challenges: Considering your economy's current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

1. Black Canadians have faced and continue to face significant inequities compared to others when accessing capital and financial services.
2. The COVID-19 pandemic disproportionately affected minority-owned businesses.

Women remain underrepresented in business ownership due to structural barriers within the entrepreneurial ecosystem.

2. Policies and initiatives: Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

Women Entrepreneurship Strategy (WES)

The Women Entrepreneurship Strategy (WES) was launched in 2018 to create an enabling and inclusive economy for women entrepreneurs. The full and equal participation of women in the economy is essential to Canada's competitiveness and prosperity. As of 2023, the WES represents a cumulative investment of over \$7 billion across 20 federal departments, agencies and crown corporations and aims to increase women's representation and participation in entrepreneurship, including diverse, underrepresented and/or intersectional women.

Examples of current initiatives to support women entrepreneurs include:

- WES Ecosystem Fund: This program is designed to help not-for-profit, third-party organizations strengthen capacity within the entrepreneurship ecosystem and offer business supports such as training, mentorship and financial literacy for women entrepreneurs. Projects will commence in 2023.
- Women Entrepreneurship Loan Fund: This program provides loans of up to \$50,000 to diverse women entrepreneurs through five not-for profit delivery organizations including women and Indigenous-led organizations. Loans are available for women entrepreneurs since 2022.
- Inclusive Women Venture Capital Initiative: This program funds projects to strengthen and build a more inclusive risk and venture capital environment for Canadian women through access to venture capital funding, contributing to increasing representation of women in the Canadian venture capital industry, and reducing biases in the Canadian venture capital industry. Projects will commence in 2023.
- Women Entrepreneurship Knowledge Hub: Led by Toronto Metropolitan University, and supported by 10 regional hubs and a network of over 300 organizations, the hub serves as a

one-stop source of knowledge, data and best practices on a range of issues impacting women entrepreneurs.

Black Entrepreneurship Program (BEP)

The BEP was created to help address the systemic barriers faced by Black entrepreneurs by providing targeted support to access to capital and business support services. BEP delivers an economy-wide approach to provide Black entrepreneurs with improved access to ecosystem supports at the economy-wide and regional levels, loan capital, and to improve access to data on Black entrepreneurship in Canada. The program is comprised of three components:

- [The Black Entrepreneurship Loan Fund](#): An investment of \$160 million which aims to provide loans of up to \$250,000 to support Black business owners and entrepreneurs across Canada. The Black Entrepreneurship Loan Fund is administered by the Federation of African-Canadian Economics (<https://facecoalition.com/>), in partnership with the Business Development Bank of Canada. Since opening its doors on May 2021, FACE has reviewed more than 3,000 applications and approved 413 applications, representing more than \$37 million in loans (as of March 31, 2023). Its first annual report, which covers the period up to March 2022, can be found here (https://www.flipsnack.com/8E8DBEAA9F7/annual-report-2022_face/full-view.html).
- [The National Ecosystem Fund](#): An investment of \$100 million that aims to support Black-led business support organizations across the economy to provide mentorship, financial planning services, and business training to Black business owners and entrepreneurs. The fund is delivered by Canada’s Regional Development Agencies. To date, 44 not-for-profit business organizations have been selected to deliver the National Ecosystem Fund, representing \$100 million. [A list of successful applicants to the BEP Ecosystem Fund can be found here.](#)
- [The Black Entrepreneurship Knowledge Hub](#): The Government has invested up to \$5 million to create and sustain a new Black Entrepreneurship Knowledge Hub that will collect data on the state of Black entrepreneurship in Canada and help identify Black entrepreneurs’ barriers to success as well as opportunities for growth. The Knowledge Hub (<https://www.bekh.org/>) is managed by Carleton University’s Sprott School of Business and Dream Legacy Foundation, and supported by Regional hubs across the economy. In November 2022, the Hub held a research symposium with stakeholders to map out its research plan. In February 2023, the hub hosted a round table event with Ecosystem partners to share lessons learned to date.

3. [Data, measurement, and monitoring](#): How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples.
If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

Woman Entrepreneurship Strategy (WES)

The WES is comprised of investments and commitments from approximately 20 different federal departments, agencies and crown corporations. Each organization measures output results as per their corporate reporting standards and contribution agreements with recipient third-party organizations. These results are released in annual Departmental Results Reports (DRR). Innovation, Science and Economic Development Canada’s (ISED) DRR are available for [2020-21](#) and [2021-22](#).

Since 2018, the WES has produced internal reports to inform on progress and best practices on data collection related to women entrepreneurship. A public version of the 2022 WES Progress Report is expected to be published in June 2023.

Currently, available data measurement and monitoring on the WES tends to focus more on outputs rather than outcomes. Outputs can help provide linkages to general outcomes in entrepreneurship that are reported through the Women Entrepreneurship Knowledge Hub (WEKH), including its annual [State of Women Entrepreneurship Report](#).

An evaluation of early WES initiatives (2018-2020) is currently underway. A subsequent evaluation is anticipated in 2024-2025 to review the WEKH and initiatives announced in 2021.

Black Entrepreneurship Program (BEP)

To measure the results under the BEP, a number of immediate, intermediate and ultimate outcomes have been articulated, including:

Black Entrepreneurship Loan Fund

- Black entrepreneurs have access to capital to start and grow their businesses
- Black entrepreneurs receive support to start and grow their businesses
- Growth of Black businesses in the Canadian economy

Black Entrepreneurship Knowledge Hub

- Increased understanding of Black entrepreneurship in Canada through research and ecosystem mapping

National Ecosystem Fund (Provided by the RDAs)

- Black-led business organizations increase their existing offering and grow the number of businesses they support
- Black entrepreneurs are supported to start and grow their businesses
- The number of Black-owned businesses in Canada grows

Each federal government department is required to conduct a review every five years to assess the relevance and effectiveness of each ongoing program for which it is responsible. In support of data collection, ISED works with RDAs to coordinate and report on indicators on an annual basis using common data standards and data collection methodologies for measuring outcomes (where information is available). For the Black Entrepreneurship Ecosystem Fund, ISED and the RDAs are developing a common grants and contribution platform that will facilitate the long-term evaluation of project tracking and outcome successes.

4. Best practices: Among your economy's structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs' innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

Woman Entrepreneurship Strategy (WES)

The WES is a catalyst in strengthening the entrepreneurial ecosystem for women entrepreneurs. However, despite a strengthened ecosystem, it is premature to determine the WES' long term impacts and contribution towards an increase in resilience of SMEs.

In terms of best practices, Canada remains a world leader with its “whole of government” approach which is a landmark feature of the WES and continues to bring a gender and diversity lens to its policies and programs across 20 federal departments, agencies and crown corporations. As a cross-functional strategy, the underlying governance structure of WES is designed to enhance collaboration. It is comprised of a senior executive Steering Committee that regularly meets to share best practices, report on overall progress of the WES, plan for the future of the WES, and coordinate branding and communications.

In addition, the WES funds the WEKH to support and advocate for women entrepreneurs in an economic context, and to advance research. The WEKH has been a crucial component in advancing the WES and is highly regarded in the ecosystem due to its research that has informed policy and initiatives to support women entrepreneurs. Each year it produces an annual “State of Women Entrepreneurship in Canada” report to demonstrate progress, outline challenges and make recommendations for action.

Black Entrepreneurship Program (BEP)

The BEP is the first-ever program of its kind in Canada. Its implementation will result in lessons learned in the field of Black entrepreneurship, which would be used to refine further iterations of such programs.

The BEP has been instrumental in bringing together stakeholders to discuss challenges, successes and chart a path for a sustainable future. In February 2023, recipients and stakeholders of all components of the BEP program held a networking event to share successes and challenges. Discussions revealed the need for more collaboration and synergy between the three components of the program, and the need for regular networking events.

The Black Entrepreneurship Loan Fund has provided over \$37 million to over 400 Black entrepreneurs to start and grow their businesses. The Black Entrepreneurship Ecosystem Fund has funded 44 organizations across the economy, which, in turn have provided business support services to over 5,000 Black entrepreneurs.

5. Action Plans: Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy's short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

Woman Entrepreneurship Strategy (WES)

The WES delivers policy and programming that aims to respond to and reduce gender disparity within the entrepreneurial ecosystem by enhancing access to financing, improving and disseminating knowledge and data, and promoting equitable access to all federal business support programs.

However, women entrepreneurs are not a homogenous group, and those with multiple intersecting identities experience additional socioeconomic barriers within the entrepreneurial ecosystem. For example, gaps for Indigenous women entrepreneurs include a lack of networking and training programs designed for women, and few role models or mentors. For those in Northern communities, barriers to growth include small local markets, remoteness and infrastructure challenges. To address these barriers, Budget 2021 programming prioritized funding recipients that reach diverse, intersectional and/or underserved women including but not limited to northern, rural, Indigenous, Black, racialized, 2SLGBTQI+ women and women with disabilities. Improving access to services for under-represented entrepreneurs will continue to be a priority.

In addition, to fill the data gaps on entrepreneurship statistics of equity seeking groups, Budget 2021 provided funding to Statistics Canada to support efforts to improve the granularity of data on women’s entrepreneurship. This includes adding new diversity questions, increasing sample size and leveraging external stakeholder input to increase the sampling of businesses owned by diverse groups. Having access to better data and statistics will help inform policy making to better support underrepresented entrepreneurs.

Black Entrepreneurship Program (BEP)

BEP will continue to provide targeted support to help Black entrepreneurs and business owners access the services and capital needed to start and grow their businesses now and into the future. BEP stakeholders will continue to explore engagement opportunities to help better understand how their initiatives have directly impacted targeted SMEs and enhance synergies among the various components.

6. Regional cooperation: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

Previously, the initiatives were shared by GAC in a bilateral context. These initiatives were also presented at the APEC SME Ministerial held in Thailand from 5-11 September 2022.

CHILE

1. Barriers and challenges: Considering your economy's current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

The Government of Chile has an ambitious plan to transform the productive matrix into one that enables a more inclusive, resilient, and sustainable economy. This objective implies promoting economic sectors that include diverse and complex activities, addressing environmental and social challenges rather than purely economic ones.

In that context, small and medium-sized enterprises (SMEs) face greater difficulties than large companies in seizing the opportunities arising from this productive transformation. Without implementing focused policies targeting this segment, SMEs may fall even further behind in terms of productivity and growth.

A major barrier that particularly affects SMEs ability to adapt is the greater **regulatory burden** they face when designing and implementing structural reforms. For this segment, a large-scale reform could lead to the majority incurring higher costs and not always making the best strategic decisions based on the regulatory changes. Therefore, the main challenge is how to better reach this segment to reduce their compliance costs, help them understanding their obligations and benefits, and ensure **that regulatory changes do not disproportionately affect them compared to large companies**, thus deepening the productivity gap between the two.

A second barrier, related to the previous one, is the difficulty of Chile's Economy to reach this segment in a timely manner. Bureaucracy within several public services and a lack of information mean that many SMEs do not receive the necessary support promptly, and a large portion remains in the informal sector, outside the reach of the economy's actions. This situation worsens during times of crisis, such as the pandemic, which led to many businesses not being able to survive.

A third barrier is the greater gap for SMEs in certain enabling factors for the productive transformation. For example, SMEs lag in terms of technological adoption and investment in innovation, that are key factors for future challenges in energy transition and economic diversification. Likewise, the implementation of inclusive policies, such as increasing the minimum wage, has a high cost for SMEs since they represent a larger proportion of potential beneficiaries, or the incorporation of women into the labor market, which requires several initiatives such as the creation of a care system and shared responsibilities, also, implementing more flexible labor policies, eliminating gender biases and discrimination at work, among many others.

2. Policies and initiatives: Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

Chile has made concrete efforts in recent years to systematically consider the impact of regulations and public policies on SMEs. One initial policy was the implementation of the "SME Statute" (Law

20,416), which established a new regulatory framework for smaller businesses and promoted coordinated action among different ministries and public services in a standard procedure to assess the impact of new regulations on SMEs. This legislation set a precedent by considering the concept of cost-effectiveness on regulations.

Significant progress has also been made in streamlining procedures that SMEs must follow throughout their lifecycle. From their creation online, they can use the platform "Your Company in One Day," also, obtaining commercial licenses online through "Agile SME," and other subsequent procedures carried out with different public institutions. Lastly, it is worth noting the existence of the Advisory Council for Small-Scale Enterprises, a permanent dialogue platform with government authorities that includes major trade associations representing smaller businesses.

Regarding SMEs' access to government services, the reach of government assistance and the agility in delivering benefits have been significantly improved. For example, during 2022, measures to support SMEs were implemented as part of the inclusive recovery plan "Chile Apoya" which aimed to support the individuals and sectors most affected by the pandemic and the global economic context. Supporting SMEs was a central focus within the plan, with multiple measures that had strategic objectives, including:

- Strengthening access to financing programs for non-banked SMEs.
- Expanding the coverage of reactivation support programs provided by Corfo and Sercotec (both development Corporations)
- Creating special support lines for sectors with lagging recovery, such as culture, tourism, and aquaculture.
- Providing additional support to women-led SMEs to reduce gender gaps in entrepreneurship.

Along with these efforts, the creation of an SME registry was key, which enabled an updated register that allowed prioritized allocation of resources.

Finally, regarding the last barrier mentioned in the previous question, the government has made efforts to support SMEs in minimizing the costs of adjustment and compliance with cross-cutting policies such as minimum wage increases. To achieve the success of the policy while considering its impact on SMEs, an agreement was reached through a participatory process involving all stakeholders: political parties, the government, civil society organizations, academia, trade unions, business associations, and SME representatives. In this agreement, the coverage of SMEs receiving a subsidy to finance the increase in the minimum monthly income was significantly expanded (a bill is currently being processed to reach USD625 monthly wage by July 2024, expanding the subsidy coverage from around 131,000 SMEs to a potential of 223,000 SMEs).

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples. If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

Chile's Budget office has a monitoring process that began as a pilot in 2012. This process allows monitoring the execution of the programs, to know their level of progress. And finally, the Budget Office runs an expenditure evaluation and Review of policies process. The Evaluation instruments that this process has are a central component of the Monitoring and Evaluation System, which provides performance information that supports decision-making during the budget cycle, improving efficiency in the allocation and use of public resources, and thus it enhances the quality of expenditure and the management of public institutions.

4. **Best practices:** Among your economy’s structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs’ innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

In Chile, since 2019, it has been mandatory to carry out a Regulatory Impact Analysis (RIA) for all bills and regulations. However, it is necessary to clarify that it has been challenging to popularize this tool throughout all public institutions, so this obligation is not always fulfilled, and some norms do not include an RIA. Regarding small-sized companies, an RIA was developed, for example, for the 30-Day Payment Bill¹, which creates tools to improve compliance with payment deadlines in commercial transactions in the public and private sectors with the aim of promoting timely payment to suppliers.

It is important to highlight that certain modifications were made to the RIAs in 2022 to include specific questions about the impact on SMEs, recognizing the importance of this sector. Additionally, the requirement of Article 5 of Law No. 20,416 (Pyme Statute) was validated for regulations that have an RIA.²

Regarding public consultation, apart from this mechanism, other forms of citizen participation are developed at the Ministry of Economy, such as meetings, hearings, or working groups with regulated entities. An example of the above is the work carried out during 2022 for the design of the Government's Productivity Agenda. During this process, nine working groups were held with SMEs, large companies, and workers for each of the agenda's components. Other examples include the 30-Day Payment Bill and the bill that creates the subsidy for SMEs associated with the increase in the minimum wage, that had continuous dialogue with SMEs during the design stage.

5. **Action Plans:** Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy’s short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

In general, both large companies and SMEs can face challenges in policy implementation or compliance with standards, but differences in resources, scale, and organizational structure can influence their ability to do so effectively. We see that the main similarities in the capacity of companies of all sizes to implement these policies are:

- Both large companies and SMEs may require specialized knowledge and training to understand and implement specific policies or standards. This includes knowledge of applicable regulations, adopting best practices in areas such as sustainability or risk management, and training staff to meet the established requirements. Lack of knowledge and training can be a common obstacle for both categories of companies.

¹ www.senado.cl/apps Senado/templates/tramitacion/index.php?boletin_ini=15716-03

² This regulation establishes that all public institutions that issue regulations affecting smaller-sized companies must make the necessary preparatory information available to the public on an ongoing basis. Such information should include a simple estimation of the social and economic impact that the new regulation will have on these companies.

- In general, all companies must face the same administrative and bureaucratic barriers. This can include the complexity of registration processes, the need to obtain licenses or permits, and compliance with legal and regulatory requirements.
- Implementing new policies or complying with standards can generate opposition in some sectors. This can come from internal factors, such as lack of understanding or support from employees, or external factors, such as resistance from suppliers or customers. Resistance to change can hinder effective implementation regardless of the company's size.

About the main differences: The first two, which discuss an advantage of large companies over SMEs, are based on the study by the National Evaluation and Productivity Commission,³ where the institution specifically refers to the process of starting an economic activity, but they can be extrapolated to other stages of the company's life cycle. The last two refer to the opposite case, where SMEs would have an advantage in complying with regulations compared to large companies in Chile:

- SMEs often face resource limitations such as financing, personnel, and technology. This limitation can make compliance with regulations difficult, especially if significant investments in infrastructure, training, or technological systems are required. While large companies may also have this problem, it is much more severe for SMEs as they generally have greater difficulties in obtaining financing.
- Large companies often have greater internal capacity, including specialized personnel and departments dedicated to specific functions such as regulatory compliance, environmental management, or corporate social responsibility. SMEs, on the other hand, with limited human resources, rely more on outsourcing services or collaborating with external partners to meet requirements.
- Large companies usually have a larger scale and operational reach compared to small ones. This can make policy implementation or compliance with standards more complex and require greater resources and technical capabilities.
- Large companies often have a more complex organizational structure with multiple departments and hierarchical levels. This can rigidify decision-making and internal coordination and make effective implementation of policies or standards more challenging compared to SMEs, which often have more agile and flexible structures.

The structural reforms were aligned with the life cycle of SMEs. Several institutions intervened to provide public support to them. Additionally, the Ministry of Economy, for instance, created the platform "Quiero Emprender" (<https://www.quieroemprender.cl/>), which gathers all the necessary information to facilitate entrepreneurship. The platform presents the programmatic offer of support instruments that enable business growth and addresses issues, such as, liquidity.

Business cycle:

- 1) Motivation and preparation to create the market:

Pyme Ágil: The Pyme Ágil platform allows taxpayers to request their commercial license from the Internal Tax Service (SII) online. Although this platform has been available since 2021, it has been progressively incorporated by more municipalities. It is expected to have at least 100 municipalities using it by the end of 2023.

³ <https://cnepe.cl/wp-content/uploads/2021/11/Revision-Regulatoria-MIPyMEs.pdf>

Company in one day: Allows entrepreneurs to set up a company in one day, easily and at no cost.

2) Operation of a business:

30-Day Payment Bill: As mentioned earlier, this bill creates tools to improve compliance with payment deadlines in commercial transactions in the public and private sectors, aiming to promote timely payment to suppliers. This is particularly relevant for SMEs that struggle with limited liquidity.

Economic Data Observatory: Currently, the design of a platform called the Economic Data Observatory is underway. It aims to provide personalized information to SMEs according to their needs and characteristics, and to keep it updated based on their ongoing processes. The Economic Data Observatory will collect, store, and use data from SMEs to improve the design and traceability of the Ministry of Economy's promotion and support instruments.

3) Business closure:

Insolvency Law: This year, Law No. 21,563 was published, creating simplified liquidation and reorganization procedures for micro and small enterprises and individual entrepreneurs. These procedures are low-cost and have fast processing times.

6. Regional cooperation: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

Internationalization

Additionally, the Ministry of Economy has been working to support the efforts of the Undersecretariat for International Economic Relations in generating support for small and medium-sized enterprises (SMEs) to achieve internationalization, maintaining market presence, diversifying destinations, and products. The objective is to promote a more progressive and inclusive international trade policy to ensure that the benefits of trade and investment are shared more broadly, with a positive impact on economic growth and reducing inequality. In this regard, the development of inclusive trade provisions in trade agreements has been fundamental, promoting their use in bilateral, regional, and multilateral negotiations, and advocating for the principles of inclusive trade in multilateral forums such as the WTO, OECD, and APEC.

The Ministry of Economy also focuses on promoting the modernization and competitiveness of the economy's productive structure, private initiative, efficient market action, innovation development, and the consolidation of the economy's international integration to achieve sustained, sustainable, and equitable growth. This is done through the formulation of policies, programs, and instruments that facilitate the activities of productive units in the economy, corporate organizations, and institutions related to the economy's productive and technological development, both public and private, economy-wide, and foreign. There are two agencies dedicated to implementing MSME policies:

- The Production Development Corporation (CORFO) is the organization responsible for promoting economy-wide productive activity. It promotes Chile's economic development by fostering competitiveness and investment, contributing to the generation of more and better jobs and equal opportunities for productive modernization.

The Technical Cooperation Service (SERCOTEC) aims to promote and support initiatives to improve the competitiveness of micro and small enterprises and strengthen the development of management capacity among their entrepreneurs.

CHINA

1. **Barriers and challenges:** Considering your economy's current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

China's economy got off to a good start in 2023. However, outstanding obstacles and challenges remain in fostering the robust growth of business entities, particularly small to medium-sized enterprises (SMEs), through structural reforms. Amid the escalating risk of a global economic downturn, business operations continue to grapple with high strain. Structural reform, typically a slow-moving variable, is difficult to help improve business performance in the short term. In fact, certain structural reforms could elevate operating expenses in the near term, making a comprehensive implementation of these reforms a challenge under the current circumstances.

2. **Policies and initiatives:** Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

Over recent years, the Chinese government has rolled out a series of policy measures, such as tax and fee reductions, financing support, domestic demand expansion, stabilization of foreign investment and trade, safeguarding the stability of industrial and supply chains, business environment optimization, and creation of a unified domestic market. These initiatives have deepened structural reforms through promoting fair competition, supporting SMEs, and fervently backing enterprise innovation and digital transformation. These measures are of great significance in creating an enabling environment for inclusive, resilient, and sustainable enterprise development.

First, regarding the market access and exit of businesses, policy documents including the *Opinions on Further Optimizing the Business Environment and Reducing the Institutional Transaction Costs of Business Entities* and the *Circular on Replicating and Expanding the Innovative Pilot Reform Measures for Improving Business Environment* were issued, and the *Negative List for Market Access (2022)* was printed and distributed. These efforts aim to eliminate hidden thresholds, diminish business access costs, establish a more open, transparent, standardized, and efficient mechanism for market access and exit, and staunchly protect the unity, rigor, and authority of the negative list system for market access, ensuring its comprehensiveness and singularity.

Second, policy documents such as the *State Council's Policy Measure Package to Stabilize the Economy*, *Circular on Issuing Several Policies for Promoting the Stable Growth of Industrial Economy*, and *Several Policies for Promoting the Recovery and Development of Service Industries in Difficulties* have been published. These policies amplify tax and fee reductions, finance and credit support, as well as R&D and innovation incentives for micro-, small and medium-sized enterprises.

Third, to encourage fair competition among business entities, several opinions, including the *Opinions on Accelerating the Building of a Unified National Market*, *Guiding Opinions on Deepening Comprehensive Inter-Departmental Supervision*, and *Opinions on Further Improving the Policy Environment and Strengthening Support for the Development of Private Investment* have been released. In addition, the revision of the *Anti-monopoly Law* was completed and the revised version

has been fully implemented. Five anti-monopoly regulations, including the *Provisions on Prohibition of Monopoly Agreement*, *Provisions on Prohibition of Abuse of Market Dominance*, *Provisions on Centralized Examination of Business Operators*, *Provisions on Prohibition of Abuse of Administrative Power to Exclude and Restrict Competition*, and *Provisions on Prohibition of Abuse of Intellectual Property Rights to Exclude and Restrict Competition*, were formulated and implemented. These regulations encapsulate and cement China's recent advancements in strengthening anti-monopoly and deepening the implementation of fair competition policies. These efforts have significantly improved normalized anti-monopoly supervision, vigorously implemented the fair competition review system, and consistently eliminated regulations and practices that obstruct a unified domestic market and fair competition.

Fourth, continuous strides have been taken to refine, iterate, and disseminate both the *Guide to Digital Transformation of Small and Medium-sized Enterprises* and the *Evaluation Index of the Digitalization of Small and Medium-sized Enterprises*. Such efforts support the pilot programs of SMEs' digital transformation, thereby creating a multitude of model cases, aiding SMEs in learning from pilot programs, and fostering a domino effect of digital transformation.

In conclusion, these policies have effectively elevated the benchmark of a market-oriented, law-based, and world-class business environment, playing a positive role in promoting fair competition, efficient collaborative regulation, and stabilizing market expectations. These policies align with the three stages of a business's lifecycle: market access, market operation, and market exit. Each stage emphasizes the necessity of strengthening fair competition review during policy formulation, as well as proactively engaging with business entities and soliciting stakeholders' opinions in advance. At present, business entities of all types enjoy the benefits of these policy dividends, with no discernible disparity in policy implementation or standard compliance.

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples. If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

The Chinese government prioritizes the implementation of reform tasks, maintaining oversight and regular inspections of these tasks. We employ a mix of overarching goals and specific task objectives to gauge the effectiveness of structural reforms.

China has yet to establish specific measurement standards and benchmarks for structural reforms and the fostering of an inclusive, resilient, and sustainable business environment. Nonetheless, a number of widely adopted statistical monitoring systems, key goal settings, and market-endorsed valuation mechanisms echo the focus towards nurturing inclusive, resilient, and sustainable businesses. In April 2023, the CRHC ESG (Environmental, Social, and Governance) evaluation system was introduced, which reflects the economic growth of relevant enterprises and leads sustainable development.

