

FRAMING THE ASEAN SOCIO-CULTURAL COMMUNITY POST-2015

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This report is the updated final report of the *Framing the ASCC Post-2015* study of which the interim report was submitted to the ASEAN Secretariat in March 2015. This final report consists of six chapters, starting with the progress and challenges of ASEAN and the ASCC; followed by the vision, outcomes, and framework for the ASCC Blueprint 2015–2025; and then by a more detailed elaboration of the framework and key strategies for its implementation. ERIA hopes this final report will contribute to the formulation of the ASEAN Socio-Cultural Community Vision 2025.

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A handwritten signature in black ink, appearing to read 'H. Nishimura', written in a cursive style.

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A. On Inclusive and Caring ASEAN

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List of Abbreviations

AADMER	ASEAN Agreement on Disaster Management Emergency Response
ADB	Asian Development Bank
ADB I	Asian Development Bank Institute
AEC	ASEAN Economic Community
AHA Centre	ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management
APSC	ASEAN Political-Security Community
ASCC	ASEAN Socio-Cultural Community
ASEAN	Association of Southeast Asian Nations
CLMV	Cambodia, Lao PDR, Myanmar, and Viet Nam
CoHHO	Connectivity of Hills, Humans, and Oceans
CSO	civil society organisation
CSR	corporate social responsibility
DPT3	Diphtheria, Pertussis and Tetanus
EPI	Environmental Performance Index
ERIA	Economic Research Institute for ASEAN and East Asia
EST	Environmentally Sound Technologies
FSI	Food Security Index
GDP	gross domestic product
HFA	Hyogo Framework for Action
IAI	Initiative for ASEAN Integration
ICT	information and communication technology
ILO	International Labour Organization
MDGs	Millennium Development Goals
MPI	Multidimensional Poverty Index
MRA	mutual recognition arrangement
MSMEs	micro, small, and medium enterprises
NCD	non-communicable disease
NRM	natural resources management
OECD	Organisation for Economic Co-operation and Development
R&D	research and development
RBI	Rice Bowl Index
RHAP	Regional Haze Action Plan
S & T	science and technology
SDF	Skills Development Fund

SDG	sustainable development goal
SMEs	small and medium-sized enterprises
SPF	social protection floor
SPI	Social Protection Index
UHC	universal health coverage
UN	United Nations
UNDP	United Nations Development Programme
WHO	World Health Organization

Chapter 1

ASEAN and ASEAN Socio-Cultural Community: Progress and Challenges

I. Introduction

The ASEAN Socio-Cultural Community (ASCC) provides the broader and deeper context of, as well as a critical complement to, the ASEAN Economic Community (AEC), arguably the most visible and popular pillar of the ASEAN Community. At base, the AEC's drive towards an integrated, highly cohesive, competitive, innovative, dynamic, inclusive, and global ASEAN regional economy (ASEAN, 2014a, p.3) aims towards the development of vibrant, open, socially cohesive, and caring ASEAN societies '...where hunger, malnutrition, deprivation and poverty are no longer basic problems...' (ASEAN, 1997, p.5). In addition, the regional integration and economic development process needs to be undertaken '...in line with the aspiration of (ASEAN) peoples, which put emphasis on sustainable and equitable growth, and enhance national as well as regional resilience' (ibid, p.3) and in the context of '...an ASEAN community conscious of its ties of history, aware of its cultural heritage and bound by a common regional identity' (ibid) as well as in support of '...a truly people-oriented, people-centred and rules-based ASEAN' (ASEAN, 2013a, p.1).

The ASCC brings people at the heart of its regional community building, bringing a human face to the regional integration efforts. And as ASEAN post-2015 aims for a 'people-oriented, people-centred community', the ASSC becomes an even more important pillar of the ASEAN Community. The ASCC's drive towards a community that 'engages and benefits the people and is inclusive, sustainable, resilient, dynamic' (ASEAN, 2014a, p.4) is as important and compelling as the AEC's drive towards an '...integrated, highly

cohesive, competitive, innovative, dynamic...inclusive...and global ASEAN' (ibid, p.3).¹

This report frames the ASCC post-2015 focusing on its three most important characteristics:

- (1) inclusive and caring ASEAN society,
- (2) resiliency and sustainability in ASEAN, and
- (3) a deep sense of shared ASEAN identity and destiny facilitated in part by a participative and responsive ASEAN.

Achieving these three characteristics would involve strategies, policies and/or programmes, and initiatives that constitute the corresponding three pillars² of engendering³ inclusiveness, resiliency and sustainability, and shared ASEAN identity.

To wit:

- In the report, the **drive toward inclusiveness in ASEAN** draws on three critical components. They are: (a) robust growth with equity, with emphasis on the role of agricultural and rural development, small and medium enterprise (SME) development, and geographic connectivity of the periphery to the growth centres; (b) ensuring virtually universal access to (good) basic education and basic healthcare, including strengthening regional cooperation and coordination to regional and subregional health concerns, as important foundations of social mobility and human capital; and (c) improved social assistance and protection of the more vulnerable groups in society, with emphasis on social insurance, regulatory regimes for migrant workers, and emergency assistance during disasters. In the drive towards

¹ There are three communities in the ASEAN Community, the third one being the ASEAN Political-Security Community (APSC), and the three need to work synergistically. Nonetheless, the APSC tends to be foundational relative to the AEC and the ASCC (for example, peace is an essential condition for the AEC and the ASCC to work). Thus, it is the deep synergy of the AEC and the ASCC that is of importance towards a well-performing ASEAN Community that engages and benefits its peoples.

² Pillars is used to reflect its critical importance in the building of or achieving the ASEAN Socio-cultural Community (ASCC). In ASEAN Community jargon, the term 'pillars' have been commonly used in the AEC, while the term 'characteristics' has been mainly used in the ASCC.

³ 'Engender' is used here in its usual meaning of 'to cause or bring about' (a feeling, situation, or condition). It does not refer to another nuance of the term, which is to highlight the gender (primarily women) dimension.

inclusiveness, the report also emphasises the importance of developing ASEAN member states investing more on improved, detailed, and up-to-date data and information, as well as analysis, on poverty, inequality, and vulnerability nationally and subnationally in each member state. Although removed from direct equity-oriented interventions, inclusive growth is also furthered by a facilitative industrial relations environment that smoothens the impact of industrial adjustments on workers and that facilitates and promotes worker training and upgrading, while at the same time facilitating smoother firm and industry adjustments to the changing market and technological environments.

It is apparent from the discussion above that both the AEC and the ASCC, with support from the APSC, especially with respect to preventing human trafficking and responding to natural disasters, play critical complementary and interacting roles in the drive towards an inclusive ASEAN. Only a holistic strategy involving both economic and socio-cultural dimensions can ensure success in the drive towards greater inclusiveness in ASEAN.

- ***Engendering resiliency and sustainable development*** is increasingly the area of high policy concern for ASEAN. ASEAN is one of the more disaster-prone regions in the world. Climate change does not only aggravate the frequency, periodicity, and intensity of natural disasters such as stronger typhoons but also threatens food security in the region and globally. The poor are more vulnerable to sharper rises in food prices and to more frequent and more serious natural disasters. Towards engendering greater resiliency, this report focuses on strengthening ex ante disaster risk reduction and ex post disaster response. Of special interest is the issue of financing disaster response and recovery, particularly the role of insurance versus contingency funds. In addition, the report emphasises that addressing the challenge of food security in the future of increasingly variable weather induced by climate change is a shared province of both the AEC and the ASCC in order to comprehensively address issues of availability, accessibility, utility, and stability of food.

Green growth and sustainable development are a huge challenge for ASEAN. Many ASEAN member states are still in the rising portion of the 'Kuznets'

inverted U curve⁴ wherein there remains rising per unit of environmental degradation as per capita national income increases. The challenge is to reduce the negative impact on the environment – and climate change – of the expected robust growth of the ASEAN economies, and thereby ensure a more sustainable development path for ASEAN countries and the region. In addressing sustainable development, the report looks more closely at strengthening natural resources management (NRM) in the region, empowering communities and countries to engage in biodiversity conservation and sustainable use at the national and ASEAN levels, engendering liveable and low carbon cities in ASEAN, promoting clean energy in the region, promoting deeper appreciation of the connectivity of hills to seas ecosystems, and strengthening efforts to address the trans-boundary haze problem in ASEAN.

- ***Engendering a deep sense of shared ASEAN identity and destiny*** in a region of cultural diversity and rising nationalism is an enduring challenge for ASEAN. There is one fundamental difference between ASEAN and the European Union, the regional group that is frequently used as reference point for ASEAN. That is, the fundamental impulse for the European Union is political, rooted in the efforts of France and Germany to prevent another war in Western Europe, a region of intense interchanges across a wide range of areas over centuries. In contrast, the most important impulses for ASEAN are diplomatic and economic even if ASEAN has its roots in anti-communist initiatives in the latter 1960s. With ASEAN member states of wide levels of economic development and of varied colonial histories and ties, there has been far less appreciation of the shared cultures and interaction in the region except primarily amongst communities in the border areas. As such an ingrained sense of an ASEAN identity in the socio-cultural sense is lacking.

Arguably, at present, an ASEAN identity is largely institutional rather than socio-cultural, exemplified by all the ASEAN meetings and summits,

⁴ Known in the academic literature as the Environmental Kuznets Curve (EKC) hypothesis, wherein at the early stages of economic development environmental degradation is expected to rise as per capita increases until a certain level of (per capita) income is reached, after which there would be environmental improvement or reduced pollution. This inverted U curve is named after Simon Kuznets who hypothesised initially rising income inequality and, after reaching a threshold, declining income inequality as per capita income rises.

agreements, and blueprints. Thus, **engendering a deep sense of an ASEAN identity in a socio-cultural sense entails continuing purposeful initiatives.** The report focuses on a deeper understanding of the shared cultures, histories, and geographies in the region, people-to-people connectivity, and initiatives that engender a greater sense of ownership and participation amongst ASEAN peoples of the 'institutional' ASEAN.

The rest of **Chapter 1** presents the progress and challenges of ASEAN socio-cultural development and the implementation of the ASCC Blueprint, the latter based on the results of the mid-term review of the blueprint. On key outcomes, the chapter focuses on poverty, inequality, and vulnerability indicators and the related Millennium Development Goals (MDGs) indicators given that the '... MDGs mirror ASEAN's commitment to building a caring and sharing Community by 2015' (ASEAN, 2012a, p.1). The chapter also highlights key challenges facing ASEAN in the social development, resiliency, and sustainable development arenas.

Chapter 2 presents the vision, indicative outcomes, and proposed framework in framing the ASCC post-2015. The vision has already been well articulated in the 1997 ASEAN Vision 2020 and the central elements of the ASEAN Community's Post-2015 Vision embodied in the Nay Pyi Taw Declaration of 12 November 2014. The chapter proposes some key indicative outcomes for 2025–2030, taking into consideration the United Nations (UN) Sustainable Development Goals (SDGs) and targets that are currently being proposed and negotiated for the UN post-2015 development agenda. More importantly, the chapter elaborates on the proposed framework of moving ASCC forward post-2015. Engendering the three characteristics discussed earlier constitutes the proposed framework in the report. It must be emphasised that there may be other characteristics of the ASCC moving forward post-2015. Nonetheless, the report focuses on the most important elements of engendering inclusiveness, resiliency, sustainability, and unity in diversity in building a people-centred, inclusive, resilient, and sustainable ASCC post-2015.

Chapter 3, 4, and 5 discuss in detail the major components of engendering inclusiveness (Chapter 3), resiliency and sustainability (Chapter 4), and a deep sense of shared ASEAN identity and destiny (Chapter 5). Each

chapter contains specific recommendations on strategies, policies and/or programmes, and initiatives arising from the discussion of the major components of the three pillars. It is hoped that, given the proposed framework and the recommended specific policies and initiatives, the next ASCC blueprint – the ASCC Blueprint (2016–2025) – would be a **transformative ASCC Blueprint**.

Chapter 6 concludes with a summary of the framework and recommendations.

II. ASEAN Socio-Economy and Millennium Development

Goals: Progress and Challenges

ASEAN member states have experienced marked socio-economic progress during the past two-and-a-half decades. Extreme poverty has dramatically declined in a number of member states. Correspondingly, the size of the middle class has expanded remarkably. Other social indicators such as those on health and education show substantial improvements also. Despite such remarkable progress, there is much more to be done. Tens of millions, if not one hundred or two hundred million depending on how dire poverty is estimated, remain in dire poverty. Public health scourges like malaria and tuberculosis are still a significant presence in some member states. Millions are still deprived of full primary education and survival rates are substantially below 100 percent. Hunger, as reflected in malnutrition, remains a problem in a significant share of the population. Similarly, a large percentage of the population in a number of member states are vulnerable to sliding into poverty or deeper into poverty from significant food price hikes, as the 2007–2008 global food price surge shows. A number of member states are also vulnerable to natural disasters, which also tend to disproportionately adversely affect the poor and the near poor or low-income populace. Pollution and resource degradation are also increasingly serious problems in a number of ASEAN countries. Thus, much more is to be done to fully realise human development, resiliency, and sustainable development in ASEAN.

Poverty and Inequality

Figure 1.1 shows the evolution of the distribution of population by income class in the past two-and-a-half decades in seven member states, excluding Brunei Darussalam, Singapore, and Myanmar.⁵ The figure shows the shares for ‘extreme poverty (1)’ using the international poverty line of \$1.25 purchasing power parity (PPP) per day per capita, ‘extreme poverty (2)’ using the \$1.51 PPP per day per capita recommended by the Asian

⁵ Brunei Darussalam and Singapore are excluded because they are high-income countries while Myanmar is not included because of lack of comparable data.

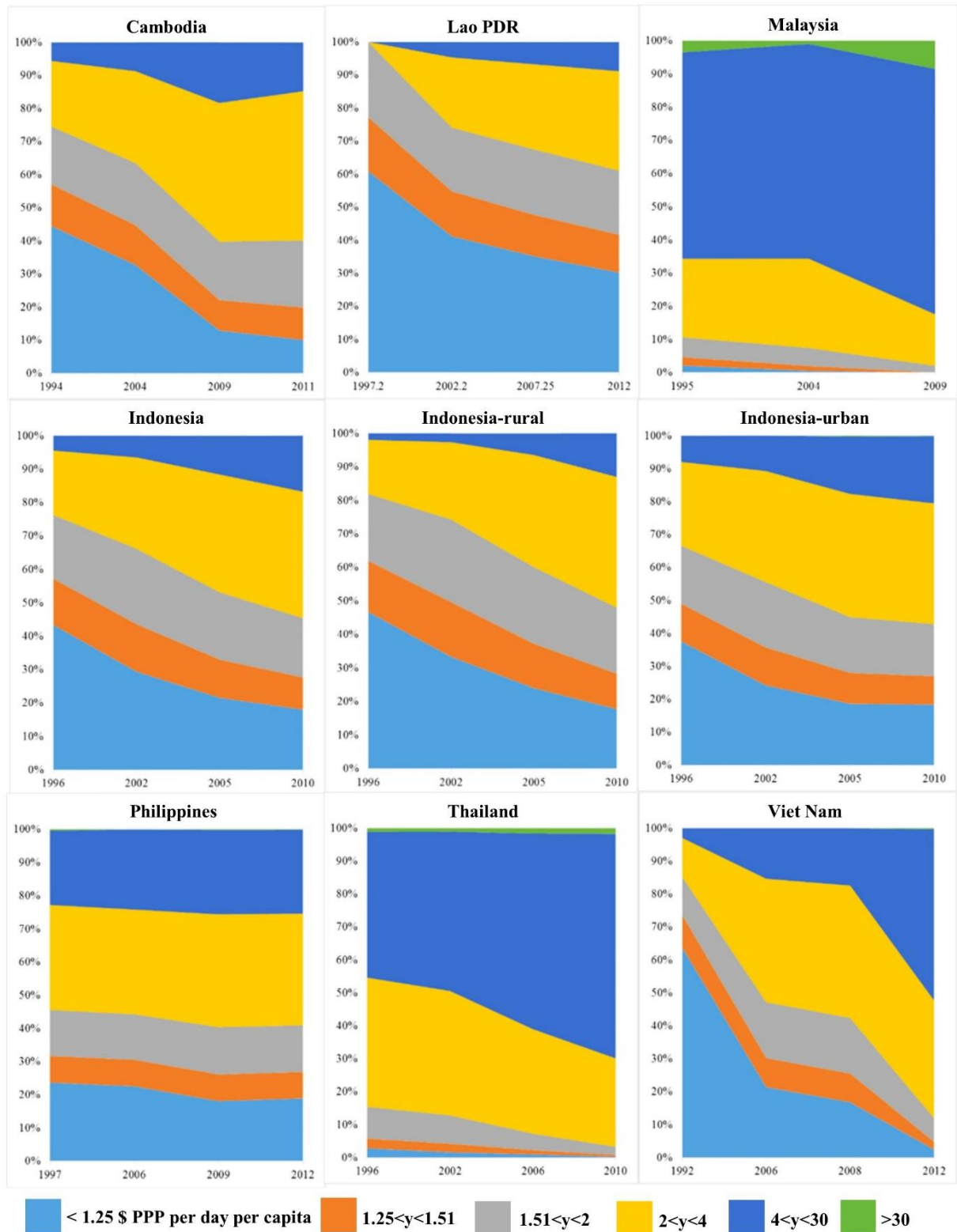
Development Bank (ADB) as more relevant for developing Asia, 'poor' using the increasingly popular \$2 PPP per day per capita poverty line. In addition to the three indicators of poverty mentioned above, Figure 1.1 shows the percentage share of 'low income', 'middle class', and 'high income'. Note that the three indicators of poverty above are NOT the official measures of poverty incidence; they are used primarily for international comparison. Figure 1.1 shows that the incidence of extreme poverty declined markedly in the seven ASEAN member states from the early 1990s to the early 2010s, most especially in Viet Nam and Cambodia. Viet Nam's (extreme) poverty rate declined from about three-fifths to nearly three-fourths in the early 1990s to less than 5 percent by 2012. Viet Nam's national poverty line was raised recently with the resulting much higher poverty incidence; this is discussed below.

The official measures of poverty incidence are given in **Table 1.1** based on national poverty lines which vary substantially amongst ASEAN member states and which can also change significantly over time within a country.⁶ **Table 1.2** presents measures of the poverty gap, that is, how far the average income/consumption of the poor is from the poverty line, and of income or consumption inequality as reflected in the Gini ratio.⁷ The evolution of the two measures helps explain the performance of ASEAN member states in poverty reduction over time, as the discussion below shows.

⁶ The national poverty lines in 2005 PPP per day per capita range from \$1.29 at 2005 PPP for Viet Nam to \$3.02 at 2005 PPP for Malaysia (ADB, 2014a, Table 2.1, p.8). Viet Nam's national poverty line has recently been raised upwards to around \$1.72 at 2005 PPP per day per capita for urban areas and \$1.38 per day per capita (World Bank, 2013a).

⁷ The Gini ratio is a popularly used measure of (income or wealth) inequality. The value ranges from 0 (perfect equality) to 1 (or 100 if put in percentage terms) which indicates perfect inequality. Generally, a Gini ratio of less than 0.40 (but especially in the high 0.20s or low 0.30s) would be considered relatively equal; values in the 0.40s (especially high 0.40s as relatively inequitable; while values of 0.50 and up are particularly worrisome.

**Figure 1.1. The Trend of Population Distribution by ‘Income Class’
in Seven ASEAN Member States**



Source: World Bank, PovcalNet. <http://iresearch.worldbank.org/PovcalNet/index.htm> (accessed 3 February 2015).

Table 1.1. Poverty Headcount Ratio at National Poverty Lines (% of population)

Country	1992	1997	2004	2007	2008	2009	2010	2011	2012	2013	2014
Cambodia	..	..	50.2	45	34	23.9	22.1	20.5	17.7	..	..
Indonesia	..	17.6 (1996)	16.7	16.6	15.4	14.2	13.3	12.5	12	11.4	11.3
Lao PDR	46	39.1	33.5 (2002)	27.6	..	..	..	..	23.2	..	..
Malaysia	12.4	6.1	5.7	3.6	..	3.8	..	..	1.7	..	..
Myanmar			32.1 (2005)				25.6				
Philippines	..	..	24.9 (2003)	26.6 (2006)	..	26.3	..	..	25.2	..	..
Thailand	50.1	35.3 (1996)	26.9	20.9	20.5	19.1	16.9	13.2	..	..	..
Viet Nam	..	..	..	..	..	..	20.7	..	17.2	..	..

Note: .. = no data.

Sources: World Bank, Global Poverty Working Group. Data are compiled from official government sources or are computed by World Bank staff using national (i.e. country-specific) poverty lines. For Myanmar, the source is Asian Development Bank, Interim Country Partnership Strategy: Myanmar, 2012–2014.

Table 1.2. Poverty Gap and Gini Index in Selected ASEAN Member States**Poverty gap (%)**

Income class	USD per day per capita	Cambodia				Indonesia				Indonesia-rural				Indonesia-urban			
		1994	2004	2009	2011	1996	2002	2005	2010	1996	2002	2005	2010	1996	2002	2005	2010
Extreme Poverty (1)	<1.25	11.95	7.79	2.08	1.43	11.44	6.04	4.59	3.28	11.9	6.76	5.03	2.93	10.65	5.12	4.06	3.63
Extreme Poverty (2)	<1.51	18.26	12.8	4.56	3.59	17.74	10.93	8.25	6.43	18.79	12.39	9.16	6.17	15.93	9.05	7.17	6.7
Poor	1.25<y<2	18.27	15.3	8.73	8.4	18.59	15.84	12.29	10.59	20.29	18.02	13.95	11.15	15.69	13.01	10.36	10.03

Income class	USD per day per capita	Lao PDR			Malaysia			Philippines			Thailand			Viet Nam			
		1997.2	2007.25	2012	1995	2004	2009	1997	2009	2012	1996	2006	2010	1992	2006	2008	2012
Extreme Poverty (1)	<1.25	14.03	9.15	7.66	0.26	0.06	0	6.08	3.62	4.02	0.48	0.18	0.04	23.58	5.3	3.74	0.55
Extreme Poverty (2)	<1.51	20.5	14.36	12.15	0.76	0.24	0	9.57	6.61	7.07	1.08	0.4	0.11	30.91	8.45	6.3	1.03
Poor	1.25<y<2	18.66	15.94	14.22	2.18	1.23	0.13	10.68	9.58	9.69	2.87	1.22	0.49	19.4	10.6	9.37	2.23

Gini Index

Country	1994	2004	2009	2012
Cambodia	38.28	35.53	34.67	31.82 ('11)
Indonesia	29.19 ('93)	34.01 ('05)	35.57 ('10)	n.d.
Indonesia-rural	25.97 ('93)	n.d.	31.45	34.02
Indonesia-urban	35.34 ('93)	39.93 ('05)	38.13	42.15
Lao PDR	30.43 ('92)	32.47 ('02)	35.46 ('07)	36.22
Malaysia	47.65 ('92)	37.91	46.21	n.d.
Philippines	42.89	44.04 ('06)	42.98	43.03
Singapore	n.d.	46.0	47.1	46.3 ('13)
Thailand	43.47	42.35 ('06)	39.37 ('10)	n.d.
Viet Nam	35.68 ('92)	35.81	39.25 '10)	35.62

Notes : n.d. = no data. All data is based on consumption expenditure, except for Malaysia, which is based on income.

Sources : World Bank, PovecalNet. <http://iresearch.worldbank.org/PovcalNet/index.htm> (accessed 3 February 2015) and communication from the Government of Singapore.

The decline of extreme poverty in Viet Nam resulted from a consistently marked reduction in poverty incidence in the 1990s and the 2000s. High per capita growth rate combined with a stable and equitable distribution of income/consumption (**Table 1.2**) explain the poverty reduction performance. Robust growth in agriculture (and fishery) and labour-intensive manufacturing as well as more geographically dispersed economic growth centres (for example, Ha Noi in northern Viet Nam, Da Nang in central Viet Nam, and Ho Chi Minh in southern Viet Nam) likely contributed to the equitable and robust economic growth. It is also important to note that Viet Nam scores well in basic education (especially the percentage of grade 1 pupils who reach the last grade of primary school) and health welfare indicators that come close to those of the upper middle and rich ASEAN member states during the past-two-and-a-half decades, as will be discussed below. Viet Nam's long-standing investment on basic education and on basic health welfare is an important foundation of its equitable and inclusive robust economic growth over the past two-and-a-half decades.

Cambodia's performance, especially during the 2000s, shows that the incidence of extreme poverty more than halved in less than a decade (**Figure 1.1** and **Table 1.1**). A high economic growth rate, fuelled by a surge in foreign direct investment per capita, coupled with equitable growth (that is, secular decline in inequality as reflected in the Gini ratio of consumption expenditures) at the same time there was a very low poverty gap (**Table 1.2**) in a country of only about 15 million explains the impressive performance in poverty reduction by Cambodia in the past decade. Robust growth in agriculture, a surge in labour-intensive manufacturing, especially garments, a tourism and construction boom, and continuing robust employment opportunities in higher paying Thailand have meant a marked tightening of Cambodia's labour market and a substantial rise in wages, and therefore of incomes, especially those of the poor. It is also worth highlighting that the 2000s also saw a very sharp expansion in access to education (albeit with the likelihood of lower quality as indicated by the substantial rise in pupil-to-teacher ratio) and health services, which have likely contributed to the remarkable inclusive growth economic story in the country. Cambodia, as one of the most open economies in ASEAN, has demonstrated that economic

openness, a less rigid labour market, and investments in human capital and health as well as infrastructure can go a long way in markedly reducing poverty in a developing country.

The Lao People's Democratic Republic (Lao PDR) also recorded a significant decline in poverty in the 2000s (**Figure 1.1 and Table 1.1**). It had the highest average growth of per capita gross domestic product (GDP) amongst all ASEAN member states during the latter 2000s, taking that distinction from Cambodia, which had the highest average growth in the first half of 2000s.⁸ Despite higher average economic growth rate in the latter 2000s, the Lao PDR experienced a relatively slow reduction in the poverty gap (**Table 1.2**) during the period, likely due in part to the increase in income inequality during the period. A key reason for the poverty reduction performance of the Lao PDR, despite its economic growth performance, is that the nature of its economic growth relies more on the capital-intensive energy and mining sectors.⁹ Thus, despite having a much smaller population of less than 7 million people and having most of the country's poor being in the Mekong corridor rather than the sparsely populated south central midlands and highlands (Epprecht, et.al., 2008, p.80), the impact on employment and wage pressures of the high economic growth rate in the Lao PDR – and the concomitant poverty reduction – was low. Given the mountainous topography of the country, agro-ecological factors and access to market are important determinants of rural poverty; however, connectivity within the country is challenging.

Indonesia's significant declines in (extreme) poverty incidence occurred during the 'golden decade' of the latter 1980s and early 1990s when the country experienced very high economic growth. During that period, the decline in urban poverty incidence was nearly of equal magnitude as the decline in rural poverty incidence, which suggests a relatively balanced and

⁸ Using official estimates, Myanmar had the highest average growth rate of gross domestic product (GDP) among ASEAN member states during the 2000s. However, it is widely considered that the official data at that time was overblown and not credible. Recent studies provide substantially lower GDP figures using alternative estimates. Precisely because of the poor quality of data and estimates, Myanmar's President U Sein Thin made improvement of statistical system and information as one of the government's priority programmes.

⁹ Although the services, manufacturing (especially in Savannakhet), and tourism sectors have been growing in recent years.

equitable high economic growth. Indonesia also experienced a significant decline in poverty incidence during 1996–2002, which includes the devastating 1997–1998 (East) Asian financial crisis that hit the country. Moreover, the degree of decline in urban poverty was almost the same as the decline in rural poverty during 1996–2002.

The pace of reduction of overall (extreme) poverty slowed in 2002–2010 as the pace of poverty reduction diverged significantly between rural poverty and urban poverty. Specifically, the incidence of (extreme) rural poverty was nearly halved during the period, while (extreme) urban poverty rate stagnated during 2005–2010 after some reduction during 2002–2005. Two factors for this divergence in poverty reduction performance are worth mentioning. The first is the export commodity boom of the 2000s, which naturally benefited the rural sector more. The other factor was the new labour law in the early 2000s that markedly increased labour rigidity in the country. The result is a marked reduction in the ‘employment elasticity’ of manufacturing output (that is, number of workers per million of manufacturing output) as the manufacturing sector shifted from the labour-intensive sectors like textile and garments towards the more capital-intensive and skilled labour-intensive manufacturing sectors like chemicals and machineries. Indeed, there were even concerns of ‘jobless growth’ in the manufacturing sector in Indonesia during the period. It is likely that this pattern of Indonesia’s economic growth during the past decade helps explain the rise in inequality in the country during the period that tempered the poverty reduction impact of the country’s robust economic growth (**Table 1.2**).

The Philippines poverty reduction performance in the past two-and-a-half decades is indicated in **Figure 1.1** and **Table 1.1**. After some significant reduction from 1991 to 1997, the incidence of (extreme) poverty registered a very slow decline over the next one-and-a-half decades, and appeared to have marginally inched up in 2010–2012. Comparatively much lower growth of average per capita gross national product (GNP), together with comparatively inequitable distribution of income/consumption over much of the period (**Table 1.2**), explains the Philippines’ performance on poverty reduction. The reasons for the poor growth performance during much of the

latter 1990s into the 2000s are many and complex. It is worth highlighting that the failure of the country to provide remunerable employment to the less educated (given the poor growth in agriculture and low-skilled-labour-intensive-manufactures) and the reliance on skilled labour-intensive manufactures (for example, semiconductors) and services (business process outsourcing) have meant that the poverty reduction impact of the country's economic growth is substantially less. The country's human capital appears to be increasingly inequitable given the low survival rates in primary education compared to most ASEAN member states. It may be noted that the country's leadership is concerned with the need for more inclusive growth. The resurgence of the country's manufacturing sector and the significant increase in the number of newly employed during the past 2 years are giving government officials greater hope that the country's surge in economic growth would end with a significant decline in (extreme) poverty.

Malaysia and Thailand have joined Brunei Darussalam and Singapore where extreme poverty is largely non-existent and are societies consisting largely of middle-class and upper-income households (**Figure 1.1**). Thailand's income/consumption inequality is also declining secularly. Malaysia's income inequality appears to be the highest amongst the ASEAN member states, together with Singapore, drawing from **Table 1.2**. However, this is likely overstated since Malaysia's Gini ratio (as well as Singapore's) is based on income while those of the other member states are based on consumption which tend to be lower than income-based Gini ratios.¹⁰ It is likely that Malaysia has a relatively more inequitable income/consumption society compared to a number of member states. Moreover, there is no indication of a secular decline in income inequality. This suggests that addressing income inequality remains an important concern for the country, perhaps increasingly in the context of intra-ethnic income inequality as Roslan (n.d.) stated, and as such may call for a broader equity-oriented economic and social policy in the country.¹¹ In Singapore, income inequality amongst

¹⁰ This is because consumption expenditures include household smoothing decisions financed by dissaving (saving) or borrowing (repayment).

¹¹ Arguably, the country's *bumiputera* policy is meant to engender a more equitable society, albeit racially-based. The country's continuing challenge is the translation of the equity bias of the *bumiputera* policy into a broader, non-racial, equity-oriented, spatially attuned (for example, Peninsular Malaysia and Eastern Malaysia) but robust economic

Singapore citizens and permanent residents has been rising since 2000. The government is increasingly concerned about this; the government's decision to give higher priority to Singapore residents in private sector hiring versus foreign workers is reflective of this greater concern on Singapore's state of income inequality.

Myanmar is not included in **Figure 1.1** and **Table 1.2** because of the lack of comparable data. Based on the national poverty line, the poverty incidence of Myanmar declined from 32.1 percent in 2005 to 25.6 percent in 2010 (**Table 1.1**). Food poverty incidence (that is, based on the poverty line that accommodates the cost of food only) declined from 47 percent of population in 1990 to about 5 percent in 2010 (ADB, 2012a). Myanmar's overall poverty incidence appears to be similar to those of Cambodia and the Lao PDR based on the national poverty lines. However, the national poverty lines differ amongst ASEAN member states (for example, the national poverty line of the Lao PDR is significantly lower than those for Cambodia and the Philippines [ADB, 2014a, p.8], and therefore are not completely comparable. Schmitt-Degenhart (2013) reports that Myanmar's incidence of extreme poverty at \$1.25 PPP is about 1.7 percent in 2010,¹² which, if correct, would make the supposedly 'poor country' an even better performer than Viet Nam and Cambodia, let alone Indonesia and the Philippines. Schmitt-Degenhart (2013, p.5) also states that Myanmar's poverty gap is low and its Gini coefficient, being one of the lowest in the world, is reflective of traditional or agrarian societies. This implies that robust growth in the economy would lift most of the poor relatively easily, and thereby reduce poverty markedly.

While it may be true that Myanmar has low inequality, the dynamics of economic growth in the early stages away from an agrarian society is that

growth. Roslan (n.d.) stated that the success of the New Economic Policy in minimising the inter-ethnic gap between 1970 up to the early 1990s has been accompanied by rising income inequality within the Malay community during the 1990s. It is noteworthy that the Gini ratios for Malays, Chinese, and Indians in the 1990s in Roslan's paper were all in the low 40s. This suggests that income inequality in Malaysia is concerning in all three major races in the country; as such, a broader equity-oriented economic and social policy may be warranted.

¹² Schmitt-Degenhart's paper did not state whether the 1.7 percent estimate pertains to 2005 or to 2010. Nonetheless, it likely pertains to 2010 since much of the paper focuses on the results of the (Myanmar) Integrated Household Living Conditions Survey of 2010.

there tends to be some inevitable widening of income inequality – that is, the ‘Kuznets inverted U curve’ – between the degree of income inequality on the vertical axis and the per capita income on the horizontal axis. This is because not everyone and everywhere benefit from the growth surge from industrialisation in the early stages. Moreover, there is at present significant regional variation in poverty incidence, ranging from 2–16 percent in urban/rural Kayah to 52–80 percent in urban/rural Chin (ERIA, 2013, pp. 242–245). Equally important, the four regions with the highest incidence of poverty are border states (Chin, Rakhine, Shan East, and Shan West), which have unsettled conditions and ethnic tensions. Thus, the concern for inclusive growth in Myanmar has a significant implication for peace in the country, and it is for this reason that border development is an important component of Myanmar’s long-term development strategy (see for example, Myanmar Comprehensive Development Vision [ERIA, 2013]).

In summary, many ASEAN member states have seen a marked reduction in poverty incidence during the past two-and-a-half decades. Indeed, Cambodia, Indonesia, and Viet Nam have more than met the MDG goal of halving the percentage of people in extreme poverty (at \$1.25 at 2005 PPP per day per capita) by 2015; while Malaysia, Thailand, Brunei Darussalam, and Singapore have virtually no people in extreme poverty. In addition, apart from the near-zero poverty gap in Malaysia and Thailand, the poverty gap in Viet Nam, Cambodia, and to a lesser extent Indonesia has declined substantially to very low levels so much so that continued robust growth would bring virtually all the people out of extreme poverty. It is not possible to have a comparable analysis for Myanmar because of the lack of data; nonetheless, if the change in the food poverty index is similar to the change in extreme poverty in the country, then Myanmar has also met the MDG goal of halving the incidence of extreme poverty because the country’s food poverty index declined from about 45 percent in 1990 to less than 5 percent in 2010 (ADB, 2012a). As the tables and the discussion above indicate, the Philippines and, to a less extent, the Lao PDR have been less successful in meeting the MDG goal on reducing extreme poverty.

There remain significant challenges for ASEAN on poverty reduction. Despite the success in the reduction in extreme poverty over the past two-

and-a-half decades, the number of people in extreme poverty is still substantial in ASEAN: about **68 million and 103 million (excluding Myanmar) living below \$1.25 PPP and \$1.51 PPP at 2005 prices per day per capita, respectively, during 2010–2012**. More than three-fifths of ASEAN's extreme poor are in Indonesia and about a quarter of them live in the Philippines. Indeed, about nine-tenths of the extreme poor in the region (excluding Myanmar) live in Indonesia and the Philippines. Thus, the greatest burden of eliminating extreme poverty in ASEAN lies primarily on Indonesia and the Philippines (and possibly on Myanmar).

In addition, the national poverty lines in ASEAN member states are largely higher than the \$1.25 and \$1.51 extreme poverty lines. As **Table 1.1** indicates, the poverty incidence based on the national poverty lines remains substantial. As such, poverty elimination remains an important policy and development concern for most ASEAN countries. It should be noted that the numbers in **Figure 1.1 and Tables 1.1 and 1.2** are national averages and there is a wide divergence in the poverty incidence and poverty gaps at the national levels.

Thus, for example, the rate of poverty incidence amongst Indonesian provinces in 2012–2013 ranges from 3.7 percent in DKI Jakarta to 31.5 percent in Papua Barat; similarly, the Gini ratio ranges from 0.31 in Sulawesi Barat to 0.44 in Papua (Sumarto and de Silva, 2014, p.34). This brings out the importance of effective targeting in poverty reduction strategies, discussed further in **Chapter 3**. The importance of effective targeting becomes even more compelling when the multidimensionality of poverty is considered, which brings out the relevance of the MDGs. In addition, when food price volatility and natural disasters are taken into consideration (because the income poor are more vulnerable to both), then the number of poor and the people most vulnerable to sliding into poverty increases markedly. The issues of multidimensional poverty, the MDGs, and vulnerability are discussed below. Finally, mixed performances on inequality amongst ASEAN member states, and even within some member states, suggest that engendering growth that is both robust and inclusive remains an important challenge, most especially for the Philippines, Malaysia, Indonesia, and even Singapore.

Multidimensional Poverty, MDGs, and Vulnerability

Poverty is a multidimensional phenomenon; conversely, human development is a multidimensional phenomenon. This is the fundamental anchor of the Human Development Index and the MDGs. Equally important, there is no one-to-one correspondence between income poverty and multidimensional poverty, and as such income-based poverty measures such as the \$1.25 at 2005 PPP do not capture all the complexities of poverty. Behind the insufficiency of income poverty measures includes the fact that markets do not function well for needs such as education or access to clean water, that households differ in their capacity to transform income into functioning and capabilities, and perhaps more important, ‘...poor people describe their state of deprivation with a wide range of dimensions, from health, nutrition, lack of adequate sanitation and water, social exclusion, low education, violence, shame and disempowerment’ (Alkire and Santos, 2013, p.250). Interestingly, based on the Indonesian case, there is significant **non-overlap** between those who are poor as measured by consumption and those populations that are considered to be multidimensionally poor. In the Indonesian case, there are more than twice the number of poor people who are multidimensionally non-poor than those who are both income/consumption poor and multidimensionally poor. Similarly, there are three times more multidimensionally poor who are income/consumption non-poor than there are multidimensionally poor who are also income/consumption poor (Sumarto and de Silva, 2014, p.40).

The dimensions of poverty of interest differ amongst countries. Nonetheless, indicators of deprivation in basic education, nutrition, as well as child and maternal health, access to improved sanitation, water, and electricity, and standards of living such as quality of housing, are common dimensions used in the measures of multidimensional poverty. Most of the above are also included in the MDGs with clear targets by 2015. In measuring the progress on multidimensional poverty, it is ideal that the various indicators of multidimensional poverty are examined at the household level similar to the Indonesian case. The United Nations Development Programme (UNDP) has developed and published the **Multidimensional Poverty Index (MPI)** for a number of ASEAN member states using recent data; this is

discussed further in Chapter 2. This is similar to the Sumarto and de Silva paper but it does not allow the determination of income poor (or non-poor) in tandem with the multidimensionally poor (or non-poor) as in Sumarto and de Silva. Given that, the performance of ASEAN member states on the relevant MDG indicators indicates the progress of member states with respect to multidimensional poverty.

The Indonesia study (Sumarto and de Silva, 2014) shows that multidimensional poverty in Indonesia has substantially improved from 2004 to 2013. The greatest improvements are in school enrolment, housing quality, and access to electricity. There is wide variation amongst the provinces in the country, however. Thus, for example, while there has been a marked reduction in the school enrolment deprivation from around 8.3 percent in 2004 to 3.7 percent in 2013, the net enrolment rates for senior secondary school in 2012 ranged from about 45 percent in Papua to more than 85 percent in Bali. Similarly, the deprivation of skilled birth attendance substantially reduced from 14.9 percent in 2004 to 8 percent in 2013, births assisted by skilled birth attendants in 2012 ranged from 40 percent in Papua to almost 100 percent in Bali. Nonetheless, despite the wide regional variation, 2004–2013 saw a narrowing of the gap amongst regions because the regions with initially higher levels of multidimensional poverty experienced greater absolute reductions during this period (Sumarto and de Silva, 2014).

Millennium Development Goals. There are indications that multidimensional poverty has been declining in most of ASEAN during the past two decades based on the member states' performance on MDGs. **Table 1.3** and **Appendix 1.A** present the evaluation of the ADB report (2014a) on MDG performance. The following are the key findings (ADB, 2014a):

- All ASEAN member states, except the Philippines, are on track to achieving the MDG goal of halving the \$1.25 PPP at 2005 prices per day between 1990 and 2015.
- Although all ASEAN member states registered improvements, only Malaysia, Thailand, and Viet Nam are on track to meeting the MDG goal of halving hunger by 2015, as reflected in the percentage of underweight

children under 5 years of age (**Table 1.4**). (Brunei Darussalam and Singapore not covered.) At the same time, it is worth noting that there has been a dramatic reduction in the percentage of the population below minimum level of dietary energy consumption, especially in Viet Nam, Thailand, Cambodia, and Indonesia. There is slower progress in the Lao PDR and the Philippines. Note that in Brunei Darussalam, virtually nobody falls below the minimum level of dietary energy consumption by 2012 (no data for Myanmar and Singapore).

- All ASEAN member states, except the Philippines, are early achievers in meeting the 95 percent cut-off target for net enrolment rate in primary school by 2015. The rise in the net enrolment rate for Cambodia and especially for the Lao PDR is remarkable. Lao PDR's net enrolment rate in primary school rose from 65 percent in 1990 to 96 percent in 2012, while that of Cambodia rose from 83 percent in 1990 to 98 percent in 2012. The Philippines net enrolment rate declined from 98 percent in 1990 to 89 percent in 2012. Although continued high extreme poverty may be a factor for this apparent retrogression, it is also possible that the retrogression is 'artificial' as the primary school age group starting at 6-years-old appears to be too early (as against the more usual 7 years old) for some Filipino families to send their children to primary school, if the results of analysis of net enrolment rates for 2007 by Maligalig and Cuevas (2010) are an indication where most of the 6 year olds not yet in school were still in preschool. The other possible explanation is that the 89 percent in 2012 is correct (based on cleaned-up school-based data) but the 98 percent figure in 1990 overstated the true situation at that time.

Table 1.3. MDGs Performance in ASEAN Member States

MDG targets and indicators	On track	Off track–slow
Goal 1: Eradicate extreme poverty and hunger		
Halve, between 1990 and 2015, the proportion of people whose income is less than \$1.25 PPP a day.	Cambodia, Indonesia, Lao PDR, Malaysia, Thailand, Viet Nam ^{1/}	Philippines

MDG targets and indicators	On track	Off track–slow
Halve, between 1990 and 2015, the proportion of people who suffer from hunger.	Malaysia, Thailand, Viet Nam ^{2/}	Cambodia, Indonesia, Lao PDR, Philippines, Myanmar
Goal 2: Achieve universal primary education		
100 percent total net enrolment ratio in primary education (both sexes)	Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Singapore, Thailand, Viet Nam	Philippines
100 percent proportion of pupils starting grade 1 who reach the last grade of primary school	Brunei Darussalam, Malaysia, Singapore, Thailand, Viet Nam	Cambodia, Indonesia, Lao PDR, Myanmar, Philippines
Goal 3: Promote gender equality and empower women		
Eliminate gender disparity in primary education, preferably by 2005.	Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Myanmar, Philippines, Singapore, Thailand, Viet Nam	Malaysia
Eliminate gender disparity in secondary education, preferably by 2005.	Brunei Darussalam, Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam	Cambodia, Lao PDR
Eliminate gender disparity in tertiary education, preferably by 2015.	Brunei Darussalam, Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam	Cambodia, Lao PDR
Goal 4: Reduce child mortality		
Reduce by two-thirds, between 1990 and 2015, the under-5 mortality rate.	Cambodia, Indonesia, Singapore, Thailand	Brunei Darussalam, Lao PDR, Malaysia, Myanmar, Philippines, Viet Nam.

MDG targets and indicators	On track	Off track–slow
Reduce by two-thirds, between 1990 and 2015, the infant mortality rate.	Singapore, Thailand	Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Viet Nam
Goal 5: Improve maternal health		
Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.	Cambodia, Lao PDR, Singapore	Brunei Darussalam, Indonesia, Malaysia, Myanmar, Philippines, Thailand, Viet Nam
Reduce by three-quarters, between 1990 and 2015, birth without attendance by skilled health personnel.	Brunei Darussalam, Indonesia, Malaysia, Singapore, Thailand, ^{3/} Viet Nam	Cambodia, Lao PDR, Myanmar, Philippines
100 percent antenatal care coverage	Brunei Darussalam, Indonesia, Malaysia, Thailand, Viet Nam	Cambodia, Lao PDR, Myanmar, Philippines
Goal 6: Combat HIV/AIDS, malaria, and other diseases		
Have halted by 2015 the HIV prevalence and begun to reverse the spread of HIV/AIDS.	Brunei Darussalam, Philippines, Singapore, ^{4/} Thailand	Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Viet Nam
Target for tuberculosis incidence per year, per 100,000 population.	Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam	n.a.
Target for tuberculosis prevalence rate per 100,000 population.	Brunei Darussalam, ^{5/} Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam	n.a.
Goal 7: Ensure environmental sustainability		

MDG targets and indicators	On track	Off track–slow
Target for proportion of land area covered by forest	Philippines, Singapore, Viet Nam	Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Thailand
Halve, by 2015, the proportion of population without access to improved drinking water.	Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam	n.a.
Halve, by 2015, the proportion of population without improved sanitation facilities.	Brunei Darussalam, Cambodia, Lao PDR, Malaysia, Myanmar, Singapore, Thailand, Viet Nam	Philippines, Indonesia

Notes: ^{1/}, ^{2/} Not applicable for Brunei Darussalam and Singapore. ^{3/} Most births in Malaysia and Thailand are attended by skilled health personnel. Reduction by three-quarters might not be relevant. ^{4/} Singapore HIV prevalence rate increases from 0.004 percent (2001) to 0.022 percent (2012); however, the rate is considered low globally. ^{5/} Tuberculosis prevalence rate increased in Brunei Darussalam from 55 (1990) to 73 (2013); however the rate is relatively low regionally. Sources: ADB (2014a), communication from the governments of Brunei Darussalam and Singapore, and ASCC scorecard data from the ASEAN Secretariat.

Table 1.4. Progress in Eradicating Hunger in ASEAN Member States

Country	Prevalence of underweight children under 5 years of age		Proportion of population below minimum level of dietary energy consumption		
	Earliest Year	Latest Year	1991	2000	2012
Brunei Darussalam	n.a.	n.a.	3	2	0
Cambodia	42.6 (1996)	29.0 (2010)	39	34	15
Indonesia	29.8 (1992)	18.6 (2010)	22	20	9
Lao PDR	39.8 (1993)	31.6 (2006)	45	40	27
Malaysia	22.1 (1990)	12.9 (2006)	4	3	4
Myanmar	32.5 (1990)	22.6 (2009)	n.d.	n.d.	n.d.
Philippines	29.9 (1990)	20.2 (2011)	25	21	16
Singapore	n.a.	n.a.	n.a.	n.a.	n.a.
Thailand	16.3 (1993)	7.0 (2006)	43	20	6
Viet Nam	36.9 (1993)	12.0 (2011)	48	20	8

Note: n.d. = no data, n.a. = not applicable.

Sources: ADB (2014a), data taken from different sources.

- The MDG goal of 100 percent survival rate (with a cut-off rate of 95 percent) in primary education – that is, the proportion of pupils starting in grade 1 who reach the last grade of primary school – would likely be achieved only by five ASEAN member states by 2015: Brunei Darussalam, Malaysia, Singapore, Thailand, and Viet Nam. Viet Nam’s performance is noteworthy with its survival rate reaching almost 98 percent in 2011 from 83 percent in 1990. Cambodia and the Lao PDR also registered remarkable improvements in survival rates during the period considering their level of development, almost doubling their rates from about a third in the early 1990s to about two-thirds by 2011. Nonetheless, with survival rates far less than the ideal of 100 percent survival rate in Cambodia and the Lao PDR, as well as in Myanmar (75 percent survival rate), the Philippines (76 percent survival rate), and, to a lesser extent, Indonesia (89 percent survival rate), this failing effectively hinders greater income equality in the future considering that human capital is increasingly the means for the poor to move up towards the middle class. How the concerned ASEAN member states can raise the survival rates to nearly 100 percent is an important policy and development issue in the decade post-2015.
- The MDG target on the mortality of children under 5 years of age is to reduce it by two-thirds between 1990 and 2015. Cambodia, Indonesia, Singapore, and Thailand are on track. The Lao PDR and Myanmar are also noteworthy given that the mortality rates from 1990 to 2012 had halved. The under-5 mortality rate in Brunei Darussalam and Malaysia are already down to the low single digits and are the second and third best after Singapore.
- Although only Singapore and Thailand are on track on the MDG goal of reducing infant mortality rate by two-thirds from 1990 to 2015, there has been a marked reduction in infant mortality in all ASEAN member states; in most cases the 2012 values are about half of the 1990 values. The performances of Cambodia and the Lao PDR are particularly noteworthy as they came from high initial mortality rates.
- Cambodia and the Lao PDR are even more noteworthy in the reduction of maternal mortality rate during 1990–2012. Indeed, they are the only two member states that meet the MDG goal of reducing maternal mortality rate in 2015 to only one-third of the 1990 values. Myanmar, Viet Nam, Indonesia,

and Brunei Darussalam have also registered remarkable reductions during the period. Singapore's performance is also noteworthy, with a sharp reduction from 2000 to 2013, which at 3 per 100,000 live births is one of the lowest in the world. Related to the performance on maternal mortality rate reduction is the proportion of births attended by skilled personnel, which improved markedly in Cambodia, Indonesia, and the Lao PDR during the period. Myanmar and especially Viet Nam also registered remarkable increases. The Philippines posted the lowest increase, such that by 2012 the country ranked as second lowest amongst ASEAN member states after the Lao PDR in the percentage of births attended by skilled personnel. Singapore, Brunei Darussalam, Thailand, and Malaysia have virtually all births attended by skilled personnel.

- All ASEAN member states are early achievers with respect to the MDG target of reducing by half the proportion of people without access to safe drinking water. Cambodia, the Lao PDR, Myanmar, and Viet Nam, most especially Cambodia, registered the biggest improvements. Brunei Darussalam, Malaysia, and Singapore are noteworthy for complete coverage of the population with access to improved water sources. Similarly, most member states are on track with respect to the halving of the percentage of population without access to basic sanitation. Cambodia, Viet Nam, and the Lao PDR are the most improved during the period. Indonesia and the Philippines also registered significant improvements, although not to the same extent as demanded in the MDG.

- The MDGs do not include access to electricity. Yet, access to electricity is an important means of moving the poor upwards since electricity allows for improved access to communication and knowledge; it also enhances access of the poor to employment opportunities both on the farm and off-farm. Access to electricity is included in the multidimensional poverty measure for Indonesia by Sumarto and de Silva (2014).

Based on 2012 data, access to electricity is where there is a large difference amongst ASEAN member states (**Table 1.5**). Specifically, the percentage of population with access to electricity is only 32 percent in Myanmar and 34 percent in Cambodia. This contrasts sharply with the effectively fully electrified Brunei Darussalam, Malaysia, Thailand, and

Singapore (at more than 99 percent to 100 percent) and, to a lesser extent, Viet Nam (at 96.1 percent). Indonesia's rate, at 75.9 percent, is substantially lower than the ideal target of total electrification, which means about 60 million people remain without access to electricity. It is worth noting that the geographically huge country China has ensured access to electricity to virtually all its citizens (at 99.4 percent rate).

Table 1.5. Access to Electricity in ASEAN Member States

Country	Electrification rate (%)		Population without electricity (millions)	
	2009	2012	2009	2012
Brunei Darussalam	99.66	99.7	0.0	0.0
Cambodia	24	34.1	11.3	9.8
Indonesia	64.5	75.9	81.6	59.5
Lao PDR	55	78.3	2.6	1.4
Malaysia	99.4	99.5	0.2	0.1
Myanmar	13	32.0	43.5	35.9
Philippines	89.7	70.3	9.5	28.7
Singapore	100	100.0	0.0	0.0
Thailand	99.3	99.0	0.5	0.7
Viet Nam	97.6	96.1	2.1	3.5

Sources: IEA (2011, 2014).

In summary, the ASEAN member states have been remarkable in their performance of the MDG targets. As such, multidimensional poverty has likely declined in ASEAN, probably substantially consistent with the remarkable reduction in income poverty in the region. Nonetheless, there remains the challenge of the 'one last mile' for a number of ASEAN countries. Thus, for example, the primary school survival rates are not yet 100 percent, which means that there remain many young people who do not have the requisite human capital to move up in an increasingly knowledge intensive world. Moreover, there is growing pressure to improve the quality of basic education as reflected in indicators like the number of pupils per teacher. For a few ASEAN countries, perhaps most especially the Philippines, there is the urgent challenge to invest much more in meeting the MDG targets into 2015 and beyond woven into the forthcoming SDG targets that are expected to be agreed upon in later 2015.

Vulnerability and poverty. The poor and the near poor are particularly vulnerable to food price shocks and natural disasters. The poor and near poor are more vulnerable to food price spikes simply because food constitutes a much higher percentage of total expenditures of the poor and the near poor than of the higher-income groups. Also, a large percentage of the poor and near poor live in areas that are more vulnerable to natural hazards, like flooding and landslides. In addition, they are less capable of withstanding natural hazards like typhoons because of the quality of their housing. Adverse shocks can lead the poor to going deeper into poverty (for example, higher debt) and the near poor to slide into poverty. Thus, while shocks such as food price spikes and serious flooding affect virtually everybody whether poor or not, there is merit on the greater concern for their impact on the poor and the near poor.

The Asian Development Bank estimated the poverty-inducing effect of food price hikes and natural disasters (ADB, 2014a). Using the food price index instead of the overall consumer price index as the appropriate price deflator or inflator for the poverty line, an increase in the price of food relative to the overall consumer price would necessitate an increase in the poverty line in order to maintain the overall welfare of the poor. The impact of this adjustment for 2010 is the rise in the poverty line; that is, the ‘food insecurity-adjusted poverty line’ (ADB, 2014a) in virtually all the ASEAN member states, from about 5.6 percent for the Philippines to about 16 percent for Thailand, 17.6 percent for Viet Nam, and 20.8 percent for Indonesia (**Table 1.6**). The resulting higher food insecurity poverty line means a higher resulting poverty rate and therefore a larger number of poor people. The incremental number of poor people reflects the number of people who are vulnerable to poverty arising from the rise in the relative price of food. As **Table 1.6** shows, the number of food insecure people (that is, people thrown into poverty due to a surge in food prices) in ASEAN is large, especially in Indonesia and Viet Nam. The juxtaposition of a net rice importer (Indonesia) and a net rice exporter (Viet Nam), given that rice is the most important item in the food basket of the poor, highlights the merit and the importance of regional initiatives in ASEAN to help temper the volatility of the price of rice and of the regional emergency rice reserves initiative (that is, the ASEAN+3 Emergency Rice Reserve). The results above suggest the

importance and relevance of the growing policy interest in the region on food security. This is discussed further in **Chapter 4**.

Table 1.6. Food Insecurity-adjusted Poverty Incidence in ASEAN Member States

Country	Poverty under \$1.25 PPP 2005		Food Insecurity-adjusted poverty incidence (2010)		Additional poverty due to food insecurity (2010, in million)
	%	1. million	2. %	3. million	
Cambodia	18.6 (2009)	2.63	22.8 (2008)	3.28	0.64
Indonesia	16.2 (2011)	39.50	28	67.39	27.89
Lao PDR	33.9 (2008)	2.08	39.8 (2008)	2.55	0.46 (2008)
Malaysia	0.0 (2009)	0.00	0.2	0.06	0.06
Philippines	18.4 (2009)	16.91	20.3	18.97	2.06
Thailand	0.4	0.27	0.9	0.60	0.33
Viet Nam	16.9 (2008)	14.39	22.4 (2008)	19.47	5.09 (2008)

Notes: The result for Cambodia and Indonesia is slightly overestimated due to the more recent data in the baseline (that is, poverty rate at \$1.25 PPP); while the result for Malaysia and the Philippines is slightly underestimated due to more recent data used compared to the baseline estimate. No estimate for Brunei Darussalam, Myanmar, and Singapore. Sources: ADB (2014a), data taken from different sources.

ADB also undertook a similar exercise taking into consideration the vulnerability to poverty arising from natural disasters, climate change, economic crises, and idiosyncratic shocks. Similar to the food insecurity-adjusted poverty line, the vulnerability-adjusted poverty line estimates the poverty line that compensates for the risk, assuming a given parameter for the appetite for risk taking, and thereby ends with the same welfare of the poor as the (certain) benchmark poverty line. In effect, the estimation takes all kinds of risks, including especially natural disasters. The resulting vulnerability-adjusted poverty lines are even much higher than those for the food insecurity-adjusted poverty lines (**Table 1.7**). Specifically, for 2010, the increase in the vulnerability-induced poverty line over the benchmark poverty line (\$1.25 in 2005 PPP) is from 16.8 percent for Cambodia to 27.2 percent for Thailand, 28 percent for Viet Nam, and 45.6 percent for Malaysia. As **Table 1.7** shows, the resulting poverty rates increase substantially for all lower middle-income and low-income ASEAN member states; there is marginal effect on the poverty incidence of Malaysia and Thailand as their

poorest decile (that is, 10 percent of population) have average incomes higher than the vulnerability-induced poverty line.

Table 1.7. Disaster Vulnerability-adjusted Poverty Incidence in ASEAN Member States

Country	Poverty under \$1.25 PPP 2005		Disaster vulnerability-adjusted poverty Incidence (2010)		Additional poverty due to food insecurity (2010, in million)
	4. %	5. million	6. %	7. million	
Cambodia	18.6 (2009)	2.63	30.8 (2008)	4.42	1.79
Indonesia	16.2 (2011)	39.50	27.1	65.22	25.73
Lao PDR	33.9 (2008)	2.08	42 (2008)	2.69	0.61 (2008)
Malaysia	0.0 (2009)	0.00	1.2	0.34	0.34
Philippines	18.4 (2009)	16.91	26.4	24.67	7.76
Thailand	0.4	0.27	1.5	1.00	0.73
Viet Nam	16.9 (2008)	14.39	27.6 (2008)	23.99	9.61 (2008)

PPP = purchasing power parity.

Notes: The result for Cambodia and Indonesia is slightly overestimated due to the more recent data in the baseline (that is, poverty rate at \$1.25 PPP), while the result for Malaysia and the Philippines is slightly underestimated due to more recent data used compared to the baseline estimate. No estimate for Brunei Darussalam, Myanmar, and Singapore.

Sources: ADB (2014a), data taken from different sources.

A number of ASEAN member states are significantly vulnerable to natural disasters as exemplified by the devastating effects of Typhoon Nargis on Myanmar in 2008, Typhoon Haiyan on the Philippines in 2013, and the 2009 earthquake in Padang, Indonesia as well as a typhoon in the Lao PDR in 2009 and large scale/serious flooding that has occurred in Cambodia, Indonesia, Thailand, Philippines, Viet Nam, and most recently Malaysia. The number of people affected, mortalities, and economic damage from natural disasters are given in **Table 1.8**. As the table indicates, in most years since 2000, ASEAN has a higher number of people affected and more mortalities (per thousand or million people) and economic damage as a percent of GDP than the rest of the world. The Philippines leads ASEAN in terms of the number of people (per 1,000 people) affected by natural disasters. The most economically disastrous disasters are Typhoon Nargis in Myanmar in 2008 and Thailand's flood in 2011. Nonetheless, there have been other disasters with significant economic impact in Cambodia (in 2000, 2011, and 2013), the Lao PDR (2009 and 2013), the Philippines (2013), and Viet Nam (2006 and 2007).

