

Annex B:  
**Case Studies**

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## AUSTRALIA

### Introduction

The Consumer Data Right (CDR) is Australia’s economy-wide data portability initiative. It is a significant economic reform changing the way Australian consumers engage, use and benefit from their data, and will transform the economy by driving competition, innovation and efficiency.

The CDR enables consumers to share their data with trusted third parties in order to access personalised products and services for their benefit. The CDR gives Australian businesses and individuals more transparency over the insights that can be derived from their data and makes it easier to switch to better-value products and services, which drives competition and delivers savings to households and businesses.

In an increasingly technology-driven world, data has transformed into a valuable resource. There has been a greater recognition of the benefits available by harnessing the power of data, and consumers have rightly expected more control over the data collected about them. The Australian Government introduced the CDR to empower consumers by improving access to and benefits from the data held about them. The CDR ecosystem also supports the growth of an innovative data-driven economy, including through new business ideas, products and services, partnerships, business processes and technologies.

Australia is one of the first economies in the world and the first Asia-Pacific economy to establish an economy-wide consumer data portability framework. The CDR presents an opportunity for sharing of experiences 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.

### Pre-Reform Situation

In March 2017, an inquiry by Australia’s Productivity Commission observed that Australian consumers have little capacity to choose how digital data about them is used. It identified that creating a consumer data right could provide benefits to consumers and small businesses, and would be an avenue to improve market competitiveness and innovation.<sup>1</sup>

The final report of the *Review into Open Banking* set out four key principles which have guided the implementation of the CDR in Australia; the CDR should be consumer focused, encourage competition, create opportunities, and be efficient and fair.<sup>2</sup>

The CDR was established through changes to the *Competition and Consumer Act 2010*, which effectively established a broad consumer data portability right. The CDR will be activated across targeted sectors and datasets to deliver the greatest benefit to consumers.

The CDR is a regulatory framework that creates the secure infrastructure to facilitate access to and transfer of consumer data at the direction of the consumer.<sup>3</sup> The CDR enables individuals and businesses to securely share data held about them with accredited and trusted third parties. With the consumer’s consent, the third party can use this data to provide services tailored to the consumer’s unique circumstances, such as comparing products and services, accessing better-value and improved services, and assisting with financial and cashflow management.

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<sup>1</sup> *Data Availability and Use – Productivity Commission Inquiry Report*, No. 82, March 2017, <https://www.pc.gov.au/inquiries/completed/data-access/report/data-access.pdf>

<sup>2</sup> *Review into Open Banking in Australia – CDR Booklet*, 9 May 2018 <https://treasury.gov.au/consultation/c2018-t247313>

<sup>3</sup> For further information on the Consumer Data Right, visit <https://www.cdr.gov.au/>

## Policy initiatives and implementation – CDR and Action Initiation

In July 2020, the CDR launched in the banking sector (known as Open Banking). Now, nearly 100 per cent of market share (measured by share of household deposits) are covered by CDR data sharing. Consumer data sharing in the energy sector also commenced from 15 November 2022. This has made it possible for consumers to share their energy data held by three of Australia's biggest energy retailers, with planned further implementation across the sector. This will empower consumers to use their own data to get a better deal on a range of energy products and services.

Building on the current momentum of the scheme, a key ongoing development of the CDR includes amending the CDR framework to enable action initiation. Action initiation will create a new channel for consumers to instruct a firm to initiate actions on their behalf, with their consent. The CDR would not alter or regulate how businesses complete different actions; it would simply establish a new channel to instruct businesses to complete actions they already perform. The existing CDR privacy safeguards for data sharing would be extended to apply to action initiation to ensure that the privacy of consumers would continue to be appropriately protected.

Action initiation will expand the CDR from a data-sharing scheme to one that facilitates consumer participation in the digital economy. This increased functionality will enable consumers to streamline administrative tasks and automate actions based off insights derived from their data. Such actions may include making a payment, opening and closing an account, switching providers and updating personal details (such as an address) across providers. Action initiation forms part of the Australian Government's commitment to grow the opportunities of the CDR for consumers to make use of their own data for their own benefit in a modern digital economy.

The UK has been operating their CDR equivalent, Open Banking, since 2017. The UK's Open Banking implementation included payment initiation (a form of action initiation), which has been attributed to driving the success of the scheme. The UK is now considering expansion beyond the banking sector.<sup>4</sup>

### Impact

Participation in the CDR has grown significantly since its implementation, with over 100,000 active ongoing consumer consents to share data through the CDR. Through heightened transparency in competing products and services, the CDR gives consumers more choice and makes it easier to switch to better value products and services. The CDR helps Australians manage their finances and save money by accessing products and services better suited to their needs.

The CDR has spurred the creation of new technology companies and innovative products and services in Australia through which consumers have seen tangible benefits. For example, market offerings include:

**Frollo** uses the CDR to provide a money management platform to over 130,000 users, and estimates that on average users increased their savings by \$1,200 within the first three months and reduced their credit card debt by \$460 within the first six months.

**Otivo** provides personalised advice from licenced financial advisors. It estimates it can make most people \$485,000 better off by retirement.

**Verifier** uses the CDR to provide financial wellbeing checks, allowing customers to check their insights and assumptions against real-time data to create better financial outcomes.

**Sherlok** gives mortgage brokers analytics and insights to help them make instant credit decisions for clients with minimal effort.

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<sup>4</sup> For more information on the UK's Open Banking system, visit <https://www.openbanking.org.uk/>

Action initiation will leverage the data already available in the banking and energy sectors and expand the functionality of the CDR beyond data-sharing to enable consumers to act on the insights they receive. Consumers can then benefit from reduced complexity, time and costs to make informed choices and take advantage of data-enabled innovations. By creating a secure and standardised method for sending digital instructions, the action initiation framework will minimise potential friction points, reduce regulatory compliance for participants, and reduce the need for riskier data sharing methods such as password sharing. For example, a consumer could use the CDR to automatically move their savings into a higher interest-earning account. The consumer would benefit from the higher earnings and simplified administrative process, saving them time and money. As the barriers to switch between products and services are lowered for consumers, market participants must look to improve their products and services to ensure they remain competitive in an Australian economy where consumers are increasingly mobile.

### **Challenges and lessons**

Throughout the development of the CDR, the Government undertook frequent and targeted engagement with a variety of stakeholders across several sectors in the Australian economy, including data holders, tech innovators, and consumer advocacy groups. Consultation with these groups has helped inform the development of the CDR regulatory framework and has identified issues and risks early in its design. Collaboration and early engagement with these groups have been key to the successful implementation of the CDR so far.

A key policy challenge for any data portability system is raising awareness among consumers, including business, about the importance of safe and secure data sharing practices. It is important to build confidence, trust and data literacy to facilitate consumers making more informed choices while at the same time supporting innovation to flourish.

Other APEC economies, such as New Zealand and Singapore, are also developing government-led consumer data portability frameworks. Australia will continue to share experiences and learnings with other interested APEC economies that are developing or considering similar consumer data portability frameworks.

## CANADA

### Introduction

Canadian small and medium sized enterprises (SMEs) are a cornerstone of the Canadian economy and are essential to the long-term health and growth of the Canadian economy. They represent 99.8% of all Canadian businesses. They also facilitate job creation by representing 88.3% of private sector employees, and promote exporting by representing 43.0% of business exporting goods or services. However, significant gaps remain for underserved entrepreneurs such as women, Black, Indigenous, and 2SLGBTQ entrepreneurs. In Canada, majority women-owned firms account for 16.8% of Canadian SMEs, the majority of which operate in lower growth sectors such as retail trade, and other services sectors. Similarly, Black entrepreneurs represented 2.1% of all business owners in Canada in 2018, with one-third (29.6%) being Black women. The financial performance of Black-owned businesses on average tended to be weaker than White-owned businesses and those owned by people from other racialized groups.

The Government of Canada announced the [Women Entrepreneurship Strategy \(WES\)](#) in 2018 and the [Black Entrepreneurship Program \(BEP\)](#) in 2020 to help address barriers and gaps in entrepreneurship for women entrepreneurs and Black entrepreneurs. These policy measures will strengthen and diversify the entrepreneurial ecosystem, thus advancing social and economic prosperity for all Canadians.

### Policy context

#### Women Entrepreneurship Strategy (WES):

Women entrepreneurs continue to experience gender-specific barriers and challenges within domestic and global entrepreneurial ecosystems. This makes it more difficult for them to start and grow their businesses, access new markets and participate in trade. In Canada, majority women-owned SMEs have lower rates of survival compared to majority men-owned SMEs. In addition, women receive less than 3% of venture capital investment worldwide and are also under-represented among equity investors.

In 2018, the Government of Canada announced the [Women Entrepreneurship Strategy \(WES\)](#) to address barriers and increase representation for women entrepreneurs including diverse, underrepresented and/or intersectional women. The WES is a “whole of government” approach facilitated through policy and programming across 20 federal departments, agencies and crown corporations. The WES aims to increase women-owned businesses’ access to the financing, talent, networks and expertise they need to start-up, scale-up and access new markets, and improve and disseminate knowledge and data on women entrepreneurship. Supporting initiatives to strengthen women’s entrepreneurship contributes to women’s economic empowerment, and results in overall economic growth, job creation, and competitiveness.

#### **Black Entrepreneurship Program (BEP)**

Many Black entrepreneurs and business owners continue to face systemic barriers in starting, growing and sustaining their businesses. Many report challenges with accessing financing, especially from traditional lending institutions. Access to business support services, the cost of borrowing and access to equity and venture capital also remain key obstacles. COVID-19 also disproportionately impacted Black entrepreneurs, with many Black Canadians reporting high rates of unemployment and difficulties meeting basic financial commitments as compared to non-racialized individuals.

To address these long-standing barriers, the Government of Canada announced its first-ever [Black Entrepreneurship Program \(BEP\)](#) in 2021. The BEP is part of a broader Government of Canada commitment to address systemic barriers and racism against Black Canadians including, advancing Canada’s Anti-Racism Strategy; creating a \$25-million fund for Black-led organizations; developing

justice reforms, modern policing structures and standards; and enhancing mental health and community supports for young Black Canadians.

The BEP provides targeted support by helping Black entrepreneurs access capital through the Black Entrepreneurship Loan to start and grow their businesses, access business support services through designated regional and economy-wide ecosystem system organizations, and access information about the Black entrepreneurship ecosystem through intelligence gathering by the Black Entrepreneurship Knowledge hub. The program aims to enhance overall sustainability, drive growth, competitiveness, innovation, and productivity toward broader economic and social benefits.

