

OECD SOUTHEAST ASIA REGIONAL PROGRAMME

KEY ACHIEVEMENTS IN THE SECOND PHASE (2018-2022)

During its second phase (2018-2022), overseen by Co-chairs Korea and Thailand, the OECD Southeast Asia Regional Programme (SEARP) has evolved into a visible platform for OECD and Southeast Asian countries to foster mutual learning and to exchange good practices. Despite challenges posed by the COVID-19 pandemic, the Programme has achieved concrete results promoting regional integration, supporting domestic reform processes, and fostering resilient and inclusive recovery in Southeast Asia.

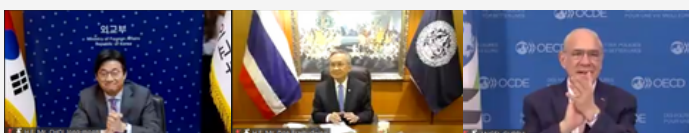
1. HIGH-LEVEL EVENTS ON CONNECTIVITY AND HUMAN CAPITAL DEVELOPMENT

The Programme conducts annual high-level policy dialogues, Regional Fora, to enhance visibility in the region and contribute to relevant emerging themes:

- The **2019 Regional Forum on Connectivity** was held on 11 March 2019, in Paris, France. The Forum highlighted connectivity as a tool to achieve sustainable economic growth in the region. As an outcome of the Forum, the OECD's policy recommendations led to domestic reforms in Indonesia, Malaysia and Thailand. Reports including Integrating Southeast Asian SMEs in Global Value Chains and Good Regulatory Practices to support SMEs in Southeast Asia were launched, as was the Southeast Asia Data Portal.
- Given the disproportionate impact of the pandemic on education and skills outcomes throughout Southeast Asia, the Programme organised a high-level Regional Forum on **"Human Capital Development in Southeast Asia: Fostering Competitiveness to Build Back Better"** in May 2021. This meeting endorsed a stronger collaboration of SEARP with the Socio-Cultural Pillar of ASEAN, in complement to the already established co-operation on the Economic Pillar. The Forum also underlined the Programme's commitment to supporting the implementation of the ASEAN Comprehensive Recovery Framework (ACRF). The report **Towards a Skills Strategy for Southeast Asia: Skills for Post-COVID-19 Recovery and Growth**, an output of the first phase of the **Skills Strategy for Southeast Asia project** providing a high-level overview of the skills challenges and opportunities in the region, was also launched at the Forum.



2019 Forum of the OECD Southeast Asia Regional Programme (Paris)



2019 Forum of the OECD Southeast Asia Regional Programme (Paris)

2. KEY OUTPUTS OF SEARP WORK STREAMS

The Programme's 13 work streams delivered a number of important reports and meetings that brought together OECD and Southeast Asian policy makers and experts to share standards and good practices.

- Key reports include **2018 OECD ASEAN SME Policy Index** (2018), **Southeast Asia Going Digital: Connecting SMEs** (2019), **OECD Economic Outlook for Southeast Asia, China and India 2020: Rethinking Education for the Digital Era** (2020), and **Towards a Skills Strategy for Southeast Asia: Skills for Post-COVID-19 Recovery and Growth** (2021).