Table 1.8. Effect of Natural Disasters in ASEAN Member States

Country	Mortalities from natural disasters (Per million population)				People affected by natural disasters (Per 1,000 population)				Economic damage from natural disasters (% of GDP)			
	2008	2011	2013	2004–2013	2008	2011	2013	2004–2013	2008	2011	2013	2004–2013
Brunei Darussalam	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Cambodia	n.d.	16.9	13.2	5	n.d.	112.3	99.1	28.9	n.d.	4.1	3.3	1.1
Indonesia	0.6	0.5	0.7	76.2	2.1	0.1	2.7	3.8	0	0	0.3	0.3
Lao PDR	1	7.4	14.8	2.9	33.3	71.6	90.1	22.7	0	0	1.2	0.4
Malaysia	0	0.6	0.1	0.9	0.3	0.7	2.5	1.6	0	0	0	0.1
Myanmar	2703.8	4.3	0.4	270.6	46.9	1	1.4	6.3	15.5	0	0	1.4
Philippines	10.6	20.9	85.2	23.3	93	123.3	260.6	99.9	0.3	0.3	4.6	0.9
Singapore	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Thailand	0.6	13.9	1.3	15.3	174.8	169	52.2	70	0	11.1	0.1	1.5
Viet Nam	4.7	1.5	2.2	3.3	8.9	15.1	45	19.8	0.7	0.2	0.9	0.7
ASEAN	240.4	6.2	14.8	60.5	41	44	58.6	29.6	0.3	1.9	0.7	0.5
World	35.9	4.9	3.2	15.1	32.3	30.1	13.4	25.5	0.3	0.5	0.2	0.2

Notes: GDP = gross domestic product, n.d. = no data.

Sources: ADB (2014a), data taken from different sources.

The results bring out that the need for greater resiliency to such risks as natural disasters is even more pressing for the lower middle – and low-income ASEAN countries, which have relatively fewer resources and less capacity to address natural disasters and other shocks. The large number of people who are vulnerable to poverty arising from risks such as natural disasters as indicated above in tandem with the proneness of the ASEAN region to natural disasters, highlight how critical it is for ASEAN to give special emphasis on disaster risk reduction and disaster management in order for the region to have greater resiliency to natural disasters. The issue of disaster management and resiliency is discussed in **Chapter 4**.

Environment and Sustainable Development

The ASEAN state of environment reports and the ASEAN Declaration on Environmental Sustainability exemplify the high policy profile that environment, sustainability, and climate change hold in the ASEAN member states. The state of environment reports, published every 3 years, provide an intensive review of the status, prospects, and challenges of the freshwater and marine and terrestrial ecosystems as well as the atmosphere in the region. The following section provides information on the status of ASEAN's environment based on the *Fourth ASEAN State of the Environment Report*:

- The region is abundant in water resources but fresh water resources in some member states are threatened by population expansion, growth of agriculture and aquaculture, and pollution. The region holds 60 percent of global tropical peatland area; however, the trans-boundary haze problem that is linked to some extent to the burning of peatlands (primarily for agricultural plantations, especially oil palm) reflects the incentive problem facing peatlands in the region. ASEAN has the largest extent of mangroves in the world, but there has been significant deforestation and conversion of mangrove areas in some member states, most especially in Viet Nam. Nonetheless, there are now 29 Ramsar sites (wetlands of international importance).
- The region is a global centre of tropical marine biodiversity, exemplified by the Coral Triangle around Indonesia, Malaysia, and the Philippines. However, land-based pollution, aquaculture, unplanned development activities without proper coastal zone management planning, and global warming, amongst others, are threatening the marine ecosystems in the region. The good news is that there has been a 58-percent increase in

marine-protected areas in the region, mainly in the Philippines, Indonesia, and Malaysia.

- ASEAN is one of the most densely forested areas in the world, with a very high proportion of forest area to the total land area in Brunei Darussalam, Cambodia, and Malaysia. The ASEAN terrestrial ecosystem is also one of the most diverse in the world with very high species endemism, especially in the three mega-diverse countries of Indonesia, Malaysia, and the Philippines. Because of the rich diversity, there has always been global concern about deforestation. The rate of deforestation in the ASEAN region was higher than the global average during 2000–2007. The good news is that Viet Nam has been experiencing a rising share of forest area because of reforestation initiatives. There is also a growing number of protected areas in ASEAN, with six member states declaring protected areas that are at least 13 percent of the total land area as of 2008, although the enforcement of the laws meant to protect species in protected areas leaves much to be desired.
- ASEAN is one of the most biodiversity-rich regions in the world. At the same time, however, it has four of the world's 34 biodiversity hotspots; that is, areas that have exceptional levels of endemism of species facing serious loss of habitat. Deforestation, the introduction of invasive alien species, illegal wildlife trade, and climate change all pose challenges to ASEAN biodiversity. Perhaps, most important is the challenge of an inadequate appreciation of the true value of biodiversity to society and economy, which would engender the impetus for conservation and sustainable use of biodiversity resources in the region.
- Pollution and trans-boundary haze are the most visible dimensions of interest with respect to the region's atmosphere. Singapore and Brunei Darussalam have good air quality most of the year: air quality is more variable in the other member states. Pollution is a problem in the region's megacities such as Manila, Jakarta, and Bangkok, although key air pollutants have been declining in Malaysia, Bangkok, and Manila. Viet Nam, the Lao PDR, and Cambodia registered the fastest rise in per capita emissions of carbon dioxide between 1990 and 2010 in Asia, but Myanmar, Cambodia, and the Lao PDR have amongst the lowest per capita emissions in carbon dioxide in Asia. Similarly, Brunei Darussalam has the highest per capita emission of carbon dioxide but the total amount is small given the small size of the population. Singapore and Brunei Darussalam are amongst the few Asian countries that reduced their per capita emissions of carbon dioxide during 1990–2010 (ADB,

2014a). Haze remains a recurring problem in the region despite years of regional concern.

- Climate change is a serious concern because the region is highly vulnerable given that a large percentage of the population and economic activity is concentrated along coastlines and the region is also heavily reliant on agriculture and fishery. Climate change has many adverse impacts in the region in such areas and resources as water resources, biodiversity, and food security, amongst others.

It is clear that environment and sustainable development would be an even more important concern and issue for ASEAN post 2015. Aiming towards a green ASEAN, which can be an economic opportunity itself, is discussed in **Chapter 4**.

III. Towards the ASEAN Socio-Cultural Community: Progress and Challenges

The ASCC is one of the troika of ‘closely intertwined and mutually reinforcing’ communities in ASEAN that are to be the embodiment of the vision laid out by the ASEAN heads of state in 1997 of an ASEAN Community as ‘... a concert of Southeast Asian nations, outward looking, living in peace, stability and prosperity, bonded together in partnership in a just, democratic, and harmonious environment, dynamic development and ever closer economic integration and in a community of caring societies, conscious of its ties of history, aware of its shared cultural heritage and bond by a common regional identity’ (ASEAN, 2009a, p.1; ASEAN, 1997). Building the three component communities of the ASEAN Community involves deeper integration, enhanced regional cooperation, and concerted national actions. None is more important than the other; each contributes to the success of the other ‘...for the purpose of ensuring durable peace, stability and shared prosperity in the region’ (ASEAN, 2009a, p.1).

Alongside the deepening economic integration and robust political-security cooperation in the region, there has been heartening progress towards the building of an ASCC especially during the last half decade. Note that in contrast to the AEC where market integration many times drives official initiatives, the building of an ASEAN socio-cultural community in a region of diverse cultures and religions and rising nationalism necessitates more continued purposeful initiatives. The ASCC Blueprint 2009–2015 puts

together the purposeful initiatives into a ‘framework for action ...structured into six characteristics or strategic – level development and cooperation outcomes and ... (further decomposed into the)... elements or inter-woven cross-pillar, thematic, sectoral and cross-sectoral outcomes’ (ibid, p.xiii).

The ASCC Blueprint 2009–2015, as part of the ASEAN Community Blueprint (2009–2015), clearly describes the ASCC key characteristics and elements, as well as its strategic objectives and actions. The ASCC aims to promote a people-centred and socially responsive ASEAN community to achieve unity by building a society that is inclusive and harmonious (ASEAN, 2009b). As shown by **Figure 1.2**, the ASCC has six characteristics: (1) human development, (2) social welfare and protection, (3) social justice and rights, (4) environmental sustainability, (5) ASEAN identity, and (6) narrowing the development gap. Out of around 635 action lines under the ASEAN Community road map, 339 (53 percent) of them fall under the ASCC.¹³ This reflects the importance and wide-ranging areas covered by the ASCC.

Figure 1.2. Characteristics of the ASEAN Socio-Cultural Community



Source: ASEAN (2009b).

The ASCC Council oversees the implementation of the blueprint. It coordinates with at least 14 ASEAN sectoral ministerial bodies, which range from ASEAN ministers responsible for information; culture and arts; education, youth and sports; disaster management; social welfare and

¹³ Calculated from the ASEAN Community Blueprint. The number of action lines under political-security is 142 and under economic community is 154.

development; women and children; health; science and technology; environment; labour; rural development and poverty reduction; and civil service matters.

Progress

ASEAN undertook a mid-term review of the implementation of the ASCC Blueprint in 2013. One of the objectives of the review was to assess whether or not the measures and actions in the blueprint have been implemented. **Table 1.9** presents the summary of the ASCC accomplishments. As the table shows, the progress of implementation is satisfactory, with 86 percent of the measures and actions having been addressed as of September 2013.

Table 1.9. Summary of the ASEAN Socio-Cultural Community Accomplishments

ASCC characteristics		Number of action lines	Completed or ongoing action	Percentage
A	Human development	61	57	93
B	Social welfare and protection	94	91	97
C	Social justice and rights	28	21	79
D	Ensuring environmental sustainability	98	67	68
E	Building ASEAN identity	50	48	96
F	Narrowing the development gap	8	8	100
Total		339	292	Average: 86%

ASCC = ASEAN Socio-Cultural Community.

Source: ASEAN (2014b).

The following discussion presents the summary and accomplishments of the six ASCC characteristics, based on the ASCC Blueprint status matrix as of 18 September 2014:

Human development. In the human development characteristic, the ASCC has seven key elements. These are: (1) advancing and prioritising education, (2) investing in human resources development, (3) promoting decent work, (4) promoting information and communication technology (ICT), (5) facilitating access to applied science and technology (S&T), (6) strengthening entrepreneurship skills for women, youth, elderly, and persons with disabilities, and (7) building civil service capability.

On advancing and prioritising education, ASEAN aims to achieve universal access to primary education by 2015, to promote early childcare and development, and to enhance ASEAN awareness amongst young people. It consists of 21 action lines with 89 projects/activities/objectives. Of the 89 projects, only three projects are not completed or are ongoing. Overall, 30 projects are completed, 56 projects are ongoing, and three projects are pending.

On investing in human resources development, ASEAN aims to develop a qualified, competent, and well-prepared labour force. The element consists of eight action lines with 20 projects/activities/objectives. The projects include initiatives such as strengthening the centres of excellence in the region, promoting the use of English in the workplace, identifying gaps in training needs, and many others. Overall, 7 projects are completed and 13 projects are ongoing.

On promoting of decent work, ASEAN aims to promote decent work principles in the ASEAN work culture, safety and health in the workplace, and promote entrepreneurship in ASEAN's employment policy. It has eight action lines with around eight projects. They include developing labour market information systems, cross-national frameworks, guidelines for human resource competencies and skill recognition, and ASEAN guidelines on industrial relations good practices. Overall, four projects are completed and four projects are ongoing.

On promoting ICT, ASEAN aims to improve human development through the use of ICT. It has six action lines and 20 projects. Its action lines include increasing ICT literacy, promoting secure internet access, and encouraging the use of ICT in educational institutions. Overall, 10 projects are completed, 9 projects are ongoing, and 1 is pending.

On facilitating access to applied S&T, ASEAN, through the Committee on Science and Technology, aims to promote active cooperation in research, science, and technology development, technology transfer, and commercialisation, with active participation from the private sector and other relevant organisations. The various S&T actions include establishing a network of S&T centres of excellence, strengthening collaborative research and development (R&D) in applied S&T, facilitating exchange and mobility of scientists and researchers, and collaborating with the private sector to promote R&D. Overall, 31 projects have been completed and 41 projects are ongoing.

On strengthening entrepreneurship skills for women, youth, elderly, and persons with disabilities, ASEAN has three action lines with 10 projects. The projects include ASEAN entrepreneurs' youth forum, establishment of an ASEAN Women Entrepreneurs' Network, and implementation of the ASEAN Decade of Persons with Disabilities (2011–2020) to officially promote disability inclusive development in ASEAN. Overall, four projects are completed and six projects are ongoing.

Finally, on building civil service capability, ASEAN aims to establish effective, efficient, transparent, responsible, and accountable civil service systems. The element has 10 action lines and 30 projects. The action lines include conducting annual workshops to promote ASEAN collaboration on an effective and efficient civil service, public accountability, and good governance; developing pools of experts in civil service capacity building and conducting training programmes; enhancing and establishing mechanisms such as service standards, citizens' feedback procedures, and output-based performance rating systems. Overall, 20 projects are completed, 9 are ongoing, and 1 is pending.

Social welfare and protection. The ASCC has seven key elements in the social welfare and protection characteristic. These are: (1) poverty alleviation, (2) social safety net and protection from the negative impacts of integration and globalisation, (3) enhancing food security and safety, (4) access to healthcare and promotion of healthy lifestyles, (5) improving the capability to control communicable diseases, (6) ensuring a drug-free ASEAN, and (7) building disaster-resilient nations and safer communities.

On poverty alleviation, ASEAN aims to address socio-economic disparities and poverty amongst the member states. It has 10 action lines with 25 associated projects/activities/objectives. Its action lines include developing and implementing an ASEAN road map to meet the MDGs, intensifying the Initiative for ASEAN Integration (IAI) efforts, developing a support system for families under the poverty line, and sharing best practices. Overall, 13 projects are completed, 11 are ongoing, and 1 is pending.

On social safety net and protection from the negative impacts of integration and globalisation, ASEAN aims to improve the quality, coverage, and sustainability of social protection in member states and increase the capacity of social risk management. It has 10 action lines with 17 associated projects. The action plans include mapping the social protection regime in ASEAN, exchanging best practices, promoting social protection in labour

policy, developing measures to counter the use of the Internet for pornography, preparing studies on natural disaster risk safety mechanisms in selected sectors and on the impact of economic integration and globalisation from a gender perspective, and strengthening cooperation to protect female migrant workers. Overall, nine projects are completed and eight are ongoing.

On enhancing food security and safety, ASEAN identified 16 action lines with 41 associated projects. Its action lines include harmonising national food safety regulations with internationally accepted standards, promoting production of safe and healthy food, developing further the competency of the existing ASEAN food laboratory network, establishing a network to enhance intra- and extra-ASEAN food trade cooperation, and encouraging the use of environmentally sound technologies in farming and food processing, amongst others. Overall, 10 projects are completed, 25 are ongoing, and 6 are pending.

On access to healthcare and promotion of healthy lifestyles, ASEAN aims to ensure adequate and affordable access to healthcare, medical services, and medicine as well as a healthy lifestyle. It has 24 action lines with 27 associated projects. Its action lines include employing strategies to strengthen integrated risk management; promoting a healthy lifestyle and behavioural changes; enhancing awareness on the impact of regional trade policies and economic integration on health; sharing best practices in improved access to healthcare products; encouraging public-private partnership, community empowerment, and gender-sensitive policies in improving community health standards; and improving pharmaceutical management capability, amongst others. Overall, 3 projects are completed and 24 are ongoing.

On improving capability to control communicable diseases, ASEAN aims to enhance the regional preparedness capacity through integrated approaches to prevention, surveillance, and timely responses to communicable and emerging infectious diseases. It has 13 action lines with 13 associated projects. Its action lines include consolidating, further strengthening, and developing regional cooperative arrangements through multi-sectoral and integrated approaches in the prevention, control, and preparedness for emerging infectious diseases, developing programmes to improve second-generation HIV surveillance, and promoting the sharing of information and best practices. Overall, 2 projects are completed and 11 are ongoing.

On ensuring a drug-free ASEAN, ASEAN aims to reduce the overall prevalence of illicit drug abuse in the general population through preventive measures and by increasing access to treatment, rehabilitation, and aftercare services as well as through enhanced partnership between the public and private sectors and civil society organisations. It has nine action lines with nine projects. Its action lines include implementing family, school, workplace, and community-based drug prevention and drug abuse control programmes; sharing best practices on drug demand reduction programmes; and facilitating the establishment and maintenance of treatment and rehabilitation centres in member states. Overall, one project is completed and eight are ongoing.

Finally, on building disaster-resilient nations and safer communities, ASEAN aims to strengthen effective mechanisms and capabilities to prevent and reduce disaster losses in lives as well as in social, economic, and environmental assets of member states, and to jointly respond to disaster emergencies through concerted national efforts and intensified regional and international cooperation. It has 12 action lines with 24 associated projects. Its action lines include implementing an ASEAN agreement on disaster management and emergency response by 2015, supporting the establishment and operationalisation of the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management Centre (AHA Centre), and improving member states' capacity building programmes, amongst others. Overall, 3 projects are completed and 21 are ongoing.

Social justice and rights. In the social justice and rights characteristic, ASEAN aims to promote social justice and incorporate people's rights into policies, especially those of the disadvantaged, vulnerable, and marginalised groups. The three main elements in this characteristic are: (1) promotion and protection of the rights and welfare of women, children, the elderly, and persons with disabilities, (2) protection and promotion of the rights of migrant workers, and (3) promotion of corporate social responsibility (CSR).

On promotion and protection of the rights and welfare of women, children, the elderly, and persons with disabilities, ASEAN aims to 'safeguard the interest and rights as well as provide equal opportunities, and raise the quality of life and standard of living, for women, children, the elderly, and persons with disabilities' (ASEAN, 2009b). It has 15 action lines with 28 associated projects. The action lines include establishing an ASEAN commission on the promotion and protection of the rights of women and children, establishing an ASEAN network of social works by 2013, enhancing support and commitment to improve social protection for the elderly, and

using sex-disaggregated data to promote awareness on gender equality. Overall, 12 projects are completed and 16 are ongoing.

On the protection and promotion of the rights of migrant workers, ASEAN aims to ensure fair and comprehensive migrant policies and adequate protection for migrant workers as well as implementing the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers. It has nine action lines with nine associated projects. Its action lines include operationalising the ASEAN Committee to implement the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers, institutionalising the ASEAN Forum on Migrant Labour as a platform for migrant labour issues, promoting fair and appropriate employment protection payment of wages and adequate access to decent working and living conditions as well as adequate access to legal and judicial systems, facilitating data sharing related with migrant workers, strengthening policies and procedures in the sending state, and facilitating access to resources and remedies in accordance with legislation of the receiving state. Overall, three projects are completed and six projects are ongoing.

On the promotion of CSR, ASEAN aims to promote the application of CSR by corporations. It has four action lines. The action plans include developing a model of public policy on CSR by 2010, engaging the private sector, encouraging adoption of international standards on CSR, as well as increasing awareness on CSR. The first two action lines are managed by the ASEAN Foundation, which formed a regional network for CSR. The awareness improvement programme is ongoing.

Ensuring environmental sustainability. On the environmental sustainability characteristic, ASEAN aims to achieve sustainable development as well as promoting a clean and green environment. ASCC has identified eleven elements: (1) addressing global environmental issues, (2) managing and preventing trans-boundary environmental pollution, (3) promoting sustainable development through environmental education and public participation, (4) promoting environmentally sound technologies (EST), (5) promoting quality living standards in ASEAN cities/urban areas, (6) harmonising environmental policies and databases, (7) promoting the sustainable use of coastal and marine environment, (8) promoting sustainable management of natural resources and biodiversity, (9) promoting the sustainability of freshwater resources, (10) responding to climate change and addressing its impacts, and (11) promoting sustainable forest management (SFM).

On addressing global environmental issues, ASEAN aims to ‘address global environmental issues without impinging on competitiveness, or social and economic development based on the principle of equity, flexibility, effectiveness and common but differentiated responsibility, respective capabilities as well as reflecting on different social and economic conditions’ (ASEAN, 2009b). It has four action lines with seven associated projects. Its action lines include intensifying regional cooperation to improve national and regional capabilities to address issues and commitment to relevant multilateral environmental agreements (MEAs). Overall, three projects are completed and four are ongoing.

On managing and preventing trans-boundary environmental pollution, ASEAN aims to cooperate on mitigating trans-boundary environmental pollution, including haze pollution and trans-boundary movement of hazardous wastes. It has 8 action lines with 14 associated projects. Its action lines include operationalising the ASEAN Agreement on Trans-boundary Haze Pollution, operationalising the ASEAN Coordinating Centre for Trans-boundary Haze Pollution Control Fund, securing funds for the ASEAN Trans-boundary Haze Pollution Control Fund, strengthening regional cooperation on hazardous waste management, and establishing effective and fully functioning regional mechanisms to address trans-boundary hazardous waste. Overall, 3 projects are completed and 11 are ongoing.

On promoting sustainable development through environmental education and public participation, ASEAN aims to have environmentally literate citizens. It has 20 action lines with 24 associated projects. Its action lines include implementing the ASEAN Environmental Education Action Plan (AEEAP) 2008–2012, ensuring the inclusion of environmental education and environmentally sustainable development (ESD) in the education curricula, promoting sustainable school practices across ASEAN, providing environmental education and ESD training to stakeholders, and enhancing participation of local community leaders in promoting public awareness. Overall, 20 projects are completed and 4 are ongoing.

On the EST element, ASEAN aims to use EST in development activities. It has six action lines with six associated projects. Its action lines include operationalising the ASEAN Network on EST (ASEAN–NEST) by 2015, working towards adopting a region-wide environmental labelling scheme by 2015, as well as intensifying cooperation on joint research, development, deployment, and transfer of EST. All projects are completed.

On promoting quality living standards in ASEAN cities/urban areas, ASEAN plans to ensure ASEAN cities are environmentally sustainable, while meeting the social and economic needs of the people. It has 6 action lines with 10 associated projects. Its action lines include expanding existing work under the ASEAN Initiative on Environmentally Sustainable Cities, intensifying efforts to improve the quality of air and water through a reduction in industrial and transportation pollution, sharing best practices in the area of urban planning, as well as developing measures for ASEAN cities' environmental sustainability. Overall, six projects are completed and four are ongoing.

On harmonising environmental policies and databases, ASEAN identified five action lines with six associated projects. The action lines include working towards the implementation of 13 priority environmental parameters and harmonising their measurement, monitoring, and reporting by 2015; harmonising standards and conformity assessment procedures for environmental performance by 2015; and promoting environmental sustainable procurement practice in member states. Overall, four projects are completed and two are ongoing.

On promoting sustainable use of coastal and marine environment, ASEAN aims to ensure sustainable management in ASEAN's coastal and marine environment as well as protect pristine areas and species. It has eight action lines with nine associated projects. Its action lines include improving regional coordination, building capacities to develop marine water quality standards, promoting conservation and sustainable management of key ecosystems in coastal and marine habitat, and enhancing the capacity and capability of fishery and coastal communities in protecting the environment. Six projects are completed and the rest are ongoing.

On promoting sustainable management of natural resources and biodiversity, ASEAN aims to ensure the rich biological diversity is conserved and sustainably managed. It has 13 action lines with 20 associated projects. Among its action lines are to significantly reduce the rate of biodiversity loss by 2010, promote collaboration on access and equitable sharing of genetic and biological resources by 2015, promote further lists and coordinated management of ASEAN heritage parks, and enhance the role and capacity of the ASEAN Centre for Biodiversity. Overall, 9 projects are completed and 11 are ongoing.

On promoting the sustainability of freshwater resources, ASEAN aims to promote sustainable use of water resources. It has six action lines with six

associated projects. Among its action lines are to continue to implement the ASEAN Strategic Plan of Action on Water Resources Management, reduce by half the number of people without sustainable access to safe drinking water by 2010, promote the implementation of integrated river basin management by 2015, as well as promote regional cooperation on water conservation measures and programmes. Overall, four projects are completed and two are ongoing.

On responding to climate change and addressing its impacts, ASEAN aims to enhance regional and international cooperation to address the issue of climate change and its impacts on socio-economic development, health, and environment. It has 11 action lines with 18 associated projects. Among its action lines are encouraging ASEAN common understanding on climate change issues, encouraging the effort to develop the ASEAN Climate Change Initiative (ACCI), encouraging participation of international communities in ASEAN's afforestation and reforestation efforts, as well as promoting public awareness. Overall, six projects are completed and 12 projects are ongoing.

On promoting sustainable forest management, ASEAN aims to eradicate illegal logging and its associated trade through capacity building, technology transfer, improving public awareness, and law enforcement. It has 11 action lines and 6 associated projects. Among its action lines are encouraging environmentally sustainable planning and management in ASEAN forests, addressing illegal logging problems, and strengthening the implementation of forest law enforcement and governance.

Building ASEAN identity. In the ASEAN identity characteristic, the ASCC envisages to 'promote greater awareness and common values in the spirit of unity in diversity at all levels of society' (ASCC Blueprint, p.20). It has four key elements: (1) promotion of ASEAN awareness and sense of community, (2) preservation and promotion of ASEAN cultural heritage, (3) promotion of cultural creativity and industry, and (4) engagement with the community.

On the promotion of ASEAN awareness and sense of community, ASEAN aims to instil a sense of belonging as well as mutual understanding amongst member states about their culture, history, religion, and civilisation. It has 22 action plans lines and 61 associated projects. Among its projects are developing a regional and national communication plan to support ASEAN identity and community awareness, improving coordination in disseminating print, broadcast, and multimedia materials on ASEAN identity, supporting school activities promoting ASEAN awareness, promoting ASEAN sporting

events, supporting the ASEAN Foundation's role, encouraging interfaith dialogue and its coverage in the media, as well as promoting youth exchanges. Overall, 31 projects are completed, 29 are ongoing, and 1 is pending.

On the preservation and promotion of ASEAN cultural heritage, ASEAN identified 14 action lines with 47 associated projects. Its action lines include developing or improving national legislation and regional instrument mechanisms to protect, preserve, and promote ASEAN cultural heritage and living traditions in each member state by 2015; documenting the cultural heritage in the region; conducting risk assessment and preparing emergency responses to threatened significant cultural heritage, capacity building in heritage management, preserving, and developing traditional handicraft villages and occupations; as well as promoting interaction between scholars, artists, and heritage media practitioners. Overall, 41 projects are completed and 6 are ongoing.

On the promotion of cultural creativity and industry, ASEAN aims to promote cultural creativity activities and industries. It has 9 action lines with 38 associated projects. Amongst its action lines are facilitating collaboration between small and medium-sized cultural enterprises, promoting exchange of knowledge and best practices on developing cultural industries, as well as improving marketing and distribution of cultural products and services. Overall, 19 projects are completed and 19 are ongoing.

On the engagement with the community, ASEAN identified five action lines with two associated projects. Among its action lines are engaging the ASEAN-affiliated non-governmental organisations in the ASEAN community-building process, convening annual ASEAN social forums and ASEAN civil society conferences, exploring the establishment of an ASEAN volunteers programme, as well as supporting the youth to participate in the humanitarian mission. All projects are ongoing.

Narrowing the development gap. This characteristic aims to reduce the social dimensions of the development gap between the CLMV (Cambodia, the Lao PDR, Myanmar, and Viet Nam) and ASEAN-6 (ASEAN member states other than CLMV) countries. It has 8 action lines with 15 associated activities. Its action lines include promoting various subregional cooperation frameworks; implementing the second IAI Work Plan 2009–2015; continuing ASEAN-6 support in the Second IAI Work Plan; undertaking assessment studies on the social impact of regional integration; and adopting and implementing regional advocacy programmes in agriculture, marine and

fisheries, agro-based industry, and integrated rural development. Overall, 2 projects are completed and 13 are ongoing.

Observations and Challenges

A browse of the ASCC Blueprint Status Matrix brings out the remarkable variety and quantity of the ASCC initiatives and activities. Many are one-off activities (for example, seminars, forums, training, and publications) primarily for confidence building. Many more are ongoing, longer-term initiatives such as a series of forums, training programmes, or development of a network. There is sharing of good practices and experiences. Some activities are harmonisation initiatives, development of regional implementation mechanisms linked to the development of regional agreements and the like, or the formulation of regional policy initiatives. In many cases, there is internal logic in the flow of the activities towards a defined objective. Overall, they indicate the apparent energy, enthusiasm, and goodwill of many, including dialogue partners and civil society organisations, in undertaking the ASCC initiatives. They are a good foundation of what the ASEAN Community is being built on.

It is worthwhile to provide a few examples drawn from the status matrix:

- Towards improving capability to control communicable diseases, the Seventh Senior Officials' Meeting on Health Development in March 2012 developed and endorsed a medium-term plan on emerging infectious diseases. There is planned collaboration with the animal health sector on highly pathogenic emerging diseases with the support of World Health Organization and the European Commission. The non-health aspects are undertaken by the ASEAN–USAID project on pandemic preparedness and response. There is a Communication and Information System for the Control of Avian Influenza, funded by the Japan–ASEAN Solidarity Fund. A special focus is on Lao PDR and Viet Nam to enhance health reporting and response systems for avian influenza, implemented and coordinated by the ASEAN Foundation. An ASEAN Risk Communication Resource Centre, an ASEAN+3 (ASEAN plus China, Japan, and South Korea) Partnership Laboratory, and an ASEAN+3 Field Epidemiology Training Programme Network (FETN) have been established. The FETN conducted a joint surveillance system evaluation at the border of Thailand and Cambodia. A website has been developed to promote information sharing on emerging infectious diseases. A number of capacity building workshops were undertaken. Overall, the list of initiatives above

suggests a well-rounded and comprehensive set of interventions with the end view of an ASEAN with a much stronger capability and with systems to control communicable diseases.

- To strengthen mechanisms and capabilities to prevent and reduce disaster losses in ASEAN member states, ASEAN has implemented the ASEAN Agreement on Disaster Management Emergency Response (AADMER), established the AHA Centre, and developed and put into operation the standard operating procedures for regional standby arrangements and the coordination of joint disaster relief and emergency response operations. In addition, ASEAN has developed the monitoring and evaluation indicators of the AADMER work programme, developed and implemented regional training programmes, put in place a pool of trainers on disaster management emergency response, and established the ASEAN Disaster Information Sharing and Communication Network, amongst others.
- Towards the protection and promotion of the rights of migrant workers, the ASCC initiatives include the development of a series of forums primarily as a platform for the exchange of views and experiences, the development and publication of a repository matrix of member states' regulations that bear on migrant workers, the development of a workshop on sharing practices on eliminating recruitment malpractices and a training course on labour migration issues. But the most important is the series of meetings of the ASEAN Committee on the Rights of Migrant Workers with the objective of developing and approving an ASEAN instrument on the protection and promotion of the rights of migrant workers, which remains under discussion. In contrast to the first two cases above where there is overwhelming consensus among member states, ASEAN has yet to agree on the finalisation of the instrument despite the series of forums and workshops.

The examples above indicate that there is some 'local coherence' (coherence within the specific sub-group or sub-theme) in many of the initiatives in the ASCC Blueprint. The major challenge, however, is that there seems to be no 'global coherence' among the various sub-groups or sub-theme programmes and initiatives. Behind this is the lack of a unifying sector framework (cf. ASCCD internal note) that ties the component actions together, with clear outcomes and targets that will be the basis for evaluating the relevance, effectiveness, and success of the various component measures and actions.

This lack of a unifying framework and agreed-upon outcomes and targets has led to two important failings of the current ASCC Blueprint. **The**

first one is the failure to set out sub-theme or sub-group outcomes and targets (for example, the degree of reduction in the incidence of communicable diseases) and not just output targets. This is a critical concern because the setting of outcomes and targets raises the bar of expectations on the measures and actions, which is whether the actions have been implemented or not (the focus of the ASCC mid-term review scoring), but more importantly whether those measures and actions have been delivered, or whether they are well performing. This raises the correlative issues of budget, organisation, coordination, and quality of personnel. Also, coordination involves both the coordination of regional and national measures and actions as well as coordination among concerned government agencies and stakeholders within a country. The lack of emphasis on outcomes and targets in the ASCC Blueprint has meant that the performance of the implementation of the blueprint measures and actions could not be evaluated in relation to the performance of ASEAN member states in the socio-economic arena and the MDGs.

The issues of budget and quality of personnel and lack of a unifying framework with clear outcomes and targets bring out the **second failing**, that is, **the apparent lack of prioritisation among the initiatives in the ASCC Blueprint, which includes the possibility of the omission of important initiatives in support of the outcomes and targets.** A greater focus on the outcomes and targets means that both national and regional strategies and actions need to be considered. At present, the ASCC Blueprint does not emphasise concerted national efforts that complement the regional initiatives. The prioritisation of initiatives towards achieving agreed outcomes and targets entails a clear understanding of the relationships, including the magnitude of the relationships between the sub-group or sub-theme outputs and outcomes on the one hand, and the theme or group and overall outcomes and targets on the other hand.

In short, the major challenge for the ASCC Blueprint is to reframe the measures and actions in terms of outcomes and targets, and not just outputs, which will help shape the unifying frameworks, the clearer understanding of the nature and degree of linkages of initiatives within the ASCC and those from the AEC and the APSC, focus on critical regional and national initiatives to have more impact given limited budgets, and allows for more rigorous monitoring and evaluation of the effectiveness of the ASCC Blueprint measures.

This report proposes a framework and indicative outcomes and/or targets for ASCC post-2015 that hopefully would give greater cohesion and

help in prioritising the ASCC measures and actions post-2015. To a large extent, this could address the concerns of the current ASCC Blueprint raised earlier. The vision, indicative outcomes and/or targets, and framework for the ASCC post-2015 are discussed in Chapter 2.

The mid-term review of the ASCC Blueprint (2009–2015) listed other important challenges for the ASCC. Four are highlighted: (1) coordination and cross-sectoral mechanisms, (2) financial, (3) human and technical capacity, and (4) lack of awareness. The first three are important operational constraints. The financial, human, and technical capacity constraints are important challenges for some sectors and some member states. Thus, for example, lack of funds from ASEAN and/or member states meant that some sectors had to rely on dialogue partners for financing. Some member states have low capacity to prepare project proposals, and thereby exacerbated their financing constraints. Similarly, given that many ASCC themes and programmes are inherently multi-sectoral and multi-agency, effective coordination at the national level and well-performing cross-sectoral mechanisms at the regional level are important for the success of the ASCC Blueprint. As the mid-term review brings out, the lack of well-functioning coordination mechanisms in some sectors has led to delays and inefficient resource allocation. Problems of coordination in some member states were aggravated by constant changes in personnel and focal points. Finally, the mid-term review noted the limited awareness of ASEAN in general and the ASCC and its blueprint in particular (ASEAN, 2014b). These issues are addressed in **Chapters 5 and 6**.

Appendix 1.A. Evaluation of the Performance of the Millennium Development Goals in ASEAN Member States

Target 1A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day

Country	Proportion of Population below the Poverty Line (%)				Poverty Gap Ratio		Share of Poorest Quintile in National Income or Consumption (%)
	\$1.25 a Day (PPP)		National				
	Earliest Year	Latest Year	Earliest Year	Latest Year	Earliest Year	Latest Year		Latest Year
Brunei Darussalam	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.d.
Cambodia	44.5 (1994)	18.6 (2009)	47.8 (2007)	18.9 (2012)	12.0 (1994)	3.5 (2009)	7.9 (2009)
Indonesia	54.3 (1990)	16.2 (2011)	17.6 (1996)	11.4 (2013)	15.6 (1990)	2.7 (2011)	7.3 (2011)
Lao PDR	55.7 (1992)	33.9 (2008)	46.0 (1992)	26.0 (2010)	16.2 (1992)	9.0 (2008)	7.6 (2008)
Malaysia	1.6 (1992)	0.0 (2009)	8.5 (1999)	1.7 (2012)	0.1 (1992)	0.0 (2009)	4.5 (2009)
Myanmar	n.d.	n.d.	32.1 (2005)	25.6 (2010)	n.d.	n.d.	n.d.
Philippines	30.7 (1991)	18.4 (2009)	34.4 (1991)	25.2 (2012)	8.6 (1991)	3.7 (2009)	6.0 (2009)
Singapore	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.9 (2013)
Thailand	11.6 (1990)	0.4 (2010)	58.11 (1990)	13.21 (2011)	2.4 (1990)	0.0 (2010)	6.8 (2010)
Viet Nam	63.7 (1993)	16.9 (2008)	20.7 (2010)	17.2 (2012)	23.6 (1993)	3.8 (2008)	7.4 (2008)

Note: n.d. = no data, n.a. = not applicable.

Sources: ADB (2014a) (data taken from different sources) and communication from the Government of Singapore.

Target 1B: Achieve full and productive employment and decent work for all, including women and young people

Country	Growth Rate of GDP per Person Employed (% at constant 1990 \$ PPP)		Employment-to-Population Ratio (% aged 15 years and over)		Proportion of Employed People Living below \$1.25 (PPP) per Day (%)	
	Earliest Year	Latest Year	Earliest Year	Latest Year	Earliest Year	Latest Year
Brunei Darussalam	n.d.	n.d.	62.6 (1991)	63.1 (2001)	n.d.	n.d.
Cambodia	-5.8 (2001)	9.8 (2012)	76.4 (2000)	84.1 (2012)	43.3 (1994)	19.9 (2008)
Indonesia	8.1 (1991)	5.1 (2011)	55.7 (1992)	63.9 (2011)	52.3 (1993)	15.5 (2011)
Lao PDR	n.d.	n.d.	68.6 (1995)	65.7 (2005)	57.1 (1992)	32.8 (2008)
Malaysia	4.9 (1993)	2.0 (2012)	63.5 (1990)	63.5 (2012)	1.3 (1992)	0.1 (2009)
Myanmar	n.d.	n.d.	n.d.	n.d.	35.6 (2005)	n.d.
Philippines	-2.5 (1991)	5.6 (2012)	59.3 (1990)	59.7 (2012)	25.7 (1991)	15.2 (2009)
Singapore	17.6 (1991)	-0.8 (2012)	59.4 (2000)	64.1 (2013)	n.a.	n.a.
Thailand	7.5 (1991)	5.7 (2012)	76.9 (1990)	71.4 (2012)	6.6 (1992)	0.3 (2009)
Viet Nam	3.6 (1991)	3.6 (2012)	74.3 (1996)	75.5 (2012)	63.4 (1993)	15.8 (2008)

Note: n.d. = no data, n.a. = not applicable.

Sources: ADB (2014a), data taken from different sources, and communication from the Government of Singapore.

(Continued)

Target 1C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger

Country	Prevalence of Underweight Children under 5 Years of Age (%)		Proportion of Population below Minimum Level of Dietary Energy Consumption (%)		
	Earliest Year	Latest Year	1991	2000	2012
Brunei Darussalam	n.a.	n.a.	3	2	0
Cambodia	42.6 (1996)	29.0 (2010)	39	34	15
Indonesia	29.8 (1992)	18.6 (2010)	22	20	9
Lao PDR	39.8 (1993)	31.6 (2006)	45	40	27
Malaysia	22.1 (1990)	12.9 (2006)	4	3	4
Myanmar	32.5 (1990)	22.6 (2009)	n.d.	n.d.	n.d.
Philippines	29.9 (1990)	20.2 (2011)	25	21	16
Singapore	n.a.	n.a.	n.a.	n.a.	n.a.
Thailand	16.3 (1993)	7.0 (2006)	43	20	6
Viet Nam	36.9 (1993)	12.0 (2011)	48	20	8

Note: n.d. = no data, n.a. = not applicable.

Sources: ADB (2014a), data taken from different sources.

Target 2A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

Country	Net Enrolment Ratio in Primary Education (%)		Proportion of Pupils Starting Grade 1 Who Reach the Last Grade of Primary (%)	
	1990	2012	1990	2011
Brunei Darussalam	91.5 (1991)	95.7	79.7 (1991)	96.4
Cambodia	82.7 (1997)	98.4	34.4 (1994)	65.9
Indonesia	97.9	95.3	79.7	89
Lao PDR	64.9	95.9	32.7	69.9
Malaysia	96.2 (1994)	97.0 (2005)	83	99.2 (2009)
Myanmar	n.d.	n.d.	55.2 (2000)	74.8 (2009)
Philippines	98.4	88.6 (2009)	60.9	75.8 (2008)
Singapore	95.7 (2000)	100 (2013)	n.d.	100 (2013)
Thailand	93.9 (2006)	95.6 (2009)	81.5 (1999)	93.6 (2000)
Viet Nam	97.9 (1998)	98.2	82.8 (1999)	97.5

Note: n.d. = no data.

Sources: ADB (2014a), data taken from different sources, and communication from the Government of Singapore.

(Continued)

Target 3A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015

Country	Ratio of Girls to Boys in Education Levels					
	Primary		Secondary		Tertiary	
	1991	2012	1991	2012	1991	2012
Brunei Darussalam	0.94	0.98	1.09	1.01	1.36 (1992)	1.74
Cambodia	0.84 (1994)	0.95	0.54 (1998)	0.85 (2008)	0.21 (1993)	0.61 (2011)
Indonesia	0.98	1	0.82	1.03	0.66 (1993)	1.03
Lao PDR	0.79	0.95	0.66 (1992)	0.87	0.43 (1993)	0.82
Malaysia	1	0.94 (2005)	1.05	0.97 (2011)	1.07 (1998)	1.20 (2011)
Myanmar	0.94	0.99 (2010)	0.96	1.05 (2010)	1.22 (1992)	1.34 (2011)
Philippines	0.99	0.98 (2009)	1.04 (1990)	1.08 (2009)	1.49 (1992)	1.24 (2009)
Singapore	0.99 (2000)	1 (2013)	1 (2000)	1 (2013)	0.91 (2000)	1.08 (2013)
Thailand	0.98	0.95 (2013)	0.96	1.06	1.14 (1993)	1.34 (2013)
Viet Nam	0.99	1.01	0.90 (1998)	1.09 (2010)	0.66 (1998)	1.02 (2011)

Sources: ADB (2014a), data taken from different sources, and communication from the Government of Singapore. Data for Viet Nam's 2010 secondary ratio is obtained from ASCC scorecard data provided by the ASEAN Secretariat.

Target 4A: Reduce by two-thirds, between 1990 and 2015, the under-5 mortality rate

Country	Under-5 Mortality Rate (per 1,000 live births)			Infant Mortality Rate (per 1,000 live births)		
	1990	2000	2012	1990	2000	2012
Brunei Darussalam	10	10	10	7	7	9
Cambodia	116	111	40	85	82	34
Indonesia	84	52	31	62	41	26
Lao PDR	163	120	72	112	85	54
Malaysia	17	10	9	14	9	7
Myanmar	106	79	52	76	59	41
Philippines	59	40	30	41	30	24
Singapore	8	4	3	6	3	2
Thailand	38	23	13	31	19	11
Viet Nam	51	32	23	36	25	18

Sources: ADB (2014a), data taken from different sources, and communication from the Government of Brunei Darussalam.

*(Continued)***Target 5A: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio**

Country	Maternal Mortality Ratio (per 100,000 live births)		Proportion of Births Attended by Skilled Health Personnel (%)		Antenatal Care Coverage (% of live births)	
	1990	2013	Earliest Year	Latest Year	≥ One Visit	≥ Four Visits
Brunei Darussalam	0	15	97.8 (1991)	99.7 (2013)	99.0 (2009)	n.d.
Cambodia	1,200	170	34.0 (1998)	71.7 (2011)	89.1 (2010)	59.4 (2010)
Indonesia	430	190	31.7 (1991)	83.1 (2012)	95.7 (2012)	87.8 (2012)
Lao PDR	1,100	220	19.4 (2000)	41.5 (2012)	54.2 (2012)	36.9 (2012)
Malaysia	56	29	92.8 (1990)	98.6 (2011)	97.4 (2011)	n.d.
Myanmar	580	200	46.3 (1991)	70.6 (2010)	83.1 (2010)	73.4 (2007)
Philippines	110	120	52.8 (1993)	62.2 (2008)	91.1 (2008)	77.8 (2008)
Singapore	17 (2000)	3 (2013)	99.7 (2000)	99.7 (2013)	n.d.	n.d.
Thailand	42	26	99.3 (2000)	99.5 (2009)	99.1 (2009)	79.6 (2009)
Viet Nam	140	49	77.1 (1997)	92.9 (2011)	93.7 (2011)	59.6 (2011)

Note: n.d. = no data.

Sources: ADB (2014a), data taken from different sources, and communication from the governments of Brunei Darussalam and Singapore.

Goal 6: Combat HIV/AIDS, malaria, and other diseases

Country	HIV Prevalence (% of population 15–49 years)		Incidence of Tuberculosis (per 100,000 population)		Prevalence of Tuberculosis (per 100,000 population)	
	2001	2012	1990	2012	1990	2012
Brunei Darussalam	0.008	0.003	56	52 (2013)	55 (1995)	73 (2013)
Cambodia	1.5	0.8	580	411	1667	764
Indonesia	0.1	0.4	206	185	442	297
Lao PDR	0.1	0.3	492	204	1491	514
Malaysia	0.4	0.4	127	80	242	101
Myanmar	0.8	0.6	393	377	894	489
Philippines	0.1	0.1	393	265	1003	461
Singapore	0.004	0.022	46 (2000)	38 (2013)	n.d.	n.d.
Thailand	1.8	1.1	138	119	227	159
Viet Nam	0.3	0.4	251	147	525	218

Note: n.d. = no data.

Sources: ADB (2014a), data taken from different sources, and communication from the governments of Brunei Darussalam and Singapore.

(Continued)

Goal 7: Ensure environmental sustainability

Country	Proportion of Land Area Covered by Forest (%)		Terrestrial Areas Protected to Total Surface Area (%)		Marine Areas Protected to Territorial Waters (%)		Population Using Improved Water Sources (%)		Population Using Improved Sanitation Facilities (%)	
	1990	2010	1990	2012	1990	2012	1990	2012	1990	2012
Brunei Darussalam	78.4	72.1	36.7	44	1.4	1.4	100 (2009)	100	95	95
Cambodia	73.3	57.2	0	26.2	n.d.	0.5	22	71	3	37
Indonesia	65.4	52.1	10	14.7	0.4	5.8	70	85	35	59
Lao PDR	75.0	68.2	1.5	16.7	n.d.	n.d.	40 (1994)	72	20 (1994)	65
Malaysia	68.1	62.3	17.1	18.4	1.5	2.3	88	100	84	96
Myanmar	59.6	48.3	3	7.3	0.2	0.2	56	86	53 (1991)	77
Philippines	22	25.7	8.7	10.9	0.3	2.5	84	92	57	74
Singapore	24 (2000)	23 (2013)	5	5.4	n.d.	1.4	100	100	100	100
Thailand	38.3	37.1	11.9	18.8	3.8	5.1	86	96	82	93
Viet Nam	30.2	44.5	4.6	6.5	0.3	1.7	61	95	37	75

Note: n.d. = no data.

Sources: ADB (2014a), data taken from different sources, and communication from the Government of Singapore. Data for Brunei Darussalam's share of population with improved water sources and sanitation facilities is obtained from ASCC scorecard data provided by the ASEAN Secretariat.

Chapter 2

Vision, Indicative Outcomes, and Framework

I. Vision

The ASEAN heads of state expressed their vision of the ASEAN Socio-Cultural Community (ASCC) very clearly in their 1997 ASEAN Vision 2020 under the theme ‘Community of Caring Societies.’ The statements of the heads of state largely hewed their 1997 ASEAN Vision 2020 with some refinements and additions in later years, most recently embodied in the Nay Pyi Taw Declaration on the ASEAN Community’s Post-2015 Vision, signed by the ASEAN Leaders in November 2014.

Repeated verbatim below are some statements that are part of what the heads of state expressed as their vision for the ASEAN Community (by 2020) during their Kuala Lumpur Summit in 1997:

We envision the entire Southeast Asia to be, by 2020, an ASEAN community conscious of its ties of history, aware of its cultural heritage and bound by a common regional identity.

We see vibrant and open ASEAN societies consistent with their respective national identities, where all people enjoy equitable access to opportunities for total human development...

We envision a socially cohesive and caring ASEAN where hunger, malnutrition, deprivation and poverty are no longer basic problems ... and where the civil society is empowered and gives special attention to the disadvantaged, disabled and marginalised and where social justice and rule of law reign.

We envision a clean and green ASEAN with fully established mechanisms for sustainable development to ensure the protection of the region’s environment, the sustainability of its natural resources, and the high quality of life of its peoples.

The overarching elements in the Nay Pyi Taw Declaration on the ASEAN Community's Post-2015 Vision expand or put more succinctly some of the ASEAN Leaders' statements on the ASEAN Community in the 1997 ASEAN Vision 2020. To wit:

Promote ASEAN as a people-oriented, people-centred community through, among others, active engagement with all relevant stakeholders;

Build a resilient community with enhanced capacity and capability to collectively respond to emerging trends and challenges;

Promote inclusive, sustained and equitable economic growth, as well as sustainable development, consistent with the UN's post-2015 development agenda;

Promote development of clear and measurable 'ASEAN Development Goals' to serve as ASEAN benchmark for key socio-economic issues.

Or as most succinctly put in the central elements in the Nay Pyi Taw Declaration on the ASEAN Community's Post-2015 Vision:

An ASEAN Socio-Cultural Community that is inclusive, sustainable, resilient, dynamic, and engages and benefits the people.

Thus, it is clear from the statements above that ASEAN has a clear vision for its Socio-Cultural Community. It is also apparent that such vision remains an enduring challenge for the region post 2015. Animating such vision entails 'clear and measurable ASEAN Development Goals' and the concomitant indicative outcomes and targets, which shape and at the same time become the ultimate reference point for the strategies and actions that are meant to drive, facilitate, support, and push the achievement of the goals and targets.

In support of achieving the vision, the next section proposes indicative outcomes and/or targets by 2025 for the key characteristics, while the last section frames the ASEAN Socio-Cultural Community post-2015 in terms of key characteristics as critical building blocks.

II. Indicative Outcomes/Targets

It is worth highlighting the importance of indicative outcomes and/or targets. This is best expressed in the United Nations report *Realizing the Future We Want for All* on its evaluation of the millennium development goals (MDGs); as thus:

The format of the MDG framework brought an inspirational vision together with a set of concrete and time-bound goals and targets that could be monitored by statistically robust indicators. This has not only helped keep the focus on results, but also motivated the strengthening of statistical systems and use of quality data to improve policy design and monitoring by national governments and international organizations (UN, 2012, p.6).

Not surprisingly, the UN Task Team on the post-2015 UN development agenda retained this format of concrete goals, targets, and indicators – one of the major strengths of the MDG framework – in order to have ‘a clear framework of accountability, based on clear and easy to communicate goals, operational time bound quantitative targets and measurable indicators’ (UN, 2012, p.8).

The ASEAN heads of state emphasised in the Nay Pyi Taw Declaration on the ASEAN Community’s Post-2015 Vision that the promotion of inclusive, sustained, and equitable growth, as well as sustainable development, need to be consistent with the UN’s post-2015 development agenda. The current work on the UN post-2015 development agenda has been shaped by the document *Realizing the Future We Want for All*. Concomitantly, the UN has come up with sustainable development goals (SDGs) and international negotiations are ongoing towards their finalisation and multilateral agreement on the targets by later 2015. Given that the SDGs are the successor to the MDGs, of which ASEAN has confirmed that they ‘mirror ASEAN’s commitment to building a caring and sharing Community’ (ASEAN, 2012a, p.1), it is best to consider the proposed SDG targets as the initial basis for the indicative outcomes or targets, included in the ‘Open Working Group Proposal for Sustainable Development Goals’ for ASCC post-2015.

1. Poverty Reduction and/or Elimination

‘(T)he post-2015 UN development agenda should maintain the focus on human development and the eradication of poverty as ultimate objectives of any development agenda’ (UN, 2012, p.9). Similarly, poverty elimination is

topmost in an ASEAN community of caring societies in the 1997 ASEAN Vision 2020.

We propose the following **targets on poverty reduction and/or elimination by 2025 and 2030**. There are five indicators and targets below because of the different nuances of poverty and deprivation:

- a. Reduce the 2015 value by two-thirds, if not totally eliminate extreme poverty, defined in terms of \$1.25 at 2005 purchasing power parity (PPP) per capita per day by 2025, and completely eliminate it by 2030.
- b. Reduce the 2015 value of extreme poverty, defined as \$1.51 at 2005 PPP per capita per day by one-half by 2025, and by two-thirds by 2030.
- c. Reduce the 2015 value of the national poverty incidence, defined based on national poverty line, by one half by 2025, and by two-thirds by 2030.
- d. Reduce the 2015 value of indicators of hunger by one-half by 2025, and by two-thirds by 2030.
- e. Reduce the 2015/2016 value of multidimensional poverty by one-third by 2025 and by one-half by 2030.

Rationale:

Indicative outcome/Target (a). The current proposed target in support of Goal 1 of the Sustainable Development Goals (SDG Goal 1) to ‘end poverty in all of its forms everywhere’ is complete elimination everywhere by 2030 of extreme poverty, defined as people living below \$1.25 at 2005 PPP per capita per day. Thus, the ‘soft’ indicative outcome/target (a) of eliminating extreme poverty by 2030 above is consistent with the SDG target. Intal, et al. (2014) indicate that this is achievable if the average annual growth rate of the economy until 2030 (assuming no improvement in income inequality) is about 6 percent for Viet Nam, 6.2 percent for Indonesia, 6.8 percent for the Philippines, more than 7 percent for Cambodia, and more than 8 percent for the Lao PDR and Myanmar¹.

¹ The projections are based on poverty incidence in late 2000s; hence, these do not take into account the much sharper reduction in Viet Nam and Cambodia. If the latest poverty incidence estimates for Cambodia and Viet Nam are correct, then the countries would need much lower average growth rates of the economy to eliminate extreme poverty by 2030. It is noted that although the decline in poverty incidence in Viet Nam has been dramatic over only 4 years, it is not backed up by dramatically higher economic growth or a dramatic improvement in income inequality during the period. It may well be that the 2012 results are an ‘aberration’ in terms of the results of the underlying family income and expenditure survey (for example, time of the survey, estimation of non-marketed products, the high inflation rate during the period not well corrected). An in-depth look at the survey may be needed or there may be a need to wait for

Elimination of extreme poverty by 2025 may be difficult for countries like Indonesia, the Lao PDR, and the Philippines (and possibly Myanmar) because of the high incidence of extreme poverty in 2010–2012 (**Figure 1.1** of Chapter 1). The 2025 goal calls for very high average growth rates or dramatically more equitable growth path for the Philippines, Indonesia, and the Lao PDR, which are likely to be unrealistic. Hence, the proposal is to reduce the 2015 value by two-thirds within a decade. Note that even this ‘softer’ target will not be easy for the Lao PDR and the Philippines. It means that the incidence of extreme poverty would need to be reduced by about 20 percentage points for the Lao PDR and 12 percentage points for the Philippines, which is ambitious based on their performance during 2002–2012. For both countries, meeting the target calls for more equitable economic growth that would result in a lower Gini ratio.

Indicative outcome/Target (b). The result of the higher poverty threshold line to \$1.51 at 2005 PPP per capita per day for extreme poverty, as recommended by the Asian Development Bank (ADB), is a substantially higher incidence of extreme poverty of close to 20 percent for Cambodia, about 26–27 percent for the Philippines and Indonesia, and about 40 percent for the Lao PDR during 2010–2012. In addition, the poverty gap nearly doubles for the four countries using the higher poverty line as compared to the \$1.25 poverty line. With substantially higher incidence of extreme poverty and a higher poverty gap, it will be difficult for the four countries to eliminate extreme poverty (at \$1.51 poverty line) by 2030. Halving the incidence within a decade and reducing it by two-thirds within one and a half decades may already be ambitious, especially for the Lao PDR and the Philippines which did not halve their incidence of extreme poverty over two and a half decades as per the MDGs.

Indicative outcome/Target (c). Compared to the \$1.51 poverty incidence, the poverty incidence based on the national poverty lines is lower for Cambodia, Indonesia, the Lao PDR, and the Philippines. It is, however, substantially higher for Viet Nam (beginning 2010), Thailand, and even Malaysia. This is likely because of the higher national poverty line in these countries than the \$1.51 poverty line at 2005 PPP. This shows that the perception of poverty differs among countries in the world, including in ASEAN member states. For many member states, halving the poverty incidence within a decade is probable, and reducing it by two-thirds by 2025 is feasible. The probable exceptions are Indonesia and the Philippines based on their performance during the last half decade when poverty reduction was slow, especially in the Philippines. The Philippines and possibly even Indonesia would need to undertake more

more recent survey results to determine whether the 2012 results on poverty incidence are an aberration.

equitable and inclusive growth to meet the indicative outcomes on poverty reduction by 2025. Myanmar has one of the highest poverty incidences among ASEAN member states based on the national poverty line; nonetheless, it could likely halve its poverty incidence by 2025 based on its performance during 2005–2010, and especially in light of the surge in the economy in recent years.

Indicative Outcome/Target (d). SDG Goal 2 includes the ending of hunger, together with achieving food security and improved nutrition and promoting sustainable agriculture. It is best to include the goal of ending hunger as part of poverty reduction and poverty elimination because this is a critical dimension of poverty. The issues of food security and sustainable agriculture are better tackled under resiliency and sustainability in the ASSC.

Two indicators can be used for indicative outcome/target (d) on hunger. The traditional indicator of ‘hunger’ used by the Food and Agriculture Organization (FAO) and adopted as the official MDG indicator is the ‘prevalence of undernourishment’ or the ‘percentage of the population estimated to be at risk of caloric inadequacy’. The other possible indicator is the Global Hunger Index published by the International Food Policy Research Institute (IFPRI). This index is a simple average of three components, which are (1) percentage of undernourished in the population, the same as FAO’s ‘prevalence of undernourishment’, (2) prevalence of underweight in children under 5 years, in percent, and (3) under-5 mortality rate.

Table 2.1 presents the data for ASEAN member states for 1990–2012/13 for the two indicators of hunger described above. As **Table 2.1** shows, the prevalence of undernourishment in ASEAN during 2010–2012 ranges from less than 5 percent for Brunei Darussalam and Malaysia to 27.8 percent in the Lao PDR (no data for Myanmar and Singapore). Note though that the Lao PDR’s rate in 2010–2012 is a significant improvement from the 44.6 percent during 1990–1992. The table shows that the most impressive decline in the prevalence of undernourishment is that of Thailand and Viet Nam, from a low 40 percent during 1990–1992 to between 7 and 9 percent during 2010–2012. Using the 2010–2012 values as the base for 2015, reducing by half the ‘prevalence of undernourishment’ (as an indicator of outcome/target) by 2025 would mean that Indonesia, Thailand, and Viet Nam would join Brunei Darussalam and Malaysia (and certainly Singapore) with a ‘hunger rate’ of less than 5 percent, which is the FAO’s indicator that the ‘hunger problem’ is no longer worrisome. Ideally, the prevalence of undernourishment in ASEAN would be **less than 5 percent for all member states by 2030**, which calls for greater efforts in the Lao PDR for its still high prevalence rate and in the Philippines for the very slow reduction in the prevalence during the past decade.