## **Policy response and implementation**

### Women Entrepreneurship Strategy (WES)

As of 2023, the WES represents nearly \$7 billion in investments and commitments across 20 different federal departments, agencies and Crown corporations. This is a result of investments since the launch of the Strategy in 2018.

In Budget 2018, the Government of Canada announced an initial \$2 billion investment in the WES. Budget 2018 provided funding to establish initiatives such as the WES Ecosystem Fund which invested in projects led by non-profit, third-party organizations that delivered supports to address gaps in the ecosystem for women entrepreneurs, and the Women Entrepreneurship Fund which made direct investments in women-owned and women-led businesses seeking to grow and access new markets. These programs were delivered by Canada's Regional Development Agencies (RDAs). Budget 2018 also invested in the creation of the Women Entrepreneurship Knowledge Hub (WEKH) based at the Toronto Metropolitan University to support research, data, and the dissemination of knowledge and best practices on women entrepreneurship.

Furthermore, in 2020, as a result of the COVID-19 pandemic, the Government of Canada provided emergency funding of \$15 million to support existing recipient organisations of the 2018 WES Ecosystem Fund so organisations could pivot their projects to support women entrepreneurs experiencing economic and social insecurity as a result of the pandemic. Subsequently, Budget 2021 made historic investments of \$146.9 million over four years to further strengthen the WES through the following initiatives:

The renewal of the [WES Ecosystem Fund](#) to help strengthen capacity within the entrepreneurship ecosystem and offer business supports such as training, mentorship and financial literacy to diverse women entrepreneurs, and those living in rural/remote and northern locations. Projects will commence in 2023.

Establishing the [Women Entrepreneurship Loan Fund](#) that provide loans of up to \$50,000 to diverse women entrepreneurs through five selected not-for-profit administrators, including those specializing in women's enterprise and Indigenous Peoples.

Launching the [Inclusive Women Venture Capital Initiative](#) to fund projects led by non-profit, third party organisations to strengthen and build a more inclusive risk and venture capital environment for Canadian women. Projects will commence in 2023.

Providing additional funding for the [Women Entrepreneurship Knowledge Hub](#) to continue its work as a one-stop source of knowledge, data and best practices supported by 10 regional hubs and a network of over 300 organizations.

### Black Entrepreneurship Program (BEP)

The objective of the BEP is to provide targeted support to help Black entrepreneurs access business support services (e.g., business planning and mentorship) from economy-wide and regional organizations and capital through a dedicated Black Entrepreneurship Loan Fund, as well as to improve access to data on Black entrepreneurship in Canada. The program is comprised of three components:

[The Black Entrepreneurship Loan Fund](#): which provides loans of up to \$250,000 for Black business owners and entrepreneurs. The Black Entrepreneurship Loan Fund is administered by the Federation of African Canadian Economics (FACE), in partnership with the Business Development Bank of Canada.

[The National Ecosystem Fund](#): an investment of \$100 million that funds not-for-profit Black-led organizations to develop new business advisory services or expand existing service offerings such as mentorship, networking, financial planning, and business training from Black entrepreneurs to Black entrepreneurs.

[The Black Entrepreneurship Knowledge Hub](#): an entity that will conduct research on the state of Black entrepreneurship in Canada and help identify Black entrepreneurs' barriers to success as well as opportunities for growth. The Hub is administered by Carleton University's Sprott School of Business and Dream Legacy Foundation, with Regional hubs established across the economy.

## **Impact**

### Women Entrepreneurship Strategy (WES)

Since 2018, the WES has delivered numerous programs and services across 20 federal departments, agencies and crown-corporations which have had major impacts in Canada. From 2021-2022, WES initiatives were accessed over 71,800 times by women entrepreneurs. This included providing over 15,000 loans to women entrepreneurs and helping 11 women-owned or led companies make venture capital deals. Furthermore, federal programs to help women entrepreneurs export were accessed more than 5,000 times.

Amongst these initiatives, the WES Ecosystem Fund has had significant impacts on strengthening the entrepreneurial ecosystem for women entrepreneurs through providing business and financial training, mentoring, networking and other business support for each stage of a business. First announced in 2018, the WES Ecosystem Fund funded seven economy-wide projects and 45 regional projects across Canada. As a result of these projects, in 2021–22, nearly 30,000 women entrepreneurs received support including over 14,500 diverse, under-served or intersectional women entrepreneurs. In the same year, the Ecosystem Fund also helped more than 5,000 women entrepreneurs start new businesses, 5,700 women entrepreneurs grow existing businesses and created over 3,200 new jobs. Budget 2021 provided more funding for the WES Ecosystem Fund to further close gaps in the ecosystem. In March 2023, 23 successful projects receiving funding were announced, and soon will be supporting thousands of additional women entrepreneurs across Canada.

Moreover, the Women Entrepreneurship Knowledge Hub (WEKH) made significant achievements across 2021 to 2022. The WEKH hosted or co-sponsored 864 events, attended by more than 22,100 participants. The WEKH Sharing Platform which informally connects women entrepreneurs and business support organizations had 1,226 active users throughout 2021 to 2022. The WEKH issues an annual State of Women Entrepreneurship report that synthesizes new research on women entrepreneurship in Canada to inform policy and practice. Previous WEKH research has documented systemic challenges for women entrepreneurs generally, and especially for Indigenous women, racialized women and women with disabilities. The WEKH has proven to be an effective source of knowledge and partnership building for women entrepreneurs across Canada. Overall, the WES is delivering several positive results that will continue to strengthen women entrepreneurship in Canada. New projects being delivered through funding from Budget 2021 will help maintain this momentum and ensure diversity in Canada's entrepreneurial ecosystem.

### Black Entrepreneurship Program (BEP)

The Black Entrepreneurship Program (BEP) has provided access to business support services and capital for Black entrepreneurs. Through the National Ecosystem Fund, 44 not-for-profit organizations, selected by Canada's Regional Development Agencies, have assisted over 5,000 Black Canadian business owners across the economy, creating 100 jobs. The Black Entrepreneurship Loan Fund, administered by Federation of African Canadian Economics (FACE), approved 181 loan applications worth \$15.2 million by March 2022, with \$8.1 million disbursed to 118 recipients. Since then, FACE has increased loan approvals, reviewing over 3,000 applications and approving 413, totaling over \$37 million in loans as of March 2023. The Black Entrepreneurship Knowledge Hub has established six regional hubs, and engaged with various Black business and academic institutions. In November 2022, the Hub hosted its first research symposium and issued a call for research proposals in early 2023.

### **Challenges and Lessons**

#### Woman Entrepreneurship Strategy (WES)

Despite recent gains made through the WES, women entrepreneurs continue to face persistent barriers, many of which were further exacerbated by the COVID-19 pandemic. For example, women entrepreneurs tend to operate in retail and service sectors, many of which could not function due to public health closures. In addition, women also had to deal with performing additional unpaid gendered labour due to widespread school closures which kept school-aged children at home. Federal departments, agencies and Crown corporations responded by providing emergency funding and subsidies to offset the challenges of COVID-19, which included an additional \$15 million towards existing WES Ecosystem Fund recipient organizations. Funded organisations in the ecosystem experienced challenges such as having to pivot their programming to a virtual or hybrid setting, addressing participant stressors as a result of the pandemic; and changing programming priorities to business resiliency and survival instead of growth. Investments from Budget 2021 (as specified in Section III) sought to prioritize support for diverse, intersectional, and/or under-represented women entrepreneurs to help them have an equal chance to recover and thrive as entrepreneurs.

Data indicates that women-owned businesses are a growing proportion of businesses in Canada in spite of the devastating impacts of the pandemic, and the ecosystem of supports is stronger. Leveraging the findings and recommendations in the annual State of Women Entrepreneurship reports, WES will continue to implement programming and monitor results, as well as advocate for improved gender equity and access for women to mainstream business support programs and venture capital.

#### Black Entrepreneurship Program (BEP)

The BEP was the first substantive investment in the Black entrepreneurship ecosystem in Canada. As a result, many organizations which had been operating with limited to no funding had to rapidly ramp up their service offerings and build out programs to serve a clientele that was eager to access such services. Meeting the demand for services while building the support services is one of the key lessons learned – time is required to design impactful programming/services and the timely and targeted information is imperative to managing the demand. BEP has also made steps to connect with key stakeholders. In February 2023, as part of celebrations for Black History Month, recipients and key stakeholders of all three components of the program (The Black Entrepreneurship Loan Fund, The National Ecosystem Fund, and The Black Entrepreneurship Knowledge Hub) came together to highlight the achievement of important milestones of the Black Entrepreneurship Program. Further engagement with BEP stakeholders will assist in measuring the impact of the program.

## CHILE

### “Chile Apoya” - Resilience and Growth after COVID-19

The domestic economic context in Chile is characterized by ongoing efforts to transform the productive matrix into a more inclusive, resilient, and sustainable economy. The government had identified the need to address environmental and social challenges alongside economic considerations, for instance, productivity, with the aim of promoting economic sectors that engage in diverse and complex activities. Chile has faced several economic shocks and disruptions that have impacted firms. The COVID-19 pandemic had a significant impact, leading to business closures and job losses. Small and medium-sized enterprises (SMEs) were particularly affected, as they faced greater difficulties in seizing opportunities arising from the productive transformation. SMEs often lacked the resources, financing, and technological capabilities to adapt effectively to changing circumstances.

Environmental risks are also a concern in Chile. The economy is vulnerable to natural disasters, such as earthquakes and wildfires, which can disrupt economic activities and infrastructure, creating a significant fiscal burden. Climate change poses also additional challenges, with potential impacts on sectors such as agriculture, water resources, and energy. However, for the purpose of this discussion, we will specifically concentrate on the profound impact of the COVID-19 pandemic.

Considering the support requirements of sectors that have faced challenges in catching up with the post-pandemic recovery experienced by the Chilean economy, in 2022 the government presented “Chile Apoya”,<sup>5</sup> which in English translates to **Chile Supports, Inclusive Recovery Plan**. This plan includes 21 measures resulting from comprehensive interministerial work. It mobilized resources totaling USD\$3.7 billion, and its financing will come from multiple sources. Some contributions involve resource reallocation, international loans with multilateral organizations, and fiscal resources.