Currently, ex-ante and ex-post regulatory impact assessments are broadly utilized to evaluate regulatory performance in major policy areas and specific sectors. Since 2015, the State Council has recognized third-party evaluation as a crucial innovation in government management approaches, commissioning independent third parties such as research institutions to undertake evaluations centered around maintaining a market environment that allows fair competition, cultivating innovation and entrepreneurship, bolstering the growth of small and micro enterprises, and executing targeted poverty alleviation. Furthermore, both ex-ante and ex-post regulatory impact assessments are also conducted in the sphere of anti-monopoly.

4. **Best practices:** Among your economy’s structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs’ innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

The optimization of the business environment and the implementation of the negative list for market access and foreign investment are critical structural reforms that the Chinese government has been keenly promoting in recent years.

First, there has been a substantial improvement in China’s global business environment ranking, resulting in a noticeable enhancement in business entities’ perceived gains. According to World Bank data, China’s business environment ranking rose dramatically from 96th in 2013 to 31st in 2019. This leap places China among the top ten economies with the most significant improvements in business environment. Such enhancements stimulate not only a passion for innovation and entrepreneurship but also an invigoration of the business landscape.

Second, with the implementation of the market access negative list, the management of market access has been continuously improved. This evolution has further broken down barriers to market-based allocation of production factors and to the circulation systems and mechanisms of goods and services, and promoted both an effective market and a well-functioning government.

Third, the implementation of the negative list for foreign investment access helps guide foreign investment in a reasonable manner and provide legal protection during its participation of China’s economic development, promoting rational distribution of global resources.

The Chinese government maintains a steadfast commitment to enhancing the business environment. To date, third-party evaluations of the business environment have been concluded, and comprehensive economy-wide evaluations have been undertaken, resulting in a robust ex-ante and ex-post regulatory impact assessment mechanism. Currently, we are assessing the implementation effects of the negative list for market access and foreign investment access, as well as exploring policy measures to further broaden market openness.

5. **Action Plans:** Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy’s short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

In the short term, China plans to reduce businesses’ production and operational costs, amplify efforts to settle debts owed to SMEs, and assist businesses in overcoming challenges. **Over the medium term**, support will be extended to eligible pilot free trade zones and free trade ports to align with international high-standard economic and trade rules, progressively expanding the institutional support to opening-up through norms, regulations, management rules, and standards, and continually optimizing the business environment.

In 2019, the General Offices of the Central Committee of the CPC and the State Council introduced the *Guiding Opinions on Promoting the Healthy Development of Small and Medium-Sized Enterprises*. This document proposed measures to embolden and support SMEs in bolstering innovation, sustainability, and inclusiveness, including enhancing the environment for innovation and entrepreneurship, effectively safeguarding intellectual property rights, steering SMEs towards specialized, excelled, differentiated and innovative development, providing information services, reducing tax and financing burdens, and introducing direct financing from capital markets. In 2022,

the *Measures for the Gradient Cultivation of Quality Small and Medium-Sized Enterprises* was introduced, establishing a systematic and standardized gradient cultivation system. A gradient cultivation base has been created and improved for high-quality SMEs, delivering high-quality and efficient services to these enterprises through precise profiling. The government will continue to reinforce financial, tax-related, and talent-related support, and refine the policy measures for gradient cultivation of high-quality SMEs, to facilitate the growth of these enterprises.

6. Regional cooperation: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

International organizations like APEC can significantly contribute to bolstering the stability of industrial and supply chains, as well as driving digital transformation and fostering digital trade cooperation by engaging in joint research, issuing guidelines, organizing exchange events, and facilitating high-level dialogues. China seeks to understand and emulate the best practices of other economies in fostering an inclusive, resilient, and sustainable business environment through structural reforms. Furthermore, we are keen to know if international organizations can provide evaluation systems and benchmarks for efforts in this particular area. Currently, the trend of globalization moving towards regionalization and localization presents challenges for the above international cooperation.

HONG KONG, CHINA

1. **Barriers and challenges:** Considering your economy’s current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

On its path to normalcy in the post-pandemic environment, Hong Kong, China (HKC) is facing various challenges arising from the uncertain global economic outlook, global competition for talent resources, and rapid technological changes in implementing structural reforms to advance board-based, resilient and sustainable economic prosperity. All these economic and structural changes bring up different policy considerations such as sustaining the momentum of economic recovery that fosters sustainable high-quality growth, and call for strengthening the capacity in pursuing structural reform so as to better adapt and stay competitive.

2. **Policies and initiatives:** Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

Some examples of policy initiatives or programmes of HKC to create an enabling environment for inclusive, resilient, and sustainable business include:

Attracting enterprises and talents

With a view to creating strong impetus for sustainable growth and enhance our competitiveness and vitality, HKC has put in place new institutional setups and implemented an array of new initiatives targeted at attracting enterprises, investment and talents.

Firstly, as pledged in the 2022 Policy Address delivered by the Chief Executive, HKC established the Office for Attracting Strategic Enterprises at the end of 2022 to work alongside InvestHK, the investment promotion agency of HKC, to attract strategic enterprises in priority sectors from overseas and Mainland China and encourage multinational companies to locate their global or regional headquarters and other strategic functions in HKC. Besides, HKC’s all five Economic and Trade Offices in Mainland China have set up Dedicated Teams for Attracting Businesses and Talents (the Dedicated Teams) in December 2022 to provide facilitating service to attract talents and enterprises to HKC. In line with the strategy and objective of “competing for talents and enterprises”, the Dedicated Teams are, through various means and channels, proactively reaching out to high potential and broadly representative strategic enterprises and talents to promote the opportunities and advantages of HKC.

The Dedicated Teams also promote various talent admission programmes, thereby encouraging talents to settle in HKC and enlarging our quality talent pool to stimulate sustainable economic growth. HKC has implemented in recent years a number of schemes for attracting talents, businesses and capital⁴ to meet the needs of the economy. Enhancements have also been implemented for these schemes, including:

⁴ Details of various admission schemes for talent, professionals and entrepreneurs are available at https://www.immd.gov.hk/eng/useful_information/admission-schemes-talents-professionals-entrepreneurs.html

1. expanding Talent List so to increase the coverage to 51 professions from 13 that applies to the General Employment Policy (GEP), the Admission Scheme for Mainland Talents and Professionals (ASMTP) and the Quality Migrant Admission Scheme (QMAS);
2. streamlining GEP and ASMTP by lifting the requirement of proof to substantiate difficulties in local recruitment;
3. suspending the annual quota under QMAS;
4. extending the limit of stay to two years for the Immigration Arrangements for Non-local Graduates;
5. enhancing the Technology Talent Admission Scheme by lifting the requirement for technology firms to employ additional local employees while admitting talents outside Hong Kong, China;
6. extending the limit of stay of employment visas to a maximum of three years;
7. refunding the extra stamp duty paid by eligible incoming talents in purchasing residential property in Hong Kong, China; and
8. formulating the new Capital Investment Entrant Scheme with possible adjustments on such matters as the investible areas in HKC and investment threshold.

Supporting small and medium enterprises (SMEs)

There are over 360 000 SMEs in HKC, constituting more than 98% of business establishments and employing around 45% of the workforce in the private sector. Their vitality and business performance are of crucial importance to the development of the economy of HKC.

In order to support SMEs to stay resilient, enhance competitiveness, and attain prosperity and success, HKC through the Hong Kong Export Credit Insurance Corporation initiated the “100% Credit Limit Top-Up Scheme” (the 100% Top-Up Scheme) in June 2020 to support exporters in HKC by extending credit to their overseas buyers amidst the volatile trading environment and the uncertain global economic situation⁵. As SMEs have been hard-hit by the COVID-19 pandemic and global economic downturn in recent years, HKC Government has kept on enhancing the SME Financing Guarantee Scheme (SFGS) to help SMEs obtain commercial loans with government guarantees, including offering higher ratio of government guarantee⁶, raising the maximum loan amount per enterprise, and introducing principal moratorium. Various government funding schemes, including the Dedicated Fund on Branding, Upgrading and Domestic Sales, the SME Export Marketing Fund and the Trade and Industrial Organisation Support Fund, are also available to help enterprises explore more diversified markets and enhance competitiveness.

Against the backdrop of the COVID-19 pandemic, HKC Government aimed to, through these schemes and funds, enhance the resilience and competitiveness of our SMEs and exports industry, and increase local productivity in a sustainable manner, by providing timely assistance to local SMEs and exporters. Throughout the years, HKC Government has kept on enhancing these schemes, including injecting further government funds, raising the cumulative funding ceiling per enterprise, expanding the funding scope, etc.

Besides, additional funding has been provided to the Hong Kong Trade and Development Council (HKTDC) since 2022 to implement the “Support Scheme for Pursuing Development in the Mainland” to strengthen support for HKC businessmen in Mainland China, and enhance young HKC entrepreneurs’ understanding of the business environment and market of Mainland China to better equip them to develop there. Together with its “GoGBA” digital platform and the “HKTDC GBA Service Centre” in Shenzhen, HKTDC provides one-stop support to help enterprises of HKC develop businesses in the Greater Bay Area (GBA), which is the best point for entering Mainland China’s

⁵ See https://www.hkecic.com/cms/sites/default/files/announcements/2022-12/Press%20release_HKECIC%20Extends%20Supportive%20Measures%20to%20end%20June%202023.pdf for details.

⁶ From originally only guaranteeing 80% of the loan amount to options of 90% and 100% government guarantees.

market, through organising activities and providing consultation services, industry-related updates and business matching to enterprises.

Promoting carbon neutrality and sustainability

HKC has put forward various environmental policy plans⁷, including the *Hong Kong's Climate Action Plan 2050* for the overall strategies, plans, targets and actions to achieve carbon neutrality before 2050. In January 2023, HKC set up a new Office of Climate Change and Carbon Neutrality to promote deep decarbonisation, and established a new Council for Carbon Neutrality and Sustainable Development in May 2023 to tap on the expertise and advice from different community sectors, including SMEs. Meanwhile, the HKC Government has been operating various funding schemes to support business, including SMEs, in the low-carbon transformation. For instance, the Green Tech Fund supports research and development projects that can help HKC decarbonize and enhance environmental protection; and the New Energy Transport Fund is available to help SMEs try out and purchase new energy vehicles for the green transformation of their fleets.

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples. If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

HKC adopts different approaches to set the targets and to measure the progress of different initiatives. Some examples include:

- on investment promotion, the HKC Government will increase inward investment by attracting at least a total of 1 130 companies to set up or expand their operations in HKC from 2023 to 2025, thereby bringing in direct investment of at least HK\$77 billion and creating at least 15 250 job opportunities;
- on SME support, the 100% Top-Up Scheme has benefitted over 1 960 exporters, and has offered protection to HK\$33 billion worth of shipment. As at end-February 2023, loans amounting to more than HK\$230 billion have been approved under the SFGS to benefit over 54 000 enterprises to avoid business closures and layoffs, while over HK\$8.8 billion has been approved to support SMEs in exploring markets or enhancing their competitiveness, benefitting approximately 60 000 enterprises;
- on evaluating the progress of LawTech initiatives, the data on outreach and number of stakeholders benefitted from the initiatives, through quarterly reports submitted to HKC by the relevant service providers, which would include information regarding feedback from stakeholders, the scale and number of promotional activities undertaken etc. are made reference to. Also, HKC monitors and reviews the operation of the provisions on ORFSA through the Advisory Body on ORFSA appointed under the Arbitration Ordinance (Cap. 609). HKC will take into account feedback on the ORFSA regime from stakeholders, including through the Advisory Committee on Promotion of Arbitration chaired by the Secretary for Justice; and

⁷ In 2021, the HKC Government published the following plans to set out the strategies for combating climate change and achieving carbon neutrality.

Hong Kong's Climate Action Plan 2050 (CAP2050): https://www.climate-ready.gov.hk/files/pdf/CAP2050_booklet_en.pdf

Hong Kong Roadmap on Popularisation of Electric Vehicles (EV Roadmap):

https://www.evhomecharging.gov.hk/downloads/ev_booklet_en.pdf

Waste Blueprint for Hong Kong 2035 (Waste Blueprint): https://www.eeb.gov.hk/sites/default/files/pdf/waste_blueprint_2035_eng.pdf

- on carbon reduction, the power companies in HKC have been required to gradually replace coal with natural gas from 2015 to 2020. As a result, carbon emissions in HKC have shown a downward trend after reaching its peak in 2014. The per capita carbon emissions reduced from 6.2 tonnes CO₂-e in 2014 to 4.5 tonnes CO₂-e in 2020, representing a reduction of about 27%.

4. **Best practices:** Among your economy's structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs' innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

Examples of practices that help policies and initiatives to be implemented effectively are as follows:

Attracting strategic enterprises

InvestHK provides one-to-one support services to companies throughout the planning and execution of their expansion in HKC. InvestHK continues to strengthen its aftercare support service to companies already established in HKC and its liaison with agencies in Mainland China, overseas chambers and consulates in HKC to further the outreach to foreign businesses. In the past five years between 2018 and 2022, HKC experienced unprecedented challenges. Nevertheless, survey results showed that the number of companies in HKC with parent companies located outside HKC (overseas and Mainland companies) has remained around 9 000. The percentage of companies expanding businesses in HKC or having their business plans unchanged stayed around 73% on average during 2018-2022. These findings fully demonstrate that overseas and Mainland companies are confident about the business environment in HKC.

Supporting SMEs

Against the backdrop of the COVID-19 pandemic, the different funding schemes of the HKC Government have provided vital and timely assistance to local exporters and other SMEs, thus enhancing their resilience and maintaining the productivity of the HKC economy as a whole. Moreover, the funding schemes encourage SMEs to invest resources to develop markets outside HKC or upgrade their businesses with the schemes' dollar-for-dollar matching grants. The HKC Government will continue to take measures, such as providing more one-on-one consultation sessions for capacity-building and developing environmental, social and governance, etc., as appropriate to strengthen support to SMEs and create a sustainable and dynamic future for our businesses.

Inclusive access to justice

The use of ODR enhances SME's access to justice as they could resolve disputes irrespective of their physical location. It also provides SMEs with a cost-effective means to resolve disputes efficiently and relieve their cash flow stress. As it may take some time (say a few years) before a dispute would arise after parties entered into contracts with an ODR specific dispute resolution clause incorporated, the effectiveness of ODR will continue to be assessed. In relation to the promotion of ODR services, more education and sharing of successful cases is recommended to build up trust and knowledge on the part of users to resolve disputes through technology and online means.

HKC will continue to promote, enhance and strengthen the use of LawTech and ODR locally and regionally, particularly in the GBA and in the Asia-Pacific Region, in collaboration with stakeholders such as eBRAM Centre. HKC will work towards establishing an online mediation platform for the

GBA for resolving cross-boundary disputes, and promoting an environment for inclusive, resilient and sustainable businesses.

The ORFSA regime was introduced in December 2022 to meet the increasing demands from users for flexible fee arrangements for arbitration. As with other novel regimes, it will take time for users to familiarize with the regime. HKC is working with relevant stakeholders to provide necessary guides and tools, and will continue to conduct further training and promotion on the regime.

Developing renewable energy (RE)

Apart from decarbonisation of HKC's power generation, a series of measures have been introduced to facilitate the development of RE⁸. One example is the introduction of the Feed-in Tariff Scheme under which people who install solar or wind energy generation systems at their premises can sell the renewable energy they generate to the power companies at a rate higher than the normal electricity tariff rate. More than 20 000 applications have been approved.

5. Action Plans: Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy's short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

In recognising the importance of creating an enabling environment for inclusive, resilient, and sustainable businesses, the 2023-24 Budget of HKC⁹ brought high-quality development to the fore through a series of measures including driving innovation and technology; creating new growth impetus through institutional enhancements and policy innovations; and progressing towards green transformation through development of green and low-carbon technology and industries with a view to sustaining HKC's economic development over the medium term.

On assisting SMEs to adopt technology in their business process, the HKC Government launched the Technology Voucher Programme (TVP) in 2016. Currently under this programme, subsidies are given to local enterprises/organisations that use technological services and solutions to improve productivity, or upgrade or transform their business processes. TVP provides subsidies for projects on a 3 (Government):1 (enterprise/organisation) matching basis. Besides, the 2023-24 Budget has earmarked HK\$500 million to launch a Digital Transformation Support Pilot Programme which would provide subsidies on a one-to-one matching basis for SMEs in retail and food & beverages industries to apply ready-to-use basic digital solutions. Apart from funding, the Hong Kong Productivity Council has also introduced a free one-stop "Digital DIY Portal" that brings together digital transformation solutions, digital and innovation information and successful cases of digital transformation in industries, in order to assist local enterprises to embark on digital transformation.

6. Regional cooperation: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

APEC plays a pivotal role in fostering an enabling trade and investment environment that reduces trade barriers, benefits businesses regardless of size, and drives regional economic growth. HKC fully commits to implementing the APEC Putrajaya Vision 2040, in particular to deliver a free, open, fair, non-discriminatory, transparent and predictable trade and investment environment.

With a view to achieving a conducive environment for inclusive, resilient, and sustainable business, APEC should continue to facilitate dialogues in support of the ongoing negotiations and discussions of the World Trade Organization. As an incubator of ideas, APEC can also contribute to regional

⁸ For further details, please refer to <https://www.gov.hk/en/residents/environment/sustainable/renewable/feedintariff.htm>.

⁹ For further details, see <https://www.budget.gov.hk/2023/eng/index.html>.

economic integration through cooperation under APEC’s Free Trade Area of the Asia-Pacific agenda, so as to narrow discussion gaps in areas of rising interest and build capacities of member economies in developing trade agreements that effectively address topics such as inclusion, MSMEs, e-commerce, etc.

In addition, advancing structural reform in APEC is essential in creating an enabling environment for our businesses. As an illustration, HKC will continue to collaborate with APEC member economies to promote wider participation under the APEC ODR Framework, so that more MSMEs can benefit from affordable and efficient access to dispute settlement while reducing the associated carbon footprints, thereby facilitating inclusive and sustainable growth of MSMEs in the region.

On the other hand, the contribution of the APEC Business Advisory Council (ABAC) has been valuable as ABAC provides advice to APEC Leaders on business sector priorities and information about business perspectives on various APEC fora. Continued engagement with ABAC and other stakeholders in the region will help facilitate policy makers in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses.

INDONESIA

1. **Barriers and challenges:** Considering your economy's current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

Implementing structural reforms is crucial for creating an enabling environment for inclusive, resilient, and sustainable businesses in Indonesia. However, there are several barriers and challenges in implementing the reforms. Here are three major ones:

1. **Socioeconomic challenges:** Structural reforms that promote an enabling environment for businesses may not benefit all segments of society equally. There is a risk that reforms could exacerbate inequality and marginalize vulnerable populations, particularly those living in poverty or remote areas. There may also be resistance from established businesses or industries that could be adversely affected by the reforms.
2. **Infrastructure gap:** Inadequate infrastructure can hinder economic development and make it more difficult to implement structural reforms that promote an enabling environment for businesses. For example, poor transport infrastructure can increase logistics cost and make it more difficult for businesses to access markets. Limited access to reliable energy sources can also limit the productivity of businesses. Moreover, the majority of SMEs in Indonesia have yet to incorporate technology for their businesses mainly because of the limited access to fund digital supporting infrastructure (ownership of smartphones, computers, data network, etc.) and capital labor's low level of digital literacy.
3. **Human capital gap:** Human capital, including education and skills training, is crucial for economic development and the success of businesses. However, the limited availability of skilled workers in Indonesia can hinder the growth of businesses and the implementation of structural reforms. Additionally, insufficient investment in education and training can result in a skills gap that may prevent businesses from adapting to changes in the economy or adopting new technologies. Furthermore, there is a disparity in labor capital between the rural-urban and east-west regions because of the emerging challenge of population migration.
4. Addressing these challenges requires a coordinated effort from policymakers, civil society, and the private sector to create an inclusive, resilient, and sustainable environment for businesses in Indonesia. We need to prioritize the implementation of reforms that promote economic stability, infrastructure investment, and improve human capital to support economic growth and development.

2. **Policies and initiatives:** Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

Indonesia has implemented several policy initiatives and programs to create an enabling environment for inclusive, resilient, and sustainable businesses. Here are two examples:

- The National Action Plan for the Implementation of the Sustainable Development Goals (SDGs): This plan outlines Indonesia's strategy for achieving the SDGs and aims to create a more sustainable and resilient economy. The plan includes initiatives to reduce poverty, promote gender equality, protect the environment, and ensure inclusive economic growth. The government has also established a National SDGs Secretariat to coordinate and monitor the implementation of the plan.
- The Indonesia Investment Coordinating Board/ Ministry of Investment (BKPM): The BKPM is responsible for promoting and facilitating investment in Indonesia, particularly in sectors that support inclusive and sustainable economic growth. The board provides investment incentives, simplifies investment procedures, and promotes public-private partnerships. It also supports the development of special economic zones that prioritize sustainability and social inclusion.

Some key policies and practices that help foster inclusive, resilient, and sustainable economies in Indonesia include:

- Supporting small and medium-sized enterprises (SMEs) through financing, training, and technical assistance.
- Encouraging the use of renewable energy sources and promoting energy efficiency. Promoting sustainable tourism and eco-tourism, which supports local communities and protects the environment. Investing in infrastructure, particularly in rural areas, to improve access to markets and services.
- In the energy sector, Indonesia has pledged to (i) increase the use of new and renewable energy by at least 23% of the total energy mix in 2025 and at least 31% of the total energy mix in 2050; (ii) reduce the use of oil for energy mix less than 25% in 2025 and less than 20% in 2050; (iii) reduce the use of coal for energy mix by minimum 30% in 2025 and minimum 25% in 2050; and (iv) reduce the use of gas for energy mix by minimum 22% in 2025 and minimum 24% in 2050.
- The Government of Indonesia has issued regulations on green bonds in 2017, followed by green bonds in the amount of USD 3 billion launched in 2018.
- To support Environment Social Government (ESG) policy, the Government of Indonesia has issued SE BUMN No 6/2022 about the Implementation of the Decarbonization Program and Implementation of Carbon Economic Value in State-Owned Enterprises to Support the Achievement of National Contribution Targets and Control of Greenhouse Gas Emissions.
- Ensuring that women and marginalized groups have access to economic opportunities and resources. Promoting sustainable agriculture practices and supporting farmers through training and access to markets.
- Encouraging private sector investment in sustainable development initiatives through tax incentives and other measures.
- Indonesia has implemented several policy measures to improve its trading across borders. Indonesia has reduced the time required to export and import goods by implementing electronic customs clearance systems, simplifying trade documentation requirements, and streamlining inspection procedures. These measures have reduced the cost of trading across borders and improved efficiency in international trade.

In addition, Indonesia has taken several steps to promote competition and enable a competitive environment. Indonesia has strengthened its competition law and established a competition commission to enforce it. The government has also implemented regulations to promote fair

competition and protect consumer rights. These policies have helped to create a level playing field for businesses, promote innovation, and drive economic growth.

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples. If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

Indonesia measures the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses through various indicators:

- **GDP growth:** Indonesia tracks GDP growth as an indicator of economic success. Structural reforms that promote inclusive, resilient, and sustainable businesses are expected to lead to higher GDP growth rates over time.
- **Unemployment rate:** The unemployment rate is another indicator of the success of structural reforms. Lower unemployment rates suggest that the economy is creating more jobs, which is important for inclusive growth.
- **Poverty rate:** Indonesia measures poverty rates to assess the impact of structural reforms on inclusive growth. Lower poverty rates indicate that more people are benefitting from economic growth and that the economy is becoming more inclusive.
- **Ease of Doing Business:** The Ease of Doing Business index measures the ease of starting and running a business in Indonesia. Indonesia has implemented several structural reforms to improve its ranking on this index, which is an indicator of the Indonesia's ability to facilitate inclusive, resilient, and sustainable businesses.
- **Environmental sustainability:** Indonesia has also implemented policies to promote environmental sustainability, including renewable energy, forest conservation, and reduction in greenhouse gas emissions. The success of these policies is measured through various indicators, such as the adoption of renewable energy and reduction in deforestation rates.
- **Indonesia is committed to a 31.89% reduction in our greenhouse gas (GHG) emissions by 2030 through our own efforts – or to 43.20% with international support. Indonesia has also pledged to reach net-zero emissions (NZE) in 2060 or sooner.**

4. Best practices: Among your economy's structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs' innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

Indonesia has implemented several structural reforms to create an enabling environment for inclusive, resilient, and sustainable businesses. Here are some policies and practices that have been implemented effectively and their primary reasons for success:

- Indonesia has implemented several policies to promote the development of MSMEs, such as (i) providing access to financing, (ii) developing MSMEs with export orientation, (iii) strengthening

MSMEs' digital capacity, (iv) increasing MSMEs digital financial literacy, (v) encouraging the development of green MSMEs, (vi) technical assistance, and (viii) business incubation. These policies have been effective in promoting inclusive growth by supporting the growth of small businesses, which are major drivers of employment and economic growth in Indonesia. The long-term impacts of these policies are increased job creation, enhanced productivity, and reduced poverty. The reform has also increased the resilience of SMEs to future shocks, as they are better equipped to access financing and other resources during crises.

- Indonesia has implemented reforms to simplify the process of obtaining business licenses, including the introduction of an online single submission (OSS) system. This has been effective in reducing the time and cost of starting and running a business, promoting entrepreneurship, and increasing Indonesia's competitiveness. The long-term impacts of this policy are increased investment, job creation, and economic growth. This reform has also increased the resilience of SMEs to future shocks, as they can quickly adapt their business models to changing market conditions.
- Indonesia has implemented several policies to promote energy and infrastructure development, such as deregulation of the energy sector and investment in transportation infrastructure. These policies have been effective in promoting sustainable growth by increasing access to energy and improving connectivity. The long-term impacts of these policies are improved productivity, increased investment, and job creation. These reforms have also increased the resilience of SMEs to future shocks, as they can benefit from improved energy access and connectivity.

5. Action Plans: Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy's short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

Several policy gaps, barriers, and challenges in creating an enabling environment for inclusive, resilient, and sustainable businesses in Indonesia:

- **Limited access to financing:** Many small and medium-sized enterprises (SMEs) in Indonesia face difficulty in accessing financing due to the high cost of borrowing, lack of collateral, and inadequate financial infrastructure.
- **Infrastructure deficiencies:** The quality and availability of infrastructure, particularly in rural areas, remains a challenge for businesses operating in Indonesia.
- **Inadequate regulatory framework:** Indonesia's regulatory framework can be complex, which can create barriers to doing business, particularly for SMEs.