Table 2.1. The ASEAN Member States on the Global Hunger Index

Country	Proportion of undernourished in the population (%)					Prevalence of underweight in children under five years (%)				
	1990	1994	1999	2004	2011	1988	1993	1998	2003	2009
	-92	-96	-01	-06	-13	-92	-97	-02	-07	-13
Cambodia	39.4	37.6	33.6	27.7	15.4	47.6	42.6	39.5	28.4	29.0
Indonesia	22.2	16.4	19.9	17.1	9.1	31.0	30.3	23.3	24.4	18.6
Lao PDR	44.7	44.0	39.8	33.5	26.7	42.4	35.9	36.4	31.6	26.5
Malaysia	4.5	2.1	2.9	3.5	3.6	22.1	17.7	16.7	12.9	11.8
Myanmar	n.d.	n.d.	n.d.	n.d.	n.d.	32.5	38.7	30.1	29.6	22.6
Philippines	24.5	21.7	21.3	19.7	16.2	29.9	26.3	28.3	20.7	20.2
Thailand	43.3	33.7	20.0	11.4	5.8	16.7	15.4	8.4	7.0	8.0
Viet Nam	48.3	31.5	19.9	14.1	8.3	40.7	40.6	28.9	22.7	12.0
Country	Under-5 mortality rate (%)					2013 Global Hunger Index				
	1990	1995	2000	2005	2012	1990	1995	2000	2005	2014
						with data from				
						1988	1993	1998	2003	2009
						-92	-97	-02	-07	-13
Cambodia	11.6	12.1	11.1	6.3	4.0	32.9	30.8	28.1	20.8	16.1
Indonesia	8.4	6.7	5.2	4.2	3.1	20.5	17.8	16.1	15.2	10.3
Lao PDR	16.3	14.2	12.0	9.8	7.2	34.5	31.4	29.4	25.0	20.1
Malaysia	1.7	1.3	1.0	0.8	0.9	9.4	7.0	6.9	5.7	5.4
Myanmar	10.6	9.2	7.9	6.7	5.2	n.d.	n.d.	n.d.	n.d.	n.d.
Philippines	5.9	4.6	4.0	3.6	3.0	20.1	17.5	17.9	14.7	13.1
Thailand	3.8	2.9	2.3	1.8	1.3	21.3	17.3	10.2	6.7	5.0
Viet Nam	5.1	4.0	3.2	2.6	2.3	31.4	25.4	17.3	13.1	7.5

Note: The Global Hunger Index is calculated as the simple average of proportion of undernourished population, prevalence of underweight in children younger than 5 years (in %), and proportion of children dying before the age of 5 years (in %).

n.d. = no data. No estimate for Brunei Darussalam and Singapore.

Sources: International Food Policy Research Institute (IFPRI); Welthungerhilfe (WHH); Concern Worldwide (2014), 2014 Global Hunger Index Data. <http://dx.doi.org/10.7910/DVN/27557>, International Food Policy Research Institute [Distributor] V1 [Version].

Table 2.1 also shows the values for the ASEAN member states of the Global Hunger Index. The table shows the marked decline in the hunger index for Thailand and Viet Nam, with the decline in the percentage of underweight in children under 5 years of age impressive in Viet Nam from the latter 1990s to the early 2010s. It is also worth noting that all member states, except the Philippines, registered at least a halving of their early 1990s mortality rate of children below 5 years of age. Similar to the prevalence of the undernourishment indicator, the target of reducing the hunger index by one-half by 2015 and by two-thirds by 2030 would involve greater efforts by the Lao PDR and the Philippines and, to some extent, Indonesia, Myanmar, and Cambodia.

Indicative Outcome/Target (e). The United Nations Development Programme (UNDP) publishes the Multidimensional Poverty Index (MPI), with dimensions similar to its Human Development Index.² The three dimensions of deprivation are in (a) *education*, using as indicators school attendance for school-age children and school attainment for household members; (b) *health*, using child mortality and nutrition as indicators; and (c) *living standards*, using the following indicators: access to electricity, access to improved drinking water, access to improved sanitation, use of cooking fuel that is not wood, charcoal, or dung, floor that is made of dirt, sand, or dung, and (non)possession of assets that allows access to information (for example, radio, TV, telephone) and either assets that support mobility (for example, bike, motorbike, car) or that support livelihood (for example, refrigerator, agricultural land, livestock).³ A person is multidimensionally poor if he/she is deprived in one-third or more of the weighted indicators and severely multidimensionally poor (or has extreme multidimensional poverty) if deprived in one-half or more of the weighted indicators. A person is near poor multidimensionally if he/she is deprived in one-fifth or more but less than one-third of the weighted indicators. The MPI allows for the estimation of the *prevalence or incidence of multidimensional poverty* (that is, the percentage of people who are deprived in at least one-third of the weighted indicators) and the average *intensity of poverty* (that is, the average number of deprivations poor people experience at the same time). The MPI is estimated by multiplying the incidence of multidimensional poverty by the average intensity of (multidimensional) poverty.

Table 2.2 presents the MPI for ASEAN member states that the UNDP has so far estimated. The table shows that the incidence of multidimensional

² The major difference between the two is that the Multidimensional Poverty Index (MPI) is based on individual household data while the HDI relies on national data, and the resulting difference in the indicators used.

³ See Kovacevic and Calderon (2014) for a detailed discussion of the methodology of the MPI.

poverty and the incidence of severe multidimensional poverty are substantially higher in Cambodia and the Lao PDR than for the rest of the member states (no data for Myanmar).⁴ The Philippines has the highest intensity of multidimensional poverty among member states although it has a substantially lower incidence of multidimensional poverty than income poverty based on the \$1.25 and \$1.51 at 2005 PPP poverty lines. This suggests that the multidimensionally poor in the Philippines have a comparatively greater average number of deprivations than in the other member states. The figures for Cambodia and the Lao PDR suggest the comparatively lower stage of their socio-economic development vis-a-vis the rest of the member states in the sample. **Table 2.2** also gives the decomposition of the contribution to the overall multidimensional poverty; for most member states, living standards and education contribute most to overall poverty with the exception of Thailand (the one with the highest per capita in the sample), where health contributes for the most part to the country's overall multidimensional poverty.

⁴ The UNDP Report 2014 cautions that the estimates are not completely comparable because of missing information in some member states; for example, nutrition data for Indonesia and nutrition data and school attendance for the Philippines. Nonetheless, the gap between Cambodia and the Lao PDR on the one hand and the rest of the member states on the other hand is large, so much so that it is likely that the missing information would not change the validity of the statement above.

Table 2.2. The ASEAN Member States on the Multidimensional Poverty Index

Country	Year / Survey	Multidimensional Poverty Index										Population below income poverty line (%)		
		Revised specifications		Specifications (2010)		Population in multidimensional poverty		Population near multidimensional poverty		Contribution of deprivation in dimension to overall poverty (%)		Population below income poverty line (%)		
		Index	Headcount	Index	Headcount	Headcount	Intensity of deprivation	Population in severe poverty	Population in severe poverty	Education	Health	Living standards	PPP \$1.25 a day	National poverty line
		Value	(%)	Value	%	('000)	(%)	(%)	(%)				2002-2012	2002-2012
Cambodia	2010 D	0.211	46.8	0.212	45.9	6721	45.1	20.4	16.4	25.9	27.7	46.4	18.6	20.5
Indonesia	2012 D	0.024	5.9	0.066	15.5	14574	41.3	8.1	1.1	24.7	35.1	40.2	16.20	12
Lao PDR	2011/2012 M	0.186	36.8	0.174	34.1	2447	50.5	18.5	18.8	37.7	25.4	36.9	33.88	27.6
Philippines	2008 D	0.038	7.3	0.064	13.4	6559	51.9	12.2	5.0	37.1	25.7	37.2	18.42	26.5
Thailand	2005/2006 M	0.004	1.0	0.006	1.6	664	38.8	4.4	0.1	19.4	51.3	29.4	0.38	13.2
Viet Nam	2010/2011 M	0.026	6.4	0.017	4.2	5796	40.7	8.7	1.3	35.9	25.7	38.4	16.85	20.7

Notes: D indicates data from Demographic and Health Surveys, M indicates data from Multiple Indicator Cluster Surveys, and N indicates data from national surveys (See <http://hdr.undp.org> for the list of national surveys). No estimate for Brunei Darussalam, Myanmar, and Singapore.

Source: UNDP (2014).

Note that the MPI does not include income poverty as a component. Thus, the MPI is best viewed as a complement to income-based poverty incidence, either based on the \$1.25 PPP or \$1.51 PPP or the national poverty lines. **Figure 1.1** and **Table 2.2** show that the incidence of multidimensional poverty is lower than income poverty in Indonesia and the Philippines while it is higher than income poverty in Cambodia and the Lao PDR. This suggests that while Cambodia and the Lao PDR have succeeded in substantially reducing income poverty, they would need to give more focus in the future on the other dimensions of poverty, some of which would call for large government support.

The proposed reduction by one-third the of MPI by 2025 may be realistic for Cambodia and the Lao PDR but conservative for the other member states given the values in Table 2.2. It may well be that the target for the rest of member states is to have **zero multidimensional poverty by 2025 and reduce the population in near multidimensional poverty.** Note that the near multidimensionally poor are those who are deprived by more than one-fifth but less than one-third of the weighted indicators. For both Cambodia and the Lao PDR, the reduction in the MPI would mean the reduction in both the prevalence and intensity of multidimensional poverty.

2. Inequality

‘Narrowing development gaps’, ‘inclusive...and equitable growth’ and ‘all people enjoy equitable access to opportunities for total human development’ are phrases drawn from ASEAN documents including the Nay Pyi Taw Declaration and the 1997 ASEAN Vision 2020. They reflect ASEAN’s concern about inequality. The first phrase is largely used in ASEAN to refer to the development gap between Cambodia, Lao PDR, Myanmar, and Viet Nam (CLMV countries) and the original ASEAN-6 countries (Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore, and Thailand) or effectively the reduction in inequality among member states. The last two phrases are used in the context of the reduction of inequality within countries. Reduction of inequality within and amongst the ASEAN member states is Goal 10 of the SDGs.

Chapter 1 and the ERIA publication *ASEAN Rising: ASEAN and AEC Beyond 2015* indicate a mixed record on inequality amongst ASEAN based on the member states’ Gini ratios. As indicated Viet Nam and, to a large extent, Cambodia have been having stable or declining Gini ratios; Indonesia, the Lao PDR, and Singapore have been experiencing rising inequality; Malaysia, Singapore, and the Philippines have comparatively higher inequality than other member states, while Thailand is experiencing declining inequality coming from

the comparatively high inequality earlier. It is worth noting that inequality in ASEAN is not as high as many Latin American countries and the more recent China experience.

We propose the following indicative outcomes on inequality by 2025:

a. Average per capita GDP growth in CLMV countries higher than the average per capita GDP growth of ASEAN-6 countries during 2016–2025

This is the proposed indicative outcome for ‘narrowing the development gap’. This will result in a narrower development gap (in per capita incomes) of the CLMV countries especially in relation to the four original ASEAN member states without Singapore and Brunei Darussalam. This has been happening since the late 1990s. Thus, this is merely an extension of the current trend. Note that this is an indicative outcome and **not a target** because the per capita growth rate of a member state economy is a result of many complex factors and processes, of which there is little that other members can influence and contribute. At best, ASEAN can contribute to the growth prospects and processes of member states through a more favourable and facilitative environment arising from the AEC, the ASCC, and the APSC measures. Nonetheless, ultimately each member state decides on how to utilise these measures to facilitate and contribute to its own growth prospects and performance.

b. Gini ratio of less than 0.40 (or 40 out of 100) by 2025

This indicative outcome or target is the same as in *ASEAN Rising: ASEAN and AEC Beyond 2015*. The value of 0.40 for the Gini ratio is the cut-off point that separates the relatively more inequitable societies (higher than 0.40) from the relatively more equitable societies (less than 0.40). With this indicative value for the Gini ratio, Malaysia, Singapore, and the Philippines (and possibly Indonesia and, to a lesser extent, Thailand) would need to pursue more inclusive growth paths for their economies, and the rest of the developing member states to continue their relatively more equitable growth performance. It is worth highlighting that the Gini ratio that is of primary importance is both the income Gini ratio and the consumption Gini ratio (which is used in Table 1.2 and is often used in international publications and databases). The income Gini ratio measures the equitableness of sources of income; the consumption implicitly takes into account the effects of government taxes and transfers on households and, as such, it can be a proxy for after tax/transfer income Gini ratio (except for the effect of saving/dissaving and lending/borrowing decisions that affect household consumption decisions).

It must be emphasised also that the Gini ratio is the result of many complex socio-economic and growth processes (for example, technical change, market

and price developments, and the nature and sectoral dimension of government interventions) as well as unexpected shocks to the economies. It is also endogenous to the growth process itself. Thus, to a large extent, the Gini ratio is essentially an indicative outcome rather than a target.

c. Income (consumption) growth of the bottom 40 percent (or the bottom 25 percent) higher than the national average during 2016–2025

This is similar to the proposed target 10.1 of Goal 10 in the SDGs. This would likely result in lower Gini ratio from the current value. This is more understandable, though less comprehensive, than the Gini ratio in item b above. Another measure that is also related to the Gini is the *ratio of the average rural income to the average urban income*. The importance of this measure is in highlighting the equality and poverty reduction potentials of improved agricultural productivity and robust agriculture growth, together with the increase in the share of non-agricultural income in rural household's total income arising from improved employment prospects due to rural development and rural industrialisation.

It is worth noting that the Gini ratio and item c above on the bottom 25 percent or bottom 40 percent are succinct but broad measures that may be difficult to visualise by an average person. Also, both measures do not capture very well the third essence of (in)equality discussed at the start of the subsection, which is the (in)equitable access to opportunities for total human development which may call for the poor having greater access to education, healthcare, and electricity, for example. **In this sense, a dramatic reduction or elimination of multidimensional poverty is itself another indicator of a more inclusive and equitable society.**

3. Human Capital, Social Development, and Social Protection

To a large extent, the indicative outcomes of the MPI, with its components on education, health and living standards, encapsulate the indicative outcomes and/or targets for education, health, and social development (for example, access to safe water, improved sanitation, electricity, information technology). The indicative outcomes below complement and elaborate the indicative outcomes on multidimensional poverty:

a. **Net enrolment rate in primary and secondary education**

Net enrolment rate in primary education is the current indicator for the MDG goal of achieving universal primary education. This remains pertinent for the post-2015 period. In addition, we propose to include the net enrolment rate in secondary education as another important indicative outcome indicator on human capital in ASEAN; this is also an implicit indicator for SDG Goal 4 wherein all boys and girls are expected to complete both primary and secondary education by 2030. This is because ASEAN economies have to move up the skills and technology ladder post 2015 in order to improve their competitiveness and investment attractiveness in the face of rising wages within the region and growing competition from lower wage countries in other regions in the developing world.

The proposed indicative outcomes/targets for 2025 are the following:

Net enrolment ratio in primary education: 100 percent

**Net enrolment ratio in secondary education, male and female:
85 percent minimum**

A 100 percent net enrolment ratio target is in the MDG. **Table 2.3** shows many ASEAN member states have largely met the MDG target; indeed, the rates for Cambodia, Indonesia, the Lao PDR, and Viet Nam are around or higher than the European average of 98 percent, which is the highest among the regions in the world. However, the rates for the Philippines and Thailand are just around 89–90 percent. This is not satisfactory for MDG 2015 and clearly not at all satisfactory for the post-2015 SDG. **Table 2.3** also shows the wide range of net enrolment rates in secondary education among member states, from about 38 percent in Cambodia up to 99 percent in Brunei Darussalam and 100 percent for Singapore. Next to Singapore and Brunei Darussalam are Indonesia and Thailand at about 74 percent. As there are job opportunities post primary, it may be unrealistic to target 100 percent net enrolment rate in secondary education. The **85 percent minimum** target is somewhat higher than the average at present for Hong Kong, China, Macau, and Latin American, and Caribbean countries which

are in the 73–77 percent range. Gender equality demands that the ratio of female to male enrolment in secondary education is essentially equal to 1.0. However, **Table 2.3** suggests that there is a significant bias for male enrolment in Cambodia and the Lao PDR while there is a significant bias for female enrolment in the Philippines. Hence, Cambodia and the Lao PDR needs to encourage more women to enter secondary school, while the Philippines needs to encourage more men to enter secondary school.

b. Survival rate in primary education

c. Youth literacy rate, male and female

Youth literacy rate is an MDG indicator; survival rate is not. However, survival rate in primary education is important given that it is a foundation for human capital and human capability. **The indicative target for each is ideally 100 percent by 2025, indeed preferably well before 2025;** that is, all primary school enrollees end up graduating and all youth are literate. However, as **Tables 2.4a and 2.4b** show, there is a tremendous challenge for Cambodia, the Lao PDR, Myanmar, and the Philippines and to a significantly less extent Indonesia and Viet Nam, in order to reach the indicative target of 100 percent for the survival rate in primary education. Similarly, Cambodia and the Lao PDR are the two member states that will be particularly challenged to raise the youth literacy rate to 100 percent.

Table 2.3. Net Enrolment Rate in Primary and Secondary Education, by Gender (%)

Country	Net Enrollment Ratio in Primary Education (%)				Net Enrollment Ratio in Secondary Education (%)			
	Girls		Boys		Girls		Boys	
	1990	2012	1990	2012	1990	2012	1990	2012
Brunei Darussalam	90.4	95.1	92.5	96.2	n.d.	100.0 (2011)	n.d.	98.1 (2011)
Cambodia	75.9	97.0	89.3	99.7	n.d.	35.8 (2008)	n.d.	39.4 (2008)
Indonesia	95.9	95.9	99.7	94.7	n.d.	74.4 (2011)	n.d.	74.5 (2011)
Lao PDR	53.9 (1992)	94.9	62.2 (1992)	96.8	n.d.	38.7 (2011)	n.d.	42.6 (2011)
Malaysia	96.3	95.0 (2003)	96.0	98.5 (2003)	n.d.	71.3 (2010)	n.d.	66.1 (2010)
Myanmar	n.d.	n.d.	n.d.	n.d.	n.d.	52.3 (2010)	n.d.	49.3 (2010)
Philippines	97.5	89.5	99.3	87.9	n.d.	66.9 (2009)	n.d.	56.4 (2009)
Singapore	n.d.	100.0	n.d.	100.0	n.d.	99.2 (2013)	n.d.	99.5 (2013)
Thailand	93.1	94.9	94.6	96.2	n.d.	78.4 (2011)	n.d.	69.9 (2011)
Viet Nam	97.9 (1998)	98.2	97.9 (1998)	98.2	n.d.	n.d.	n.d.	n.d.

Notes: Data for Viet Nam is for both sexes (total) net enrolment rate. n.d = no data.

Sources: The primary education data is from ADB (2014a) and the secondary education data is from UNICEF Database.

<http://data.unicef.org/education/secondary> (accessed 24 February 2015). Singapore data is from the Government of Singapore.

Table 2.4a. Survival Rate in Primary Education, by Gender (%)

Country	Proportion of Pupils Starting Grade 1 Who Reach the Last Grade of Primary (%)							
	Girls			Boys				
	1990		2011	1990		2011		
Brunei Darussalam	95.1	(2003)	95.1	99.0	(2003)	97.6		
Cambodia	34.9	(1995)	68.5	44.2	(1995)	63.6		
Indonesia	92.7	(1995)	82.8	(2007)	86.1	(1995)	77.4	(2007)
Lao PDR	32.1	(1992)	71.1	33.9	(1992)	68.8		
Malaysia	83.3		100.0	(2010)	82.7		98.7	
Myanmar	55.2		77.5	55.3		72.2		
Philippines	75.9	(1998)	80.0	65.3	(1998)	72.0		
Singapore	n.d.		100	n.d.		100		
Thailand	84.6		95.5	78.7		92.0		
Viet Nam	86.2		84.6	(2002)	79.9		85.7	(2002)

Note: n.d. = no data.

Sources: ADB (2014a) (data taken from different sources), and communication from the Government of Singapore.

Table 2.4b. Youth Literacy in ASEAN Member States, by Gender (%)

Country	Literacy Rate of 15–24 Year Olds (%)							
	Girls		Boys		Girls		Boys	
	1990	2012	1990	2012	1990	2012	1990	2012
Brunei Darussalam	98.1	99.7	98.1	99.8				
Cambodia	71.1	85.9	81.8	88.4				
Indonesia	95.1	98.8	97.4	98.8				
Lao PDR	64.1	78.7	78.8	89.2				
Malaysia	95.2	98.5	95.9	98.4				
Myanmar	93.5	95.8	95.8	96.2				
Philippines	96.9	98.5	96.3	97.0				
Singapore	99.5	(2000)	99.9	(2013)	99.5	(2000)	99.9	(2013)
Thailand	97.8	96.6	98.1	96.6				
Viet Nam	93.6	96.8	94.2	97.4				

Sources: ADB (2014a) (data taken from different sources), and communication from the Government of Singapore.

- d. **Percentage of stunted and wasting children below 5 years of age**
- e. **Mortality rate of children below 5 years of age**
- f. **Immunisation rate against measles and DPT3 (diphtheria, pertussis, and tetanus until the final third dose) for 1-year olds**
- g. **Maternal mortality rate**
- h. **Percentage of births attended by skilled health personnel**
- i. **Incidence of malaria and tuberculosis**

The above indicators (d to i), except percentage of stunted children, are in the MDGs for 2015. They remain compelling indicative outcomes for post 2015 into 2025 for ASEAN. All are a good snapshot of the performance of a member state on health welfare. The percentages of stunted and wasting children below 5 years of age are also important indicators of hunger in the country. As **Tables 2.4c to 2.4h show**, much needs to be done in ASEAN post 2015.

Table 2.4c. Percentage of Stunted and Wasting Children Below 5 Years of Age

Country	Stunted Children Below 5 Years of Age (%)		Wasting Children Below 5 years of Age (%)	
	1990	2012	1990	2012
Brunei Darussalam	n.d.	n.d.	n.d.	n.d.
Cambodia	58.6 (1996)	40.9 (2011)	13.4 (1996)	10.8 (2011)
Indonesia	48.1 (1995)	36.4 (2013)	14.9 (1995)	13.5 (2013)
Lao PDR	53.6 (1993)	43.8	11.8 (1993)	6.4
Malaysia	20.7 (1999)	17.2 (2006)	15.3 (1999)	n.d.
Myanmar	46.0 (1991)	35.1 (2010)	13.1 (1991)	7.9 (2010)
Philippines	43.3	33.6 (2011)	6.9	7.3 (2011)
Singapore	n.d.	4.4 (2000)	n.d.	3.6 (2000)
Thailand	21.1 (1993)	16.3	7.3 (1993)	6.7
Viet Nam	61.4 (1993)	23.3 (2011)	6.7 (1993)	4.4 (2011)

Table 2.4d. Mortality Rate for Children Below 5 Years of Age

Country	Under-5 Mortality Rate (per 1,000 live births)			Infant Mortality Rate (per 1,000 live births)		
	1990	2000	2012	1990	2000	2012
Brunei Darussalam	10	10	10	7	7	9
Cambodia	116	111	40	85	82	34
Indonesia	84	52	31	62	41	26
Lao PDR	163	120	72	112	85	54
Malaysia	17	10	9	14	9	7
Myanmar	106	79	52	76	59	41
Philippines	59	40	30	41	30	24
Singapore	8	4	3	6	3	2
Thailand	38	23	13	31	19	11
Viet Nam	51	32	23	36	25	18

Sources: ADB (2014a), data taken from different sources, and communication from the Government of Brunei Darussalam.

Table 2.4e. Immunisation Rate against Measles and DPT3 for 1-year Olds

Country	Proportion of 1-Year Old Children Immunised against Measles (%)			Proportion of 1-Year Old Children Immunised against DPT3 (%)			
	1990	2000	2012	Rural		Urban	
				Earliest	Latest	Earliest	Latest
Brunei Darussalam	100 (1991)	99	96 (2013)	n.d.	n.d.	96 (1992)	100 (2013)
Cambodia	34	65	93	48 (2000)	83 (2010)	53 (2000)	90 (2010)
Indonesia	58	76	80	52 (1994)	67 (2012)	76 (1994)	77 (2012)
Lao PDR	32	42	72	n.d.	n.d.	n.d.	n.d.
Malaysia	70	88	95	n.d.	n.d.	n.d.	n.d.
Myanmar	68	84	84	n.d.	n.d.	n.d.	n.d.
Philippines	85	78	85	78 (1993)	81 (2008)	83 (1993)	88 (2008)
Singapore	84	97	94 (2013)	n.d.	n.d.	n.d.	n.d.
Thailand	80	94	98	n.d.	91 (2005)	n.d.	94 (2005)
Viet Nam	88	97	96	64 (1997)	77 (2010)	70 (1997)	82 (2010)

Note: DPT3 = Diphtheria, Pertussis and Tetanus; n.d. = no data.

Source: The measles immunisation rate is obtained from ADB (2014a) and the DPT3 is from WHO Global Health Observatory database. <http://apps.who.int/gho/data/view.main.94170> (accessed 24 February 2015). Data for Brunei Darussalam and Singapore are from the governments.

Table 2.4f. Maternal Mortality Rate in ASEAN Member States

Country	Maternal Mortality Ratio (per 100,000 live births)			
	1990	2000	2010	2013
Brunei Darussalam	0	27	16	15
Cambodia	1200	540	200	170
Indonesia	430	310	210	190
Lao PDR	1100	600	270	220
Malaysia	56	40	31	29
Myanmar	580	360	220	200
Philippines	110	120	120	120
Singapore	n.d.	17	3	3
Thailand	42	40	28	26
Viet Nam	140	82	51	49

Note: n.d. = no data.

Sources: ADB (2014a) (data taken from different sources), and communication from the governments of Brunei Darussalam and Singapore.

Table 2.4g. Percentage of Births Attended by Skilled Health Personnel

Country	Proportion of Births Attended by Skilled Health Personnel (%)			
	Earliest Year		Latest Year	
Brunei Darussalam	97.8	(1991)	99.7	(2013)
Cambodia	34.0	(1998)	71.7	(2011)
Indonesia	31.7	(1991)	83.1	(2012)
Lao PDR	19.4	(2000)	41.5	(2012)
Malaysia	92.8	(1990)	98.6	(2011)
Myanmar	46.3	(1991)	70.6	(2010)
Philippines	52.8	(1993)	62.2	(2008)
Singapore	99.7	(2000)	99.7	(2013)
Thailand	99.3	(2000)	99.5	(2009)
Viet Nam	77.1	(1997)	92.9	(2011)

Note: n.d. = no data.

Sources: ADB (2014a) (data taken from different sources), and communication from the governments of Brunei Darussalam and Singapore.

Table 2.4h. Malaria and Tuberculosis Incidence in ASEAN Member States

Country	Incidence of Malaria (per 100,000 population)	Incidence of Tuberculosis (per 100,000 population)	
	2012	1990	2012
Brunei Darussalam	2 (2013)	56	52 (2013)
Cambodia	2219	580	411
Indonesia	5817	206	185
Lao PDR	3485	492	204
Malaysia	961	127	80
Myanmar	5467	393	377
Philippines	55	393	265
Singapore	n.d.	46 (2000)	38 (2013)
Thailand	723	138	119
Viet Nam	108	251	147

Note: n.d. = no data.

Sources: ADB (2014a) (data taken from different sources), and communication from the governments of Brunei Darussalam and Singapore.

The proposed indicative outcome targets for 2025 on the above-mentioned health indicators are as follows:

1. Reduce by one-third the percentage of stunted and wasting children below 5 years of age
2. Reduce by one-half the mortality rate of children below 5 years of age for Cambodia, Indonesia, the Lao PDR, Myanmar, Philippines, Thailand, and Viet Nam; reduce to or maintain at 10 per thousand live births or less for Brunei Darussalam, Malaysia, and Singapore.
3. 100 percent immunisation rate against measles and DPT3.
4. Reduce the maternal mortality rate by two-thirds in Cambodia, Indonesia, the Lao PDR, and Myanmar; by one-half in Malaysia, Philippines, Thailand, and Viet Nam; and maintain at 15–28 per 100,000 live births for Brunei Darussalam; and at less than 10 per 100,000 live births for Singapore.
5. Births attended by skilled health personnel should be no less than 90 percent of live births.
6. Reduce by one-half the incidence of malaria and tuberculosis per 100,000 population.

The variation in the percentage of change among ASEAN member states in numbers 2 and 4 above reflect the need to reduce substantially by 2025 the currently wide variation in the values among member states. The proposed

targets for 2025 would put member states much closer to the proposed SDG targets for 2030.

j. Social Protection Adequacy Index. Asher and Zen (2015) write, ‘...(I)ncreasingly without progress in social protection adequacy and coverage, essential reforms needed to sustain growth and economic restructuring while maintaining social cohesion is and will be progressively difficult.’ Thus, there is a need to have greater policy focus on the issue of social protection in ASEAN. However, no comprehensive indicator can help set indicative outcomes and targets on social protection in the region that become the reference point in evaluating the success of the various initiatives and actions on social protection in ASEAN member states and the region.

It is proposed that ASEAN develop an indicator of social protection adequacy, coverage, and capability, perhaps to be called the **Social Protection Adequacy Index, and set some target improvements for 2025**. The components of the index may include (a) coverage of risk (for example, old age, workers’ injury and severance, sickness, medical care, maternity, invalidity); (b) legal and effective coverage of persons (for example, migrants, old people); (c) efficiency and effectiveness of administration of the instruments and institutions (for example, administrative costs relative to efficient reference institutions, financial sustainability); (d) nature and degree of protection (for example, contributory, non-contributory, social protection floor); and (e) systemic issues (complementary reforms, tiering of social protection, financing and budget reforms). The above are possible considerations; the Asher and Zen (2015) background paper provides the overall framework in crafting the Social Protection Adequacy Index.

k. Remunerable employment. Employment, specifically remunerable employment, is the main means of getting out of poverty for poor people outside farming and fishing. Indeed, inclusive growth entails a shift from informal and less remunerative employment towards full, formal, and more remunerative employment.

Indicators of remunerative employment conditions include the following:

- 1) Open unemployment rate at the lowest possible approximation of full employment
- 2) Percentage to total employment of working poor at \$1.25 per day in 2005 PPP
- 3) Share of own-account workers and contributing family members to total employment
- 4) Incidence of child labour.

Table 2.5 presents employment-related indicators for ASEAN member states. As the table shows, the unemployment rate is very low in most member states; thus, with the exception of Indonesia and the Philippines, members are in effect under the full employment condition. However, the share of the working poor is high in Cambodia, the Lao PDR, and Myanmar and still substantial in Indonesia, the Philippines, and Viet Nam. The table also indicates that most employment in most member states consists of own-account workers and contributing family workers. This reflects the preponderance of small and family businesses in most member states. The table also indicates a considerable percentage of child labour in some member states.

Table 2.5. Own-Account Employment and Working Poor

Country	Unemployment Rate		Proportion of Own-Account and Contributing Family Workers in Total Employment				Proportion of Employed People Living below \$1.25 (PPP) per Day				Child Labor (% of aged 5-14 years)
	Rate (%)		Employment (%)				PPP (%)				
	1990	2013	Earliest Year	Latest Year		Earliest Year	Latest Year		2005-2012		
Brunei Darussalam	n.d.	n.d.	4.1 (1991)	n.d. n.d.		n.d.	n.d.		n.d.		
Cambodia	n.d.	1.3	84.5 (2000)	64.1 (2012)		43.3 (1994)	19.9 (2008)		36.1		
Indonesia	2.5	5.9	62.8 (1997)	57.2 (2011)		52.3 (1993)	15.5 (2011)		6.9		
Lao PDR	n.d.	n.d.	90.1 (1995)	88.0 (2005)		57.1 (1992)	32.8 (2008)		10.1		
Malaysia	5.1	3.1	28.8 (1991)	21.4 (2012)		1.3 (1992)	0.1 (2009)		n.d.		
Myanmar	4.2	n.d.	n.d.	n.d.		n.d.	35.6 (2005)		n.d.		
Philippines	8.4	7.1	44.9 (1998)	39.8 (2012)		25.7 (1991)	15.2 (2009)		n.d.		
Singapore	1.7	2.6	8.8 (1991)	9.3 (2012)		n.d.	n.d.		n.d.		
Thailand	2.2	0.7	70.3 (1990)	53.5 (2012)		6.6 (1992)	0.3 (2009)		8.3		
Viet Nam	n.d.	1.9	82.1 (1996)	62.5 (2012)		63.4 (1993)	15.8 (2008)		6.9		

Note: n.d. = no data.

Sources: ADB (2014a) (data taken from different sources), and UNDP (2014).

The proposed indicative outcome and/or targets for 2025 are as follows:

- 1) An unemployment rate of around 3 percent or less can be considered full employment.
- 2) Reduce by three-fourths by 2025 the percentage share of working poor to total employment.
- 3) Reduce by one-fifth the share of own-account workers and contributing family members to total employment.
- 4) Reduce by three-fourths, or eliminate altogether, the incidence of child labour.

As stated earlier, unemployment is largely the problem of Indonesia and the Philippines, which would be addressed mainly by high and employment-intensive economic growth. Reducing by three-fourths by 2025 the percentage share of working poor to total employment is in line with the elimination of the working poor by 2030 as envisioned in the SDGs. A more conservative target reduction in the share of own-account workers and contributing family members is reflective of the nature of business organisations in most of ASEAN. As such, changes in the nature of business and employment would likely be slow in many member states. As the Thailand case suggests, having a significant share of own-account workers and contributing family workers is consistent with poverty elimination. At the same time, however, there is a need to dramatically reduce, or better still eliminate, child labour.

I. Access to improved water sources

m. Access to improved sanitation

n. Access to electricity

o. Access to information and communication technology

Access to improved water sources and improved sanitation are in the MDGs for 2015. It can be argued that access to electricity is equally important for human development. Increasingly, access to the Internet and mobile telecommunications is becoming almost a necessity. **Tables 2.6a to 2.6d** present the status of ASEAN member states on the above-mentioned indicators. The tables show that ASEAN member states can be grouped into three with respect to access to improved water sources; namely, (virtually) universal access in Malaysia, Singapore, Thailand, and Viet Nam; relatively low access in Cambodia and the Lao PDR; and the rest of the member states situated between the two groups (no data for Brunei Darussalam). With respect to access to improved sanitation, **Table 2.b** indicates that, except Singapore and Malaysia and to a

lesser extent Thailand, ASEAN member states have a lot to work on to have universal access in the future, especially Cambodia and, to a lesser extent, Indonesia and the Lao PDR. There is also a wide divergence amongst member states in access to electricity, from about 31 percent of the population in Cambodia to 99–100 percent in Malaysia and Singapore. With respect to information and communication technology (ICT), all member states, except Myanmar, have more than one mobile cellular subscription per person on the average. Thus, this is not a constraint at all. There is a large gap in Internet access between Singapore and the rest of the ASEAN member states, which have much lower Internet penetration, especially in Cambodia and Myanmar.

Table 2.6a. Access to Safe Drinking Water in ASEAN Member States

Country	Population Using Improved Water Sources (%)					
	1990			2012		
	Total	Urban	Rural	Total	Urban	Rural
Brunei Darussalam	n.d.	n.d.	n.d.	100	n.d.	n.d.
Cambodia	22	32	20	71	94	66
Indonesia	70	90	61	85	93	76
Lao PDR	40 (1994)	70 (1994)	33 (1994)	72	84	65
Malaysia	88	94	82	100	100	99
Myanmar	56	80	48	86	95	81
Philippines	84	92	75	92	92	91
Singapore	100	100	n.a.	100	100	n.a.
Thailand	86	96	82	96	97	95
Viet Nam	61	90	54	95	98	94

Notes: n.d. = no data; n.a. = not applicable.

Sources: ADB (2014a), Data taken from different sources. Data for Brunei Darussalam are obtained from the ASCC scorecard data provided by the ASEAN Secretariat.

Table 2.6b. Access to Improved Sanitation in ASEAN Member States

Country	Population Using Improved Sanitation Facilities (%)					
	1990			2012		
	Total	Urban	Rural	Total	Urban	Rural
Brunei Darussalam	95	n.d.	n.d.	95	n.d.	n.d.
Cambodia	3	18	n.d.	37	82	25
Indonesia	35	61	24	59	71	46
Lao PDR	20 (1994)	62 (1994)	12 (1994)	65	90	50
Malaysia	84	88	81	96	96	95
Myanmar	53 (1991)	77 (1991)	45 (1991)	77	84	74
Philippines	57	69	45	74	79	69
Singapore	99	99	n.a.	100	100	n.a.
Thailand	82	87	79	93	89	96
Viet Nam	37	64	31	75	93	67

Notes: n.d. = no data; n.a. = not applicable.

Sources: ADB (2014a), Data taken from different sources. Data for Brunei Darussalam are obtained from the ASCC scorecard data provided by the ASEAN Secretariat.

Table 2.6c. Access to Electricity in ASEAN Member States

Country	Electrification rate (%)		Population without electricity, million	
	2009	2012	2009	2012
Brunei Darussalam	99.66	99.7	0.0	0.0
Cambodia	24.00	34.1	11.3	9.8
Indonesia	64.50	75.9	81.6	59.5
Lao PDR	55.00	78.3	2.6	1.4
Malaysia	99.40	99.5	0.2	0.1
Myanmar	13.00	32.0	43.5	35.9
Philippines	89.70	70.3	9.5	28.7
Singapore	100.00	100.0	0.0	0.0
Thailand	99.30	99.0	0.5	0.7
Viet Nam	97.60	96.1	2.1	3.5

Sources: IEA (2011, 2014).

Table 2.6d. Access to Information and Communication Technology in ASEAN Member States (% of Population)

Country	Telephone Subscribers (per 100 people)				Mobile Phone Subscribers (per 100 people)				Internet Users (per 100 people)			
	1990	2000	2010	2013	1990	2000	2010	2013	1990	2000	2010	2013
Brunei Darussalam	13.9	24.3	19.9	13.6	0.7	28.6	108.6	112.2	n.d.	n.d.	5.4	5.7
Cambodia	0.0	0.3	2.5	2.8	n.d.	1.1	56.7	133.9	n.d.	n.d.	0.2	0.2
Indonesia	0.6	3.2	17.0	16.1	0.0	1.8	87.8	121.5	n.d.	0.0	0.9	1.3
Lao PDR	0.2	0.8	1.6	10.0	n.d.	0.2	62.6	66.2	n.d.	n.d.	0.1	0.1
Malaysia	8.7	19.8	16.3	15.3	0.5	21.9	119.7	144.7	n.d.	n.d.	6.5	8.2
Myanmar	0.2	0.6	0.9	1.0	n.d.	0.0	1.1	12.8	n.d.	n.d.	0.0	0.2
Philippines	1.0	3.9	3.6	3.2	n.d.	8.3	89.0	104.5	n.d.	n.d.	1.8	2.6
Singapore	n.d.	59.3	39.8	36.5	n.d.	74.8	143.6	156.0	n.d.	36.0	71.0	72.0
Thailand	2.3	9.0	10.3	9.0	0.1	4.9	108.0	138.0	n.d.	n.d.	4.9	7.4
Viet Nam	0.2	3.1	16.1	10.1	n.d.	1.0	125.3	130.9	n.d.	n.d.	4.1	5.6

Note: n.d. = no data.

Sources: ADB (2014a), (data taken from International Communication Union) and communication from the Government of Singapore.

The proposed indicative outcomes and/or targets for 2025 are:

1. Universal access (that is, 100 percent coverage) to improved water sources
2. Reduce by one-half the deficit in the access to improved sanitation
3. Reduce by one-half the deficit in the access to electricity
4. Increase several times over the percentage of the population who are Internet users in most member states aiming towards universal access (similar to Singapore).

Given the importance of safe drinking water to human health, a basic expression of inclusive development is universal access to improved water sources. Many ASEAN member states are close to universal coverage at present; the major challenges lie primarily with Cambodia and the Lao PDR. With respect to access to improved sanitation, the proposed target for 2025 would be in line with universal access to improved sanitation by 2030 under the SDGs. With respect to access to electricity, four member states have virtually universal access at present (Brunei Darussalam, Malaysia, Singapore, and Viet Nam). The proposed indicative outcome or target on access to electricity effectively puts emphasis on member states with huge deficits from universal access (Cambodia, Myanmar) while at the same time taking a more realistic perspective to archipelagic member states (Indonesia, Philippines) where it is more difficult and expensive to have universal coverage of electricity in hundreds if not thousands of islands. The proposed indicative outcome for Internet access in most member states, excluding Singapore, could be conservative in light of fast-changing technological developments in the telecommunications field.

4. Resiliency and Sustainability

These are areas of growing high concern in ASEAN. The indicators and indicative outcomes of interest are on food security, energy security or resiliency, disaster preparedness, and environmental performance.

a. Food Security Index and Rice Bowl Index. Two indicators of food security are currently available. The first is the Rice Bowl Index (RBI), developed by Syngenta, and is a weighted average of farm level factors, demand and price factors, policy and trade factors, and environment factors. There are RBI scores for Indonesia, Myanmar, Malaysia, Philippines, Thailand, and Viet Nam for 2013–2014. The second is the more recent Global Food Security Index (FSI), developed by the Economist Intelligence Unit, and is a weighted average of affordability, availability, and quality and safety factors. There are FSI scores for eight ASEAN member states (excluding Brunei Darussalam and Lao PDR).

While the ERIA publication *ASEAN Rising: ASEAN and AEC Beyond 2015* proposed the use of the RBI as the indicator to help determine the state of food security in ASEAN, this report proposes it is best to use both indices to have a deeper understanding of the food security situation in each member state. Each indicator has its own strength (for example, quality and safety in FSI and policy and trade in RBI.) At the same time, the indicative outcome target can focus on the FSI because its underlying data are more easily available, has a global geographic reach, and captures aspects that are of particular interest to the ASCC such as food quality and safety.

Table 2.7 presents the FSI scores for ASEAN member states for 2013 and 2014. The table shows that the most food secure member is Singapore and, to a far less extent, Malaysia and Thailand while the most food-insecure member is Cambodia followed by Myanmar (no data for Brunei Darussalam and the Lao PDR). This means the richer member states tend to be more food secure than the poorer members, which is the same finding for the whole global dataset. Some of the reasons behind this finding include (a) poorer member states consume a larger proportion of their family expenditures on food whereas they have less capability to buy food given their low incomes; (b) weak agriculture infrastructure undermines food availability in poorer member states; and (c) very limited diet diversification and inadequate micronutrient availability in the poorer countries. Note that the ratings are based on global comparisons and that most ASEAN member states rate poorly in agricultural research and development as well as in dietary availability. At the same time, most member states rate highly in food safety except Cambodia, Indonesia, and Myanmar.

It is difficult to propose an indicative outcome target for the overall FSI score for 2025. Rather it is better to focus on components of the FSI that governments have a greater handle on; for example, agriculture infrastructure and research and development (R&D) that influence availability scores, nutritional standards, and food safety that influence the quality and safety scores. **It is suggested that each ASEAN member state voluntarily offer indicators and targets for 2025 in those components of FSI that are of special interest to them and to the ASEAN Community.**

Table 2.7. Food Security Index and Rice Bowl Index of ASEAN Member States

Country	Food Security Index			Rice Bowl Index			
	2014			2013			
	Affordability	Availability	Quality and Safety	Farm-level	Demand & Price	Environment	Policy & Trade
Cambodia	28.5	36.5	35.2	n.d.	n.d.	n.d.	n.d.
Indonesia	43.3	51.1	42	30.0	28.0	64.0	59.0
Malaysia	66.9	68.2	70	26.0	41.0	68.0	69.0
Myanmar	31.5	43.9	35.3	13.0	36.0	29.0	52.0
Philippines	44.1	52.3	54.3	23.0	28.0	66.0	50.0
Singapore	94	78.5	76	n.d.	n.d.	n.d.	n.d.
Thailand	63.9	57.2	57.4	23.0	42.0	67.0	70.0
Viet Nam	40	56	52.9	27.0	33.0	59.0	41.0

Note: n.d. = no data. No estimate for Brunei Darussalam and the Lao PDR.

Sources: Economist Intelligence Unit, <http://foodsecurityindex.eiu.com/Downloads> (accessed 22 February 2015) and Syngenta, 2014.

b. Energy security index. ERIA has started developing an Energy Security Index. The key components of the index are (a) self-sufficiency, (b) diversification of total power energy supply (TPES) and/or power generation, (c) energy efficiency, and (d) CO₂ emissions. Other indicators considered include TPES per capita on land oil stocks, amongst others. However, the approach uses scenario analysis up to year 2035, and as such is not typical of the usual indices that measure the present reality. **It may be worthwhile for ASEAN to develop an ASEAN energy security and/or resiliency index, based on the factors used in the ERIA index. In addition, ASEAN should agree on some quantitative targets as reference points for regional and national discussions and programmes of action.**

c. ASEAN Disaster Preparedness and Resiliency Index. The Hyogo Framework for Action (HFA) 2005–2015, the HFA Monitor Template, and the HFA Indicators of Progress provide the necessary framework and approach for the development of an ASEAN Preparedness and Resiliency Index. (An example of construction of such an index for ASEAN is found in Appendix 5 of the HFA Indicators of Progress).⁵ The index has the benefit of providing a summary score, including scores for the key component areas of HFA, and thereby allow for easier comparability amongst member states.

Thus, it is proposed that ASEAN develop and use an ASEAN Preparedness and Resiliency Index, based on the information and data being submitted by member states to the United Nations as part of the monitoring on the progress of the implementation of the HFA. In addition, it is proposed that ASEAN use the agreements made at Sendai, Japan in March 2015 (to the Hyogo Framework for Action 2005–2015) as a starting point for its indicative outcome on disaster preparedness and resiliency for 2025.

d. ASEAN Environmental Performance Index. ERIA proposes modifications to the **Environmental Protection Index (EPI)** in order to make it more relevant for ASEAN, and thereby develop an ASEAN EPI for the purposes of the ASCC. The ASEAN EPI consists of a weighted average of modified environment vitality score and air quality score. The ASEAN EPI, together with the modified EV score and the air quality score in the EPI, can provide a good understanding of the state and challenge of environmental performance in ASEAN. The environmental vitality score in the EPI is a weighted average of the scores for water resources, agriculture, forests, fishery, biodiversity and

⁵ The levels in Appendix 5 allow for some quantification of the responses, and therefore the creation of an Index, similar to the approach of the Organisation for Economic Co-operation and Development (OECD) and the Economic Research Institute for ASEAN and East Asia (ERIA) in developing the SME Policy Index.

habitat, and climate change and energy. For ASEAN, it is more realistic to reduce the scoring weight for water resources (which is proxied by wastewater treatment facilities) and increase the scoring weight for forests and fisheries. The ASEAN EPI is the weighted sum of the scores of the components of environment vitality and of the score of the air quality component under the environmental health (EH) portion of the original EPI.⁶

Tables 2.8a, 2.8b, and 2.8c present the scores for the ASEAN EPI, modified EV, air quality, and modified EPI in ASEAN. As the tables indicate, most member states have relatively low scores, except for a few cases (Brunei Darussalam, Malaysia, and Singapore in air quality; Brunei Darussalam, the Lao PDR, and Malaysia in biodiversity and Singapore in water resources).

With respect to the indicative outcome target, given that the initiatives take time to take hold or require large investments to implement (for example, wastewater facilities), a modest rise (for example, 10 percent) in the modified environment vitality, air quality, and ASEAN EPI by 2025 may be warranted. It is equally important for member states to agree to a minimum score for the component variables of the indices by 2025; that is, no zero score on any of the component variables by any member state.

⁶ In effect, the variables for water and sanitation and for health impacts (proxied by child mortality) are deleted from the modified EPI. The deletion is because the two are already discussed in the multidimensional poverty section and in the human capital, social development, and social protection section discussed earlier in the paper. Adjustment factor = $1/[(0.4 \times 0.33) + 0.6] = 1/0.732 = 1.3661$.

Table 2.8a. ASEAN Environmental Performance Index, 2014

Country	EH_Air Quality	EV	EPI	EPI (Final, in 100 scale)
Brunei Darussalam	31.5	51.3	43.4	59.3
Cambodia	21.6	30.6	27.0	36.9
Indonesia	25.1	38.5	33.1	45.2
Lao PDR	9.7	49.1	33.4	45.6
Malaysia	30.2	40.5	36.4	49.7
Myanmar	15.9	19.8	18.2	24.9
Philippines	27.2	35.6	32.2	44.1
Singapore	32.8	62.4	50.6	69.1
Thailand	22.6	41.2	33.8	46.1
Viet Nam	17.1	30.5	25.2	34.4

Notes: EH = environmental health, EPI = Environmental Performance Index, EV = environmental vitality.

Sources: Yale Center for Environmental Law & Policy and the Center for International Earth Science Information Network (2014).

Table 2.8b Modified Environment Vitality Score of ASEAN Member States, 2014

Country	EV_Water Resources	EV_Agriculture	EV_Forests	EV_Fisheries	EV_Biodiversity Habitat	EV_Climate Energy	EV
Brunei Darussalam	37.8	68.0	36.5	42.1	100.0	21.7	51.3
Cambodia	0.0	64.0	0.0	0.0	78.9	1. n.a.	30.6
Indonesia	0.0	51.9	7.8	25.8	78.1	45.3	38.5
Lao PDR	0.0	80.0	13.3	2. n.a	93.9	3. n.a	49.1
Malaysia	8.6	57.7	1.7	17.6	93.4	40.2	40.5
Myanmar	0.0	80.0	24.5	0.0	28.6	4. n.a	19.8
Philippines	0.5	45.4	31.4	23.2	64.7	35.7	35.6
Singapore	99.7	96.0	5. n.a	0.0	46.3	86.9	62.4
Thailand	16.0	62.1	25.3	19.1	70.2	46.1	41.2
Viet Nam	0.1	58.3	17.3	20.1	43.4	44.5	30.5

Note: EV = environmental vitality, n.a. = not applicable.

Sources: Yale Center for Environmental Law & Policy) and the Center for International Earth Science Information Network (2014).

Table 2.8c. Air Quality Scores of ASEAN Member States, 2014

Country	HAP	PM25	PM25EXBL	Air Quality Score
Brunei Darussalam	95	100.0	88.9	94.6
Cambodia	11	100.0	83.5	64.8
Indonesia	45	100.0	80.9	75.3
Lao PDR	4	53.5	30.2	29.2
Malaysia	100	96.1	75.5	90.5
Myanmar	8	78.6	56.5	47.7
Philippines	50	100.0	94.6	81.5
Singapore	95	100.0	100.0	98.3
Thailand	74	76.5	52.5	67.7
Viet Nam	44	63.9	46.0	51.3

Notes: HAP = Household Air Quality; PM25 = Air Pollution – Average Exposure to PM2.5; PM25EXBL = Air Pollution – PM2.5 Exceedance.

Sources: Yale Center for Environmental Law & Policy and the Center for International Earth Science Information Network (2014).

5. ASEAN Awareness, Affinity, and Participation

The first two paragraphs on community of caring societies in the 1997 ASEAN Vision 2020 describes a vision for ASEAN as a community ‘... conscious of its ties of history, aware of its cultural heritage and bound by a common regional identity’. The fourth bullet point on overarching elements of the ASEAN Community’s post-2015 vision promotes ASEAN as a ‘... people-oriented, people-centred community through, among others, active engagement with all relevant stakeholders’. Yet there has not been a good measuring tool to evaluate ASEAN’s success or failure in propagating a sense of common regional identity and affinity as well as in engendering active participation in and sense of ownership of various stakeholders of ASEAN and its initiatives.

ASEAN Awareness, Affinity, and Participation Index. To address this failing, the report proposes that ASEAN develop an **ASEAN Awareness, Affinity, and Participation Index**. As implied by the name, the index is a weighted average of scores on **awareness** (of ASEAN and its initiatives as well as of ASEAN countries), **affinity** (appreciation of historical and cultural linkages and of common regional concerns), and **participation** (in ASEAN processes and initiatives as well as of intra-ASEAN people-to-people activities). The respondents will be from the general public, academia, and the business sector. The appropriate questionnaires and scoring as well as

statistical methodology (including sampling) can be developed easily. As this is similar to polling work (with use of Likert scales, amongst others), it is implementable. As this may call for a large sample size, member states must clearly provide shared funding of the survey work, which will have to be done on a regular basis.⁷

Given the ASEAN Awareness, Affinity, and Participation Index scores, member states can then agree on the target improvement in the index scores by 2025 (ideally, every two to three years until 2025), which means that the survey work and the estimation of the index has to be done regularly every 2 or 3 years. Then the index scores and the component scores can be a basis for prioritising and evaluating the performance of ASEAN and people-to-people initiatives related to enhancing a greater awareness, understanding, and ownership of a common regional identity and of ASEAN and its initiatives.

III. Framework

The central elements of the ASCC in the Nay Pyi Taw Declaration on the ASEAN Community's Post-2015 Vision must necessarily be the basis for formulating the framework for moving the ASCC forward post 2015. The central elements of ASCC in the Nay Pyi Taw Declaration are as follows:

An ASEAN Socio-Cultural Community that engages and benefits the people and is inclusive, sustainable, resilient, dynamic.

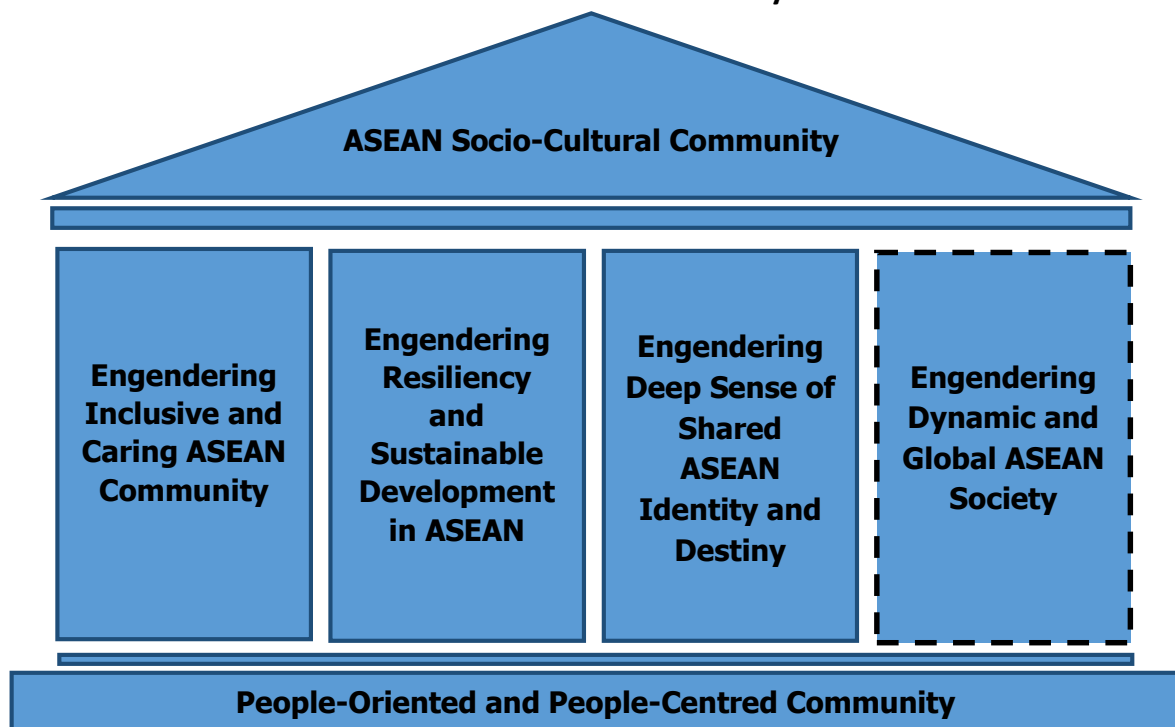
- *Enhance commitment, participation and social responsibility of ASEAN peoples through an accountable and inclusive mechanism for the benefit of all;*
- *Promote equal access and opportunity for all, as well as promote and protect human rights;*
- *Promote balanced social development and sustainable environment that meet the current and future needs of the people;*
- *Enhance capacity and capability to collectively respond and adapt to emerging trends and challenges; and*
- *Strengthen ability to continuously innovate and be a proactive member of the global community.*

⁷ The shared funding could be in the form of each AMS funding the cost of the surveys in its own territory.

The proposed framework in this report focuses on three pillars that are critical to the achievement of the goal of an ASCC that is inclusive, resilient, sustainable, dynamic, and engages and benefits the ASEAN peoples (**Figure 2.1**). The three pillars (and characteristics) in the report are:

1. Engendering Inclusive and Caring ASEAN Community
2. Engendering Resiliency and Sustainable Development in ASEAN
3. Engendering Deep Sense of Shared ASEAN Identity and Destiny

Figure 2.1. Framework of Framing the ASEAN Socio-Cultural Community Post-2015



Source: Compiled by the authors.

The proposed framework does **not** attempt to be exhaustive; there may be other pillars (and characteristics) that are warranted to comprehensively address the critical elements of the ASCC listed above. Indeed, the proposed framework does not fully address the element on the ability to continuously innovate and be a proactive member of the global community, or what can be called the characteristic of a *dynamic and global ASEAN society*. This last element is addressed to a large extent in the ERIA publication, *ASEAN Rising: ASEAN and AEC Beyond 2015*, specifically:

- Pillar Two (Competitive and Dynamic ASEAN), which focuses on engendering dynamic and competitive industrial clusters as well as an innovative ASEAN; and
- Pillar Four (Global ASEAN), which includes discussions on raising an ASEAN voice in the global community of nations.

However, the two pillars above proposed for the AEC are discussed from an economic viewpoint. Nonetheless, it can be argued that a deep sense of a shared ASEAN identity and destiny can contribute significantly towards ASEAN forming a common voice in international forums on global social, environmental, and cultural issues, and thereby make ASEAN a significant and active member of the global community. Indeed, as this report highlights, ASEAN societies have been shaped substantially by the syncretic intermingling of native and diasporic cultures over centuries of interactions and networks; in effect, ASEAN societies are ‘as global as it gets.’ Moreover, a deep appreciation of cultural diversity in the region entails openness amongst its peoples, a trait that is important in furthering a creative environment and innovation in the region, both critical characteristics of a dynamic ASEAN. Thus, to a significant extent, the proposed characteristic of engendering a deep sense of a shared ASEAN identity and destiny contributes towards engendering a culture of creativity and innovation that is central to a dynamic and global ASEAN.

Engendering an Inclusive and Caring ASEAN Community

In this report, the drive towards an inclusive and caring ASEAN community rests on three key components: (1) inclusive growth, (2) universal access to basic education and healthcare, and (3) social assistance and protection for the more vulnerable population. These three components are largely addressed at the national level rather than at the regional level, and as such what is mainly called for is *concerted national initiatives among ASEAN member states*. Nonetheless, there are also inherently regional actions that can complement and help facilitate implementation of national level initiatives. It may be noted that the first component of inclusive growth is primarily economic in focus while the last two key components are primarily socio-cultural. They are all interconnected and, to some extent, synergistic. This highlights that the drive towards an inclusive and caring ASEAN Community involves concerted efforts by both the AEC and the ASCC.

Inclusive growth. Inclusive growth has two dimensions: the pace of growth and the character of the growth. Specifically, growth needs to be robust over a sustained period, and it is growth that enables more poor to get out of poverty and grow a much broader middle class. Engendering inclusive growth entails, amongst others, engendering robust growth in agricultural productivity growth and production, expansion in remunerative employment, small and medium enterprises (SMEs) development, and enhanced connectivity of the peripheral areas to the growth centres in the country and region.

In some ASEAN member states the incidence of poverty is higher in the rural areas than in the cities; historical experience shows the importance of robust agricultural productivity and production growth and rural development for substantial reduction in poverty. The countries that registered marked reduction in poverty (for example, China in the 1980s and early 1990s; Viet Nam in the 1990s and early 2000s) combined robust agricultural and rural development with the sharp expansion of employment in non-agricultural sectors, especially labour-intensive manufacturing both for exports and the expanding domestic market and which are dominated by SMEs. Greater integration of the domestic economy arising from improved infrastructure and physical connectivity boosts both the agricultural and rural sector and the SME sector for both the export and domestic markets. Note that in the drive for inclusive growth in ASEAN, the four can form a virtuous cycle, facilitated by healthy investments and a conducive macroeconomic and business environment.