The plan focuses on three specific goals:

1. Addressing the rising cost of living: The plan aims to mitigate the impact of increasing living expenses on individuals and families.
2. Supporting those who have left the labor market for caregiving responsibilities: Particularly emphasizing support for women who have taken on caregiving roles and have exited the workforce.
3. Promoting employment generation and assistance for sectors lagging in the economy: The plan seeks to stimulate job creation and provide aid to sectors that have been adversely affected by the economic consequences of the pandemic.

"Chile Apoya" consisted of 25 different measures or initiatives designed to achieve these objectives. These measures encompass a wide range of areas, including economic policies, social assistance programs, labor market support, and infrastructure development.

When designing and implementing "Chile Apoya," several approaches were considered to ensure its effectiveness and address the diverse needs of the population. These approaches may include:

- 1) Evidence-based decision-making: The government relied on available data, research, and analysis to identify the most pressing challenges faced by individuals, businesses, and the economy. The government relied on similar measures implemented by the previous administration regarding various types of FOGAPE (State Guarantee Fund) programs and other forms of assistance to SMEs.
- 2) Stakeholder engagement: The government engaged in consultations with stakeholders, including businesses, labor unions, community organizations, and experts, to gather insights, perspectives, and feedback.

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<sup>5</sup> <https://www.gob.cl/chileapoya/>

- 3) Multifaceted approach: The plan adopts a multifaceted approach that encompasses several policy areas. This includes fiscal measures, **regulatory**, social assistance programs, labor market policies, financial support mechanisms, and energy, among others. By addressing multiple dimensions simultaneously, the plan can have a broader impact on recovery and inclusive growth.
- 4) Monitoring and evaluation.

These approaches, among others, have been considered when designing and implementing the "Chile Apoya" plan to maximize its positive outcomes and effectively address the challenges faced by citizens, businesses, and the overall economy in Chile.

**It is worth noting that 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, this one. 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 (SME Statute) was validated for regulations that have an RIA.<sup>6</sup>

### **Regarding enabling environment for inclusive, resilient, and sustainable businesses**

Some notable measures that have been fulfilled in this plan include the **Small Entrepreneurs Guarantee Fund FOGAPE Law**, which provides support to businesses that were unable to access credit; a Chile Supports grant for families; the extension of the Parental Postnatal Leave; the expansion of the Labor Income Support; the increase in the **minimum wage to 400,000 pesos**<sup>7</sup>; and the expansion of the Protege Subsidy, among others.

Regarding SMEs' access to government services, the reach of 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.

The FOGAPE was created in Chile in 2002. Since then, it has been a key tool for promoting access to financing SMEs in the economy. FOGAPE has been modified and expanded on several occasions over the years to adapt to the needs of businesses and to face different economic situations. For the COVID-

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<sup>6</sup> 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.

<sup>7</sup> Recently, in May 2023, a bill was approved in Congress to raise the minimum wage to 500,000 CLP by June 2024.

19 situation, during 2021, the Fund had to expand its coverage, increasing guarantees by up to US\$3 billion, managing to finance companies with up to US\$44 million dollars in annual sales. A total of 280,000 credits were taken, of which 97% were for small and medium-sized companies.

In 2022 BancoEstado (Chile's state-owned bank), made the first offer of guarantees associated with financing under the special conditions of the program; "FOGAPE Chile Apoya". The "FOGAPE Chile Apoya" credit allowed financing working capital and investment, and in addition, it facilitated refinancing existing debts. The program will be valid to take credits until 31 December 2023.

Some features:

- prepayment fee and commission free.
- It has 12 months of grace period.

The main objective of these loans, aimed at individuals with a business line of business and/or legal entities, whose annual net sales do not exceed US\$4.5 million, is to provide: financial support, promoting reactivation and recovery, in a focused manner, especially for those which take place in the economic sectors that were most affected by the economic consequences of the pandemic.

The plan has made significant progress, with 92% of the measures either already fulfilled or currently being implemented. As of the latest update, 16 measures have been completed (64%), 7 are in the process of implementation (28%), 1 is being executed as a bill (4%), and 1 remains pending (4%).

As of today, the stated Warranty Rights granted by FOGAPE:

- Micro Businesses: 4.8 billion
- Small Businesses: 4.4 billion
- Medium Businesses: 4.0 billion

## Lessons Learned

As a learning from the "Chile Apoya" program, the productivity agenda for 2023 is launched, understanding that an important driver to promote an inclusive, resilient, and sustainable economy is addressing productivity. One key point of this agenda is to emphasize making SMEs more productive. Compliance with regulations imposes a greater burden on SMEs compared to large companies. Therefore, the complexity of administrative procedures affects their development and growth potential. Considering that SMEs represent 98% of active businesses in the economy, it is relevant to evaluate the efficiency of permit issuance processes and the relevance of regulations to avoid encouraging informality and provide more opportunities for companies to grow in sales and employment. Likewise, large companies also have an active role to play in their development. Creating productive linkages with SMEs and establishing connections that increase and strengthen their competitiveness in the markets constitute a virtuous process where companies of different sizes benefit.

Therefore, the following actions are being implemented:

- Promotion of SMEs and cooperatives within public procurement: The public procurement system is not only conceived as a tool for the provision of goods and services to public entities but also as an instrument that can help drive public policies targeting various sectors, such as strengthening smaller companies, fostering innovation, and promoting environmental sustainability, among others. Currently, a bill is being processed in Congress to modernize Law No. 19,886 and other laws, aiming to improve the quality of public spending, enhance standards of probity and transparency, and introduce principles of circular economy in public procurement.
- Improvements to the 30-day Payment Law: Although there have been improvements resulting from the current regulations on 30-day payment, the payment terms are still lengthy, and

abusive situations, especially towards SMEs, persist. Therefore, it is necessary to have effective tools for inspection and control of payment terms, as well as to reduce the existing power asymmetries in commercial relationships. The aim is for this law to generate productivity benefits by reducing the financial stress faced by supplier companies and, consequently, not impact decisions regarding hiring and investment in innovation. Proposed action: The presentation of a bill that creates tools to improve compliance with payment terms in commercial transactions in both the public and private sectors. Among the main measures, it includes the elimination of the possibility of agreeing on exceptional payment terms. Additionally, tools for monitoring payment times are incorporated, and tax incentives are established to ensure compliance<sup>8</sup>.

- Significant progress has been made to streamline the procedures that MSMEs need to complete throughout their lifecycle, from their creation through the online platform Your Company in a Day, obtaining commercial licenses online through "PymeÁgil" (Agile SME), and other subsequent procedures carried out with various public institutions.
- It is worth noting also the creation of the Economic Data Observatory platform, which personalizes the experience of its beneficiaries with the government, providing information according to their needs and characteristics, and keeps it updated according to their current processes. To achieve this, 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, among others.

### **Internationalization of SMEs**

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, domestic 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.

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<sup>8</sup> It is important to note that these points are just some of the measures included in the productivity agenda to support SMEs in Chile. The main objective is to improve their competitiveness, foster their development, and contribute to an inclusive, resilient, and sustainable economy.

Furthermore, since 2019, the Ministry of Economy has implemented a program called "Digitaliza tu Pyme" (Digitalize your SME). Its objective is to increase the digital maturity levels of Chilean SMEs and is based on three pillars:

1. Understanding the benefits of digitalization.
2. Learning about different tools, content, and processes, and
3. Adopting technologies.

After the pandemic, 62% of Chilean SMEs reported adopting new technologies (OECD, 2021), but there are still many pending challenges. Through qualitative assessments conducted by the ministry with over 350 SMEs throughout Chile, the need for further digitalization of processes within their organizations has been identified. Additionally, the Digital Check, an online test that assesses the digital maturity level of each SME, reveals an increase in the level of digitalization in commercial processes (sales and marketing), but not in production processes or business management. This is where future efforts should be concentrated.

### **Data, measurement, and monitoring**

Chile's Budget office has a monitoring process that began as a pilot in 2012. This process allows monitoring of the execution of the programs, to know their level of progress. And finally, the Budget Office runs an expenditure evaluation and review of policy processes. 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.

## **CHINA: OPTIMIZING THE MARKET ACCESS SYSTEM TO UNLEASH FRESH VITALITY FOR ENTERPRISE DEVELOPMENT**

### **Introduction**

Over the past 40 years of reform and opening up, China has achieved remarkable results in market-oriented reforms, with the scope, degree, and level of market regulation increasingly improved. In 2016, China started to pilot the negative list approach to market access. Two years later, the negative list system for market access was implemented across the economy. At the same time, China has been playing an active role in implementing the APEC Putrajaya Vision 2040 and the Aotearoa Plan of Action. The negative list system for market access (hereinafter referred to as the “market access system”) has laid a solid institutional foundation for breaking all forms of unreasonable restrictions and hidden barriers, creating a stable, fair, transparent and predictable business environment, and building a unified domestic market. It is an essential step of China in promoting fair market competition and law-based market economy.

As China has entered a new historical period, the market access system as a major reform and innovation has been constantly optimized and adjusted. This case study will focus on the new requirements, measures, progress and deployment of the Chinese government for optimizing the market access system in the past two years, and on its positive contributions to creating an inclusive, resilient and sustainable business environment, with the aim of demonstrating China’s positive achievements in adhering to market-oriented reforms, being committed to promoting market transparency and openness as well as fair competition, and comprehensively advancing the rule of law of a socialist market economy.

### **Before the reform**

Prior to 2016, regulatory measures for market access in China were scattered in laws, administrative regulations, local regulations, and even seen in many government regulations. There were also overlaps and conflicts among these regulatory measures. In March 2016, China rolled out the Draft Negative List for Market Access (Pilot Version), and launched the pilot program in four province-level jurisdictions, Tianjin, Shanghai, Fujian and Guangdong. This is the first time in the history of China that the concept of a negative list was introduced from foreign investment access administration to domestic economic governance, marking the beginning of China’s exploration of a unified market access system. In 2017, the program was expanded to 15 provinces and cities. In 2018, China released the Negative List for Market Access (2018), marking the implementation of “list based” management for market access approval in China. It also means that for areas beyond the negative list, unreasonable or discriminatory access conditions cannot be set for private enterprises, and that additional access control measures cannot be taken. For areas in the negative list, approval conditions and processes must be clarified, and all business entities must be treated equally and fairly, with reduced discretion.

Since the release of the 2018 negative list, the law-based governance of market access has been taken to a new level. However, there is still room for a shortened negative list. It is necessary to target key points where local advantages exist, social capital has willingness, and barrier removal is needed, and to implement pilot measures for market access in new fields, promoting the reform and opening up at a higher starting point and a higher level with a greater goal.