To address these challenges, Indonesia's economy has developed several short and medium-term plans, including:

- **Financial sector reform:** Indonesia plans to undertake financial sector reforms to increase the availability and affordability of financing for SMEs. These reforms include the development of alternative financing instruments and improving the regulatory environment for microfinance institutions.
- **Infrastructure development:** Indonesia has plans to increase investment in infrastructure, particularly in transportation and digital infrastructure. This will improve connectivity and reduce the cost of doing business.

- Regulatory reform: Indonesia plans to simplify the regulatory environment to make it easier for SMEs to start and operate businesses. This includes simplifying business licensing requirements and reducing the time and cost of compliance.
- Environmental sustainability: Indonesia has plans to promote environmental sustainability by increasing investment in renewable energy and improving waste management. This will promote sustainable growth and reduce the impact of climate change.

6. **Regional cooperation:** What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

Regional cooperation and regional bodies such as APEC can play a significant role in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses in Indonesia. Here are some of the ways that regional cooperation and bodies like APEC can help:

- Knowledge sharing and best practices: Regional cooperation can facilitate knowledge sharing and the exchange of best practices between economies. This can help Indonesia to learn from the experiences of other economies that have successfully created enabling environments for inclusive, resilient, and sustainable businesses. By sharing knowledge and best practices, Indonesia can develop more effective policies and practices.
- Networking and partnerships: Regional bodies can provide opportunities for networking and partnerships between businesses and governments in different economies. This can facilitate trade and investment and create opportunities for business growth and development.
- Policy coordination and alignment: Regional cooperation can help to coordinate policies and align regulations between economies. This can promote regional economic integration and reduce barriers to trade and investment. By aligning policies and regulations, Indonesia can improve the ease of doing business and attract more investment.
- Capacity building: Regional cooperation can provide opportunities for capacity building, such as training and technical assistance for governments and businesses. This can help Indonesia to build the skills and knowledge necessary to create enabling environments for inclusive, resilient, and sustainable businesses.
- Access to financing and investment: Regional cooperation can help to increase access to financing and investment for businesses in Indonesia. For example, regional bodies like APEC can help to connect businesses with investors and financial institutions.

Impacts:

- Access to new markets: opportunities for SMEs to broaden their market globally which can potentially increase their income and productivity. SMEs can also gain new access to suppliers and distributors through international collaboration.
- Increased innovation: improving product quality in accordance with certifications and international standards which can enhance product competitiveness and innovations.
- Knowledge and expertise information: international collaboration can increase SMEs' knowledge of market trends, consumer preferences and global demand dynamics.

Challenges:

- Issues to access information: limited understanding, capacity, and capability in processing information regarding the rules and regulations of the international market which differ in each economy can be a challenge for SMEs to comply with.
- Legal and regulatory issues: policy makers need to create a business ecosystem that supports and assists export-oriented SMEs, for example by streamlining regulatory and administrative procedures. Strong trade, industrial, macroeconomic, and SME policies would be necessary to ensure Indonesian SMEs also have a stake in the export market and not just be seen as a market for foreign goods.
- Cultural differences: the diverse cultural, language, and business practices may create misunderstandings and difficulties in maintaining collaboration.

JAPAN

1. Barriers and challenges: Considering your economy’s current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

Barriers to implementing structural reforms include changes in social structure due to a declining population and aging society with a falling birth rate, increasing upward pressure on prices due to rising global commodity prices and a weak yen, and stagnant employer compensation, all of which have significantly changed the environment for MSMEs. Under these circumstances, it is becoming progressively difficult for managers to discern the direction of management, and it is necessary for them to enhance their “ability to change themselves” in order to respond to change.

2. Policies and initiatives: Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

What are the key policies and practices that help foster inclusive, resilient, and sustainable economies?

The Japanese government has developed policies that support the companies that are growth-oriented and engaged in challenge and change. For example, the government supports the transformation of a company into a growth-oriented company through business succession, facilitation of M&A and grouping, and supporting the establishment of a new company.

Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process?

Not applicable.

What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance?

Not applicable.

Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure?

The Ministry of Economy, Trade and Industry (METI) provides various support measures to businesses depending on their stage of establishment. The program not only helps SMEs improve their productivity and strengthen their management base by supporting capital investment, sales channel development, IT introduction, etc., but also promotes smooth business succession and takeover (M&A). In addition, the program supports new initiatives such as capital investment and sales channel development after business succession or takeover, as well as business closure due to business succession or takeover.

What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks?

As the domestic market shrinks due to population decline and other factors, many businesses are expanding overseas seeking a new sales channel. In fact, cross-border transactions have become more popular due to lifestyle changes such as stay-home living because of COVID-19. For such businesses, the Japanese government provides expert diagnosis on product development and sales channel development, as well as hands-on support for business plan formulation and implementation. In addition, we will also promote the development of high-level human resources for overseas sales channel development so that these businesses will be ready to take on the responsibility of overseas development in the region.

How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

As the environment surrounding MSMEs changes drastically, managers are required to have the “ability to change themselves” to respond flexibly to changes in order to improve productivity, sustain business, and expand sales channels. To this end, it is important to support management so that they can have a sense of conviction and a sense of ownership, and to provide appropriate assistance to management level through dialogue and listening.

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples. If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices?

The effectiveness of the project is measured by requiring grant recipients to submit commercialization status reports for a period of five years (six times in total) after the date of completion of the subsidized project.

How does your economy track, monitor, and evaluate the sustainability performance of businesses?

Not applicable.

To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples.

Not applicable.

If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

Not applicable.

4. Best practices: Among your economy’s structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary

reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs' innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

Among your economy's structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively.

As the existing supply chain is in flux due to changes in the domestic and external environment, it is important to encourage businesses to take on the challenge of shifting to a new industrial structure. To this end, the Japanese government is providing support for capital investment and sales channel development after business succession and M&A.

Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had.

The Japanese government encouraged potential growth companies and companies that are taking on challenges and making changes for growth. In the long term, productivity gains and sales expansion are expected.

Has the reform increased resilience of SMEs to future shocks?

The majority of companies that have implemented business restructuring have already seen or expect to see positive effects in terms of sales, and some companies have already seen synergies with their existing businesses. The results indicate the importance of considering business restructuring during a drastically changing business environment.

Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs' innovation, sustainability, and inclusive practices?

The program encouraged businesses to grow and challenge themselves by targeting potential growth-oriented companies and companies that are working on challenges and changes for growth.

Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks?

Not applicable.

To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

The actual status of projects is grasped and inspected through administrative business reviews and reflected in future project execution and budget requests.

5. Action Plans: Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy's short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

Due to the COVID-19 pandemic and the Russian invasion of Ukraine, the support for business continuity and management transformation of SMEs hit by soaring oil prices and commodity prices, as well as addressing structural issues such as business succession and productivity improvement, have become urgent issues. Therefore, the 2022 SME Support Plan indicates that the government, prefectures, and SME support organizations will work in close cooperation with each other and with

other SME support organizations to establish an appropriate support system and enhance support measures so that SMEs can achieve sustainable development and growth.

6. Regional cooperation: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses?

Japan aims to bring prosperity and vitality to the economies of the Asia-Pacific region, while tapping into the region's strong growth potential, by achieving economic integration, promoting high-quality infrastructure development and investment, achieving sustainable and inclusive economic growth and implementing measures to promote greater participation of women in economic activities. The APEC Forum is a forum for the region's economies to discuss and discuss the future of the APEC region. To this end, APEC is expected to play a role in promoting regional economic integration and economic growth.

What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

Participation in global value chain and innovation networks can strengthen the management of SMEs. On the other hand, there are some SMEs that do not participate in networks, thus we are interested in what kind of networks would be useful for SMEs to participate in when scaling up their enterprises.

KOREA

1. Barriers and challenges: Considering your economy’s current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

1. Small domestic market size

The percentage of the Korean domestic market compared to GDP was approximately 55% as of 2022. This figure is significantly lower than that of other economies such as the USA and Japan. Consequently, Korean businesses inevitably face intense competition within the domestic market.

2. Unfair business environment

Large companies in Korea often wield significant influence in the market, placing small and medium enterprises (SMEs) in a position where they must accept unfair requirements. For instance, SMEs are frequently compelled by large companies to offer their goods at unreasonably low prices.

3. Regulatory constraints

Despite Korea’s reputation for cutting-edge technologies, such as semiconductor manufacturing, numerous regulations hinder the advancement of innovative technologies. For example, the use of telemedicine system is generally prohibited in Korea, except for specific cases.

2. Policies and initiatives: Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

1. Programs supporting Globalization of SMEs and Startups

To overcome the limitation of domestic market, Korea is highly committed to globalizing SMEs and Startups, enabling them to expand into foreign markets. Tailored support programs are provided by the Ministry of SMEs and startups (hereafter referred to as “MSS”) based on the size and progress of globalization. These programs encompass a range of initiatives, including market entry consultations, provision of free office space in foreign economies, and low-interest loans.

2. Introduction of Delivery Price Indexation System

In 2022, a bill for Delivery Price Indexation System was passed in the Korean National Assembly. The primary objective of this bill is to link the delivery prices that consumer companies pay to producers with the changes in raw material prices. This bill has been formulated to establish a fair market system amidst the soaring prices of raw materials caused by disruptions in the Global Value Chain. Prior to its passage, extensive discussions took place due to concerns that the bill could disrupt the free market.

3. Operating Regulation-Free Special Zones

Regulation-Free Special Zones, designated in non-metropolitan areas, are areas where companies can freely conduct demonstrations of innovative technologies without being bound by regulatory restriction. Introduced on 17 April 2019 these special zones aim to foster new industries and technologies through regulatory innovation and promote balanced regional development. Business operating within special zones can test and promote new technologies by leveraging 201 menu-type special regulatory treatments as well as three sets of regulatory sandboxes, which include (i) quick confirmation of regulations, (ii) temporary permits, and (iii) special treatment for demonstration). <https://www.mss.go.kr/common/board/Download.do?bcIdx=1032990&cbIdx=244&stFileNm=7199c877-5f91-4689-bcb0-3f6859255e69.pdf>

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples. If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

Despite the absence of a dedicated tool for evaluating the success of implementing structural reforms to facilitate inclusive, resilient, and sustainable businesses, Korea is taking steps to establish a more comprehensive platform known as the ‘SME Big Data Platform.’ This platform aims to gather SME-related information owned by various government ministries and agencies, including details on the diverse programs implemented by the Korean government. Through this platform, the Korean government will be able to assess the effectiveness and success of these programs.

4. Best practices: Among your economy’s structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs’ innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

During the Covid-19 pandemic, Korean government provided relief funds to support SMEs that were adversely affected by this crisis. Many SMEs were unable to **operate their businesses due** to disinfection policies, and the reduced **foot traffic** caused by concerns about infections further resulted in decreased product sales. To address the urgent need to distribute relief funds to a large number of SMEs quickly, the Korean government developed an efficient digital system. This initiative received positive feedback from many SMEs for its promptness in fund distribution.

As a result of this policy experience, the Korean government has gained valuable knowledge in how to swiftly and systematically support a significant number of businesses in the face of sudden disasters. The data accumulated through this project is now being utilized in various initiatives aimed at supporting SMEs.

5. Action Plans: Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy’s short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

The promotion of globalization for SMEs and startups, the establishment of a fair environment for vibrant competition, and the provision of opportunities form the basis for policies and initiatives in response to question #2.

6. Regional cooperation: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy

would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

Considering that APEC is the world's largest economic group encompassing a diverse range of economies, it serves as a highly appropriate platform for discussing global agendas such as the Global Value Chain (GVC). The stabilization of the GVC is closely intertwined with the pursuit of inclusive, resilient, and sustainable business practices, as we are currently in an era of globalization where businesses across the world are interconnected.

Addressing the complexities of the GVC is a challenging task due to the involvement of numerous economies. Therefore, it is crucial to have a dedicated and proactive platform, such as the International Partnership for Economic Facilitation (IPEF), to identify economies willing to engage in discussions on GVC agendas.

MALAYSIA

1. Barriers and challenges: Considering your economy's current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

- **Regulatory Environment: Outdated regulations**

Some of the existing regulations are not in synchronisation with the dynamism of new business model, so it affects business competitiveness, resulting to burdensome and ineffective regulations. All regulations are to be reviewed periodically to ensure that their purposes remain relevant. It is recommended that each regulation should be reviewed once every 5 years unless it is subject to any other statutory review provisions. The review plan should state the original objective of the regulation and its performance to-date in achieving its purpose

- **Commitment from Ministries and Agencies in adopting GRP**

Challenges to adopt and implement Good Regulatory Practice (GRP) when introducing new regulations or amending the existing ones; therefore, the regulations may not design in a manner that ensures they are fit for purpose, effective and efficient in achieving its intended objectives. Coordination among various government ministries and agencies to implement comprehensive reforms can be challenging and may lead to delays.

- **Transparency: Submission of the Annual Regulatory Plan**

Some regulators may not follow the requirement highlighted in the National Policy on Good Regulatory Practice (NPGRP) in terms of submitting their regulatory plans. As part of its role in facilitating the implementation of NPGRP, Malaysia Productivity Corporation (MPC), an agency under the Ministry of Investment, Trade and Industry (MITI) and GRP oversight body for Malaysia will request regulators to prepare a list of all their regulations approved during the previous year. MPC will review these regulations to determine the progress achieved in the adoption of GRP. Regulators should also communicate their regulatory plans (plans for new regulations and/or for review of regulations in the upcoming year) to MPC in the month of June of each calendar year. The publication of an annual regulatory plan will enhance transparency and predictability and encourage stakeholder participation.

2. Policies and initiatives: Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business.

What are the key policies and practices that help foster inclusive, resilient, and sustainable economies?

- The Special Taskforce to Facilitate Business (PEMUDAH), is a public-private sector collaboration to improve Malaysia's competitiveness through implementation of regulatory reforms. Since 2007, PEMUDAH has been driving regulatory reforms with the aim of promoting ease of doing business and enhancing business regulations to improve productivity and competitiveness. PEMUDAH meeting serves as a platform for open dialogue and to address challenges faced by businesses and explore ways to facilitate a conducive environment for economic growth.
- Malaysia Mudah (MyMudah) initiated by the government to support the business that are burdened by red tape and bureaucracy. The initiative is the government's non-fiscal approach to assist industry players and businesses reducing unnecessary regulatory burdens that will reduce regulatory compliance costs, create jobs, and stimulate the economy. This initiative aims to streamline regulations, reducing unnecessary rules, and thereby enhancing the efficiency of business functions and operations.
- The Special Taskforce on Agency Reform (STAR) established to improve outdated and problematic government services as well as expediting project implementation and service delivery to the citizen.

Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process?

Yes. As a requirement highlighted in NPGRP, regulators proposing new regulations or amendments to regulations must undertake RIA which includes public consultation.

What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance?

Similarities:

1. Resources: Both large businesses and SMEs may face limitations in terms of financial resources, human resources, and technology infrastructure. These constraints can affect their ability to implement policies and comply with standards effectively.
2. Regulatory Awareness: Regardless of size, businesses need to be aware of relevant regulations and standards that apply to their industry or sector. Compliance requires understanding these requirements.
3. Operational Challenges: Implementing policies and achieving compliance can present operational challenges for all type of business. This may involve changes in processes, documentation, or reporting.
4. Risk Management: Both large and small businesses need to manage risks associated with non-compliance, which can include legal consequences, financial penalties, reputational damage, and loss of business opportunities.

Differences:

1. Complexity: Compliance requirements can be more complex for large businesses due to their size, diverse operations, and global reach. SMEs may have simpler compliance needs.
2. Flexibility: SMEs may have more flexibility in adapting to regulatory changes and implementing policies due to their smaller size and less bureaucratic structure.
3. Technology Adoption: Large businesses may be more likely to invest in advanced compliance management software and automation, while SMEs may rely on simpler tools or manual processes.
4. Market Access: Large corporations may have established relationships and market access that can facilitate compliance, while SMEs may face greater challenges in navigating regulatory hurdles.

Did your structural reforms or policies align with a business lifecycle in three primary segments:

(1) motivation and preparation for market entry;

(2) operating a business; and

(3) business closure?

Yes. PEMUDAH is supported by 10 Technical Working Groups (TWGs) established to address issues related to efficiency and measures to improve Malaysia's performance in global competitiveness reports through the implementation of regulatory reform. The TWGs established aligned with the lifecycle of businesses beginning with business entry, operating and expending a business up until business insolvency (adopting World Bank's Doing Business/ B-Ready Framework).

What is the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks?

1. Technical Working Groups Trading Across Border (TWGTAB) under PEMUDAH co-chairs by the Ministry of Investment, Trade and Industry (MITI) and captain of lead business association focusing on reducing unnecessary regulatory burden. The government collaborates with the private sector to implement policy reforms aimed at facilitating trade for businesses. PEMUDAH's work was published in the World Bank's Knowledge & Research report titled Public-Private Dialogue in Business Regulation Reform : A Case Study on PEMUDAH in May 2020 - World Bank Case Study on PEMUDAH. PEMUDAH led initiatives have made Malaysia an easier place to do business by creating an investment-friendly business climate. Since its establishment, PEMUDAH has accomplished numerous initiatives that have played a role in an improved business environment, which in turn has contributed substantial savings in time, cost and effort. PEMUDAH has and continues to simplify the regulatory burdens for businesses in the economy, thus, enabling a shift in focus from creating a conducive business environment to achieving comprehensive government reforms.
2. According to the World Bank Doing Business study, Malaysia has seen a steady improvement in its business climate for domestic small and medium-sized enterprises over the years. A total of 24 reforms have been implemented since the Doing Business 2010 study, highlighting the economy's ongoing efforts to shorten the gap between its performance and international good practices. The Ease of Doing Business score and the number of reforms recorded by the Doing Business study have seen a consistent rise over the last decade. In its 2020 report, Malaysia's overall rank is 12 among 190 economies, outperforming most of its regional peers in East Asia and Pacific. Malaysia's strengths are in the areas of protecting minority investors (global rank of 2); dealing with construction permits (2); getting electricity (4); and registering property (33).
3. The Global Competitiveness Report 2019 of the World Economic Forum (WEF) ranked Malaysia 27th globally among 141 economies. Malaysia performs better than its regional competitors based on the findings. According to the report, Malaysia is the best performing non-high-income economy. The World Competitiveness Report 2023 (WCR) published by the Institute for Management Development (IMD), ranks Malaysia 27th out of 64 economies.

How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

1. NPGRP requires regulators who are proposing new regulations or amendments to regulations to undertake RIA which includes public consultation. Having public consultation with stakeholders such as businesses ensures inclusivity by involving a diverse range of voices and perspectives in decision-making, promoting fairness predictability and transparency in government actions.
2. Secondly, blueprints such as the Malaysia Digital Economy Blueprint published by the government provides direction for government agencies to adopt an agile regulatory approach which encourages economies to adopt more flexible and adaptive regulatory frameworks, especially when catering to the digital economy and start-up development, which often encounters disruption within traditional legal frameworks in realising new innovative ideas. This is achieved by establishing a conducive regulatory environment and reviewing regulatory requirements to facilitate innovation and expand coverage to

include new technologies and business models. The improvements aim to increase market entry for new businesses and provide more opportunities to transform industry structure.

3. Start-Up Ecosystem Roadmap (SUPER) developed to drive the startup industry by creating 5,000 startups and setting a target of achieving five unicorn status companies. The companies are supported through funding, bootcamp programmes, accelerator programmes, hackathon, coaching and training courses. SUPER – cradle.

The government supports innovation through regulatory sandbox. For instance, through the National Technology and Innovation Sandbox (NTIS), researchers, innovators and entrepreneurs are given the opportunity to test their products and services in a live environment and qualify for grants to bring those products and services to market businesses. NTIS relaxes certain regulatory requirements to accelerate the development of innovation from the R&D stage to being commercially ready. (Sandbox.gov.my).

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples. If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details.

MPC has developed a scorecard to measure compliance by regulators to NPGRP based on the number of Regulatory Impact Analysis (RIA) undertaken and Regulatory Impact Statement (RIS) received.

How does your economy measure inclusive, resilient, and sustainable business practices?

Malaysia, like many economies, uses various methods and metrics to measure inclusive, resilient, and sustainable business practices. These measurements are crucial for evaluating progress, setting benchmarks, and identifying areas for improvement. Here are some of the ways Malaysia measures:

- i. Sustainability Reporting: Companies in Malaysia are encouraged to publish sustainability reports that disclose their economic, environmental, and social performance. The Malaysian Code on Corporate Governance (MCCG) by Security Commissions of Malaysia and Bursa Malaysia's (Stock Exchange) listing requirements encourage listed companies to report on sustainability practices using frameworks like the Global Reporting Initiative (GRI) standards;
- ii. Environmental Impact Assessments (EIAs): Malaysia requires businesses, especially those in industries with significant environmental impacts (e.g., construction, manufacturing), to conduct EIAs. These assessments evaluate the environmental implications of proposed projects and help ensure that mitigation measures are in place;
- iii. ISO Certification: ISO certifications such as ISO 14001 (Environmental Management) and ISO 45001 (Occupational Health and Safety) to demonstrate businesses' commitments to sustainability and resilience; and
- iv. Halal certification: Malaysia places importance on halal certification for businesses in the food, pharmaceutical, and cosmetic industries. This certification ensures that products are compliant with Islamic dietary laws and ethical standards, contributing to inclusivity and social responsibility.

These measurement methods help Malaysia assess the progress of business in adopting inclusive, resilient, and sustainable practices. They are often guided by international standards and frameworks, ensuring consistency and comparability with global sustainability efforts. Additionally, Malaysia's commitment to sustainability is reflected in its participation in international initiatives like the United Nations Sustainable Development Goals (SDGs) and regional efforts to promote responsible business practices.

How does your economy track, monitor, and evaluate the sustainability performance of businesses?

Malaysia's feedback for the previous questions on how Malaysia measures inclusive, resilient, and sustainable business practices are also the mechanisms to track, monitor, and evaluate the sustainability performance of businesses. These measures/ mechanisms aim to ensure that companies adhere to sustainability standards, promote responsible practices, and provide transparency to stakeholders.

To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples.

Through MyMudah initiative, regulatory issues received by businesses are jointly analysed by business associations and regulators to identify the root causes of problems, and subsequently, recommendations for improvement are developed collaboratively. Regulatory experimentation will be implemented with relevant stakeholders based on the approved recommendation proposals to assess its effectiveness.

Example: Relaxation of Regulatory Requirements to Licensed Tour Operators

Tourism sector was the hardest hit sector during the pandemic.

Concerns: Application of new/ renewal of tour operators license during the time is a challenge because of the 2 requirements from the Ministry of Tourism, Arts and Culture (MOTAC): requirement of corporate performance; and requirement of physical premise. Applications of license renewal are exempted to submit audited financial report, for applications submitted from January 2020 until 31 December 2021; and tour operators are allowed to co-share office space to reduce their operating costs (short-term).

Solutions: May 2021: MOTAC agreed to grant several relaxations: applications of license renewal are exempted to submit audited financial report (applications submitted from January 2020 to 31 December 2021). Tour operators allowed to co-share office space to reduce operating costs (short-term).

Impact: Businesses affected by the pandemic able to sustain their business

If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

Metrics and benchmarks that have been developed in Malaysia, including but not limited to, are as follows:

- i. Halal Industry Metrics: in the halal industry, Malaysia measures metrics related to halal certification, export volumes, and the growth of halal-related businesses;
- ii. Bursa Malaysia Sustainability Indices: Bursa Malaysia utilizes sustainability indices, such as the FTSE4Good Bursa Malaysia Index and the Bursa Malaysia Sustainability Index, to assess the ESG (Environmental, Social, and Governance) performance of listed companies;
- iii. Gross Domestic Product (GDP): GDP is a fundamental economic metric used to measure the overall economic performance of Malaysia. It helps track the economy's growth and development over time;
- iv. Human Development Index (HDI): Malaysia uses the HDI, which considers factors like education, life expectancy, and per capita income, to assess human development progress. It helps identify areas that require policy interventions to improve living standards; and
- v. iESGReady: Malaysia's Industry Environmental, Social and Governance (iESG) Framework envisioned for the manufacturing sector to be economically beneficial, environmentally, sustainable and socially equitable. In order to assist companies understand and evaluate their current ESG adoption level, iESGReady was developed for companies to self-assess their iESG readiness.

4. Best practices: Among your economy's structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs' innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

Among your economy's structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively.

The adoption of agile regulatory approach was successfully implemented in improving efficiency in regulator work processes such as in dealing with construction permits through the Express Construction Permit (E10) initiative introduced by the Kedah state government has helped to lure RM68.3 billion worth of investment last year. Essentially, E10 enables an investor to begin operation in 10 months instead of the average 24 months by expediting a manufacturing plant's approval and issuance of business premises licences, which enables the construction process to begin in the earliest time frame and factories to start operation sooner. The state government had successfully lured investment amounting to RM68.3 billion in 2022 and for the second quarter of 2023, the approved investment was recorded at RM9.7 billion.

Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had.

The key success determinants of the initiatives are strong leadership to influence mindset change, public and private sector collaboration, evidence-based problem-solving, and testing ideas through regulatory experimentation.

Has the reform increased resilience of SMEs to future shocks?

Yes.

Has the reform supported innovation and increased productivity and dynamism?

Yes. E10's streamlined processes led to a 140% increase in productivity and indirectly supported innovation by expediting the launch of manufacturing plants, facilitating faster product development and technology adoption.

Has the reform enhanced SMEs' innovation, sustainability, and inclusive practices?

Yes.

Has the reform been easy to implement?

Not easy but the challenges can be managed by assembling all relevant agencies and the investor in one go to scrutinise applications and record proper documentation.

Does the reform have ongoing applicability to future shocks?

