HOW TO PACKAGE AND SEQUENCE STRUCTURAL REFORMS? WHERE ARE THE COMPLEMENTARITIES BETWEEN POLICIES?

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Structural reforms: costs and interactions

**Costs**
- *Financial* - public resources and private sunk assets
- *Political* – loss of voters and political capital

**Interactions**
- *Synergy* – enhance impact on one target
- *Jointness* – multiple targets at once
- *Complementarity* – facilitate further reform

**Optimal package** (and sequencing)
- Minimise costs ad maximise interactions 😊👍👍
Some insights on interactions from granular analysis

**Synergies**
- Productivity enhancing
  - entry barriers/insolvency regimes
  - bank health/insolvency regimes
- Innovation enhancing
  - nonbank finance/debt bias/insolvency regimes
  - R&D incentives/business dynamism

**Jointness**
- Productivity and inclusion enhancing:
  - entry barriers/ALMPs
- Growth and equity:
  - Skill matching and knowledge diffusion policies
- Growth and environment

**Complementarity**
- What do we know beyond the standard labour and product market reform sequencing?