### **Policy Initiatives and Implementation**

At present, the Chinese government has made it clear that the market access system is one of the basic systems of the socialist market economy, and implementing a unified market access system is an important task for building a unified domestic market. It is imperative to speed up the construction of a unified domestic market that is efficient, standardized, open and allows fair competition. In the reform of the market access system, China has successfully transitioned from “establishing a negative list” to “comprehensively implementing the negative list system for market access”, and turned to the “negative

list based management model” and “unified market access system”. In the past two years, the Chinese government and relevant departments have taken a series of relevant measures.

First, the negative list for market access has been further revised and improved. Since 2018, the negative list has undergone three dynamic revisions, and the 2022 Negative List for Market Access is being implemented. For areas involving industries, fields, regions, etc. that require the introduction of relevant measures using the negative list management idea or model, they should be included in the unified domestic negative list for market access.

Second, a system for collecting and notifying cases of violating the negative list for market access was established. In the fourth quarter of 2021, a system for collecting and notifying cases of violating the negative list was established. Following the principle of “verification and notification on a case-by-case basis”, relevant cases have been regularly notified across the economy. As of March 2023, Notifications on Typical Cases of Violating the Negative List for Market Access have been issued five times, and Typical Cases of Violating the Negative List for Market Access and Handling Situations has been published.

Third, regulations and practices that contain unreasonable and discriminatory access conditions were cleaned up. Since the issuance and implementation of the Opinions of the State Council on Establishing a Fair Competition Review System in the Development of the Market System, two rounds of centralized cleaning up of policy measures were conducted in 2017 and 2019, and a new round has been initiated to facilitate progress in the building of a unified domestic market and a market environment that allows fair competition.

Fourth, the market access effectiveness evaluation was piloted. Since 2021, 10 provinces have been guided in two groups to pilot the market access effectiveness evaluation, and important explorations and good demonstrations have been made in the evaluation mechanism, work plan, index design, and result application.

Fifth, pilot programs to relax market access in some regions were promoted. In accordance with the relevant requirements for promoting market access relaxation, special relaxation measures have been introduced in Hainan and Shenzhen, and a series of policy measures with high value have been adopted in fields such as technological innovation, medicine and health, modern seed industry, commercial aerospace, and new energy.

## **Effects**

First, a unified domestic market access system has been fully established. Since the implementation of the negative list approach, the market access management system has been constantly improved, and the obstacles hindering the market-based allocation of production factors and the circulation systems and mechanisms of goods and services have been further removed. No region or department has issued separate regulations on the nature of market access, and both an effective market and a well-functioning government have been promoted.

Second, irregularities in typical cases have been promptly corrected. By collecting cases of violating the requirements of the negative list from multiple sources, notifying the five batches of typical cases, and correcting the irregularities, the feedback channels for business entities have been opened up, and the handling and response mechanism as well as the regular notification mechanism have been improved. Relevant information has been published on the official websites of National Development and Reform Commission (NDRC) and Credit China, serving as a warning.

Third, the market access effectiveness evaluation has been solidly conducted and played a positive role. Taking Chongqing in the second group of evaluation as an example, a trial evaluation index system consisting of 27 items was established from four dimensions, namely, “coverage of system

implementation”, “convenience of access processing”, “effectiveness of problem investigation”, and “perception of business entities”. The weights of each index in the evaluation were reasonably set. Especially, an online platform was established for business entities to participate in questionnaire surveys and provide feedback, making the evaluation process more transparent.

Fourth, remarkable results have been achieved in the orderly promotion of the pilot program of access relaxation. Taking Shenzhen as an example, combined with its innovative advantages of deep integration of industry, academia, and research, the pilot program of relaxation of restrictions on market access is conducive to promoting the reform and opening up at a higher level with a greater goal. Now building on the pilot access relaxation program, Shenzhen has relaxed market access for the urban renewal business, which has helped promote the full lifecycle management, and played a positive role in promoting the transformation and application of advanced scientific and technological achievements, the construction of a modern comprehensive transportation system, and the development of modern services sector including finance, healthcare, education, culture and so on.

In the long run, taking the implementation of a unified market access system as the starting point, accelerating the building of a unified domestic market that is efficient, standardized, open and allows fair competition can help promote the smooth flow of element resources of goods in a larger range, give full play to the advantages of China’s deep and vast economy, improve the efficiency of resource allocation, further unleash the market potential, better leverage the world’s advanced resource elements, and provide strong support for building a new development pattern and promoting high-quality development.

### **Challenges and lessons**

Looking back on the path since 2016, especially over the past two years, the major progress gained in market access reform is inseparable from the unified domestic deployment, collaboration among departments, and active public participation. The National Development and Reform Commission and the Ministry of Commerce, as the leading departments, have conducted extensive and in-depth exchanges with various stakeholders in the market access system, giving full play to the positive role of public consultation in mechanism establishment.

Looking ahead to the optimizing direction of the future market access system, it is urgent to respond to challenges from two sides at a faster pace. One challenge lies in how to implement market access supervision for new industries, new technologies, new models, and new business forms in a scientific manner. Especially for those whose regulatory responsibilities are not clearly defined in laws, regulations, and departmental functions, it is important to prevent the regulatory vacuum and consolidate regulatory responsibilities, and problems such as “replacing regulation with approval” and “leaving approval and regulation unattended” should be avoided. The second is how to break down all kinds of hidden barriers and prevent their hidden variations. This requires not only the enactment, amendment and repeal of relevant regulations and normative documents in accordance with legal procedures as soon as possible, but also continuous smooth communication and feedback channels for business entities, and strengthening public consultation and regulatory effect evaluation in the market access system reform.

## INDONESIA: SUPPORTING MSMEs DURING AN ECONOMIC SHOCK HELPED THE ECONOMY TO RECOVER

### LESSON FROM INDONESIA

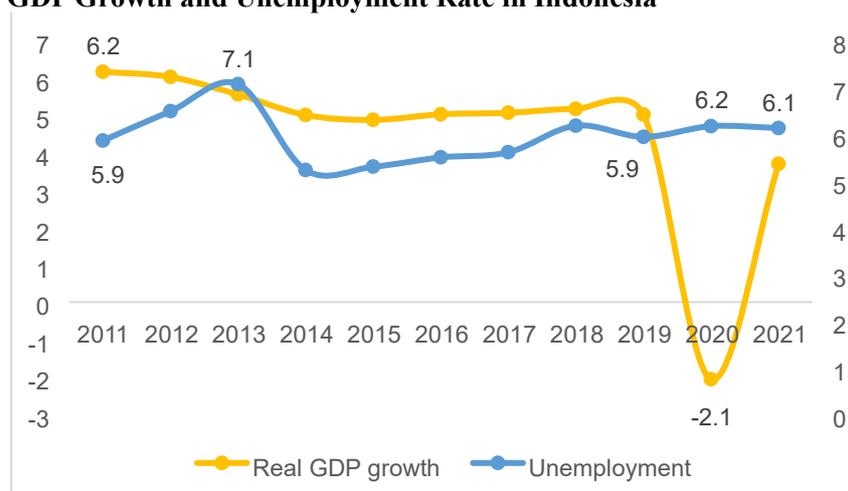
#### Down for MSMEs, Down for the Economy

Micro, small, and medium enterprises (MSMEs) are the backbone of the Indonesian economy. Its contribution to the overall Indonesian GDP (real) was up to 60.5% in 2019. Around 119 million people, which was about 97% of all workers, were employed in the MSMEs sector in 2019 (Kementerian Koperasi dan Usaha Kecil dan Menengah, 2020). Its substantial role in the economy had the Government of Indonesia (GoI) identify MSMEs as one of the sectors that needs prioritizing in order to achieve a sustainable and inclusive economic growth, as stated in the 2020-2024 National Medium-Term Development Plan (RPJMN).

However, the COVID-19 pandemic had hit and adversely affected MSMEs hard. Around 84.2% of micro and small enterprises experienced a drop in revenues (Badan Pusat Statistik, 2020), larger than medium and big enterprises with 82.3%. Around 88% of all MSMEs experienced a decrease in demand, and one third of MSMEs had 40% to 60% decrease in the demand for their products. The pandemic also made it difficult for MSMEs to obtain raw materials, forcing them to minimize their expenses (such as utilities) and lower their working hours (LPEM Universitas Indonesia & UNDP Indonesia, 2020). In 2020, MSMEs' contribution was down to 37.3% (Bisnis.com 2021).

The pandemic pushed the economy all around the world into the brink of recession, including Indonesia. The Indonesian economy experienced negative growth starting from the second quarter of 2020 through the first quarter of 2021, with annual growth at -2.1% in 2020 and the unemployment rate rising from 5.3% in 2019 to 7.1% in 2020 (BPS, 2023). Fortunately, starting in the second quarter of 2021, the Indonesian economy had started to rise again. As a result, the GDP growth rose to 3.7% in 2021 and 5.3% in 2022. The unemployment rate was also pushed back to 5.9% in 2022. This achievement was contributed by numerous economic measures applied by the GoI in mitigating the social and economic impacts of the pandemic, specifically the National Economic Recovery (PEN) Program.

**Figure 1. Real GDP Growth and Unemployment Rate in Indonesia**



Source: Statistics Indonesia, 2023

#### Support for MSMEs During the Pandemic

PEN was launched in 2020 as extraordinary measures to mitigate the impact of the pandemic which focused on six clusters, which were health, social protection, sectoral and local government support,

MSMEs support, business incentives, and corporate financing. The programs were continued in 2021 as the pandemic persisted and the economy had not been bounced back. The PEN program for MSMEs amounted to 116 trillion Rupiah (around 7.8 billion USD) both in 2020 and 2021, about 4% of Indonesia’s budget. The size of fiscal support allocated for the MSMEs sector revealed the importance of this sector to ensure sustainable economic growth.

Based on the Ministry of Cooperatives and SMEs (MCSMEs) data, in 2019 there were 65,465,497 units of MSMEs in Indonesia, in which 98.7% was micro-enterprises, 1.2% was small-enterprises, and 0.1% was medium-enterprises. As mentioned earlier, their contribution to the economy was up to 57%, which indicates that the contraction in the economy is a reflection of the contraction in the MSMEs sector as well. During the pandemic, a sudden huge drop in sales was the main obstacle for most MSMEs. The economy-wide social mobility restriction (PSBB) applied in the beginning of the pandemic caused the demand for products and, hence, revenues to drop, as well as disrupted the production process. Most MSMEs, especially since it was dominated by the micro-enterprises, did not have enough financial capital to continue their operations. Meanwhile, accessing loans was viewed as risky as MSMEs owners were afraid not to be able to repay the loan since the demand was still low and, on top of that, the interest rate was too high (Fillaili et al., 2022). This was also confirmed by Indonesia Financial System Statistics (SSKI) of Bank Indonesia, in which the MSMEs’ credit declined for micro-enterprises, but rose for small- and medium enterprises in 2020 (Bank Indonesia, 2023). Since the majority of MSMEs were micro-enterprises, they also have limited assets that can be used as reserves during a shock.