In ASEAN member states where agriculture (including fishery) is still an important sector of the economy and the rural areas have a higher incidence of poverty (especially Myanmar, Cambodia, and the Lao PDR, but also Indonesia and the Philippines), productivity-driven agricultural growth and rural development contribute substantially to economic growth and poverty reduction. Studies have shown that in developing countries, especially those where the distribution of the ownership of agricultural land is relatively equitable, agricultural development has a larger effect on poverty reduction than industrial development. Robust agricultural productivity growth contributes to poverty reduction additionally through the release of agricultural labour (or labour time) to the faster-growing industrial sector without an adverse effect on agricultural production, at least during the early periods of industrialisation that Myanmar, Cambodia, and the Lao PDR are still in at present. Robust agricultural productivity growth is also important in ensuring that the opening of the agricultural sector to greater import

competition as part of regional integration under the AEC, benefits farmers and not only urban consumers, as the results of policy simulations done by Warr (2011) suggest. It is also worth noting that improved agricultural productivity can improve food security; hence, this is one of the recommended outcome indicators for enhancing food security under the SDGs.

In two of the world's most successful cases of reduction of rural poverty (China and Viet Nam), favourable incentive structures for farming and farmers arising from institutional reforms (household responsibility system in China and *Doi Moi* in Viet Nam) played critical roles. For Viet Nam, it contributed to the country's agricultural diversification as farmers responded to market opportunities and changing factor prices and enabled the country to become a substantial world exporter in produce like coffee and fishery products in addition to rice. Studies and historical experience also indicate that, in addition to favourable incentive structures for farmers, government investments in agricultural research, rural roads and rural education, electricity and irrigation, contributed significantly to poverty reduction in countries such as China, India, and Viet Nam.⁸

Reduction in rural poverty arises not only from robust agricultural productivity and production growth but also from the growth of off-farm employment in the countryside, thereby increasing the income sources of the rural households. Note that government investments in rural roads, electricity, and education contribute also to the growth of non-farm industries and rural off-farm employment and thereby reduce rural poverty. In the case of Viet Nam, for example, better education led to greater mobility and employability for the young in the non-agriculture sector, thereby contributing to higher household incomes in the rural sector. There was growth in non-farm employment (for example, trading, transportation, services, and processing) in the peri-urban areas in the countryside. This led to an increase in the number of income sources for rural households. The net effect is a marked decline in rural poverty from about 45 percent in 1998 to 19 percent in 2008 (Nguyen and Vo, 2011). The Vietnamese government's support for agricultural and rural development remains a key anchor of the country's comprehensive poverty reduction and growth strategy, increasing investments in agricultural and rural infrastructure, and encouraging investment in the processing of agricultural products (Vo and Nguyen, 2015).

⁸ See Intal, et.al. (2011) for more in-depth analysis and discussion.

There is one other major reason for the importance of rural infrastructure and improved connectivity between the peripheral rural areas to the main growth and consuming centres in the pursuit of inclusive growth of a country. The liberalisation and trade and transport facilitation initiatives under the AEC tend to be biased towards strengthening links among ASEAN's major economic centres. Thus, farmers and producers in the rural areas could be adversely affected as they could be eased out of the main consuming markets by imports (given their improved access arising from the AEC initiatives) unless domestic connectivity that would reduce their transport and distribution costs is equally improved. Thus, enhanced connectivity among member states needs to be undertaken in tandem with even greater connectivity within a country. This is critical in the archipelagic countries of Indonesia and the Philippines where domestic shipping costs are higher than international shipping costs.⁹

In addition to agricultural and rural development, robust growth in remunerative employment and of the SME sector is a major channel to inclusive growth. This is not surprising because labour is the most important asset of the poor, in addition to access to land and fishery resources, and hence the critical importance of employment, especially remunerative employment, that moves the poor out of poverty. As noted earlier in the chapter, two member states still have significant unemployment rates and some member states have a large proportion of the working poor, with wages below \$1.25 per day at 2005 PPP. This suggests that for some member states employment-biased economic growth in an integrating ASEAN region remains important. In addition, deeper economic integration in ASEAN would have implications on the relative growth of various economic sectors, and therefore on the pace, structure, and skills mix of employment in each member state (ILO and ADB, 2014). Herein lies the need for managing labour adjustments in an integrating ASEAN, in part through the social dialogue process among workers, firms, and the government and thereby engender a more facilitative industrial relations environment. At the same time, there is need as well as benefit in investing in workers for industrial upgrading. Sustained growth in remunerative employment is facilitated by linking wages with productivity and by firms' investment in workers and work conditions. In the end, as the slack in the labour market is eliminated, investment and productivity growth would markedly reduce the number of working poor and

⁹ There is the oft-repeated refrain that it is cheaper to import products from Bangkok to Manila than get them from Davao (in Mindanao) or, similarly, to ship goods from Singapore to Jakarta than from some Eastern Indonesian provinces.

the informal, own-account workers as well as possibly contributing family workers in the labour force.

SMEs (including microenterprises) account for the majority of employment in ASEAN member states (except in Singapore) and are in fact the dominant face of business in ASEAN in terms of share to total number of firms. Thus, robust growth in employment and changes in the structure of employment are woven with the growth and changes in the structure of the SME sector. Although many micro and small enterprises die or are born every day given their nature of relatively easy entry and exit, SMEs face many difficulties especially in the areas of access to financing and technology. The ASEAN SME Working Group and ERIA, in collaboration with the Organisation for Economic Co-operation and Development (OECD), developed the SME Policy Index as an analytical and monitoring tool for ASEAN and member states in their efforts to strengthen the regulatory regime for SMEs in the region. As the SME Policy Index results indicate, a lot needs to be done to have a truly supportive policy and regulatory environment for ASEAN SMEs, especially in the lower income countries. It is worth noting that a robustly growing and productive SME sector is not only for inclusive growth but also for a competitive ASEAN region, simply because they are virtually the face of the ASEAN business sector given their dominant numbers among all firms in virtually all member states.

Universal access to basic education and healthcare. The discussion above on inclusive growth is necessarily economic, which brings out that engendering an inclusive and caring ASEAN community has a large economic underpinning. At the same time, however, as is implied by the discussion earlier on the role of education for greater mobility and employability in rural Viet Nam, enhancing the human capital of the poor contributes to poverty reduction at the same time that it supports economic growth. That is, the pursuit of an inclusive and caring ASEAN community goes beyond inclusive growth. This report highlights that universal access to basic education and healthcare, two key components of human capital, is an important anchor of an inclusive and caring ASEAN community.

The first two sentences of The ASEAN 5-Year Work Plan on Education perhaps say it perfectly: 'Education is the heart of development. It helps people build productive lives and cohesive societies'. Basic education is the foundation for personal and national development as well as for national and regional community building. Thus, the critical importance of universal access to basic education is a key element of engendering an inclusive and caring ASEAN community. Priority 2 of the work plan on education calls for

increasing access to quality primary and secondary education, in part in support of the ‘education for all’ goal of universal access to primary education.

However, net enrolment rates in the Philippines and Thailand are just around 90 percent (**Table 2.3**) and survival rates in primary education range from about 64 percent to about 86 percent only for Cambodia, Indonesia, the Lao PDR, Myanmar, the Philippines, and Viet Nam (**Table 2.4a**). This means millions of ASEAN children are without solid primary education. In addition, as member states evolve and move up the technology ladder to maintain their competitiveness and robust growth in the face of higher and rising human capital stock in China and India on the one hand, and the growing competition from lower wage non-ASEAN countries on the other hand, secondary education is increasingly important for ASEAN countries.

Thus, moving forward, enrolment into, and completion of, secondary education need to be considered as important pro-equity government interventions. At present, with the exception of Brunei Darussalam and possibly Singapore, the net enrolment rate in secondary education is far lower than the ideal of 100 percent rate. Furthermore, improving the quality of primary and secondary education remains a significant challenge in many ASEAN member states. Thus, ensuring universal access to quality basic education would involve moving close to 100 percent net enrolment rate, as close as possible to 100 percent survival rate in primary education, a markedly higher survival rate in secondary education, and improved quality of both primary and secondary education.

If education for all is to provide opportunities for the poor, universal access to basic health is meant to minimise the possibility that ill health, especially prolonged and/or debilitating, could lead households and especially the near poor towards a downwards spiral into poverty or deeper into poverty arising from such health shocks. There are some dimensions in which ill health interacts with other components of poverty; that is, poor nutrition, poor shelter, poor working conditions, healthcare costs, erosive livelihood campaigns, and coping strategies that sacrifice long-term investments (for example, livestock, orchard) in favour of the urgent and of the present. Indeed, the poor are the least who can afford health shocks and debilitating ill health (Grant, 2005). Poverty-inducing health shocks can arise from the spread of communicable diseases and from idiosyncratic events such as maternal or paternal death in a poor family.

ASEAN has a wide range of initiatives in its ASEAN Strategic Framework on Health Development (2010–2015) and accompanying work plans of the

health subsidiary bodies. The inclusiveness dimension of health includes maternal and child health, increasing access to healthcare, and control of emerging and communicable diseases including pandemics. The challenge is in ensuring that the national efforts are concerted and they mesh well with the regional efforts and both the national and regional efforts are monitored for impact. Moreover, there may be a need for some focus or prioritisation for greater impact in light of the large number and wide range of initiatives. In addition, initiatives like universal health coverage may need to be given more importance in light of the poverty-inducing effect of prolonged ill health or serious ill health. More importantly, there may be a need to have regional mandates in a few (for example, those in the MDGs) that would mean top priority for action and determine follow-on action at the national levels and complementary regional initiatives to ensure that such regional health mandates are implemented by the target date.

Social protection. Initiatives that give regular and predictable support to targeted poor and vulnerable people as well as programmes for assistance during emergencies contribute to engendering greater inclusiveness and social cohesion. To some extent, such social safety nets and emergency assistance endeavours set a social protection floor, albeit at the basic level. Virtually all ASEAN member states, and indeed all developing countries, implement such social safety net programmes; indeed, two of them, the Bantuan LSM in Indonesia and Pantawid in the Philippines belong to the world's top three unconditional cash transfers and conditional cash transfers respectively in terms of the number of people served (World Bank, 2014, p.xiii). Conditional cash or in-kind transfers can contribute to the effective implementation of basic education and health programmes by engendering higher survival rates in primary education (for example, cash transfer linked to minimum school attendance of children, school-feeding programmes). Another important social safety programme is income-tested old-age pensions or social pensions as a means of providing some degree of old-age income security especially to the poor, although the benefit level varies tremendously among ASEAN member states. Social safety programmes have budgetary implications as they are non-contributory in nature and therefore need to be financed by the government. ASEAN countries have comparatively low social safety net spending as a percentage of GDP compared to Latin

American, Eastern European, Central Asian, Middle Eastern, and most African countries.¹⁰

The social safety net programmes stated above are essentially individual country programmes, and the regional dimension would largely be on sharing of experiences and best practices. However, the protection of migrant workers is inherently an extra-national (that is, regional) issue. The non-finalisation of the instrument to implement the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers reflects the difficulty of generating consensus and of addressing concerns of member states on the matter. The Thailand case shows the challenges of managing migrant workers when informal channels are cheaper and faster than formal channels. At the same time, Thailand is a country where both migrant workers and locals almost have the same benefits from their health insurance programmes (Hatsukano, 2015). As the ASEAN region experiences greater intra-regional mobility of people as regional integration deepens, member states need to agree on the protection of, and social services infrastructure for, migrant workers, whether skilled or unskilled, within the region.

Finally, effective social protection in the face of budgetary constraints demands effective targeting of the poor and the vulnerable. Studies show that there is significant movement between the poor and the non-poor at the margin, although a large proportion may be chronically poor. In addition, food price shocks can move a large portion of the non-poor into poverty. This brings out the need for robust databases and analyses on the poor and the vulnerable taking into consideration the multidimensionality of poverty.

Chapter 3 discusses in greater detail, including recommendations for the way forward, the various elements and measures on engendering an inclusive and caring ASEAN community.

Engendering Resiliency and Sustainable Development in ASEAN

Food price and supply shocks, energy price shocks and natural disasters, together with major economic shocks, are major policy concerns in ASEAN's efforts at improving its resiliency to such shocks. Such shocks adversely impact the nations as a whole and importantly households, especially poor

¹⁰ World Bank (2014), p.16. However, Timor-Leste has the second highest share of social safety net spending to GDP in the world, primarily to foster social cohesion in the aftermath of the troubles in the country after independence.

households. Hence, the calls and regional efforts for food security, energy security, and the need for disaster risk reduction and management are the critical building blocks of a resilient ASEAN.¹¹ At the same time, there is a strong link between the drive for resiliency with the need for sustainable development in ASEAN, primarily via climate change given that the member states are amongst the most vulnerable countries in the world to this global phenomenon.

Climate change, more specifically global warming, adversely affects ASEAN agriculture and fishery production and food security via a number of ways; for example, apparent increase in the frequency of extreme climate events like super typhoons and heavy floods which destroy crops and rural infrastructure, increased severity of pests and diseases, salt intrusion into agricultural areas due to rise in sea water, increased probability of monsoon delay and changes in annual cycle of rainfall which can affect cropping intensity in some crops, rising ocean temperatures, and extreme rainfall compromise fishery habitats and productivity.¹² Thus, climate change has long-term effects via deterioration in agricultural and fishery productivity as well as short- to medium-term effects through significant drops in production due to natural disasters, drought, typhoons, and other extreme climate events. Given such effects, resiliency to climate change in food production involves both longer-term climate adaptation in agriculture and fishery production as well as short-term climate mitigation through measures such as food reserves and appropriate and coordinated trade policy responses by member states, the region, and even globally at the macro level, and effective targeting of the poor and the vulnerable households as well as efficient distribution system at the micro level. Thus, ensuring food security at the household level and at the national level entails complementary measures in both the economic and socio-cultural spheres. This report emphasises that addressing the challenge of food security in the world of increasingly variable weather induced by climate change is a shared responsibility of both the AEC and the ASCC to comprehensively address issues of availability, accessibility, utility, and stability of food.

Three member states – the Philippines, Viet Nam, and Indonesia – are among the top eight in the world with a high risk of mortality from multiple hazards. But as Typhoon Nargis in Myanmar and the severe floods in Thailand, Cambodia, the Lao PDR, and Malaysia indicate, the ASEAN region is indeed

¹¹ Preventing or managing a major economic crisis is fundamentally a macroeconomic concern.

¹² See, for example, RSIS (2013).

one of the most vulnerable in the world to natural disasters. Aware that the region is disaster prone and that it needs to be more disaster resilient and to reduce human, economic, and social losses from disasters, ASEAN member states have been strengthening regional cooperation on disaster management (for example, the ASEAN Agreement on Disaster Management and Emergency Response or AADMER and the ASEAN Regional Programme on Disaster Management, or ARPDM) as well as national capacities in line with the Hyogo Framework. The AADMER is the first regional legally binding agreement on disaster management in the world that promotes and complements the implementation of the Hyogo Framework for Action. As the region has a well-articulated framework and mechanism on disaster management, the additionality of this report is on the issue of financing disaster response and recovery, particularly the role of insurance versus contingency funds.

Sustainable development is an equally important challenge in ASEAN. The region's terrestrial, freshwater, and marine ecosystems as well as biodiversity are at risk from development and population pressures. Development pressures on the region's natural resources can be expected to heighten in the next decade at least as the region strengthens its economic growth and deepens its links in regional and global production networks. Similarly, there would be greater pressure on the region's atmosphere given its rising global share of the world's total greenhouse gas emissions as well as worsening urban air pollution in many of the region's major cities. In addition, the region is seeing growing urbanisation, with the attendant concern on liveability. Finally, energy – its production, sourcing, and consumption – is a central element of the dynamics of climate change, economic growth, and urban area liveability. How the region can strengthen its sense of energy security while at the same ensuring that its energy production and consumption is increasingly supportive of sustainable development nationally, regionally, and even globally (climate change) is both a challenge and an opportunity for ASEAN.

In addressing sustainable development, this report takes the view that the major environmental challenges in ASEAN – for example, deforestation, air pollution, and climate change – exhibit the characteristics of 'wicked' problems which are dynamic and complex, encompassing many issues and stakeholders, and evading straightforward lasting solutions. As such, there are no easy or universal solutions. Nonetheless, there are general principles in addressing such wicked problems, including strengthening regionally coordinated approaches, bolstering institutional capacity with regard to

environmental regulation, emphasising stakeholder participation, focusing on co-benefits, emphasising long-term planning, pricing reform, and tackling governance issues.

This report looks more closely at strengthening natural resources management (NRM) in the region, empowering communities and countries to engage in biodiversity conservation and sustainable use at the national and ASEAN levels, engendering liveable and low carbon cities in ASEAN, promoting clean energy in the region, promoting a deeper appreciation of the connectivity of hills to seas ecosystems, and strengthening efforts at addressing the trans-boundary haze problem in ASEAN. These are discussed in greater detail in **Chapter 4**.

Engendering a Deep Sense of Shared ASEAN Identity and Destiny

The 1997 ASEAN Vision 2020 brings out the importance of engendering a deep sense of shared ASEAN identity and destiny, as thus:

We envision the entire Southeast Asia to be, by 2020, an ASEAN community conscious of its ties of history, aware of its cultural heritage and bound by a common regional identity.

However, engendering a deep sense of a shared ASEAN identity and destiny in a region of cultural diversity and rising nationalism is an enduring challenge. Indeed, this calls for continuing purposeful initiatives. The initiatives include exploring, understanding, and disseminating the largely cosmopolitan and syncretic cultures from the interaction of indigenous and migrants' communities from within and outside the region. This brings one aspect of ASEAN identity, which is from a **deeper understanding of the shared cultures, histories, and geographies**. This report highlights the importance of such initiatives on ASEAN history, deeper understanding of communities in preserving and updating indigenous cultures, investing in cultural heritage and development as important elements of developing the creative sector in ASEAN, and in using film as the most personal, accessible, powerful, and technologically transmissible medium of cultural expression, information, and engagement. **People-to-people connectivity** also contributes to the greater sense of commonality within ASEAN; hence, the importance of such ASEAN

initiatives as freer movement of people and labour within the region as well as improved cross-border infrastructure for greater physical connectivity among communities. It also includes intra-regional and intra-private cooperation initiatives such as those undertaken by the ASEAN Foundation and similar institutions and business associations.

Other initiatives towards a deeper sense of ASEAN identity and destiny involve initiatives that engender a **greater sense of ownership amongst ASEAN peoples of the ‘institutional’ ASEAN** embodied in its decisions, agreements, and blueprints. This involves greater people participation in, as well as understanding and monitoring of, ASEAN initiatives. It also means that people can effectively feel the benefit from the ASEAN initiatives and policies. Thus, for example, to the extent that an ASEAN-wide drive towards a responsive regulatory regime and management system (similar to Malaysia’s PEMUDAH Task Force) enables ASEAN people to feel the benefit of ASEAN initiatives, then a *responsive ASEAN* is also in support of engendering a deeper sense of ASEAN identity and destiny. Perhaps a more visible example of a benefit from ASEAN is an ‘ASEAN lane’ in immigration centres such as in the Kuala Lumpur international airport.

It may seem anachronistic that ASEAN aims for a deeper sense of ASEAN identity in an increasingly globalised world. ASEAN member states are individually small or at most medium powers in the global arena and as such cannot be expected to have a significant voice globally. Arguably, an ASEAN society that has a deep awareness and appreciation of the interconnectedness amongst member states and a greater sense of belongingness amongst its peoples would enable ASEAN to formulate a common voice in international forums and negotiations related to social, environmental, sustainable development, and cultural matters. But perhaps more critically and more enduringly, that deep sense of an ASEAN identity and belongingness can contribute to the successful implementation of many ASEAN initiatives including those in the economic arena where member states are expected to reduce their leeway in national economic policies in favour of regionally agreed policies; for example, trade, services, and investment liberalisation, and mutual recognition arrangements. Moreover, that deep sense of an ASEAN identity and belongingness can contribute to the successful implementation of regional cooperation in the social, cultural, and environment areas as well maintain peace and stability in the region. It is in the end an important correlate of the building of the ASEAN Community.

Chapter 5 discusses in greater depth the challenge of engendering a deep sense of ASEAN identity and destiny.

Chapter 3

Engendering an Inclusive and Caring

ASEAN Community

I. Introduction

Since the onset of the global economic meltdown in 2008, the movement towards inclusiveness has taken centre stage. Middle-class household income has stagnated in the high-income countries and the growth in the developing countries has been driven by extractive industries, which is associated with wealth accumulation by (a few) capital owners. There has also been discontent on the current measures of economic performance such as national gross domestic product (GDP) and GDP per capita which are not enough for assessing a society's well-being. A society could have an increasing GDP and GDP per capita, but when combined with an increase in inequality, the society could be worse off. Indeed, as Stiglitz, et al. (2009, p.55) pointed out, the '... failure to account for these inequalities explain the "growing gap" between the aggregate statistics that dominate policy discussion and people's sentiments about their own conditions.'

It is widely accepted that economic progress is necessary but not sufficient for an inclusive society. However, what constitutes an inclusive society is still subject to debate and not yet fully understood despite serious consequences from community seclusion (UNDESA, 2009). Some proponents argue an inclusive society requires both economic and social progress. In other words, the measures of inclusive society should not only be about income distribution but also be on broad-based social progress indicators. As such, an inclusive society is characterised by a society that is 'stable, safe and tolerant, and respects diversity, equality of opportunity, and participation of all people, including the disadvantaged and vulnerable groups and persons' (UNDESA, 2009, p.3). On a similar tone, Sachs (2015) argued there are at least five concerns on distribution of wellbeing. These are extreme poverty; income inequality; social mobility; discrimination towards women, racial minorities, or indigenous population; and social cohesion (absence of

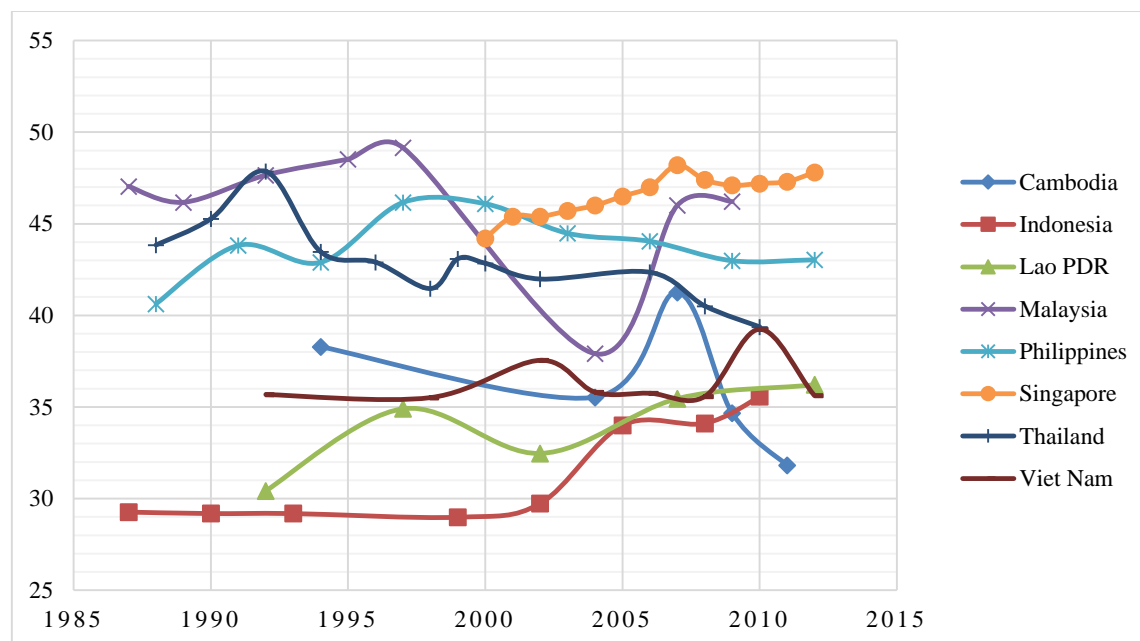
distrust, animosity, cynicism, amongst others). Regardless of what constitutes an inclusive society is, there is consensus that achieving an inclusive society would require inclusive growth (reduction in the poverty incidence and expansion of the middle class), provision of basic education and healthcare, as well as provision of social assistance and protection for the vulnerable such as women, children, migrants, amongst many others.

The relationship between economic development (proxied by income level) and social progress is complex (Porter, et al., 2015). First, the correlation is positive but not linear in trend. The slope of the regression line decreases after a certain income level. This shows higher economic development has many early benefits; yet without appropriate policies, continued economic development would lead to negative social and environmental impacts, thus undermining social progress and society inclusiveness. Second, social progress is not fully explained by economic performance. There are cases where countries with similar income levels have significantly different levels of social progress. The key difference is that some countries are able to allocate their resources in inclusiveness-enhancing areas, for example, well-being, rights and freedom, ecosystem sustainability, and tolerance, which foster inclusiveness. Third, there might be a two-way relationship or even a reinforcing relationship between social progress and economic development. A society with good social progress might be able to exert more innovation and maintain a conducive working environment, thus able to maintain robust economic growth. Correspondingly, a society with higher economic growth will have more resources for promoting social progress. The three characteristics of social progress above point to the need for appropriate policies to ensure that economic development goes hand in hand with social progress.

As society inclusiveness entails both economic and social progress, it is simplistic to assess such inclusiveness only by looking at the widely used measure of (income) inequality, such as the Gini index. Indeed, the Gini index measures only the economic (income) aspect of inclusiveness. By using the Gini index (a crude measure of inclusiveness), inequality in the ASEAN region – the region that recorded amongst the biggest decline in the poverty incidence rate globally – is high despite variation across countries. As **Figure 3.1** shows, the highest inequality is recorded in Singapore, Malaysia, the Philippines, and Thailand. There is also an increasing trend of inequality in Indonesia, Lao PDR, Malaysia (recently), and Singapore. Thailand recorded a steady decline, even though the current level is still higher than many ASEAN member states. Cambodia also shows a declining trend; Viet Nam tends to

maintain stable moderate Gini index with the exception in 2010; while the Philippines is still experiencing high inequality despite a gradual decline since 2000.

Figure 3.1. Trend of Income Inequality in ASEAN Member States



Note: The data is based on consumption expenditure, except for Malaysia, where it is based on income.

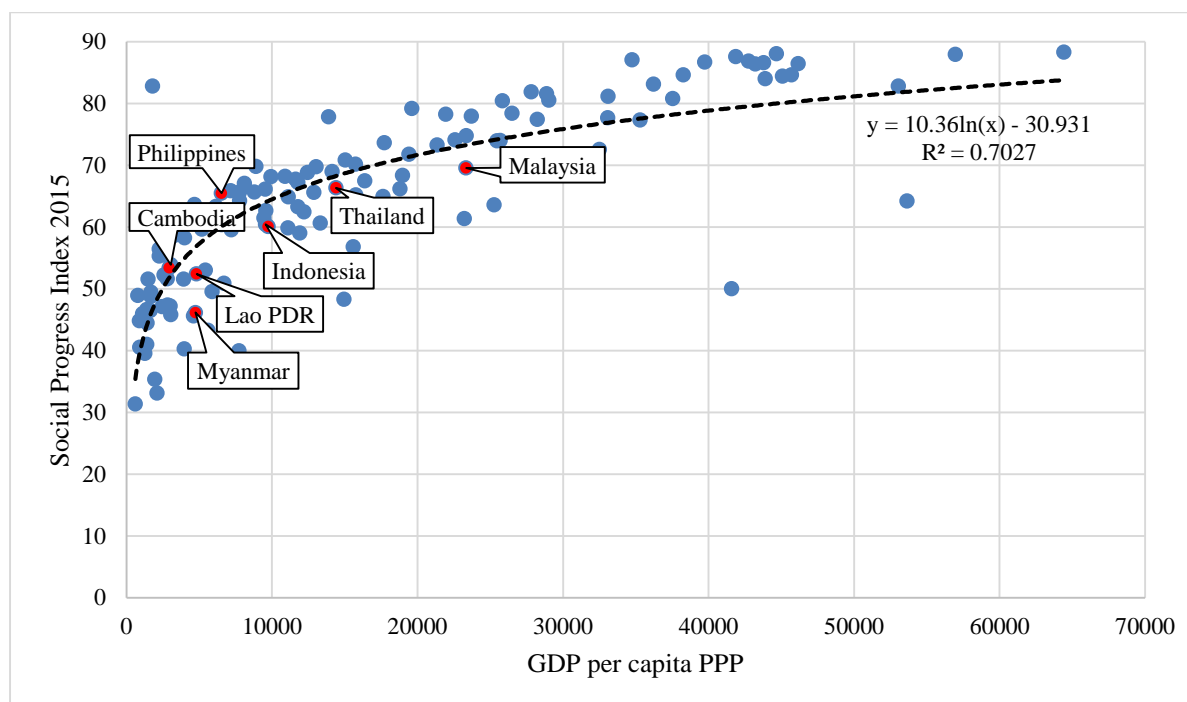
Sources: PovcalNet. <http://iresearch.worldbank.org/PovcalNet/index.htm?0> (accessed 16 April 2015) and communication from the Government of Singapore.

A broader measure of inclusiveness, for example, the social progress index developed by Porter, et al. (2015), measures social progress based on three aspects: (1) sufficiency of basic human needs (nutrition and basic medical care, water and sanitation, shelter, and personal safety); (2) building blocks to sustain well-being (access to basic knowledge, access to information and communication, health and wellness, and ecosystem sustainability); and (3) availability of opportunity (personal rights, personal freedom and choice, tolerance and inclusion, and access to advanced education). The first aspect concerns whether the society has the capacity to meet the most essential needs of its people. The second aspect concerns whether the society has the building blocks in place for its people to enhance and sustain their well-being. The last aspect is whether all individuals have the opportunity to reach their potential.

By using this broader measure of inclusiveness, the picture in ASEAN is slightly different. **Figure 3.2** shows the social progress index in ASEAN amongst 129 countries in 2015. As the figure shows, even though Malaysia,

Thailand, and the Philippines recorded the highest Gini index amongst ASEAN member states, the three countries topped ASEAN countries in terms of social progress, followed by Indonesia, Cambodia, the Lao PDR, and Myanmar (no complete data for Brunei Darussalam, Singapore, and Viet Nam).

Figure 3.2. ASEAN Member States in Social Progress Index



Notes: GDP = gross domestic product; PPP = purchasing power parity.

Sources: Porter, et al. (2015) and World Bank. World Development Indicators database.

<http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD> (accessed 17 April 2015).

Figure 3.2 also shows the logarithmic shape of the social progress index distribution, which means the slope or the gain from an increase in the income per capita until \$10,000 is particularly important for improvement in social progress. This is the area where many ASEAN member states currently sit. **Table 3.1** shows the components of the index. Overall, Malaysia, Thailand, and the Philippines score above the world average. Malaysia scores particularly well for basic human needs and foundation of well-being. The Philippines fell short in basic human needs but scores well on foundation of well-being and opportunity; indeed, it scores second highest in ASEAN in terms of opportunity. Thailand is the only ASEAN country that scores above the world average in the three categories. ASEAN countries in general score particularly well in the foundation of well-being, whereby only two countries score below the world average.

Table 3.1. ASEAN Member States Score in Social Progress Index, 2015

Country	GDP per capita PPP 2013	Overall SPI	Basic Human Needs	Foundation of Well-being	Opportunity
Cambodia	3,041	53.96	53.86	67.52	40.52
Indonesia	9,561	60.47	66.52	69.54	45.35
Lao PDR	4,822	52.41	60.43	61.7	35.09
Malaysia	23,338	69.55	86.13	74.87	47.66
Myanmar	4,752	46.12	58.87	49.19	30.28
Philippines	6,536	65.46	68.23	68.86	59.30
Singapore	78,763	n.a.	n.a.	n.a.	62.83
Thailand	14,394	66.34	75.77	72.35	50.90
Viet Nam	5,294	n.a.	74.19	n.a.	36.28
World	14,402	61	68.33	66.45	48.23

Notes: The values are SPI score in 0–100 (highest) scale. GDP = gross domestic product, n.a. = not available, PPP = purchasing power parity, SPI = social progress index.

Source: Porter, et al. (2015).

Amongst ASEAN countries, Viet Nam is one of the good examples in terms of the provision of basic human needs. Its basic human needs score is close to Thailand's even though Viet Nam's income level is only one-third of Thailand's. Furthermore, Viet Nam's GDP per capita purchasing power parity (PPP) increased around fivefold from 1990 to 2014, yet its Gini index in 2012 is 35.6, lower than many countries which recorded an even lower increase in income per capita. Other ASEAN countries could consider lessons from Viet Nam's inclusive growth pathway.

As an inclusive society is a multidimensional concept, policies for promoting an inclusive society are wide ranging. They include economic, social, cultural, and political aspects, for instance, on governance or institutional aspects; innovation and entrepreneurship; respect for human rights, freedom, and the rule of law; participation of society in civic, social, economic, and political activities; strong civil societies; and many others. This report focuses on the importance of inclusive growth, universal access to basic education and healthcare, as well as social assistance and protection for the vulnerable population. The three strategies ensure the provision of basic human needs and foundation for sustaining society's well-being. The strategies also highlight the importance of providing a social safety net for the disadvantaged population. However, the socio-political issues related with society inclusiveness, such as on representation of a minority group in the decision-making process and rights of indigenous people, are beyond the

scope of this report. The following section discusses the above-mentioned strategies in greater detail.

II. Inclusive Growth in ASEAN: Current State and Strategies for Post-2015

Inclusive growth is economic growth, which is marked with a reduction in the incidence of poverty as well as expansion of the middle class. Inclusive growth is also economic growth with equal opportunity (ADB, 2014b), where all members of the society have equal opportunity to improve living standards. In achieving inclusive growth, this report asserts the importance of growth in agricultural productivity and production, connectivity between peripheral areas and growth centres, remunerative employment, and small and medium enterprises (SMEs) development. As the poverty rate is still high in the rural areas of ASEAN member states, the growth in agricultural productivity and production could reduce the incidence of poverty, thus reducing nationwide inequality levels. Furthermore, improvement in agricultural productivity would also improve rural farmers' competitiveness so that they can expand to overseas markets as well as stay competitive to face competition from imported agricultural products. Improving productivity could be achieved by providing incentives to farmers, improving rural infrastructure such as roads, electricity, and irrigation, as well as providing incentives for agricultural research. In connection with improving agricultural productivity, improving market access of rural agricultural products to the growth centres, either through improved infrastructure connectivity or through marketing initiatives, would also have favourable poverty reduction impacts.

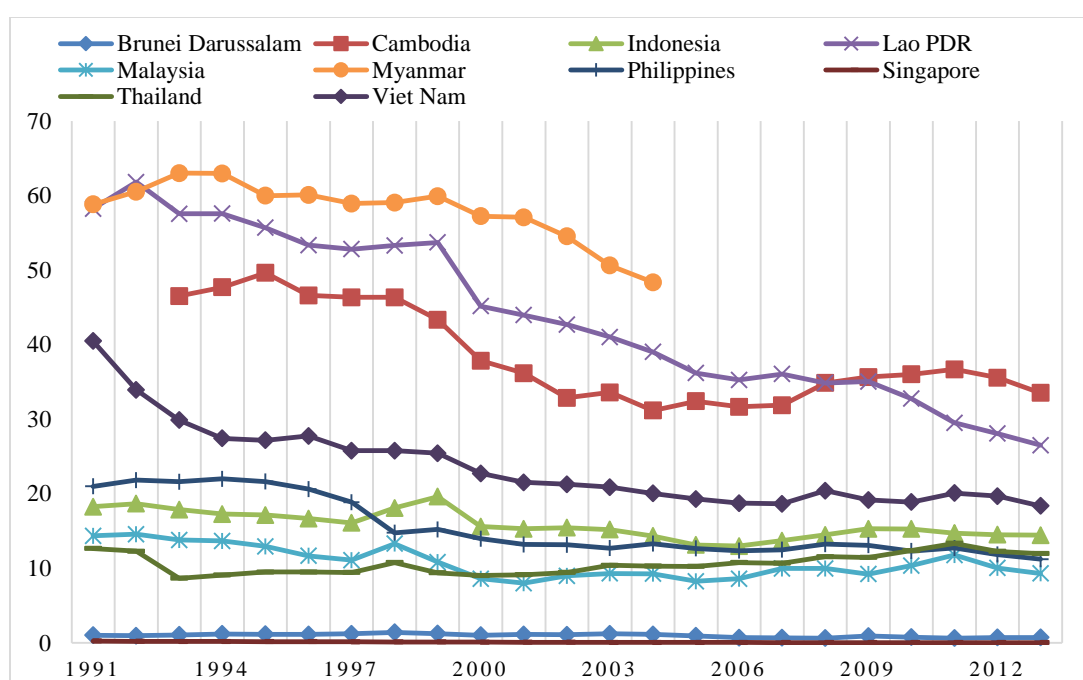
The growth in rural agricultural production and nationwide overall economic growth, combined with regional integration initiatives in the ASEAN region, would lead to structural change in the economy, especially in terms of employment. The share of employment in the manufacturing and services sectors would increase; thus the initiative for ensuring remunerative employment where the wage level reflects the productivity is critical. This calls for implementation of good industrial relations principles. Finally, even though the economic output share of big enterprises in the economy is still dominant, it is the microenterprises and SMEs (MSMEs) that account for the majority of employment share and number of firms. This fact points to the wide gap between big enterprises and MSMEs' labour productivity. As such,

policies for improving access to finance, market access, regulatory environment, and other productivity-enhancing aspects of MSMEs are the ways forward. The following section looks at the four above-mentioned strategies in detail.

1. Growth in Agricultural Productivity and Production

The integration of trade in the East Asian region presents both opportunities and challenges for the agricultural sector in ASEAN. The regional integration initiatives will be a source of demand for agricultural export but it will also be constrained by domestic political and social imperatives for food security issues (Intal, et al., 2011). Currently, as **Figure 3.3** shows, agriculture share in output is high in some ASEAN member states: more than 25 percent in Myanmar, Cambodia, and the Lao PDR, followed by Viet Nam at 18 percent and Indonesia at 14 percent.

Figure 3.3. Share of Agriculture Value Added in Output in ASEAN Member States (%)



Notes: Agriculture corresponds to International Standard Industrial Classification (ISIC) divisions 1–5 and includes forestry, hunting, and fishing, as well as cultivation of crops and livestock production. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs.

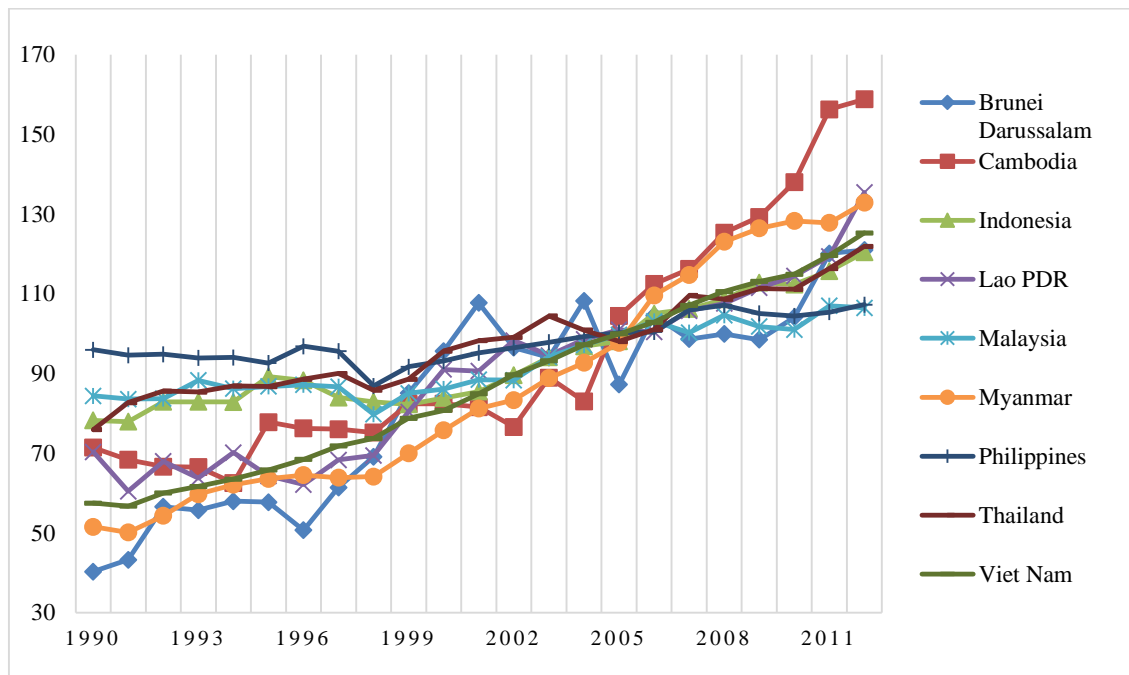
Source: World Bank. World Development Indicators database.

<http://data.worldbank.org/indicator/NV.AGR.TOTL.ZS> (accessed 14 April 2015).

Agriculture development could be an effective poverty reduction tool. It increases the income of the rural poor through higher crop production, as well as stimulating higher labour demand in the non-agricultural sector. As such, strategies to enhance agricultural productivity and production growth should be implemented. The strategies include more public investment in infrastructure, such as irrigation, flood control, roads, and bridges, as well as a more open agricultural trade regime. A Global Trade Analysis Project (GTAP) simulation in Intal, et al., (2011) on a 5-percent increase in agricultural productivity combined with partial and full liberalisation of the agricultural sector in ASEAN shows gains in the real GDP and an increase in export values and volumes. Simulation by Warr (2011) on Indonesia's supply response capability shows that productivity improvement (and expansion of agricultural land) would be bigger under a more open trading regime.

ASEAN member states' conditions with regard to agricultural development and trade vary. For instance, Cambodia recorded amongst the highest agricultural production per capita increase in ASEAN from the mid-1990s to the late 2000s (**Figure 3.4**); even though Cambodia is significantly underinvested in agricultural infrastructure (Intal, et al., 2011). The Lao PDR, on the other hand, faces geographical constraints in developing its agriculture sector. As such, the strategy needs to be area specific. It also needs to move from subsistence to commercial smallholder production. Myanmar is another case study. It has a comparative advantage in agriculture; nonetheless, the performance of agricultural trade has been poor and constrained until recently due to policy bias, problems in incentive structure, and challenges in agricultural market-related institutions (Intal, et al., 2011).

Figure 3.4. ASEAN Member States' Agriculture Per Capita Production Index (2004–2006 = 100)



Source: FAO Statistics. <http://faostat.fao.org/site/612/default.aspx#ancor> (accessed 14 April 2015).

The limitations in government resources, which contribute to underinvestment in agricultural infrastructure, as in Cambodia, could be addressed through public–private partnership investment initiatives. In addition, measures to increase production through inviting large land concessionaires should be accompanied with good communication and mutual cooperation with the indigenous small land farmers. Finally, an improved regulatory and facilitation regime and infrastructure are also important.

A country that has a comparative advantage in agriculture could have a non-impressive foreign trade performance, as in Myanmar before the current reformist government, due to policy bias, problems in incentive structure, and challenges in agricultural market–related institutions. As the government implements policies that keep the domestic rice price substantially lower than the world price, it creates income and substitution effects. The farmers would receive less income from their production, thus are incentivised to switch to other agricultural commodities. On institutional support, lack of access to formal rural credit, limited access to foreign exchange to buy fertilizer, and weak agricultural research and development (R&D) have hindered growth in agricultural productivity and production.

Significant improvements in the overall policy regime in Myanmar in the past few years augur well to a better performing agricultural sector, as well as that of the overall economy moving forward.

Viet Nam, as noted in the previous section, is a good example of substantial increases in income per capita, reduction in the poverty incidence, combined with a modest increase in inequality levels (Gini index). The source of growth in Viet Nam's agriculture productivity and production came from efficiency gain by the institutional reforms in the late 1980s, expansion of physical infrastructure in the 1990s, and technical changes in the 2000s (Intal, et al., 2011). Furthermore, the incentives structure is favourable to agriculture and farmers have facilitated the diversification and commercialisation of Viet Nam's agriculture. This in turn has contributed to transformation in the rural sector. As the rural household income increases, so does the education level of the young people. This stimulates expansion of employment in the non-agricultural sectors in the peripheral areas. The net result is a dramatic reduction in the rural area poverty incidence and a reduction in the inequality level nationwide.

Reflecting on Viet Nam's experience, Vo and Nguyen (2015) recommend promoting rural development, employment, and inclusive growth in ASEAN through the following strategies:

- a. Promote trade in agriculture, forestry, and fishery products in an effort to diversify economic activities in rural areas by creating an incentives structure, thus avoiding trade distortion and enhancing prices and product quality.
- b. Facilitate the establishment and development of rural value chains. Promote measures to raise the value-added in final agricultural products, strengthen the links between agricultural and non-agricultural sectors, and address the prevailing role of middlemen in rural areas.
- c. Promote training for rural farmers to improve employability and reduce underemployment. The training could be on adopting new production technologies as well as knowledge in processing, preserving, and packaging agricultural products.
- d. Support industrialisation of agricultural and rural areas, through infrastructure development, land accumulation, change in crop planting system, eco-agriculture, craft village, amongst many others.
- e. Continue to upgrade hard and soft infrastructure in rural areas to support the establishment and development of rural value chains. Hard infrastructure includes roads and irrigation, while soft infrastructure include

services links, for example, rural transport, logistics, and information. The rural–urban link should also be strengthened not only in terms of transport and telecommunications but also in terms of access to information and opportunities.

- f. Promote rural autonomy so that farmers can exert greater control and ownership towards agricultural production.
- g. Facilitate civil society organisation–government cooperation on agriculture and rural development in ASEAN.
- h. Continue the sharing of experiences and best practices amongst ASEAN member states and with ASEAN dialogue partners.
- i. Especially for Cambodia, the Lao PDR, Myanmar, and Viet Nam (known as CLMV countries), the poor and near-poor households should be clearly targeted in the rural development plan and social protection and/or safety net programmes. The countries should also develop consistent frameworks at the national level to promote diversification and commercialisation of the rural economy. To support the implementation, a community-based monitoring mechanism should be strengthened. Finally, countries should also work with development partners as regards rural development plans.

To sum up, an inclusive growth pathway in the agriculture (and rural) sector for ASEAN includes creating an appropriate incentive structure, for instance, on institutional reform, limited market (price) intervention, and decrease in fertilizer relative price, amongst others; promoting infrastructure through public investment and public–private partnership initiatives; as well as promoting innovation (R&D) policies in agricultural research. These productivity-enhancing strategies combined with long-term pathways of gradually opening up the agricultural sector would be a strong foundation for marked reduction in poverty incidence and decline in income inequality across member states.

2. Connectivity between Peripheral Areas and Growth Centres

The benefits of ASEAN regional integration in the agricultural sector are felt not only by urban consumers in terms of lower prices and wider product selection, amongst others, but also by rural farmers, for example, through greater opportunity to expand to regional markets. In this regard, connectivity between the peripheral areas and growth centres should be strengthened. As agricultural productivity and production improve, the non-agricultural sectors, for instance, home industry, wholesale and retail trade, transportation, and construction, will develop in the peripheral areas.

Development in the peripheral areas would facilitate a reduction in the poverty incidence and open employment opportunities for both rural areas and growth centres.

In improving productivity, connectivity between peripheral and growth centres can be facilitated through improved access to information and communication technology, transportation infrastructure, and access to quality education and health facilities. Regional development policies to improve this connectivity should be adopted by the government. In building this connectivity, the resources, for example, human resources and materials, ought to come from the rural and peripheral areas so that they will create a multiplier effect to the community.

The challenges for improving connectivity in most ASEAN member states vary across countries. In general, the challenges include financing, capability, and institutional (regulatory) issues. In terms of financing, the public–private partnership mechanism could be employed. Currently, Malaysia, Indonesia, Thailand, and the Philippines have already adopted public–private partnership; while Cambodia, the Lao PDR, and Myanmar have not yet developed a public–private partnership system (Zen and Regan, 2014). To maximise the use of this framework, ASEAN would need to strengthen its regulatory framework, capacity, and coordination, amongst others.¹

3. Remunerative Employment

The ASEAN region has had stellar growth performance since 1990s. The growth has also been accompanied by a reduction in the poverty incidence rate and expansion of the middle-class population. Nonetheless, as **Table 2.5** in Chapter 2 shows, the share of employed people living below the \$1.25 (PPP) poverty line per day, despite a substantial decline from the 1990s, was still more than 15 percent in many member states in the late 2000s. As the report of the International Labour Organization (ILO) and the Asian Development Bank (ADB) (2014, p.xi) on the ASEAN labour market noted:

Too many workers are trapped in poor quality jobs. Approximately 179 million workers (or three in five) are in vulnerable employment and 92 million earn too little to escape poverty. Securing decent employment is particularly difficult for

¹ Refer to Zen and Regan (2014) for a more detailed description and strategy for public–private partnership implementation in ASEAN.

young people and women...exacerbated by limited commitments to labor standards and social protection.

The ongoing ASEAN Economic Community (AEC) initiatives might alter the structure and composition of the labour market in the region. The regional economic integration and increased foreign direct investment (FDI) inflow to the region means more people would be employed in the non-agricultural sector. Indeed, for instance in Viet Nam, the share of employment in industry doubled from 10.6 percent in 1996 to 21.2 percent in 2013 (ILO and ADB, 2014). The ILO and ADB (2014) simulation shows the AEC initiatives would accelerate structural changes, thus increasing the aggregate output by 7 percent. Nonetheless, there will be job losses and gains, the distribution of which will be unequal across countries. The demand for highly skilled workers would outpace the demand for low-skilled labour. The interaction issues, for example, minimum wage, decent working conditions, contract workers, amongst others, between the workers and the firm would come onto surface as well. Without concerted policy actions, this dynamic would lead to an increase in inequality across skill groups, across gender, and between migrants and domestic workers, amongst other social groups.

To address this condition, ASEAN member states would need to promote policies that close the skills gap by strengthening the education and training system. Other member states could emulate the lifelong learning concept as practised in Singapore. This policy could help increase labour productivity, thus reducing the working poverty, the incidence of vulnerable employment, informal employment, and support decent employment. The education and training system should also be designed to prepare the workforce for industrial upgrading and entering high productivity economic sectors. The following is the recommendation by Lim (2015) on investing in workers and firms as learning centres for industrial upgrading.

a. ASEAN member states need to set up a continuing education and training (CET) master plan. CET infrastructure needs to be enhanced and connected to pre-employment education institutions. As part of the master plan, governments and firms could set up (1) an adult education network to provide a pool of CET practitioners; (2) industry-based training, whereby company training centres which meet specific requirements can apply to be approved training centres and thus are authorised to provide training to workers in the industry. These companies can have access to a publicly funded skills development fund and a workforce development fund; (3) customised skills training provided by institutions such as an institute of

technical education; (4) a certified on-the-job-training training centre scheme to encourage and upgrade the quality of on-the-job-training; and (5) national trade certification and public trade tests.

b. Develop and improve the quality of the vocational training system as part of the national education system.

c. Manage the trade union by (a) changing the trade union's basic objective from employment security to employability and from a confrontational approach to a collaboration approach; (b) enhancing employability through lifelong learning and national skills certification; (c) promoting collaboration amongst labour unions and management; (d) promoting workplace health and safety; (e) contributing to community development; and (f) increasing union membership as well as strengthening union leadership.

d. Governments should also commit resources for workers, for instance, through the skills development fund model in Singapore. Employers have to pay for the fund, which then could be used as grants for companies that send their workers for training.

e. Promote SMEs as learning and training centres for growth and industrial upgrading through (1) facilitating networking and clustering of learning and training amongst the SMEs, especially amongst SMEs located in certain geographical areas and share the same product categories; (2) fostering collaboration between large firms and small firms as suppliers (sub-contractors), especially when embedding the small firms into the production network; (3) establishing partnerships between government and firms to provide training, for example, through tax benefits, subsidised training, and public investment in human and physical resources of the business community.

f. In the regional context, ASEAN member states could set up an ASEAN academy to promote workers' skills training and upgrading and an ASEAN labour exchange initiative for skills training and upgrading as well as conferring regional awards.

Following the 1997–1998 Asian financial crisis, the trend in the labour market in many ASEAN member states shows increasing flexibility, for example, in the form of sub-contracting employment systems, and a surge in informal employment. The integration initiatives in the AEC will also increase the flow of high-skilled workers. To manage the labour adjustment in the integrating ASEAN, the following recommendations by Ofreneo and Abyoto (2015) could ease the adjustment process.

- a. ASEAN needs to ‘sustain and deepen the social dialogue process amongst the social production partners’. Achieving consensus is only possible by forging a social dialogue.
- b. ASEAN companies and industries should strive to develop sound industrial relations systems. This includes using tripartite or bipartite social dialogue to form policies and rules.
- c. At the regional level, ASEAN could organise dialogues between the ASEAN Business Advisory Council and the ASEAN Services Employees Trade Union Council or the ASEAN Trade Union Council on good practices in labour and service contracting.
- d. Harmonise labour law in the region while taking into account the economic, historical, political, and cultural realities in each country. This could be done in the area of ‘strengthening the laws and supporting rules and institutions for the core labor rights outlined in the 1998 ILO Declaration on Fundamental Principles and Rights at Work, that is, freedom of association, collective bargaining, non-discrimination, prohibition of forced labor, and elimination of extreme form of child labor.’
- e. ASEAN needs to collaborate in upgrading the capacity of member states in labour inspection, for example, through an inspectorate system that can minimise labour abuses and violations.
- f. Create definitive timelines for the adoption and implementation of measures protecting the rights of migrant workers.

In 2013, there were around 6.5 million workers intra-ASEAN (Hatsukano, 2015). Most of them were low-skilled workers and moved across the borders illegally. Improving the regulatory and support environment for migrant workers are necessary to enhance productivity and competitiveness as well as social welfare in ASEAN. To that end, Hatsukano (2015) recommends:

- a. A mutual recognition arrangement (MRA) on lower-skilled and semi-skilled workers should be designed as a path to achieve a free flow of lower-skilled workers’ scheme in ASEAN. This could also improve workers’ productivity and their social welfare.
- b. On managing migrant workers, ASEAN member states need to create a more transparent and efficient recruitment process. In doing so, it is important for member states to promote official migration channels. Overall, improvements could be done by (1) improving the administration process at the sending countries; (2) sharing employment data amongst the

recruitment agencies to promote fair competition; (3) creating a monitoring system, for instance, on recording whether workers have returned to home country; (4) engaging the local government in the issues; and (5) taking into account the employers' responsibility. Employers could be provided with incentives to employ regular workers.

c. On productivity and competitiveness, vocational training systems and training centres should be established in the sending and receiving countries to increase migrant workers' productivity.

d. On social welfare, the social welfare of migrant workers needs to be respected. With regard to social welfare for unregistered workers, a minimum standard across member states could be agreed upon.

In summary, policies to prepare the ASEAN labour force for industrial upgrading and high productivity sectors are key to achieving inclusive growth. This could be promoted by improving the education and training system, including measures to invest in workers and creating learning centres. This pathway should also be combined with the implementation of good industrial relations practices as well as protection of the migrant workers.

4. Development of Micro, Small, and Medium Enterprises (MSMEs)

MSMEs are critical in providing employment and income for the majority of ASEAN member states' population. As **Table 3.2** shows, the share of SMEs in total establishments is more than 97 percent for most member states. It provides jobs to 51 percent of the population in Viet Nam to 97 percent in Indonesia. Nonetheless, this number does not correspond to its share in the economy, where it accounts for around one-third to one-half of the economy. This shows a huge discrepancy in labour productivity between the SMEs and large enterprises.

Table 3.2. Significance of Small and Medium Enterprises in ASEAN Economies

Country	Share of total establishment		Share of total employment		Share of GDP		Share of total export	
	(%)	Year	(%)	Year	(%)	Year	(%)	Year
Brunei Darussalam	98.20	2010	58.00	2008	23.00%	2008	n.d.	n.d.
Cambodia	99.80	2011	72.90	2011	n.d.	n.d.	n.d.	n.d.
Indonesia	99.90	2011	97.20	2011	58.00	2011	16.40	2011
Lao PDR	99.90	2006	81.40	2006	n.d.	n.d.	n.d.	n.d.
Malaysia	97.30	2011	57.40	2012	32.70	2012	19.00	2010
Myanmar	88.80	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Philippines	99.60	2011	61.00	2011	36.00	2006	10.00	2010
Singapore	99.40	2012	68.00	2012	45.00	2012	n.d.	n.d.
Thailand	99.80	2012	76.70	2011	37.00	2011	29.90	2011
Viet Nam	97.50	2011	51.70	2011	n.d.	n.d.	n.d.	n.d.

Note: n.d. = no data.

Source: Reprinted from ERIA (2014a).

The MSMEs in ASEAN are in a critical period to improve their competitiveness as they face stronger competition following regional integration initiatives. They face challenges from both domestic large corporations as well as imported goods. As the competitiveness and development of MSMEs in the region are critical to reduce the region's poverty incidence and inequality level, concerted policy actions are needed to strengthen the MSMEs.

The ASEAN SME Policy Index developed by the Economic Research Institute for ASEAN and East Asia (ERIA) and the Organisation for Economic Co-operation and Development (OECD) in conjunction with the ASEAN SME Working Group shows there are

'... uneven levels of performance in the implementation of SME development policy at the national level between the two traditional groups of the AMSs, namely, (a) the less developed members of the CLMV countries... and (b) the more advanced members of the ASEAN-6' (ERIA, 2014a, pp.8–9).

The index was created by assessing member state policies against eight SME policy dimensions, namely (1) institutional framework, (2) access support services, (3) cheaper and faster start-up and better legislation and regulation for SMEs, (4) access to finance, (5) technology and technology transfer, (6) international market expansion, (7) promotion of

entrepreneurial education, and (8) more effective representation of small enterprises' interests.

The results show the biggest gap amongst member states and the lowest score regionally are in the policy area of technology and technology transfer; access to finance; access to support services; promotion of entrepreneurial education; and cheaper, faster start-up, and better regulations. Therefore, the following strategies are recommended for ASEAN member states to improve their SMEs (ERIA, 2014a):

a. Enhancing SMEs' technological upgrading and innovation capacity

The main bottleneck in this area is on the provision of information and databases on innovation support services and the inability to provide financial incentives for R&D activities. Improvements could be done by (a) providing capacity building to less developed member states on institutional building and programme design; (b) providing information and advisory services on quality control management, technology adoption and commercialisation, and training; (c) providing incentives in R&D, incubators, and links between research at universities and SMEs; and (d) establishing a regional network for sharing best practices.

b. Improving SMEs' access to finance

The root causes for lack of access to finance is the absence of credit risk management system (credit guarantee, rating, and information) and more flexible collateral provisions. In addition, the equality and risk capital finance markets are not yet well developed. In addressing the challenges, ASEAN member states could focus on (a) providing technical assistance for setting legal frameworks, system building, and sharing best practices; (b) establishing and strengthening the credit risk management system and a more flexible collateral provision; (c) promoting alternative financing options, such as equity fund, venture capital finance, angel capitalists, and crowd-funding platform.

c. Promoting entrepreneurial education

The disconnect between basic education and non-formal training could be addressed by streamlining and incorporating entrepreneurial education into education curriculum and by integrating entrepreneurial education with human resources development, skills development, and upgrading programmes.

d. Ensuring easy start-up and a business-friendly regulatory environment

The reform in the ease of doing business procedures could be carried out through setting specific targets for reduction in time and monetary cost of formal business registration as well as through providing e-government services.

e. Improving SMEs' access to support services

The establishment of an ASEAN SME portal and trade repository could provide clearer and more accessible information on trade-related regulations and events thus fostering joint cooperation amongst the SMEs.