The implementation of agile regulation within the E10 initiative has demonstrated its ability to yield positive economic outcomes. This approach has not only facilitated job creation but has also significantly enhanced productivity, showcasing that it is one of the valuable tools for addressing future economic shocks.

To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

E10 enables an investor to begin operation in 10 months instead of the average 24 months by expediting a manufacturing plant's approval and issuance of business premises licences, which enables the construction process to begin in the earliest time frame and factories to start operation sooner.

5. Action Plans: Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy's short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

Malaysia has recognized the importance of Small and Medium-sized Enterprises (SMEs) in driving economic growth, innovation, sustainability, and inclusive practices. The government has implemented various strategic plans and initiatives to encourage and assist SMEs in these areas. Here are some of the key strategies and plans (including but not limited to):

- i. National Policy on Industry 4.0 (Industry4WRD): Industry4WRD is Malaysia's policy framework to promote the adoption of Industry 4.0 technologies and practices, including digitalization and automation, among SMEs. It encourages innovation and productivity enhancements while ensuring inclusivity;

- ii. SME Master Plan (2012-2020) and Beyond: The SME Master Plan outlined strategies to enhance SME competitiveness, including financial support, capacity building, and market access. It emphasized the need for SMEs to adopt sustainable and inclusive practices as part of their growth strategies;
- iii. Technology Adoption and Innovation Programs: various programs under agencies like the Malaysian Investment Development Authority (MIDA) and Malaysian Industrial Development Finance (MIDF) provide grants, incentives, and support for SMEs to adopt innovative technologies and practices;
- iv. Halal Industry Development: Malaysia has a strong focus on developing the halal industry, which includes efforts to assist SMEs in obtaining halal certification and entering global halal markets;
- v. Establishment of SME Corp Malaysia: the SME Corp is a government agency dedicated to supporting SME development. It offers advisory services, financing options, and programs to enhance SME innovation, sustainability, and inclusiveness; and
- vi. SME Competitiveness Rating for Enhancement (SCORE): SCORE is a program that assesses the competitiveness of SMEs and provides recommendations for improvement, including measures to enhance sustainability and inclusivity.

These strategic plans and initiatives collectively aim to create an environment where Malaysian SMEs can thrive, innovate, and adopt sustainable and inclusive practices. It reflects Malaysia's commitment to balancing economic development with social and environmental responsibility while ensuring that SMEs play a pivotal role in achieving these goals.

6. Regional cooperation: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses?

They can play significant roles in creating enabling environments for inclusive, resilient, and sustainable businesses in several ways, including but not limited to, as follows:

- i. policy coordination and harmonisation: regional bodies can facilitate the coordination and harmonization of policies and regulations among member economies. This alignment reduces regulatory barriers and inconsistencies that can impede businesses from operating across borders. APEC, for example, has worked to harmonize customs procedures and regulatory requirements among its member economies;
- ii. information sharing and best practices: these organizations can serve as platforms for sharing information and best practices related to sustainable and inclusive business practices. They can host conferences, workshops, and seminars where business can learn from each other and experts in the field; and
- iii. capacity building: Regional bodies often provide capacity-building programs to help businesses, especially small and medium-sized enterprises (SMEs), acquire the skills and knowledge needed to operate sustainably and inclusively. Training programs can cover areas such as environmental sustainability, ethical labor practices, and corporate social responsibility.

What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic?

Malaysia, like many other economies, can benefit from collaboration and capacity-building in several areas to create enabling environments for inclusive, resilient, and sustainable businesses. Here are some key areas, including but not limited to, where Malaysia might seek to collaborate and learn more:

- i. Green and Sustainable Technologies: Malaysia can collaborate with other economies to develop and adopt green technologies and sustainable practices in various sectors, including renewable energy, sustainable agriculture, waste management, and eco-friendly manufacturing processes;
- ii. Circular Economy: exploring and implementing circular economy principles can help Malaysia reduce waste, promote resource efficiency, and create new business opportunities. Collaboration with economies with advanced circular economy models can be valuable;

- iii. SME Development: capacity-building programs that focus on supporting small and medium-sized enterprises (SMEs) in adopting sustainable and inclusive business practices can be beneficial;
- iv. Biodiversity Conservation: Malaysia is known for its rich biodiversity. Collaborative efforts for biodiversity conservation and sustainable use can help protect ecosystems while supporting businesses that rely on natural resources; and
- v. Climate Change Mitigation and Adaptation: collaboration on climate change-related initiatives, such as reducing greenhouse gas emissions and building resilience against climate impacts, is essential for Malaysia's sustainability goals

What are the impacts and challenges for such international collaboration?

Not to mention that Malaysia's interest for areas for collaboration may evolve over time based on its economic and sustainability goals, local challenges, and global trends. Engaging with regional and international organizations, as well as bilateral partnerships, can be instrumental in accessing expertise and resources to advance these goals. Nonetheless, these are some briefs, including but not limited to, of the impacts and challenges:

Impact of International Collaboration

- i. knowledge sharing: international collaboration allows economies to share knowledge, best practices, and lessons learned. This can accelerate the adoption of sustainable and inclusive business practices;
- ii. economic growth: collaboration can lead to increased trade, investment and market access, contributing to economic growth and job creation;
- iii. resource mobilisation: international partnerships can attract foreign investment and financial resources for sustainable development projects and businesses;
- iv. capacity building: collaboration can provide training and capacity-building opportunities for businesses and government agencies, improving their ability to implement sustainable practices;
- v. environmental benefits: coordinated efforts can lead to better environmental protection and resource management, reducing negative ecological impacts; and
- vi. social inclusion: international collaboration can help promote social inclusion by sharing strategies to ensure that the benefits of economic growth are distributed more equitably.

Challenges of International Collaboration

- i. diverse interests: economies have diverse economic, political and social interests which can make it challenging to reach consensus on collaborative initiatives;
- ii. policy harmonisation: harmonising policies and regulations across economies can be complex, as each Economy has its own legal and regulatory framework;
- iii. cultural and language barriers: differences in culture and language can hinder effective communication and cooperation;
- iv. economic disparities: collaboration with economies at different stages of economic development can present challenges, as the priorities and capacities of these nations may vary significantly;
- v. political challenges: Geopolitical tensions, changing leadership, and diplomatic disputes can disrupt international collaborations; and
- vi. complexity of issues: sustainable development issues are multifaceted and interconnected, making it difficult to address them comprehensively through international collaboration.

Despite these challenges, international collaboration remains essential in addressing global sustainability challenges. To mitigate these challenges and maximize the positive impacts, it is crucial for economies and organizations to engage in diplomacy, build trust, establish clear objectives, and develop effective governance structures for collaborative initiatives. Additionally, fostering a culture of cooperation and shared responsibility on a global scale can help overcome many of the hurdles associated with international collaboration for sustainable and inclusive businesses.

MEXICO

1. Barriers and challenges: Considering your economy's current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

There are several challenges that Mexico faces in implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses. Here are **five** major barriers and challenges:

- **Lack of access to financing:** In Mexico, as in most emerging economies, SMEs face significant barriers that prevent them from accessing credit. The National Survey on Productivity and Competitiveness of Micro, Small, and Medium Enterprises (ENAPROCE) 2018 states that 92% of SMEs have no financing access. This is coupled with the complexity of credit application procedures and the need for financial skills development by the individuals leading these enterprises. Likewise, according to the Bank of Mexico, companies find the costs and conditions of access as the main factors limiting financing possibilities.
- **Limited access to information and excessive procedures for creating and developing their businesses:** Providing detailed information about the aspects to consider when starting a business is essential since one of the factors that most hinder entrepreneurship is the need for preparation. Similarly, the need for more information is the main reason that limits companies from forming part of value chains. In general, SMEs do not usually conduct a deep market analysis for their business, nor do they have an adequate business plan, in addition to not keeping accounting records.

Likewise, administrative complexity is a significant challenge for companies, often reflected in high rates of informality (63% of micro-enterprises are informal) and limited growth.

- **Digitalization:** Digital tools are driving innovation in companies, the reorganization of their internal structure, the emergence of new dynamics in the world of work, the intelligent and novel offering of goods and services, and different conditions of competitiveness. However, SMEs still have some limitations in this regard. For example, 95.7% of businesses do not use the Internet for purchases or sales, and over 93% of establishments still receive their income in cash. The limited adoption of technologies in companies, although related to the need for more resources, is often caused by the absence of a business strategy.
- **Low development of entrepreneurial skills:** The need for training in SMEs became more evident due to the effects caused by the pandemic, which forced companies to reinvent themselves and bet on solutions that would allow them to continue their activities. A common element in SMEs is the need to develop knowledge and skills, both digital and entrepreneurial, that will enable them to have a different level of specialization. Companies must train themselves to understand their market, manage their business, master digital channels, and have better planning. However, according to ENAPORCE, 84.7% of SMEs need to provide training, reflected in the lack of tools companies have to achieve their growth.
- **Linkage to value chains:** SMEs face various challenges that limit their participation in value chains. One is related to the profile of companies since most belong to the commerce and services sectors directly related to the consumer. Only 2.3% of micro-enterprises, 3.6% of small enterprises, and 15.9% of medium-sized enterprises are part of the manufacturing sector. Likewise, informality and the complexity of procedures in Mexico make it difficult for SMEs to relate to large companies, and their role as suppliers is limited. An example is the inability to issue electronic invoices, have an RFC, or have a trademark registration, which is necessary to protect intellectual and industrial property rights in international trade.

The above, coupled with the lack of certifications and documentation, supports the characteristics of their products.

2. **Policies and initiatives:** Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

Mexico has implemented several policy initiatives and programs to create an enabling environment for inclusive, resilient, and sustainable businesses. Here are some examples:

- **Guarantee Schemes:** Through the Ministry of Economy, Mexico has continued the programs that facilitate guarantee schemes that cover the short-term liquidity, working capital, and fixed assets (machinery and equipment) needs of MSMEs dedicated to various productive activities with the potential to contribute to the equitable economic reactivation of the economy. Derived from this, only in 2022, a financial benefit of 5,679 million pesos was generated, serving more than 1,000 companies.
- **Training and accompaniment for developing business skills:** Other equally valuable components are companies' training and conversion to the digital era. To the extent that MSMEs manage to venture into the digital world, they can access new markets, be more resilient and manage their resources more efficiently. Understanding this need, the Ministry of Economy, in alliance with the private sector, civil society, and other government entities, has implemented various programs to develop the business and digital skills of MSMEs and entrepreneurs. Mexico built this kind of alliance to promote the training of human capital, therefore, increasing the competitive capacity of MSMEs and, significantly, establishing mechanisms to encourage support, technical assistance, and training to MSMEs and entrepreneurs, considering a perspective of inclusion, gender equity, non-discrimination, and environment. During 2022, through the strategies that Mexico built to promote the development of business skills of MSMEs, approximately more than 16,000 people were served.
- **Linking Activities;** Given the importance of accompanying companies to make their processes more efficient and increase their reach, the Ministry of Economy carries out various actions to promote their strengthening and exposure to global markets, enabling their marketing opportunities. The preceding considers that the participation of MSMEs in value chains brings them benefits such as access to new markets, better administration and planning practices, and access to training and technical assistance.

Some key policies and practices that help foster inclusive, resilient, and sustainable economies include:

1. Strengthening institutions and promoting transparency and accountability in government and business.
2. Investing in training to develop human capital and promote innovation.
3. Encouraging entrepreneurship and promoting access to finance for SMEs.
4. Investing in critical infrastructure, including telecommunications.

5. Fostering partnerships between government and business to address MSMEs challenges.
6. Supporting innovation and technology adoption: Innovation and technology can help drive productivity and competitiveness, and promote sustainable development through the adoption of new technologies and practices.

All regulatory drafts with compliance costs must be submitted to a public consultation period of not less than 20 days (article 73 of the General Law for Regulatory Improvement [LGMR]). All the drafts are published online for public discussion (<https://cofemersimir.gob.mx/>). The opinion on the regulatory impact statement must consider the comments of said consultation and regulatory projects cannot become regulations without going through this process. (Article 69 of the LGMR)

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples.
If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

Mexico measures the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses through various indicators and metrics. All data is generated by the Institute of Statistics and Geography of Mexico and this information is public in this link <https://www.inegi.org.mx/> Here are some examples:

- **Economic growth and job creation:** One of the main goals of structural reforms is to promote economic growth and job creation. Mexico measures the success of structural reform implementation by monitoring key economic indicators, such as gross domestic product (GDP) growth, investment levels, and employment rates.
- **Investment and competitiveness:** Structural reforms aim to increase investment and improve competitiveness by reducing regulatory barriers and promoting competition. Mexico measures the success of these reforms by monitoring foreign direct investment (FDI) levels, the ease of doing business rankings, and other indicators related to competition and market openness.
- **Environmental and social outcomes:** Structural reforms that promote sustainable business practices aim to improve environmental and social consequences. Mexico reviews the results of social indicators, such as air and water quality, access to essential services, and poverty levels.
- **Implementation of reforms:** Mexico also measures the success of structural reform implementation by monitoring the progress of specific initiatives and programs. For example, the government may track the number of businesses that have accessed financing through a new program or the percentage of companies that have adopted new sustainability standards.

Overall, Mexico measures the success of structural reform implementation by monitoring a range of economic, environmental, and social indicators and tracking the progress of specific initiatives and programs. This approach allows for a comprehensive assessment of the impact of structural reforms on the business environment and the broader economy.

All regulatory projects must go through an RIA to become a regulation, which is why the ex-ante RIA is a daily practice in the design of regulations. Regarding the ex-post RIA, all regulations that

generate compliance costs must be reviewed every five years. (Article 77 of the LGMR). Some examples of ex-post RIA are shown in the following links:

<https://cofemersimir.gob.mx/expedientes/26578>

<https://cofemersimir.gob.mx/expedientes/25119>

<https://cofemersimir.gob.mx/expedientes/23358>

4. **Best practices:** Among your economy's structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs' innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

The MIPYMES MX platform (you can consult the website in this link: <https://mipymes.economia.gob.mx/>) is an example of a best practice promoting MSMEs (micro, small, and medium-sized enterprises) in Mexico. The program provides a comprehensive set of resources and support to help MSMEs access financing, training, technical assistance, business development services, and regulatory and legal support. By addressing the various challenges that MSMEs face in Mexico, the program helps to create a more enabling environment for these businesses to thrive and grow.

MIPYMES MX is the web platform of the Ministry of Economy that concentrates relevant information, valuable content, and training tools to promote, online and free of charge, the development of business and digital skills of entrepreneurs and MSMEs to develop and grow their businesses and increase their participation in domestic and global markets. From January 1 to 31 December 2022, the platform has received more than 1.1 million visits, more than 320 thousand users, and more than 5,950 people have been trained with the content available in the "LEARN" module.

The website also contains a quick questionnaire that measures the level of digital skills and the development of their businesses so that people interested in training can know their learning path. This questionnaire (located in the home section) allows each user to have training content recommendations available on the platform. Between 1 January and 31 December 2022, more than 27,900 people answered the questionnaire to find out the elements to reinforce for the benefit of their businesses.

In the same way, to ensure that MIPYMES MX reaches more people and they can take advantage of each of its contents, training is carried out on this platform. Between 1 January and 31 December 2022, there has been a total of 2,513 people assisted, allowing more MSMEs to acquire business and digital skills.

The platform is an example of a best practice in promoting MSMEs because it is a coordinated effort among various government agencies, private sector organizations, and civil society groups. This collaboration allows for a more holistic and effective approach to promoting MSME development in Mexico.

The ex-post RIA has been widely applied in the hydrocarbons sector. A particular case is the ex-post RIA made to the *General Administrative Provisions in Matters of Authorizations for the Recognition and Superficial Exploration of Hydrocarbons* (<https://cofemersimir.gob.mx/expedientes/26578>) in 2021.

Mexico has faced an accelerated decline in oil reserves, a situation that may compromise its ability to invest to advance in the energy transition. The ex-post analysis reviewed here was part of broader efforts that involved different sectors of the Mexican government and the private sector. Overall, during the last two years the trend towards the decline of proven reserves has been reversed.

5. Action Plans: Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy's short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

Mexico has developed various strategic plans and initiatives to support SMEs in enhancing innovation, sustainability, and inclusive practices. These programs aim to provide SMEs with the resources, support, and incentives they need to succeed and contribute to the economy's economic growth and development. But the most important action plan is the National Development Plan 2019-2024. The plan emphasizes promoting economic growth, reducing inequality, and fostering sustainability. It includes initiatives such as investing in infrastructure, expanding access to credit for SMEs, and promoting innovation and entrepreneurship. You can consult the National Development Plan in this link:

https://www.dof.gob.mx/nota_detalle.php?codigo=5565599&fecha=12/07/2019

6. Regional cooperation: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

Mexico takes part in the APEC Women-Owned Business in Cross Border E-commerce: A diagnostic toolkit that offered ways for APEC economies to build a more robust enabling environment for women in e-commerce to access international markets. This kind of regional cooperation helps to improve the public policy to promote MSMEs but also helps to integrate best practices to enhance enterprises' skills to link to new markets.

NEW ZEALAND

1. Barriers and challenges: Considering your economy's current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

1. Raising productivity is a persistent challenge in New Zealand, and key to building both resilience and sustainability. Increasing productivity often involves encouraging investment, and many of our businesses struggle to get access to finance.
2. Low management capability limits the ability of the government to achieve uptake of recommended initiatives aimed at inclusion, resilience, and sustainability.
3. At the time of writing, businesses in New Zealand have been disrupted by extreme weather events (Auckland flooding of January 2023, followed by a severe cyclone in February 2023). Many businesses in affected regions have lost their premises and/or other capital, and underinsurance has been a problem, particularly with small businesses. In response to these events, the government has prioritised supporting businesses through emergency relief that may offset efforts toward broader, longer-term business and economic development strategies.

Along with these challenges, there are also long-standing challenges, as outlined in New Zealand's Economic Plan, that will be important to address in order to achieve our goal of building a high wage low emissions economy.

2. Policies and initiatives: Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

New Zealand introduced a number of comprehensive market-orientated reforms throughout the 1980's. These reforms shifted New Zealand from a highly regulated economy towards a liberalised economy. These reforms are credited as contributing to New Zealand's positive economic environment and economic prosperity during the 2000s.

New Zealand's business environment consistently ranked 1st on the World Bank's Ease of Doing Business index until the report's discontinuance in 2021. This business environment is comprised of financial markets regulation, competition regulation and policy, regulating entities, standards and conformance, trade and tariffs, and intellectual property policy. Information about policies and regulations are publicly accessible and with businesses in mind, New Zealand established the business.govt.nz website, a toolkit with accurate advice on how to conduct business at each stage of the business cycle.

Despite the conducive business environment, SMEs face additional challenges when seeking to implement policies aimed to increase sustainability and resilience. These include lack of management capability and limited access to capital to invest in the technologies, systems, expertise, staff, etc. required to implement policy successfully. Māori and Pacific small business owners face further

barriers to accessing capital such as the [joint ownership of resources](#). New Zealand has also established a Small Business Service that provides information and directs support through initiatives such as the [Regional Business Partner Network](#) which aids businesses to innovate, grow, and plan for resilience and sustainability.

Since the major economic reforms of the 1980s, New Zealand has continued to develop policy and improve the regulatory environment to work towards inclusive, resilient, and sustainable business. Examples include:

1. [Consumer Data Right](#): In 2021 New Zealand decided to establish a mechanism that would allow customers to securely share information that is held about them by businesses or other entities with third parties. This right will be incrementally rolled out, first with the banking sector. The initial policy options underwent ex-ante [regulatory impact analysis](#) and went out for [public consultation](#). New Zealand is currently developing a legislative framework for the Consumer Data Right and a Bill is intended to be introduced towards the end of 2023. If passed, it is expected that the Consumer Data Right will benefit businesses by enabling growth, improving productivity and the reduce the risk of fraudulent transactions (reducing compliance burdens). At the same time, this right will create opportunities for new entrants to break into established markets, therefore promoting competition and innovation.
2. [Equitable Transitions Strategy](#): As New Zealand moves towards transitioning to a low emissions economy, the Equitable Transitions Strategy is being developed to ensure that the transition is fair, equitable and inclusive. Public engagement on development of a draft strategy finished in April, and a draft strategy is expected to be released for public consultation in June. One of the [six objectives](#) of the strategy will be on identifying how continued business viability (including that of small businesses) can be supported while also reducing emissions.

Examples of other policy support for creating an enabling environment for inclusive, resilient and sustainable business which recognise SMEs includes: [Economic Plan](#), [Emissions Reduction Plan](#), [National Adaptation Plan](#), [Climate Action Toolkit](#), [Industry Transformation Plans](#), [He Kai Kei Aku Ringa](#) and [The Small Business Strategy](#).

3. [Data, measurement, and monitoring](#): How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples.
If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

When a government agency proposes regulatory change, they must provide a regulatory impact statement (RIS) summarising the agency's best advice based on the impact analysis. The Treasury manages this process and has created [guidelines](#). The Consumer Data Right (referred to in question 2) has undergone an Ex-Ante RIS as part of the legislative process.

New Zealand's [Public Service Act, which](#) was enacted in 2020, continued the statutory responsibility for regulatory stewardship on public service chief executives. This obligation includes conducting [regulatory system monitoring](#) which includes assessing the fitness-for-purpose of these systems using the common dimensions of effectiveness; efficiency; durability and resilience; and fairness and accountability. MBIE's [Regulatory Stewardship](#) group has completed [assessments](#) on the Consumer and Commercial, Corporate, and Competition Regulatory Systems. These assessments allow government agencies to consider the limitations of regulatory systems they are responsible for and respond accordingly.

New Zealand has various frameworks to assess how successfully reforms achieve the goal of facilitating inclusive, resilient, and sustainable business. These include:

1. The Ministry of Business, Employment and Innovation's (MBIE) annual report assessing whether ministry objectives have been met. One of the objective is to achieve a [dynamic business environment fostering innovation and international connections](#). The performance measures include increasing the proportion of businesses exporting, increasing the number of firms collaborating internationally for innovation, firms reporting innovation activity to business dynamism and maintaining New Zealand's position in international business rankings (e.g., the [World Bank Ease of Doing Business Survey](#)); and
2. The [Living Standards Framework](#) which allows New Zealand to holistically assess issues of economic distribution, resilience, productivity, and sustainability. It does this at three levels: individual and collective wellbeing, institutes and governance and the wealth of New Zealand (encompassing financial and physical capital and the natural environment). The [2022 report](#) identified that New Zealand needed to transition to a low emissions economy. The [Equitable Transitions Strategy is an example of a policy initiative which aligns with the living standards framework as the strategy impacts a range of dimensions such as the environment, housing, employment. It also aims to have meaningful engagement across a range of groups and interests.](#)

The [Equitable Transitions Strategy includes a proposal to develop a data tool to monitor the distributional impacts of the transition. The purpose of the tool is to enable Government, iwi/Māori, community organisations and other users to identify how proposed emission reduction policies may impact different population groups and identify and monitor how emissions reduction policies in effect are impacting different population groups over time.](#) The proposed tool will build on existing frameworks that measure the wellbeing of New Zealanders – the Living Standards Framework and He Ara Waiora – to identify and monitor transition impacts, including on businesses.

4. [Best practices: Among your economy's structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs' innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?](#)

The World Bank Ease of Doing Business 2020 [report](#) highlighted that New Zealand has the smallest number of procedures required and the shortest time to start a new business – less than half a day. To be incorporated under the [Companies Act 1993](#), a company must have a name reserved by the Registrar of Companies, at least one share, at least one shareholder, at least one director, a registered office, and an address for service. The application can be done [online](#) and once processed, the registering party will be sent consent forms for the shareholder and director. Once consent forms are received, the company is incorporated within minutes.

The removal of the regulatory barriers to starting a business along with adopting digital tools facilitates broader economic growth through increased innovation and competition. It also enhances SMEs' innovation and inclusive practices as simplified processes have fewer regulatory burdens and costs. Registration of companies is an example where digital technologies have improved efficiency and productivity.

However, New Zealand SMEs tend to fall behind in the uptake of digital technologies, facing barriers such as a lack of skills. As a result, the New Zealand government implemented a new initiative the [Digital Boost Programme](#) which aims to increase digital enablement amongst SMEs.

This programme was accelerated in response to the pandemic to build resilience among small businesses, and research now shows that those businesses who had begun to digitalise their business operations, systems and products survived the pandemic better than those who did not.

The Digital Boost programme is supported by the Digital Boost Alliance Aotearoa whose members (private corporations including New Zealand’s major banks) work to motivate and inspire small businesses, communities, and individuals to lift their use and knowledge of digital technology by providing free, discounted, or subsidised digital offers.

The Digital Boost programme is listed as a showcase initiative in New Zealand’s [Digital Strategy Aotearoa and Action Plan \(DSA\)](#). The DSA has three themes: 1) Mahi Tika — Trust, 2) Mahi Tahī — Inclusion, and 3) Mahi Ake — Growth. These areas support business concerns around safety online, use of digital technologies in culturally appropriate ways, availability of digital tools and skills including high-speed internet to all New Zealanders, and the use of digital technology to support innovation, productivity, and growth. The Digital Boost programme has been offered as a case study for the AEPR 2023.

5. **Action Plans:** Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy’s short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

New Zealand’s economic challenges include persistent low rates of productivity, low capital intensity, infrastructure deficit, ongoing skills shortages, our over-reliance on commodity exports, and the persistent inequality that limits the ability of many of our people to contribute to building a more prosperous future where they can live the lives they value. Our [Economic Plan](#) sets out short and medium-term plans including actions in five focus areas: 1) unleash business potential, 2) strengthen international connections, 3) increase capabilities and opportunities, 4) support Māori and Pacific aspirations, and 5) strengthen our foundations.

Our Economic Plan is supported by the legislation setting out the necessary climate change frameworks and institutions to provide business with the certainty needed to drive down emissions and address climate change risks. We have a [Small Business Strategy](#) setting out priority areas for government action, and [Small Business Services teams](#) within MBIE that oversees programmes and information—including the [Regional Business Partners Network](#) and business.govt.nz - supporting small businesses with innovation, sustainability and inclusive practices.