Alternating products and leveraging online selling might be viewed as a lifeboat for MSMEs to survive. Around 81% of MSMEs have leveraged online selling during the time of the pandemic and the majority of them utilized digital technology for marketing, sales, and payment (Fillaili et al., 2022). However, product alteration was not as easy since for most micro-enterprises, innovation or the research for innovation were limited. Most micro-enterprises were a necessity driven business, which is described as entrepreneurs who started business because there are no other options for work (Giacomin et al., 2011; Stephen et al., 2009) and they are accustomed to doing business in conventional ways instead of innovating (Fossen & Büttner, 2013). Product alteration also often requires a large amount of financial capital, which was already an obstacle during the crisis. This was confirmed as around 78% of MSMEs reported that alternating the products or changing the business strategies was the biggest challenge during the pandemic (Fillaili et al., 2022). It was apparent that the economic impact of the pandemic had hit MSMEs very hard which hampered economic growth as a whole.

PEN was launched in order to help MSMEs facing these obstacles and challenges. In 2020, out of 695.2 trillion Rupiah (around 46.8 billion USD) allocated in PEN (27.8% of the Indonesia’s budget), about 116.3 trillion Rupiah (around 7.8 billion USD) was injected for the MSMEs sector and was continued in 2021 with almost the same amount from the previous year. The programs were designed in various schemes such as credit restructuring, bank loan repayment easing (interest subsidy, repayment deferral, investment financing), tax incentives, and financial assistance for MSMEs. The credit restructuring and financial assistance were the biggest among the PEN programs for MSMEs, which accounted for 57.4% and 24.8% of the total PEN MSME budget.

**Table 1. The National Economic Recovery Program: Cluster and Budget (Rp trillion)**

<i>Cluster</i>	<b>2020</b>	<b>2021</b>
Health	99.5	198.14
Social protection	230.2	167.72
Sectoral, regional government supports, and priority programs	67.86	105.56
<b>MSMEs support</b>	<b>116.3</b>	<b>116.15</b>

Business incentives	120.61	67.57
Corporation financing	60.73	-
<b>TOTAL</b>	<b>695.2</b>	<b>655.14</b>

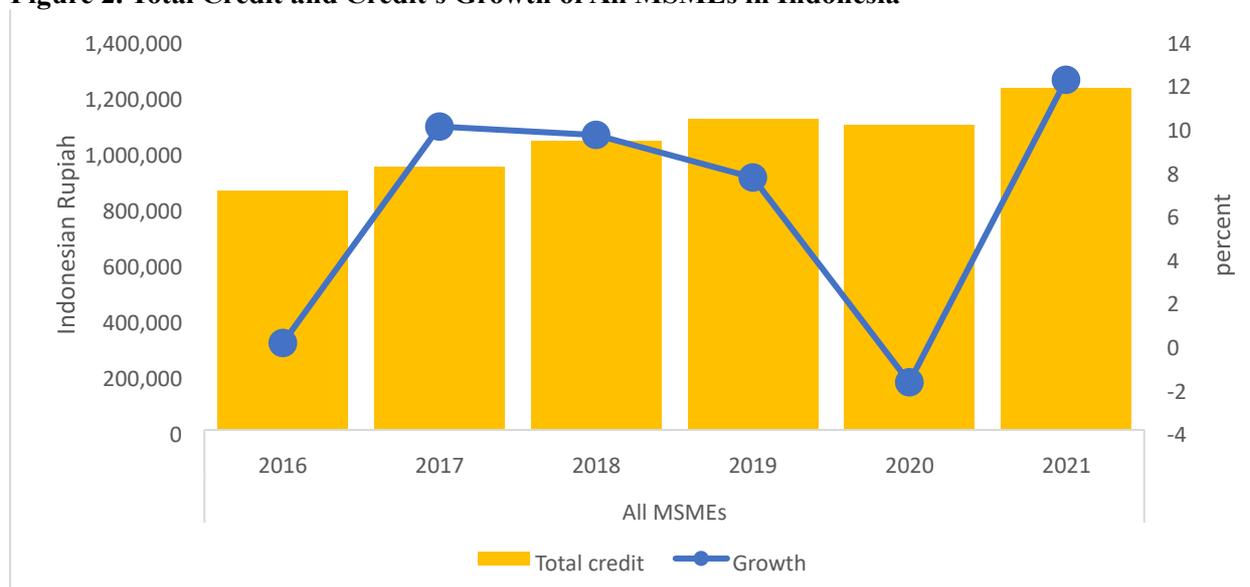
Source: Ministry of Finance (MoF) Republic of Indonesia, 2021

The credit restructuring aimed to relax the loan payments by the MSMEs to the banks so that it would ease the payment burden of MSMEs while demand was still low, but at the same time not hurt the banks. With this program, eligible MSMEs who had outstanding loans could defer their loan payments, and they could also reduce their interest payment.

The financial assistance for MSMEs (BPUM) played as a buffer fund for micro-enterprises so they could keep their business amidst the shock. The program was designed to give out cash transfers (grants) to eligible micro-enterprises amounting to 2.4 million Rupiah (161 USD) in 2020 and 1.2 million Rupiah (81 USD) in 2021. The target recipients were micro-enterprises which, at that time, were not receiving any financing or loan from financial institutions. Note that micro-enterprises are businesses whose revenue is up to 2 billion Rupiah (134 thousand USD) a year with assets (excluding land and properties) only up to 1 billion Rupiah (67 thousand USD). There were 12 million micro-enterprises which received the grants both in 2020 and 2021, equal to almost 18% of the total number of micro-enterprises in Indonesia. The grants were mostly used for buying raw materials (88.5%) or buying production tools (23.4%) (Kementerian Koperasi dan Usaha Kecil dan Menengah & Tim Nasional Percepatan Penanggulangan Kemiskinan, 2021).

### Result of MSMEs' Support Programs

Figure 2. Total Credit and Credit's Growth of All MSMEs in Indonesia

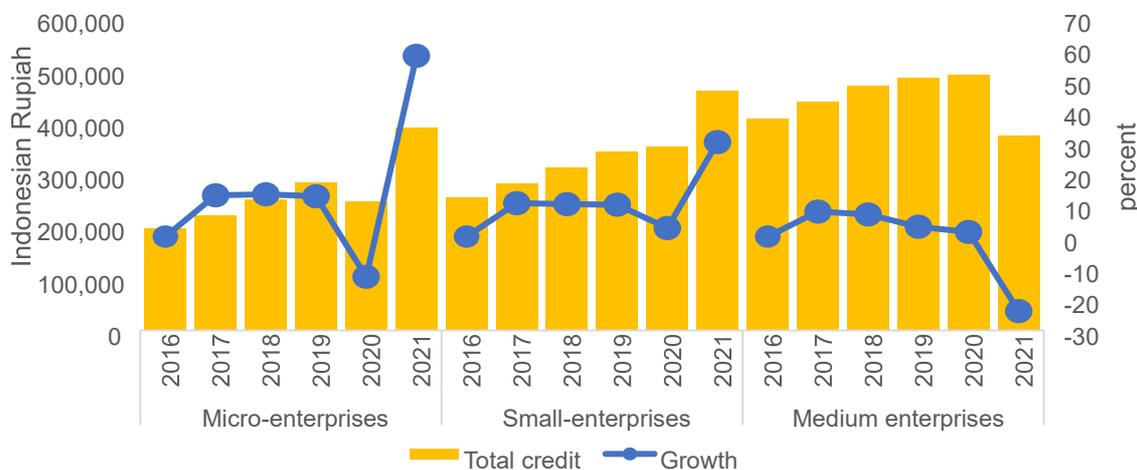


Source: Bank Indonesia, 2023

The Ministry of Finance (MoF) reported that the credit restructuring program had channelled credit to MSMEs which amounted to 315.5 trillion IDR in 2020 and 458.22 trillion IDR in 2021. Bank Indonesia also reported that the number of MSMEs' credit accounts increased from 15.92 million accounts in 2019 to 15.97 million accounts in 2020 and 33.46 million accounts in 2021 (Bank Indonesia, 2023). The number of accounts' increase was particularly obvious for the medium enterprises. Referring to **Figure 3**, in the period of 2019 to 2020, the MSMEs credit had grown positively for small and medium enterprises, while the micro-enterprises' credit shrunk. However, in 2021, the credit for small and micro-enterprises increased while that of medium enterprises declined. In general, however, there was a

considerable decline in the MSMEs' credit in 2020 but then it grew ever higher in 2021 (**Figure 2**). The MSMEs' credit reflect the financing situation for MSMEs in general, and it had shown an optimistic view as it grew positively, although the share of MSMEs' credit to total banking credit remained around 19-21% in the last seven years. In 2022, MSMEs' contribution to GDP had bounced back to 60.5% (Kementerian Koordinator Bidang Perekonomian 2022).