Although the SME Policy Index did not include microenterprises, virtually all the above recommendations are apparently supportive of the development of micro enterprises. Nonetheless, micro-entrepreneurs would also likely need support in entrepreneurship and managerial skills.

In summary, the four strategies for an inclusive growth in ASEAN – agricultural productivity and development, connectivity between peripheral areas and urban centres, remunerative employment, and MSMEs development policies – are necessary concerted efforts for ASEAN member states to achieve an inclusive society. To lock in these initiatives, an agreed regional commitment, in the form of target indicators and a monitoring system is needed. The following section outlines several target indicators for ASEAN post-2015.

5. Indicative Outcomes on Inclusive Growth for ASCC post-2015²

Based on the inclusive growth strategies outlined in the section above, ASEAN member states would first need to set targets on reducing the poverty incidence and its related indicators. The targets could cover reduction and elimination of the extreme poverty rate, value of national poverty incidence, value of hunger indicators, and value of multidimensional poverty rate.

On reducing the income inequality between and within countries in ASEAN, the indicative outcomes, for instance, on growth rate of the CLMV countries, the Gini index, and income or consumption growth rate of the bottom 40 percent of the population, could also be specified.

On improving infrastructure and connectivity between peripheral and urban centres, some infrastructure targets, such as on access to improved

² The details of the indicative outcomes are presented in section II of Chapter 2.

water sources, improved sanitation, electricity, and information and communication technology, could be adopted.

Finally, on addressing the structural change in the labour market, targets on employment indicators, for instance, on open employment rate, percentage of working poor, share of own-account workers, and contributing family members to total employment, as well as incidence of child labor, could be adopted in post-2015.

The area of indicative outcomes above is not exhaustive because several important indicators for inclusive growth are not yet included. Examples are targets on agriculture productivity, infrastructure connecting the peripheral areas and urban centres, industrial relations, and MSMEs, as well as broader indicators on society inclusiveness. These indicators, along with many other ASCC indicators, mainly fall on the national governments. Thus, concerted national efforts underlined by common understanding and commitment in the region could facilitate the implementation.

III. Access to Education, Healthcare, and Standard of Living

1. Introduction

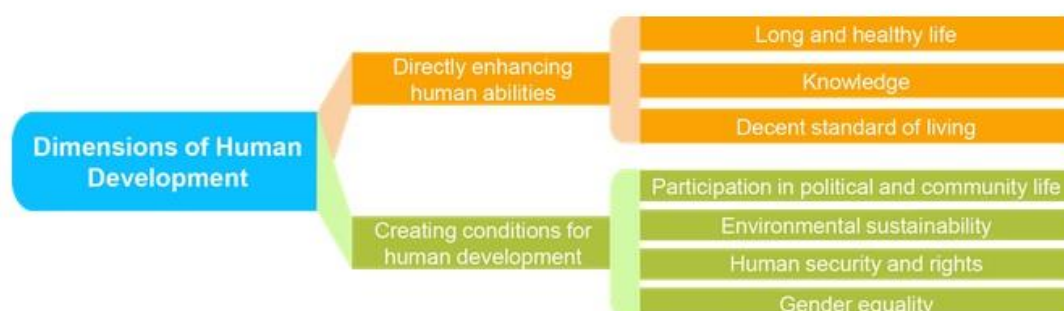
Human development is a key to a nation's sustainable development (the term 'development' itself is actually broader than just economic sense, but cannot be detached from economic well-being³). The United Nations (UN) defines two main dimensions of human development, namely, 'directly enhancing human abilities' and 'creating conditions for human development'. Education, healthcare, and access to infrastructure for a decent life are the dimensions directly related to enhancing human abilities.

Enhanced human abilities which comprise three components (long and healthy life, knowledge, decent standard of living) can simultaneously be viewed from two perspectives: (1) as the basic rights for all, and (2) as a nation's investment towards better growth. The terms of investment here cover a broader perspective because they apply to any level of spender and beneficiaries: households, communities, countries, regions, and the world. Any progress made by an individual will create a positive impact at one or

³ As said earlier, there is a complex relationship between economic development and social progress; the Social Progress Index tries to disentangle social indicators with a country's GDP status (Porter, et al., 2015).

more levels. Human development creates positive externalities for a greater environment.

Figure 3.5. Dimensions of Human Development



Source: United Nations Development Programme (UNDP).
<http://hdr.undp.org/en/humandev> (accessed 15 April 2015).

The UN Millennium Development Goals (MDGs) are relevant measures in regard to human development; therefore, they must be sustained and expanded to the next level. In the context of the MDGs adopted by the ASCC Blueprint, human development is proxied by some indicators of education, health, gender equality, environment, and decent standards of living. **Table 1.3** summarises the performance of MDGs showing different rates of countries' achievement. Indicators of education, gender, health, and environment are heavily determined by the performance of the education, health, and infrastructure sectors.

The inter-linkages between the three main components – education, healthcare, and access to adequate infrastructure – are tight-knit. Education can be optimally implemented if the pupils are healthy and have no barriers to access the school. Educated parents (especially mothers) will have a greater influence to enhance the health status of their family. Empirical data shows that education for girls can delay child marriage, reduce disease risks on women, and reduce mortality rates of mothers and infants.

Education offers opportunities to learn more about health and health risks, both in the form of health education in the school curriculum and by giving individuals the health literacy to draw on – later in life – and absorb messages about important lifestyle choices to prevent or manage diseases. People who are more educated tend to be more aware of health risks and may be more receptive to health education campaigns. Adults with higher

levels of education also tend to have lower exposure to the types of stress that are related to economic deprivation or relative deprivation (Pampel, et al., 2010). Individuals with more education tend to have greater socioeconomic resources for a healthy lifestyle and a greater relative ability to live and work in environments with the resources and built designs for healthy living (Estabrooks, et al., 2003; Brownell, et al., 2010).

To obtain access to education and healthcare facilities, adequate infrastructure support and decent standards of living are imperative. Children of families with a good socio-economic status will have a bigger chance to obtain access to education and healthcare.⁴ Parents and households with secured income have a bigger ability to finance children's good education and healthcare.

Infrastructure will influence the attainment of education and healthcare indicators through at least two mechanisms: (1) provision of access to education and healthcare facilities in the form of accessible, affordable, and safe transportation mode (for example, ambulances can reach the sick, children do not need to travel far or under unsafe conditions, expecting mothers can reach clinics easily); and (2) provision of quality of education and health facilities (such as sufficient electricity and clean water at home, school, and clinics; access to information and communication technology [ICT], and better sanitation). Insufficient infrastructure will increase barriers for accessing health and education facilities, and opportunity costs for many poor households.

The UN human rights grant the right to development for everyone (Declaration on the Right to Development, 1986); this includes the right to have equality of opportunity for all in their access to basic resources, education, health services, food, housing, employment, and the fair distribution of income. The human development process will accumulate human capital that is a key investment for a country's sustainable development. Thus, investing in human development is not a cost of development or a burden of a country; instead it is an *essential element* for sustainable development. The cost of not investing in human development is expensive since human capital is accumulated not in linear trends, meaning, stagnation or deterioration will inflate the gap with other developed nations.

⁴ A composite measure that typically incorporates economic, social, and work status. Economic status is measured by income, social status is measured by education, and work status is measured by occupation. Each status is considered an indicator. These three indicators are related but do not overlap (Adler, 1994).

2. Access to Quality Education

Education must become a main priority; it has a significant role on the accumulation of human capital, which is an important endowment for economic growth. For example, countries with better human capital – as shown by a bigger proportion of educated workers – show higher technological adaptation and innovation abilities compared to those dominated with less-educated workers.

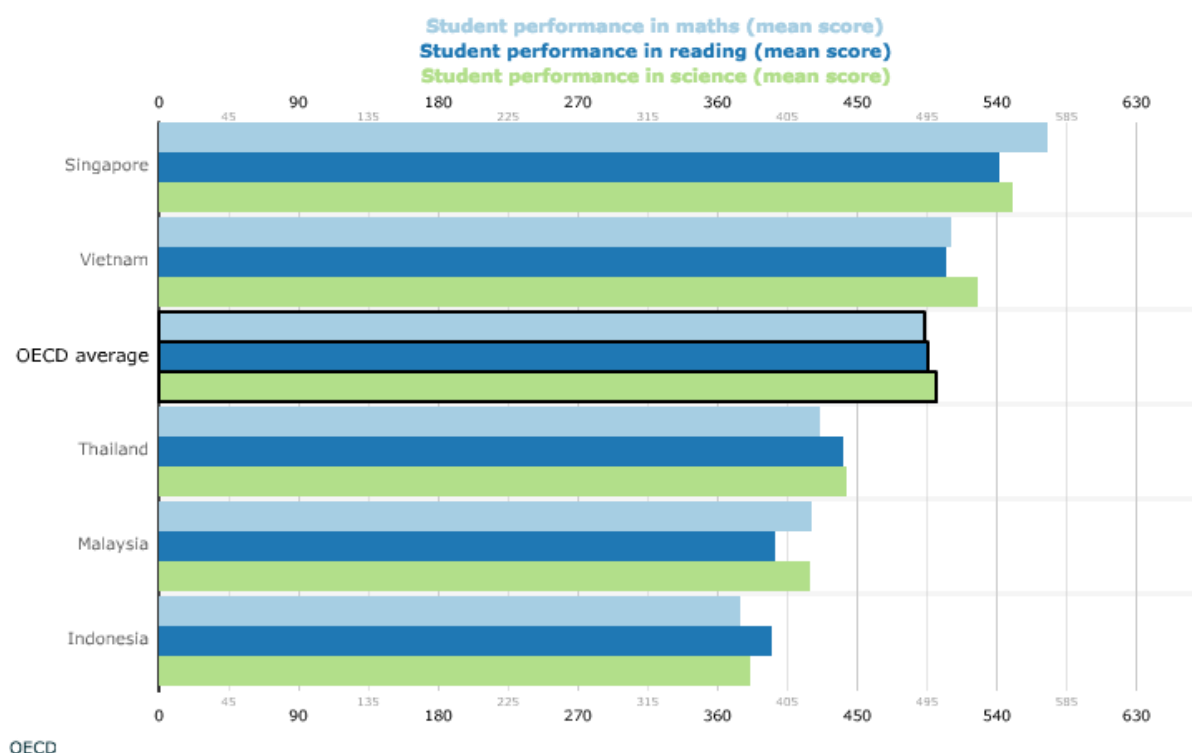
The ASCC Blueprint focuses on establishing and strengthening networking amongst related institutions in member states, developing higher education through technology application and innovation, supporting an ASEAN identity through cultural teaching and exchanges, allowing credit transfer, and fostering skills learning to prepare young people for regional and future labour markets. These programmes are important and the achievements are valued. As for the MDGs status for education, especially the enrolment rate at primary and secondary education, almost all members are on track; however, for survival rates, Cambodia, Indonesia, the Lao PDR, Myanmar, and the Philippines have to work further to improve the current rate.

Strengthening regional cooperation to prepare a labour market to comply with an ASEAN integrated market is important. An integrated market entails support by educated people as the main resources to cooperate and create synergy. As the survival rate is still a challenge for some members, this problem should be well addressed. The survival rate at previous levels of education will determine the size and quality of supply for the later stages of education; thus, it is crucial to pursue goals for higher education development. Since education is not only for employment purposes but also for personal, social, and cultural developments (Tullao, et al., 2015), it also should be viewed from the perspective of nurturing a balanced life as a human being.

Apart from addressing survival rates in primary and secondary education, improving the quality of education at all levels and narrowing quality gaps are also significant challenges for ASEAN countries. To monitor the attainment of better education quality, several measurements can be utilised. For example, the Programme for International Student Assessment (PISA) scores – even though its measurement is debatable – can be used as comparative and consistent measures amongst some countries. The 2012 scores indicate a diverse condition of education measures. Indonesia with the largest population has the lowest ranking compared with Malaysia,

Thailand, Viet Nam, and Singapore. On the other side, PISA scores of Viet Nam and Singapore are higher than those of the OECD average (Figure 3.6). Convergence in education standards shall be one of the focuses in the post-2015 ASCC Blueprint.

Figure 3.6. PISA Scores for Math, Science, and Reading of Select ASEAN Member States, 2012



Note : OECD = Organisation for Economic Co-operation and Development, PISA= Programme for International Student Assessment.

Source: Organisation for Economic Co-operation and Development. <http://gpseducation.oecd.org/> (accessed 19 April 2015).

It is important to note that achievement of the education goals – be it of the economic, welfare, or social dimensions – entails support from linked sectors, including that which is output of education itself or, in other words, a two-way causal relationship. This situation has a spiral effect and shows the high importance of investing in education.

Education is also a structured and systematic means of levelling the playing field in a competitive market. It is an effective way to enable people, including the less fortunate, to participate in fair economic activities through improved human capacity. Thus, **countries that want to have inclusive growth should invest in education.** It is coherent that many developed countries have provided free basic and high education for all residents,

regardless of their citizenship. A famous example is Germany that waives the tuition fees for higher education for all students, even when they do not have German or European Union citizenship.

Each level of education is designed for different objectives suited to students' potential ability. Primary education equips children with basic knowledge without specific skills to respond to complex issues. Fighting illiteracy is the common goal. Primary school graduates who enter the labour market will be categorised into unskilled labour. Secondary education usually has two paths: one path in general high school – for those who may want to pursue higher education – and another path in technical high school, for those who are more prepared to enter the labour market. The supply of these graduates usually responds to the demand from the industrial sector.

The ASEAN data show that despite overall progressive achievements, some countries fall behind others in some indicators for various reasons. Some countries still have to deal with large numbers of poor and narrow fiscal space to provide free education for all. **Table 3.3** presents the critical issues classified in problems, causes, and policy options for the education sector in ASEAN.

Table 3.3. Summary of Critical Issues in the Education Sector

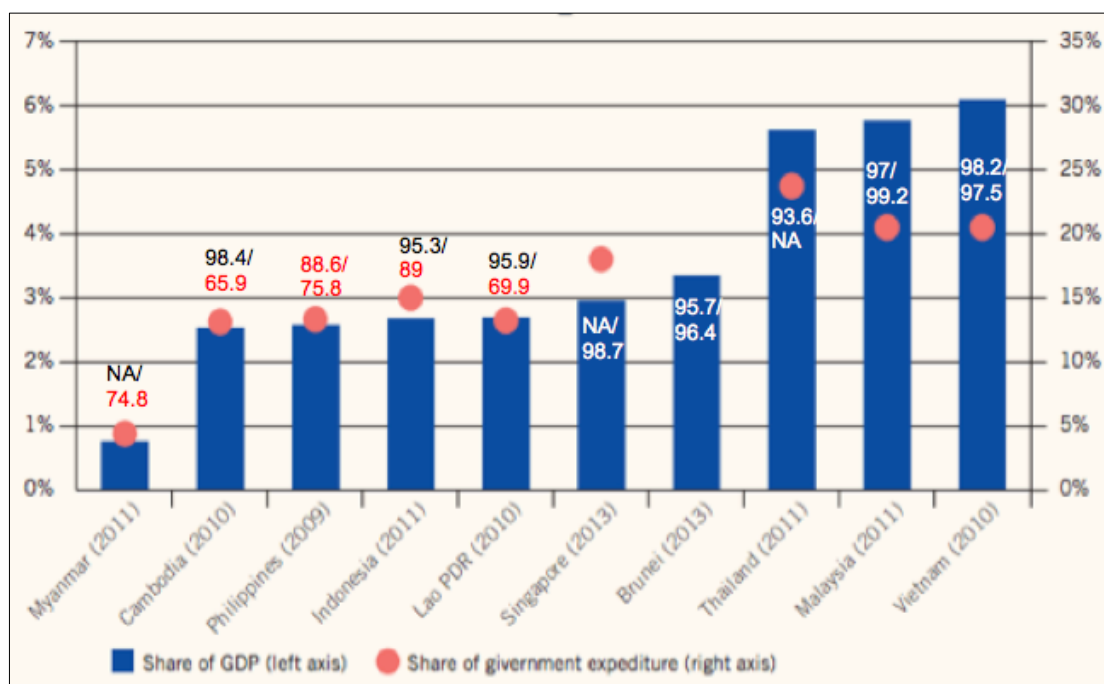
Problem	Cause	Policy options
Low survival rate for primary school	<ul style="list-style-type: none"> - Poor access to reach school - Children shifted to labour market - High out-of-pocket cost to support study 	<ul style="list-style-type: none"> - Community-based and participatory approach to support survival rate and creative learning - Distribution of schools to make these accessible - Provide education and related costs of education for free/targeted subsidy - Design incentives to encourage parents in sending children to school - Improve ease and safety to reach school
Unequal quality of basic and secondary education	<ul style="list-style-type: none"> - Low quality of teachers - Uneven distribution of teachers - Poor school facilities 	<ul style="list-style-type: none"> - Teacher training - Curriculum should be adaptive to international

Problem	Cause	Policy options
	<ul style="list-style-type: none"> - Health-related factors (nutrition, healthy environment, etc.) 	<ul style="list-style-type: none"> standards, and encourage creativity - Teacher exchange programmes - Provide supplementary healthy food, basic immunisation, and regular medical check for primary school students at school
Low coverage of higher education	<ul style="list-style-type: none"> - Low inputs - High out-of-pocket cost - Poor access - Uneven distribution of schools and teachers 	<ul style="list-style-type: none"> - Free or almost free cost to enrol in secondary and tertiary education especially for the poor - Spend more on improving teacher quality - Encourage private participation - Provide accessible schools in rural and remote areas
Standardised higher education	<ul style="list-style-type: none"> - Participation of universities in joining accreditation body is low and progress is slow - Language barrier - Cost barrier 	<ul style="list-style-type: none"> - Encourage private participation - Eliminate unnecessary constraints for accreditation of credit transfer - Provide ASEAN language courses in universities - Lecturer exchange programmes

Source: Compiled by authors.

Some of the abovementioned problems are caused or hampered by an inadequate and inefficient financing system. Good education needs adequate financing. Spending for education has higher shares in the countries with good performance in achieving MDG #2 (achieve universal primary education) and gender disparity in education. However, financing adequacy is not the only concern; the fund should also be allocated properly to minimise inefficiency.

Figure 3.7. Public Spending on Education as a Share of GDP and as a Share of Total Government Expenditure in ASEAN



Notes: Number X/Y: X = NER in Primary School (%), Y = Survival rate in Primary School (%) as shown in Chapter 1 Appendix 1.A.

Source: ADB (2014a); UNESCO Institute for Statistics database.

<http://www.uis.unesco.org/Pages/default.aspx> (accessed 5 March 2015).

The report on *Education Spending Review in Indonesia* (World Bank, 2013b) shows that education spending has problems centred in efficiency rather than in size. The report suggests that improvements can be made through efficient use of resources, correcting uneven distribution of teacher qualifications, and designing better incentives for performance.

Strengthening the capacity of human resources – especially in producing qualified educators – has two problems: the lack of qualified teachers and uneven distribution of qualified teachers. Rural and remote areas typically suffer from both problems: under teacher–pupil ratio, and low quality teachers. To improve the situation, the government needs to review funding allocation and pay more attention to improving teachers' quality. Other avenues to produce more qualified teachers are by designing specific courses and modules concentrating on the competence of curriculum requirement, instead of just requiring teachers with degrees. Regional cooperation and the utilisation of ICT modes can increase the coverage, and improve the efficiency of the enhancement programmes. Private

participation can help shape a better distribution of schools and qualified teachers, by providing parents with equal options of not sending their children to big cities to get quality education. Scholarships from the private sector can increase the number of children from poor families to enjoy private school as well. In some remote areas, community participation provides additional resources for the school to have qualified teachers and uphold the school system.

Low survival rates in primary school are typically triggered by economic reasons because the cost of sending a child to complete primary school is still perceived as high. The breakdown of the cost will provide policymakers with a clearer picture of the problems, beyond the tuition fee problem since in almost all ASEAN member states tuition is free in public primary schools. The costs of sending a child to school include all associated costs including transportation, uniforms, books, extracurricular activities, administrative requirements, meals, and the costs paid by the parent or carer to accompany the child to school. Further, it may also involve the opportunity cost of not having the child as labour supply.

In rural and remote areas, whereas a school might be difficult to access, sending a child to school also has safety concerns and travel time issues. Not only does it affect the survival rate at primary school but it also produces non-optimal conditions for a child to learn. The country should reach the unreached by providing easy and safety access for children to go to school. Infrastructure is vital in this case since the school needs safe access roads, but also electricity and clean water to function.

Different countries face different situations. Amongst many challenges, the most critical ones are:

- Geographical condition in accordance with distribution of pupils. Archipelagic countries with mountainous topography such as Indonesia and the Philippines face tough challenges to reach the unreached. China and Viet Nam provide excellent examples of the importance of universal access to education. The policy applied in their early stages of development directed to cover all school-age children even in the most remote areas. Viet Nam, Malaysia, and Thailand have consistently allocated more funds than other member states for public spending on education (**Figure 3.7**). Reaching pupils in remote areas also means making teachers and learning facilities available in those areas. The use of technology, such as distance learning, education videos, and teleconferences can be useful to some extent. Teachers should be given appropriate incentives to compensate for the hardship of serving in

isolated areas. However, once isolated areas get connected with other areas through infrastructure, the areas are no longer isolated and have potential to grow faster. In the long term, the associated costs for socio-economic activities will decline. Thus, in this case infrastructure is a key to remove isolation.

- The quality of teachers is the most important thing as education input (Tullao, et al., 2015). To narrow quality gaps in education, teachers' knowledge should be upgraded regularly and teachers should be equipped with the necessary tools and facilities. Internet access has a tremendous effect on the dissemination of knowledge; it can be utilised with a design to improve the quality of education.
- Study also requires preconditions. Pupils must be healthy to be able to learn properly. Schools should be safe and comfortable as a learning place. Children are sent to school instead of working for the family. It means families have incentives to prefer school rather than work; the condition that usually occurs in households with secured income, or obliged to do so. In some countries including China, parents will be charged with a criminal act for not sending their children to school during mandatory years of primary education.

The above illustration shows the inter-linkage across three sectors: health, education, and infrastructure.⁵ The monetary value of the return to education in terms of health is perhaps half of the return to education on earnings, so policies that impact educational attainment could have a large effect on population health (Cutler and Lleras-Muney, 2006). One can see the examples shown by Viet Nam that has relatively high achievement in various health, education, and infrastructure indicators.

Viet Nam's investment in infrastructure, education, and health sectors started in early 1990. Viet Nam borrowed from the multilateral agencies to finance power and transport projects, and it evolved over time to include assistance for the rural sector, which has been the mainstay of the local economy. The projects aimed to provide more rural families and businesses with electricity, better roads, education, health care, and advice on agricultural issues. Within the first decade, the health and education

⁵ Research based on decades of experience in the developing world has identified educational status (especially of the mother) as a major predictor of health outcomes, and economic trends in the industrialised world have intensified the relationship between education and health (Zimmerman and Woolf, 2014).

indicators in Viet Nam have improved remarkably and continued into the next decade. The composition of the labour force also shifted; the number of unskilled labour has dropped by 20 percent from 2001 to 2011, while the number of workers ‘trained at work only’ has increased by 20 percent (General Statistic Office, 2008–2011; MOLISA, 2006–2007). This condition followed was by higher wages and productivity as shown in **Table 3.4**.

Thus, the recommendation from Lim (2015) as mentioned in the earlier part of this chapter (II.3 on remunerative employment) on investing in labour skills is supported and highly recommended.

Table 3.4. ASEAN Labour Education and Skills, Wage, and Productivity

	Labour force (000s) ^(a)	Education and skills development ^(b)			Average monthly wage (\$) ^(c)	Labour productivity (constant 2005 international \$) ^(d)
		Literacy rate, ages 15+ (per cent)	TVET enrolment as share of total secondary enrolment (per cent)	Tertiary gross enrolment rate (per cent)		
Brunei Darussalam	186	95.4	11.4	24.3	...	100 015
Cambodia	7 400	73.9	2.3	15.8	121	3 989
Indonesia	118 193	92.8	18.0	27.2	174	9 848
Lao PDR	3 080	72.7	0.8	16.7	119	5 396
Malaysia	13 785	93.1	6.8	36.0	609	35 751
Myanmar	30 121	92.7	...	13.8	...	2 828
Philippines	41 022	95.4	...	28.2	206	10 026
Singapore	3 444	95.9	11.6	...	3 547	98 072
Thailand	39 398	93.5	15.4	51.4	357	14 754
Viet Nam	53 246	93.4	...	24.6	181	5 440

Note: "... " = data not available. 2013 labour force data, except for Brunei Darussalam (2011), Cambodia (2012) and Lao PDR (2010).
Source: (a) Official national sources; ILO estimates; (b) Chapter 4, Table 4-1; (c) Annex F, Table F1-8; (d) Annex F, Table F2-4.

Note: TVET = technical and vocational education and training.

Source: ILO and ADB (2014).

Viet Nam’s experience shows that investing in three basics of infrastructure, health, and education is beneficial not only for the recipients but also for the whole country. In a larger and massive scale, China has also applied the policy focusing on the provision of key infrastructure (transport connectivity and electricity), education, and healthcare. China also provides an excellent example of a successful development story, transforming the country from dire poverty to one of the largest economies in the world during four decades.

While converging to universal access to basic education, ASEAN member states also work towards improving higher education. It is needed especially for improving the quality and sustainability of growth, including avoiding the middle-income trap.

Sakamoto (2015) identifies that critical challenges for higher education are to have affordable and high quality higher education. Regarding the context of ASEAN as community, she suggests that using a 'Unity in Diversity' approach will frame the cooperation to enhance the quality of higher education in ASEAN. The model consists of four interconnecting modules for learning: academic foundation, community service, regional placement, and incubation. If the modules are placed within the context of regional cooperation, it will not only improve the quality of domestic universities but also support the convergence of higher education in ASEAN. Some regional cooperation institutions have been working towards the model; for example, the ASEAN University Network accreditation programme has allowed credit transfer for exchange students.

Actions and strategies to provide universal access to basic education are as follows:

- Make education a public good, meaning that government intervention is needed and justified (Tullao, et al., 2015). Since the length of mandatory education will have fiscal implications for the country to finance it, a gradual approach can be used according to each country's condition. Thailand and Viet Nam may put the mandatory target increase from 9 years to 12 years school attendance.
- Put special effort to increase primary school survival rate and enrolment and completion of secondary school in Cambodia, Indonesia, the Lao PDR, Myanmar, and the Philippines. The problems that may be unique to each country or in each subnational region should be identified and addressed appropriately. The prevalence is higher in rural areas and amongst low-income families. Evidence from China shows that improved primary school availability has a significant positive effect on girls' middle school attainment (Li and Liu, 2014). A scholarship programme in Indonesia during the 1998 crisis had reduced dropout rate by about 3 percentage points (or 38 percent) and costs were recovered (Cameron, 2009). Thus, free and easy access is vital to improve enrolment rates in primary school. Aligning with relevant programmes in health (for example, supplementary food and medical checks in school) can give incentives to the poor and simultaneously support healthcare performance.

- Reach the unreached: build appropriate infrastructure to allow access for schooling/going to school, including using ICT, flying teacher, combination of home-open schooling, amongst others.
- Improve quality of schools and teachers to increase survival rate. Systemise capacity building domestically, teacher training, and teacher exchange as part of regional cooperation.
- Provide adequate funding through long-term loans borrowed through the state budget, reallocate expenditure posts, and increase private (including state-owned enterprises) participation.
- Encourage private participation by incentivising workplace training.
- Strengthen regional cooperation to facilitate best practices exchange and training for teachers.
- Accelerate harmonisation for MRA certification to widen labour market, facilitate knowledge exchange and technology spillover, as well as encourage greater connectivity through people and culture.

Tullao, et al. (2015) specifically suggest the following:

- A public–private mix in financing and operation.
- A supplementary food programme done in Malaysia, which provides breakfast, to improve attendance and address malnutrition can become good practice for other countries struggling with the problems of low survival rate.
- Using technology to provide distance learning as practised in some countries such as Thailand, Indonesia, Malaysia, and Singapore. At the regional level, the Southeast Asian Ministers of Education Organization (SEAMEO) Regional Centre for Innovation and Technology (SEAMEO INNOTECH) is a significant initiative to solving the education problems and addressing the needs of the ASEAN countries using innovative and technology-based solutions, training and human resource development, research and evaluation, ICT, and other special programmes (SEAMEO INNOTECH, 2014).
- On difficulties in measuring desirable outcomes, including present versus future outcomes, a pragmatic approach may be done by looking at the inputs. It is not important what outcomes should be pursued, but improvement in inputs can result in better outputs.

- Improving the quality of teachers is also important in light of the differences in the qualifications of teachers in the region. Even though an MRA has not been entered into for teaching, it may be said that the practice of inviting guest lecturers and undertaking faculty exchanges amongst member states are almost akin to the employment of foreign teachers. Teaching services have been quite mobile within ASEAN even without an explicit MRA, providing some credence for a potential MRA in teaching.

Further, the advancement of the ASEAN education system shall also cover higher education. Skilled labour is important to move member states into developed economies and avoid the middle-income trap. However, providing higher education is expensive. While 94 percent of total expenditure per student is devoted to core educational services at the primary and secondary levels of education, much greater differences are seen at the higher education level because of expenditures on R&D, which represent an average of 31 percent of total expenditure in OECD countries (OECD, 2013). Table 3.5 shows high variances of government spending for tertiary education in member states with the figures from Brunei Darussalam and Singapore comparable with those of the United Kingdom.

Table 3.5. Expenditure per Student on Tertiary Education

Country	% of GDP per capita	in PPP dollars	as % of total education
Brunei Darussalam	32.2	15,905	n.d.
Cambodia	27.8	606	14.5
Indonesia	23.8	1,088	18.9
Lao PDR	n.d.	n.d.	n.d.
Malaysia	60.9	9,753	37.0
Myanmar	11.8	n.d.	19.1
Philippines	9.7	366	12.0
Singapore	27.9	14,232	35.6
Thailand	21.3	1,909	13.8
Viet Nam	39.8	1,353	14.7
United Kingdom	25.6	15,862	44.0
United States	20.9	25,576	52.0

Notes: GDP = gross domestic product; n.d. = no data, PPP = purchasing power parity.

Sources: OECD (2013) and UNESCO Institute for Statistics. www.uis.unesco.org (accessed 5 April 2015).

Sakamoto (2015) has particular suggestions for improving higher education in ASEAN:

- Excellence initiatives: Universities are asked to prepare a strategic plan, which will show how funding can provide them the opportunity to develop as an institution and reach higher status – hopefully achieving the rank of a world-class university. This initiative has been applied in China (The China 211 Project), the Republic of Korea (Brain Korea 21 Programme in 1999), and Japan (Global Centre of Excellence Project in 2001), as well as comparable programmes applied in Germany, France, and Russia.
- North–South capacity building: The findings from the International Association of Universities (Global Survey suggest that the ASEAN Community should consider providing excellence initiatives for all students regardless of socio-economic background and the opportunity to become involved in international activities. This could be accomplished through a north–south capacity building focusing on the six ASEAN flagship programmes currently in operation.
- ASEAN flagship programmes: They focus on biofuels, climate change, development and application of open source, early warning system for disaster and risk reduction, functional food, and health. Each programme is led by an ASEAN country, and thus a collaborative approach amongst ASEAN universities could result not only in north–south capacity building but also in north–south–south capacity building.

The implementation of the above-mentioned strategies is expected to make ASEAN member states achieve the following indicative outcomes in 2025:

- a.1. Net enrolment ratio in primary education: 100 percent
- a.2. Net enrolment ratio in secondary education, male and female: 85 percent minimum
- b. Survival rate in primary education ideally 100 percent by 2025, indeed preferably well before 2025
- c. Youth literacy rate, male and female ideally 100 percent by 2025, indeed preferably well before 2025.

3. Access to Universal Health Care and Promotion of Healthy Lifestyle

On health sector development, MDGs performance has remarkable achievements in majority of ASEAN member states in goals #4, #5, and #6; yet more work needs to be done. Some indicators, such as maternal mortality ratio and child mortality, are still issues in some member states. The agenda of the ASEAN Vision Post-2015 has three major thrusts: promoting healthy lifestyle, strengthening health systems and access to care, and ensuring food safety.

The thrust of promoting healthy lifestyle covers seven thematic priorities, namely, (1) prevention and control of non-communicable diseases (NCDs), (2) reduction of tobacco consumption and harmful use of alcohol, (3) prevention of injuries, (4) promotion of occupational health, (5) promotion of mental health, (6) promotion of healthy and active ageing, and (7) promotion of good nutrition and healthy diet.

Thematic priorities in strengthening health systems and access to care consist of (1) universal healthcare (UHC), (2) health financing, (3) pharmaceutical development, (4) human resource development, (5) health-related MDGs, (6) traditional medicine, and (7) migrant's health. Meanwhile the thematic priorities in ensuring food safety area cover two issues: food safety, and potable water and sanitation.

Long and wide lists of health sector targets can exhaust limited resources. Given limited resources and challenging situations, especially for some member states, members should prioritise. At first, to continue the current achievement towards UHC and to have a healthy community that is ready to advance to the later stage of health issues, basic health should consistently be maintained. A healthy community should not and cannot be destroyed by basic illness that is actually preventable.

To have a healthy community, UHC is vital; it grants basic healthcare for all. The main and common challenges in ASEAN member states (except Singapore, Brunei Darussalam, Thailand, and Malaysia) are lack of health facilities and health personnel. Developing health infrastructure is not an easy undertaking; due to its specific characteristics, it takes longer time, more funds, and specific resources to train medical workers, especially specialists. UHC can be implemented gradually, given gradually increasing supply and other current constraints. The problem of fiscal capacity to finance UHC can be tackled, together with the same obstacle faced by

education and infrastructure sectors. These three sectors shall be approached and coordinated as a set of integrated and mutually inclusive objectives.

Countries in the early stages of UHC implementation usually suffer from inefficiencies sourced from immature regulatory systems or unprepared implementation. Improving efficiencies can be a useful way to have larger fiscal space and to progress to the more advanced stage.

The prevalence of under-5 mortality rate, infant mortality rate, and maternal mortality ratio are still high in most ASEAN member states. These countries also have lower figures of 'proportion of births attended by skilled health personnel' and a higher percentage of underweight children under 5 years old. Thus, having skilled health personnel available in healthcare facilities that are accessible by the public, especially in rural areas, is a key measure that should be pursued in the health sector.

Some countries face a shortage of health personnel and others have been struggling with distributional issues. UHC in Indonesia that was just launched last year still faces multifaceted challenges that are not unique for Indonesia; instead those are common problems faced during the early stage of a system's transition or reform. The first challenge is poor design of the insurance rule. The caveat of designing health protection is when it fails to protect the system from moral hazard; instead it induces moral hazard by not fencing out exit options from enrolment, providing no waiting time, very generous or unlimited services, and no prioritisation for the poor.

Indonesia's UHC recorded 103.88 percent claims in the first year, a rate higher than a sustainable one, which is set at around 90 percent target. Higher claiming caused by poorly designed implementing rules can induce moral hazard and push towards excessive demand. A sustainable insurance system must always link the benefits closely with the premiums paid. Indonesia's UHC suffers loss because the tariffs are set lower than the cost. Increasing budgets to compensate the loss is not a sustainable solution. Instead it induces further moral hazard – including from the management body given no sanction system is in place – and creates an illusion of fiscal adequacy.

Second, the currently uneven distribution of health facilities and health personnel favours urban areas. Private sector participation is also concentrated in cities with high demand from the rich. This also creates a significant quality gap between urban and rural areas. Uneven distribution also provides less chance to increase supply side in rural areas, since

resources are not enough to establish medical training institutions in the rural areas.

Third, the owner of the programme – the authority – does not pay serious attention to the whole administrative system. No reports or analyses on the relationship between actual unit cost and service are provided; health workers often handle administrative work without proper training on governance issues; no procedure is systemised to tackle the issues of potential moral hazard done by patients, doctors, or health service providers, as well as overemployed and underpaid doctors in big public hospitals due to uneven workload. With no robust and convincing analysis on the whole system, the management and the government have no solid argument to ask parliament for reforms.

The Thailand UHC system has been regarded as one of the successful examples. It consists of three major schemes, namely, (1) Civil Servants' Medical Benefit Scheme, (2) Social Security System's Medical Benefit, and (3) Universal Coverage Scheme or the National Health Security Programme. Each scheme has been developed and implemented for different groups of beneficiaries. Different management bodies with different costs and packages are indicated to lead to inequality of health benefits and inefficiency due to duplicate administration and management (TDRI, 2013). However, Thailand has achieved universal coverage (uncovered citizens are 0.12 percent) and remarkable achievement in MDGs for education and health sectors given its size and diversity across its regions.

The lessons from the experiences of various countries in implementing UHC are worth attention, especially for other countries that have not yet implemented UHC. **Table 3.7** summarises the major issues and challenges of ASEAN member states in implementing UHC. Amongst the important challenges are elaborated further as follows:

a. Financing and fiscal space. Similar to education, a good healthcare system is expensive. Financing usually becomes a major obstacle in healthcare provision including in developed economies. **Table 3.6** shows health expenditure in three forms: (1) as a percentage of GDP, (2) government spending as a percentage of total budget, and (3) out-of-pocket payment as a percentage of private expenditure on health. The first two figures have increased in ASEAN from the last decade, except for Brunei Darussalam, Cambodia, and Myanmar. Out-of-pocket spending is also increasing in Indonesia, Malaysia, and the Philippines, showing the possibility of adjustment from under-spending condition, or increasing service costs

that may include new technology or wider access to private providers, or regressive government health expenditure towards private health expenditure. The burden of out-of-pocket cost can be an obstacle for accessing health service and health compliance, especially for the poor. Nevertheless, adequate financing is a necessity, but it is not sufficient without improving efficiency and allocating it properly.

Table 3.6. Health Expenditure according to GDP, Government Expenditure, and Out-Of-Pocket Expenditure in ASEAN Member States (2000 and 2011)

Country	Total exp. on health in GDP, 2000/2011 (%)	General gov't exp. on health, 2000/2011 (%)	Out-of-pocket, 2000/2011 (%)
Brunei Darussalam	3.0/2.2	6.3/6.2	98.8/97.8
Cambodia	6.3/5.6	8.7/6.2	89.6/80.3
Indonesia	2.0/2.9	4.5/6.2	72.9/76.3
Lao PDR	3.3/2.8	5.8/6.1	91.8/78.2
Malaysia	3.0/3.8	5.2/6.2	77.6/79.0
Myanmar	2.1/1.8	8.6/1.5	100/93.7
Philippines	3.2/4.4	8.4/10.2	77.2/83.5
Singapore	2.7/4.2	6.2/8.9	95.7/94.1
Thailand	3.4/4.1	11.0/15.3	76.9/55.8
Viet Nam	5.3/6.8	6.6/10.1	95.6/83.2

Notes: GDP = gross domestic product.

- Total expenditure on health as a percentage of gross domestic product (2000/2011).
- General government expenditure on health as a percentage of total government expenditure 2000/2011.
- Out-of-pocket expenditure as a percentage of private expenditure on health 2000/2011.

Source: World Health Statistics (2014) from Kumaresan and Huikuri (2015).

Table 3.7. Challenges in Providing Universal Health Care

Issues	Policy options
Lack of budget	<ul style="list-style-type: none"> - Careful design to prioritise the poor for which the services should be focused on to address critical challenges of unachieved MDGs - Regional and global support, especially in providing affordable medicines and equipment
Inadequate number of and distribution of health personnel	<ul style="list-style-type: none"> - Incentivise doctors to serve in rural areas - Liberalise health education with a foreign partnership scheme (specific regulation for each country might be applied) - Harmonise regulations amongst member states to facilitate movement of health workers
Reach the unreached	<ul style="list-style-type: none"> - Public–private partnership scheme - Redistribute physicians to cover isolated areas with proper scheme - Establish centres of specific diseases in accordance with regional specific challenges - Strengthen surveillance system
Regulation	<ul style="list-style-type: none"> - Careful choices of mandatory services - Stage plan to achieve full mandatory enrolment - Design the rules at appropriate regulatory level

Notes: MDG = Millennium Development Goals.

Source: Compiled by authors.

b. Uneven distribution of health personnel. The government can provide rural-biased incentive for general practitioners to encourage them to move from crowded and oversupplied urban areas. At the same time, the programmes should be accompanied by establishing adequate numbers of health facilities outside urban areas. Programmes – such as Doctor Services for Rural that once applied in Indonesia as mandatory and later turned into a voluntary programme, or similar programmes applied in Thailand (mandatory), in Australia (incentivised voluntary), or in other countries – are worth considering to improve doctors' redistribution. Middle-level health workers such as midwives and paramedics in rural areas should have their skills strengthened, be updated on progress in the medical field, and have access to specialists for immediate consultation (through ICT supporting system).

While redistribution of paramedics and general practitioners is manageable, the same methods are hard to apply in case of redistribution of specialists, especially those in rare fields. Thus, promoting healthy lifestyle and prevention programmes become importantly significant for the whole country, without exception.

c. Unreached by health facilities. A significant number of marginalised people based on ethnicity, religion, or geography should still be included in the healthcare system. The right to access basic healthcare services is a human right. Additionally, exclusion from the system means these people are outside the surveillance system. Communicable diseases and their new strains can spread uncontrollably and endanger many lives. This problem is also related to illegal immigrants that are outside the country's legal system. Moreover, some countries exclude non-citizens from the public healthcare service, making it costly for these people to receive health services.

d. Uninsured people. Expanding UHC coverage especially for newly implementing countries is challenging. Given limited fiscal and human resources, a typical trade-off is prioritising the number of people covered or increasing the benefits or reducing out-of-pocket payments. A large number of insured with low level of benefits are usually perceived as a pro-poor approach, yet the number of complaints for the services and high administration costs is increasing. Designing the stages of UHC expansion should therefore be carefully considered.

e. Incentive design. The system should be carefully designed; otherwise, it would risk heavy misuse. Potential sources of system misuse are (1) unnecessarily generous coverage that induces 'doctor shopping' and discourages prevention efforts; (2) prioritising less urgent services; (3) inefficient resource allocation (health workers, types of hospital, amongst others); and (4) weak check and balance system that can be abused by health providers and patients. These problems should be understood from the 'economic incentive' point of view, to avoid wasting limited resources.

f. Implementation issues. Before entering the implementation stage, the government should develop strategies of implementation as well as a monitoring and evaluation system. The pathway of implementation includes (1) building and mapping database of supply and demand; (2) providing standard operating procedures as well as guidelines, alignment with previous programmes, socialisation of the programme with stakeholders (health workers and administrators, related insurance companies, healthcare card holders, media, amongst others); (3) providing a back-up system, fast and

efficient dispute settlement, and stages of gradual implementation (both on supply and demand sides). On the operational stage, a monitoring and evaluation system is important to ensure that the system is responsive to feedback and can be improved in an effective way.

Further, the prevalence of communicable diseases, non-communicable diseases (NCDs), and injuries as causes for mortality is also high in ASEAN member states. Communicable diseases are influenced by several factors, including socio-economic, environmental, and behavioural, as well as international travel and migration. Most NCDs are preventable by enabling health systems to respond more effectively and equitably to the healthcare needs of people with NCDs, and influencing public policies in sectors outside health that tackle shared risk factors – tobacco use, unhealthy diet, physical inactivity, and the harmful use of alcohol (Kumaresan and Huikuri, 2015).

Having UHC cannot address all health problems. At least two vital aspects should be implemented simultaneously: (1) prevention from diseases and promotion of healthy lifestyle, and (2) the enabling environment to support a healthy community.

Table 3.8. Challenges in Combating Non-communicable Diseases

Issues	Policy options
Lack of baseline data	- Improve and standardise database
Budget	<ul style="list-style-type: none"> - Reallocate funds to focus on prioritised targets - Find optimum formulation by estimating cost–benefit analysis of having low coverage but sufficient benefit vs. wide coverage but low benefit - Promotion of healthy lifestyle does not need to be an expensive programme - International cooperation
Regulation	<ul style="list-style-type: none"> - Coherent and solid regulatory framework to reduce risk factors of NCDs, especially in tobacco control, harmful consumption of alcohol, road and occupation safety, drugs control, food safety - Law enforcement
Most of the drivers of NCDs and their risk factors lie outside the health sector	<ul style="list-style-type: none"> - Put multidimensional goals as national effort - Call for all stakeholders to cooperate and make measures for each sector

Issues	Policy options
Human resources	<ul style="list-style-type: none"> - Lack of doctors and specialists: allow cooperation with foreign medical institutions/schools to open/expand medical schools/training in host countries. There could be country-specific adjustment in order to fulfil the demand without sacrificing local schools. - Distribution of specialists: map the demand of specialists based on prevalence and potential risks of each region, design appropriate medical school/training to fill the gap, redistribute excess supplies of doctors with appropriate incentives, possible arrangement with an MRA on medical specialists.
Misperception or myths	<ul style="list-style-type: none"> - Campaign for healthy lifestyle includes promoting awareness of NCDs risks especially to all adults.

Notes: MRA = mutual recognition arrangement, NCD = non-communicable disease.

Source: Compiled by authors.

Living in a healthy environment is also a prerequisite to maintain healthy people especially children, pregnant mothers, and aged people; it means that basic infrastructure, particularly clean water, proper sanitation, electricity, and adequate space, should be provided for free or at an affordable price.

Food safety, proper sanitation, and access to clean water are equally important as basic healthcare. In 2012, around two-thirds of people in Cambodia, half in Indonesia, one-third in the Lao PDR, and one-fourth in Myanmar, the Philippines, and Viet Nam had no access to improved sanitation (ADB, 2014a). It was a challenging situation given the size and constraints. Rapid urbanisation often exceeds the speed of urban governments in providing adequate facilities. However, some actions can be useful and have already been proven successful in other cities, such as wider and more incentive for community participation and public–private partnership to improve efficiency and expand services (**Table 3.9**).

Table 3.9. Challenges in Ensuring Food and Water Safety

Issues	Policy options
- Food inspection	<ul style="list-style-type: none"> - Authority at both national and regional levels - Common regional standards and inspection procedures
- Poor logistics and inventory system (food is	<ul style="list-style-type: none"> - Improve supply chain system

Issues	Policy options
spoiled during transportation)	<ul style="list-style-type: none"> - Enhance warehouse management to improve efficiency and reduce cost of inventory - Utilise simple and economical refrigerating system for transportation and inventory
<ul style="list-style-type: none"> - Usage of uncontrolled groundwater well and unclean water resources (river, lake, etc.) – tragedy of commons 	<ul style="list-style-type: none"> - Standards of utilisation and enforcement - Public–private partnership /privatised services for clean water
<ul style="list-style-type: none"> - Sanitation (waste management, sewerage system, hazardous materials) 	<ul style="list-style-type: none"> - Community participation - Public–private partnership /privatised services for sanitation - Standards of waste management - Clean technology for waste management

Source: Compiled by authors.

Strategies and actions in health sector include:

- Prioritising ASEAN Post-2015 Health Development Agenda. Suggested top priorities are:
 1. Maintain good achievements and improve MDGs on basic health (#4, #5, #6)
 2. Universal health coverage (UHC)
 3. Migrant’s health
 4. Prevention and control of communicable diseases
 5. Prevention and control of NCDs
 6. Promotion of healthy lifestyle
- Promote productive ageing, by establishing the necessary services and facilities for the elderly to support their quality of life and to facilitate their contribution to society (Kumaresan and Huikuri, 2015; Asher and Zen, 2015). This is also part of improving fiscal efficiency efforts that provides opportunities for the elderly to keep contributing to the economy and to reduce healthcare expenditure.
- Harmonise regulatory regimes across ASEAN member states to reach agreement in specialised areas (medical workers and medical education/school) which allows less strict labour and investment flows.

- Strengthen ASEAN cooperation with regional, subregional, and international organisations. Invite the private sector to participate (Kumaresan and Huikuri, 2015).
- Use both social and economic perspectives as the rationale for pushing towards better health and education status, especially inclusive growth arguments. Benefits resulting from improved health and education status are obvious but are often not highlighted in policymaking, leading to low prioritised efforts.

Further, to support and provide a healthy and sufficient foundation in improving the learning process and a healthy life, infrastructure should also be provided. The main functions of infrastructure to support education and health are:

- Provide access to education and health facilities.
- Improve the quality of life with a healthier environment, such as clean water, proper sanitation, adequate light at night, and clean ecosystem.
- As a prerequisite for inclusive growth through facilitating people (both in urban and rural areas) to get better connectivity. Greater connectivity opens opportunities for exchanging knowledge, accessing market opportunity, reducing transaction costs, cutting travel time and cost, speeding up processes, enlarging social economic networks, simplifying procedures, widening options, and increasing both supply and demand.
- Studies have proven that infrastructure has important and significant impacts on productivity output and poverty alleviation.

Challenges in providing adequate infrastructure include:

- Access to transportation is sometimes challenging. Reviewing and applying optimum spatial planning would offer larger options of connectivity, and be less constrained by typical infrastructure that was used to build in the country.
- Water resources and sanitation management are often regarded as less important targets in government programmes. Problems of underperforming indicators are usually due to poor regulatory systems (monopoly market or government-only provider), weak monitoring systems on health standards, and inexperienced city administration especially in rapidly urbanised areas.
- Geographically challenging countries, such as Indonesia and the Philippines, have remote areas that are not economically feasible for power

investment plans, given their economies of scale for conventional electricity provision. This part will be elaborated more in Chapter 4, Energy Poverty and Clean Energy Provision.

- Apart from large- and medium-scale infrastructure provided for urbanised areas, governments should also offer small- and micro-scale infrastructure customised for remote villages. This type of system usually benefits from local uniqueness, local culture, and solid community participation.

Strategies and actions to address the challenges:

- Strengthen urban administration nationally and promote knowledge/experience exchange amongst leaders in the region (say, amongst mayors, governors).
- Review and coordinate with environmental authorities to standardise and monitor the use of underground water.
- Make sanitation an integral part of both health and infrastructure programmes at all tiers of government (national and subnational programmes with cooperation of regional efforts). Exploring public–private partnership schemes to provide water and sanitation facilities merits consideration. Investigate the possibility of utilising local advantages in providing small and micro infrastructure. Management of fiscal incentives can be directed to design incentive systems and monitoring tools for central governments to encourage subnational governments’ contribution in providing local infrastructure.
- Prepare for adopting technology that enables the use of suitable alternative energy (solar or wind, amongst others) to allow remote areas to have sufficient electricity access.

Indicative targets for 2025 in health sector are as follows:

- Reduce by one-third the percentage of stunted and wasting children below 5 years of age.
- Reduce by one-half the mortality rate of children below 5 years of age for Cambodia, Indonesia, the Lao PDR, Myanmar, the Philippines, Thailand, and Viet Nam; reduce to or maintain at 10 per thousand live births or less for Brunei Darussalam, Malaysia, and Singapore.
- 100 percent immunisation rate against measles and DPT.⁷

⁷ Which are diphtheria, pertussis (whooping cough), and tetanus, to be administered until the final third dose (DPT3).

- Reduce the maternal mortality rate by two-thirds in Cambodia, Indonesia, the Lao PDR, and Myanmar; by one-half in Malaysia, the Philippines, Thailand, and Viet Nam; and maintain at 15–28 per 100,000 live births for Brunei Darussalam; and at less than 10 per 100,000 live births for Singapore.
- Births attended by skilled health personnel should be no less than 90 percent of live births.
- Reduce by one-half the incidence of malaria and tuberculosis per 100,000 population.

Table 3.10 shows the key influential points of the three basic sectors.

Table 3.10. Key Points for Education, Health, and Infrastructure in ASEAN Member States Post-2015

Category	Education	Health	Infrastructure
Input	<ul style="list-style-type: none"> • Quality teachers • Healthy pupils (H, I) • Decent and accessible schools/facilities (H, I) • UHC (regulated) 	<ul style="list-style-type: none"> • Quality medical workers • Sufficient and accessible health facilities (I) 	<ul style="list-style-type: none"> • Quality infrastructure • Renewable energy sources (E) • Environmentally complied infrastructure (buildings, roads, water/sanitation, etc.) (E) • Road to open isolated regions/valleys • Electricity for everyone • ICT
Process	<ul style="list-style-type: none"> • Safe and healthy learning process (I) • Well-designed curriculum • Match with current and future labour market demand • Creative learning • Participatory process • Adaptive • Compatibility with regional and global standards • Share ASEAN identity 	<ul style="list-style-type: none"> • Safe working environment • Proper ratio of patients to medical worker • Proper state intervention to minimise moral hazard • Participative (E) • Preventive before curative (E, I) • Promote healthy lifestyle (E, I) • Integrated with programmes in education and infrastructure (E, I) • Controlled population (E) 	<ul style="list-style-type: none"> • Adopting climate change principles (E) • Domestic to regional/global connectivity • Consideration of zonation: production centres, markets, urban-rural connectivity, etc. • Anticipate rapid urbanisation (E, H)

Category	Education	Health	Infrastructure
		<ul style="list-style-type: none"> • Continuous effort to improve medical training centres/ schools (E) 	
Output	<ul style="list-style-type: none"> • Education indicators • Cultured and creative youths • Skilled workers 	<ul style="list-style-type: none"> • Health indicators • Ability to cope with advanced medical methods • Controlled communicable diseases • Integrated database 	<ul style="list-style-type: none"> • Infrastructure indicators • Green indicators • Utilisation of ICT to support education and health sectors • Sufficient infrastructure for vital facilities • Cost efficiency • Sustainable infrastructure
Regional level	<ul style="list-style-type: none"> • Regional accreditation • Credit transfer, joint programmes, teachers and students exchange 	<ul style="list-style-type: none"> • Cooperation to handle communicable diseases • Cooperation in the forms of knowledge sharing, laboratory enhancement, science development, etc. • Cooperation with international organisations (WHO, IRC, UN bodies etc.) 	<ul style="list-style-type: none"> • Connectivity in transportation and energy • Regional cooperation to finance and build infrastructure

Notes: ICT= information and communication technology. The parentheses show influential factors: E = level of education, H = health literacy and status, I = infrastructure sufficiency.

Source: Compiled by authors.

IV. Social Assistance and Protection in ASEAN

1. Social Protection and Social Protection Floor

Social protection has become an indispensable policy measure to improve the well-being and insure against many vulnerabilities of the people, be it based on the logic to pursue higher growth, or based on the rights of the people. There are varying definitions of social protection. ADB (2010) defines social protection programmes to include (1) social insurance to cushion risks associated with unemployment, poor health, disability, work injury, and old age; (2) social assistance for groups with no other means of adequate support such as social services, conditional/unconditional transfers, and temporary subsidies; (3) other schemes to assist communities and the informal sector.

In making sense of the characteristics of a country's social protection system, ADB utilises the Social Protection Index (SPI) to highlight the importance of major social protection programmes and assess their depth and breadth and distributional impacts. Although it is not a comprehensive tool, the SPI is useful to judge the condition of social protection systems, which comprise social assistance, social insurance, and labour market programmes.⁸

In 2009, eight countries in ASEAN had an average GDP per capita of \$6,678, where the average social protection spending is only 2.6 percent of GDP. This low rate might be due to a relative lack of commitment to expanding social protection, the importance attached to other development priorities, or a historical legacy of past practices. Viet Nam has the highest spending ratio, at 4.7 percent of GDP, which is significantly higher than that in Malaysia, Singapore, and Thailand, all of which have a spending ratio below 4 percent. The other three countries (Cambodia, Indonesia, and the Lao PDR) spend only around 1 percent of their GDP on social protection. For some countries in ASEAN member states with relatively higher incomes, such as Malaysia, Singapore, and Thailand, the expenditure ratio for social protection expressed as a percentage of GDP is relatively low, only in the range of 3.5–3.7 percent, which does not seem high enough for their income per capita.

⁸ The ADB 2010 study only included Cambodia, Indonesia, the Lao PDR, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam (excluding Brunei Darussalam and Myanmar).

The 2009 SPI for ASEAN is at 0.095, which means that on average, ASEAN countries (excluding Brunei Darussalam and Myanmar) spent almost 2.5 percent of their GDP per capita for social protection.⁹ According to the unweighted SPI score, social insurance dominates other forms of social protection in ASEAN member states. By component, social insurance spending excelled compared to the social assistance and labour market programmes. In this regional mix of high-, middle-, and low-income countries, only the social insurance SPI is relatively high (0.152). Malaysia, Singapore, and Viet Nam have extensive social insurance systems, but they have relatively high incomes or a transition background. In Malaysia, social insurance makes up over 93 percent of all social protection expenditures.¹⁰ Retirement benefits dominate, either through the government pension scheme or through the private Employees Provident Fund. But overall, Malaysia's social insurance reaches only about 1 million beneficiaries (out of a total population of about 28 million in 2009). This imbalance appears to be common in Asia and the Pacific. Thus, a key policy challenge is how countries throughout Asia and the Pacific can expand beyond their narrow systems of social protection, which are often dominated by social insurance, which in turn benefits only a small number of the population.

Narrowness is particularly characteristic of contributory social insurance such as pension systems. The most common programme that is part of the category of 'other forms of social insurance' in Asia and the Pacific is the provident fund, which is a type of savings system that is often used to finance pensions, particularly in the private sector. However, these savings can be drawn on in some cases for other purposes, such as buying a house or covering medical expenses.

Southeast Asia's social assistance SPI is the lowest of any region (0.039). Only Indonesia, the Philippines, and Thailand – sizeable middle-income countries – have significant programmes. This lack of social assistance in Southeast Asia, which has the second-highest average GDP per capita of all regions, is a matter of concern, especially as financial capacity in many of the region's countries should not be a major

⁹ For better understanding on how SPI is calculated, see ADB (2012b).

¹⁰ In Singapore, social insurance also accounts for 93 percent of all social protection expenditures. Health insurance accounts for 17 percent while the compulsory comprehensive savings plan accounts for most of the remaining 76 percent. This country's social insurance reaches about 1.8 million beneficiaries, out of a total resident population of 3.8 million – a good performance by the standards of Asia and the Pacific.

constraint. The region's SPI for labour market programmes is even lower (0.026) than its social assistance SPI. However, its labour market programme SPI is still higher than that of Central and West Asia (0.004). No country in Southeast Asia – except the Philippines – has a noteworthy labour market programme.

ASEAN's breadth of coverage – meaning the receipt of the social protection programme to the intended recipient – is about 47 percent. Its success is most significant for social assistance at about 62 percent, while the breadth for social insurance is at about 47 percent. Since many countries in this region are at least at middle-income level, they should be striving to boost their coverage rates substantially, by moving perhaps to more universal forms of social insurance.

On the issue of gender equity, ASEAN falls behind, as the disaggregation of the SPI based on gender (which measures gender equity of recipients of social protection) stands at 44.2 percent. It means that females receive slightly smaller benefits than males. Women benefit decidedly less from social insurance than from social assistance, largely owing to their lack of access to formal sector employment, which is usually the prerequisite for being members of contributory insurance schemes.

The social protection floor (SPF) is one amongst the policy initiatives sounded by policy influencers to address, amongst others, the challenges of poverty and inequality. Going beyond the traditional social protection framework, SPF has been described as 'a set of nationally defined basic social security guarantees that enable and empower all members of a society to access a minimum of goods and services at all times' (Satriana and Schmitt, 2012). The SPF aims to achieve a situation where:

- All residents have access to affordable essential healthcare, including maternity care.
- All children receive basic income security including access to nutrition, education, care, and any other necessary goods and services.
- All persons of an active age who are unable to earn sufficient income, particularly due to sickness, unemployment, maternity, and disability, receive basic income security.
- All residents in old age receive basic income security through pensions or transfers in kind.

In adopting an SPF, a country will expand its social protection programmes to include the four basic components mentioned above. Such ambitious – albeit virtuous – goal does have its caveat. The ILO realises this, saying ‘... not all countries will be able to immediately put in place all components for the whole population,’ but continues to argue that ‘the social protection floor provides a framework for planning progressive implementation that ensures a holistic vision of the social protection system and that exploits synergies and complementarities between different components’ (Satriana and Schmitt, 2012).