6. **Regional cooperation:** What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

The SME Working Group (SMEWG) is the champion within APEC for the inclusive development of sustainable, resilient, and innovative SMEs. In this group APEC economies exchange information, views, best practices and analysis concerning SMEs in the APEC community. The APEC SME Ministerial Meetings, held annually since 1994, set out the direction for the working group.

In September 2020 SME Ministers endorsed the SMEWG Strategic Plan for 2021–2024, which provided a roadmap to address critical issues pertaining to the growth of SMEs and microenterprises in the APEC region. These priorities are the following:

- Entrepreneurship, innovation, and start-ups
- SME access to international markets and global value chains (GVCs)
- Inclusive capability development towards digitalization

- Access to finance and alternative financial solutions, and
- Government to business interaction.

In addition, the SMEWG will work on implementing the APEC Putrajaya Vision 2040, including the third driver of the Aotearoa Plan of Action “Strong, Balanced, Secure, Sustainable and Inclusive Growth.”

New Zealand views APEC as a useful mechanism to share information on good regulatory practice and international regulatory cooperation. New Zealand is currently working on the APEC-OECD International Regulatory Co-operation (IRC) resource. Once the resource is complete, APEC can assist with making it accessible and assisting in opportunities to promote the resource and IRC, such as workshops and policy dialogues in the margins of the upcoming SOM meetings.

PAPUA NEW GUINEA

1. Barriers and challenges: Considering your economy's current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

- **Access to finance and foreign currency**

Businesses and SMEs in the economy encounter hurdles in accessing and acquiring finance needed for start-up ventures or added capital to support commercial expansion and diversification. Often, they are faced with lack of collateral and guarantees to fulfil requirements set by lenders and commercial banks. This is compounded by poor financial literacy. In short, lending to SMEs in the economy is categorically perceived as high risk by the financial institutions. Indeed, research has shown that access to finance remains one of the major obstacles to business operations and expansion¹⁰. As business finance is an essential ingredient for prosperous and thriving commercial undertaking, such difficulty has indeed constrained business growth and entrepreneurship culture.

In relation to this, is the shortage of foreign currency which is affecting business in the economy. Recent reports confirmed that this has been an ongoing issue and is becoming a concern for businesses in the economy¹¹. The issue is limited business transactions including the purchase of imported goods and services. Given that PNG is highly dependent on manufactured goods and services produced outside of the economy, the strain on the flow of foreign currency on import-oriented business is disastrous. Apparently, there is a backlog of orders from business, awaiting release of the foreign currency by the Bank of Papua New Guinea. In other words, businesses have to wait a longer period of time to convert kina into foreign currency to pay for imports. However, BPNG has argued it is part of its due diligence measures to ensure transparency and credibility in the system. In any case, the availability of foreign currency is becoming an impediment to many businesses. This is not attractive for trade and investment and overall operations of businesses in the economy.

- **Infrastructure and utility essential services**

As a developing economy in the APEC region, PNG needs a functioning and efficient provision of essential infrastructure and utility services such as electricity, telecommunication, water and transportation. Most of these essential services are provided by state-owned enterprises (SOEs) where the majority of them are operating in a monopolistic environment, subject to economic regulation. However, most of the SOEs in PNG have been criticized for being unprofitable and failing to deliver essential services required to enhance business activities and development prospects¹². Case in point is the frequent power outages which severely impacted business operations. The lack of critical infrastructure and utility services significantly hinder connectivity, accessibility and growth in the economy. This limits prospects of the larger population in regional and remote parts of the economy's social services like education and health, markets and income-earning opportunities, consequently hampering progress to achieve inclusive and sustainable development.

- **Lack of data availability and policy implementation**

Having access to reliable information is very critical in today's business environment. Both the Government and the businesses need accurate and reliable information to make decisions. Given PNG's high illiteracy population and the remoteness of the towns, it is very challenging to collect

¹⁰ <https://pngnri.org/images/Publications/DP150-201701-Mishra-PNG-SME-context.pdf>

¹¹ <https://www.businessadvantagepng.com/foreign-exchange-shortages-still-biting-business-in-papua-new-guinea/>

¹² <https://www.adb.org/publications/finding-balance-2023>

necessary data from the businesses especially SMEs operating in the remote towns to assist the Government design appropriate policies that suits them. Vice versa, it is also very challenging for the Government to disseminate information (awareness) to the bulk of the population especially SMEs operating in the remote areas/towns especially with regards to those Government policies that assist SMEs particularly in access to finance and markets. Resourcing of the implementation plan of the structural reform is a challenge when it comes to implementation. The current state of the economy indicates the lack of rational and strategic allocation of resources, especially capital investment funding to growth areas that can increase employment, revenue base and help generate economic returns. Even though major key structural reform initiatives are identified to be implemented, it is very challenging to secure resources, particularly funding from the National Budget to implement the reforms. There exists a mismatch of funding resources to priority reform areas. Political support plays a crucial role to ensure the structural reform initiatives get implemented. When the government changes, priorities change thus delaying and affecting structural reform implementation.

2. **Policies and initiatives:** Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

- **SME finance and forex issue**

The PNG Government has rolled out the SME Policy and Master Plan (2016-2030) which sets out aspirations to expand the economy through facilitating the creation and growth of SMEs in the economy. Part of it is to improve access to finance through the creation of more credit facilities and training for the SMEs. There are proposals to amend banking legislations where necessary to make avail set level of capital for SME financing. In addition, greater efforts have been made to facilitate financial deepening by reducing entry barriers and promote competition in the banking sector. There are positive developments in terms of adoption of new technologies such as mobile banking and microfinance products.

Having a sound SME Policy provides a clear framework for inclusiveness, resilience and sustainability. PNG's SME Policy and SME Strategy is being revised to ensure measurable targets set are achievable using the available resources provided by the government. The revised SME Policy will continue to promote the development of small to medium enterprises, in particular, the strengthening of the linkages between SMEs and larger industries and investors, as well as regional and international markets and the transfer and adoption of appropriate technology to boost efficiency and productivity of domestic producers.

Given the bulk of the population are living in rural areas, access to finance and financial services is a challenge. Hence the financial inclusion agenda remains a priority of the government. The government remains committed to ensure ease of access to financial services as well as finance for businesses especially SMEs through the formation and implementation of the National Financial Inclusion Policy. Moreover, the government is also committed to ensure the citizens or consumers are financially literate to make informed financial decisions.

In early this year, the government enacted the National Trade Act which set the legal framework and an entity (National Trade Office) that will be responsible to coordinate all trading matters across all sectors of the economy through the implementation of the National Trade Policy 2017-2032.

Addressing the forex issue will require strategic interventions to address the inherent structural constraints such as market access, institutional capacity and poor road network and infrastructure services. These concern production and export of mineral and non-mineral commodities. Ideally, PNG must generate sufficient export revenues and thereby earn foreign currencies. According to the World Bank, the inflow of foreign exchange improved significantly in 2022 due to a higher export revenue, foreign loans for budgetary support and higher government revenue from mineral and petroleum taxes, which contributed to the build-up of foreign exchange reserves at the economy's central bank¹³. This shows some of the Government interventions strategies and policy initiatives aimed at addressing the pressing issues affecting business environment and economic prosperity.

- **SOEs reform for efficient infrastructure services**

There is a strong focus in PNG currently on the reform of SOEs in order to achieve economic efficiency and profitability in providing critical infrastructure and utility services. The Government through the Ministry of Public Enterprise and State Investments, with the backing of the Asian Development Bank and other multi-lateral agencies, has a determined approach to reform the SOEs, to reduce their fiscal drag on the economy and provide a platform for growth. Key elements of the reform plan include:

- review of existing legislation and regulatory framework;
- consolidating and restructuring business operation to drive improved service delivery;
- restructuring cost debts that currently undermine SOEs profitability;

The National Competition Policy (NCP) was designed to respond to the current and foreseeable future needs of PNG's businesses, consumers and the overall competition environment. It was formulated to improve economic productivity and efficiency through facilitating competition, enhancing the operation of markets, improving the effectiveness of government services relied upon by the private sector and consumers/public, removing impediments to businesses and most importantly, encourage consumer and social welfare. Overall, it outlines the broader pro-competitive policies and intentions of the Government of PNG on how markets should operate and sets as a guide for doing business in PNG.

In the ICT sector specifically, the government has approved and launched the 'Digital Transformation Policy' and the Digital Government Act 2022 for PNG. The policy will set the broad framework for digitization in the economy while the act aims to provide for digital government through the use of information and communication technologies and enable the streamlining, planning, coordination, development and implementation across the whole of government of digital services, digital infrastructure, digital skills and all other aspects of digital government and for related purposes. With such digital transformation, there are new possibilities that can allow PNG to measure and track sustainability progress, optimize the use of resources, reduce greenhouse gas emissions, and enable a more circular economy.

For the above policies to work effectively, public and key stakeholder consultations are a mandatory requirement for every policy and legislative development in PNG's policy and regulatory making process. Hence, all the above mentioned policies went through thorough stakeholder consultations before the National Executive Council endorsed. However, coordination and collaboration continue to be a challenge.

¹³ <https://openknowledge.worldbank.org/entities/publication/b7d777da-6bf1-4b5a-87d5-bbdc4447357>

In terms of defining MSME, the revised SME Policy (the MSME Policy) provides clear definition and differentiation of what constitutes the micro, small and medium enterprises. The definition of the businesses in the policy takes into consideration the annual turnover and the number of employees in the business. This is to ensure compliance when dealing with MSME enterprises.

The Covid 19 pandemic really tests PNG's existing policies and the frameworks especially the capability to support businesses especially SMEs during unstable economic conditions and economic shocks. The lessons learnt during the Covid pandemic has placed the government in a better position to review and develop or shape the policies to accommodate similar future events.

The recently developed Digital Transformation Policy, MSME Policy, National Financial Inclusion & third National Financial Inclusion Strategy and National Trade Act took into consideration the current global trend and the best practises. Digitalisation is a key component the government is embarking on in the various policies and regulatory frameworks. Utilising the digital platforms in doing business provides a conducive and sustainable environment to ensure business continuity in times of turbulences such as disasters, shocks and disturbances in the business environment.

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples. If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

The PNG's monitoring and evaluation (M&E) plan relies on coordination among government agencies at all levels, private sector, civil society organisations, and other development partners. Solid channels of communication and regular interface with Medium Term Development Plan (MTDP) stakeholders will ensure the ability to adjust the plan during implementation.

PNG's Department of National Planning and Monitoring (DNPM) technical secretariat work closely with the Sector Committees (SCs), Sector Working Groups (SWGs), and Coalition of Partners (COPs) to share sector data, monitor performance and report on MTDP implementation. These groups are the main coordination and reporting mechanisms responsible for sector performance against the MTDP targets, including reporting on issues impeding implementation; and undertake reviews or internal evaluations and coordination. These groups will provide technical support to the DNPM technical secretariat during annual, mid-term, final evaluation of the MTDP implementation. Supporting this approach, MTDP Annual performance reports will be prepared after annual reviews.

To monitor the economy's economic growth strategies, the Economic Interagency M&E Committee (EIMEC), the coordinating mechanism for economic growth strategy monitoring and reporting needs to be established. The EIMEC will take the lead in reviewing the PNG macroeconomic policy, when deemed necessary.

The Bank of PNG regularly issues the Monetary Policy Statement which shows the status and position of the monetary policy of the central bank¹⁴. Among others, it shows the condition of the foreign exchange market. For example, in the September issue of 2022, it states that there is backlog of orders of US\$174.6 million.

For SOEs performances, the Kumul Consolidated Holdings, as entity holding in trust economy's asset and investment interests, keeps tract on each of the SOEs in their respective operations¹⁵. Where

¹⁴ <https://www.bankpng.gov.pg/monetary-policy/bi-annual-statements/>

¹⁵ <https://www.kch.com.pg/>

there is remit for economic regulation considering presence of natural monopoly features, the Independent Consumer and Competition Commission (ICCC) provides the regulatory oversight to ensure fair business conduct, cost-reflective tariff setting, maximum service standards and investment attractiveness.¹⁶

4. **Best practices:** Among your economy's structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs' innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

The Government has a strong focus on initiating and implementing structural reforms in key sectors of the economy to drive inclusive and sustainable growth. This is evident in its National Budget Strategy¹⁷, where the Government plans to drive a broad-based inclusive growth agenda with strong emphasis on SMEs, infrastructure connectivity, and structural reforms to ease business constraints.

Among other reforms that the government undertook to create a conducive environment for both business (especially SMEs) and the people to interact and flourish, the National Financial Inclusion Policy and its implementation strategy (National Financial Inclusion Strategy - NFIS) was implemented effectively. Riding on the success of NFIS 1 and 2, the government has just recently launched the 3rd NFIS in April 2023.

The first NFIS (2014-2015) focused on financial literacy and awareness. The second NFIS (2016-2020) focused on harnessing the enabling foundations and drivers and building on measures to promote the uptake and use of broad range of financial services. These set the foundation for growth and development to improve the social and economic wellbeing of the people and the economy.

With the development of the third NFIS (2023-2027), the government is focusing on ensuring accessibility and affordability of the financial services, and learning tools for financial competencies and encourage innovation to assist SMEs and also the vast population to better use the financial services.

The NFISs are implemented through an apex body known as Centre for Excellence in Financial Inclusion (CEFI). CEFI is mandated to promote PNG's financial inclusion agenda and coordinate with stakeholders to implement priorities identified in the NFISs.

5. **Action Plans:** Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy's short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

Practical and radical action plans are required to ease the constrained growth of businesses in the economy. The Government of PNG will need to institute more structural reforms to facilitate development of private sector through provision of needed infrastructure and utilities, availability of foreign exchange and SME access to finance. With successful implementation of reform in these areas, there is great prospect of achieving sustained inclusive growth, economic diversification, and job creation.

¹⁶ <https://www.iccc.gov.pg/>

¹⁷ https://www.treasury.gov.pg/html/national_budget/2023.html

One of the key objectives under PNG's Medium Term Development Plan (MTDP) is to improve quality of service delivery in rural districts across the economy and create a safe and competitive environment to attract foreign and domestic investments.

To secure inclusive and sustainable economic growth, the MTDP III strives to bring development to district level, focusing on district infrastructure and district economic enablers – markets, roads and utilities, such as water, electricity, and telecommunication. The Government's efforts to develop infrastructure, unlock the land for business, secure equity financing, and resolve law and order issues will result in reducing the cost of doing business in PNG. In turn, this will encourage the growth of the SME sector, provide safe and attractive environment for foreign direct investments, and tourism.

Furthermore, realising that financial inclusion is an important development agenda, the government is reviewing the structure of Centre for Excellence in Financial Inclusion (CEFI) to align it with the government structure in order for CEFI to access funding support from the government. This is to ensure CEFI is well resourced and supported so it can drive the government's financial inclusion agenda.

6. Regional cooperation: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

PNG is an emerging economy with specific development challenges wherein the experiences of addressing these challenges can be shared with fellow APEC member economies. Being part of a regional cooperation provides invaluable opportunity to learn important lessons to assist the course for improved growth and sustainable development. This is also an opportunity to reflect on existing and potential cooperation and commitments with regard to open trade and investment, connectivity, digitalization and how PNG is progressing in creating enabling environment for inclusive, resilient and sustainable businesses.

PNG is a developing economy and its economic base is still fragile despite efforts made to improve the business environment and promote private sector investment in the non-resource sectors. Commercial goods production is not fully developed and diversified, and current production is still limited and sensitive to external factors, such as goods price changes and international competition.

Being a member of APEC and other international bodies provides PNG the opportunity to learn from their experiences and share ideas which will assist PNG to improve and develop its policy framework that will create a conducive environment for business and attract investments. PNG has vast natural resources and is full of opportunities.

PERU

1. <u>Barriers and challenges:</u> Considering your economy’s current situation, what are <u>three major</u> barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?
Not applicable.
2. <u>Policies and initiatives:</u> Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?
<ul style="list-style-type: none"> • In 2016, through Supreme Decree 8-2016-MINCETUR/SG, the Ministry of Foreign Trade and Tourism of Peru approved the “National Strategy of Biotrade and its Action Plan to 2025” (The National Strategy, hereafter), which has the objective to strengthen institutional, the legal framework, and the required mechanism to promote and implement Biotrade in Peru. The National Strategy has the mission to implement Biotrade as a business model that improves welfare through sustainable use and conservation of the native biodiversity. • Also, through Supreme Decree 345-2018-EF the Competitiveness and Productivity National Policy was approved, whose overall objective is to improve people's welfare through sustainable economic growth with a territorial approach. Subsequently, in 2019 the Competitiveness and Productivity National Plan was approved, whose main objective is to promote environment sustainability in economic activities, and considering one of its guidelines, capacity building and the creation of instruments to manage the valuation of natural resources and ecosystem services in order to promote new markets. Later, in 2020, the Ministry of Environment approved the “General guideline to identify and promote eco and bio businesses” within the framework of the Competitiveness and Productivity National Plan. This guideline was established to guarantee that eco and bio businesses contribute to the conservation of biodiversity, and generate social, economic and environmental sustainability, as well as a fair distribution of the benefits.
3. <u>Data, measurement, and monitoring:</u> How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples. If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.
<ul style="list-style-type: none"> • In 2021, Peru issued the Supreme Decree N° 063-2021-PCM, which contains dispositions oriented to improve the regulatory quality process, and also the general guidelines to apply ex-ante RIA. This legal instrument will be progressively implemented at the central level in the executive branch entities.
4. <u>Best practices:</u> Among your economy’s structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary

<p>reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs' innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?</p>
<p>Not applicable.</p>
<p>5. <u>Action Plans</u>: Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy's short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?</p>
<p>Not applicable.</p>
<p>6. <u>Regional cooperation</u>: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?</p>
<ul style="list-style-type: none"> Regional cooperation and regional bodies are important institutional arrangements to exchange experiences and best practices in order to strengthen a better understanding and address measures to overcome the current barriers and challenges. In this sense, for Peru it is important to use this cooperation in order to exchange experience in policy and legal framework implementation, as well as identify measures to promote access to financial instruments and markets. Finally, it is relevant to exchange experiences on monitoring and evaluation of the results of initiatives and interventions, as well as about supporting research and innovation.

THE PHILIPPINES

1. **Barriers and challenges:** Considering your economy's current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

The following are the major challenges in implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses:

- **Weak institutional framework.** The competence and collaboration of different agencies and concerned institutions are indispensable to policy formulation and to the implementation of any reform. For instance, in the agriculture and fisheries (A&F) sector in the Philippines, institutional analyses show that there is a need to strengthen convergence among concerned government agencies, strengthen the interface between the central government and local government units (LGUs), and improve the collection and sharing of relevant and updated data. This will address crosscutting issues and concerns, and facilitate the implementation of cross-sectoral reforms.¹⁸
- **Limited technical and financial capacity.** One of the challenges in advancing reforms in many sectors is the shortage of skilled researchers and scientists, and insufficient government support in the areas of research and development (R&D), technology, and innovation. The availability of scientists and engineers in the Philippines is scored by the World Economic Forum at only 3.8 (out of 7).¹⁹ Moreover, some sectors (e.g., A&F) also require additional costs to support sustainable business practices/models (e.g., sustainable fisheries, organic agriculture, etc.) and to comply with innovations and regulatory requirements.
- **Lukewarm reception and lack of buy-in from stakeholders.** Most government reforms are formulated to benefit society as a whole. However, there are cases wherein some stakeholders, who are negatively affected by reforms, resist change. One example is the passage of the Rice Tariffication Law or Republic Act (RA) 11203 in 2019. The law abolished the importation monopoly on rice and shifted protection from quantitative restrictions to customs duties. This triggered influential domestic rice producers, who bear the immediate cost of liberalization, to exert pressure on the government to revisit the reform.²⁰

2. **Policies and initiatives:** Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

Legislation

¹⁸ Philippine Development Plan 2017-2022 (may be accessed through: <https://pdp.neda.gov.ph/philippine-development-plan-2023-2028/>).

¹⁹ World Economic Forum. 2018. Readiness for the Future of Production Report 2018. Retrieved from https://www.weforum.org/reports/readiness-for-the-future-of-production-report-/?DAG=3&gclid=CjwKCAiAnZCdBhBmEiwA8nDQxRpXRXLdZ8LOoErGGQx9q83bW3nONDsSuBkUFFDsXBYd4sVeZ8nOxoCn4kQAvD_BwE

²⁰ <https://www.eastasiaforum.org/2022/05/06/maintaining-momentum-for-structural-reform-in-the-philippines/>

- **Ease of Doing Business and Efficient Government Service Delivery (EODB and EGSD) Act of 2018 (RA 11032).** The EODB-EGSD Act aims to streamline and enhance the efficiency and efficacy of the government’s existing systems and procedures, by reducing processing time, bureaucratic red tape, and corruption. It promotes fair competition and levels the playing field for businesses of all sizes, particularly for SMEs. With streamlined processes and reduced corruption, new businesses are encouraged to enter the market. In addition, the law has improved conflict resolution through the implementation of the Report Card Survey (RCS) 2.0²¹, which monitors progress and gauges the effectiveness of government agencies’ conflict resolution practices and procedures over time. This has increased investor confidence and contributed to a more stable and predictable business environment.
- **Philippine Identification System Act (RA 11055)**²². The law mandates the creation of a unified economy-wide identification system for all citizens and resident aliens, with the goal of simplifying public and private transactions, enhancing social service delivery, and improving financial inclusion across both public and private sectors. It promotes competition by removing barriers to entry for new businesses, as presenting a valid government ID is a business registration requirement that many Filipinos previously did not have. This law also aims to expedite the delivery of aid and relief to affected individuals and businesses through the identification system.²³
- **Amended Foreign Investments Act (RA 11647).** Signed in March 2022, the law allows foreigners to set up MSMEs with a minimum paid-in capital of US\$100,000, provided that (1) the business utilizes advanced technology; (2) is endorsed as a start-up enabler; or (3) directly employs majority Filipino citizens but with no less than 15 Filipino employees.
- **Philippine Green Jobs Act of 2016 (RA 10771).** A landmark legislation, the law aims to promote the creation of green jobs across sectors.²⁴ It incentivizes enterprises that generate green jobs to foster low-carbon, resilient sustainable growth. It focuses on developing human capital and technology research to enable and support the transition to a greener economy.
- **Extended Producer Responsibility (EPR) Act of 2022 (RA 11898).** The law institutionalizes the EPR, a waste management approach, which requires producers to be responsible throughout the life cycle of a product, especially its post-consumer and end-of-life stage. It encourages MSMEs to practice EPR voluntarily or become part of the network of obliged enterprises or producer responsibility organizations that are practicing EPR.²⁵
- **Philippine Innovation Act (RA 11293).** The law seeks to establish an economy-wide program for digital skills training and education, as well as provide incentives for companies to invest in digital skills development for their employees. The goal is to improve the competitiveness of the economy’s workforce in the global digital economy and address the skills gap in the ICT sector.
- **Innovative Startup Act (RA 11337).** The law provides support to innovative startups (mostly MSMEs) through financial assistance, tax incentives, and mentorship programs. It establishes a National Innovation Council to oversee the innovation agenda, promote collaboration among various sectors, and establish innovation centers.

²¹ <https://arta.gov.ph/report-card-survey-rs-2-0/>

²² <https://www.officialgazette.gov.ph/2018/08/06/republic-act-no-11055/>

²³ <https://neda.gov.ph/philsys/>

²⁴ RA 10771 defines green jobs as decent jobs that contribute to preserving or restoring the quality of the environment, protect ecosystems and biodiversity, reduce energy/materials/water consumption, contribute to carbon reduction, and help minimize or avoid all forms of waste generation and pollution. The law further defines decent jobs as jobs that are productive, respect the rights of workers, deliver a fair income, provide security in the workplace and social protection for families, and promote social dialogue.

²⁵ These involve the (a) reduction of non-environment friendly products through adoption of reusable products, inclusion of recycled content in products, and adoption of appropriate product refilling systems for retailers, among others; and (b) product waste recovery by implementing schemes such as redemption, buy-back, and offsetting and diverting waste into value chains, among others.

- **Electric Vehicle Industry Development Act or EVIDA Law (RA 11697).** The law provides fiscal and non-fiscal incentives for the development of the electric vehicles (EV) industry. Fiscal incentives include income tax holidays, reduced or exemption from the excise tax, special corporate income tax, among others, as prescribed under the Corporate Recovery and Tax Incentives for Enterprises Act and the Tax Reform for Acceleration and Inclusion Law (i.e., hybrids get 50% off applicable excise tax, while EVs are exempted entirely).

Executive Issuances

- **Executive Order (EO) No. 170, s. 2022.**²⁶ The EO requires all government departments, agencies, and instrumentalities to utilize digital payments for their collections and disbursements.¹⁰ Digital payments present opportunities to promote inclusivity and resilience among SMEs by providing an alternative to traditional payment channels, allowing businesses to accept online and mobile payments from customers.
- **Green Public Procurement (GPP) Program (EO 301, s. 2004 and Philippine GPP Roadmap).** The EO mandates all government agencies in the executive branch to establish GPP and promote the culture of making environmentally informed procurement decisions in government. The roadmap guides the establishment of the GPP program for all government agencies, including LGUs. It outlines the strategy of GPP, which is to integrate green criteria into existing procurement processes.

Programs

- **Sustainable Finance Roadmap and Guiding Principles [Bangko Sentral ng Pilipinas (BSP) Circular Letter No. CL-2022-011].** The Roadmap sets out the comprehensive approach to facilitate the mainstreaming of sustainable finance in the economy. Its Guiding Principles establish a common understanding of the economic activities considered ‘sustainable.’ It likewise provides a principle-based guidance on identifying economic activities that contribute to supporting sustainable development, focusing on addressing the impacts of climate change and encouraging the flow of capital to these activities.
- **Green Economic Development Program.** The EO aims to increase the competitiveness of SMEs by guiding them in implementing environment-friendly, climate-smart, and inclusive strategies and measures to produce green products and services, reduce production costs and greenhouse gas emissions, and adapt to the impacts of climate change. It promotes good practices in greening business processes, products, and services (i.e., energy efficiency and renewable energy, water and wastewater, solid and toxic waste, transport, local supplies and materials, and natural resources).

