



**Asia-Pacific  
Economic Cooperation**

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**2024/SOM1/019**  
Session 3.2

**Outcomes of the SCE Policy Dialogue on  
Understanding the Nexus Between Digital  
Connectivity and Formalization in the Asia-Pacific -  
Presentation**

Purpose: Information  
Submitted by: Peru



**First Senior Officials' Meeting  
Lima, Peru  
7-8 March 2024**

# APEC PERU 2024

SCE POLICY DIALOGUE  
UNDERSTANDING THE NEXUS  
BETWEEN DIGITAL  
CONNECTIVITY AND  
FORMALIZATION IN THE ASIA-  
PACIFIC



**PRIORITY 2: INNOVATION AND DIGITALIZATION TO  
PROMOTE TRANSITION TO THE FORMAL AND GLOBAL  
ECONOMY**

**DELIVERABLE: ROADMAP TO PROMOTE TRANSITION TO  
THE FORMAL AND GLOBAL ECONOMY**

**MEANS: POLICY AND PUBLIC-PRIVATE DIALOGUES AND  
WORKSHOPS**

## Objectives

Identifying best practices, lessons learned and successful experiences that could help to understand the nexus between digital connectivity and formalization.

Exchanging views on the key areas and objectives that could be included in the Roadmap.

What is the impact of digital connectivity in encouraging and facilitating formalization in the AP?

Which are the key areas and actions that could be considered in the Roadmap?

# APEC PERU 2024 BRIEFING ON SCE PD



## Keynote Speaker & Panelists



**Mr. Hernando de Soto**  
Keynote Speaker



**Ms. Corinne Deléchat**  
"Addressing Informality: A Priority for Inclusive Growth"



**Mr. David Kaplan**  
"How to design Social Security to promote Labor Productivity and Formality?"



**Mr. Rory McLeod**  
"Structural Reform for Digital Connectivity and Formalisation"



**Ms. Zuraidah binti Mohamed Said**  
"Formalisation of Informal Entrepreneurs in Malaysia: Current Landscape, Issues and Challenges and Way Forward"



**Mr. Norman Loayza**  
"Formalisation: Digitalization Can Empower but not Replace a Better Business Environment"



# APEC PERU 2024 BRIEFING ON SCE PD



## Key Outcomes

- The invited speakers expressed agreement on the importance of an APEC Roadmap to promote the transition to the formal economy and contributed with their insights to the key areas to be included.
- Informal sector is currently the only source of subsistence for millions of people and represents a form of exclusion of vulnerable economic actors, affecting the Asia-Pacific region. The goal of the transition is to protect the vulnerable segments of the economy ➡ **Informal actor's challenges**
- Multifaceted drivers of informality, including macroeconomic conditions, access to health and education, institutional roles, financial inclusion, and regulatory frameworks ➡ **Structural reforms**
- Transition to the formal economy is a cross-cutting process that can be strengthened through comprehensive analysis and regulations ➡ **Structural reforms, Trade & investment, Access to finance, Innovation and digitalization, Access to public services**
- Policies to facilitate the transition to the formal economy, advocating for combined interventions to enhance economies' capacity to absorb informal activity and individuals' ability to enter the formal economy ➡ **Structural reforms, Trade & investment, Access to finance, Innovation and digitalization, Access to public services**

## Key Outcomes

- Providing incentives and adopt a cross-cutting approach involving resilient market institutions, improved rule of law, labor market reforms, better access to education and healthcare, expanded digital technology coverage and skills, and simpler taxation regimes ➡ Structural reforms, Trade & investment, Access to finance, Innovation and digitalization, Access to public services
- Strategies to increase facilitation in the formalization process and boost capabilities and competence of informal entrepreneurs toward business registration regimes ➡ Structural reforms, Trade & investment, Access to finance, Innovation and digitalization, Access to public services, Informal actor's challenges
- Digitalization can help make formality attractive and, therefore, support formalization, but is only effective when the business environment is favourable ➡ Innovation and digitalization
- The work and synergies of APEC's three committees, CTI, EC and SCE, could pave the way to advance an agenda in favour of transition to the formal economy ➡ Cross-cutting enablers
- Is Formalisation the Missing Element in APEC's Inclusion Agenda?