For the people of ASEAN, determining the direction of their respective countries’ social protection policies will have a profound effect on the course of growth and thus development. Several countries have actually had social protection programmes in place, which are similar with the components of ILO’s SPF. However, there is great disagreement with respect to unemployment benefits, and it is best not to consider this as part of the social protection floor for ASEAN member states. Nonetheless, sickness, maternity, and disability support for workers are important elements of a good industrial relations regime for the region.

2. ASEAN Social Protection Floor

In substance, social assistance and protection works to ensure that the basic needs of the targeted poor and vulnerable groups are covered. Challenges are limited fiscal resources and capacity to reach universal coverage. Since the ILO has defined the SPF measurements, ASEAN member states can use them according to an individual country’s preference. However, regional wise, member states have diverse challenges, capacity, and status, that make ILO’s SPF hard to achieve, and if fully adopted can shift aside other urgent tasks.

It is proposed that ASEAN develops an SPF with these three basic components:

- a. The basic income security for older persons, in view of the rapidly rising share of the aged to total population in a number of member states;
- b. Social services and protection for migrant workers in view of the large number of migrant workers in the region; and
- c. Assistance to the poor during disasters.

The reason that the ASEAN SPF does not include #1 and #2 of ILO’s SPF is that primary healthcare (including children and maternal services),

income security, and education security for children are already covered in UHC and education-for-all programmes. Thus, the main difference with ILO's SPF is that ASEAN's SPF does not include unemployment benefits since this can be covered by pension insurance and it is expensive for emerging economies in terms of managing moral hazard and work disincentives, as well as fiscal liabilities. On the other hand, the ASEAN SPF encompasses two crucial issues. The first is social protection for migrant workers to accommodate and anticipate regionalisation. With increasing numbers of migrants in the region, it is imperative to manage it seriously because of the large impact of benefits and costs. Second is social assistance for those severely hit by natural disasters to manage one of the important real problems in this disaster-vulnerable region. Studies show that post disaster, the poor are the ones that recover slower; subsequently, prolonged poverty can lead to poverty trap with higher social and recovery costs.¹¹

To make the regional SPF workable, it is proposed that ASEAN member states develop an ASEAN Social Protection Adequacy (SPA) Index to elaborate measures and targets at national and regional levels, and to ensure that the region works progressively to tackle these three important issues. For inputs, some dimensions merit further consideration:

- a. On basic income security for the elderly:
 - Subsistence allowance (social pension) for those without pension benefits
 - Combination of cash and in-kind transfers
 - Inclusion of UHC
 - Facilitation for productive engagement for the elderly
- b. On the protection of migrant workers:
 - Equal access for all migrants for emergency services and epidemic control
 - Equal access for all legal migrants for healthcare and portability in healthcare–pension insurance
 - Employers shall enrol all migrant workers in the company into healthcare insurance
- c. On social assistance for the poor affected by natural disaster:

¹¹ Hallegatte, et al. (2007) and Hallegatte and Dumas (2009) showed that short-term constraints for recovery can cause poverty traps and result in reduction of long-term macroeconomic growth rates.

- Facilitation for having financial access to help the victims start life/business
- Prioritising the poor to receive housing assistance
- Scholarships for the child victims
- Prioritising the poor to be included in vocational training

The components of the index may include:

- Coverage of risk (for example, old age, workers injury and severance, sickness, medical care, maternity, invalidity)
- Legal and effective coverage of persons (for example, migrants, old people)
- Efficiency and effectiveness of administration of the instruments and institutions (for example, administrative costs relative to efficient reference institutions, financial sustainability)
- Nature and degree of protection (for example, contributory, non-contributory, social protection floor)
- Systemic issues (complementary reforms, tiering of social protection, financing and budget reforms)

Social pension. Most people in ASEAN economies will age at relatively low incomes, and the pace of ageing will allow for a small window of opportunity in terms of time to adjust the design of pension programmes and to reform institutions needed to support social protection systems. The demographic trends and trends on labour force participation rates suggest that greater funding through transfers primarily from the government would play an important role in providing old-age income security through pensions. Three dimensions of pension coverage need to be tackled: (1) the number of people covered by the various forms of insurance against risks during old age, (2) the range of risks covered, and (3) the adequacy of pension benefits that covers both inflation risks and the variability of consumption over lifetime. Legal and effective coverage as well as adequacy of benefits differ markedly amongst member states. The challenge for ASEAN post-2015 is how to gradually and effectively grow its support infrastructure for its senior citizens who can have affordable access to a bundle of services to allow productive ageing.

In this regard, Asher and Zen (2015) recommend the following:

- a. ASEAN member states, with the support and coordination of ASEAN, plan and develop capacities to support productive ageing for their citizens. Planning needs to be outcome based with clear outcomes,

concrete initiatives, time frames, and implied resource requirements and allocations. This initiative needs to be in tandem with the ASEAN social protection forum discussed below.

b. Improve the management and administration of the pension system and health care system, amongst others, to increase efficiency and generate resource savings. This includes enhancing professionalism that, together with strong regulations, would enable member states to provide higher levels of pension benefits from lower contributions than is the case now.

c. Promote financial education and literacy.

d. Invest in ‘evidence-based policy-relevant research on pensions and healthcare issues’ capability, such as strengthening databases on morbidity and mortality patterns, and individual’s and firm’s behaviour on savings and retirement.

At a regional level, the current discussion on social protection runs slowly and there is no expert and regulator forum to work on systematic programmes and responsive actions relevant to the dynamics of demographic and migration patterns in the region. For example, agreements on healthcare and pension portability discussed at high-level forums shall be backed by the findings and recommendations from this expert and regulator forum. The forums can commission task force(s) to conduct specific research and come up with robust findings and suggestions.

Protection of migrant workers. The 2007 ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers reflects the concern in ASEAN on the welfare of migrant workers in the region, the majority of whom are lower-skilled or middle-skilled labour in the so-called 3d sectors – that is, dirty, dangerous, and difficult sectors – such as construction, fishing, and domestic work. One challenge is that the informal process of recruitment and migration is cheaper, faster, and more flexible than the formal process, resulting in a large number of informal workers amongst the region’s migrant workers. This adds to the challenge of providing access to social services by migrant workers. There is also little emphasis in utilising the opportunity of the migration process for improving the human capital of migrant workers.

To strengthen protection of migrant workers as well as improve their access to social services and opportunities for skills improvement, Hatsukano (2015) recommends the following:

- a. Create a more transparent and efficient recruitment formal process. 'It is important to promote official migration channels.' Other aspects of migrant workers' management need to be improved, including the administration process in the sending countries, sharing employment data amongst recruitment agencies to promote fair competition, monitoring systems, engaging local government in the issues, as well as clarifying employers' responsibilities.
- b. Training centres (or vocational training systems) should be established in the sending and receiving countries to increase migrant workers' productivity.
- c. The social welfare of migrant workers needs to be respected. A minimum standard across member states should be agreed upon.
- d. An MRA on lower-skilled workers and semi-skilled workers should be designed. This includes the harmonisation of the regulatory regime on migrant labour with the intention to protect their rights when they work, to provide uninterrupted pension security protection, and to obtain a standardised service for health and legal aid (related to their job).

In addition, drawing from Mathiapparanam (2015) and Asher and Zen (2015), the following are recommended:

- a. ASEAN member states should develop indicative, country-specific SPF pathways that will provide member states with goals, determination of social services of member state interest, and approaches for gradual implementation over time. ASEAN can facilitate harmonisation and coordination amongst member states in preparing such indicative SPF plans.
- b. Establishment of ASEAN best practices in the SPF, including conceptual framing and related measures, would benefit the region.
- c. A national task force on SPF could be set up with regional consultations from all communities for greater collaboration and synergies.
- d. Monitoring and evaluation as well as greater involvement by civil society in the process of SPF implementation.

V. Critical Issues and Regional Cooperation for Post-2015

The discussion in this chapter covers the most critical issues on the efforts to have well and secured people: inclusiveness (remunerative jobs); determinants of inclusiveness (health, education, infrastructure, and social protection); and resilient community (as the outcome). These issues are interrelated and influential to one another. There are also challenges in terms of the diversity of the size, the characteristics, the capacity, and the depth of difficulties faced by each ASEAN member state. The diverse problems require different efforts of individual countries and of the region to converge towards a sustained and prosperous region.

However, the elaboration of key challenges and policy options leads to the following concerns:

- a. The need to improve efficiency and stimulate innovation;
- b. The efforts to reduce unnecessary and inefficient spending (prevention programmes, healthy lifestyle, productive ageing, and eliminate moral hazard, amongst others);
- c. The urge to create additional fiscal space and estimate future fiscal liabilities; and
- d. The importance of increasing non-government participation.

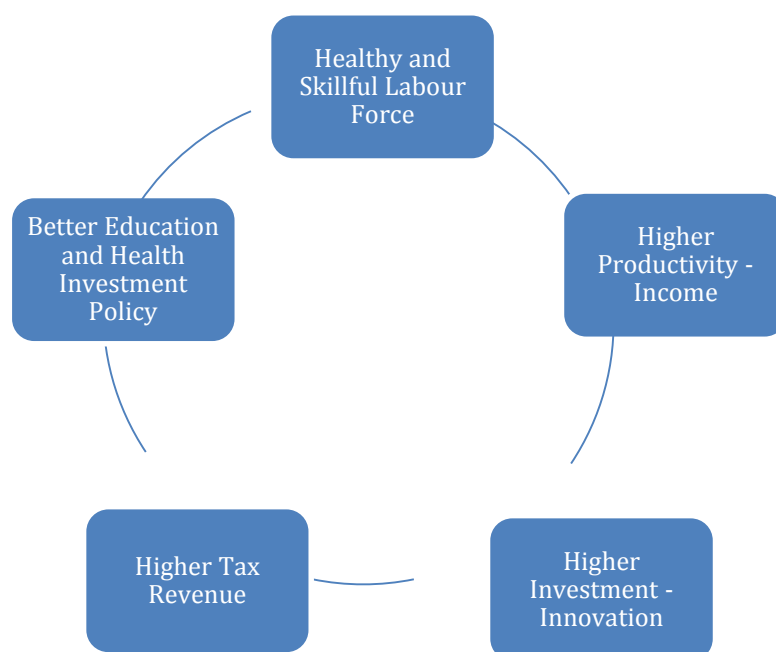
These factors are important, especially because the majority of member states are emerging economies that usually face problems of narrow fiscal space and limited sources of financing. Improving efficiency can be achieved by eliminating unnecessary programmes, reallocating funds according to prioritisation, fixing the loss, and redesigning programmes to have appropriate incentives. Innovation is increasingly relevant under a globalised economy and the efforts to boost productivity and quality. The tools consist of both soft and hard infrastructure, such as systems, software and hardware, technology, organisation, and financing models. Innovation can be applied in various stages and aspects of the programmes: planning, funding, implementation, and monitoring and evaluation.

Before launching a new public programme, the government should look carefully at the potential problems that can threaten its sustainability and its impact on economic stability. Amongst caveats in the social assistance programmes are generous subsidies without balancing these with fiscal capacity and without designing the optimal reduction of inefficiency.

Furthermore, the private sector can contribute to the success of programmes through financing and in-kind participation, coherent programmes with government objectives, applying local wisdom appropriate to localities, conserving common resources, enforcing informal transactions, direct community participation, and support from non-governmental organisations, amongst others. None of the economic and welfare objectives can be detached from private entities since there are major players in the economy: the state, market, and community. In the end, the goals of development are to develop human welfare in a sustainable way. It is a long and permanent journey and, therefore, should be planned and viewed with a long-term vision.

Human development is an individual basic right as well as an investment for the country. Human capital¹² is gained through developing education/skills, accumulative assets, and productive labour. Thus, elements of health and education are inseparable when talking about labour productivity. The nexus of investing on education and health with the economy is shown in **Figure 3.8**.

Figure 3.8. The Nexus of Inclusive Growth



Source: Compiled by authors.

¹² Human capital is productive wealth embodied in labour, skills, and knowledge (United Nations Glossary, NY, 1997).

Regionalisation provides both challenges and opportunities. With diverse endowment, capacity, and characteristics, the challenges vary across the region. As one community, one of ASEAN's main challenges is to realise the potential gains and to handle the problems wisely or even turn them into opportunities. At the regional level, efforts should be devoted to the following actions:

- a. Harmonisation to facilitate the services sector (health, education, and social security);
- b. Strengthen cooperation in knowledge exchange in all sectors including improved quality and coverage of survey statistics/database and technical cooperation.
- c. Initiate efforts to raise pool of fund(s) for tackling basic and regional issues, such as providing free basic immunisations, controlling communicable diseases, strengthening laboratory capacity, and disaster response.

Chapter 4

Engendering a Resilient and Sustainable ASEAN

I. Introduction

ASEAN is working towards achieving sustainable development by protecting the natural resource base for economic and social development including conservation of soil, water, mineral, energy, biodiversity, forest, coastal and mineral resources, as well as the improvement in water and air quality. ASEAN is also actively participating in global efforts towards addressing global environmental challenges such as climate change and disasters, which have high impacts on local communities. While most of the outputs of major projects under the ASEAN Socio-Cultural Community (ASCC) Blueprint are recorded as successful, the achievement of goals and targets takes a longer time because the rapid economic expansion of ASEAN since the 1990s has not only has made the region the centre of global growth in consumption, but it has also created strong pressure on the region's natural resources. The impact of the overuse of minerals, water, fisheries, forests, and other resources is being felt across the region (ASEAN, 2013a, 2013b, 2014b). Carbon emissions have risen dramatically, harming the quality of air, water, and arable land and heightening the risks of climate change (ADB, 2013). Social, cultural, and environmental impacts further increase the vulnerability to disasters and tend to set back development, destroy livelihoods, and increase the disparity nationally and region wide. A resource-efficient, resilient, and low-carbon sustainable green growth will curtail future economic and social costs of environmental degradation and climate change. This chapter discusses the key strategies and required actions for a resilient and sustainable ASEAN under the thematic areas of (1) climate change and food security, (2) natural resource management (NRM) and biodiversity loss, (3) trans-boundary air pollution, (4) liveable cities, (5) energy poverty and clean energy provision, (6) disaster risk management, and (7) green growth.

ASEAN's sustainability challenges will require cooperation in technical capacity, knowledge, and large-scale investments. Regional cooperation,

shared governance, and public participation will help reduce carbon emissions, manage natural resources, conserve biodiversity, and mobilise funds for infrastructure improvement.

II. Climate Change and Food Security

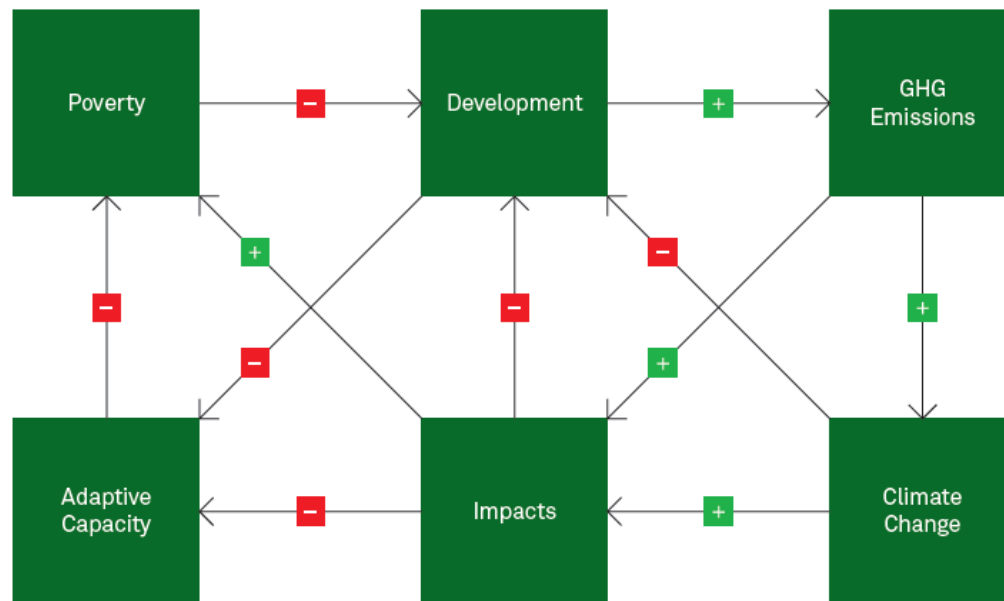
Climate change is one of the most significant challenges to regional economic development. Left unchecked, continued global warming could cause social and environmental disruption at the community level. ASEAN's food security is more vulnerable to climate change risks due to member states' dependency on natural resources and agriculture sectors. Densely populated coastal areas, weak local institutions, and the poverty of a considerable proportion add to the susceptibility of this region.

Food security and climate change are governed under two separate communities in ASEAN. The former currently falls under the umbrella of the ASEAN Economic Community (AEC), while the latter is firmly within the realm of the ASCC. Under the AEC, the ASEAN Integrated Food Security Framework aims to address long-term food security challenges. The Strategic Plan of Action on Food Security in the ASEAN region has six objectives: (1) increase production, (2) reduce post-harvest losses, (3) promote conducive markets and trade for agricultural commodities, (4) ensure food stability, (5) promote availability and accessibility to agriculture inputs, and (6) operationalise regional food emergency relief. Amongst them all, the objective of operationalising regional food emergency relief arrangements has seen substantial progress in the form of the ASEAN Plus Three Emergency Rice Reserve and the ASEAN Food Security Information System (Caballero-Anthony, et al., 2015). However, climate change has adverse impacts on post-harvest losses, agricultural commodity trade, and food market stability (ADB, 2009; ADBI, 2013). Hence, the AEC will be unable to achieve the objectives on food security unless it addresses the region's vulnerability to climate change and build resilience to it.

Towards addressing ASEAN's vulnerability to climate change, the ASEAN Multi-Sectoral Framework on Climate Change: Agriculture, Fisheries, and Forestry Towards Food Security was formed under the AEC in 2009. Several workshops have been conducted to share knowledge on climate change adaptation. Several bilateral and multilateral statements, pilot projects, and work programmes have been initiated under ASEAN Plus collaborations to increase awareness on the impact of climate change on the

livelihood conditions of communities. With this momentum under the ASEAN Multi-sectoral Framework on Climate Change, ASEAN needs to move beyond knowledge sharing and give more emphasis on concrete actions in the post-2015 blueprint (Caballero-Anthony, et al., 2015).

Figure 4.1. Links between Climate Change, Poverty, and Adaptive Capacity



Note: GHG = greenhouse gases.

Source: Prepared by the authors.

Climate change, poverty, and adaptive capacity of farm households are interlinked (**Figure 4.1**). Climate change adaptation – making adjustments in natural and human systems in response to actual or expected climate stimuli – should become a key pathway for the ASCC for sustaining economic growth. Adapting to climate change and achieving food security in ASEAN member states implies three levels of action: (1) communities and farming households need to be aware of weather fluctuations and their potential impacts; (2) the cost benefits of adopting responsive measures need to be quantified; and (3) farmers need to decide how to respond (FAO, WFP, and IFAD, 2014). However, these procedures are yet to be widely mainstreamed to assist the agriculture sector to enhance its resilience to climate vulnerability (Lam, 1993; Lassa, 2012). Despite the urgent need for innovative food value chains, market channels, and agricultural practices, implementation is lagging due to the poor capacity of farm households and weak institutional capacity (Kuneepong, et al., 2013).

Some of the major impediments to the adaptation and diffusion of innovative and climate adaptation strategies in ASEAN countries are:

- Declining public investment in agricultural research, development, and extension services
- Inadequate local training and capacity building programmes
- Lack of investment in location-specific technologies
- Weak intellectual property rights covering advanced technologies
- Limited private sector investment and involvement in the seed sector
- Weak local institutions that support farmers' access to and use of new technologies
- Lack of financial mechanisms to support climate insurance initiatives (for example, micro-insurance, catastrophe bonds, and reduced insurance premiums).

Mainstreaming Climate Change Risks into Developmental Planning for Post-2015

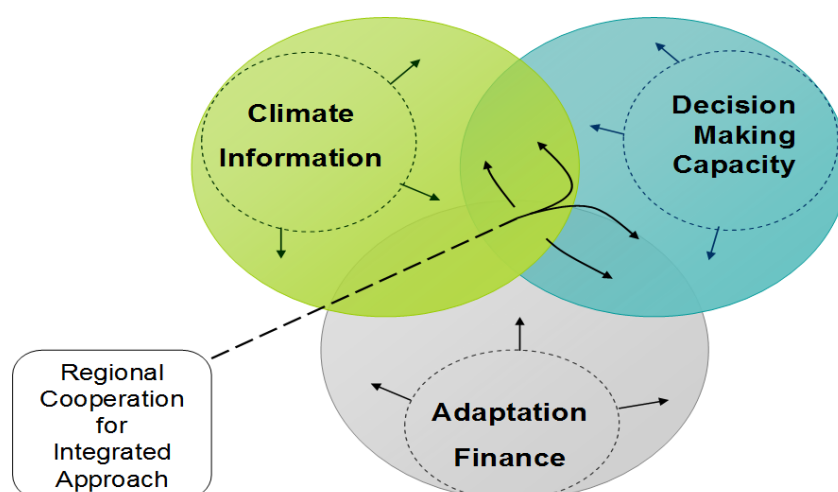
To promote the integration of climate-smart agricultural practices and overcome the above-mentioned food security barriers, policy instruments at a national and regional level are needed to guide, speed up, and enhance local community actions. In the first stage, ASEAN member states need to draw their attention to measures that simultaneously bring environmental, developmental, and social benefits; whereas, in the long term, climate actions should include broader spectrum approaches. Main policy measures that enable mainstream climate considerations into sectoral planning should include:

- Support to farm households and local communities in developing diversified and community-based agricultural systems that provide adequate food to meet local and consumer needs, while guaranteeing critical ecosystem services.
- Invest in better climate information to predict extreme weather events accurately.
- Develop new channels skill transfer between farmers and the research community to mainstream sustainable agricultural production methods.
- Invest in transport and storage systems.
- Emphasise developing locally shared infrastructure and improving value-added activities for farmers.
- Achieve policy coherence and effective coordination of different governmental departments and their activities.

- Enhance investment in research and development (R&D) programmes on high-yield crop varieties that are tolerant to drought and nutrient stress.
- Implement a crop insurance scheme for payments to finance climate-smart agricultural development framework.
- Implement regulations in the financial sector that facilitate the international flow of funds for adaptation at local levels for environmental benefits.
- Leverage agricultural official development assistance to enhance innovation and extension systems, climate-resilient ecological farming methods, and supportive infrastructure.
- Implement best management practices for greening the agricultural supply chain.
- Reformulate trade-related policies to accommodate climate risks and strengthen food security. On the export side, increase market access in developed countries for products exported by developing countries to raise farmers' income. Reinforce food security by introducing climate insurance and financial rebate programmes.

The vulnerability risks and the trans-boundary nature of climate change impacts on poverty also warrant a regional strategy to improve the adaptive capacity. ASEAN member states, through the ASEAN University Network and related networks, can work together to conduct local climate impact assessment on key watersheds, and upscale the ongoing pilot adaptation projects. Regional level climate monitoring systems, and index-based flood insurance systems (as finance model to augment decision-making capacity at different levels) warrant immediate attention under the stewardship of the ASCC. **Figure 4.2** illustrates such a cooperating opportunity in three frontiers.

Figure 4.2. Regional Approaches to Climate Change Adaptation



Source: Anbumozhi (2012).

Further, ASEAN should strengthen its technical expertise on climate change resilience by collaborating with international organisations such as International Rice Research Institute (IRRI), the World Fish Centre (WFC), the International Fund for Agriculture Development (IFAD), the Asian Development Bank (ADB), and the Intergovernmental Panel on Climate Change (IPCC). Leveraging the existing committees, institutions, or mechanisms in ASEAN under the concept of shared governance for mainstreaming climate considerations will help the region address the issue comprehensively.

III. Natural Resource Management and Biodiversity Loss

The ASEAN region is regarded as one of the most heavily forested areas in the world as almost 43 percent of the region is covered in forest. Moreover, over 20 percent of all known plant, animal, and marine species of the world can be found in the region. However, the region's total forest cover has decreased to 1,904,593 square kilometres (km²) in 2010 from 2,089,742 km² in 2000 at the rate of 1.3 percent per year between 2000 and 2005 and 1.1 percent between 2005 and 2010 (ASEAN, 2013a). The driving forces behind the deforestation include rising population, increasing agricultural production, logging, and mining. Many member countries still rely on timber production to provide livelihood for the people. Similar to the terrestrial

ecosystem loss, the freshwater and marine ecosystems in the region are at risk. The region has also suffered from the empty forest syndrome – forests that have lost all their species on record – and wetlands loss, and thereby adversely affecting the region’s rich biodiversity. Hundreds of species in the ASEAN region are being threatened, arising from natural habitat loss due to deforestation, climate change, pollution, population growth, and poaching to fuel the illegal wildlife trade. Four of the world’s 34 biodiversity hotspots facing serious loss of habitat are located in the region (ASEAN, 2013b).

Cognisant of the need to manage well its natural resources and engender biodiversity conservation and sustainable use, ASEAN in 2009 identified 11 priority areas and 98 action lines for implementation. The priority areas are (1) addressing global environmental issues, (2) managing trans-boundary movement of hazardous wastes, (3) promoting sustainable development through environmental education and public participation, (4) promoting environmentally sound technology, (5) promoting quality living standards, (6) harmonising environmental policies and databases, (7) promoting the sustainable use of coastal and marine environment, (8) promoting sustainable management of natural resources and biodiversity, (9) promoting the sustainability of freshwater resources, (10) responding to climate change and addressing its impacts, and (11) promoting sustainable forest management. Each priority area is allotted to subsidiary organisations, with a lead country, which is responsible for setting the strategic direction and overall responsibility for the programme. The priority areas also represent the multi-faceted aspects of NRM with specific actions to be taken spelled out. However, there is wide variability in the implementation performance of the programmes and action lines (ASEAN, 2012b).

The strategic policy tools that have been used across the region for implementing the action lines include:

- Land: Clear and protected rights and effective rules defining access and regulating land and other natural resource use are essential means of ensuring long-term sustainable land and resource management. Successful policy practices include integrated watershed management, resource-efficient urbanisation, protecting prime agricultural lands, improved forest management, payment of ecosystem services, and Reduced Emissions from Deforestation and Forest Degradation (REDD+), and agro-forestry and silvopastoral practices – the simultaneous production of trees and animals.
- Water: The equitable and sustainable management of fresh water bodies such as rivers, lakes, and ground water resources is a major challenge to all water user groups (communities, industries, and agriculture), with most

governments, from the local to regional levels, facing the need to realign the availability of quality water that also maintains ecosystem integrity. Policies identified as successful across ASEAN member states include integrated water resource management, conservation and sustainable use of wetlands, promotion of water use efficiency, water metering and volumetric based tariffs implemented at the subnational level, recognising safe drinking water and sanitation as a basic human right, and industrial effluent charges.

- **Marine resources:** Policies, such as integrated coastal zone management and marine protected areas, and economic instruments such as user fees have provided a level of success in some ASEAN member states. However, there are further opportunities to exploit innovative approaches such as the Connectivity of Hills, Humans, and Oceans (CoHHO) programme in Japan that has a ‘whole ecosystem’ approach to development of sustainable ecosystem corridors. Thus, strategic measures like ‘encourage application of whole ecosystem’ or ‘hills-to-seas approach’ to corridor development planning at the subnational level shall be promoted, especially in ecologically sensitive areas and islands in ASEAN.

- **Biodiversity:** Biodiversity policies promote the protection, conservation, and sustainable use of biologically diverse ecosystems and habitats. In doing so, they create significant public benefits and contribute to social well-being. Successful policy instruments adopted across one or more ASEAN member states include market-based instruments for ecosystem services, including Reduced Emission from Deforestation and Forest Degradation (REDD+), increasing and improving the management of protected areas, establishing trans-boundary biodiversity and wildlife corridors, community-based participation and management, and sustainable agricultural practices.

- **Sustainable consumption and production:** Important multilateral agreements and frameworks have been adopted with regard to sound management of hazardous waste; life cycle analysis; reduce, reuse, recycle – the 3R – alongside cleaner production; and control of inappropriate import and export of hazardous chemicals and waste.

Regarding biodiversity conservation, with the establishment of the ASEAN Centre for Biodiversity, ASEAN member states are putting greater emphasis on mainstreaming biodiversity conservation and sustainable use into various sectors – government, corporate, economic, education, education, tourism, trade, and food production – to ensure individual and collective supportive actions are taken in a cohesive way. The concept of

functional diversity, which provides more options for livelihood improvement based on conservation principles, is getting incorporated in major regional programmes in the Greater Mekong Subregion, the Heart of Borneo, and ASEAN Heritage Parks, among others. Substantial progress has been made in implementing National Biodiversity Strategy and Action Plans that take into consideration the Nagoya Protocol Targets set for 2015–2020 and the 10th Conference of the Parties of the Convention on Biological Biodiversity. Most ASEAN member states are signatories to the Global Plan of Action and the International Treaty on Plant Genetic Resources for Food and Agriculture, which establishes a framework for access and benefit sharing within a multilateral system for most of ASEAN’s food crops. However, ASEAN as a region is slow in controlling invasive alien species, addressing the impact of biodiversity on species and ecosystems, and abating pollution and exploitation of forests and wetlands (Sajise, 2006). Weak and often separate coordination between the sectoral ministries as well as the lack of support by local government units and the private sector could be cited as challenges in the rehabilitation of degraded ecosystems.

The most practical way forward for ASEAN’s goal of empowering communities and strengthening national and regional platforms for biodiversity conservation would be to make use of existing institutions, programmes, and mechanisms as platforms or a nucleus to create and install more effective links and networks which can respond more effectively. Sajise (2015) identified programmes that could be put together under the ASEAN shared governance umbrella, with measurable targets, as follows:

- Enhancing the ASEAN agenda on the characterisation of protected areas as food and nutrition baskets and as a watershed of ecosystem services for the country and the region by linking this to the International Treaty on Plant Genetic Resources for Food and Agriculture implementation as well as the Globally Important Agricultural Heritage System.
- Supporting and monitoring the enhanced exchanges of biodiversity materials under the Nagoya Protocol and plant genetic resources for food and agriculture under the International Treaty on Plant Genetic Resources for Food and Agriculture through existing ASEAN networks.
- Providing mechanisms for enhanced coordination between the ministries of natural resources, agriculture, and forestry, local government units, and academe in a fully integrated National Biodiversity Strategy and Action Plans including enhanced coordination at all political levels.
- Strengthening capacities for biodiversity conservation and sustainable use, especially in coping with climate change through networking of various seed banks at the regional, country, and community levels.

- Building the capacity of farmers, fishers, and forest users through participatory processes such as the model of the farmer field school and partner countries and community-based organisations.
- Supporting markets and adding value for enhancing the value of biodiversity.
- Developing an ASEAN consortium on research for biodiversity and climate change.

Applying Natural Resource Management and Biodiversity Conservation Policies in a More Effective Way under the Post-2015 Framework

Absent or inadequate governance – that is, weak monitoring and implementation deficits, top-down approach in management of key resources like forests, and lack of land rights – is the main challenge in NRM. NRM and governance at the national and regional levels have evolved into a set of organisations, policy instruments, financing mechanisms, rules, procedures, and norms that regulate the process on NRM and biodiversity loss. Some successful strategies to overcome the implementation deficits are (1) moving the policy discussion up to a higher level, for example, environmental council, chaired by the president; (2) investing in good monitoring systems and assessment; (3) strengthening administrative capability; and (4) addressing the bottom-up and driver approach, for example, providing economic activity and/or alternatives for the people, will help communities.

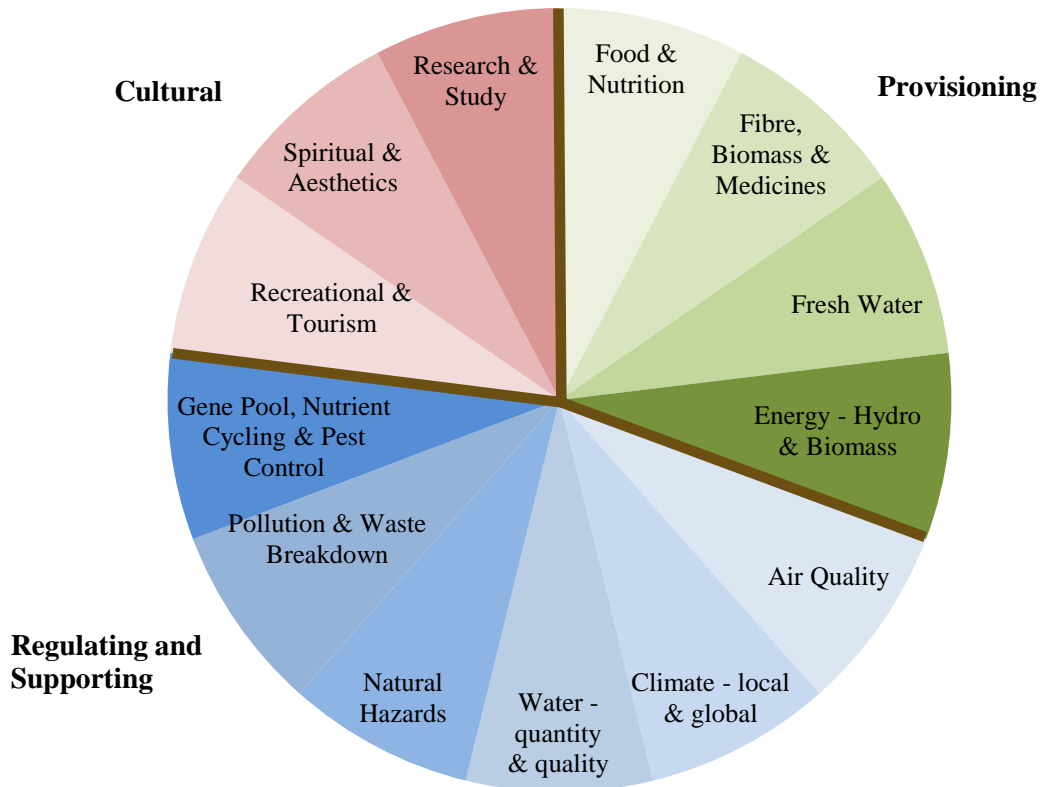
Application of the above strategic management concepts and policy tools can be innovative, if the following principles are adhered to.

- Strengthen cross-cutting policies across themes and sectors: It is important to maximise the benefits by focusing on options that are mutually reinforcing and cross-cutting. That will necessitate introducing policy integration to manage cross-sectoral issues like water, food, and marine resource management.
- Address the drivers: There is an increasing need to shift attention away from the effects of environmental degradation to a greater focus on underlying drivers such as population increase, poverty, ignorance on the life time value of resources, and intergenerational equity.
- Enhance monitoring, evaluation, and accountability: Monitoring and evaluation should be used to improve policy design, increase accountability of different stakeholders, and identify promising practices that can be applied subsequently in country settings. In this regard, key performance indicators

are necessary to evaluate policy progress and to identify the success and shortcomings of the implementation of selected policy instruments.

- Improve multistakeholder participation at local and national levels. The benefits of involving stakeholders (for example, communities, the private sector, local government, community-based organisations, and knowledge institutes) need to be acknowledged at all levels. Opportunities to share views, needs, and knowledge, to build consensus, to enable participants to influence outcomes, and to build commitment and a sense of ownership have to be enhanced and ensured during project or programme implementation.
- Stronger long-term policy and financial commitment on the part of governments is needed for the active involvement of the private sector and better use of market forces.
- More information-sharing and capacity-building programmes are needed across the region to enhance the potential for transferability and replication of successful policy instruments.

Figure 4.3. Type and Classification of Ecosystem Services Provided by Forests



Source: Prepared by the authors.

Natural resources such as forests, lakes, and oceans are the source of various ecosystem services (**Figure 4.3**). Hence, planning for NRM requires a different approach to any other conventional economic planning. A bottom-up approach involving the local community will bring sustainability as locals have better information on the current status and the condition of the natural assets. With the practical understanding and experience regarding the potential integration of the management of production and conservation across land, air, and water boundaries, local communities can contribute tremendously in identifying the future opportunities and livelihood options they can make.

Such information, along with the customised recommendation on NRM policy measures in a participatory way, will help in formulating short- and long-term plans as illustrated in **Table 4.1**.

Table 4.1. Focus Areas at Different Phases of Natural Resource Management

Phase	Focus Areas	Focus areas on programmes/plans	Focus areas of institutional development
Basic foundational	Baseline assessment on natural resources	Awareness, skill, and knowledge development	Needs assessment and designing NRM institutional framework
Short term	Immediate priorities to face the disastrous state of natural resources	Enhanced NRM involvement within communities and relevant stakeholders	Design institutional rules and capacity building issues
Medium term or intermediate	Maintenance or improvement of the state of all natural resources	Enhanced capacity and adoption of sustainable NRM practices across the broader ranges	Enhanced network among relevant institutions and modification/harmonisation of activities
Longer term	Natural resources conservation	Capacity to manage sustainable NRM activities jointly by	Establishment of well-managed institutional

Phase	Focus Areas	Focus areas on programmes/plans	Focus areas of institutional development
		respective stakeholders at all levels	settings with continuous thrive for innovation

Note: NRM = natural resource management.

Source: Kalirajan, et al. (2015).

It is best for ASEAN to adopt a standard framework for managing natural resources. The framework should address the significant inter-related and inter-connected political, institutional, economic, and governance areas. Regional level monitoring is vital in the case of a planned and adoptive approach towards NRM. With shared natural resource assets and differentiated programme implementation and performance, establishing a reporting mechanism at the ASEAN level will help make quick policy adjustments at the national and local levels. And through the reporting and peer review mechanisms, they can learn from other's experiences. Towards that, ASEAN can establish a regional trust fund for a specific portfolio of projects and programmes that enhance current actions on NRM.

IV. Managing Trans-boundary Air Pollution

Improper management of natural resources like forests can also become a cause of trans-boundary pollution. For example, the slash and burn practice of tropical forest trees results in haze, which is a serious health issue in parts of ASEAN. In 2014, nearly 50,000 Indonesians were suffering from respiratory, eye, and skin ailments due to the haze. The quality of air was at a dangerous level – people were wearing facemasks even indoors. The forest fires are extensive in areas with deep peat soils, indicating heavy air pollution with high volumes of carbon. All flights during a week of haze peak were cancelled and in the subsequent week only a few could fly due to poor visibility. From February to March 2014, Riau province lost about \$1.75 billion or about 30 percent of its annual gross domestic product due to haze problems.¹ On 21 June 2013, Singapore hit the all-time record level at 401 of the Pollutant Standards Index that was described as potentially life-threatening to the ill and the elderly. Malaysians, especially those in Johor,

¹ According to the Head of Data, Information, and Public Communication of Indonesia's Disaster Management Agency, Sutopo Purwo Negoro.

also shared the same suffering. At the peak, the Pollutant Standards Index reached 383 (hazardous) in Muar, Johor. Roughly half of the fire alerts in Sumatra appeared within under-concession land to palm oil, pulpwood, and timbre. Most of the area burned in Riau is peat wetland, which can go down to a depth of 30 metres. A fire doused on the surface might fume underground long after. Indonesia legal system prohibits the burning of peat but it continues. The June 2013 and March 2014 incidents were the worst cases of forest fire that affected many people in Sumatra, Singapore, and Peninsular Malaysia (Sunchindah, 2015).

Sunchindah (2015) also points out that failure to prevent forest fires and trans-boundary haze has the following significant impacts:

- Losses to property and/or degradation of natural resources, biodiversity, and ecosystem.
- Increase in emissions of greenhouse gases and other hazardous pollutants.
- Harmful effects on health including injuries and fatalities to humans, animals, and plants.
- Adverse effect on transport operations due to safety concerns arising from poor visibility.
- Negative impact on tourism and business.
- Rights to clean air, good health, and quality livelihoods being denied to numerous affected communities and ordinary citizens.
- Strained neighbour relations among ASEAN member countries, if not others.
- Serious dent on the image of ASEAN solidarity and effectiveness.

Trans-boundary cooperation is important when natural resources are shared even if, given the archipelago in ASEAN, the haze problem affects the country of origin more than its neighbours (ASEAN, 2003; ASEAN, 2004; ASEAN, 2007; ASEAN 2009a). Indonesia's ratification of an agreement on trans-boundary haze in ASEAN in September 2014 should be a good start to have actionable discussions, especially among Indonesia, Malaysia, and Singapore. ASEAN member states have exerted joint efforts to monitor, prevent, and mitigate the trans-boundary haze pollution resulting from land and forest fires, endorsing the Regional Haze Action Plan (RHAP) in 1997 and adopting the ASEAN Agreement on Trans-boundary Haze Pollution in 2002. The ASEAN Peatland Management Strategy, composed of zero-burning and controlled-burning practices, is the most recent deployment to implement the RHAP. In 2014, Singapore's Parliament passed the Trans-boundary Haze

Pollution Act that allows prosecution of companies and individuals that cause severe air pollution in Singapore by burning forests and peatlands in neighbouring countries. With all ASEAN member states finally coming on board, more concerted actions should follow to address the haze problem.

The neighbouring member states considered the following factors in tackling the cross-boundary environmental problems through cooperation, coordination, and common understanding:

- The modus operandi of implementing the sectoral policies and the drivers associated with forest land clearance mechanisms.
- The speed at which sustainable forest policies like zero burning – a method of land clearing where the tree is either logged over secondary forests or an old area of plantation tree crops such as oil palm and are shredded, stacked, and left in situ to decompose naturally or controlled burning – any fire, combustion, or smouldering that occurs in open air, which is controlled by national laws, rules, regulations, or guidelines and does not cause fire outbreaks and trans-boundary haze pollution, have been widely adopted by countries since their first introduction.
- The degree by which the private sector and maligned communities have been convinced that the best practices are not harmful to their businesses and livelihood conditions.
- The approaches by which sectoral policies have contributed co-benefits that made them even more acceptable.

Cooperation has been shown to be effective for achieving sustainable management of forest fires where there are multiple stakeholders such as local communities, private sector operators, and local and national governments. However, efforts to enhance the sustainability of forests and prevention of forest fires also face a lack of national capacity and awareness, and intensifying competition in international forest product markets (Sunchindah, 2015). Hence, the following strategies to enhance the post-2015 agenda are suggested, noting that local effects are as serious as trans-boundary effects:

- Strengthen participatory monitoring with various stakeholders and use satellite maps of fires and concessions to help determine causes and accountability. High resolution satellites and/or remote-sensing technology allow real-time monitoring of land and forest fires. Note that about half of the fires in Sumatra are within palm oil, pulpwood, and timbre concessions.

- Strengthen domestic capacity and regional cooperation in comprehensive investigations to determine and prosecute accountable parties.
- Strengthen technical skills in fire-fighting, developing early warning systems, and monitoring.
- Educate farm households and local communities on economic, environmental, and legal consequences of burning forest and peatlands.
- Strengthen incentives for increased use of better land use management practices and technologies.

One concrete proposal along these lines is to adopt a protocol to the ASEAN Agreement on Trans-boundary Haze Pollution, as provided for under the agreement, of institutionalising the above recommended measures of ensuring appropriate cross-sectoral coordination and cooperation and therefore effective and timely implementation on the ground, and of ASEAN officialdom according it as a matter of high priority. In addition, the ASCC should make sure that its component of the ASEAN Community post-2015 vision contains elements that would interface with the AEC and the ASEAN Political-Security Community (APSC) pillars especially in connection with the trans-boundary haze pollution issue. ASEAN has also set an indicative target of endeavouring to stop fires from peatlands by 2020.

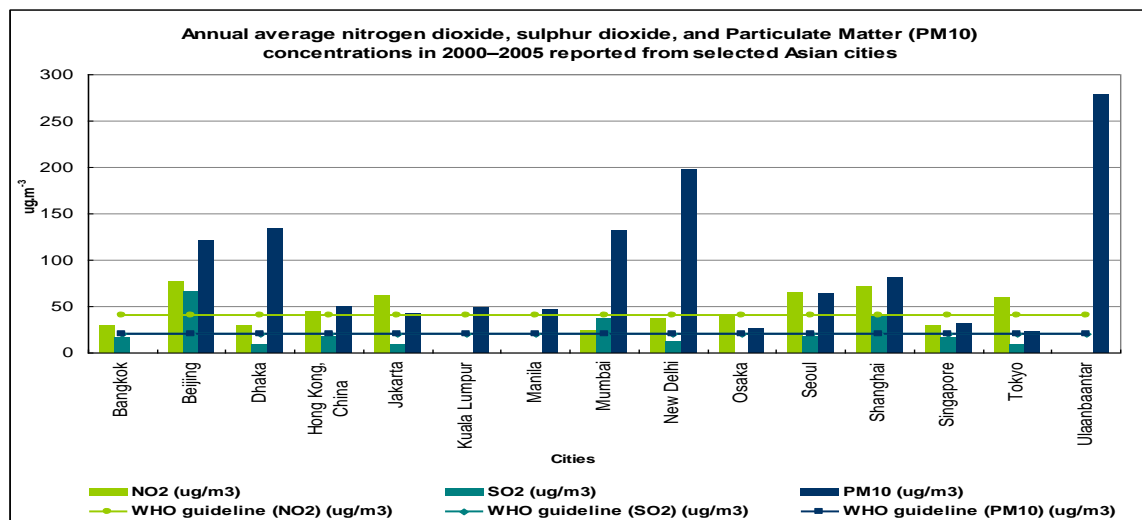
In summary, the following key points should be noted, reiterated, and acted upon by ASEAN governments, businesses, and citizens in the years ahead.

- The ASEAN Agreement on Trans-boundary Haze Pollution is the only ASEAN environmental agreement so far. When it came into being in 2002, it was hailed as ‘the first regional arrangement in the world that binds a group of contiguous states to tackle trans-boundary haze pollution resulting from land and forest fires. It has also been considered as a global role model for the tackling of trans-boundary issues’.
- As ASEAN moves into its post-2015 period, where building an integrated, cohesive, people-focused, and caring/sharing ASEAN Community with unity in diversity would in principle start becoming a reality, then successfully addressing the region’s trans-boundary haze pollution problem should also become an important priority in line with ASEAN’s stated aims.

V. Resilient and Liveable Cities

ASEAN cities have been the drivers of the economy and have lifted millions out of poverty. However, the environmental consequences of this rapid development are apparent, and the urban communities are increasingly insistent that something should be done. Air pollution commonly exceeds safe levels across the cities of developing member states. Emissions of noxious gas and particulate matter from motor vehicles, industry, and other causes – plus the rising urban population exposed to them – are increasing the regional burden of respiratory illnesses and cancer (WHO, 2010). On a global basis, about 55 percent of urban air pollution mortality occurs in developing Asia (WHO, 2009).

Figure 4.4. Air Pollutant Concentrations in Major Asian Cities



Notes: PM₁₀ refers to particulate matter <10 µm in diameter, SO₂ is sulphur dioxide, NO₂ is nitrogen dioxide. WHO Guidelines for annual concentration averages is 20 µg/m³ for PM₁₀ and SO₂, and 40 µg/m³ for NO₂. Data is a five year average from 2005–2009.

Source: Anbumozhi and Bhattacharya (2014).

As shown **Figure 4.4**, urban air pollution in large cities is not simply a localised environmental issue but also a health issue, as most of the cities are far from the World Health Organization (WHO) guidelines on safe cities. This rapid urbanisation and a growing middle class are causing an explosion in motor vehicle ownership in ASEAN, which, on recent trends, is projected to create a rise in vehicles on roads of 130 million to 413 million between 2008 and 2035 (World Bank, 2012). In addition, as the economies of ASEAN are becoming more urbanised, more water will be needed to be reallocated from the 70–90 percent that is consumed by agriculture to other economic activities such as domestic, industrial, and commercial sectors (Kumar, 2013).

Currently around 60–90 percent of water in the ASEAN region is used for industrial and domestic purposes (AWGWRM, 2011). However, an increase in water extraction is expected to increase by about one-third over the next 20 years in the region due mainly to increase in city-centred economic activities. With climate-induced regular storms and flood-hit cities affecting households, practical strategies are needed to create more sustainable, resilient, and liveable cities.

The role of cities in dealing with air pollution, climate change, and the sanitation problem is recognised by ASEAN countries (Dhakal, 2009). In one or more ASEAN member states, progress has been made in starting new programmes in improving energy efficiency, fuel efficiency, and other efforts towards low-carbon climate-resilient growth.

- Energy performance certification programmes: A labelling system on energy performance for non-residential buildings should be implemented. Building owners are required to present energy performance certificates when conducting transactions and leasing. The certification system also uses the data from Green Building Programme and increases the level of detail of ratings.
- Green labelling or rating programmes for buildings: Residential and office buildings are encouraged to be competitive in green ratings to improve environmental performance.
- Requirement of higher energy standards for large urban developments. Since construction of large-scale buildings utilises urban planning systems that include bonuses – such as increasing the permitted total floor area to site area – in the application of such urban development systems, building environmental performance now must meet progressively higher standards than usual developments.
- Transport sector: Promotion of the following are being done: carpooling, banning private vehicle traffic in peak hours and holidays; the next generation of vehicles, including electric vehicles; fuel efficiency reporting systems; and environmental education programmes for consumers.
- Water and sanitation: Programmes being introduced in ASEAN include minimisation of unaccounted-for water, access to sanitation facilities, level of domestic water consumption per capita, water that meets WHO drinking water quality guidelines, and access to clean drinking water sources.

- Municipal solid waste: Recycling rate of solid waste through a reduce–recycle–reuse (3R) programme is being promoted in many cities along with new economic opportunities.
- Climate resilient cities: Retrofit projects to improve the resilience of transport and other infrastructure are promoted through regulations and financing programmes.

Designing Liveable and Resilient Cities in Post-2015 Era

A liveable and resilient city is characterised by less air pollution and virtually no waste and traffic congestion. The planning of future cities requires that every part of the design include the following five principles that shape the city: Citizens to Live, Nature to Thrive, Business to Invest, Cultures to Celebrate, and Visitors to Enjoy (KeTTHA, 2011; Leichenko, 2011).

- Citizens to Live: In providing a liveable environment for citizens, cities look at the balanced provision of basic needs and urban resources: food, water, transportation, education, health care, and safety. It means the provision of human-scale communities that encourage the well-being, social equity, and public engagement of citizens. It weaves together a highly liveable urban fabric that connects the citizens with their city.
- Nature to Prosper: A resilient and low carbon city has enough green infrastructure and public realm to allow its citizens to thrive. It provides clean and reliable sources of water supply and wastewater management, and promotes the reduction of energy consumption while exploring alternative energy strategies. Ordinary public infrastructure like canals, elevated rail lines, and rooftops double as usable public spaces for leisure and recreation and are made resilient to thunderstorms.
- Business to Invest: Behind every city’s success is a robust, innovative, and regulatory framework to govern development. It must foster a fair, yet competitive, market that promotes public–private partnerships, and must attract and retain talent, which is key to weaving the efficient urban fabric that is the backbone of a resilient city. Without a strong basis in this area, one essential component of liveable cities would be missing.
- Cultures to Celebrate: The planning of urban spaces must accommodate the coexistence of new lifestyles with existing indigenous cultures and preservation of urban heritage. The cities must be shaped by a dynamic and tolerant cultural, social, and religious environment. Too often, in recent decades, new master plans in ASEAN cities have overlooked the city’s old culture as an integral part of the development process, which is often the determinant of the vibrancy and authenticity of the urban centres.

- **Enjoyable Cities:** To attract visitors and encourage citizens to sink their roots in their home communities, planners and leaders should seamlessly incorporate elements like accessibility, safety, and quality of the environment.

The foregoing conditions are not utopian, though their integration is only achievable through a multi-stakeholder and multifaceted integrated planning approach. This approach incorporates planners, designers, architects, engineers, and municipal leaders with a common goal of creating liveable, resilient, and green cities that can sustain the challenges of today and the aspirations of tomorrow.

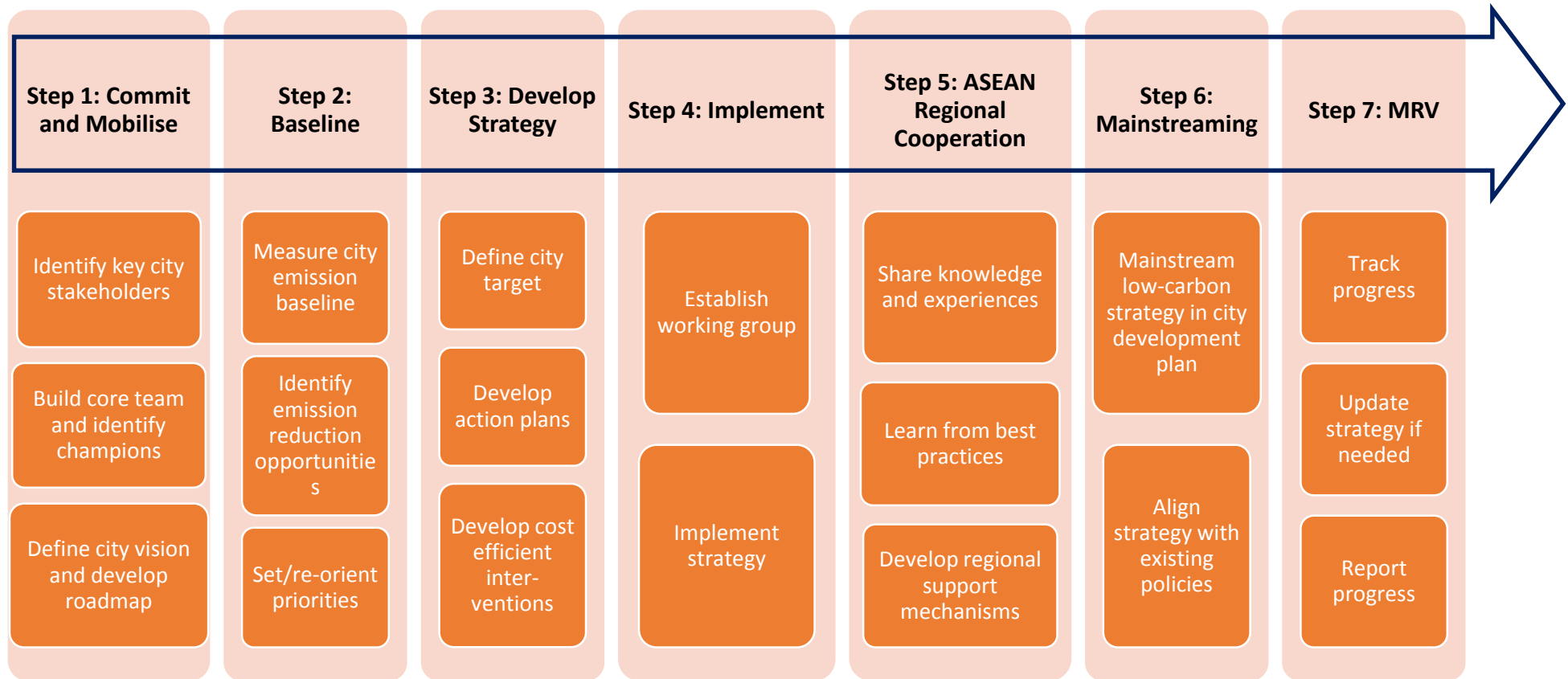
Summarising the above-mentioned framework and taking into consideration the ASEAN context, a seven-step approach for building liveable cities is proposed in **Figure 4.5**.

The development of a smart liveable city is an integrated approach that needs commitment from city executives, active participation of public and private sectors, flow of private sector investment, and cross-sectoral implementation of best practices and green and/or smart technologies and services. ASEAN member states are already implementing various measures pertaining to green development of a low-carbon economy. However, a complete and well-constructed approach to develop a smart liveable city, that fosters low-carbon development, is still absent in most of the ASEAN region.

Nevertheless, city-level decision-making processes will need to involve all levels of stakeholders including national governments, the research community, practitioners, non-governmental organisations, and the private sector. Engendering liveable and resilient cities for the ASEAN region will need to address the following:

- City leaders should advocate for national policy adjustment to support cities' green liveable initiatives.
- Cities need to start measuring their emissions and pollutions, that is, develop an emission inventory. While national-level emission inventories have been developed for some countries, city-level emission inventories are generally absent. Focus should be on using a consistent framework of emission accounting to ensure cross-border applicability of emission data.
- Consider the development of a knowledge management centre to share experiences and lessons learned to maximise regional cooperation. This will help cities to learn from each other and to implement best practices without the need for reinventing the wheel.

Figure 4.5. Proposed ASEAN Framework for Liveable Low-Carbon City Development



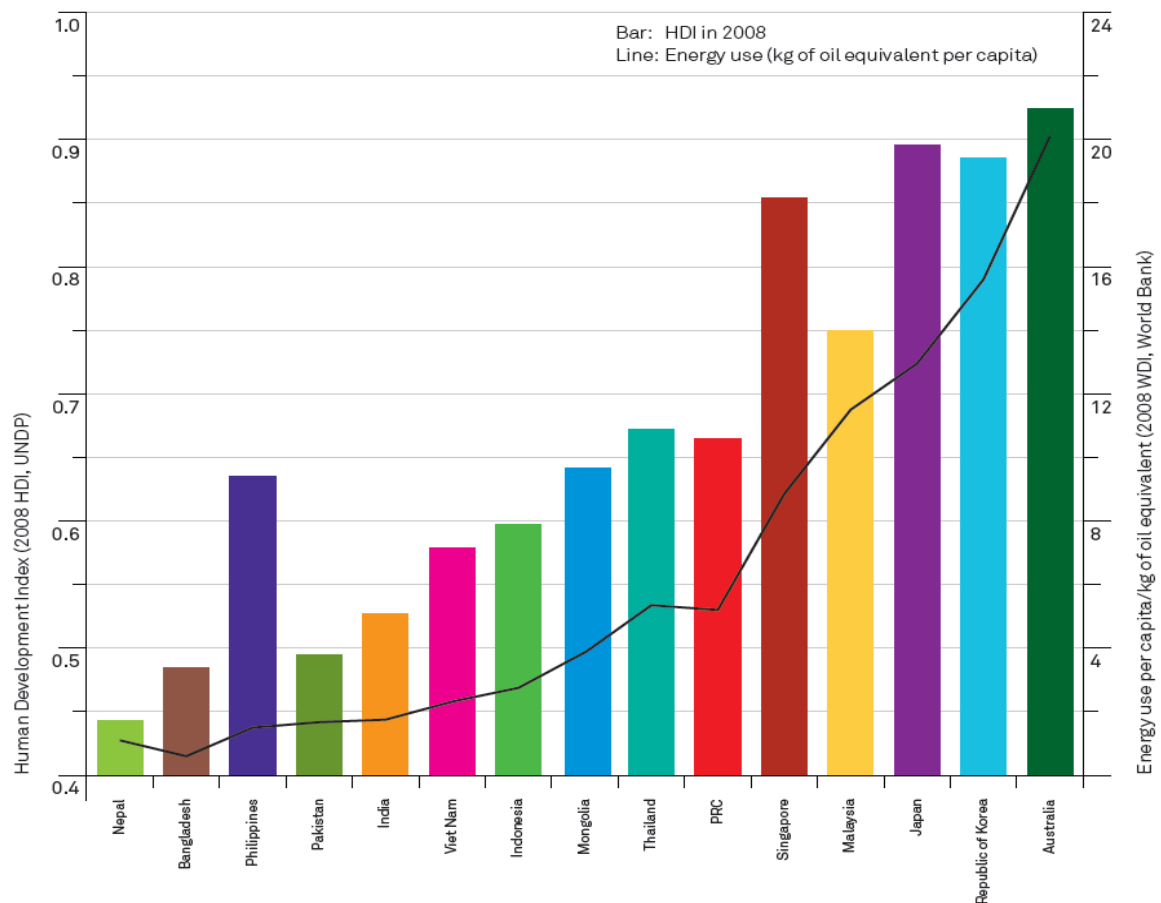
Note: MRV = Monitoring Reporting and Verification.