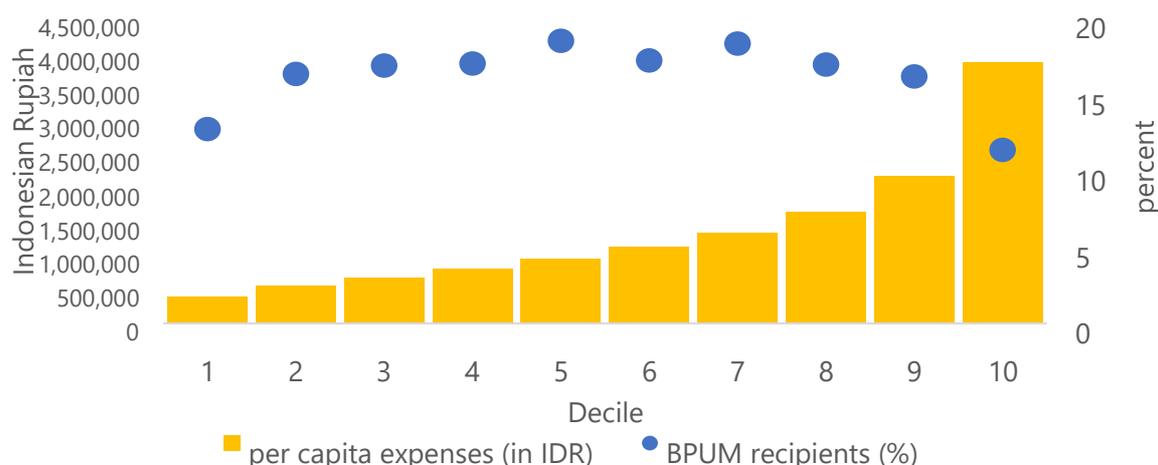
**Figure 3. Total Credit and Credit's Growth of MSMEs in Indonesia, by size**



Source: Bank Indonesia, 2023

As a buffer fund, BPUM played a significant role for micro-enterprises to survive the pandemic, particularly those who belong to the 40% of the poorest. The data from the National Socioeconomic Survey (Susenas) show that in 2021 there were 16.3% of micro-enterprise households that received BPUM. The household recipients also varied across expenditure groups, although the top 10% richest households received the least while the middle 40% group received the most. Micro-enterprises were reluctant to ask for loans from banks or financial institutions due to the repayment risk, high interest rate, or administrative hindrance. Most micro-enterprises had limited financial assets or capital, and they mostly juggled between business expenses and private expenses. Around 80% of MSMEs reported that the support they needed the most during the pandemic was the financial assistance, although only 50.5% of them applied for the program (Fillaili et al., 2022). Around 55.6% of MSMEs reported that the combination of financial assistance and other programs, such as staple foods, business permits, etc. during the pandemic were evidently the most needed supports by MSMEs (Kementerian Koperasi dan Usaha Kecil dan Menengah & Tim Nasional Percepatan Penanggulangan Kemiskinan, 2021). The BPUM programs, then, had answered the assistance needed by micro-enterprises during the pandemic.

**Figure 4. Distribution of Financial Assistance for MSMEs Across Expenditure Decile, 2021**



Source: Susenas (BPS), 2021

### Way Forward

Support needed for MSMEs is diverse. Adaptive fiscal measures help economic growth keep up when a shock happens. The PEN programs have contributed to pulling economic growth up particularly when they had successfully identified the target recipients of the programs, which in this case were the health sector, business sector, and MSMEs in particular. Credit restructuring program had helped channel finances to MSMEs amidst uncertainty or repayment risks. The financial assistance program had helped micro-enterprises getting financed amidst their difficulties accessing one. The pandemic had also revealed the urgent need for organizing a valid and reliable database for target recipients, which in most cases are scattered in various institutions, both at the central and regional levels.

Since the majority of MSMEs are micro-enterprises, the grant-like program would help the most during the shock. However, it would need a large fiscal capacity to carry out such a program, and it would only serve as a buffer fund for most MSMEs. The more important part is to build sustainable financing for micro-enterprises, which are often reluctant (or denied) to access banking loans, increase the share of small and medium enterprises, and maximize digitalization support for MSMEs. The financing for micro-enterprises shall go beyond the conventional loan. This could take a form of profit-sharing based loans (Sharia compliance system or cooperative system), peer-to-peer (P2P) lending for micro-enterprises, and strengthening partnership between small and medium enterprises with the micro-enterprises. A more holistic approach is also needed to boost micro-enterprises' skill and capacity which can be conducted through continued assistance for micro-entrepreneurs since they start the business. The assistance could take a form of business and management training, facilitating access to financing, as well as facilitating access to wider markets.

## NEW ZEALAND: CASE STUDY ON DIGITAL BOOST

### SMALL BUSINESS DIGITAL ENABLEMENT

#### Introduction

1. New Zealand aims to create the most digitally enabled small business sector in the world. To thrive in an increasingly digital world, small businesses must transform their operating models.
2. Small businesses are incredibly important to the economy of New Zealand. 560,000 small businesses are operating in New Zealand, making up over 97% of all businesses. These businesses employ more than 630,000 people and generate over a quarter of New Zealand's Gross Domestic Product.<sup>9</sup>
3. Encouraging the adoption of digital hardware and software will help all these small businesses, regardless of their location, size, and sector.
4. By enabling the vision for a digital small business sector, businesses will:
  - a. become more resilient to economic shocks, climate change, and natural disasters,
  - b. become more productive and profitable, and
  - c. create up to \$4.6 billion NZD in economic value for New Zealand by 2030.<sup>10</sup>

#### Pre-reform situation

5. Early COVID-19 restrictions across the globe led to five years' worth of digital adoption occurring internationally for businesses in just a few months.<sup>11</sup> However, in December 2020, nine months after the initial lockdowns, New Zealand small businesses still had low digital capability.
6. Results from the Digital Capability Index of New Zealand showed:
  - a. **43%** of businesses had an online presence and only **15%** had a website with payment facilities,
  - b. **56%** used accounting software, with only **49%** using cloud accounting services,
  - c. **40%** used social media.<sup>12</sup>
7. Several barriers to increasing digital capability were the inability to see digital tools as relevant, the cost, a fear of security or fraud and a lack of digital skills.<sup>13</sup>
8. Given the uncertainty around the future of COVID-19 and New Zealand's vision to obtain increased digital capability for small businesses, there was a key opportunity to support businesses to digitalise.

#### Policy initiatives and implementation

9. A new small business digital enablement programme (later named the Digital Boost programme) was created. It sought to reduce barriers and enable the digitalisation of small businesses.

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<sup>9</sup> MBIE, May 2018, New Zealand's Support for Small Businesses. Available at: New Zealand's Support for Small Business.

<sup>10</sup> AlphaBeta, April 2021. Unlocking New Zealand's digital potential: The economic opportunities of digital transformation and Google's contribution. Available at: <https://accesspartnership.com/wp-content/uploads/2023/03/unlocking-new-zealand-digital-potential-full-report.pdf>

<sup>11</sup> McKinsey, 2020. The COVID-19 recovery will be digital: A plan for the first 90 days. Available at: <https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/the-covid-19-recovery-will-be-digital-a-plan-for-the-first-90-days>

<sup>12</sup> Better for Business, 2021, The digital capability of New Zealand businesses in 2021, <https://www.betterforbusiness.govt.nz/assets/better-for-business-files/documents/the-digital-capability-of-new-zealand-businesses-in-2021.pdf>

<sup>13</sup> Better for Business, 2020, Business Health and Digital Enablement. Available at: <https://www.betterforbusiness.govt.nz/assets/better-for-business-files/documents/business-health-and-digital-enablement.pdf>

10. The Digital Boost programme was designed in collaboration with Small Business Advisors (experts who advise the government) and aimed to target small businesses at every stage of their digital journey. It was created based on the 4 E's framework, as listed below:
  - a. **Energise:** small business owners are motivated and ready to adopt digital business tools and practices.
  - b. **Educate:** small business owners understand how digital tools and practices can enhance their business.
  - c. **Equip:** small businesses can access a wide range of trusted and relevant tools and services.
  - d. **Embed:** digital tools, practices and thinking are embedded into small businesses.
11. The 4 E's framework forms the basis of the Digital Boost programme, which launched in December 2020.
12. Between December 2020 and November 2022, the programme implemented the following initiatives to support small business digital enablement:
  - a. The **Digital Boost Educate platform** launched in February 2021 and is an online one-to-many platform that aims to educate and enable small businesses to increase their digital skills. The Digital Boost Educate platform delivery is contracted to a tertiary education business who utilise their education expertise to create “how-to” videos, real-world stories from New Zealand businesses, and recorded expert Q&A sessions. The platform now has over 1,400 videos, including bespoke or sector-based video playlists (e.g., Agriculture and Horticulture, Tourism, Hospitality, Retail, Construction and Business Sustainability), Te Reo Māori content, and language translations (including Samoan, Tongan, Hindi and simplified Chinese).
  - b. The **Digital Boost Checkable Tool** launched in April 2022 and is hosted on the Digital Boost Educate platform. It is an innovative digital tool providing a quick and easily accessible assessment of a small business's overall digital presence (web and social media). It provides guidance to help businesses engage safely in e-commerce and develop a Digital Business Action Plan. Similar private sector assessments can be time consuming and cost up to \$7,000 NZD per assessment.
  - c. The **Digital Boost Alliance** is a voluntary collaboration between the main private sector providers of digital services, all three Telcos and the five major trading banks. This Alliance seeks to work together to ‘grow digital in Aotearoa’ and provides free, discounted, or subsidised digital goods and services to New Zealand businesses and communities.
  - d. The **Digital Facilitation Scheme** provides funding to business intermediaries to support cohorts of businesses to meaningfully adopt and practically use the Digital Boost Educate Platform and Checkable Tool. It seeks to encourage businesses to prioritise digital adoption and peer-to-peer engagement. This initiative is currently assisting almost 3,500 small businesses across New Zealand.

## Impact

13. Although the Digital Boost Educate platform only launched in February 2021, there are now almost 60,000 registered business trainees using the learning platform.
14. Metrics of the programme are tracked against a live dashboard that monitors use, uptake, and feedback. Additionally, independent research is conducted yearly to understand its impacts on small businesses that use it.
15. Independent research released in August 2022 identified the following positive results for businesses using the Digital Boost Educate platform:

- a. **23%** of all businesses report improved revenue after using the Digital Boost Educate platform, this lifts to **39%** of businesses for those that engage weekly with the platform,
  - b. **80%** of Digital Boost Educate platform users now have a website, with many engaging in e-commerce,
  - c. **79%** of users would recommend the platform to others,
  - d. **26%** of Boost Educate platform users reported increased resilience (i.e., the business's ability to handle unexpected change), and
  - e. **55%** of Boost Educate platform users report greater optimism and hope regarding their future (this was **17%** above the economy-wide average in June 2022).<sup>14</sup>
16. The Digital Boost Alliance has made a significant contribution to increasing digital enablement in New Zealand. Alliance members have made 59 commitments offering New Zealanders discounted or free product and services, assistance with digital training, and support for communities to understand the value of being digitally capable. These commitments are substantive, and cumulatively represent millions in savings or value. For example, one of the Bank of New Zealand's commitments supports small businesses to digitally transform their business through courses to the value of \$300,000.
17. The economic and sustainability impact of greater digitalisation across the New Zealand business sector is clear. For example, AlphaBeta estimates a \$46.6 billion increase in annual GDP from a fully digital Aotearoa; MYOB has recently estimated a \$8.5 billion boost to the economy just from a more digitalised small business sector;<sup>15</sup> and recent research from Spark confirms that it is essential for all businesses to adopt digital ways of working and technologies to address our climate change challenges and become more sustainable and resilient.<sup>16</sup> Further, MYOB's Digital Disconnection research notes that of the businesses surveyed which had digitised, nearly 7-in-10 of those surveyed believed it has made them more profitable.<sup>17</sup>
18. The programme demonstrates that by enabling small businesses to adopt digital, New Zealand can have resilient, productive, and sustainable small businesses.