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples.
If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

The Philippines government monitors the implementation of structural reforms through regular reporting, surveys, and the use of a monitoring and evaluation matrix and/or results matrix. Some legislations are accompanied by a provision containing the procedure to monitor their implementation. In some cases, oversight bodies are created to see to it that concerned government

²⁶ EO No. 170, s. 2022 is referred to as the “Adoption of Digital Payments for Government Disbursements and Collections.”

agencies are delivering what is expected of them. Further, all agencies and offices providing government services are subjected to a report card survey. This report card measures the effectiveness of the agencies' Citizen's Charter²⁷ in reducing regulatory burdens, and the impact of human resource systems and programs on delivering efficient government service. Other surveys are also used to measure the effectiveness of implemented reforms in the economy. For instance, the Philippine Statistics Authority's Annual Survey of Philippine Business and Industry (ASPBI) seeks to gather data on the number of establishments engaged in innovation activities, such as R&D, technology acquisition, and innovation-related training. The ASPBI also collects information on the amount of investment in innovation, the number of innovation activities implemented, and the number of innovations introduced.

4. **Best practices:** Among your economy's structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs' innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

Below are some of the structural reforms that have been implemented, and their major impact on the businesses operating in the economy, including MSMEs:

- **EODB-EGSD Act of 2018.** Through this law, the Philippine Business Hub²⁸ was established to simplify the business registration process by reducing it to only one step, resulting in a faster turnaround time of seven days, compared to the previous 33-day and 13-step process.²⁹ This serves as a centralized system that manages all applications and transactions of businesses including SMEs. First, it leads to increased efficiency and productivity by reducing processing times and bureaucratic red tape.³⁰ Second, it promotes transparency in government transactions and reduces corruption.³¹ Lastly, it improves the government's capability to collect data and monitor economic activity thus enabling them to make informed policy decisions and resource allocation.
- **The Philippine Innovation Act.** The law is expected to contribute to the overall resilience to future shocks and the capacity of MSMEs to reach international standards. Through the law, the National Innovation Council (NIC) was established. The NIC leads the formulation of the National Innovation Agenda and Strategy Document that outlines the economy's 10-year vision and long-term goals for innovation. One of the major outputs of the NIC is the establishment of the Innovation Fund, which funds project proposals that aim to strengthen entrepreneurship and supports enterprises engaged in developing innovative solutions.³²
- **Innovative Startup Act.** A Joint Steering Committee was created to provide strategic guidance and oversight in the formulation, implementation, and development of the Philippine Startups Development Program. The Program supports the formation of ideas, product development, marketing, and expansion of startup enablers. Funding opportunities are also available for the R&D activities needed that can contribute to the overall resilience of the MSME sector.

²⁷ The Citizen's Charter is an official document, a service standard, or a pledge that communicates, in simple terms, information on the services provided by the government to its citizens pursuant to RA 11032.

²⁸ <https://business.gov.ph/>

²⁹ <https://arta.gov.ph/press-releases/philippine-business-hub-single-online-platform-for-registering-businesses-officially-launched/>

³⁰ <https://mb.com.ph/2022/06/20/ph-relaunches-online-business-registration-platform/>

³¹

[https://business.gov.ph/home#:~:text=The%20Philippine%20Business%20Hub%20\(PBH,other%20activities%20through%20online%20transactions](https://business.gov.ph/home#:~:text=The%20Philippine%20Business%20Hub%20(PBH,other%20activities%20through%20online%20transactions)

³² <https://pia.gov.ph/news/2023/02/22/ph-govt-promotes-msmes-innovation>

5. Action Plans: Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy’s short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

- **Philippine Development Plan (PDP) 2023-2028.** The PDP is the medium-term plan of the economy that takes on the underlying theme of transforming the economic and social sectors and institutions for a prosperous, inclusive, and resilient society. The PDP pursues critical strategies to increase the participation of MSMEs in the market, strengthen their financial and technical capacities, and build their disaster resiliency. It also includes actions to improve the investment climate of the economy by pursuing the implementation of new economic reforms (e.g., amended Foreign Investments Act), promoting market competition, and improving regulatory efficiency. The PDP likewise serves as the blueprint for coordinated action, not just by the government, but also by the private sector and other stakeholders, towards sustainable socioeconomic development.
- **Philippine Action Plan for Sustainable Consumption and Production (PAP4SCP).** Complementing the PDP, the PAP4SCP includes programmatic intervention, including circular economy approaches, geared towards decoupling the economy’s growth from environmental degradation. Among the priority actions to enable sustainable business include: (1) develop and adopt green technologies; (2) create and scale-up business models for waste minimization; and (3) conduct life cycle analyses to assess environment impact of products over their life cycle.
- **E-Government Master Plan 2022³³.** This serves as the blueprint for a unified government information system, whose primary goal is to achieve “One Digitized Government” by developing the economy’s e-government systems.³⁴ The plan encompasses a set of strategies aimed at promoting innovation, sustainability, and inclusivity among SMEs. It will provide individuals and SMEs access to online portals such as the National Government Portal, TradeNET, National Single Window, and the Philippine Business Data Bank.³⁵
- **BSP’s Digital Payments Transformation Roadmap 2020-2023³⁶.** This is a comprehensive roadmap designed to revolutionize the payment ecosystem, with the ultimate goal of achieving a cash-lite economy. This also contains transformative strategies that seek to encourage consumers to transition from physical to digital transactions.³⁷
- **National Innovation Fund.** Administered by the National Innovation Council, this fund aims to strengthen entrepreneurship and enterprises engaged in innovation. It supports the government in providing capacity building programs such as mentoring and coaching focused on innovation, and training on design thinking, idea generation, and product development. Through relevant government agencies, these programs and projects will help MSMEs to develop the skills needed to innovate and become more competitive.

6. Regional cooperation: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

Regional cooperation and regional bodies such as APEC are vital in fostering inclusive and sustainable growth in the Asia-Pacific. These institutions will provide platforms for knowledge sharing across different economies, as well as facilitate cooperation and collaboration among

³³ <https://dict.gov.ph/ictstatistics/wp-content/uploads/2020/03/EGMP-2022.pdf>

³⁴ Ibid.

³⁵ <https://dict.gov.ph/ictstatistics/wp-content/uploads/2020/03/EGMP-2022.pdf>

³⁶ https://www.bsp.gov.ph/Media_And_Research/Primers%20Faqs/Digital%20Payments%20Transformation%20Roadmap%20Report.pdf

³⁷ The following are some of the goals under the roadmap: (1) conversion of 50% of the total volume of retail payments into digital form; and (2) increase in the percentage of Filipino adults with bank accounts to 70% by the end of 2023. The number of banked Filipino adults almost doubled to 56% in 2021.

governments, businesses, and other stakeholders. APEC member economies can pursue and support each other's initiatives to strengthen the capacities of MSMEs through joint R&D, capacity building, and technology transfers. Economies will also benefit from their participation in global actions and goals through peer support and sharing of best practices. For instance, economies committed to ongoing global actions such as the Bangkok Goals on Bio-Circular Green Economy will have the opportunity to promote technology while also learning from innovative practices such as reducing production waste, advancing resource efficiency, and enabling sustainable business models. The Philippines will also learn from the valuable insights and guidance from APEC working groups on how to effectively implement policies and practices that will support the adoption of innovative technologies of the MSMEs. Lastly, regional cooperation can also help the Philippines access new markets and resources, which can further support the growth and development of innovative MSMEs.

RUSSIA

1. Barriers and challenges: Considering your economy's current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

Rather than barriers, Russia faces a number of tasks to be solved:

- reduce redundant, outdated, conflicting requirements to the business community contained in legal acts;
- involve the business community in the formulation of reform agenda regarding issues ranging from distinguishing barriers for business activity regardless of the economic sector, suggesting practice-oriented solutions to assessment of the quality of government bodies' work;
- formulate proposals to respective plans and legal acts as well as ensure supervision and control over their implementation hand in hand with business representatives, business associations, academic institutions, and other stakeholders;
- update plans of action on a permanent basis to respond to changes in macroeconomic situation and business demands.

2. Policies and initiatives: Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

Regulatory Impact Assessment has been carried out in Russia since 2011. The authorities carry out full-fledged assessment of the draft acts and their public discussion at www.regulation.gov.ru. The controlling body is the Ministry of Economic Development of Russia, which verifies the correctness of the assessment and compliance with the procedure. Since 2021, law and regulation drafts containing mandatory requirements are to be assessed by working groups consisting of business-representatives.

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples. If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

In 2022, 1,151 draft acts were assessed with RIA, one third of which were assessed negatively. More than 500 billion rubles of potential costs were revealed thanks to this procedure.

In order to form a new system of normative legal regulation 447 new regulations were adopted, all of them were assessed with RIA. The number of applicable acts was reduced many times.

4. Best practices: Among your economy’s structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs’ innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

1) In order to update the legal and regulatory framework a reform on “regulatory guillotine” was carried out in 2020. The goal of the “regulatory guillotine” was to form a new, modern and efficient system of mandatory requirements to business, aimed at reducing socially significant risks, as well as finding the balance between the interests of the government, the population and business.

The reform was based on two main principles:

- (1) acts which were established before 2020 cannot be a subject of government control (supervision) after 1 January 2021 with several exceptions;
- (2) the enactment of new regulations containing updated requirements developed taking into account the risk-based approach and the current level of technological development.

The “regulatory guillotine” mechanism described above involved 39 ministries and agencies, over 1,300 experts, 43 working groups and the regulatory reform applied to 132 types of government control (supervision).

Results of the realization of the mechanism of “regulatory guillotine”: 3,025 regulations containing mandatory requirements were declared (cancelled). In addition, 9,319 legal acts of the Soviet Union were declared invalid.

2) There was a list of regulations containing mandatory requirements which were not cancelled after 1 January 2021 because of the short timeline of reform. To avoid legal vacuum it was permitted to control compliance to these acts but it was forbidden to change them without full revision. Significant parts of them were revised by 2023.

3) Since 2019 a mechanism for sectoral optimization of regulatory framework in Russia was established which is called “Transformation of the business climate”. It is the authorities’ instrument of prompt response to requests from the business community for changes in the regulatory framework.

Roadmaps of changes in several spheres are developed. The priority areas include “Urban Planning”, “Export of Goods and Services”, “Intellectual Property”, “New Business Activities Based on Advanced Technologies”, “Corporate governance”, “Re-engineering of industrial construction rules”.

Each priority area is assigned a supervising agency, which is to prepare and update roadmaps, the Ministry of Economic Development of Russia is engaged in methodological support of the whole process. The leading role in this process belongs to the entrepreneurial community. The measures are included in the roadmaps on the basis of business priorities.

The mechanism of “Transformation of the business climate” also provides for monitoring of law enforcement of legal acts adopted in pursuance of roadmaps for the purpose of evaluation of achievement of the effects envisaged in the roadmaps, first of all, on the part of entrepreneurial community.

The expert group's monitoring of law enforcement will make it possible to assess the actual positive or negative effects of adopting relevant legal acts, identify gaps of law enforcement practice and make proposals for the improvement of normative and legal regulations.

As of now, more than 240 out of 380 initiatives have been implemented and approved by the business community.

Achieved effects, influencing the reduction of the administrative burdens on business, can be noted:

- redundant requirements to the content of the charters of joint-stock companies were excluded;
- the amount of administrative fines for illegal foreign exchange operations was reduced 3-fold, and twofold reduction of administrative fines followed – for failure to return export revenues under foreign trade contracts;
- the one-stop shop for economy expert reviews of project documentation and economy environmental impact assessments was introduced on 1 September 2022, which will save the investor up to 2 months;
- the construction site preparation and landscaping work has become a separate stage;
- the complex preparatory work for the construction area has been separated, so the industrial facility may be launched earlier, before the landscaping work is completed - this will save up to 4 months.

4) The Registry of Mandatory Requirements (www.ot.gov.ru) was established in 2021. The Registry contains the information on laws and regulations and its mandatory requirements that are verified by government control. The portal's main aim is improving transparency of control activities and making the access to information on mandatory requirements for business more clear. The plan of Registry development includes designing the tools of feedback on mandatory requirements for business. Moreover, the Registry is integrated with other information systems used for control activity, so the integration keeps reference information up to date.

The Registry is integrated with the Unified Registry of Control Events that is a digital database of all control events in Russia. It makes it possible to collect statistics on the mandatory requirements that were verified and the number of its breaches. These mechanisms allow to organize a system of revision of mandatory requirements based on these data.

5. Action Plans: Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy's short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

Federal Law No. 247 "On Mandatory Requirements in the Russian Federation" was established in July 2020, legally enshrining the implementation of the main principles of "regulatory guillotine."

The law is aimed at improving the quality of the legal conditions for business and ensuring the operation of a system of legal, substantiated, relevant, non-contradictory and effective obligatory requirements. It introduces a regulatory cycle and a system of principles for establishing and evaluating their application. The regulatory cycle is based on limitation of the period of validity of legal acts containing mandatory requirements (up to 6 years).

The regulatory cycle will improve the quality of ex-post assessment of acts, which means authority bodies will not have opportunity to avoid carrying out this procedure because they are usually interested in extending the validity of the regulation.

6. Regional cooperation: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas

your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

APEC is seen as a platform for exchange of experiences in terms of effective introduction of measures to reduce barriers for business activity, including excessive administrative burden on business entities. The issue is the one remaining relevant for several years in a row, which is proved by the contents of annual APEC GRP Conferences, as well as the interest demonstrated towards RIA issues.

SINGAPORE

1. **Barriers and challenges:** Considering your economy’s current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

Three of Singapore’s challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient and sustainable businesses are as follows:

Urban Planning

Singapore’s unique circumstances as a highly urbanised city-economy with limited land for competing needs necessitates comprehensive long-term planning. Through the Long-Term Plan (go.gov.sg/ltpr), a strategic land use plan which guides Singapore’s development over the next 50 years and beyond, the government endeavours to plan ahead of demand to account for emerging trends (e.g. climate change, technological disruptions, evolving business environment, etc.); safeguard options to meet the aspirations of future generations; and incorporate flexibility to better navigate uncertainties and opportunities. Long-term land use planning also facilitates the process of balancing different needs and trade-offs across various land uses, like housing, infrastructure, workplaces and greenery, amongst others. The Long-Term Plan is regularly reviewed and developed in consultation across government agencies and with the public to ensure that our plans remain relevant to the changing needs of the people and economy.

Ageing Population

Singapore became an aged society in 2017, and is set to attain the “super-aged” status in 2026. By 2030, every one in four citizens will be aged 65 and above. Singapore has begun rethinking its housing districts, healthcare provision, social support, living environments and labour policies to address the demographic shift in society.

Job and Skills

Training programmes can vary in quality. Some lead to recognised certifications, or help workers gain specialised skills that are sought after by industry. But others may not be so relevant to industry needs. Workers themselves may not know what training programmes to go for, or what competencies and skills they need to secure better jobs. Employers, especially amongst SMEs, may also be unfamiliar with the training landscape, and often struggle to fill job vacancies despite available jobseeker pools. Therefore, Singapore is doing more at the industry level to coordinate training and placement efforts in sectors that are less regulated and have more SMEs.

2. **Policies and initiatives:** Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

SkillsFuture

1. Singapore introduced the economy-wide SkillsFuture movement in 2015 to provide Singaporeans with opportunities to develop to their fullest potential throughout life through skills mastery and lifelong learning. It supports efforts to build a skilled workforce and enable enterprise transformation. Under the Next Bound of SkillsFuture announced in 2020 on the plans for the next phase of skills development, we have placed an enhanced focus on strengthening the role of employers in training their workers.

2. The SkillsFuture Enterprise Credit was announced in 2020 to encourage employers to invest in enterprise and workforce transformation. Employers can tap on a one-off \$10,000 credit per firm to cover up to 90% of out-of-pocket expenses on qualifying costs for schemes or training courses that demonstrate support for enterprise or workforce transformation. Small and Medium-sized Enterprises (SMEs) can also tap on the Enhanced Training Support for SMEs for additional support in the form of higher course fee subsidies when sending their employees for training programmes supported by SkillsFuture Singapore (SSG), a statutory board under the Ministry of Education. To help enterprises identify emerging skills needs and relevant training programmes, SSG publishes an annual Skills Demand for the Future Economy Report that highlights priority skills, relevant job opportunities and suitable courses in three growth areas – the Digital Economy, the Green Economy and the Care Economy.

3. To help companies grow their role in upskilling/reskilling their workforce, SSG launched the National Centre of Excellence for Workplace Learning (NACE) in 2018 to help companies, especially SMEs, build workplace learning capabilities. NACE aims to help companies develop best-in-class systems and processes to support the delivery of quality training at the workplace. There are seven NACE Centres situated across the Institutes of Higher Learning.

4. To drive greater enterprise-led skills development, SSG is also partnering SkillsFuture Queen Bee companies (who are market-leading companies in their industries) to mobilise companies within their sectors or value chain, especially SMEs, to engage in skills development activities.

Enterprise Innovation Scheme (EIS)

Introduced during Budget 2023, the Enterprise Innovation Scheme (EIS) will encourage businesses to engage in R&D, innovation and capability development activities, with the following tax measures being enhanced or introduced under the EIS. From 2024 to 2028, companies can claim an enhanced deduction of 400% on their first \$400,000 of qualifying activities such as (i) R&D conducted in Singapore; (ii) registration of intellectual property (IP) – including patents, trademarks and designs; (iii) acquisition and licensing of IP rights; (iv) training via courses approved by SkillsFuture Singapore and aligned to the Skills Framework.

Job-Skills Integrators

Budget 2023 also focused on upgrading the current reskilling and upskilling programmes by aligning and optimising training and job placements. These include a new role of “Integrators”, which are institutions such as (i) trade associations and chambers; and (ii) unions and training providers. The “Integrators” will (i) help engage industries to understand their manpower and skills gaps; (ii) work with training providers to update existing training programmes or develop new ones to close skills gaps; and (iii) work closely with employment agencies, get buy-in from industry partners and union, and help them identify Singapore’s workers with the right aptitude that may be suitable for certain job roles.

Tripartism

Singapore’s tripartism model –led by the Ministry of Manpower (MOM), National Trades Union Congress (NTUC) and Singapore National Employers Federation (SNEF) – has supported initiatives focusing on (i) upgrading capabilities of employers and workers; (ii) uplifting and strengthening support for our vulnerable and mature workers; and (iii) fostering inclusive and progressive employment practices, and upholding workplace fairness. This allowed for the smooth rollout of skills renewal and job redesign programmes to overcome manpower challenges and boost Singapore’s economic competitiveness.

Some examples of the active tripartite set-ups and initiatives include (i) National Wages Council – to provide general guidelines on wage policy and recommended adjustments to wage structure; (ii) Tripartite Alliance for Fair and Progressive Employment Practices – to promote adoption of fair, responsible and progressive employment practices; and (iii) Tripartite Alliance for Dispute Management – to provide advisory and mediation services to help employees and employers manage employment disputes amicably, effectively, efficiently, and fairly. Other set-ups that focus on workplace fairness, progressive wage model and platform workers also work to improve the quality of work and livelihoods of workers in Singapore.

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples. If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

The success of structural reforms is generally measured using traditional economic indicators. These include GDP, the value-added and output of individual sectors, unemployment and retrenchment figures, value-added per worker or per hour worked, wage growth, and price indices (e.g., commercial rental indices, consumer price index). In terms of sustainability outcomes, these are measured at the aggregate level in terms of emissions and energy efficiency (e.g., greenhouse gas emissions, electricity used), air quality (e.g., Pollution Standard Index), waste management (e.g., total waste generated, recycled, incinerated), food safety and supply resilience (e.g., concentration of supplies from economies), as well as water management (e.g., leaks from water pipes). At the firm-level, companies listed on the Singapore Stock Exchange are required to augment their financial reports with sustainability reporting outlining the environmental, social and governance (ESG) outcomes. These sustainability reports will be made mandatory in phases between 2023-2025.

4. Best practices: Among your economy’s structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs’ innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

Singapore continuously engages partners through our Tripartite system, and through conversations with the general public to understand the sentiment on the ground. This helps to build a more tight-knit society that looks out for one another and to best prepare for any shock that may come.

5. Action Plans: Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy’s short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

As mentioned in Section 2, the three-pronged approach of focusing on the reskilling and upskilling of workers, encouraging enterprises to invest more in innovation and capability development, and understanding workers' sentiment are effective tools to encourage enterprises to continuously improve their practices.

6. Regional cooperation: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

APEC plays an important role as an incubator of ideas, serving as an ideal platform for economies to advance regional cooperation and explore the development of initiatives that create enabling environments for inclusive, resilient, and sustainable businesses. Singapore is keen to continue working together with APEC economies on issues that will support SMEs. In particular, Singapore wishes to see:

- (i) Closer APEC and ABAC collaboration, which helps in aligning a whole of society approach to evolving and pressing issues such as climate change and its impact on businesses.
- (ii) Building mindshare around SME's access and integration into global supply chains. This issue has also been identified as a chokepoint in the Phase Three of Supply Chain Connectivity Framework Action Plan (SCFAP III), and we endeavour to see an exchange of best practices among APEC economies in addressing this chokepoint.
- (iii) Capacity-building projects on topics such as (i) digitalisation; and (ii) sustainability, to assist in SMEs being inclusive, resilient and sustainable.

CHINESE TAIPEI

1. Barriers and challenges: Considering your economy's current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

Three challenges are faced by Chinese Taipei's economy in implementing structural reforms:

- (1) Inflation threat: Affected by the Russia-Ukraine war, supply chain bottlenecks, and frequent extreme weather events, the prices of international energy and agricultural products have risen sharply, leading to high global inflation. Chinese Taipei's inflation rate in 2022 also spiked to a recent-year high, but it is moderate relative to major economies. The main measures taken by Chinese Taipei to stabilize prices and people's livelihood economy are as follows:
 - Stabilize energy prices: adopt a double-stabilization mechanism for oil prices, regularly review and adjust natural gas prices, regulate and stabilize electricity prices, reduce tax burden on gasoline and diesel, and diversify energy import sources.
 - Stabilize the prices of daily commodities: actively check whether there are unreasonable price increases of daily commodities and strictly investigate and deal with unreasonable price increases, strengthen the imports of daily commodities such as soybeans and wheat, and exempt or reduce their tax burden.
 - Promoting the strategies of the strategic stockpile industries: stabilize the five major supply chains of energy independence, food security, daily commodities, medical supplies and disaster relief & gravel, and master key industrial raw materials such as semiconductor materials and equipment, and vehicle batteries.
 - Provide loan interest subsidies: provide loan interest subsidies for youth preferential housing loans, labor relief loans, and other loans.
 - Strengthen the social security system: strengthen care for the wage-earning class, child-rearing families, and the socially disadvantaged; universally pay out cash for all people in Chinese Taipei.
- (2) Global supply chain restructuring: Affected by factors such as technological competition between the United States and China and geopolitical risks, major economies are actively promoting independent production strategies for key materials, resulting in a large-scale global supply chain restructuring, which may affect Chinese Taipei's future investment and economic growth momentum. In response to the trend of global supply chain restructuring, Chinese Taipei has been actively making good use of its advantages such as mature information and communication industry and high innovation ability so as to take a safe and indispensable role in the global value chain.
 - Strengthening supply chain resilience: promote the "Action Plan for Welcoming Overseas Businesses of Chinese Taipei to Return to Invest in Chinese Taipei" to guide manufacturers with high value-added and key positions in the international supply chain to return to Chinese Taipei to invest, thereby driving the upstream and downstream supply chains to strengthen the benefits of industrial clustering.
 - Enabling a wider supply chain participation via diversified deployments: strengthen technological innovation, consolidate competitive advantages, and reinforce international cooperation to make Chinese Taipei integrate into a wider global supply network, thereby enhancing its ability to respond to external risks.

- Continuing to strengthen global links and grasp investment and trade opportunities: actively participate in regional economic integration, continue to negotiate and sign free trade agreements, and seize the opportunities of global investments and trade.
 - Strengthening information security of the supply chain to build Chinese Taipei into a reliable supplier: As economies around the world are increasingly concerned about information security threats, Chinese Taipei should pay more attention to information security in different supply chain systems so as to ensure the reliability of product quality, key technologies, and sales channels.
- (3) Net-zero transition: More than a hundred economies worldwide have announced or are developing net-zero emissions targets. Since Chinese Taipei plays a critical role in the global supply chain, our economy is under much international and domestic pressure to reduce carbon emissions. With the increasing frequency and intensity of extreme weather, global economic and insurance losses continue to increase, which will affect corporate value chains and raise financial risks. Domestic and international controls on greenhouse gas emissions have been strengthened, including carbon pricing and carbon border adjustment mechanism. The voluntary initiatives of the private sector and the transformation of the industrial green supply chain have increased, including RE100 (Achieve 100% green power usage), Science-Based Targets initiative (SBTi), and Task Force on Climate-related Financial Disclosure (TCFD).

2. **Policies and initiatives:** Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

Chinese Taipei continues to optimize the policies of the five major elements of industrial investment to create a favorable environment for inclusive, flexible and sustainable operations, meet the needs of enterprises for land, water, electricity, talents and labor, and assist enterprises to invest in Chinese Taipei.

- (1) Land: assist enterprises to remove obstacles to obtaining industrial land, and promote incentive plan for the vertical development of urban industrial parks. By 2022, the floor area of the building has increased by about 116,000 square meters to meet the demand for industrial land.
- (2) Water: since 2017, a total of 1.97 million tons of water sources have been added per day, which is equivalent to 18% of Chinese Taipei's water consumption; in 2022, the daily increase of 219,000 tons of water supply has been achieved to ensure stable water supply and backup capabilities.
- (3) Electricity: by 2022, 2.108 million smart meters have been installed. In the future, we will continue to promote the transformation of energy structure, develop energy storage facilities, and ensure stable power supply.