Source: Kumar (2015).

- City-level targets should consider any existing national and regional targets and policies to avoid any conflict in the longer term. Such targets and policies may also include national commitments to the Millennium Development Goals (MDGs) and Nationally Appropriate Climate Mitigation Actions, amongst others.
- Liveable, resilient, and green initiatives should be linked with wider food security, energy security, and water security to maximise the benefits of city transformation and ensure alignment with the overall development agenda.

VI. Energy Poverty and Clean Energy Provision

Access to cleaner and affordable energy is essential for improving the livelihood of poor households in ASEAN countries (ERIA, 2014b). There is often a two-way relationship between the lack of energy services and poverty in ASEAN. This relationship is, in many aspects, a vicious cycle in which poor households who lack access to energy are often trapped in reinforcing cycles of deprivation, lower revenues, and the means to improving their living conditions, while at the same time using significant amounts of their limited income on expensive and unhealthy incomes that provide poor and or unsafe services. The link between energy and poverty is demonstrated by the fact that the poor households in rural areas constitutes the bulk of an estimated 300 million people relying on traditional biomass for cooking and the overwhelming majority of them do not have access to grid electricity (Anbumozhi and Phoumin, 2015).

Figure 4.6. Energy Access and Human Development

Notes: HDI = Human Development Index; PRC = People's Republic of China.

Sources: World Development Indicators (2011); Human Development Report (2012).

On the other hand, access to modern forms of energy is essential to achieve high levels of human development (**Figure 4.6**), overcome poverty, promote economic growth and employment opportunities, and support the provision of social services and essential input for the MDGs.

To ensure that modern, cleaner, and affordable forms of energy are accessed by poor households, the right choice of energy supply has to be made. For example, solar and wind – renewable energy technologies that have lower running costs – might be in the longer term the most attractive option for low-income households. Currently ASEAN is adopting the following strategic goals to upscale renewable energy (ACE, 2004).

- To achieve a collective target of 15 percent for regional renewable energy in the total power installed capacity by 2015.
- To strengthen regional cooperation on the development of renewable energy including hydropower and bio-fuels.

- To promote R&D on renewable energy in the region.
- To promote cooperation in the renewable energy sector and related industries as well as investment in the requisite for renewable energy development.

It is also envisaged that, in the post-2015 period, clear policies and responsive plans and programmes for renewable energy development are addressed to enhance commercialisation, investment, market, and trade potentials of renewable energy technologies.

With abundant renewable energy resources, ASEAN member states are currently implementing a vision of renewable energy into progressive actions by engaging more stakeholders and enhancing greater regional collaboration. They are also working to identify areas where clean and renewable energy can emerge and be deployed to mitigate the adverse impact of climate change. At the national level, each country has tried to come up with its own renewable energy policy such as feed-in tariffs. Although countries in the region have set higher targets for the share of renewables in their national energy mix, overall the use of renewable energy in the region is limited relative to their potential. In ASEAN, wind and tidal energy are largely untapped, and the huge solar potential in the region remains underdeveloped.

The reasons for these are many. As the mechanisms of power generation from renewables are different from those of conventional energy sources, adopting renewable energy into existing national energy systems is a challenging undertaking. Renewable energy developments are capital intensive, and are far less competitive than the dominant fossil fuels.

The varying levels of performance could also be attributed to the fact that renewable energy sources are often located in remote areas, rendering connection to main power grids a significant technical hurdle. Cumbersome administrative processes arising from overlapping and uncertain regulations and a lack of coordination among relevant authorities further hinder clean energy penetration in the national energy market. Limited access to financing options and insufficient financial incentives also dissuade investors from participating in clean energy development in ASEAN. Furthermore, it has to be highlighted that the disparities in the macroeconomic factors affect the level of energy system development across ASEAN (Anbumozhi and Phoumin, 2015). Given this disparity, the suite of strategic actions will be at different stages of development within member states. But they provide an

indication of where ASEAN members should focus their efforts in the coming years.

Accelerating Clean Energy Provision for Low-Income Households in Post-2015 Framework

The reliance on private sector-driven approaches that have proven a determinant to widening access to electricity in many parts of ASEAN is also becoming more prevalent in efforts to distribute improved cook stoves, efficient solar panels, and enhanced wind farms. There is also heavy emphasis in national development plans on providing energy access to low-income households. In community-driven approaches, limited attention being paid to the important role of public finance and long-term plans to scale up and reach millions of non-electrified households. A more balanced approach that combines large-scale, long-term public initiatives with innovative private sector-based, community-driven programmes is needed.

Creating an enabling environment for renewable energy investments, which include implementing policies, enacting reliable regulations, and simplifying administrative processes, needs to take place at the national level.

When it comes to regional cooperation, governments are required to identify priorities. Of the various strategic actions made and implementation deficits identified at the regional level, three collaborative efforts will collectively accelerate renewable energy development in meaningful ways: (1) conduct research to strengthen ASEAN manufacturing capabilities for renewable energy technologies and products, (2) establish innovative financing instruments and mechanisms, and (3) standardise and harmonise ASEAN-made clean energy products. Acquiring the capability to manufacture and operate the technologies at the community level will make clean energy significantly cheaper; this will need training and skills development. Having secured financial assistance mechanisms will greatly support renewable energy development in its earlier stages. Furthermore, standardising and harmonising systems before the renewable energy market is fully developed will lay a good foundation for continuing future cooperation. Getting things right from the outset will cost less than refurbishing them later. To this end, governments in the region need to stay strongly committed to clean energy development. Evidence suggests that without effective financial systems, entrepreneurs cannot sustain their businesses. Therefore, policy interventions are necessary to encourage and financially support low-income

households to adopt best available renewable energy technologies and incorporate innovative practices towards an environmentally beneficial direction.

What is needed is an approach that includes local communities in innovation and developing clean energy products and green services to achieve sustainable win-win scenarios, where the poor are actively engaged and the enterprises providing services to them are profitable at the same time (**Table 4.2**). The penetration of clean energy business models into low-income households of ASEAN member states is currently constrained by an inherent weakness in terms of market responsiveness.

Table 4.2. Changing Perceptions of Renewable Energy Business Models

From	To
Low-income households are a problem for development.	They represent a market. The private sector can and should participate effectively in this process.
Low-income households are wards of the state.	They are active consumers and entrepreneurs.
Low-income households do not appreciate clean and green technologies. Old technology solutions are appropriate.	Creative bundling of renewable energy products and services with a local flavour
Follow the urban rich model of development	Selectively leapfrog
Carbon efficiency in a known model	Innovation to develop a clean energy model
Focus on resource constraints	Focus on creativity and entrepreneurship

Source: Anbumozhi and Bauer (2013).

Integrated energy, fiscal, educational, skills enhancement, and social development policy actions can help reduce these challenges over the short to medium term. There are three important policy recommendations.

- *Introduce flexible redistributive and transformative public expenditures to remove the bottlenecks towards renewable energy.* Fiscal

policies can redistribute the benefits of growth through pro-poor public expenditure. Through economic growth, governments can effectively use revenue to provide basic developmental amenities such as renewable energy, which can be designed to be explicitly pro-poor through broad-based expenditure on isolated communities in the rural areas. This provides an important opportunity for the benefits of growth to be more inclusive, and in a manner which is not likely to have major disincentive effects in the future. On the contrary, increased spending on clean energy infrastructure is likely to be an important cornerstone for future growth.

- *Promote flexible subsidies and banking sector development for increasing the rate of renewable energy enterprises that also create rural jobs.* It is also important that a clean energy programme is associated with significant job creation to provide opportunities for rural people to innovate and benefit from new entrepreneurial skills to move out of poverty. But the record level of employment creation with clean energy provision has been weak in many ASEAN member states. An increased level of entrepreneurial activity through skills development and specialised job training is an important prerequisite that requires substantial financial sector development, including new models of microfinance.
- *Implement broad-based fiscal reforms for inclusive and renewable energy business models.* The argument for environmental tax reform – a shift in the burden of taxation of economic ‘goods’ (for example, income) to ecological ‘bads’ (for example, pollution) – has been broadly accepted but the progress towards this goal is slow in ASEAN. There is urgent need to achieve an order of magnitude to change the structure of taxation. A sustained effort by governments is now required to design appropriate mechanisms for shifting the burden of taxation from incomes onto resource consumption and emission reduction to augment the elimination of energy poverty. A further requirement is to adjust such policy frameworks to account systematically for socio-economically disadvantaged groups.

VII. Disaster Risk Management

ASEAN is one of the most disaster-affected regions in the world. With the Indian Ocean tsunami in 2004 hitting several countries in the region and Cyclone Nargis in 2008 devastating Myanmar, the region has seen two of the world's deadliest mega-disasters in the last decade. More recently, floods in Thailand in 2011 caused over \$45 billion in damages and the latest major disasters super typhoons Yolanda and Haiyan, which were the deadliest in 2014, left more than 6,000 dead (Thomas, et al., 2013). According to the international disaster database, they accounted for over 31 percent of all global fatalities from 2003–2013 (ADB, 2013a). Losses related to natural disasters cost the ASEAN region, on average, more than \$4.4 billion annually over the last decade (Parker, 2014).

ASEAN member states have a much higher level of understanding of commercial and household vulnerability to disasters, including the fiscal vulnerability of state budgets. That enhanced capacity now routinely drives budgetary, fiscal, development, and investment decisions. ASEAN has implemented several measures in compliance with the Hyogo Framework for Action (HFA), and progress is substantial. As the region journeys forward in forging the ASEAN Community, disaster management continues to face challenges and opportunities brought about by more complex disasters and the evolving humanitarian landscape. The year 2015 ushered in global conventions that impact national and regional initiatives in disaster management and, conversely, provide opportunities for ASEAN to inform and influence these discussions (ASEAN, 2009d and 2013b). These conventions include, amongst others, the Sendai Framework on Disaster Risk Reduction, which builds on the HFA, the review and subsequent development of the post-2015 sustainable development goals, the ongoing debates on climate change, and other emerging issues on protection against displacement such as the Nansen initiative on disaster-induced, cross-border displacement and potential occurrence of natural disasters in conflict areas (UNCHR, 2011).

At the regional level, the role of regional organisations in disaster management is deepening and becoming more pronounced and relevant to the member states and the international community. Large-scale disasters underscored the necessity of enhancing and strengthening synergy and cooperation between and amongst various stakeholders across multiple sectors. In reaching out to other stakeholders and sectors, ASEAN strives to maintain its centrality and leadership through the ASEAN Agreement on

Disaster Management Emergency Response (AADMER) while, at the same time, being open and flexible to changes. As regional and global forces converge, it is fast becoming an imperative for the communities to become more resilient. Attaining a shared analysis and understanding of existing and emerging issues in disaster management would better equip ASEAN member states, ASEAN as a regional organisation together with its ministerial and sectoral bodies, and the communities to continue building resilient communities. The ASEAN Committee on Disaster Management fulfils a critical role as the main driver of the implementation of the AADMER, as guided by the ASEAN Ministerial Meeting on Disaster Management. Pro-actively supporting the ASEAN Committee on Disaster Management both at the strategic policy and operational levels are the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA Centre) and the ASEAN Secretariat (ASEAN, 2013b; Anbumozhi et al., 2014).

ASEAN member states also see the transfer of some of these disaster-related risks to reinsurance markets or to capital markets through securitisation and other means, as well as international and domestic and risk-sharing arrangements through active partnership between the private sector and public authorities (Liu and Huang, 2014; Liu, 2015). ASEAN also saw increased resilience to natural disasters that manifests into faster response time and reduced fiscal impacts. This is mainly attributed to moderated macroeconomic impacts on sectoral activities and more prompt recovery of infrastructure and livelihoods, immediately after the disasters (Liu, 2015). Ex ante and ex post policy measures are being implemented in more than one ASEAN member state that creates a distinction between actions taken in anticipation of disaster events (such as risk analysis, prevention, awareness, reserving, and insurance), which collectively are components of disaster risk reduction, and those taken in consequence of an actual disaster event (such as relief, response, and post-disaster construction). Within the context of public financing, a division exists between ex ante finance (for example, reserving, contingent credit, various kinds of risk transfer products, including insurance; and capital market solutions) and ex post finance or post-disaster response funding (for example, covering response and reconstruction cost via fiscal measures, new borrowing, or foreign assistance) (Cummins and Mahul, 2009; Ishiwatari, 2013).

Strengthening National and Regional Capacity for Disaster-Resilient ASEAN in Post-2015 Framework

ASEAN has come a long way in building disaster resilience since the ratification of the AADMER, which is one of the most ambitious and comprehensive regional disaster response management treaties in the world. In a diverse region with multi-layered complex institutions at the national level, it is important for ASEAN to move forward to grow and expand its resilience from the perspective of progress made in implementing the HFA. To achieve a broad vision of a resilient, inclusive, and competitive ASEAN by 2035, taking into consideration commitments made to the Sendai Framework of Action, a wide range of steps are recommended to be taken at the regional, national, and local levels.

- Strengthen legal frameworks for improved coordination and to lead concerned subcommittees of national disaster management organisations. ASEAN member states and institutions should come up with a mid- to long-term vision for disaster resilience. The devolution of power to local governments is also needed to effectively respond to the needs of the people. The capacity of local governments could further be improved by the legal framework, developing seconded staff programmes across social development, environment, and economic ministries.
- Strongly support a shift from reactive to proactive disaster management. Most member states are currently working hard to institutionalise a shift from ex post to ex ante integrated disaster risk management philosophy. ASEAN, as a strong supporter of the implementation of the HFA, can support the process of implementing the Sendai Framework on Disaster Risk Reduction by engaging member states more in peer learning process. Integrating climate change adaptation and disaster risk management is increasingly important to capitalise new financial resources.
- Increase the resources substantially for AADMER implementation. ASEAN members should seriously think about developing high quality and sustainable regional disaster risk management systems through the public-private partnership model, wherein conditions for ensuring access to innovative insurance (such as a system of risk-based premium, sound capital requirements, and rigorous insurance regulation and enforcement) are assured. With some creativity, considering options, such as in-kind support and contributions to special disaster risk management funds modelled after catastrophic bonds or funding of special projects in the most vulnerable

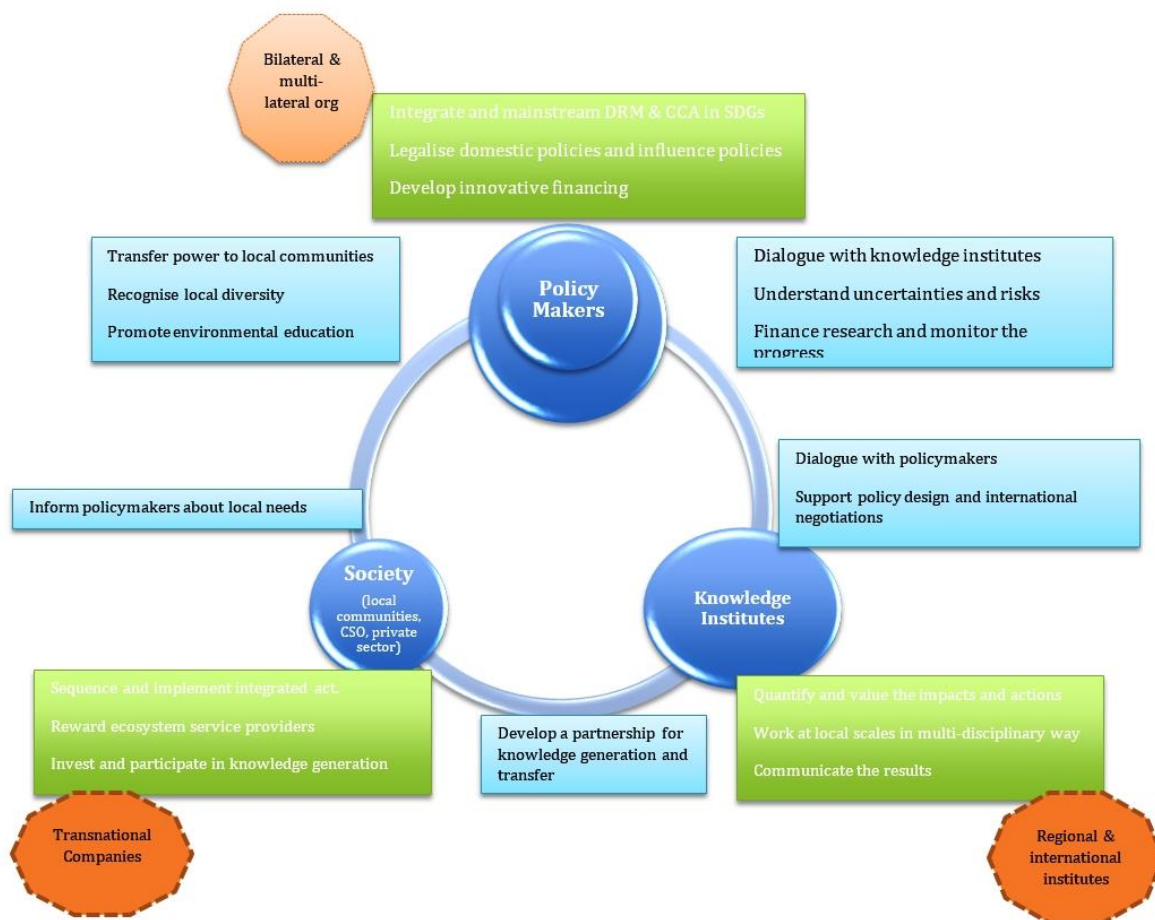
countries, is expected from countries or dialogue partners which possess more resources and interest in disaster resilience.

- A more assertive role for the three ASEAN institutions involved in AADMER is expected. Setting clear boundaries is to be tasked for the institutions to collect and maintain accurate data on disaster relief, early reduction, and recovery as well as reconstruction expenditure. Early warning systems and public responsibilities in the event of disaster to inform public contingent viability need to be part of the process.
- The ASEAN Secretariat should work with other bilateral and multilateral and international communities to establish supporting initiatives such as experience-sharing workshops, simulation exercises, staff exchanges, training networks, and certification programmes. It needs to work with the ASEAN University Network and other regional knowledge institutes to establish a knowledge hub to facilitate, develop, exchange, and disseminate cross-border disaster risk management data, best practices, and climate modelling tools.
- Governments must accept the primary responsibility to develop ex ante structures that deliver rewards today for investments that also produce benefits in the long term. Such financial mechanisms should not produce long-term dependency or subsidies but energise risk management frameworks. ASEAN member states can employ their taxing power to provide short-term tax credits to individuals and firms for insurance costs or to provide tax incentives for disaster risk reduction infrastructure investments. Risk pools formed among local governments, national governments, and the private sector at the regional level can bring forward benefits by demonstrating tangible benefits to the region – even though the disaster may have occurred in a single locality.
- Engage civil society actors in implementing the AADMER programmes via national platforms and networks. Developing a shared understanding about the complementarity of their roles in monitoring the implementation of new programmes and strengthening their cooperation with other state and private sector actors will help increase the effectiveness and forestall the possible creation of parallel structures. They should also engage with other institutions like the AHA Centre on how current plans and future activities can be translated to changes at the local level.

Nevertheless, the growing funding for the disaster risk management and climate change adaptation agendas provide ample opportunities for continued integration of those agendas for shared learning and joint

implementation (Anbumozhi, 2015). In addition, the pressure on global aid budgets has increased the need to make the case for risk management as an effective development strategy and to integrate it into regular development policy and practice. **Figure 4.7** illustrates the key messages of this recommendation to the three groups of stakeholders: (1) national policymakers; (2) local communities, the private sector, and other members of civil society; and (3) knowledge institutes.

Figure 4.7. Stakeholder Involvement and Links to Resilience

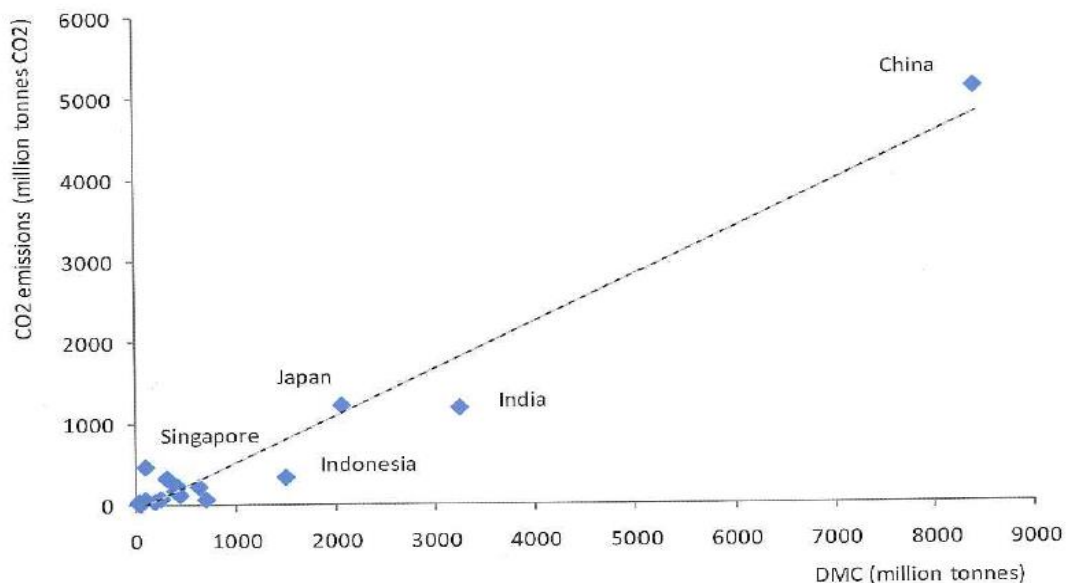


Notes: AHA = ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management; ASEC = ASEAN Secretariat; CSO = civil society organisation.
Source: Prepared by the authors.

VIII. Towards Green Growth

ASEAN environmental challenges are some sort of ‘wicked problem’. Green growth is often defined as a decoupling of economic growth from emissions and pollution, which implies a new growth paradigm, where resource efficiency and job creation are achieved as co-benefits. Thus, the best one can hope to articulate a solution for the wicked problem is to introduce principles for accelerating green growth at sectoral and local levels that are useful in dealing with a number of environmental problems (Anbumozhi and Intal, 2015). Among them, climate policy is the most important environmental policy region wide, and the question arises as to what extent climate policies could help reduce resource use and increase resource productivity or, vice versa, to what extent ASEAN’s NRM policies could contribute to mitigation of climate change. **Figure 4.8** correlates material consumption (expressed with the domestic material consumption indicator) and energy-related CO₂ emissions in major ASEAN, China, and India for 2009.

Figure 4.8. Domestic Material Consumption and Emissions in ASEAN



Note: DMC = domestic material consumption.

Source: Prepared by the authors.

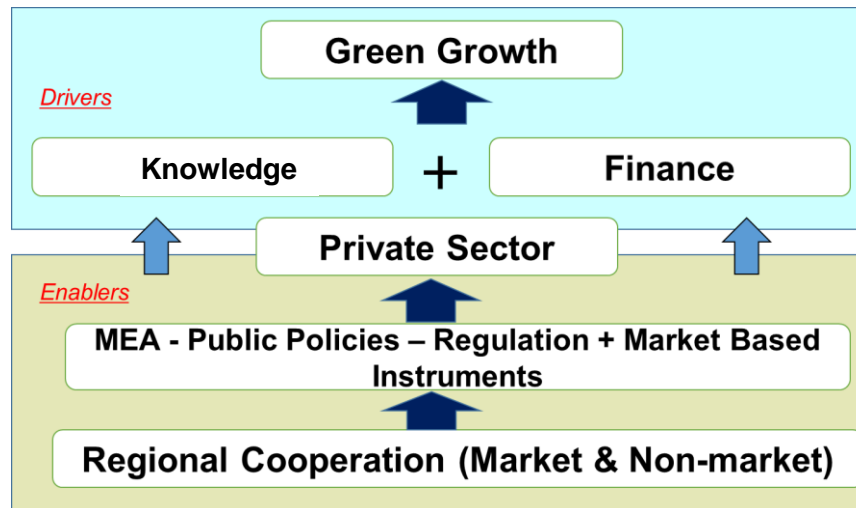
Recognising environmental risks and socio-economic benefits, policymakers are giving increasing weight to resource-efficient economic growth opportunities that will simultaneously bring down carbon emissions. While resource efficiency has increased significantly in some ASEAN

countries over the past 20 years, economic growth has in general overcompensated these efficiency gains (ADB, 2013b; Jacob, et. al., 2013). Efforts therefore need to be intensified to make future economic growth in ASEAN 'greener', and further decouple growth from material consumption and energy-related carbon emissions. Different policy priorities can be derived for the different groups of ASEAN countries:

- For countries with high and medium levels of resource consumption, targeted policies to drastically increase resource efficiency need to be implemented, clearly targeted at increasing efficiency and decreasing resource throughput. Resource- inefficient patterns of excessive consumption need to be identified and addressed.
- For the dynamic emerging economies, priorities are resource efficiency in building up their infrastructure, that is, fostering energy and material efficiency in buildings and transport systems, amongst others, as well as improving efficiency in their basic industries, such as metals, chemicals, and pulp and paper. The challenge is to avoid being locked into material and energy-intensive development trajectories leading to levels of per capita consumption as high as those currently observed in industrialised countries.
- Countries with very low consumption levels will require support from other countries to increase material affluence to a humane level and reduce or erase poverty. This group of countries will be particularly dependent on the transfer of green technologies from abroad, in order to achieve these objectives with the highest possible resource efficiency.

Figure 4.9 illustrates an operative framework for accelerating green growth in ASEAN countries.

Figure 4.9. Operative Framework for Accelerating Green Growth in ASEAN Countries



Note: MEA = multilateral environmental agreement.

Source: Prepared by the authors.

A green growth paradigm could be an engine of new growth, improving per capita income and employment, provided new knowledge and financing approaches are integrated. The greater levels of job generation, technology advances, and economic stability, together with reduced vulnerability to price fluctuations, can be expected if national actions, regional initiatives, and multilateral environmental agreements are coordinated.

The transition to the above state will involve coherent efforts by many actors, national and subnational governments, the private sector, international organisations, and knowledge institutes. Although such a transition involves many activities, the following concrete policy options could take advantage of the opportunities available.

- Establish well-designed regulatory frameworks that can define the right conditions for market-based instruments and create incentives as well as remove barriers for investments in resource efficiency. Adequate regulatory frameworks encourage social enterprise creation and increase private sector confidence.
- Employ market-based instruments, such as eco-labelling programmes at the regional level, to improve efficiency in resource use and promote innovations in green technology. Placing a price on emissions and

pollution has been found to stimulate innovation as firms and consumers seek out green alternatives.

- Prioritise government investments and spending in areas that stimulate resource conservation. Green subsidies such as price support measures, tax incentives, direct grants, and loan support may be used to avoid lock-in effects as well as foster new industries in the energy, water, and emission reduction sectors as part of a combined ASEAN strategy to build comparative advantage and drive long-term employment growth.
- Limit government spending in areas that deplete resources. By artificially lowering the cost of fossil fuels through subsidies, deter consumers and industries from adopting resource efficiency measures that would otherwise be cost effective. Though subsidy reforms are possible in ASEAN, it is challenging given the vested interest in their maintenance. But there are numerous examples such as conditional cash transfer schemes where aid is targeted to poor households.
- Invest in capacity building, training, and education. The capacity to seize the opportunities available with cross-border infrastructure projects varies from country to country. National circumstances often influence the readiness of ASEAN economies and population to cope with the challenges. Training and skills enhancement programmes are needed to prepare the workforce for cross-border projects.
- Strengthen trade and governance systems through regional cooperation. The Kyoto Protocol of the United Nations Framework Convention on Climate Change has already stimulated growth of trade and investment in a number of economic sectors of ASEAN. The cooperation among ASEAN, Japan, China, South Korea, and India in establishing a regional market could be a significant factor in determining the speed and scale of the new green growth projects.

To further accelerate the process, an establishment of a 'Regional Green Corps,' a regional club of experts and change agents who could back up the national institutions, provide training, technical support, and helping hands. Ideally, experts in universities, technical institutions, industry associations, and volunteer networks could be mobilised through financial support as well as network development to participate in a regional enterprise. Participants in this programme could be drawn from young entrants to related professions, experienced professionals, and highly skilled retirees from the private sector. For some, the motivation to participate would be the ideal of service; for others, especially young people from

member states, the programme would serve as on-the-job training and an employment opportunity. It would also help accelerate the development of the next generation of technical experts to service rapidly expanding creative economic sectors. These programmes, in addition to materially supporting and accelerating the implementation of a resource use revolution, will create a regional feeling of hope and inspiration – intangibles that are important to meeting the new challenges that ASEAN faces.

Regional cooperation, particularly cooperation for investments through regional funds, could bring multiple economic, social, and environmental funds and thus accelerate green growth in ASEAN. Such a coordinated regional funding mechanism could not only generate additional funding from ASEAN dialogue partners but also support national commitments and targets. The establishment of one such fund mechanism, the ASEAN Environment Fund, could contribute greatly to the mobilisation of regional funds.

Finally, a network of research and policy institutions would keep a close and continuous eye on green innovations and developments emerging around the globe. It would provide analyses on new opportunities to further improve the implementation of the programme with better technologies and additional policy support. The newly established organisation ASEAN Institute for Green Economy could be made as an anchor for such a coordinated research, and knowledge-sharing programmes on green technologies and management practices. Further, ASEAN could strengthen its technical expertise by collaborating with international organisations such as the Economic Research Institute for ASEAN and East Asia (ERIA), the Global Green Growth Institute, and the Asian Development Bank Institute (ADBI).

The message from these recommendations is clear: Concrete policy options for accelerating green growth do not only exist; they are in fact being implemented to some extent by many countries throughout ASEAN. The governments that act early to establish green growth-enabling conditions will not only support the transition to resilient and sustainable development, but also ensure they are in the best place to take advantage of it.

IX. Epilogue

As this chapter has articulated, the post-2015 framework conditions have the potential to achieve a resilient and sustainable ASEAN on a scale

and at a speed not seen before. The potential drivers have been dynamically changing and require fundamental rethinking of our approach to the socio-cultural community. As this chapter has argued, a reallocation of public and private investments – spurred through the principles of shared governance, public participation, and regional cooperation – is needed to build up or enhance natural capital such as forests, water, land, fish stocks, and cities, which are particularly important for sustainable development. For that ASEAN should:

- Recognise that sustainable development is the main priority in ASEAN, an environmentally efficient and resilient development path provides an opportunity to contribute towards this objective in a more efficient manner. The shared governance policy framework to promote a resource-efficient development path needs to clearly demonstrate strategies for removing current knowledge, capacity, and financial barriers in order to reap the co-benefits of development and environmental preservation. Pursuing low-carbon and climate-resilient growth will benefit ASEAN member states more than current sector-specific approaches.
- To promote a better understanding of public participation, it would also be necessary to enable ASEAN to quantify clearly the benefits that come from community involvement in setting the targets for sustainable development goals, climate change actions, and monitoring the progress towards the Sendai Framework on Disaster Actions.
- The translation of national goals need regionally coordinated technology transfer and financial mechanisms through innovative policies. More creative financing schemes at the regional level will be needed to implement strategies for access to clean water services, reduce land degradation, and improve air quality, fostering resource efficiency, reduce carbon emissions, and climate resilient actions.

It is in the environmental and social self-interest of ASEAN to implement the above strategic actions on priority basis, through collaboration, cooperation, and coordination. The degree to which considered pre-emptive action takes primacy over forced reaction will determine the burden of resilience and sustainability on ASEAN economic integration beyond 2015. As the window of opportunity is narrowing, the cost of taking action is much smaller than not taking action. Delaying action on those fronts will only increase the costs of building a resilient and sustainable ASEAN.

Appendix 4.A. Benchmarking Climate Change Adaptation Initiatives

Several regional and subregional initiatives have been taken to ensure security of food supply, meet growing demands, and enhance climate resilience of the agriculture sector in Asia. **Table A.4.1** illustrates the benchmark practices as observed in several ASEAN countries and policy interventions that could augment the uptake of such activities.

Table A.4.1. Climate Change Adaptation Measures and Policy Options for Safe and Secure Food Supply

Adaptation Measure	Recommended Policy Option for Achieving Safe and Secured Food Supply
Near Term Actions (5–10 years)	
Crop insurance for risk coverage	Improved access to information, risk management, revised pricing incentives
Crop/livestock diversification to increase productivity and protect against diseases	Availability of extension services, financial support, etc.
Adjust timing of farm operations to reduce risks of crop damage	Extension services, pricing policies, etc.
Changes in cropping pattern, tillage practices	Extension services to support activities, policy adjustments
Modernisation of irrigation structures	Promote water saving technologies
Efficient water use	Water pricing reforms, clearly defined property rights
Risk diversification to withstand climate shocks	Employment opportunities in non-farm sectors
Food buffers for temporary relief	Food policy reforms
Redefining land use and tenure rights for investments	Legal reforms and enforcements
Medium-term Targets (10–20 years)	
Develop crop and livestock technology adapted to climate stress: drought and heat tolerance, etc.	Agriculture research (cultivar and livestock trait development)
Develop market efficiency	Invest in rural infrastructure, remove market barriers, property rights, etc.
Consolidate irrigation and water resources	Investment by public and private sectors
Promote regional trade in stable commodities	Pricing and exchange rate policies
Improve early warning/forecasting mechanisms	Information and policy coordination across the sectors

Capacity building and institutional strengthening	Targeted reforms on existing institutions on agriculture and skills development
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Source: Prepared by the authors.

Table A.4.2. Strategic Action Plans to Achieve Collective Targets

Pathway	Action
Increasing the development and utilisation of RE sources to achieve the 15 percent target share of RE in ASEAN power generation mix	<ul style="list-style-type: none"> - Promote technical cooperation to complement efforts on RE targets of ASEAN member states - Promote national RE programmes, available market and feasibility studies to investors, project developers, power utilities, and funding institutions - Monitor RE-installed capacity additions bi-annually
Enhancing awareness and information sharing and strengthening networks	<ul style="list-style-type: none"> - Organise media campaigns, conferences, seminars and workshops, and RE competition under ASEAN energy awards - Sharing information on research and innovation policies, market deployment policies, and market-based policies including the promotion successful cases of RE projects to encourage positive attitude in the further development of RE - Establish a network of R&D, training and education centres involved in RE to promote cooperation and synergy, with active participation of the private sector and other relevant organisations - Strengthen collaboration with leading regional and global RE centres to enhance ASEAN RE networks - Promote the use of CDM in the light of climate change and mitigation
Promoting intra-ASEAN cooperation on ASEAN-made products and services	<ul style="list-style-type: none"> - Propose harmonised standards for RE products - Develop the policy and system to strengthen local manufacturing

	<p>capabilities for RE technologies and products</p> <ul style="list-style-type: none"> - Encourage investment in manufacturing and fabrication
Promotion of renewable energy financing scheme	<ul style="list-style-type: none"> - Establish the framework for promoting innovative financing instruments or mechanisms to support and enhance RE projects implementation - Encourage involvement of the banking sector and financial institutions in RE projects - Strengthen collaboration with ASEAN dialogue partners and international agencies to support RE projects in member states
Promotion the commercial development and utilisation of biofuels	<ul style="list-style-type: none"> - Establish a functioning network consisting of key players in the biofuels and related industries to pursue cooperative partnership in R&D and to promote sharing information - Enhance commercialisation of biofuels - Develop harmonised specification for biofuels
Develop ASEAN as hub for RE	<p>Establish a working programme task force to stockpile the development of RE and prepare RE road map</p>

Notes: CDM = clean development mechanism; R&D = research and development; RE = renewable energy.

Source: ACE (2009).

Chapter 5

Engendering a Deep Sense of ASEAN Identity and Destiny

I. Introduction

Farish Noor (2015) puts it perfectly: ‘ASEAN is and has always been a *construct*...that was put together by deliberate agency: History did not determine its necessary genesis, and without the active agency to keep together and sustain it, it is an idea that can dissipate instantaneously.’ Herein lies the fundamental existential challenge of ASEAN: making ASEAN deeply felt (we feeling) and deeply owned (ours feeling) by ASEAN peoples who have a deep sense of ASEAN commonality (we are in this together). In the process, ASEAN loses being merely a construct ‘...put together at the behest of, and through the active participation, of nation-states and their respective governments’ (Noor, 2015, p.2) but instead becomes a living, breathing community.

It is worth noting that the Declaration of ASEAN Concord adopted during the ASEAN Summit in Bali in February 1976 includes in item 8 that ‘Member States shall vigorously develop an awareness of regional identity and exert all efforts to create a strong ASEAN community.’ It is also worth noting that the sense of an ASEAN identity was largely initially constructed in the context of international relations–security arena, perhaps reflective of the fact that the impetus for the formation of ASEAN was overwhelmingly anchored on the promotion of peace and stability in the region, especially in the light of ‘Great Power’ rivalry in the region (Acharya, 2001). ‘ASEAN identity’ has been most forcefully put forth in the context of a constructivist view of ASEAN and its role in the East Asia/Asia-Pacific regional order. As emphasised in the quote from Noor at the start of the chapter, ASEAN is a construct in the sense that it melded together countries with vastly different colonial histories, forms of government, and cultures and languages primarily through a deliberate effort at tapping regional cooperation and search for

regional approaches to solving intra-regional and extra-regional political-security concerns.

ASEAN was born in the late 1960s after a period of substantial interstate disputes and tensions in the region (for example, the Indonesia–Malaysia *Konfrontasi*), and as such, ASEAN was created as a mechanism to prevent war and manage inter-state conflicts, and indeed as initially tested by the Philippine–Malaysia dispute over Sabah that ultimately gave rise to the 1976 Treaty of Amity and Cooperation that reflects the ASEAN member states’ enduring commitment against the use of force in intra-regional relations. The changing dynamics of Great Power relations and as they bear on Southeast Asia provided further impetus for ASEAN in that, as former Foreign Minister Adam Malik of Indonesia said, mutual consultations and cooperation among the ASEAN original member states could enable the member states to have their views heard in the search for solution of regional problems (Acharya, 2001, pp.48–51). It was ASEAN’s successful steering of the peace process for Cambodia in 1991 that heightened ASEAN credibility so much so that countries in the Asia-Pacific region accepted ASEAN’s nominal leadership and institutional model as a basis for the ASEAN Regional Forum (Acharya, 2001, p.5).

Underpinning the success of ASEAN in substantially shaping the security arrangements in the region involving the Great Powers is the perceived unique ‘ASEAN Way’ of ‘regional interactions and cooperation based on discreetness, informality, consensus building and non-confrontational bargaining styles which are often contrasted with the adversarial posturing, majority vote and other legalistic decision-making procedures in Western multilateral negotiations’ (Acharya, 2001, p.64). The ASEAN way is usually compressed in terms of *musyawarah* (consultation) and *mufakat* (consensus), wherein consensus does not necessarily mean unanimity but rather of broad support (no objection from any member state). The stereotypical ASEAN Way helps define ASEAN in contradistinction with the stereotypical western approach. The so-called ASEAN Way is largely what defines an ASEAN identity in the context of international relations.

Acharya and Layug (2011) highlighted that ‘identity as in ASEAN identity is a fluid, indeterminate, and complex concept, and thereby offers significant analytic problems of definition, measurement, causation, identification, and delineation. At base, identity embodies ‘mutual identification, loyalty and we-feeling’ within the defined group as well as ‘differentiation from others’ not members of the defined group. For the purpose of this report, we differentiate two nuances of ASEAN identity; that

is 'institutional identity' and 'communal identity'. An ASEAN institutional identity is reflected by all the ASEAN institutions, programmes and initiatives, and processes. The prominent ASEAN institutions and processes are the ASEAN summits and the ASEAN Secretariat. They also include the numerous ASEAN committees and working groups as well as the hundreds of meetings being held every year.

An ASEAN institutional identity has evolved over time as it became less informal and more institutionalised as reflected in the expanding number of meetings of the various ASEAN-related institutions. In addition, the ASEAN coverage of initiatives has expanded tremendously, embodied in the blueprints and other action plans under the ASEAN Economic Community (AEC), the ASEAN Socio-Cultural Community (ASCC), and the ASEAN Political-Security Community (APSC). Thus, ASEAN's institutional identity as a *construct* that focused initially at ensuring pacific settlement of disputes and ensuring peace in the region has tremendously expanded in coverage and organisational processes, albeit far less centralised and with far less bureaucracy than the European Union against which ASEAN has tended to be compared.

Nonetheless, it is in the building of the ASEAN communal identity that is the particular focus of this chapter. The building of the ASEAN communal identity is the deliberate promotion of initiatives, processes, and sentiments of the 'we feeling', the 'ours feeling', and 'we are in this together' stated at the start of this chapter. To further the ASEAN Community, ASEAN identity has to move from the institutional perspective and towards a truly deep sense of ASEAN commonality, interconnectedness, belongingness, shared destiny, and greater public engagement and sense of ownership of ASEAN initiatives that define to a large extent the sense of ASEAN identity.

Towards engendering a deep sense of a shared ASEAN identity and destiny, this report highlights the importance of a more nuanced understanding of ASEAN's past in order to appreciate ASEAN's future, the need to deepen awareness and interconnectedness towards greater belongingness within the region, and the criticality of enhanced people's participation and sense of ownership of a 'responsive' ASEAN.

II. Understanding ASEAN's Shared, Hybrid, and Fuzzy Past¹

At present,...there exists no common sense of ASEAN or Southeast Asian collective identity that transcends the political borders of present day states...(T)here is no common history textbook or history curriculum that truly captures the manifold overlaps and continuities in Southeast Asian history, or which reflects the manner in which many communities that exist in the region today are really the net result of centuries of inter-mingling, overlapping and hybridity (Noor, 2015, p.4).

Some national histories tend to highlight instances of political contestation and conflict between kingdoms and polities of the pre-modern and precolonial period...What is missing from these nationalist accounts of conflict and rivalry in the past is the equally important emphasis on the extent of co-operation and active co-dependency between societies and polities in the past as well (Noor, 2015, p.5).

Despite the penchant to write national histories from the perspective of the nation as part of nation building, especially for ASEAN member states which have emerged from a colonial past, it is important to highlight the 'pre-modern' period before the establishment of nation states in the region when (Southeast) Asia was a fluid region without borders, and where fluidity and hybridity were the norm. A fuller picture of Southeast Asian history would add to the rivalries in the pre-modern era (that is, the period before the establishment of nation states) the other picture of a region as '... a network of inter-related and mutually dependent communities that also worked together' (Noor, 2015, p.5). As such, Southeast Asian history was shaped as well by the activities of merchants, migrants, settlers, and other non-state actors with the attendant development of trade and mutual exchange as well as networks of inter-related and mutually dependent communities that worked together, and not only at war or in conflict with one other.

Given the borderless pre-modern Southeast Asia, the region is home to many diasporic, migrant, and nomadic communities that transcend political borders in the most casual manner which can be glimpsed today through, for example, the Hmongs who live between Viet Nam, the Lao PDR, and Cambodia; the Bajo Laut sea nomads whose homeland is the sea and

¹ This section draws from and/or taken in total from the papers that Noor (2015) and Khoo and Fan (2015) prepared for this project.

who cross between Sulawesi and Kalimantan (Indonesia), Sabah (Malaysia), Mindanao and Sulu (Philippines); and the Dayaks straddling the borders of Kalimantan (Indonesia) and Sarawak (Malaysia). The above are examples of the natural, organic contact and interchange and are a manifestation of the Southeast Asian region being 'as global as it gets' during the 'pre-modern' period. Thus, for millions of ordinary Southeast Asians, multiple identities and multiple belongings are a living reality, which is meaningful and tangible in their daily lives (Noor, 2015, p.6).

It is worth noting that, to some extent, the ASEAN Community aims for the greater mobility of peoples within the region in the future, such that for example, hopefully 'a Singaporean youth may...be educated in Singapore, then marry an Indonesian, work in Malaysia, and retire in Thailand' (Noor, 2015, p.6). Thus, ASEAN effectively aims to some extent to hark back to the borderless pre-modern Southeast Asia but in the context of the modern period of nation-states.

Given the region's strategic geographical position between China and India and its role in monsoon trade in the broader Asia, ASEAN proved to be an important point for the convergence of cultures, religions, and histories. The long period of cultural immersion, interaction, and infusion and of peoples interacting with one another – and in the process, blending different forms of material culture to create new and novel objects or forms – has brought ASEAN's multicultural heritage. In short, **ASEAN had been as global as it gets.**

This is best exemplified by Malacca, which was effectively an entrepôt city state before its fall to the Portuguese, where, as the Portuguese explorer Tome Pires reported to the court of Ferdinand of Portugal, at least 90 different languages were being spoken at any given time (Khoo and Fan, 2015, p.2). Hyperbolic or not, the statement reflects the vibrancy of the entrepôt city state that was open to the multitude of peoples and traders from as far as the Middle East, China, and India. Arguably, Malaya was the melting pot in the region during the colonial period, coming from the extensive immigration of peoples from China and India and from Southeast Asia itself. Khoo and Fan (2015) point out that the forging of a culture in Malaya was '...essentially eccentric, idiosyncratic, polyglot, permeating all aspects of collective cultural life, from language to forms of cultural expression, music, performance, even religion' (p.6).

Khoo and Fan write further: 'the cultural heritage of ASEAN is reflective of the complex and cosmopolitan shared historical experience of the

Southeast Asian region. The diverse cultural traditions that exist today across ASEAN are distillations of shared historical processes and diasporic experience. This intangible cultural heritage should not be viewed through the lens of nationalism or present-day categories of identity. It is in such traditions that the cultural foundations of **a cosmopolitan sense of ASEAN-ness** are always present' (p.7).

Recommendations:

The key challenge is how the interconnected, fluid, and hybrid realities of Southeast Asia's past can be remembered, resurrected, and rendered meaningful and relevant in the present context, as a means of socialising the public across the region, and reawakening an interest and awareness of the interconnected past and common sense of shared belonging. In addition, it is imperative that efforts be made to immerse in and reclaim those aspects of cultural history that accentuate unity within difference, of the Southeast Asian cultural experience of an openness to cultural borrowings, and of the cosmopolitan sense of ASEAN-ness.

Towards this end, Noor (2015) and Khoo and Fan (2015) recommend the following:

- a. Include a wider, more nuanced, and more inclusive account of regional history' in member states' national history curriculums.
- b. Include 'patterns of movement, trade, migration, and settlement' which have shaped the region's human geography in the geography curriculums.
- c. Include 'a more complex, inclusive, and dynamic account of the historical development' to remind the society of the region's shared cultural-linguistic heritage.
- d. In general, the education system in ASEAN should emphasise that integration and cooperation in the region have been taking place through 'people-to-people contact, interaction, and mutual dependency, and co-operation'. A concerted effort in the education system should be taken to debunk the notions of cultural exclusiveness and uniqueness amongst member states.
- e. As the result of the above, ASEAN citizens would be more aware of the common shared historical-cultural roots, and will be able 'to live in a complex

world with multiple, sometimes overlapping identities', which the AEC and the ASEAN Community enable.

- f. Establish a comprehensive archive of cultural traditions that exist throughout ASEAN as a testament to the shared experiences of the region. The archive will be open to the public for research and reference.
- g. Highlight and emphasise the innately cosmopolitan historical experience of ASEAN through regional cultural exchange programmes, forums, and publications.
- h. Incorporate the shared ASEAN cultural and historical experience into the education curriculum of member states.
- i. Encourage and facilitate free movement of traditional artists in ASEAN to enhance interaction among cultural practitioners at the community level.
- j. Organise or facilitate an ASEAN festival of culture, free and open to the public, that will move amongst the member states. This festival could be arranged in partnership with cultural organisations in the region.
- k. Encourage the exchange of ASEAN cultural scholars.
- l. Create an international network of cultural institutions and organisations to learn from the experiences of other regions on how to enhance and develop the cultural life of ASEAN.
- m. Facilitate fieldwork, research, and documentation of cultural traditions in ASEAN member states.
- n. Create an ASEAN-based funding system (that is, grants or sponsorship) for research, documentation, publications, and projects on ASEAN culture.

III. Culture, Creativity, and Innovation: Growing a Creative Economy for an Enhanced National and Regional Identity²

There is one compelling reason for investing in archiving, understanding, and sharing cultural traditions and heritage in multicultural and polyglot ASEAN; that is, with the infusion of creativity and innovation, cultural resources become an important high value economic asset as a backbone of the creative economy, the development of which benefits member states and their peoples, enhances the sense of a national and regional identity, and helps ensure that traditions and cultural heritage remain vibrant and living. The challenge and opportunity are to draw from the cultural resources and make modern and contemporary applications through creativity and innovation, and thereby create greater economic value. As Pangestu (2015) points out, the motto is 'traditional in value but contemporary in spirit,' and consequently makes the traditions and cultural heritage remain alive (p.6).

A creative economy can be a significant contributor to the economy. In Indonesia, the creative economy accounted for 7.3 percent of GDP and 7.8 percent total employment in 2010. Creative products and services can be significant contributors to exports also. In Indonesia, about \$16.8 billion worth of creative products and services were exported in 2008, primarily design-related products and services (for example, architecture, interior, graphic, fashion, jewellery, toys), and publications and printed materials, but music and new media exports were growing fast. Creative products and services accounted for 9 percent of total Indonesian exports in 2010.

There is no clear-cut definition of a creative industry. The Indonesian Ministry of Tourism and Creative Economy classified creative industries in two dimensions: (1) main input (which can be tangible or intangible), and (2) dominant substance (media, arts and culture, design, and science and technology). Thus, creative industries cover a wide range of industries, such as printing and publishing, film, TV and radio, music, handicrafts, culinary, fashion, architecture, design, information technology and software, interactive games, and research and development (R&D). Despite the range of creative industries, what is perhaps striking is that most of them feed from the agglomeration of creative talents within some geographic clusters or

² This sections draws heavily from the paper of Pangestu (2015), which was prepared for the project.

communities. In its broadest conception, a creative economy is essentially ‘... mainstreaming creativity and innovation as the mover in all the other sectors’ (Pangestu, 2015, p.5). Not surprisingly, creative industries positively impact the business climate and investments through urban or geographic clusters with requisite physical, information and communication infrastructure, and perhaps more importantly the creative communities.

A creative economy positively impacts society by improving the quality of life of the workers in the creative industries: in Indonesia, workers in the creative industries earn more than workers in other sectors. Cities where creative industries thrive tend to be ‘... dynamic and exhibit high social tolerance because it is an integral part of the creative climate’ (Pangestu, 2015, p.9). Creative products derived from the diverse cultures in a country lead to a better understanding and deeper appreciation across different cultures. A vibrant creative economy enhances the identity and image of a country as it projects its arts and culture through creative products in the global setting. A country – and for that matter a region like ASEAN – with rich and diverse cultural heritage, language, and ethnicity as well as biodiversity (for example, Indonesia and Myanmar) has the unique position to strengthen its national branding through the interplay of culture, creativity, and innovation.

It is noted that the development of a creative economy, relying on creativity and innovation, is viewed as the fourth and latest wave of development, starting from resource-based development, then industrialisation, and the third wave, information technology and telecommunications-based industries. And it is interesting to note that in the present age of globalisation, a creative industry makes ‘local the new premium’ while at the same time bringing the ‘global into the local’, in effect the modern equivalent of Southeast Asia’s position as the melting pot of cultures during the earlier period of sailing ships rather than planes and the Internet. And since the hotbeds of creative industries are open and socially tolerant societies (in addition to technological and infrastructural connectivity), the cultivation of the creative economy provides the impetus for the enhancing of the tag ‘ASEAN society is as global as it gets’ not only in the past centuries but also now and in the future.

In order to develop a creative economy, Pangestu (2015) lists key requirements and some recommendations:

- **Quantity and quality of creative human resources.** The creative work force for the creative industry includes scientists, engineers, architects,

designers, educationists, artists, musicians, and entertainers apart from skilled technicians. It is apparent from the list that the workforce that will drive the creative sector is highly skilled. Among the recommended measures to develop and have sufficient creative human resources are:

- a. Include in the curriculum and adopt methods of teaching that nurture creativity in the education system starting from a young age.
- b. Develop specialised skills training in the various creative fields (music, animation, film, programming, craftsman, design, amongst others) at the vocational and higher levels of education.
- c. Revitalise the informal educational system through the teaching of music, dance, arts, and culture from a young age through community centres and way of life, which is practised in many parts of Indonesia (and likely, in ASEAN).

• **Conducive environment for creative human resources and entrepreneurs to thrive.** Among the factors that can create a conducive environment are:

- a. Adroit balancing of ‘... providing the level of freedom for prolific creation (on the one hand) and regulations to ensure control in terms of protection of (intellectual) property rights, following the legal system and control of content and dissemination with morality and privacy considerations (on the other hand)’ (p.11).
- b. Fiscal and non-fiscal incentives. This may include tax breaks for entrepreneurs, venture capitalists, and workers in the industry, as well as the creation of public spaces (art galleries, performing arts buildings, amongst others) and national arts endowments, which often are public–private partnerships.
- c. Appreciation for creative products and services. National and local governments and all other stakeholders can help organise events, provide information and public spaces to introduce and highlight creative products and services available in a country. Countries can host domestically or participate abroad in music, film, and performing arts festivals and other events. Local governments can provide community centres, town squares, and major thoroughfares as places for performances and exhibitions. Governments can upgrade facilities like museums and performing arts buildings.

• **Access to information technology, other technology, and raw materials for the production of creative products and services.** This may

include the establishment of community-based creative clusters to help provide creative individuals and microenterprises the supporting technology and raw materials.

- **At the regional level, the creative industry is linked with the AEC and the ASCC.** For the AEC, this includes trade in goods and services, intellectual property rights, tourism and travel facilitation, and movement of professionals through mutual recognition agreements (MRAs). For the ASCC, there would be a need to fit projects (creative industries, education, creative cities, building a national identity, and cultural heritage) into a larger unified framework supportive of the development of the creative economy.

IV. The Role of Film³

Film is a powerful and accessible tool to engender an appreciation of the region's cultural diversity and richness, promote ASEAN awareness and a sense of community, help preserve and promote cultural heritage, promote cultural creativity and industry, and can be used for deeper engagement with the community. This helps build '...the sense of "belongingness" to come up with the "collective identity" that will make the individual members of the community "proud" to be an ASEAN person' (De la Rosa, 2015, p.4).

At the same time, the film (or more broadly, the audiovisual) industry is a major sector of the creative economy. Filmed entertainment amounted to about \$88 billion in 2013 (O'Brien, 2014, p.2) globally, although dominated by a few countries most prominently, the United States (Hollywood) and India (Bollywood) and to a less extent, countries like China (including Hong Kong), Mexico, and South Korea. In many cases, the most successful film industries have large home markets or have successfully cultivated extra-national markets (for example, South Korea for its popular television series offerings). No ASEAN member state is a globally significant player in the film industry, either in terms of film output or as a production base (production and post-production services to film companies). In fact, film industries in a number of member states cannot compete with Hollywood, Bollywood, Chinese, or even Korean movies and television series in their own domestic markets, so much so that the number of films produced in at least one

³ Film is defined more broadly here more than just movies; it can include quite a bit of television fare such as sitcoms. While there are other aspects of culture, film so broadly defined is especially important for its accessibility, portability, flexibility, and malleability, variety of formats and channels, and capability to reach so many millions for its audience.

member state (Philippines) during the past decade has dramatically reduced. Yet, ASEAN consists of more than 600 million people with a large and rising middle class; as such it is a major market for film distribution. Thus, in principle, the large ASEAN market is an untapped resource for ASEAN filmmakers to rely on for robust growth.

As De La Rosa (2015) points out, films are mirrors of societies and, at the same time, are tools to tell stories that influence the understanding of millions. Given the diversity of the region in terms of religion, ethnic traditions and values, and diverse influences from the east and west, the search for an ASEAN identity is particularly difficult. Nonetheless, the continuous exposure to each other's cultures and way of life, in part through films, could bring forth the ASEAN character. ASEAN filmmakers can be agents of the search for common threads that bring ASEAN peoples together and upon which stories can be developed into films. This deliberate storytelling about the composite ASEAN person would eventually mould an image that could have its own identity.

The variety of formats (DVD and tapes, amongst others), venues, and channels (cinema, TV, cable, computers and mobile phones, etc.), and faces (adventures, comic, action, and travelogues) make films an attractive means to reach vast numbers and different groups of people. There is, therefore, great merit to supporting the film industry as a potent ally in the region's drive towards engendering and forming a deep understanding of ASEAN commonality and a deep sense of ASEAN identity.

The film industry in ASEAN varies tremendously in the level of development. Indonesia, Malaysia, the Philippines, and Thailand have the four largest film industries in the region, with a long history of filmmaking since around the start of the 20th century (1930s for Malaysia). At the other end of the spectrum are Brunei Darussalam (with the film industry barely getting off the ground), Cambodia (in rebuilding stage of the industry), and the Lao PDR (with only a few feature films produced so far). The varied levels of the development of the film industry amongst ASEAN member states present challenges and opportunities for cooperation within, and growth of, the industry.

The success of one Brunei Darussalam film that had cast and crew from Brunei Darussalam, Malaysia, Indonesia, and Hong Kong can be a precursor of future co-production projects within ASEAN (De la Rosa, 2015), and is a possible model for the smaller film industries (for example, in Cambodia and the Lao PDR) that may lack home-grown cast and crew. The varied levels of

film industry development provide opportunities for cross-border programmes for film production and post-production, capability building, and sharing of expertise and resources. Asserts De la Rosa (2015), 'film development can be an integrating program for ASEAN countries, with a dedicated program for exchange of expertise, experiences and systems, in-country programs for developing local filmmakers, archive development, development of cinema outlets like cinematheques,...film festivals to showcase cultural identities, joint training programs, regional competitions, etc.' (p.21). The potential of ASEAN member states as filming locations and production bases not only for the local industry but also for global film companies is increasingly being pursued or planned by some member states through the provision of grants, reduced fees, and facilitation support especially during location shootings; for example, Malaysia, Singapore, and the Philippines. Arguably, greater collaboration and sharing of assets, resources, and talent could increase further the chance of films being produced in the region, which could 'break out' into the global film and TV markets (O'Brien, 2014, p.3).

FILM ASEAN, a recently formed forum consisting of lead government agencies in charge of film development in the 10 ASEAN member states, aims to promote an ASEAN identity, film locations in all member states, and develop (or facilitate the development of) programmes in ASEAN such as regional training programmes, film studios in strategic countries, film archives for the region, and ASEAN film festivals. Some of these are already being undertaken by member states (for example, film festivals) and much filmmaking is the domain of the private sector. Thus, FILM ASEAN is expected to give importance to private sector interests, together with its goal of developing art and culture. Hence, the importance of the development of appropriate incentives for film production, especially in light of the stiff competition from Hollywood and Bollywood, amongst others, and in view of the usefulness of a robust film industry to help deepen the understanding of the commonality, despite diversity, amongst members and thereby a deeper sense of ASEAN-ness among the peoples of ASEAN.

Recommendations:

De la Rosa (2015) lists the following recommendations to strengthen the role of film in engendering ASEAN identity:

- a. FILM ASEAN could be represented in the Working Group on Content and Production formed by the Senior Officials' Meeting Responsible for Information. FILM ASEAN is composed of the lead government agencies for film development in member states. This is because the film-related agencies do not have access to the ASEAN committees that cover film and audiovisual images (for example, ASEAN Ministers Responsible for Information, Senior Officials' Meeting Responsible for Information, and Committee on Culture and Information.)
- b. Undertake a study to examine and compare the existing laws, policies, and taxes on film production, marketing, distribution, and exhibition, importation and exportation in various ASEAN countries, with a view to working out common standards and incentives to stimulate the free flow of ASEAN films throughout the region.
- c. Establish a network of cine club or film societies to encourage promotion and dissemination of ASEAN films.
- d. Establish an ASEAN film development fund.
- e. Conduct workshops and training programmes on filmmaking for students.
- f. Recognise excellence in filmmaking through ASEAN film awards.
- g. Undertake a study on the feasibility of having a regional film facility, for example, a factory to manufacture raw films and magnetic stock, ASEAN film archive, and regional studios.

