



**Asia-Pacific
Economic Cooperation**

2017/SOM1/EC/008

Agenda Item: 9a

**Project Title: Core Study for Structural Reform and
Human Capital Development in the Asia Pacific
Region for the 2017 APEC Economic Policy Report**

Purpose: Consideration

Submitted by: Canada



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

APEC Concept Note

Project Title:	Core Study for Structural Reform and Human Capital Development in the Asia Pacific region for the 2017 APEC Economic Policy Report (AEPR)
Fund Source (Select one):	
<input type="checkbox"/> General Project Account (formerly Operational Account) <input type="checkbox"/> TILF Special Account <input checked="" type="checkbox"/> APEC Support Fund (to be added with RAASR Sub-fund)	
For ASF: As per Guidebook Ch. 3, list ASF Sub-fund if appropriate for this project:	
APEC forum:	Economic Committee (EC)
Proposing APEC economy:	Canada
Co-sponsoring APEC economies:	Vietnam, Peru, Australia and Indonesia.
Expected start date:	May 2017
Expected completion date:	December 2017
Project summary: Describe the project in under 150 words. Your summary should include the project topic, planned activities, timing and location: <i>(Summary must be no longer than the box provided. Cover sheet must fit on one page)</i>	<p>APEC economies have gained significant experience in structural reform, and have committed to ensuring that growth is sustainable, innovative and inclusive. The 2017 AEPR will be on structural reform and human capital development (HCD).</p> <p>The Project is to write the 2017 AEPR on structural reform and HCD, highlighting the impacts of one on the other, the potential benefits of reforms, and collaboration opportunities for member economies and the APEC region. Outcomes/findings will be presented at EC2 in August 2017, and the report is expected to be finalized in September 2017. The 2017 AEPR will have a central section, case studies, and a survey of APEC economies. There will be collaboration between the EC, other APEC bodies such as the HRDWG, and other relevant international institutions. This project seeks funding to have a qualified consultant write the central section of the report, to ensure its relevance to all APEC economies.</p>
Total cost of proposal: (APEC funding + self-funding): USD 85,000	Total amount being sought from APEC (USD): 85,000 By category: Travel: 10,000 Labor costs: 75,000 Hosting: Publication & distribution: Secretariat to fill in Other:
<i>(See Guidebook on APEC Projects, Ch. 9 to ensure all proposed costs are allowable.)</i>	

Project Overseer Information and Declaration:

Name: Robert Logie

Title: Policy Officer, APEC

Organization: Global Affairs Canada

Postal address: 125 Sussex

Tel: 343-203-2356

E-mail: Robert.logie@international.gc.ca

As Project Overseer and on behalf of the above said Organization, I declare that this submission was prepared in accordance with the **Guidebook on APEC Projects** and any ensuing project will comply with said Guidebook. Failure to do so may result in the BMC denying or revoking funding and/or project approval. I understand that any funds approved are granted on the basis of the information in the document's budget table, in the case of any inconsistencies within the document.

Name of Project Overseer

Date:

Project Synopsis

1. **Relevance – Benefits to region: What problem does the project seek to address? What is the relevance of the project? Does it have sustained benefits to more than one economy?**

APEC has made significant progress towards regional trade and investment liberalization. Such efforts were accompanied by capacity building initiatives and economy-based measures for behind-the-border reforms. Among them were structural reforms, i.e. the APEC New Strategy for Structural Reform (ANSSR) and the Renewed APEC Agenda for Structural Reform (RAASR). APEC's focus has in recent years expanded to include efforts to promote growth that is balanced, inclusive, innovative and sustainable. While the first is about open and competitive markets, the other two RAASR pillars are:

- 2) deeper participation in those markets by all segments of society, including MSMEs, women, youth, older workers and people with disabilities;
- 3) sustainable social policies that promote the above mentioned objectives, enhance economic resiliency, and are well-targeted, effective and non-discriminatory.

HCD is critical to the attainment of all RAASR pillars, particularly pillar 2, to ensure that the benefits of more open and well-functioning markets are shared by groups that are vulnerable, disadvantaged or have simply been underutilized up to the present.

There are clear benefits to elaborating the link between structural reform and HCD. For example, structural reforms to improve education and training and make labour markets more flexible will afford governments more options as they seek to optimize economic performance with regard to key and emerging industry sectors, and adjust macro- and microeconomic policies to respond to changes in markets and the global economy.

The proposed 2017 AEPR core study will provide a snapshot of recent efforts of APEC economies and relevant APEC initiatives on structural reform and HCD, including interaction between the two in specific individual member economies and opportunities for broader cooperation in the APEC region. There will also be a forward-looking element that highlights challenges and reform priorities in this area – the consultant will spend most of his or her time on this portion of the Core Study. Better data and understanding of the concrete benefits from improving HCD will provide impetus for structural reform efforts. Structural reforms and accelerated HCD will make APEC economies more adaptable and resilient, with large potential benefits for developing economies, where there are good opportunities to leverage growth from these kinds of interventions. The goal is to lay the groundwork for greater regional economic integration and progress towards real, sustainable and inclusive growth in the APEC region.