- (4) Talents: Carry out the rolling review of the “Key Talent Cultivation and Recruitment Program”, timely include the key tasks of digital talent training, strengthen the training of net-zero talents, and make Chinese Taipei a global talent gathering center.
- (5) Labor: Allow foreigners to engage in mid-level technical work in Chinese Taipei through the “Retention of Foreign Intermediate Skilled Workforce Program”, and promote measures such as strengthening technical training and employment of local workers to solve the problem of manpower shortage in the industry and provide the manpower needed by the industry.

As the global COVID-19 pandemic has caused severe impacts to economic activities around the world, Chinese Taipei introduced “Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens” and implemented a raft of economic relief and stimulus packages in the immediate wake of the outbreak to reduce the impact. The total budget for this special act is NT\$840 billion. Covering everyone from families and disadvantaged groups to companies and industries, the relief and stimulus packages provide support such as individual tax breaks, household expense subsidies, industrial relief and business tax cuts.

As the pandemic situation changes, Chinese Taipei proposed further relief measures in 2021. The relief package was refined from relaxing qualifications, increasing loan availability, new measures, and reducing burdens, helping more individuals and enterprises in need. In 2022, new revitalization measures launched, targeting particularly affected domestic demand industries such as catering, exhibitions, tourism, transportation, and cultural and creative industries. At the same time, in 2020 and 2021, “Triple Stimulus Vouchers” and “Quintuple Stimulus Vouchers.” were issued. The government plays the role of igniting the fire of the economy, many ministries and committees also proposed eight additional voucher types to support industrial recovery, stimulating consumption and boosting domestic demand and stable employment.

Facing global inflationary pressure and the risk of economic recession this year, in order to ensure the sustained and steady development of Chinese Taipei's economy, Chinese Taipei has passed the “Special Act for Enhancing Post-pandemic Economic and Social Resilience and National Sharing Economy Achievement” with a scale of NT\$380 billion, achieving four major goals: to reduce the burden on our citizens, stabilize consumer prices, restructure our industry, and maintain our economic momentum. Among them, in order to ensure growth, Chinese Taipei promotes public construction, revitalizes cultural and creative industries, and strengthen Chinese Taipei's economic and social resilience measures.

Chinese Taipei has relevant regulations on the process of enacting, amending, or abolishing laws, including clear legislative policy goals, specific system structures, and a complete assessment of the impact of laws. It is also necessary to consult and collect opinions from institutions, groups and individuals who have an interest in the content of the bill or who are concerned about related issues. When necessary, experts and scholars should be consulted, or seminars and public hearings should be held. In addition, there is a **Public Policy Online Participation Platform** (<https://join.gov.tw/policies>) for the general public to express their opinions.

For small and medium enterprises, the **Act for Development of Small and Medium Enterprises** (<https://law.moj.gov.tw/ENG/LawClass/LawAll.aspx?pcode=J0140001>) also clearly stipulates: (Article 12-1) In enacting or adjusting acts related to small and medium enterprises, governments at various levels shall review the operation scales or characteristics of small and medium enterprises to facilitate observance by small and medium enterprises. The central competent authority shall periodically review the acts related to small and medium enterprises on term, and judge the adaptability of small and medium enterprises, and the influence on small and medium enterprises, and take a review report to the legislature yearly.

The similarity is that businesses often lack awareness and the necessary talent to comply with government policies or meet relevant standards. The difference is that larger enterprises have sufficient resources in terms of manpower and capital, which enable them to have better information-gathering capabilities, quickly grasp the latest policy trends, and adapt to new standards. In contrast, smaller MSMEs rely more on government assistance to comply with policies, regulations and relevant standards.

Considering MSMEs' limited capacity, policies should provide simpler measures that enable them to take action, while also taking into account elements such as inclusiveness, resilience, environmental sustainability, and innovation. These policies should be supported by comprehensive and systematic counseling resources across various government agencies to accelerate the growth of MSMEs. In addition, supporting measures such as providing incentive rewards, financial support, or regulatory harmonization services should also be prepared to assist MSMEs in innovating their business models, driving high growth and sustainable development dynamism, and maintaining resilience in the post-COVID-19 pandemic era.

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples. If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

- (1) The 2030 Agenda for Sustainable Development and the Sustainable Development Goals of the United Nations is aimed to Leave No One Behind. Referring to the spirit of the United Nations, Chinese Taipei has formulated Chinese Taipei's sustainable development goals and tracked the implementation progress every year, which covers the overall indicators to measure the promotion of sustainable development by enterprises, including: the employment referral rate for the people with disabilities, the recycling rate of water used by manufacturers in industrial zones, the number of TWSE/TPEX-listed companies that have to prepared mandatory sustainability reports, the recycling rate of industrial waste in science parks, the amount of green procurement by private enterprise groups, etc.
- (2) Track the performance of enterprises in promoting sustainable development through the preparation of sustainability reports by mandatory TWSE/TPEX-listed companies:

In view of the global focus on the environment, society and governance (ESG), in order to create a sound ESG ecosystem to strengthen the sustainable operation of enterprises and the competitiveness of capital markets, the Financial Supervisory Commission (FSC) issued the **Corporate Governance 3.0 -Sustainable Development Roadmap** on 25 August 2020, with reference to the Task Force on Climate-related Financial Disclosure (TCFD), to strengthen the ESG information disclosure of the CSR report. TWSE/TPEX-listed companies with a paid-in capital of NT\$2 billion or more will be required to file unaudited financial information in 2023, and the same rule will apply to the rest of TWSE/TPEX-listed companies in 2024 to increase disclosure transparency.

4. Best practices: Among your economy's structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs' innovation, sustainability, and inclusive practices? Has the reform been easy to implement?

Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

On Earth Day, 22 April 2021, Chinese Taipei noted that it would identify the future sustainable development method most appropriate for the economy, while turning the challenges of carbon reduction into new opportunities for industrial development and job creation. Chinese Taipei has officially announced in March 2022 a pathway to net-zero emissions by 2050, from the ongoing transformation of the energy sector, to systematic strategies to reduce emissions in manufacturing, transportation, residential construction, agriculture, etc.

To accelerate the pace of carbon reduction and increase resilience in response to climate change, the Environmental Protection Administration has implemented amendments to the Greenhouse Gas Reduction and Management Act and amended the name of the bill to become the Climate Change Response Act. The Act was announced by the leader of Chinese Taipei on 15 February 2022. The law incorporated the 2050 net-zero emission target, also includes issues such as strengthening climate governance, a just transition, emission reduction management incentives, collection of carbon levies to combat climate change, emission reduction management incentives, adaptation, and carbon footprint management and production labeling.

To respond to the demands of global supply chain, Chinese Taipei has amended the GHG Emission Reporting and Registration Management Regulations and actively assisted in industrial self-accounting by introducing accounting areas, emitters, and accounting tools for manufacturing, finance and industries. Meanwhile, Chinese Taipei will set up internal verification bodies in response to increasing market demands.

Chinese Taipei has implemented energy-related laws and has been promoting the liberalization of the power generation market and energy transition, combining the conservation, creation storage, and smart management of energy based in 2017. In 2019, the power generation, direct supply, and sale of green power such as solar and wind power were opened up to the public, and controls were placed on the electricity carbon emission factor of the electricity retailing utility enterprises, encouraging cooperation between the public electricity retailing enterprise and renewable energy providers and creating a market for low-carbon power. Renewable energy operators are allowed to sell electricity freely and convert feed-in-tariff to green electricity certificates. Public agencies and large electricity users have been requested to install renewable energy or energy storage equipment at a specific capacity as well starting in 2019. Those who cannot fulfill the installation requirement can purchase green electricity or pay a fee instead. Meanwhile, Chinese Taipei has increased R&D and subsidies for the development of energy storage and renewable energy. In addition, we emphasize public participation in energy development and have increased subsidies for green power cooperatives, community power plants, especially in the living areas of indigenous peoples, to achieve the goals of enhancing energy independence, increasing environmental sustainability, protecting people's livelihood and strengthening the innovation of industries.

In response to the impact of an international trend of net-zero emissions on our energy, industrial and technology sectors and socioeconomic development, Chinese Taipei has begun evaluating the policy's impact on employment and society, negotiating and social dialogue, training and skills development, and has proposed measures on a just transition to actively manage the risk of unemployment and poverty resulted from the transition process, to ensure that different individuals, communities, and regions have equal development opportunities in the process of transition.

Chinese Taipei has held seminars and training courses to promote the concept of achieving net-zero carbon emissions in response to international trends. We also provide consultation services to assist MSMEs in understanding their own carbon emissions profiles. In addition, for MSMEs that are more severely impacted, we provide carbon reduction counseling to enhance their green competitiveness, as well as offering preferential green sustainable loans to encourage investment in green businesses and help MSMEs face future challenges.

The above reform measures provide MSMEs with a better understanding of the significance and impact of net-zero carbon emissions on themselves. In addition, these measures help MSMEs manage their greenhouse gas emissions. Furthermore, MSMEs could implement new tools and models to carry out low-carbon operations and enhance the overall industry's green competitiveness.

5. Action Plans: Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy's short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

Considering Chinese Taipei's current natural resources, population, industrial structure and other conditions, it is important to form Chinese Taipei's sustainable development growth momentum by holding critical issues related to net-zero emissions and actively facing the new global economic and trade situation of net-zero transition. The 2050 net-zero transition is not only an international goal, but also the target of Chinese Taipei.

In order to achieve the 2050 net-zero transition, Chinese Taipei continues to work together and have communication with society. In March 2022, Chinese Taipei released the net-zero emission pathway and action plans, establishing four transition strategies of "energy transition", "industrial transition", "lifestyle transition", and "social transition" and two governance foundations of "technology research and development", "climate legislation" to promote net-zero transition gradually. Moreover, to implement transitions with practical actions, Chinese Taipei completed the action plans of 12 key strategies, and raised the carbon reduction target to a reduction of 24% ± 1% compared to 2005 at the end of 2022.

The 2050 net-zero transition plan is the longest-term inter-ministerial economy-wide development plan in the history of Chinese Taipei. The release of the policy document symbolizes that Chinese Taipei's net-zero transition actions have been taken steadily. Chinese Taipei will have continual social dialogue based on the policy document, and review the pathway toward net-zero on a rolling basis to seek better practices.

To address the challenges and needs faced by SMEs in line with international trends, Chinese Taipei has developed various advanced counseling measures and integrated diverse project resources across government agencies to promote the **SMEs Overall Competitiveness Enhancement Program** (<https://english.ey.gov.tw/News3/9E5540D592A5FECD/10f536e7-89b4-4258-941f-b388c619a56a>). This program aims to help SMEs accelerate their transition to net-zero-emission business models, drive digital transformation in the industry, and increase their added value through subsidies for innovation and research and development, and financial support. Additionally, it encourages the youth to return to their hometowns to revitalize domestic demand and create new momentum for SMEs' growth.

6. Regional cooperation: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

As a WTO member and leading supplier in the global supply chain, Chinese Taipei has always taken the initiative to assume responsibility for global climate action and released the Intended Nationally Determined Contribution (INDC) goal in 2015. Regarding the planning of the economy-wide long-term carbon reduction pathway, in response to the 2021 COP26 Glasgow Climate Pact and the 2022 COP27 Sharm el-Sheikh Implementation Plan urging economies to strengthen reduction goals, Chinese Taipei plans to increase the 2030 carbon reduction goal of 20% compared to the base year of 2005 to 24%±1%. Chinese Taipei expects to utilize the mechanism of Article 6 of the Paris Agreement, which seeks to establish a global carbon market and non-market mechanism with acquiring Internationally Transferred Mitigation Outcomes (ITMO), to boost carbon emission

reduction domestically and mobilize regional and international mitigation cooperation. Although Chinese Taipei is not a party to the Paris Agreement, it is still committed to responding to climate change and fulfilling its commitments in the agreement. Chinese Taipei should therefore not be excluded from the international carbon trading market mechanism under Article 6 of the Paris Agreement.

THAILAND

1. Barriers and challenges: Considering your economy's current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

1. A limited understanding of the benefits of structural reforms, encompassing a lack of awareness regarding sustainability, can impede the successful implementation of transformative measures that contribute to long-term economic growth, social equity, and environmental stewardship. This knowledge gap may inadvertently result in missed opportunities for businesses, communities, and governments to foster a more resilient and sustainable future. A greater awareness and understanding of structural reforms is a catalyst that can lead to positive change. It allows stakeholders to collaborate and make informed decisions in pursuit of better economic, social and environmental outcomes.
2. The presence of outdated regulations and laws is a major obstacle to implementing structural changes. These often impose unnecessary burdens and costs, especially on SMEs. Inadequately designed legislation and regulations, combined with the lack of stakeholder engagement, can stifle growth and innovation in the business ecosystem.
3. The presence of outdated regulations and laws is a major obstacle to implementing structural changes. These often impose unnecessary burdens and costs, especially on SMEs. Inadequately designed legislation and regulations, combined with the lack of stakeholder engagement, can stifle growth and innovation in the business ecosystem.
4. Socio-economic challenges: Thailand is experiencing a shift in its demographics toward an aged society. This is characterized by the steadily decreasing proportion of people who are still working. The demographic shift is characterized by an increase in elderly citizens, a lower birth rate and a decrease in working-age populations. These changes have significant implications and challenges for the economy's workforce, economic growth, social welfare system, and sustainability of public services like healthcare and pensions. Concurrently, the COVID-19 pandemic, which has affected businesses and the economy of Thailand, especially small and medium-sized ones (SMEs), across all sectors, has had a significant impact. They have been faced with mounting challenges such as higher costs, lower revenue, reduced workforce, and, in some cases permanent closures. Business owners are forced to change their strategies and adapt. This has led to increased competition among SME's, which further intensifies the economic landscape.

2. Policies and initiatives: Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

The government and many organizations in Thailand develop policies or programmes to promote SMEs' inclusion, resilience, and sustainability:

Inclusivity

1. Thailand developed the “Open-D”, in collaboration with CKAN software, to serve open data policy by providing data visualization tools and data publishing tools. The Open-D aimed at collecting machine-readable data from public and private sectors, and sharing data to the National Data Portal (data.go.th) in order to centralize and simplify access to numerous datasets. This open data infrastructure benefits businesses, researchers, and policymakers by providing valuable insights that can drive data-driven decision-making and help SMEs grow. Thailand has provided data access to SMEs. This also will enable SMEs to tap the power of data for competitive edge enhancement and innovation promotion.
2. The Bank of Thailand (BOT) is developing Prompt-Biz, a digital payment infrastructure system for the business sector, to enable firms to better access the digital payment platform as well as financial sources from service providers via information-based financing and alternative data.
3. Inclusive procurement: The Government Procurement and Supplies Management Act (GPSMA) promotes public procurement openness, fairness, and efficiency in Thailand. The SME Guarantee Program (SME GP) improves SMEs' procurement opportunities and lowers entry hurdles. Thai SMEs can engage in government contracts and tenders with financial guarantees from the SME GP program, creating a more inclusive and varied supply chain.
4. Thailand's Board of Investment (BOI) encourages investment based on each area's capacity to produce inclusive growth through promoting investment incentives based on selected locations/zones.
5. The National Digital Trade Platform (NDTP) pilot was developed with blockchain technology by National ITMX Company Limited, having experiences on developing Thailand's economy-wide financial infrastructure called ‘PromptPay’ for citizens, ‘PromptBiz’ for business, and ‘Trade Document Registry (TDR)’ for banking. The task was to jointly develop a pilot to test data linking accuracy when the system goes live to operate and enhance import-export information linking with the National Single Window (NSW) in which 36 government agencies are involved. The NDTP pilot was tested in October 2022 to demonstrate the feasibility and to verify the concept having practical potential by linking the system with Japan's TradeWaltz and Singapore's NTP (Networked Trade Platform). The electronic documents under UNCEFACT standards such as electronic purchase order, electronic invoice, electronic packing list, etc. were linked successfully with those international platforms.

Resiliency

6. Access to finance: The BOT offers 250 billion Baht (7.1 billion USD) in soft loans to viable SMEs affected by COVID-19. Entrepreneurs and SMEs can use transformation loans to improve their digital technology, sustainability, and innovation resiliency and competitiveness. The BOT also offers debt restructuring through asset warehousing with buy-back options totaling 100 billion Baht (2.9 billion USD) for adversely affected debtors with viable business models and collaterals who require a longer recovery period. Additionally, the BOT offers the liquidity scheme for retail borrowers with short-term liquidity shortage through income-generating initiatives.
7. The Ministry of Finance of Thailand (MOF) supports SMEs with fiscal and financial instruments. For example, the MOF supports SMEs with the tax policies, as well as financial measures to enable SMEs to access finance sources at reasonable costs, and has established a business-friendly climate such as liquidity enhancement measures (loans and credit

guarantees), tourism rehabilitation program, and a soft loan program for SMEs in the hotel business and hotel supply chains.

Sustainability

8. Thailand has issued a policy statement on financial institutions internalizing environmental and climate change issues. This policy statement ensures that Thai financial institutions actively incorporate environmental, social, and governance (ESG) criteria into their decision-making and risk assessments, promoting sustainable finance and supporting the economy's transition to a low-carbon, climate-resilient economy. The policy statement emphasizes strengthening the regulatory environment, risk management, green financing, capacity building and awareness, and reporting and disclosure.
9. The Office of SMEs Promotion (OSMEP) and the Office of National Higher Education Science Research and Innovation Policy Council (NXPO) have launched the project “driving the MSME promotion system with BCG (BIO-CIRCULAR-GREEN ECONOMY)” to raise the level of entrepreneurs and creating the criteria for SME BCG to create competitive opportunities and sustainable economic growth.

Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process?

- The Act on Criteria of Legislative Drafting and Evaluation of Laws, 2019 serves as a cornerstone for regulatory reform in Thailand, integrating Good Regulatory Practices (GRP) tools like Regulatory Impact Analysis, public consultation, and ex-post evaluation into the legislative process. Government agencies must engage stakeholders and conduct impact analyses when proposing new legislation or regulations, and perform regular evaluations of existing Acts and related subordinate rules every five years. The Act mandates consultation and stakeholder engagement, particularly for SMEs, ensuring that their interests are considered during the decision-making process and promoting an inclusive regulatory environment that supports their growth and development.

What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance?

- Large enterprises and SMEs in Thailand have different capacities to execute regulations and meet standards due to differences in resources, economies of scale, government support, and adaptability. Therefore, there are some policies that are specifically designed for SMEs.

Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure?

- Thailand is committed to providing comprehensive support for SMEs at every stage of their development, from inception to growth and expansion. This commitment to SMEs' success is reflected in the implementation of policies, financial assistance programs, capacity-building initiatives, and innovation-driven strategies aimed at empowering and strengthening these businesses throughout their lifecycles.

What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks?

- Thailand's policies attempt to foster a competitive environment by incentivizing activities that benefit the economy, particularly those involving high technology, complex manufacturing, or value-added creation for domestic resources. These incentives encourage

investment in eligible activities, promoting Thailand as a regional hub for technology, business, and investment, ultimately leading to a stronger, more competitive economy that benefits all.

How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

- Thailand encourages SMEs to adopt and transform technology through regulations that foster "Smart SME" development, integration into Global Value Chains, and involvement in business-matching efforts. Comprehensive development initiatives, including training and networking, are available to help SME growth, and assistance is available for potential overseas investments to help increase markets, decrease costs, diversify risks, and allow technology exchange.

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples. If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details.

- Thailand has formulated the National Strategy (2018-2037), the Master Plan under the National Strategy on Modern Entrepreneurs and SMEs (2018-2037), and the Thirteenth National Economic and Social Development Plan 2023-2027. The mentioned plans provided overall SMEs-related indicators in order to measure its achievement including; (1) The proportion of SMEs registrations with the Social Security Office to the total number of SMEs increases to 20 percent; the proportion of SMEs with juristic person registrations to the total number of SMEs increases to 40 percent; the proportion of SMEs with VAT registrations to the total number of SMEs increases to 5 percent; and the proportion of SMEs with commercial registrations to the total number of SMEs increases to 20 percent by 2027; (2) the proportion of SME GDP to overall GDP increases to 40 percent, while the proportion of SME exports to overall exports increases to 20 percent by 2027; and (3) the number of Series C startups rises to 20 in 2027.
- In terms of monitoring and evaluation, the Office of the National Economic and Social Development Council (NESDC), as a central planning agency, has developed the Electronic Monitoring and Evaluation System of National Strategy and Country Reform (eMENSCR) which served as a big-data platform tracking the progress of policies and projects implemented by all government agencies.

How does your economy measure inclusive, resilient, and sustainable business practices?

- Thailand measures inclusive, resilient and sustainable business practices through specific indicators including; (1) ranking of competitiveness in the use of tools and digital technology; (2) expansion of e-commerce values of SMEs; (3) Growth rate of new business credit; and (4) growth rate of small business incomes.
- In addition, the public sector also worked closely with the private sector, namely Global Compact Network Thailand (GCNT), to develop further indicators and measurements of sustainable business.

How does your economy track, monitor, and evaluate the sustainability performance of businesses?

- In Thailand, organizations create a sustainability report to convey their environmental, social, and governance (ESG) performance to stakeholders. These reports provide an overview of the company's commitment to sustainable development, responsible business practices, and the environmental and societal effects of its operations.

To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples.

- Ex-ante and ex-post impact assessments are not used as measures to gauge regulatory performance per se but are tools to aid government agency, the government, Parliament, and the public in doing so.

If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

- The BOT continually monitors the schemes through the use of monitored data and metrics such as the current sanctioned amount, credit lines, and the number of SMEs by sectors and types of business. In the case of a debt restructuring scheme, the BOT measures the number of accounts as well as the amount of credit restructured in the program.
- The Ministry of Labour (MOL) measures the success of policies/programs based on prior tasks' experiences and lessons learned and the tracked progress from the annual action plan.

4. Best practices: Among your economy's structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs' innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

Among your economy's structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively.

- The Bio-Circular-Green (BCG) Economy Model, promoted by the Thai government, aims for inclusive and sustainable growth by leveraging Thailand's biological diversity, cultural richness, and innovation. The model aligns with the UN Sustainable Development Goals (SDGs) and the Sufficiency Economy Philosophy (SEP), guiding Thailand toward a value-based and innovation-driven economy focused on social and economic development.

Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had.

- The BCG model promotes four industries: agriculture and food; medical and wellness; bioenergy, biomaterial, and biochemical; and tourism and creative economy. Science, technology, and innovation boost the capacity and competitiveness of value chain actors upstream and downstream in all four industries, along with innovative policy and supportive legal and financial measures.

Has the reform increased resilience of SMEs to future shocks?

- Although there is still no evidence showing that the reform has increased resilience of SMEs to future shocks, the BCG model aims at increasing immunity to any economic shocks for all businesses, including SMEs. It can be implied that the BCG model would increase resilience of SMEs to any shocks in the future.

Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs' innovation, sustainability, and inclusive practices?

- Product diversity, differentiation, high-value and premium-quality products and services, waste reduction, resource- and land-use efficiency improvement, and food and agricultural sector value can be amplified. Meanwhile, promoting secondary cities and communities as tourist destinations can benefit Thai tourism. Technology and innovation construction and upgrading infrastructure and a digital platform to improve travellers' convenience and experience and advance the industry to high-quality tourism.

Has the reform been easy to implement?

- The BCG approach relies on collaboration among government, industry, communities, academics, and international organizations.

Does the reform have ongoing applicability to future shocks?

The 2021-2026 BCG Strategic Plan consists of the following strategies:

1. Strategy 1: Promoting the sustainability of biological resources through balancing conservation and utilization.
2. Strategy 2: Strengthening communities and grassroots economy by employing resource capital, creativity, technology, biodiversity and cultural diversity to create value to products and services, enabling the communities to move up the value chain.
3. Strategy 3: Upgrading and promoting the sustainable competitiveness of Thai BCG industries with knowledge, technology and innovation focusing on green manufacturing.
4. Strategy 4: Building resilience to global changes.

To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

- Not applicable.

5. Action Plans: Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy's short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

Short term

- Short-term plans to boost the Thai economy is to increase access to finance. This will provide businesses and SMEs with the resources needed to thrive and grow. In addition, it is crucial to encourage greater collaboration among various stakeholders including the private sector, government and research institutes in order to share resources, knowledge and expertise effectively.

Medium term

- The National Strategy (2018-2037), as the first-level and core economy-wide strategic plan, guided all government agencies striving toward goals imposed by National Strategy Act. The National Strategy has included the National Strategy on Competitive Enhancement

aiming to enhance economy-wide multidimensional capacity based and promoted structural reform for sustainable business. To lay out development issues according to the National Strategy's goals, the National Strategy accompanied twenty-three second-level plans, namely "the Master Plans under the National Strategy (2018-2037)" where the Master Plan on Modern Entrepreneurs and SMEs was determined as one of them. The Master Plan on Modern Entrepreneurs and SMEs offered its four comprehensive sub-master plans including; (1) Strengthening Intelligent Entrepreneurs; (2) Enhancing an Opportunity for Financial Access; (3) Increasing an Opportunity for Market Access; and (4) Creating an Enabling Environment for the Businesses of Modern Entrepreneurs and SMEs.

- The Thirteenth National Economic and Social Development Plan 2023-2027, being served as a second-level economy-wide strategic plan to gear up Thailand toward a Progressive Society and Sustainable Value-creating Economy, which requires the collaboration of all sectors in society. The Thirteenth Plan is one of the key mechanisms to accelerate structural reform and an enabling environment for inclusive, resilient, and sustainable businesses. Of which, Thailand has set SME-related milestones under the Thirteen Plan to be achieved by 2027, namely Strong, High-potential, and Competitive SMEs which comprised seven development strategies including; (1) Developing an enabling ecosystem conducive to SMEs' business operations and competitiveness enhancement; (2) Developing a platform to link SME databases and encouraging SMEs to participate in the system; (3) Building financial mechanisms compatible with the unique characteristics of SMEs to ensure all SME groups have comprehensive access to funding; (4) Encouraging and developing SMEs to become digital entrepreneurs; (5) Raising the efficiency of the public sector's SME promotion schemes; (6) Creating an enabling ecosystem conducive for startups and innovation-driven entrepreneurs as well as providing access to appropriate sources of funding and linkages to international networks and markets; and (7) Enhancing social enterprises' business capabilities.