### Challenges and lessons

19. While businesses who have engaged with Digital Boost initiatives, have seen improvements in their digital capability, large-scale digital adoption has proven hard to achieve. During COVID-19 lockdowns, there was an increased need to adopt e-commerce and the Digital Boost Educate platform experienced greater uptake. However, with a shift back to business as usual, the drive to become more digital has waned.
20. Additionally, as the Government initially opted to deliver training using a one-to-many platform, users must already have a certain level of digital capability to use the platform.
21. To mitigate these barriers, several programmes and services were implemented, including:
- a. **Wrap-around services** - to help provide the human-element and touch point for businesses to access support to digitalise. The Digital Boost Educate platform has a helpdesk which is manned by small business owners who provide support to businesses who need extra support to navigate the platform or have queries specific to their business. There are also weekly webinars and Q&As where businesses can ask questions to experts in their field. The Digital

<sup>14</sup> Better for Business, August 2022, Digital Boost Evaluation Research. Available at: <https://www.betterforbusiness.govt.nz/resources-2/digital-boost-evaluation-research/>

<sup>15</sup> MYOB, 2022, SME digitisation uplift could drive \$8.5bn boost to New Zealand economy. Available at: <https://www.myob.com/nz/about/news/2022/sme-digitisation-uplift-could-drive--8-5bn-boost-to-new-zealand->

<sup>16</sup> Spark, 2022, Meeting the climate challenge through digital technology. Available at: <https://www.sparknz.co.nz/content/dam/SparkNZ/pdf-documents/sustainability/meeting-the-climate-challenge-through-digital-technology.pdf>

<sup>17</sup> MYOB, 2022, The Digital Disconnection Challenge. Available at: [https://www.myob.com/content/dam/public-website/docs/misc/The%20Digital%20Disconnection%20Challenge\\_MYOB%20Report%202022.pdf](https://www.myob.com/content/dam/public-website/docs/misc/The%20Digital%20Disconnection%20Challenge_MYOB%20Report%202022.pdf)

Facilitation Scheme was also introduced and provides facilitation support to businesses in the early stages of their digital journey who need further guidance on how to utilise the one-to-many platform.

- b. **Marketing campaigns** – several marketing campaigns have been run to encourage uptake, including TV, print, radio, billboard, and roadshows. Measures were taken to ensure that digitally unengaged businesses were reached (for example, advertisements featured on the back of port-a-loos).
- c. **Industry-specific content** – the programme worked with key industry experts to curate and develop content specific to industries such as agriculture and horticulture. Content is delivered using real trusted New Zealand businesses, providing a New Zealand businesses perspective that resonates with users of the Educate platform.
- d. **Accessibility and inclusion** – the programme aims to cater to all who reside in New Zealand and reduce language and/or accessibility barriers that business owners face. Considerable effort has been made to reproduce 200 learning videos in Te Reo for the Māori population, and subtitles are available in Samoan, Tongan, Hindi, and Simplified Chinese to cater to the diverse small business population. Additionally, the learning videos are accessible to users with disabilities and are in line with government accessibility standards.
- e. **Cross government collaboration** – the programme continues to work with other government initiatives including the Digital Strategy for Aotearoa and the developing Industry Transformation Plans. This is key to enabling a strong government response to reduce the barriers for small business digitalisation.
- f. **Public private partnerships** – using public private partnerships, the programme can ensure delivery is efficient and utilises existing expertise, while ensuring that the programme is fit for purpose and free for all businesses. Maintaining positive, productive, and trustworthy relationships with partners and service providers who share the government’s vision was key.

## Summary

- 22. Digital Boost is the only programme of its kind in New Zealand and has scalability on a global level. The vision to support all small businesses on their digital enablement journey is at the center of this programme and has led to its success. The programme will continue to provide support to small businesses until funding is exhausted in December 2024.

## RUSSIA

### Introduction

The SME sector is the backbone of the Russian economy: in 2022, there were 6.1 million SMEs comprising 40% of total enterprises in the economy. In Russia, small businesses provide 20% of gross value added GDP. These are enterprises that saturate the consumer market, open up new economic opportunities, and create jobs. One in four workers in Russia are engaged in small businesses.

### Pre-reform situation

Prior to the development of the National Project “Small and medium-sized entrepreneurship and support for individual entrepreneurial initiative” the economy witnessed the need to streamline support measures granted to entrepreneurs at every stage of the business cycle. The latter ranging from the idea of starting a business, then registration and assistance in obtaining affordable financing, property support, to the implementation of projects in certain industries (tourism, agriculture, etc.) and expansion of business with granted access to export.

### Policy initiatives and implementation

In Russia there are integrated SME development programs, in addition to legislation and the government support system that are being constantly improved. For the purpose of SME development, the National Project “Small and medium-sized entrepreneurship and support for individual entrepreneurial initiative” has been operating since 2019. The latter embraces four federal projects: “Creating favorable conditions for self-employed citizens to carry out activities”, “Creating conditions for an easy start and comfortable business”, “Acceleration of small and medium-sized businesses”, “Creation of a digital platform with a mechanism for targeted selection and the possibility of remote receipt of support measures and special services by SMEs and self-employed citizens”. Respective activities are divided into target groups – self-employed (individuals applying a special tax regime), aspiring entrepreneurs and individuals planning to start an entrepreneurial activity, as well as growing SMEs aimed at further development. In 2020, the Leader of Russia defined development goals, including “Decent, effective work and successful entrepreneurship”. One of the targets set is to increase the number of people employed in the SME sector to 25 million people by 2030, including individual entrepreneurs and the self-employed.

### Impact

- 1) To create developed support infrastructure throughout the economy, from 2019 to 2023, 430 “My Business” centers were created, which operate on the principle of “single window”, according to uniform standards. They provide support in a comprehensive manner (advice, training, registry of businesses, provision of financial services, coworking places). Among important elements of the infrastructure are also Federal Corporation for the Support of SMEs (JSC “SME Corporation”), export support centers and more than 100 partner banks operating under soft loans programs for SMEs. Within the framework of the preferential lending program, subsidies from the federal budget are provided to the Russian credit organizations and specialized financial companies in order to compensate for their lost income on loans.
- 2) In 2021, platform infrastructure “Digital SME platform” was developed as part of a federal project. The Russian Federation allows entrepreneurs to remotely obtain the most popular governmental and commercial services, services and support measures, including loans, required for business development. At the same time, both within the physical and digital infrastructures, there are unified business processes, unified scoring and standards.

- 3) In order to increase the coverage of more vulnerable companies, a support mechanism has been set up. It restricts access to support measures for enterprises affiliated with large holdings. SME sector support tools are used at all stages of business development, both for those who are just starting their own business and for growing businesses.
- 4) To reduce document flow and unnecessary reporting, special tax regimes have been developed that are applied by SMEs depending on the scale of the business and the activities carried out. In 2018, a special regime for the self-employed was introduced. It allows legalizing a business without leaving home, registering and paying tax through a smartphone application. For microenterprises, an automatic taxation system was launched in 2023. It exempts companies from accounting, reporting, tax calculations. Banks and the Federal Tax Service do all those instead of the enterprise. For all SMEs, the burden on insurance contributions to social funds (payroll taxes) has decreased by a third.
- 5) The reformation of the Russian control and supervision system made it possible to use resources rationally, to move from continuous inspections to a risk-oriented approach. To speed up decision-making, digitalization of business inspections has been carried out. Since 2019 the number of inspections has decreased by 2 times. In addition, in order to improve the administrative climate, the number of mandatory requirements to businesses has been reduced. The administrative fine for first time violations has been replaced with a warning.
- 6) In order to build long-term relations between large and small businesses, a quota (18%) of mandatory purchases of state-owned companies from SMEs was introduced in 2014. In 2022, the quota was increased to 25%. During this time, the number of customers has grown by more than 1000%.
- 7) Since 2019, funds for the development of SMEs within the framework of the National Project have been allocated 5 times more than in 2017-2018 every year. During the pandemic, the volume of anti-crisis measures for SMEs amounted to almost a trillion rubles. In 2022, 1.1 trillion rubles in loans were granted to SMEs under preferential programs.

### **Challenges and lessons**

The problems faced by business in 2022 are logistics, the need to build new ways of paying for goods in foreign exchange payments, and a high key rate. Nevertheless, there was no sharp decrease in the number of SMEs in 2022. The sector turned out to be stable. In order to provide investment support to SMEs, a program of preferential lending for the restructuring of logistics has been launched. In 2023 the limit of loans for investment purposes has been increased by 2 times compared to 2022.

To support the SME sector, more than 120 National Project activities were implemented in 2022. Since the COVID-19 pandemic, Russia has been rebuilding existing SME support tools, taking into account the specifics of the situation.

At the beginning of 2023, 28.2 million Russian citizens work in small businesses.

## CHINESE TAIPEI

### DRIVING DIGITAL TRANSFORMATION IN THE BUSINESS SERVICES INDUSTRY

#### Introduction

With the widespread adoption of digital economy and technology and the arrival of the post-COVID-19 pandemic era, digital transformation has become an issue that enterprises cannot avoid. Small and medium-sized enterprises (SMEs) generally face many challenges such as small scale, limited risk-bearing capacity, high cost of capital acquisition, insufficient manpower, and unstable orders. Most enterprises are in difficulty, and even if they understand the importance of digital transformation, they are limited by resources and lack of digital talent, resulting in ineffective digital transformation.

Subsequently, an initiative of "Achieving an innovative, inclusive, and sustainable Smart Nation by 2030" was launched in 2021, focusing on four main dimensions of resource integration: digital infrastructure, digital innovation, digital governance, and digital inclusion, so as to promote social readiness as the core and promote the overall digital transformation of the economy, and construct a new paradigm of a "smart" economy. The **Retail and Service Industry Data-Driven Innovation Service Program** (referred to as the Program, hereinafter) mainly leverages data-driven and digital technology adoption to assist small and medium-sized retail, food and beverage, leisure service, and lifestyle service businesses in digital transformation and business model innovation, optimizing operational quality and industry competitiveness.