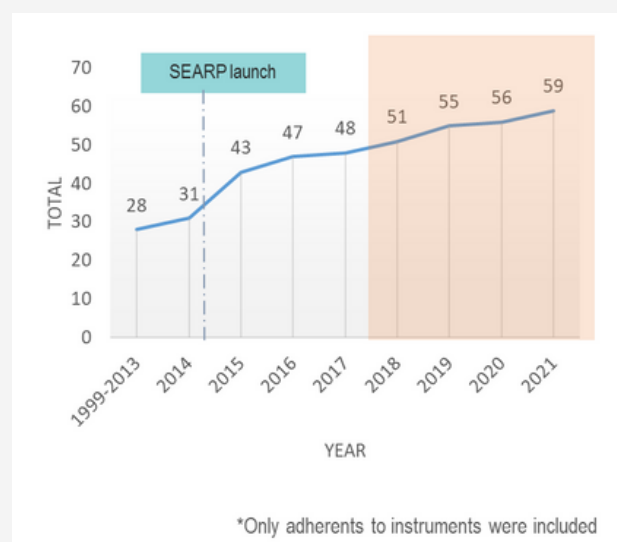
- For the first time, the OECD Secretary-General participated at the annual ASEAN Economic Ministers meeting this September, where 10 ASEAN Economic Ministers endorsed the findings of the OECD's **Fostering Competition in ASEAN** project. The **OECD Competition Assessment Reviews: Logistics Sector in ASEAN** and **OECD Competitive Neutrality Reviews: Small-Package Delivery Services in ASEAN** reports were jointly launched by the OECD Secretary-General, the ASEAN Secretary-General, the ASEAN Economic Ministers and UK Minister for Trade Policy. The Brunei chair of the meeting recognised that the OECD's policy recommendations have contributed to tackling regional structural and regulatory shortcomings, which can help ASEAN economies resume sustainable growth and job creation.



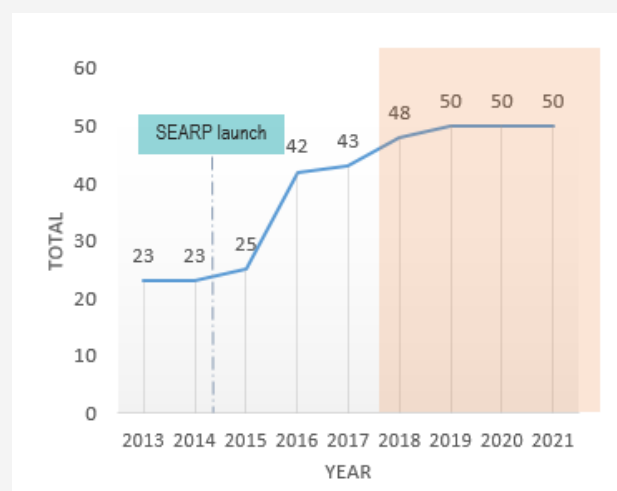
3. ENHANCED ENGAGEMENT OF SOUTHEAST ASIAN COUNTRIES IN OECD BODIES AND INSTRUMENTS

Since the creation of SEARP, there has been a marked uptick in the number of Southeast Asia countries participating in OECD bodies and instruments, with a **190%** increase in the cumulative number of adherents of Southeast Asia countries in the OECD instruments between 2014 and 2021. During the same period, the cumulative number of invitations to Southeast Asia countries as associates and participants in OECD bodies also increased, by **217%**.

Cumulative number of adherents of SEA Countries in OECD Instruments, 2013-2021



Cumulative number of invitations to SEA Countries as Associates and Participants in OECD Bodies, 2013-2021



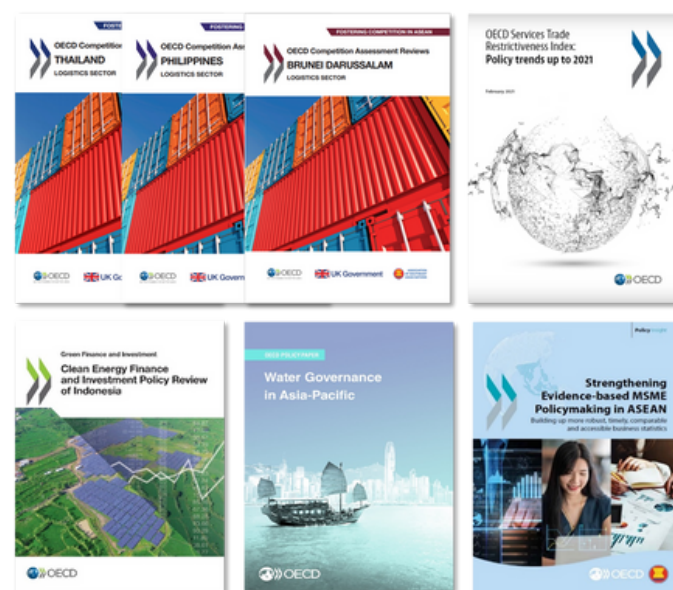
During the second phase of the SEARP, Southeast Asian countries continued to attend meetings of OECD bodies and to request adherence to OECD legal instruments. For example:

- **Malaysia** deposited its instrument of ratification for the **Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS)**, underlining its strong commitment to prevent the abuse of tax treaties and BEPS by multinational enterprises.
- Building on its active participation in the work of the Committee on Digital Economy Policy, **Singapore** adhered to the **Recommendation of the Council on Artificial Intelligence**.

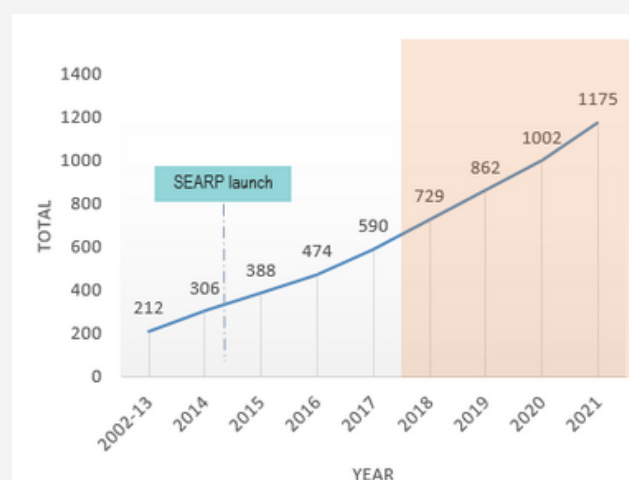
- **Thailand's** adherence to the **Recommendation of the Council on Regulatory Policy and Governance** will contribute to facilitating the implementation and advancement of systematic regulatory reform and bringing positive impact to the economy and society.

4. EXPANSION OF OECD RESEARCH ON THE REGION

There has also been a notable expansion of OECD research on the region, including publications covering new priority areas. A number of regional and country specific reports including but not limited to the following, have been finalised since 2018: **OECD Competition Assessment Reviews**, **Clean Energy Finance and Investment Policy Review of Indonesia**, **Water Governance in Asia-Pacific**, **OECD Services Trade Restrictiveness Index: Policy trends up to 2021**, and **Strengthening Evidence-based MSME Policymaking in ASEAN**.



Cumulative number of appearance to SEA Countries in OECD Publications, 2013-2021



5. ADDITION OF NEW WORK STREAMS: GREEN RECOVERY AND TOURISM

Since 2018, SEARP has expanded its work to include new thematic areas. With the addition of two new work streams on Green Recovery and Tourism in May 2021, the Programme now comprises 13 work streams, building on the work of corresponding OECD policy communities and Southeast Asian bodies and dialogue processes.

- The work stream on **Green Recovery** has already delivered outputs, including two Clean Energy Finance and Investment Policy Reviews that have been conducted on Indonesia and Viet Nam. The Clean Energy Finance and Investment Mobilisation (CEFIM) Programme works with **Indonesia, the Philippines, Thailand** and **Viet Nam** to improve their policy frameworks in order to facilitate private finance and investment for energy efficiency and renewable energy projects.
- The **Sustainable Infrastructure Programme in Asia (SIPA)** has launched work with National Economic Development Authority (NEDA) Philippines, Office of the National Economic and Social Development Council (NESDO) Thailand and BAPPENAS Indonesia to help governments and private sector actors align infrastructure investment planning, financing and delivery with long-term sustainable development and climate goals.
- The **OECD Water Security in Asia** project has made progress to facilitate water sector reforms, the development of robust financing strategies and investment plans in Southeast Asian countries, through the first national water dialogue held in Thailand in 2021.