What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

- The Office of SMEs Promotion (OSMEP) has launched its five-year action plan (2023-2027) scheming fifteen strategic plans including; developing stable startup business; enhancing growth and competitive business; expanding global competitive business; recovering vulnerable business; assisting micro-unregistered business; supporting elder entrepreneurs; supporting professional farmers and agricultural business; increasing SME market share; promoting SME internationalization; supporting accessibility to credit; supporting technological and innovative development; building the capacity for workers and personnel; establishing an information, knowledge, and service center; improving restrictive business laws and regulations; developing database system to support policymaking process. The OSMEP action plan also connected and contributed to the National Strategy's goals.

The strategic plans, which include innovation-driven enterprise policy and transformation loans, are designed to support and empower SMEs in their pursuit of innovation, sustainability, and inclusivity. These strategies encourage SMEs to adopt cutting-edge technologies, processes, and business models. Transformation loans, on the other hand, provide critical financial assistance to SMEs, enabling them to invest in sustainable practices, adapt to changing market demands, and embrace more inclusive operational frameworks.

6. Regional cooperation: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

- Thailand prioritized APEC as one of the key regional cooperation which provided opportunities for wide-range and constructive cooperation and enhanced policymakers capacity in order to create enabling environments for inclusive, resilient, and sustainable businesses. Thailand also believed that the Bangkok Goals on Bio-Circular-Green Economy or BCG, which have been adopted by the leaders, would deliver wider recognition and collaboration regarding comprehensive, innovative, and sustainable development.
- The ASEAN Working Committee on Financial Inclusion (WC-FINC) is a regional group established within the framework of ASEAN Finance Ministers and Central Bank Governors. The primary goal of the WC-FINC is to facilitate and promote financial inclusion strategies and initiatives for SMEs in all ASEAN members. Financial inclusion is the process that ensures that businesses and individuals have access to affordable and useful financial products and services to meet their needs. This includes transactions, payments and savings, as well as insurance and credit. The WC-FINC is working on policies and initiatives aimed at enhancing the financial inclusion of the region. This includes sharing best practices and experiences between members and collaborating on projects and capacity building activities.
- The ASEAN Task Force on Sustainable Finance (ATFSF) is a regional initiative created under the framework of ASEAN Finance Ministers and Central Bank Governors. ATFSF's primary goal is to promote sustainable financial practices in all ASEAN members. Sustainable finance is the integration of environmental, social, and governance factors (ESGs) into financial decision making. The goal is to promote long-term sustainability and mitigate various risks related to ESG issues. The ATFSF helps achieve the goal of promoting sustainability and reducing ESG risks throughout the ASEAN region. It does this by encouraging financial institutions, regulators and other stakeholders to adopt sustainable finance principles and practices.

What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

- International collaboration may face challenges due to differences in economies' priorities and economic objectives, potentially causing misalignments. Thailand, therefore, emphasizes the adoption and equalization of international standards in order to uplift the quality of internal policy-making and regulations, and integrate sustainable economic cooperation among economies.

UNITED STATES

1. **Barriers and challenges:** Considering your economy's current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

1. **SME access to digital tools:** small businesses lag large businesses in adopting new technologies and require targeted outreach.
2. **Statistics on business ownership:** disseminating timely and detailed statistics on business ownership is important for policy insight, particularly for underserved businesses where there are gaps between their representation in the population or the workforce and entrepreneurship.
3. **Access to capital:** tightening lending conditions for small businesses and declines in demand for small business loans prove challenging.

2. **Policies and initiatives:** Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

1. **Digital Tools:** in June 2021, the U.S.-E.U. Trade and Technology Council (TTC) was established to help the U.S. and E.U. coordinate their approaches on new technologies to deepen their economic partnership. A report was commissioned to help the U.S. and E.U. coordinate their approaches on new technologies to deepen their economic partnership.
2. **Statistics:** The U.S. puts together annual State Profiles to gather the latest federal economic data into state-by-state snapshots of small business economic activity. A factsheet was put together to highlight ownership demographic economic contribution in infographic (for example, [Facts About Small Business: Asian American and Pacific Islander Ownership Statistics – SBA's Office of Advocacy](#)). Also, Advocacy's recent reports on African-American entrepreneurship and businesses earnings during COVID-19 highlight important trends in racial disparities in entrepreneurship ([African-American Entrepreneurs: Contributions and Challenges – SBA's Office of Advocacy](#); [The Impacts of COVID-19 on Racial Disparities in Small Business Earnings – SBA's Office of Advocacy](#)).
3. **Access to Capital:** SBA Office of Advocacy's latest economic bulletin shows tightening lending conditions for small businesses and declines in demand for small business loans ([Small Business Economic Bulletin, June 2023 – SBA's Office of Advocacy](#)).
4. The Council on Underserved Communities (CUC) provides the Small Business Administration with input, advice and recommendations on strategies to help strengthen competitiveness and sustainability for small businesses in underserved communities. The CUC focuses on communities and populations that traditionally have faced barriers in accessing credit, capital and the other tools they need to start and grow businesses. These

communities include inner cities and rural areas and may include populations such as women, minorities, veterans, tribal groups and others. The CUC is part of the SBA’s ongoing efforts to expand its reach into underserved communities. While the economy’s economic recovery is moving forward, that recovery has been uneven, particularly for socially, economically and geographically disadvantaged small business owners. To help SBA better address the challenges facing small business owners in underserved communities, the CUC will meet regularly and advise SBA on ways to increase access to capital and promote sustainability, growth, and job creation.

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples. If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

The United States uses a variety of data to measure progress. Some examples can be found [here](#) and below:

Department of Commerce:

The Department of Commerce provides vast amounts of data to inform better decisions for business, government, and the public, making it “America’s data agency.” NOAA provides weather forecasts and climate models that help emergency managers keep Americans out of harm’s way during extreme weather events. The Census Bureau delivers essential data on the U.S. population and economy, including the decennial census of people and households. BEA produces the economy-wide economic accounts, including gross domestic product (GDP). IP, trade, and scientific measurement data are among the other sets of information whose value the Department wants to maximize.

- The Foundations for Evidence-Based Policy Making Act of 2018 requires agencies to make agency data public when possible and to develop statistical evidence to support policymaking. This includes developing a Strategic Plan that documents the Department’s priorities for a four-year presidential cycle and sets forth the high-level strategies that will be employed to achieve Strategic Objectives. The Department of Commerce Strategic Plan includes:
 - Strategic Objectives: Strategic Objectives are the primary unit for strategic analysis and decision making and define the outcomes the Department intends to achieve.
 - Strategies: Strategies are the key approaches, initiatives, and tactics that the Department will pursue to advance a Strategic Objective.
 - Key Performance Indicators: A key performance indicator is a measure used to track progress toward achieving a Strategic Objective.
 - Learning Agenda Questions: Research on these questions inform the programs, policies, and regulations of the Department. The questions and research methods that will be used are explained in more detail in the Learning Agenda document.

Further information including performance reports can be found at:

<https://www.commerce.gov/about/budget-and-performance/evaluation><https://www.commerce.gov/about/budget-and-performance/past-budgets-performance-reports>

Small Business Administration:

SBA provides develops performance reports that help answer the questions “What works in small business assistance programs?” and makes those answers broadly available so that program managers, policymakers, researchers, and the public can make evidence-based decisions.

Information about SBA strategic planning and performance reports can be found here:

<https://www.sba.gov/about-sba/organization/performance>

- Priority Goal: By 30 September 2023, the SBA will expand the number of Community Financial Institutions enrolled in Lender Match by 20 percent
 - Strategic Measure: Increase the number of jobs supported by SBA’s capital programs
 - Equity Measure: Increase the percent of loans to underserved small businesses through SBA capital programs
 - Customer-Centric Measure: Decrease the average number of business days to process small non-delegated loan applications
 - Major Management Challenge: Loan risk management and oversight & Improper payments in loan programs
 - Programs and Activities 7(a) Loans, 504 Loans, Microloans, Community Advantage Loans, Program for Investment in Micro-Entrepreneurs (PRIME), Surety Bond Guarantees, Secondary Market Guarantee, Credit Risk Management
- Priority Goal and Equity Measure: By 30 September 2023, the SBA will increase federal contracting awards to small disadvantaged businesses to 12 percent
 - Strategic Measure: Increase the number of jobs supported by federal contracting set-aside programs
 - Customer-Centric Measure: Increase the customer satisfaction score from business development programs
 - Major Management Challenge: Procurement data and eligibility in small business contracting, Management and Monitoring of the 8(a) Business Development Program
 - Programs and Activities: Prime Contracting Assistance, 8(a) Business Development, 7(j) Management and Technical Assistance, HUBZone, Mentor Protégé, Women-Owned Small Businesses, Service-Disabled Veteran-Owned Small Businesses
- Priority Goal: By September 30, 2023, the SBA will increase the number of loans that include mitigation measures by 20 percent
 - Equity Measure: Increase the number of outreach activities to underserved communities
 - Customer-Centric Measure: Increase the customer satisfaction rate for disaster loan approvals
 - Major Management Challenge: Deliver prompt assistance while preventing potential fraud in disaster assistance
 - Programs and Activities: Disaster Assistance, Disaster Preparedness, Disaster Mitigation, Climate Readiness

4. Best practices: Among your economy’s structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs’ innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

In response to the COVID 19 pandemic, in 2021 the SBA was ran critical programs to support SMEs. Focused on helping the hardest-hit, underserved small businesses survive, the SBA saved jobs across America, while expanding its core capital and technical assistance programs. Using a two-pronged strategy of encouraging COVID safety precautions, including vaccinations, as critical to safely reopening, while distributing billions of dollars to struggling small business owners, the SBA was instrumental in efforts to fight the pandemic and successfully bring the economy back from the brink of collapse.

Through the American Rescue Plan (ARP) and other critical federally funded relief programs, the Biden-Harris Administration’s SBA delivered nearly \$450 billion in relief to over six million impacted small businesses and nonprofits, including the smallest of small businesses, our critical suppliers, and manufacturers, main street restaurants and live entertainment venues.

The SBA supported small businesses in all 50 states, every territory, and Washington D.C. through the Restaurant Revitalization Fund (approx. \$28.5 billion to over 100,000 businesses), Shuttered Venue Operators Grant (approx. \$14 billion to nearly 13,000 businesses and nonprofits), the COVID Economic Injury Disaster Loan (EIDL) program (approx. \$125 billion to over 650,000 businesses and nonprofits), the COVID EIDL Targeted and Supplemental Advance programs (approx. \$7 billion combined to nearly 600,000 businesses), and the Paycheck Protection Program (approx. \$280 billion to 5.6 million businesses). And the SBA is delivering on its promise of forgiveness as nearly 1.7 million small businesses with PPP loans of less than \$150,000 have received relief through the SBA’s new direct forgiveness portal.

While work remains to close capital gaps, the SBA’s core lending programs provided \$44.8 billion in funding to small businesses in fiscal year (FY) 2021 through more than 61,000 loans.

Additionally, Small Business Investment Companies (SBICs) provided over \$7 billion in long-term funding to more than 1,000 small businesses helping to start, grow, and sustain small businesses and startups across 49 states and Puerto Rico in fiscal year (FY) 2021. The SBA also helped expand the ecosystem of organizations by connecting small business startups to private capital sources and spurring innovation through award funding and competitive prizes across the economy.

And as climate change has driven more frequent and devastating natural disasters, the Agency’s tireless disaster assistance team responded by delivering nearly \$2.3 billion to help small businesses, renters, and homeowners rebuild and recover.

- As a result, small businesses continue to make important contributions to innovation and job creation. Small business contributions to innovation are highlighted in recent fact sheets by Advocacy measured by research and development spending and patenting activity ([Small Business Facts: Small Business Contributions to Research and Development – SBA's Office of Advocacy](#); [Small Business Facts: Small Business Innovation Measured by Patenting Activity – SBA's Office of Advocacy](#)). Since 1995, small businesses have accounted for about two thirds of net new jobs ([Frequently Asked Questions About Small Business 2023 – SBA's Office of Advocacy](#)).
- Small businesses were resilient in helping the US economy recover from the COVID-19 recession. Advocacy’s recent issue brief on business dynamics shows that new business applications increased and smaller businesses created more jobs ([Business Dynamics During COVID-19 – SBA's Office of Advocacy](#)).

5. **Action Plans:** Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy’s short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

SBA was created to preserve free competitive enterprise and to maintain and strengthen the member economy's economy. We remain committed to that goal. In our [2022-2026 strategic plan](#), SBA describes:

- How we will help ensure that our program delivery is equitable, customer-centric and supports small businesses and innovation
 - Objective 1 .1: Ensure all entrepreneurs have access to capital to start and grow their business
 - Objective 1 .2: Build a thriving economy-wide innovation ecosystem that promotes investments in all small business communities
 - Objective 1 .3: Grow exporting opportunities to help small businesses across the economy expand into new markets
 - Objective 1 .4: Build back an inclusive and proficient small business contracting base ready to compete for all federal procurement opportunities
 - Objective 1 .5: Build an equitable entrepreneurial ecosystem through tailored training and counseling
- Strategies for building resilient businesses and a sustainable economy
 - Objective 2 .1: Help small businesses recover from the pandemic and become more resilient
 - Objective 2 .2: Prepare small businesses and rebuild communities affected by natural disasters
- A plan for managing its technology and human resources for greater impact
 - Objective 3 .1: Strategically manage resources by integrating quality data, evidence, and risk in decision-making processes
 - Objective 3 .2: Build an inclusive and high-performing workforce
 - Objective 3 .3: Develop and deploy technology-driven solutions to enhance mission delivery

With its commitment to these goals, SBA is working to create a more equitable and sustainable economy supported by America's small businesses.

6. **Regional cooperation:** What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

Regional cooperation and regional bodies such as APEC can provide a proving ground on what works in how to create enabling environments for inclusive, resilient and sustainable businesses, especially as it relates to regulatory reform. APEC can be an incubator for ideas on this topic. Regulations that are unnecessary and burdensome can be harmful to the economy. They increase the time and cost of doing business.

We believe that expanded engagement can help address global challenges that threaten future economic prosperity. Through enhanced dialogues and regional initiatives, we hope to innovate and develop new technological solutions and create regulatory conditions that promote fair market access and expand economic opportunities. We will further support government-wide initiatives to modernize and develop infrastructure, and improve global workforce development efforts to provide equitable opportunities in emerging sectors.

VIET NAM

1. Barriers and challenges: Considering your economy's current situation, what are three major barriers and challenges to implementing structural reforms that promote an enabling environment for inclusive, resilient, and sustainable businesses?

First, the institutional framework for resilient sustainable business development remains underdeveloped, without adequate consideration of enabling business environment. For instance, the definition of circular economy (including in the Law on Environmental Protection 2020) shows a narrow view, focusing more on the aspects of emission reduction and environmental protection while not properly recognizing the "economic" aspects, i.e., associated with efficiency from input-output optimization, production linkage, improving labor productivity and workers' income, etc.

Second, awareness of sustainable business and the need to transition to sustainable business models remains limited. As an instance, Viet Nam faces challenges in ensuring correct understanding of circular economy needs to be implemented from the design stage to the implementation stage for each industry, each field, for each business and citizen. In agriculture, production has been gradually paying attention to sustainable agricultural production and organic agriculture, but basically still focuses mainly on increasing output through increasing inputs. Thus, agricultural production still mainly relies on resource exploitation, use of growth stimulants, pesticides, and inorganic fertilizers, without having created a motivation to apply green business models, including circular economy models. In particular, the circular economy requires classification and cleaning of waste before reusing and recycling, which is also a big challenge to the operating practices of the Vietnamese economy and the awareness of waste classification at source by people. Meanwhile, communication work to help improve understanding of the circular economy is still inadequate.

Third, the majority of Vietnamese enterprises are small and medium-sized ones (SMEs), with very limited technological capacity to recycle and reuse, not to mention the capacity to contribute to resource recovery. People and businesses still have inherent habits in production and consumption of products that pollute the environment due to relatively cheaper prices and low awareness. Vietnamese SMEs have small production scale, most of them were upgraded from business households, so they are still limited in recycling and reuse technology capacity; or difficulties in the management model. To achieve resilience and sustainability, they may need cooperation of many businesses to form a circular economy. However, currently the connection of these businesses is very weak, there are very few links between SMEs or between SMEs and other large-scale enterprises. In addition, SMEs lack information about the sustainable business models and network, and there is no link channel to help these businesses have awareness and connections about operating under sustainable business models.

2. Policies and initiatives: Describe some policy initiatives or programmes your economy has implemented to create an enabling environment for inclusive, resilient, and sustainable business. What are the key policies and practices that help foster inclusive, resilient, and sustainable economies? Did these key policies and practices include ex-ante Regulatory Impact Analysis (RIA) or public consultation in the regulatory policy process? What are the similarities and differences between capacity of businesses, including SMEs, to implement the policies or achieve standard compliance? Did your structural reforms or policies align with a business lifecycle in three primary segments: (1) motivation and preparation for market entry; (2) operating a business; and (3) business closure? What are the policy impacts on trading across borders, strengthening competition and enabling a competitive environment, dispute resolution, and capacity for responsiveness to shocks? How do policies foster inclusive, resilient, environmentally sustainable SMEs as well as stimulate innovation and increase productivity and dynamism?

On the basis of wide-ranging consultation with the business community, experts and government agencies at both central and local level, the Ministry of Planning and Investment of Viet Nam has submitted various ideas and policy proposals to promote circular economy development in Viet Nam. The Ministry of Planning and Investment then proposed to the Leader of Viet Nam to issue

Decision 687/QD-TTg in June 2022 approving the Project on Circular Economy Development in Viet Nam (Project).

The Project was approved at a very important time. Viet Nam must consider policy directions and requirements to ensure more sustainable development. Committing to bringing net emissions to "zero" by 2050 was an initial foundation. Viet Nam must also address the challenge of supply chain disruptions by adapting towards improving the independence and autonomy of its economy, including via using materials and inputs more effectively. The Socio-economic Recovery Plan after COVID-19 pandemic also requires promoting new and sustainable business models. Meanwhile, the 10-year Socio-Economic Development Strategy 2021-2030 has set out directions and tasks on "Harmoniously resolving the relationship between economic development and environmental protection".

Decision No. 687/QD-TTg dated 7 June 2022 of the Leader of Viet Nam affirmed that proactively developing a circular economy is inevitable in Viet Nam, consistent with trends and requirements to create breakthroughs in economic recovery, and implement the Sustainable Development Goals (SDG); contributing to promoting economic restructuring associated with innovating growth models towards modernity, improving competitiveness and the ability to adapt and withstand external shocks, realizing strategy on green growth for the period 2021-2030, vision 2050. In addition, circular economy development must be based on an open approach, aiming more at creating space and favorable conditions for promoting economic efficiency, on the basis of strengthening international cooperation, ensuring the promotion of economic efficiency, mobilize and effectively use human knowledge, achievements of Industrial 4.0 and digital transformation, necessary resources from the private economic sector, international organizations and foreign partners.

Decision 687 also states that Viet Nam requires long-term policies to encourage, incentivize, and facilitate circular economy development, associated with specific roadmaps and results, and at the same time improve the regulatory framework and create flexibility and initiative to quickly enable circular business models at appropriate levels. The implementation of circular economy development in Viet Nam must aim to create motivation for innovation and improve labor productivity, contributing to promoting green growth associated with economic restructuring in the direction of increasing efficiency, linkages between businesses and economic sectors, improving competitiveness and resilience of businesses and supply chains to external shocks, to contribute to achieving economic prosperity, environmental sustainability and social justice; towards a green, carbon-neutral economy and contributing to the goal of preventing global warming.

3. Data, measurement, and monitoring: How does your economy measure the success of structural reform implementation to facilitate inclusive, resilient, and sustainable businesses? Please provide details. How does your economy measure inclusive, resilient, and sustainable business practices? How does your economy track, monitor, and evaluate the sustainability performance of businesses? To what extent are ex-ante and ex-post RIA used to measure regulatory performance? Please provide examples.
If your economy has developed metrics and benchmarks to identify the appropriate policy responses and track progress, please provide details.

In the structural reform policy initiative to develop circular economy, the focus is on economic aspects, such as labour productivity, labour income, corporate profits, while promoting innovation, environmental protection and climate change adaptation. Decision 687 set out specific objectives of

- Contributing towards reducing greenhouse gas emission intensity by at least 15% in 2030 compared to 2014 and aiming towards net zero emissions in 2050.
- Raising awareness and investment concerns of enterprises and investors in Viet Nam regarding circular economy; promoting circular economy model to induce green transition of economic sectors. By 2025, circular economy projects are essentially in implementation phase and attain economic, social, technological, and environmental effectiveness; contribute towards restoration of renewable resources, reduction of energy consumption, and increase the ratio of renewable energy over total energy supply, forest coverage, waste recycling rates, import substitution rates of

agricultural, forestry, fishery, and export products. By 2030, circular economy projects become a primary driver in reducing energy consumption with major or total autonomy in energy demand by utilizing renewable energy and in increasing forest coverage.

- Circular economy models assist development of green living, encourage waste segregation, and promote sustainable consumption. By 2025, reusing, recycling, and treating 85% of plastic wastes produced; reducing 50% of plastic wastes in ocean and at sea compared to prior period; gradually reduce production and use of non-biodegradable nylon bags and disposable plastic products.

Drastically increasing organic waste recycling capacity in urban and rural areas. Raising awareness of agencies, organizations, enterprises, community, and the general public regarding production, consumption, and disposal of plastic wastes, non-biodegradable nylon bags, and disposable plastic wastes. By 2030, 50% of urban municipal solid wastes are collected and treated to standards and regulations via circular economy models; 100% of organic wastes in urban areas and 70% of organic wastes in rural areas are recycled; burial of municipal solid wastes are no longer carried out within circular economy models in urban areas; maximize percentage of urban wastewater collected and treated to standards and regulations in urban areas.

- Circular economy model plays a vital role in improving quality of life and resistance of the general public to climate change, ensuring equality in conditions and opportunities to improve capacity, productivity, and income of workers from circular economy.

To implement these policies, Viet Nam is working on building capacity for monitoring, including via data collection, measurement framework, etc.

4. Best practices: Among your economy's structural reforms implemented to create an enabling environment for inclusive, resilient, and sustainable businesses, please highlight some policies and practices you assess have been implemented effectively. Please identify the primary reasons for the effectiveness of these reforms, outlining any long-term impacts they had. Has the reform increased resilience of SMEs to future shocks? Has the reform supported innovation and increased productivity and dynamism? Has the reform enhanced SMEs' innovation, sustainability, and inclusive practices? Has the reform been easy to implement? Does the reform have ongoing applicability to future shocks? To what extent has ex-post RIA been undertaken to measure the impacts of specific reforms?

The Government of Viet Nam has the annual series of Resolutions dedicated for business environment reform and competitiveness improvement (including Resolution No. 19/NQ-CP during 2014-2018, and Resolution No. 02/NQ-CP during 2019-2022). Reforming the business environment thus becomes a regular and continuous task. Resolution No. 19/NQ-CP or Resolution No. 02/NQ-CP was built on the principle of unity in reform goals and content that is inherited and continued over the years. Resolution No. 02/NQ-CP of 2022 is designed for the entire period 2022-2025.

These dedicated Resolutions have received focused and determined leadership and direction from all levels from central to local levels; the response of the business community and the participation of the entire society. Thanks to that, thousands of regulations being no longer appropriate have been abolished, amended, and simplified; thousands of barriers to investment and business activities thus have been abolished; the quality of the business environment and competitiveness have clearly improved. More importantly, Viet Nam's rankings in international benchmarks have improved remarkably. Specifically:

- Regarding Global Competitiveness Index 4.0 (according to the World Economic Forum), Viet Nam reached 67/141 on the 2019 rankings, up 10 places compared to 2018. Viet Nam had the best level of score improvement and rank increase globally, with 8/12 pillars increasing scores and increasing many levels.

- Regarding Global Innovation Index (according to the ranking of the World Intellectual Property Organization), Viet Nam maintained a good ranking at 44/132 economies (decreased by 2 places compared to 2020 and 2019), but still considered leading in innovation capacity in the group of low-middle-income economies and was a developing economy with outstanding innovation efficiency compared to the level of economic development.

- Regarding the level of market development (Economic Freedom index), Viet Nam's ranking in 2023 was 72nd, improving by 75 places in the past 6 years.
- Regarding e-Government (according to United Nations rankings), Viet Nam's ranking has improved positively since 2016. In 2020, Viet Nam ranked 86th, up 2 places compared to 2018 and up 3 places compared to 2016.

5. Action Plans: Considering the policy gaps, barriers and challenges your economy has in creating an enabling environment for inclusive, resilient, and sustainable businesses, what are your economy's short and medium-term plans to address them? What are your strategic plans to encourage and assist SMEs to enhance innovation, sustainability, and inclusive practices?

Resolution 45/NQ-CP of the Government of Viet Nam on action plan to further promote private sector development identifies the below strategic tasks:

- Further improve coherent and consistent mechanisms and policies, creating a favorable investment and business environment for development of private sector (mostly MSMEs).
- Further enhance the private economy's ability to participate in the market and promote competitive neutrality;
- Further develop infrastructure and increase access to private economic resources;
- Continue to focus on supporting the private economy to innovate, modernize technology and develop human resources, improving productivity.

6. Regional cooperation: What role can regional cooperation and regional bodies such as APEC (and other international bodies) play in understanding how to create enabling environments for inclusive, resilient, and sustainable businesses? What are the areas for collaboration, or areas your economy would like to learn more about or build capacity on this topic? What are the impacts and challenges for such international collaboration?

Key areas for collaboration under APEC that could be relevant for Viet Nam include:

- Ease of doing business;
- Building capacity for harnessing innovation, new technology, and skills development to boost productivity and digitalization.
- Promoting good regulatory practices that properly engages the private sector.
- Structural reform for green and sustainable growth.

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