

TIER 2 INDICATOR TECHNICAL NOTE

ECONOMIC POLICY REFORM

Countries supported with policy and technical advice on economic reform and management (including examples and results achieved).

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DEFINITIONS

Policy and technical advice means specialist input to evidence-based policy options reviewed by partner government(s) and considered as part of the policy-making process, provided directly by Australian Government departments and agencies or through their technical advisers or through projects and investments they support.

Economic reform and management means policy and regulatory settings that governments adopt to manage the economy, including to achieve improvements in economic efficiency, macroeconomic performance and stability, economic activity, and economic welfare.

Economic efficiency refers to allocation of resources to the most productive forms of economic activity.

Macroeconomic performance refers to changes in key macroeconomic indicators such as economic output, inflation, interest and foreign exchange rates, and the balance of payments.

Macroeconomic stability refers to sustainable changes or balance in the relationship of key macroeconomic indicators.

Economic activity refers to the combined use of resources such as labour, capital goods, intermediate goods, environmental goods, and technology or production techniques to produce goods and services. Economic activity can take place at the individual, firm, industry, and government level.

Economic welfare refers to the level of wellbeing or prosperity of the population, including satisfaction of basic needs and quality of living.

SCOPE

INCLUDES:

Economic policy may include fiscal policy, monetary policy, exchange rate policy, market reforms, labour market policy, trade facilitation, industry policy and business development, borrowing and investment policy, environmental policy, and social welfare policy.

Economic policy reform measures may include special protection payments, taxes and tax breaks, subsidies, government portfolio investments and purchasing decisions, job creation programs or opportunities, payment deferrals or reductions, targeting/rationing of goods and services, and price controls.

Examples of **economic policy reform** may include public announcements and commitments, ministerial directives, the drafting or passing of legislation or regulatory amendments, funding commitments or additional resourcing.

EXCLUDES:

Policy and technical advice on economic reform and management that cannot clearly be attributed to Australian investments and projects through supporting evidence.

Anticipated policy and technical advice on economic reform and management that have not yet been provided.

Policy and technical advice on economic reform and management reported in previous years unless there is a new significant improvement.

CALCULATION METHOD

This indicator is designed to provide narrative reporting, and quantitative results data is not required except insofar as data might be relevant to examples provided. Results under this indicator may be reported by bilateral, regional, global or multilateral programs. Reporting will demonstrate that the advice/input has been provided but do not require that it has been adopted.

Reporting should include:

- the nature of the policy or economic problem/the relevant governance or policy area
- evidence of the nature and extent of Australian policy and technical advice
- evidence of the impact of Australian policy and technical advice if known
- the timing of the policy and technical advice (which must be within the reporting period)
- the role of other actors including Australian Government agencies if appropriate.

The indicator encompasses both ODA-funded and non-ODA contributions to policy and technical advice. Reporting of non-ODA contributions are welcome.

DATA SOURCE/S

Government announcements, government or development partner dialogue, and media reporting.

DISAGGREGATION

None.

WORKED EXAMPLE

Australia supported expert advice to the Philippine government to craft policies for economic recovery after COVID-19. To generate revenues and increase investments for long-term growth, CfC provided technical assistance to amend the Public Services Act. The amendment removed foreign ownership restrictions in key sectors to encourage investments, promote competition, and improve service delivery. This can also deepen economic relations between Australia and the Philippines. CfC's partner, Foundation for Economic Freedom (FEF), was successful in inserting national security provisions and was recognised by Congress for their assistance. FEF is also assisting in the development of the law's implementing rules and regulations.