28 June 2021 – High-level launch event of the CEFIM Review of Indonesia



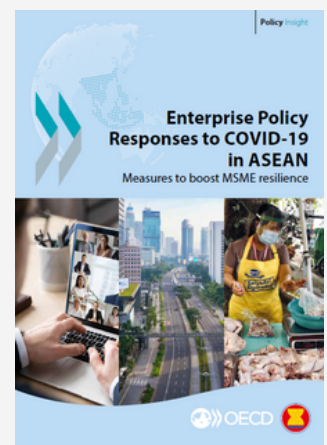
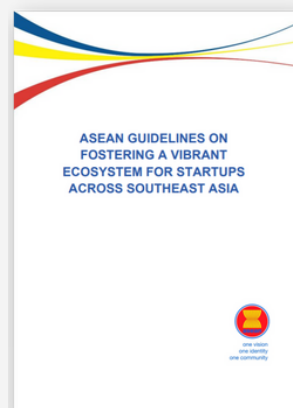
Country Notes on 10 Southeast Asian countries for Marine Plastic Pollution Project, 2021; and CEFIM Review of Viet Nam, 2021

6. SUPPORT TO ASEAN CHAIRS

During its second phase, the SEARP has continued to support the priorities of consecutive ASEAN Chairs with a number of deliverables for the annual ASEAN Economic Ministers Meeting (AEMM) and the Senior Economic Officials Meeting (SEOM).

- In 2018, SEARP supported **Singapore's** ASEAN Chair in several policy areas such as e-commerce, smart cities and digitalisation. The OECD also launched the OECD SME Policy Index: ASEAN 2018 at the margins of the 50th ASEAN Economic Ministers' Meeting in Singapore.

- In 2019, the OECD supported **Thailand's** ASEAN Chair in the development of an initial draft for the ASEAN Guidelines on Digitalisation of Micro Enterprises. In addition, Thailand invited the OECD to the ASEAN Senior Economic Officials' Meeting (ASEAN SEOM 1/50) in January in Bangkok to exchange views on OECD-ASEAN co-operation.
- In 2020, the OECD contributed to **Viet Nam's** ASEAN Chairmanship by helping to draft the **ASEAN Guidelines on Fostering a Vibrant Ecosystem for Start-ups across ASEAN**. It also contributed to a set of policy guidelines for Inclusive Business (in partnership with the ACCMSME, i-BAN and UNESCAP), and drafted a paper that looked at the policy response to support MSMEs during the COVID-19 pandemic, "Enterprise Policy Responses to COVID-19 in ASEAN: Measures to Boost MSME Resilience."
- In 2021, the OECD supported **Brunei Darussalam's** ASEAN Chairmanship by launching two **OECD Competition reports on ASEAN** (the OECD Competition Assessment Reviews: Logistics Sector in ASEAN and the OECD Competitive Neutrality Reviews: Small-Package Delivery Services in ASEAN) at the 53rd ASEAN Economic Ministers' Meeting (AEMM). The two reports are the culmination of three years of independent research by the OECD on regulatory and legislative obstacles to competition in the logistics industries of all 10 ASEAN Member States, which was facilitated by the ASEAN Secretariat.



7. SEARP'S EVOLVING GOVERNANCE FRAMEWORK AND BILATERAL WORK

At the 8th Steering Group Meeting of SEARP held on 9 December 2021, Viet Nam and Australia were welcomed as the next Co-chairs of the Programme for the 2022-2025 term.

Throughout its second phase, SEARP has also progressed in deepening engagement with its partner organisations in Southeast Asia through conclusion and renewal of Memoranda of Understanding (MoUs).