#### Pre-reform situation

*Digital gap exists in the business services industry*

Under the globalization of the economy, the business services industry is facing various challenges of innovative technology and the impact of the digital wave. Enterprises are facing various challenges such as virtual and real integrated business models, adjustment of operating processes, allocation of human resources, and marketing resource allocation. However, the consumer market is unpredictable, and it is difficult to effectively track consumer trends or predict popular products, which has become a problem that many enterprises urgently need to solve.

Therefore, the key to enterprise digital transformation encompasses the following: mastering the trend of digital transformation, understanding the application of digital tools, identifying gaps in the internal data infrastructure of enterprises, collecting and integrating data, and then introducing emerging technologies to unleash the value of data and create new business models.

#### Digital Policy Initiatives

The Program has been focused on establishing a paradigm for digital transformation and facilitating cooperation among industry players and digital partners to create a horizontal or vertical cooperative ecosystem, setting an example for SMEs to learn from. By using the paradigm case created, it is expected to drive the overall digital transformation of SMEs and promote the development of the entire services industry, improve operational efficiency of businesses, and expand new markets and channels.

##### 1. Different promotion strategies based on digital capabilities

- (1) For those with weaker digital capabilities: prioritize the introduction of more basic solutions, such as membership management and platform tools, to guide industry players to integrate online and offline business data, understand consumer preferences, and plan marketing strategies.

- (2) For those with stronger digital capabilities: introduce cloud-based data application tools according to the needs of the business system, such as supply and demand, and use digital solutions to create new business models, attract new customers, and expand new markets, thereby increasing business profits.

## **2. Establish digital transformation paradigms (SDGs) and promote Twin Transformation**

The Program strengthens the guidance on how companies can use digital optimization to create new business models and value, and provides paradigm cases of successful transformation to help SMEs understand the specific application models of digital transformation. In addition, in line with international sustainable development trends, the Program will also guide retail and service industry players to integrate sustainable development concepts with digital tools to promote the twin digital and green transformation and promote industry digital transformation in these two axes.

### **Impact**

#### **1. Promoting the adoption of cloud services among commercial service providers**

Over the past 2 years (2021 to 2022), the Program has assisted a total of 3,793 SMEs in the retail, catering industry, leisure services, and life services sectors in using cloud-based solutions to improve operational efficiency. This enables businesses to increase new customers and orders, optimize customer consumption experiences, and expand online business opportunities. For example, the introduction of cloud-based reservation services in the food and beverage industry can reduce the labor costs of phone reservations and can be used in conjunction with marketing activities or provide preferential schemes for members throughout the customer experience journey.

#### **2. Establishing digital transformation models to promote industry opportunities**

Over the past 2 years (2021 to 2022), a total of 52 digital transformation cases have been established through data-driven and cloud service introductions, driving 15,914 retail, catering industry, leisure services, and life services providers to undergo digital transformation and business model innovation, optimize operational quality, and increase employment opportunities by 2,951 people. This has resulted in a 1.47-fold increase in corporate revenue growth. For example, the introduction of a supply chain data linkage system in the wholesale and retail industry helps to automate operational processes, provide accurate supply and restocking, and offer sales forecasting to reduce costs and increase profits.

### **Challenges of the Program Implementation**

#### **1. Personal data protection should be considered in data sharing**

With the increase in online demand, companies will obtain more consumer information, so the control, preservation, and sharing of consumer and business data will be the responsibility of the catering and lifestyle service providers in the Program. Therefore, the Program plans to establish regulations for personal data statements and related precautions to provide reference for individual business operators to avoid violating Personal Data Protection Act.

#### **2. Encourage SMEs to continue efforts on digital transformation**

Most SMEs in the digital transformation stage adopt digital optimization first to meet their needs and then deepen the application of digital tools after achieving certain results. The Program aims to assist companies in integrating digital tools from business thinking and sales strategies around the customer as the core, familiarizing themselves with the technology tools, and creating new business models, developing new products, or entering new markets.

## **SMES OVERALL COMPETITIVENESS ENHANCEMENT PROGRAM - INCREASING THE COMPETITIVENESS OF SMALL AND MEDIUM-SIZED ENTERPRISES**

### **Introduction**

Chinese Taipei's small and medium-sized enterprises (SMEs) are dynamic, agile and highly innovative, constituting around 99% of the economy's private sector enterprises and providing jobs for approximately 80% of the working population. Within every industry, "hidden champion" companies have always formed the backbone of the economy's economic development and acted as a stabilizing force within society. With SME exports growing by 25% in 2021, they performed a vital role in revitalizing Chinese Taipei's economy and employment market.

Chinese Taipei has consistently supported our SMEs, including providing financing assistance, establishing an action plan for accelerated investment by SMEs, guiding the transition to digital and green business models and facilitating the working capital required to revitalize business operations. In response to various trends, including the digital economy, sustainable development, regional revitalization and an altered post-COVID-19 international environment, Chinese Taipei in November 2022 has proposed a new plan to raise the overall competitiveness of SMEs (2022-2026). The initiative will allocate a budget of NT\$95 billion (US\$3.1 billion) over five years to further strengthen the resilience of Chinese Taipei's economy and create a new generation of internationally competitive SMEs.

### **Policy initiatives and implementation**

Four major strategies:



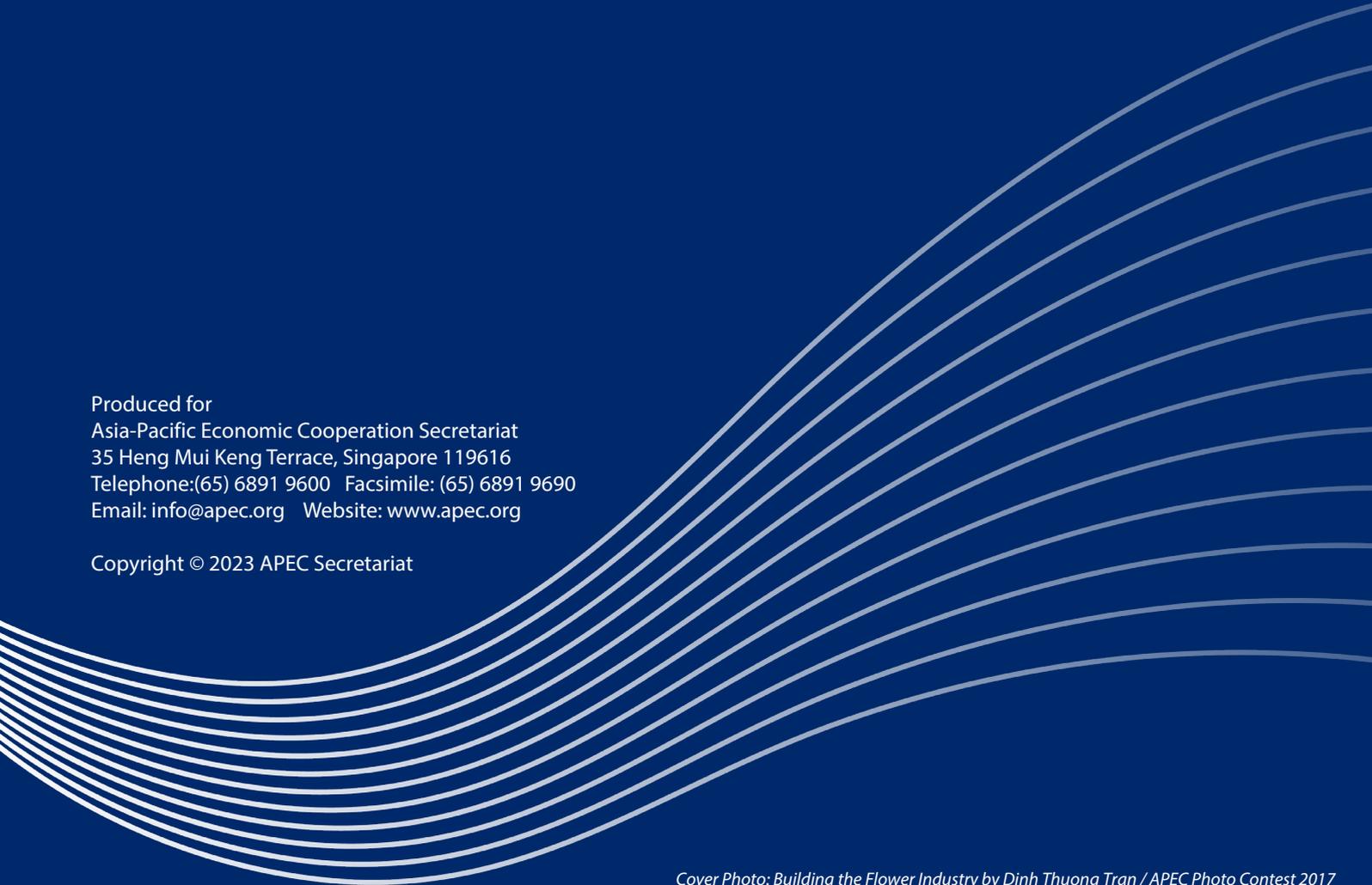
1. Net zero carbon emissions: Assist SMEs to establish a low-carbon mindset and capabilities, and employ measures such as preferential loans for green and sustainability initiatives to facilitate the transition to low-carbon business models, while simultaneously encouraging green business investment.
2. Digital transition: Assist SMEs to adopt cloud computing tools and strengthen their digital operations and marketing technology; promote data and application sharing to stimulate cooperation among upstream and downstream industry partners.
3. Value-added innovation: Assist startups to tap into collaboration among industry, academia and research institutes and encourage cooperation between larger enterprises and smaller-sized

businesses to shorten the time it takes to bring products to market; promote the formation of cooperative alliances between SMEs in key industries to boost innovative R&D; provide subsidies and financial support for innovative R&D.

4. **Regional co-prosperity:** Build urban and rural living spaces with high quality services and beautiful environments to attract young people of Chinese Taipei to return to their hometowns and help build thriving local communities; emphasize narrative themes in marketing strategies and link up local resources to highlight revitalization within cities and rural areas.

### **Expected impact**

1. To save 175 million kilowatt-hours (kWh) of power and generate NT\$100 billion (US\$3.2 billion) of new private investments.
2. To facilitate 210,000 discrete cloud computing solutions and 240,000 new trade digital marketing solutions for SMEs.
3. To foster 200 "hidden champions" and facilitate startups in obtaining NT\$130 billion (US\$4.2 billion) of funding.
4. To bring benefits to nearly 1,700 retail businesses with regional characteristics and target revenue growth of 8% for these businesses.



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