



**Asia-Pacific
Economic Cooperation**

2017/SOM1/EC/007

Agenda Item: 9

Draft 2017 AEPR Outline

Purpose: Consideration
Submitted by: Canada



**First Economic Committee Meeting
Nha Trang, Viet Nam
27-28 February 2017**

APEC ECONOMIC POLICY REPORT 2017
STRUCTURAL REFORM AND HUMAN CAPITAL DEVELOPMENT
DRAFT OUTLINE

- 1) Introduction and overview of structural reform and human capital development (HCD) (PSU to lead, in consultation with Canada, Vietnam, Peru, Indonesia)
 - a) Regional context: benefits/importance of trade and regional integration, rising anti-globalization sentiment, and the need for greater focus on inclusiveness (VN Host Economy Priority #2)
 - i) Macro-level impacts: overall, trade/globalization has resulted in net economic (and employment) gains for the region
 - ii) Micro-level impacts: opportunities lost, opportunities gained (regional/sectoral view); impacts on inequality and society; employment, socio-economic and health impacts; taking a holistic view (link to SDGs)
 - b) Brief recap on structural reform and explanation of HCD, and the *relationship* between structural reform and HCD and how they can contribute to inclusive growth
 - i) Enable the labour force to adapt to changing circumstances (e.g. by upgrading skills, providing incentives and supports, and sending clear signals)
 - ii) Induce greater participation in the economy by disadvantaged or underutilized groups (e.g. women, entrepreneurs and SMEs, persons with disabilities, youth, workers from rural areas or poorer regions)
 - iii) Generate improvements in labour productivity, through the development of skills and their utilisation
 - c) The *importance* of HCD for APEC economies in supporting those left behind and supporting the social sustainability of globalization.
- 2) Key elements of structural reform and HCD, special thematic study and roundup of progress on HCD (PSU/consultant to lead)
 - a) Key elements of structural reform for HCD as means of including a larger proportion of the population in the gains provided by globalization
 - i) Structural reform to improve labour productivity
 - (1) Education Quality, Access and Inclusivity - secondary and post-secondary education) and TVET, including lifelong learning
 - (2) Improved labour skill development through competency standard, TVET curriculum, apprenticeship and labour certification
 - (3) Better job/skill matching
 - (4) Improved management practices
 - (5) Healthy and safe workforce
 - (6) Targeted employment and training programmes for displaced workers and people in vulnerable sectors or communities
 - (7) Social protection and unemployment assistance programmes (including childcare support, unemployment insurance)
 - (8) Other innovative approaches
 - ii) Structural reform to improve labour force participation and inclusion
 - (1) Active labour market programs and public and private employment services

- (2) Effective tax-transfer systems
- (3) Addressing barriers to participation and support for disadvantaged, underutilised or vulnerable groups
- (4) Improving education and other efforts to promote self-employment and entrepreneurship, and to enable HCD in MSMEs
- (5) Other innovative approaches
- iii) Structural reform to improve adaptability
 - (1) Well-functioning labour market institutions and regulations
 - (2) Labour market information systems and other measures which reduce search costs
 - (3) Partnership with industry groups/private sector, including use of Public-Private Partnerships (PPPs) to promote TVET
 - (4) Digital technology in support of accessible labour market information
- iv) Structural reform to facilitate connectivity and mobility
 - (1) standardization/regulatory cooperation, such as in relation to qualifications
 - (2) trade in services
 - (3) research and technical exchange
 - (4) improvements in the movement of workers between sectors and economies
- b) Key challenges, lessons learned and good practices and policy recommendations
 - i) An overview of the *progress* of APEC members in the past few years with respect to implementing structural reforms to promote HCD
 - ii) The role of regional cooperation, and APEC in particular, in promoting structural reform and HCD
 - iii) Policy recommendations for developed and developing economies
- 3) Case Studies – Viet Nam and possibly other economies TBD
- 4) *Individual Economy Reports* (IERs). APEC economies will be asked to fill out a 2-4 page survey (5 questions or sections) on structural reform and HCD (coordinated by the PSU and Canada) with respect to:
 - a) Best Practices
 - b) Challenges to Inclusiveness
 - c) Policy Gaps
 - d) Action Plans, and
 - e) Role of Regional Cooperation