- The OECD-ASEAN MoU has been finalised and will be signed at the upcoming Ministerial Conference in February 2022. The MoU will serve as a strategic framework for facilitating efficient, co-ordinated and consistent cooperation between the OECD and ASEAN on matters of mutual interest. It outlines 35 priority areas for potential collaboration within the ASEAN Economic and Socio-Cultural Pillars, including but not limited to tax policy, quality infrastructure development, competition policy, responsible business conduct, education and skills, labour market policies, green growth and clean energy, and gender. The recognition of the OECD-ASEAN MoU in the 38th and 39th ASEAN Summit Leaders Statement has raised the visibility and relevance of the SEARP in the region.
- In addition, the OECD signed an MoU with the ASEAN+3 Macroeconomic Research Office (AMRO) in August 2021 in Singapore to reinforce exchanges on the regional economic outlook, tax and infrastructure policy. The OECD-Economic Research Institute for ASEAN and East Asia (ERIA) MoU was renewed for the second time in April 2021 to create further synergies in the areas of SMEs, green growth, infrastructure and connectivity. The OECD-ADB MoU and OECD-UNESCAP MoU were renewed in October 2018 and September 2019, respectively.



Signing ceremony of OECD-AMRO MoU in Singapore, August 2021

- On the bilateral level, work has commenced on the 4th Joint Work Programme with Indonesia. A MoU was concluded with Viet Nam. The Thailand Country Programme Phase I concluded and the renewal process for Phase II has started. Joint Dialogue webinars are planned in Singapore in view of establishing a more structured engagement.



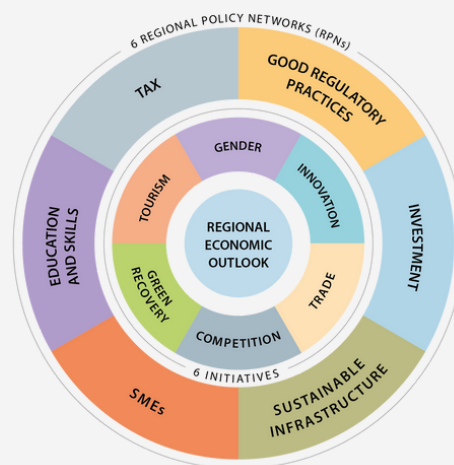
Signing ceremony of the OECD-Viet Nam MoU in Paris, France

WHAT IS THE OECD SOUTHEAST ASIA REGIONAL PROGRAMME?

The Southeast Asia region, with over 660 million people and the third largest labour force in the world, is one of the main drivers of global growth. The region has made remarkable progress in raising incomes, reducing poverty, and integrating into the world economy. Geographic location, vast endowments of natural resources, rapidly diversifying economies, an expanding middle-class and a young and dynamic population, all offer vast opportunities for trade and investment. Taken as a whole, the region is the world's fifth largest economy and is expected to be the fourth largest by 2030.

This growing strategic and economic importance of Southeast Asia has compelled the OECD to bring the relationship with the region to a strategic level. Former Secretary-General Angel Gurría and then Japanese Prime Minister Shinzo Abe launched the OECD Southeast Asia Regional programme (SEARP) at the 2014 OECD Ministerial Council Meeting. The Programme aims to support domestic reform priorities, strengthen regional integration and connectivity efforts in Southeast Asia, and bring countries closer to the OECD's best practices and instruments. It also aims to foster mutual learning and the exchange of good practices between policy makers in Southeast Asia and OECD countries. At the Programme's first Ministerial Conference in Tokyo in March 2018, Korea and Thailand took over the Co-chairmanship from Japan and Indonesia for the period of three years.

The Programme's structure is designed to encourage a systematic exchange of experience to develop common solutions to regional and national challenges. It is comprised of 13 work streams built on the work of OECD directorates and Southeast Asian bodies and dialogue processes. These are Tax Policy and Administration, Good Regulatory Practice, Investment Policy and Promotion, Education and Skills, Small and Medium-sized Enterprises (SMEs), Sustainable Infrastructure, Competition, Trade, Innovation, Gender, Green Recovery and Tourism. The Programme comprises an overarching Economic Outlook for Southeast Asia, China and India that monitors medium-term macroeconomic trends and regional integration.



The Programme draws on these substantive output areas and uses mechanisms such as the Steering Group Meeting and the Regional Forum to ensure that the principles of mutual benefit, mutual respect and open dialogue are woven into the Programme's fabric.