Relevance – Rank: Which Rank in the annual APEC Funding Criteria does this project fall under? Briefly explain why. Is it also linked to other Ranks? If so, briefly explain which/how.

This Project fits well with **Rank 1** of the APEC Funding Criteria for the year 2017, which gives priority to the promotion of **regional economic integration**. HCD and structural reform (including RAASR) are the focus of points 6 and 14. However, the project is also related to point 13 (internet economy) and many other points, given the importance of HCD to increasing capacity to participate in supply chains and harnessing digital and e-commerce tools etc.

Objectives: The objective of the project is to provide a report that is a) useful to both developed and developing economies b) increases knowledge of structural reform and HCD, and c) furthers dialogue and provides an impetus for continued APEC engagement on same. Specifically:

- To compile a quality 2017 AEPR that covers important elements of structural reform and HCD (and the relationship between them) in the APEC region. By providing case studies, examples of approaches that have worked in similar economies, and concrete recommendations based on best practices and rigorous research, the project aims to help authorities and regulators in APEC economies advance structural reforms and HCD. By showing the link between improvements in HCD and inclusion and quality growth, the project will also assist efforts to advocate for more open trade and investment.
- The second phase of this project, to be implemented in 2018 in conjunction with relevant APEC fora and ensuring alignment with the priorities of 2018 host Papua New Guinea, will consist of a workshop to explore ways to encourage implementation of the AEPR's recommendations and cross-for a collaboration on same, with a view to ensuring continued APEC work on structural reform and HCD in the coming years. Funding proposals for Phase II will be submitted once funding for Phase I has been identified.

2. **Alignment – APEC: Describe specific APEC priorities, goals, strategies, workplans and statements that the project supports, and explain how the project will contribute to their achievement.**

This Project is in line with the broad priority of APEC to promote structural reforms through RAASR for the period of 2016-2020. In 2016, APEC Economic Leaders adopted Lima Declaration on advancing quality growth and HCD with a commitment to continue to work in this area. The topic of the 2017 AEPR was endorsed in the 2016 AMM Joint Statement in Lima. It aligns well with Vietnam's first 2017 priority on sustainable, innovative and inclusive growth. It also relates to Vietnam's third priority of ensuring that small businesses are innovative and competitive, and is in continuity with Peru's 2016 APEC priorities.

Alignment – Forum: Briefly explain how the project is aligned with your forum's workplan / strategic plan.

This topic aligns with the EC structural reform priority, including continuing efforts on the Leaders' Agenda to Implement Structural Reform 2010 (LAISR), ANSSR, and the current RAASR. HCD is one of the most important areas of focus for individual economy RAASR action plans.

3. **Methodology: How do you plan to implement the project? In this section, briefly address the following:**

- **Workplan: Project timelines, dates of key activities and deliverable outputs.**
 - Early May-June 2017: Prepare TORs for consultants; select consultants; prepare research materials including desk reviews of available studies, draft the outline for the Individual Economic Reports (IERs), etc.
 - June-July 2017: Circulate the draft outline for all APEC economies for comments and endorsement.
 - July-August 2017: Draft Chapter 1, 2, 3; gather IERs.
 - August 2017: Circulate the draft report for APEC economies for comments.
 - August-September 2017: Finalize the report; submit to APEC for printing and/or publishing.
- **Beneficiaries: The proposed selection criteria for participants, beneficiary profiles (e.g. workshop participants, end users, policy makers, researchers/analysts, gender) and how they will be engaged.**

Beneficiaries of this project include APEC economies, who are all directly or indirectly involved in structural reform and HCD. Other beneficiaries include government policymakers concerned with economic and HCD issues, members of civil society organizations and NGOs that deal with HCD such as labour unions and trade associations, teachers and those who provide vocational training etc. The final report will be shared with relevant authorities in APEC and member economies to support policy formulation and implementation.

- **Evaluation: Potential indicators developed to measure progress, project outcomes and impacts/successes. Where possible provide indicators which could assess impacts on women.**

Indicators to measure the progress include:

- A report (the 2017 AEPR) with the outcomes/findings be submitted and shared with the EC, HRDWG, and other APEC fora and relevant stakeholders per the project schedule.
 - A roundtable discussion on the outcomes/findings of the Project be held at EC2 with the participation of representatives of HRDWG and other relevant bodies.
 - The selection of the Project's staff, consultants and participants in the roundtable discussion will take appropriate consideration of gender equality.
- **Linkages: Information on other APEC and non-APEC stakeholders and how they will be engaged. If and how this proposal builds on (but does not duplicate) the work of other projects. How will this activity promote cross fora collaboration?**

As mentioned above, this project aligns with a major priority of APEC and the EC: to implement the RAASR from 2016-2020. It will also assist economies with their Individual Action Plans under the RAASR. The project is designed to complement ongoing work of both EC and HRDWG, namely implementation of RAASR's action plans, the works on drafting the HRD Strategic Plan for 2016-2020 and efforts to realize the newly adopted APEC Education Strategy. There will be strong cross-fora collaboration (e.g. between EC and HRDWG, and with international institutions as appropriate) during all phases of the project.