V. Enhancing Awareness and Interconnectedness towards Greater Belongingness

A 'community' entails the sharing of values, norms, and symbols that give identity or sense of 'we-ness', with community members coming from a variety of identities, values, and ideas, who have direct relationship among one another in a variety of circumstances, and have a certain degree of reciprocity that express long-term interests (Moenir, 2014). In many ways, the initiatives under the AEC, the ASCC, and the APSC are efforts to build the ASEAN Community. In many ways, the ASEAN Community is a facilitated journey to a shared hybrid, but structured, future aiming to the return to the borderless communities of former times, interacting with one another thus resulting in peoples with fluid, multi-layered identities. The difference is that the process is structured and facilitated given the realities of nation-states. Thus, for example, the full implementation of the varied measures towards free flows of goods and services, investment, and skilled labour logically ends up in a borderless ASEAN; at the same time, it creates opportunities to build greater direct relationships and long-term interests among ASEAN peoples and firms, the critical elements in building a community. These AEC measures also engender greater interconnectedness as a result of intra-ASEAN investment, deepening of supply chain networks in the region, and the greater mobility of people and skills amongst ASEAN member states. Similarly, the vast number of regional cooperation initiatives and other initiatives in the AEC, the APSC, and the ASCC build further the shared values, norms, and ideas as well as strengthen long-term interests among member states and their peoples, with the deeper appreciation of shared problems, public space (environment), externalities (such as health epidemics and pollution), experiences, and many others, again deepening the essence of community. In short, the success of the ASEAN Community must be underpinned by the building of an ASEAN community.

An important pathway to the building of an ASEAN identity and community is to engender awareness and greater belongingness in ASEAN. The results of a few surveys on awareness of ASEAN and member states are both promising and concerning:

- The most promising and positive are the survey results of students in the region, an important foundation of the ASEAN Community and community of the future. The Thomson and Thiantai 2007 (Lewis and Pratidina, 2014; Tan and Sunchindah, 2015) survey of 2,170 students in the

10 member states, commissioned by the Asia Foundation, indicated that students across the region have a high level of familiarity of ASEAN and are generally positive about it. More importantly, the student respondents considered themselves 'citizens' of ASEAN, an indication of the students' attachment to the region and its peoples.

- A survey of 399 people across five major cities in Indonesia in 2009 to assess Indonesian public opinion on ASEAN and the ASEAN Community shows a high degree of awareness and understanding of ASEAN by the Indonesian public. Moreover, they are supportive of the ASEAN Community because they believe it will benefit the people, even if they had little knowledge about the ideas behind the Community (Lewis and Pratidina, 2014).
- An analysis of half a million tweets (in Twitter) on ASEAN and the 250 most influential tweeters from November 2003 to July 2014 in Bahasa Indonesia shows significant communication on ASEAN among non-state actors, specifically students. Also the number of tweets spiked when there is a major ASEAN event such as the meeting of the ASEAN Foreign Ministers or a meeting of the ASEAN Ministers of Science and Technology. Interestingly, most of the influential tweeters, mostly students, are not in Jakarta but in Yogyakarta, Medan, and Bandung. This seems to suggest that there is a '... growing awareness of and having a stake in ASEAN among young people' (Lewis and Pratidina, 2014, p.224).
- The familiarity of the ASEAN public about ASEAN is also manifested in the results of the Survey on ASEAN Community Building Efforts in 2012. However, the vast majority of the public lack a basic understanding of the ASEAN Community. Even in the business sector, nearly a third lacked a basic understanding of the role and purpose of ASEAN. And it is the AEC, and far less the ASCC and APSC, that the public knows about (Tan and Sunchindah, 2015). This focus on the AEC is also evident in the case of the tweets on ASEAN discussed above, presumably in view of the impending AEC by 2015.

The survey results suggest that the challenge is less about an awareness of ASEAN per se but of an understanding about ASEAN and its initiatives. Arguably, an understanding of ASEAN and its initiatives is essential to an appreciation of the community building efforts of ASEAN.

One means of promoting a greater understanding of ASEAN is the participation of the private sector and the public in the communication and

discussions about ASEAN. The private sector has indeed stepped up in recent years. Initiatives include the ASEANER, a youth-oriented ASEAN magazine, and the c-ASEAN Centre with a mission to build a regional knowledge hub on business start-ups and promote public knowledge, awareness, and understanding on regional integration. Other initiatives are the ASEAN Community Page with the mission to spread knowledge about ASEAN and bring ASEAN closer to its citizens, the Durian ASEAN which is an ASEAN-wide media house devoted to issues in the 10 member states, and the CIMB Young Leaders ASEAN Summit where 50 or so outstanding university students and fresh graduates in ASEAN debate on issues related to ASEAN economic integration (Tan and Sunchindah, 2015). All the above are continuing and institutionalised initiatives, rather than one-off affairs. The ASEAN Leaders officially tasked the ASEAN Foundation to promote regional ASEAN awareness and identity. The Foundation had undertaken many workshops, training, and forums towards this end. However, most of them are one-off events and the impact on awareness is mixed.

Nonetheless, ASEAN and the member states clearly have the major responsibility of communicating and disseminating information about ASEAN and its initiatives to the public given that ASEAN is largely top-down. As the results of surveys on awareness about ASEAN discussed earlier, while there is high awareness about ASEAN, more needs to be done to make ASEAN and its initiatives understood by the ASEAN public. The following are some of the **recommendations** meant to improve awareness and understanding about ASEAN among the ASEAN public (see Tan and Sunchindah, 2015):

- Create a committee or task force on outreach and communications within and/or reporting to the ASEAN Coordinating Council to better ensure high-level commitment to public outreach activities.
- Strengthen coordination and management arrangements so that the outreach programme is implemented more coherently, effectively, and timely in order to promote ASEAN awareness and develop a common regional identity.
- Develop a '10-year public outreach/stakeholder engagement strategic plan' building on the ASEAN Communications Master Plan and build on key ASEAN milestones such as the 50th ASEAN Anniversary in 2017. The information dissemination programme should be targeted and tailored to the intended audience, with the millions of schoolchildren as one of the identifiable target groups.

- Disseminate information more aggressively on the ASCC and its measures and programmes because most of the public's awareness on ASEAN focuses on the AEC.
- Include a built-in awareness-raising and public outreach component in all ASEAN programmes and projects.
- Upgrade the capabilities of the ASEAN Secretariat and other entities through enhanced facilities and well-trained personnel.

VI. Towards Enhanced People's Participation and Sense of Ownership of ASEAN

To promote a people-centred ASEAN in which all sectors of society are encouraged to participate in, and benefit from, the process of ASEAN integration and community building

ASEAN Charter, Chapter 1, Article 1, 'Purposes'

The ASEAN Charter explicitly aims for the participation of all sectors in the ASEAN regional integration and community building. In addition, the Charter explicitly aims that the ASEAN regional integration and community building initiatives benefit all sectors of society. The two are interrelated: participation of all for the benefit of all; in addition, participation of all for the sense of ownership of it (ASEAN) all.

People's participation includes the participation of both the business sector and civil society. Deep engagement of the private business sector is especially important to ensure the effectiveness and efficiency of many ASEAN initiatives primarily in the economic arena. Indeed the impact on people of ASEAN initiatives such as trade and investment facilitation is primarily through the private business sector. Deep engagement of civil society is especially important in ensuring that the ASEAN integration process benefits all, thus making ASEAN 'people-centred', while at the same time helping strengthen the bedrock of an ASEAN community which is the people's sense of ownership of ASEAN and its initiatives.

There had been private sector participation in ASEAN early on, best exemplified by the substantial contributions of the Track II process (involving

government officials' interaction in their personal capacity with the private business sector and academia including research institutions) of the ASEAN Institute of Strategic and International Studies (ISIS) institutions in international relations and security. The private business sector has been engaged in the ASEAN process, especially during the past one-and-a-half decades in the building of the ASEAN Free Trade Area and the AEC and highlighted by the involvement of the ASEAN Business Advisory Council at the ministerial and higher levels in ASEAN. It is the engagement of the civil society organisations (CSOs), sometimes indicated as the Track III process (involving government officials' interactions with CSOs) in the ASEAN process that has been more recent and contentious in the ASEAN.

Despite the fact that the participation of civil society has been more recent and more contentious, CSOs have already made a mark on ASEAN. Lopa (2012) provides a review of CSOs engagement with ASEAN up until 2011. CSOs' engagement at the regional level started in a significant way through the ASEAN Peoples' Assembly initiated by the Track II members of the ISIS network but which was eventually effectively superseded by the ASEAN Civil Society Conference and the ASEAN Peoples' Forum by 2005 and eventually suspended in 2009. Much of the CSOs' engagement has been on the advocacy side, starting significantly with the drafting processes of and consultations on the ASEAN Charter, and embracing issues and areas such as human rights, migrant workers, gender and child rights, disabled persons, indigenous peoples, extractive industries, climate change, and trade issues. Such advocacies have borne fruit in areas such as the ASEAN Declaration on Human Rights, a push for a legally binding regional instrument to protect and promote migrant workers, and include an ASEAN Disability Forum in the ASEAN Strategic Framework on Social Welfare and Development, amongst others. CSOs have also contributed their expertise in developing and monitoring at least one ASEAN initiative; that is, the ASEAN Agreement on Disaster Management and Emergency Response.

Most of the advocacies and engagement of CSOs with ASEAN have focused on the concerns of groups and people who are more on the periphery in the discussions on regional integration. Thus, they effectively force policymakers to take special consideration of the inclusiveness dimension of regional integration with a human face. Precisely because CSOs are the human face rather than numbers, they are potentially one of the most important partners of ASEAN in its efforts to communicate better with, engage deeper with, and engender greater and more fruitful participation of

the various stakeholders and the public in the ASEAN region. This is a key element of a people-centred ASEAN.

At the same time, ensuring that the deeper engagement between ASEAN and CSOs remains fruitful and creative in the various fields of contestation between various groups in the process of regional integration and national development and adjustment necessitates that CSOs bring to the table a variety of capacities. Thus, Lopa (2012, pp.69–70, 73) writes:

Articulating a people's agenda viz. ASEAN agendas demands full knowledge of ASEAN agendas and their impacts on the lives of peoples and communities in the ASEAN. It demands being able to articulate policy gaps and propose alternatives, through education, consultation and consensus building. It demands multi-stakeholder cooperation amongst civil society, academe and thinks tanks, the private sector and government officials.

Rooting regional campaigns at the national level demands ensuring that discourses and advocacies are understood and owned by the community, local, and national level organisations. It demands education work, consultation and consensus building.

Mounting campaigns at the regional level means that country delegations and voices are reflected at the regional level.

Seeing through targets into actual policy and institutional changes means being able to convince policy makers about the validity of civil society's policy proposals and these being reflected in government and ASEAN policy pronouncements and institutional mechanisms.

(R)egional civil society advocacies that are reflected on ASEAN policies, institutions and ways of working together contribute to social change at the local and national levels.

Lopa's statements bring out key elements towards fruitful informed conversations among ASEAN and CSOs; that is, articulation of the impacts of actual and proposed ASEAN policies and initiatives on the lives of peoples and communities, as well as ensuring that the regional advocacies are rooted in national advocacies. By implication, CSOs are engaged as much, and indeed possibly even more, at the national level in the dialogues and informed conversations with the government and the business sector on the

various aspects of national policy and strategy that directly or indirectly have a bearing on the ASEAN regional agenda. Lopa's statements also highlight the complementarity among the regional and national advocacies, and offer the possibility of regional ASEAN as a channel for influencing social change at the national level.

CSOs articulation of the impacts of actual and proposed ASEAN policies and initiatives, as well as of their alternative policies and strategies, on the lives of ASEAN peoples and communities is likely the best way CSOs can contribute to ASEAN. Ideally, such articulation of impacts and alternatives should be undertaken at the early stages of the deliberation and decision process in ASEAN. This implies that ASEAN could develop a strong culture of consultation, collaboration, and engagement with the public so that ASEAN is more responsive to the concerns of various stakeholders and that there is greater sense of public ownership of ASEAN initiatives.

In a similar vein, Pettman (2013) emphasised that strengthening engagement with the private (business) sector must be a priority for ASEAN, given the mixed record of private sector participation in the ASEAN process in standards and conformance. Specifically, while some private sectors are well organised and engaged, others are neither organised nor engaged in the deliberations of the product working groups that concern them. Yet, arguably ASEAN is better served by strong industry input and expertise as it decides what international standards to adopt, what aspects of technical regulations to consider, and how to make the conformance system more effective and efficient. Pettman noted that more than 500 industry sector organisations are engaged with European Union bodies on regulatory issues compared to 19 accredited business organisations in ASEAN, although ASEAN focuses on fewer sectors than the European Union. Thus, for ASEAN, 'greater emphasis should be given to engagement with the private sector, to supporting information exchange, to developing mechanisms for feedback and support for the process, including expertise provision' (Pettman, 2013, p.18).

At the same time, Pettman suggests that private sector engagement should be within a strengthened and clearer framework that creates a level playing field among the various stakeholders. The following areas should be considered to deliver on this goal and create a level playing field for engagement:

- Criteria for involvement based on at least representation and value delivered should be created for the private sector with common minimum

standards applying to all sectors engaged at the ASEAN level that wish to engage with the regional group.

- Criteria should be established for ongoing private sector involvement, including the provision of an annual report by each sector based on a common template. These reports should include the following:

- Representation of the organisation. The composition of these organisations should be transparent to better promote engagement efforts by them to increase representation year on year.

- Rules and processes should be established for engagement, which are common across ASEAN.

- The value that the organisation has brought over the previous year and intends to deliver in the coming year.

- Measures that have been taken to involve small and medium companies, which form the backbone of the ASEAN economy.

- A clear commitment from ASEAN to the private sector on the minimum that they can expect from engagement if carried out according to the rules.

In addition, considering that ASEAN agreements need to be implemented, enforced, and verified, it is useful if the private sector organisations develop and present to ASEAN their evaluation of the progress of implementation (scorecard) and impact of the implementation of the AEC measures. Such feedback 'from the ground' complements the feedback from the CSOs and would help towards better management of the integration process in the region. Similar to the CSOs, it is important for the various industry associations to identify and address common issues that they face, and thereby help ASEAN and member states further in better managing the regional integration process.

Another means of enhancing people's participation and sense of ownership of ASEAN is to encourage more people-to-people initiatives involving or centred on the private sector. Perhaps the most enduring with long-term impact on better cross-cultural understanding and greater belongingness is an ASEAN programme of volunteerism similar to the Singapore International Volunteers programme in terms of the approaches of volunteering offered. Where a budgetary situation is tight, perhaps there can be a programme of specialist advice relying on the Internet for most of the interactions between the volunteer and the recipient(s).

People's sense of ownership of ASEAN is also enhanced by a 'Responsive ASEAN', that is, where the regulatory regime in ASEAN takes serious consultation with, and involvement of, stakeholders in the development and changes in the rules and regulations that are undertaken in conjunction with ASEAN agreements and/or in the context of deeper economic integration in ASEAN. A responsive ASEAN can lead to better streamlined procedures, clearer and transparent policies and regulations, and greater ease of doing business. The improved investment and business climate can be expected to translate into increased investments, higher employment and/or wages, and better economic well-being of the people.

Lastly, but no less important, is the need for greater information dissemination of and more communication with the public, not just the elite and the capitals but also the wider public, and the provinces and states outside the capitals.

In summary, this chapter highlights the importance of deeper engagement, participation, and sense of ownership of the business sector, academia, and civil society in each member state and in the region, as ASEAN deepens regional integration and builds the ASEAN Community to better manage the integration, adjustment, and development processes for the benefit of all. Finally, as Malaysia's former Prime Minister Tun Abdullah Ahmad Badawi said, the ultimate test of the ASEAN Community success is 'how well and to what extent the Community has brought meaningful and positive change to its 600 million constituents'. Taking this yardstick, then ASEAN is ultimately not about regional integration per se but 'for the people' in the region as well as 'by the people'. In the process, the people have a greater sense of ownership of ASEAN and its initiatives.

Chapter 6

ASCC Moving Forward Post-2015: Summary and Key Recommendations

I. It's High Time, It's ASCC Time!

Arguably, the first major and enduring achievement of ASEAN is on the political-security front; that is, the attainment of peace and stability in the region for most of the last quarter century, possibly the only region in the developing world with such a remarkable record on peace and stability. ASEAN was born in the late 1960s after a period of substantial disputes and tensions amongst the original ASEAN members, perhaps best exemplified by the Indonesia–Malaysia *konfrontasi*. To a large extent, ASEAN, in its early years was a mechanism to prevent war and manage inter-state conflicts as initially tested by the Philippines–Malaysia dispute over Sabah. Over the years, ASEAN has succeeded in facilitating the road to conflict resolution within the region, best exemplified by its successful steering of the peace process for Cambodia in 1991 and the eventual inclusion of the countries in conflict – Cambodia, Lao PDR, and Viet Nam – into ASEAN. The result has heightened ASEAN's international credibility and helped ASEAN become an effective platform on security-related matters in the East Asian region under the ASEAN Regional Forum, even if it is being tested again in the current tensions in the South China Sea.

Arguably, the second major and enduring achievement of ASEAN is on the economic front. Although there were regional economic cooperation initiatives since the early years of ASEAN, the process of regional economic integration started in the 1970s and 1980s with the preferential tariff arrangement and the industrial complementation programmes. Regional economic integration in ASEAN started in earnest with the signing of the ASEAN Free Trade Agreement in the early 1990s, culminating in the current efforts towards the realisation of the ASEAN Economic Community (AEC). The ERIA mid-term review of the implementation of the AEC Blueprint shows significant progress, although challenges remain. The year 2015 is a major

milestone in ASEAN's regional economic integration process because the ASEAN Summit in November 2015 is expected to announce the launching of the AEC. Even if 2015 is but a major milestone in the region's journey towards a truly fully integrated regional economy in the future, it is worth emphasising that nowhere in the world has a group of countries with extremely wide levels of development and economic and population size worked together over a wide range of areas in a deliberate path towards a fully functioning economic community, as in the case of ASEAN. Given that the AEC Blueprint regional integration measures are supportive of, and their implementation undertaken in conjunction with, national economic governance reforms (especially in the facilitation and liberalisation arenas) in the ASEAN member states, the market response has been positive: ASEAN is now a global investment hotspot, overtaking China in terms of total foreign direct investment (Intal, 2015), and where the regional ASEAN market is an increasingly important factor in the firms' decisions to invest or expand operations in the region.

Arguably, just as peace and stability provided the solid foundation for regional economic integration initiatives and that regional economic integration makes it more imperative to maintain peace and stability in the region, there cannot be lasting economic integration unless it benefits virtually all people in the region. There cannot be lasting peace and stability without the ASEAN peoples' deep sense of their commonality and belongingness and shared ASEAN identity and destiny, people-to-people connectivity, and engagement in the regional integration and community building process. In short, there cannot be a true ASEAN Community without a robust ASEAN Socio-Cultural Community (ASCC).

The drive towards an ASCC did not go in earnest as early as in the political-security and economic arenas. Nonetheless, a browse of the ASCC Blueprint measures brings out the remarkable variety and quantity of ASCC initiatives and activities, reflecting the energy, enthusiasm, and goodwill (including those of ASEAN's dialogue partners) in building a socio-cultural community in the region. Although many of the initiatives and activities are one-off, confidence building or capacity building affairs, they are a good foundation of what the ASCC is built on.

The challenge for the ASCC Blueprint is to be **transformative**; that is, it should drive the region to be more inclusive, resilient, environmentally friendly, and green, as well as open and appreciative of its diversity and unity, and where the regional and national institutions are more engaged with the people. This means that the blueprint would go to the next level beyond

confidence building and capacity building efforts and towards more concerted regional and national efforts for a greater collective response to current and emerging trends and threats, a greater focus on the environmental dimensions of the regional integration process and investing in people and institutions to facilitate better outcomes from development and regional integration. The ASCC would become the bedrock of a people-centred and people-oriented ASEAN that is inclusive and resilient, economically integrated, and dynamic, and is a haven of peace and stability in the world. The success of the AEC and the ASEAN Political-Security Community (APSC) draws in part on the success of the ASCC.

Thus, it is high time to invest more time and effort towards a robust ASCC. To this end, this chapter summarises the key highlights and recommendations in the previous chapters and the background papers that were prepared under the Framing the ASCC Post-2015 project.

II. Vision and Indicative Outcomes

The 1997 ASEAN 2020 and the Nay Pyi Taw Declaration on the Community's Post-2015 Vision signed by the ASEAN Leaders in Kuala Lumpur in 1997 and in Nay Pyi Taw in 2014, respectively, have clearly expressed their vision of the ASCC. The ASEAN Vision 2020 sees an ASEAN Community:

...conscious of its ties of history, aware of its cultural heritage and bound by a common regional identity...a socially cohesive and caring ASEAN where hunger, malnutrition, deprivation and poverty are no longer basic problems...where the civil society is empowered...a clean and green ASEAN with fully established mechanism for sustainable development to ensure the protection of the region's environment, the sustainability of its natural resources, and the high quality of life of its peoples...

The Nay Pyi Taw Declaration puts succinctly the central elements of the ASCC post-2015 as follows:

An ASEAN Socio-Cultural Community that is inclusive, resilient, dynamic and engages and benefits the people.

It is apparent that such vision remains an enduring challenge for the region post-2015. As discussed in Chapter 1, despite the remarkable success of most ASEAN member states in reducing dire poverty over the past two-

and-a-half decades, a large number of poor and marginally non-poor still remain. Hunger is still a problem in a few member states. Millions of children in the region do not have full primary education, which is becoming more of a handicap in view of the increasingly knowledge- and skills-dependent world we live in. Social protection is still a challenge for most member states. Given the above, it can be surmised that a significant portion of the ASEAN populace is vulnerable to sliding into deeper poverty or into poverty from adverse economic shocks like substantial food price hikes or from natural disasters. Indeed, ASEAN is prone to natural disasters and is very vulnerable to the adverse effects of global climate change.

In addition, pollution and resource degradation are increasingly serious in many parts of ASEAN. Hence, resiliency and the drive for green growth and sustainable development are important for ASEAN. All of the above are concerns against the backdrop of the need for many member states to improve their economic competitiveness through substantial improvement in their productivity growth, especially relative to important reference countries like China, which has registered a significantly higher rate of productivity growth than a number of ASEAN member states over the past two decades. This brings put the importance of investing in human capital as much as in physical infrastructure, bringing out the issue of the quality of education and efficacy of institutions. Finally, as the region deepens its economic integration, there is heightened salience to the challenge of turning ASEAN from a primarily 'institutional identity' (as reflected, for example, by the more than one thousand ASEAN-related meetings in a year) into a 'communal identity', that is, an ASEAN that is deeply felt and owned by the people.

The proposed framework discussed in the next section aims to address the concerns raised above and to accelerate the attainment of an inclusive, resilient, dynamic, sustainable ASEAN that engages and benefits the people in the region.

Indicative outcomes. Animating such vision as embodied in the ASEAN Vision 2020 and the Nay Pyi Taw Declaration entails '... clear and measurable ASEAN Development Goals ...' and the concomitant indicative outcomes and targets, which shape, and at the same time become the ultimate reference point for, the strategies and actions that are meant to drive, facilitate, support, and push the achievement of the goals and targets.

It is worth highlighting the importance of indicative outcomes and/or targets. This is best expressed by the report, *Realizing the Future We Want*

for All, on its evaluation of the Millennium Development Goals (MDGs), as thus:

The format of the MDG framework brought an inspirational vision together with a set of concrete and time-bound goals and targets that could be monitored by statistically robust indicators. This has not only helped keep the focus on results, but also motivated the strengthening of statistical systems and use of quality data to improve policy design and monitoring by national governments and international organizations (UN, 2012, p.6).

Not surprisingly, the United Nations (UN) Task Team on the Post-2015 UN Development Agenda retained this format of concrete goals, targets, and indicators – one of the major strengths of the MDG framework – in order to have ‘... a clear framework of accountability, based on clear and easy to communicate goals, operational time bound quantitative targets and measurable indicators’ (UN, 2012, p.8).

Table 6.1 presents the proposed indicators and targets related to the vision of an inclusive ASEAN. Most indicators in Table 6.1 are the same as the MDG or Sustainable Development Goal (SDG) indicators, considering that ASEAN considers the MDGs as mirroring the region’s commitment to building a caring and sharing ASEAN Community. There are additional indicators to the MDG and/or SDG indicators that give greater depth to and insight of the goal of an inclusive ASEAN. The inclusiveness indicators are on absolute poverty, inequality, education, health, remunerable employment, social protection, and social development–enhancing infrastructure. The proposed outcome indicators of a resilient and sustainable ASEAN are on food security, energy security, disaster preparedness and resiliency, and sustainability. There is one proposed indicator on ASEAN awareness, affinity, and participation.

Table 6.1. Proposed ASCC Post-2015 Indicative Outcomes/Targets

Area	Indicative Outcomes/Targets
Inclusive and Caring ASEAN	
Poverty and Hunger	
	<ul style="list-style-type: none"> a. Reduce the 2015 value by two-thirds, if not totally eliminate, extreme poverty, defined in terms of \$1.25 at 2005 PPP per capita per day by 2025, and completely eliminate it by 2030. b. Reduce the 2015 value of extreme poverty, defined as \$1.51 at 2005 PPP per capita per day by one-half by 2025, and by two-thirds by 2030. c. Reduce the 2015 value of the national poverty incidence, defined based on national poverty line, by one-half by 2025, and by two-thirds by 2030. d. Reduce the 2015 value of indicators of hunger by one-half by 2025, and by two-thirds by 2030. e. Reduce the 2015/2016 value of multidimensional poverty by one-third by 2015 and by one-half by 2030.
Inequality	
	<ul style="list-style-type: none"> a. Average per capita GDP growth in CLMV countries higher than the average per capita GDP growth of ASEAN-6 countries during 2016–2025 b. Gini ratio of less than 0.40 (or 40 out of 100) by 2025 c. Income (consumption) growth of the bottom 40 percent (or the bottom 25 percent) higher than the national average during 2016–2025
Human Capital and Social Protection	
Net enrolment rate in primary and secondary education	100 percent net enrolment ratio in primary education
	85 percent minimum net enrolment ratio in secondary education, male and female
Survival rate in primary education	100 percent survival rate in primary education by 2025
Youth literacy rate, male and female	100 percent youth literacy rate, male and female, by 2025

Percentage of stunted and wasting children below 5 years of age	Reduce by one-third the percentage of stunted and wasting children below 5 years of age.
Mortality rate of children below 5 years of age	Reduce by one-half the mortality rate of children below 5 years of age for Cambodia, Indonesia, the Lao PDR, Myanmar, the Philippines, Thailand, and Viet Nam; reduce to or maintain at 10 per thousand live births or less for Brunei Darussalam, Malaysia, and Singapore.
Immunisation rate against measles and DPT3 for 1-year olds	100 percent immunisation rate against measles and DPT3
Maternal mortality rate	Reduce the maternal mortality rate by two-thirds in Cambodia, Indonesia, the Lao PDR, and Myanmar; by one-half in Malaysia, the Philippines, Thailand, and Viet Nam; and maintain at 15–28 per 100,000 live births for Brunei Darussalam, and at less than 10 per 100,000 live births for Singapore.
Percentage of births attended by skilled health personnel	Births attended by skilled health personnel should be no less than 90 percent of live births.
Incidence of malaria and tuberculosis	Reduce by one-half the incidence of malaria and tuberculosis per 100,000 population.
Social Protection Adequacy Index	Develop social protection adequacy index, and then set some target improvement for 2025.
Remunerable Employment and Social Development	
Open unemployment rate at the lowest possible approximation of full employment	An unemployment rate of around 3 percent or less can be considered full employment.
Percentage to total employment of working poor at \$1.25 per day in 2005 PPP	Reduce by three-fourths by 2025 the percentage share of working poor to total employment.

Share of own-account workers and contributing family members to total employment	Reduce by one-fifth the share of own-account workers and contributing family members to total employment.
Incidence of child labour	Reduce by three-quarters, or eliminate altogether, incidence of child labour.
Access to improved water sources	Universal access (i.e. 100 percent coverage) to improved water sources
Access to improved sanitation	Reduce by one-half the deficit in the access to improved sanitation.
Access to electricity	Reduce by one-half the deficit in the access to electricity.
Access to information and communication technology	For Brunei Darussalam, Malaysia, and Singapore, reduce by one-half the deficit in the universal access to the Internet. For the rest of the member states, at least double the percentage of population who are Internet users.
Resilient and Sustainable ASEAN	
Food Security Index (FSI) /Rice Bowl Index (RBI)	Each member state to voluntarily offer indicators and targets for 2025 in those components of the food security index that are of special interest to them and to the ASEAN Community
Energy Security Index	ASEAN to develop an ASEAN Energy Security and/or Resiliency Index, based on the factors used in the ERIA index, and agree on some quantitative target as reference point for regional and national discussions and programmes of action
ASEAN Disaster Preparedness and Resiliency Index	ASEAN to develop and use an ASEAN Preparedness and Resiliency Index. ASEAN could use the agreements at Sendai as starting point for its indicative outcomes on disaster preparedness and resiliency for 2025.
ASEAN Environmental Performance Index (EPI)	ASEAN to develop an Environmental Performance Index (EPI). A modest rise (e.g. 10 percent) in the modified environmental vitality, air quality, and ASEAN EPI by 2025 may be warranted. What would be equally important is for member states to agree on a minimum score for the component variables of the indices by 2025; i.e. no zero score on any of the component variables by any member state.

Deep Sense of Shared ASEAN Identity and Destiny	
ASEAN Awareness, Affinity, and Participation Index	ASEAN to develop an ASEAN Awareness, Affinity, and Participation Index. The index is a weighted average of scores on awareness (of ASEAN and its initiatives as well as ASEAN countries), affinity (appreciation of historical and cultural linkages and of common regional concerns), and participation (in ASEAN processes and initiatives as well as of intra-ASEAN people-to-people activities).

CLMV = Cambodia, Lao PDR, Myanmar, and Viet Nam; DPT3 = diphtheria, pertussis, and tetanus shots until the third dose; PPP = purchasing power parity.

Source: Prepared by authors from Chapter 2.

Chapter 2 discusses the indicators and rationale for the proposed targets for the indicators. Some of the indicators are yet to be put into operation, for example, the ASEAN Preparedness and Resiliency Index, the ASEAN Awareness, Affinity, and Participation Index, and the Social Protection Adequacy Index. These proposed indicators reflect the view that clear targets and indicators help push the implementation and evaluation of the initiatives that are meant to support the attainment of the concerned goals and targets. It is noted that more indicators could be considered; for example, the number of labour strikes as an indicator of industrial peace. Nonetheless, it is preferable to have a more parsimonious list of indicators to have a more analytic, policy, and monitoring focus on the more important targets and indicators.

The proposed indicators and targets in **Table 6.1** express the goals embodied in the 1997 Vision 2020 and the Nay Pyi Taw Declaration on the ASEAN Community's Vision Post-2015. They are also important reference points against which the implementation of the strategies, policies, and programmes under the proposed framework of moving the ASCC forward post-2015 can be monitored and evaluated. The proposed framework and the strategies and proposed policies and/or programmes are discussed in the next section.

III. Proposed Framework, Strategies, and Recommendations

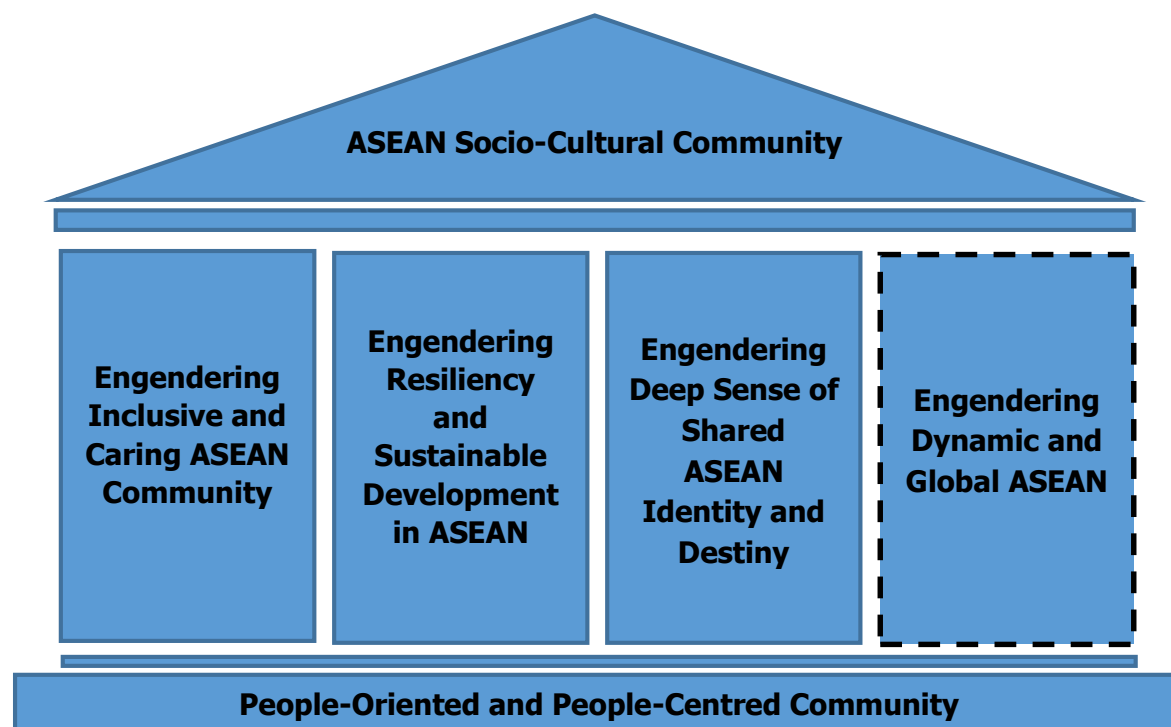
The proposed framework, as discussed in Chapter 2 and replicated below, follows the familiar 'pillars' approach to building a 'house': here, referring to

the ASCC. Drawing from the 1997 ASEAN Vision 2020 and the Nay Pyi Taw Declaration, four pillars (and characteristics) stand out as the key to building the ASCC, namely:

- Engendering an inclusive and caring ASEAN Community
- Engendering resiliency and sustainable development in ASEAN
- Engendering a deep sense of commonality and belongingness and shared ASEAN identity and destiny
- Engendering a dynamic and global ASEAN society

The four pillars (and characteristics) have the foundation of a people-centred and people-oriented challenge and perspective.

Framework of Framing the ASEAN Socio-Cultural Community Post-2015



Source: Prepared by authors (replicated from Chapter 2, Figure 2.1)

The proposed framework does **not** attempt to be exhaustive; other pillars (and characteristics) may be warranted to comprehensively address the critical elements of the ASCC listed above. Indeed, the proposed framework does not address the element on the ability to continuously innovate and be a proactive member of the global community, or what can be called the characteristic of a *dynamic and global ASEAN society*. This last element is

addressed in the ERIA publication, *ASEAN Rising: ASEAN and AEC Beyond 2015*.

IV. Engendering an Inclusive and Caring ASEAN Community

This report asserts that an inclusive and caring ASEAN Community could be achieved through engendering inclusive growth, investing in (especially basic) education and healthcare, strengthening assistance for and protection of the vulnerable population, and strengthening the monitoring and analysis of poverty and vulnerability including the impact and effectiveness of policies and programmes for the poor and the vulnerable. Policies for achieving inclusive growth are necessarily context specific; nonetheless, this report highlights the importance of growth in agricultural productivity and production, connectivity between peripheral areas to the urban centres, remunerative employment, and small and medium enterprises (SMEs) development. The provision of basic education and health care is an important foundation of social mobility and human capital development. Social assistance and protection, particularly in the form of social insurance for the vulnerable, as well as an improved regulatory regime for migrant workers, could protect the bottom 40 percent of the population who are more vulnerable to economic and natural disaster shocks than other groups.

Inclusive growth is economic growth marked with a reduction in poverty and the expansion of the middle class. Economic growth that is not widely shared with the bottom 40 percent of the population will endanger social stability, thus undermining the well-being of society. This report emphasises the following key strategies:

- **Agricultural and rural development.** This is important for some ASEAN member states where the agricultural sector remains a major economic sector, and the rural poverty rate remains considerable relative to the urban areas. Sustained agricultural development rests on robust agricultural productivity growth. Investing in agricultural research and development (R&D), rural education, electricity, irrigation, and good incentives are the key factors for rural poverty reduction as the experiences of countries such as China, India, and Viet Nam show.

In addition, **Table 6.2** presents other recommendations on trade promotion, development of value chains, soft and hard infrastructure, training, and targeted social safety nets, drawn from Vo and Nguyen (2015).

Most of the above-mentioned recommendations are the province of the AEC bodies, reflecting the strong economic dimension of inclusive growth. Nonetheless, the recommendations on targeted social assistance and training of farmers for greater employability bring out the complementary roles of initiatives under the ASCC. The current ASCC Blueprint under the social welfare and protection characteristic also includes the facilitation of a rural volunteers' movement and the exchange of young professionals in rural development in ASEAN, a potentially potent measure towards robust rural development and industrialisation in the region. **Table 6.2** shows the summary of recommendations on agricultural and rural development for inclusive growth from the project background papers and the ASCC Blueprint.

**Table 6.2. Summary of Key Recommendations on Inclusive Growth:
Agricultural and Rural Development**

From Project and Background Papers	From ASCC Blueprint 2009–2015
<ul style="list-style-type: none"> • Invest in agricultural research and development (R&D), rural education, rural infrastructure (roads, electricity, irrigation, etc.); improve the regulatory and facilitation regime in agriculture as well as provide good incentives structure (e.g. limited market/price intervention, reduction in fertilizer relative price). • Promote trade in agriculture, forestry, and fishery products; develop rural value chains and rural industrialisation through investment in hard infrastructure (e.g. roads) and soft infrastructure (e.g. rural transport logistics, information) and strengthened rural–urban links; promote training for farmers to 	<ul style="list-style-type: none"> • Intensify efforts to implement projects in Initiative for ASEAN Integration (IAI), especially on the second IAI Work Plan, and other subregional cooperation frameworks; provide support systems for family living under poverty; strengthen ASEAN cooperation in microfinance; establish ASEAN data bank on poverty incidence and poverty reduction programme; facilitate rural volunteer movement and the exchange of young professionals in ASEAN rural development. • Undertake assessment studies on the social impact of regional integration; adopt and implement regional advocacy programmes, such

From Project and Background Papers	From ASCC Blueprint 2009–2015
improve employability and reduce underemployment; provide social safety nets targeted at poor rural households, as well as the continuation of the sharing of experiences and best practices amongst member states and with ASEAN dialogue partners (Vo and Nguyen, 2015).	as on agriculture, marine and fisheries, agro-based industry, and integrated rural development.

Sources: Vo and Nguyen (2015), ASEAN (2009b).

- Expansion of remunerative employment.** In addition to raising the incomes of farmers and fisherfolk, the other most potent way of poverty reduction and growth of the middle class is the expansion of remunerative employment simply because labour and human skills are the most important assets of most of the poor. Thus, employment-biased economic growth for the member states – where there remains significant open unemployment and underemployment as well as the working poor in order to move the economies towards full employment and rise in average wages over time – is important. Also, a good industrial relations environment, investing in workers, and linking wage growth to productivity growth are important. This results in an industrial labour force that is increasingly skilled consistent with the industrial upgrading of member states.

Ofreneo and Abyoto (2015) emphasise the importance of social dialogue amongst the workers, firms, and government that supports a sound industrial relations system. The ASCC Blueprint also emphasises the incorporation of decent work principles in the work culture, safety, and health at the workplace. Skilling up of workers is a critical element of a decent work culture. Lim (2015) provides examples of mechanisms and institutions that support worker skilling up, while the ASCC Blueprint highlights the establishment of national skills frameworks and the eventual ASEAN skills recognition framework. This reflects the perspective that the workplace and firms are also learning centres; as such, facilitating the mobility of workers across ASEAN using the ASEAN skills recognition framework is also a ‘learning tool’ for worker upgrading as much as an efficiency enhancing measure from a regional perspective. All the above may call for what Lim proposes of changing trade unions’ basic objective from employment security to employability and

from a confrontational approach to a collaborative approach, as well as what the ASCC Blueprint highlights, which is the enhanced capacity of governments to monitor labour markets and human resource indicators. At the regional level, the ASCC Blueprint also focuses on the region-wide implementation of a regional plan of action on occupational safety and the establishment of a regional network of industrial relations experts. **Table 6.3** provides a summary of the key recommendations and actions on the employment and industrial relations front that ultimately engender the expansion of remunerative employment and the virtual elimination of child labour and the working poor.

Table 6.3. Summary of Key Recommendations on Employment and Industrial Relations

From Project and Background Papers	From ASCC Blueprint 2009–2015
<ul style="list-style-type: none"> • Implement employment-biased economic growth policies; improve social dialogue process amongst workers, firms, and government as well as implement good industrial relations practice; and link wages with productivity as well as encourage firms to invest in workers and good work conditions. • Manage industrial relations through (a) sustaining and deepening social dialogue amongst the workers, firms, and government that support sound industrial relations system; and (b) strengthening laws for the core labour rights and collaborate to upgrade the labour inspection capacity (Ofreneo and Abyoto, 2015). • Invest in workers and promote firms as learning centres through (a) setting up the Continuing Education and Training (CET) Master Plan; (b) developing and improving quality of vocational training systems; (c) changing trade unions’ basic objective from employment security to employability and from a confrontational approach to a collaboration approach; (d) 	<ul style="list-style-type: none"> • Enhance capacity of governments to monitor labour markets and human resource indicators; establish national skills frameworks and the eventual ASEAN skills recognition framework; implement a regional plan of action on occupational safety and establish a regional network of industrial relations experts. • Encourage the adoption and implementation of international standards on corporate social responsibility (CSR); promote sustainable relations between commercial activities and its communities through community based development activities. • Enhance the information technology skills of the workforce; develop a regional cooperation plan on skills development for women, youth, and persons with disabilities.

From Project and Background Papers	From ASCC Blueprint 2009–2015
government committing resources for workers' learning; and (e) promoting SMEs as learning and training centres (Lim, 2015).	

Sources: Ofreneo and Abyoto (2015), Lim (2015), ASEAN (2009b).

- Development of micro, small, and medium enterprises.** Most of the jobs created in the non-agricultural sector are with the micro, small, and medium enterprises (MSMEs). Thus, the expansion of remunerative employment involves the development of MSMEs. Interestingly, as women often head microenterprises, MSME development contributes to the empowerment of women also. Given the wide variety of MSMEs, the best way to support their development is apparently in improving the policy and regulatory environment facing them. The ASEAN SME Policy Index, developed by ERIA and the Organisation for Economic Co-operation and Development (OECD) in conjunction with the ASEAN SME Working Group, brings out the following key factors to improve the policy regime for SMEs: (1) improve SME access to credit, (2) ensure easy start-up and business-friendly regulatory environment, (3) improve SMEs' access to support services, (4) enhance the technological upgrading and innovative capacity of SMEs, and (5) promote entrepreneurial education (ERIA, 2014a). Although the SME Policy Index did not include microenterprises, virtually all the above recommendations are apparently supportive of the development of microenterprises. Nonetheless, micro-entrepreneurs would likely need support in entrepreneurship and managerial skills. The ASCC Blueprint 2019–2015 includes supportive measures to strengthening entrepreneurship skills of women, experts, and young people. Arguably, strengthening the managerial skills of micro-entrepreneurs can be an important initiative under corporate social responsibility (CSR) as well as business organisations, possibly with the cooperation of colleges and universities with business-related courses as is done in some cases in the Philippines, and which can be a region-wide initiative as a complement to or part of the ASEAN network of entrepreneurship experts (**Table 6.4**).

Table 6.4. Summary of Key Recommendations on Development of MSMEs

From Project and Background papers	From ASCC Blueprint 2009–2015
<ul style="list-style-type: none"> • Improve the policy and regulatory environment facing the MSMEs. • Improve MSMEs access to credit; ensure easy start-up and business-friendly regulatory environment; improve MSMEs' access to support services; enhance MSMEs' technological upgrading and innovative capacity; and promote entrepreneurial education. • Strengthen the managerial skills of micro-entrepreneurs through corporate social responsibility (CSR) activities and cooperation with universities. 	<ul style="list-style-type: none"> • Establish a network of women entrepreneurship, a network of entrepreneurship experts, and the ASEAN Forum on youth entrepreneurship.

Sources: ERIA (2014a), ASEAN (2009b).

- **Enhanced connectivity of peripheries to growth centres.** This is implied to a large extent by some of the recommendations on agricultural and rural development earlier, primarily through improved transport and communication infrastructure and logistics services. This also has a significant distributional implications. Given that many regional initiatives on trade and transport facilitation focus on major economic centres, largely the capital regions, within ASEAN, there is a danger that the domestic producers in the hinterlands would lose out to competitor imports from other member states in the major domestic consumer market, which is usually in the major economic centres and capitals. For archipelagic member states, efficiency and cost competitiveness of domestic shipping are also important, considering a comparatively higher cost of domestic shipping than international shipping on a per-distance basis in the two archipelagic member countries (Indonesia and the Philippines). This suggests the importance of engendering greater competition in the domestic transport and logistics industry, which for domestic shipping would imply easing cabotage regulations. The limitation of physical infrastructure is one major investment drawback in a number of member states, hence, the issue of improving the regulatory regime and institutional capability for public–private partnership becomes salient. The initiatives of the Master Plan on ASEAN Connectivity, especially on public–private partnership, and the AEC Blueprint measure on services liberalisation capture many of the key policy imperatives to enhance the connectivity of the

peripheries to the growth centres. Indeed for the master plan, there is a greater focus on connectivity of ‘peripheral countries’ with the ‘growth centres’ in the region, primarily through the enhancement of physical links along certain regional economic corridors and through more efficient trade and transport facilitation.

- **Investing in education and health.** *Being prerequisites of human development, education and health are a critical pathway for achieving inclusive growth. Investing in education entails investing in quality basic education, higher education, and adult life-long learning. Investing in quality basic education possesses the characteristic of investing in public goods. Its benefit goes beyond individual economic gains, but also social cohesion, cultural appreciation, and civic consciousness. If education for all is to provide opportunities for the poor, universal access to basic health is meant to minimise the possibility that ill health, especially prolonged and/or debilitating, could lead households and especially the near-poor towards a downwards spiral into poverty or deeper into poverty arising from such health shocks. There are a number of dimensions in which ill health interact with other components of poverty; that is, poor nutrition, poor shelter, poor working conditions, healthcare costs, erosive livelihood campaigns, and coping strategies that sacrifice long-term investments (for example, livestock, orchard) in favour of the urgent and present. Indeed, the poor are the least who can afford health shocks and debilitating ill health (Grant, 2005). Poverty-inducing health shocks can arise from the spread of communicable diseases and from events such as maternal or paternal death in a poor family. Thus, the ASCC Blueprint considers that one of the strategic objectives of enhanced social welfare and protection in ASEAN is to ensure access to adequate and affordable healthcare, medical services, and medicine, as well promote healthy lifestyles for all the peoples in ASEAN.*

- **Education.** To ensure basic education for all, the report’s key recommendations, especially for ASEAN member states without 100 percent net enrolment and/or with considerable school dropout rates (**Table 6.5**), centre on (1) ‘reaching the unreached’ (2) raising survival rates in basic education especially primary education, (3) improving the quality of schools and teachers, and (4) increasing the funding for education per student. Regional cooperation through the sharing of best practices, experiences, and capacity building is also important. The ASCC Blueprint 2009–2015 emphasises the promotion of equal access to education for women and girls and the exchange of best practices on gender-sensitive school curriculum. Considering the role of schools in the moulding the character of students, the

ASCC Blueprint also emphasises initiatives that strengthen awareness and understanding of other cultures and peoples, which contributes towards a deep sense of an ASEAN identity.

Table 6.5. Summary of Key Recommendations on Education

From Project and Background Papers	From ASCC Blueprint 2009–2015
<ul style="list-style-type: none"> • Improve the access to and quality of basic education by (a) ‘reaching the unreached’ through approaches such as building infrastructure to allow students easier access to schools, distance learning, and mobile teachers; (b) raising survival rates in basic education (especially primary education) through approaches such as conditional transfers, scholarships, supplementary and school feeding; (c) improving the quality of schools and teachers through approaches such as teacher training and teacher exchange within the region; and (d) increasing the funding for education per student. Regional cooperation through the sharing of best practices, experiences, and capacity building is also important. • Invest in quality basic education through (a) public–private mix in financing and operation, (b) using technology to provide distance learning, and (c) improving education inputs (Tullao, et al., 2015). • Improve higher education in ASEAN to equip students to be competitive on a global scale through academic foundation, community service, regional placement, and incubation programmes. Universities could also implement ‘excellence initiatives’ to improve competitiveness and promote inclusiveness (Sakamoto, 2015). 	<ul style="list-style-type: none"> • Advance and prioritise education through (a) promoting equal access to education for women and girls and the exchange of best practices on a gender-sensitive school curriculum; (b) developing technical assistance programmes, e.g., on training for teachers and staff exchange programmes; (c) promoting the use of open, distance education, and e-learning; (d) creating research clusters amongst ASEAN higher education institutions; (e) strengthening collaboration with regional and international educational organisations; (f) promoting ‘a semester abroad’ or ‘a year abroad’ programme; (g) establishing an ASEAN Youth Development Index; and (h) promoting early child care development through sharing of best practices and capacity building. • Promote the use of information and communication technology (ICT) at all levels of education; increase the ICT literacy of women, children, the elderly, and people with disabilities. • Establish a network of science and technology centres of excellence, strengthen collaborative research including through exchange of scientists and researchers, establish strategic alliances with the private sector on R&D.

Sources: Tullao, et al. (2015), Sakamoto (2015), ASEAN (2009b).

Basic education provides the fundamental basis for people to escape poverty; however, it is higher education and R&D that expand people's knowledge and skills as well as facilitating industrial upgrading, innovation, and improving the competitiveness of the economy. For ASEAN, the future of higher education should be the one that is affordable and considered to be high value to its students, connected to employment opportunities, and provide opportunities to study and/or work within the ASEAN Community. Higher education in ASEAN should move beyond the traditional education curriculum whereby the learning process is characterised by classroom learning and lack of community interaction, to one that will equip students to be competitive globally through the acquisition of entrepreneurial skills and innovation. Higher education in ASEAN should also foster the spirit of unity in diversity amongst students and strengthen collaboration amongst the universities in the region.

The report presents an innovative approach to ASEAN higher education that addresses the concerns indicated above. The proposed model of higher education for ASEAN is as follows (Sakamoto, 2015):

- Academic foundation, that is, collaboration of universities in the region to provide a core section of first-year courses offered in English;
- Community service, that is, inclusion of community service as part of the curriculum so that students can listen to the needs of society and do research in campus to address these needs;
- Regional placement, that is, providing opportunities to students to study in regional universities so that the student will have greater appreciation of the region; and
- Incubation, that is, facilitating students' final year projects in the form of incubation programmes to foster students' entrepreneurial spirit and to provide start-up resources. These initiatives could be started amongst the ASEAN University Network universities and then spread to other universities through cascade approach.

'Excellence initiatives' provide the approach that marries the drive for global excellence on the one hand and for inclusiveness on the other hand. Under excellence initiatives, participating universities present strategic plans to raise quality and reach higher status internationally; all students from participating universities, regardless of socio-economic status (especially the poor), are given opportunities to become involved under the model described above; and the participating universities collaborate together with students in the ASEAN Flagship study and research programmes (biofuels,

functional food, climate change, amongst others) and/or jointly with non-ASEAN universities leading to North–South–South capacity building (Sakamoto, 2015). It is apparent that government financial support is needed to undertake the excellence initiatives in ASEAN, as was done in other largely developed countries (for example, Japan, Germany, France, and China). This proposed model also supports the ASCC characteristic on a dynamic and global ASEAN society.

- **Health.** As indicated earlier, access to healthcare and promotion of healthy lifestyles is an important element for social welfare and protection under the ASCC Blueprint. Underpinning the emphasis on health in the ASCC is that, despite considerable improvements in the health related MDGs, there remain significant challenges in a number of ASEAN member states in child and maternal mortality, percentage of stunted children, incidence of malaria and prevalence of tuberculosis. The problem of non-communicable diseases (NCDs) is becoming serious in a number of member states. Injuries, especially from road accidents, are likely to worsen with the increased motorisation in ASEAN. Finally, there are increasing pressures on ASEAN's health status because its demographic transition is amongst the fastest in the world and as such the region has to address the issues of ageing. In addition, ASEAN is the most vulnerable region to natural disasters that will eventually have an impact on health.

ASEAN is aware of the importance of addressing the various health concerns in the region. Indeed, the ASCC Blueprint activities are many and wide ranging, which is commendable on the one hand because it reflects the enthusiasm of various stakeholders in and out of the region to work together to help address health concerns. However, on the other hand, the health initiatives are arguably too wide in scope and unwieldy for all of them to be implemented and monitored; hence the need for greater focus. The report proposes that for post-2015, the top priorities are basic healthcare and the (gradual) implementation of universal health care (UHC). UHC is important because it grants basic health care for all. The problem is that some ASEAN member states lack a supply of health facilities and/or infrastructure and personnel, which can only be addressed over time and with considerable resources. Thus, UHC would need to be implemented gradually, taking into consideration the increasing supply of health facilities and personnel and the member states' corresponding fiscal capacity. Other policies and strategies to address the inadequacy of supply include the provision of incentives for medical personnel to serve in remote areas, collaboration amongst medical

training institutions in the region through transfer of credits and student and faculty transfer, and easing labour restrictions to the movement of health professionals and investment restrictions to foreign investments in health facilities and services, albeit perhaps with some (but not severely restrictive) conditions. The implementation of UHC has implications on the issue of healthcare for migrants given the large number of migrant labour in ASEAN from other member states.

The prevention and control of communicable and non-communicable diseases round out the top five priorities on a descending ranking. The prevention and control of communicable diseases must necessarily have a substantial regional cooperation and coordination dimension. And indeed, the ASCC Blueprint has many important initiatives that are meant to enhance regional preparedness and capacity through integrated approaches to prevention, surveillance, and timely response to communicable and emerging infectious diseases. There is less cohesiveness in the activities for the prevention and control of NCDs because the diseases are much more varied (for example, cancer, diabetes, and accidents) and their prevention involves more efforts outside the health sector (for example, transport sector in road accidents) as well as significant lifestyle changes (for example, reduction if not elimination of tobacco and alcohol use).

In addition to the above prioritisation and the corresponding actions (**Table 6.6**), Picazo (2015) recommends incorporating some elements that are under-emphasised in the ASEAN post-2015 health vision: (1) governance and stewardship issues of healthcare public assets and social programme funds; (2) health regulation, especially on health technology assessment; (3) capital investment approaches to build hospitals and clinics; (4) persistent geographic inequity of health outcomes, particularly of indigenous peoples; and (5) the impact of climate change on health. It is best to look at them as comprising the sixth ranked priority for the health sector post-2015.

Table 6.6. Summary of Key Recommendations on Health

From Project and Background Papers	From ASCC Blueprint 2009–2015
<ul style="list-style-type: none"> • For post-2015, the top priorities for ASEAN member states' health agenda are (a) basic healthcare; (b) (gradual) implementation of universal health care (UHC); (c) provision of incentives for medical personnel to serve in remote areas, collaboration amongst medical training institutions in the region through transfer of credits and student and faculty transfer, and easing of labour restrictions to the movement of health professionals and of investment restrictions to foreign investments in health facilities and services; and (d) prevention and control of communicable and non-communicable diseases. (NCDs) • To realise the UHC: (a) provide adequate financing and improve the system's efficiency; (b) provide rural-biased incentives for health personnel; (c) reach the unreached and carefully design the stages of UHC expansion; and (d) carefully design the incentive structure and develop strategies for implementation, monitoring, and evaluation. • Improve health outcomes in ASEAN through (a) incorporating some elements that are under-emphasised in ASEAN post-2015 health vision; (b) improving the existing health indicators; establishing partnership with other bodies/groups; and (c) strengthening regional collaboration in producing and analysing aggregate regional and comparative data; identifying, analysing, and proposing collective solution to emerging regional health issues, and 	<ul style="list-style-type: none"> • Improve access to healthcare and promotion of healthy lifestyle through (a) undertaking accessible, affordable, and sustainable information and educational drive as well as public health policies' advocacy activities to encourage healthy lifestyle and behavioural change; (b) developing and adopting a framework for unhealthy food and beverages; (c) providing adequate incentives and better working conditions for health workers; (d) encouraging public-private partnership, community empowerment, and gender-sensitive policies in improving health standard; (e) promoting capacity building programmes and training on pharmaceutical management, stability, bio-availability, bioequivalence, clinical studies, etc.; (f) establishing and maintaining an ASEAN nutrition surveillance system; and (g) promoting rational use of drugs, especially antibiotics, and promoting the use of traditional/complementary medicine and alternative medicine. • Control communicable diseases through (a) strengthening regional collaboration in prevention, control, and preparedness for emerging infectious diseases in line with international frameworks; (b) promoting sharing of best practice in improving access to primary healthcare by people at risk/vulnerable groups, especially on HIV and AIDS, malaria, dengue fever, tuberculosis, and emerging infectious disease; (c) strengthening cooperation to prevent and control infectious diseases related to climate change, natural and man-made disasters; and (d) tackling the

From Project and Background Papers	From ASCC Blueprint 2009–2015
<p>documenting good practices in health service (Picazo, 2015).</p> <ul style="list-style-type: none"> Strengthen regional cooperation, coordination, and response to regional and sub-regional health concerns through (a) preparing for the population ageing phenomenon; (b) improving collection system for the disaggregated data; and (c) working and coordinating more closely with regional actors and entities to avoid duplicating structure and frameworks for health (Kumaresan and Huikuri, 2015). 	<p>issues of clean water, hygiene, sanitation, and waste management.</p> <ul style="list-style-type: none"> Ensure a drug-free ASEAN through (a) implementing preventive measures through family, school, workplace, and community-based programmes as well as public advocacy against the damage and dangers of drugs, continuing to share best practice and drug research data amongst member states; and (b) increasing access to treatment, rehabilitation and aftercare services to ensure full re-integration into society. In doing so, exchange of experience, expertise, and best practice should be strengthened as well as improving the capacity of drug-demand-reduction workers and drug control officers.

Sources: Picazo (2015), Kumaresan and Huikuri (2015), ASEAN (2009b).

Social assistance and protection for the vulnerable population is the third pathway for achieving inclusive growth. In substance, social assistance and protection works to ensure that the basic needs of the targeted poor and vulnerable groups are covered. The assistance and protection could be in the form of social insurance, such as pension systems, or in the form of social protection programmes, such as healthcare and severance payments.

The first is on pension systems. ASEAN is a region exhibiting population ageing at a relatively low per-capita income. As such, pension systems should be in place to ensure the elderly are able to obtain services that are adequate, affordable, and accessible. The pension systems in place in ASEAN vary significantly amongst member states. Additionally, social protection should be given especially to the vulnerable population, for instance, the poor, women, children, and the disabled. One of the global initiatives in this area is the social protection floor (SPF) initiative. The SPF is a nationally defined set of basic social security guarantees that ensures the needy will have access to essential healthcare and basic income security. As such, the SPF is clearly an initiative that fosters poverty reduction and achievement of inclusive society. Finally, migrant workers are amongst the vulnerable population in the region. In 2013, there were around six million migrant

workers in ASEAN, many of whom are lower-skilled, illegal, and/or work in informal sectors (Hatsukano, 2015).

To strengthen social protection in the region, the following are amongst the key recommendations (**Table 6.7**).

- **Social insurance.** Promote productive ageing and a longer economically active life for the elderly; improve the management of pension systems and healthcare systems, exploring unconventional sources; undertake financial innovations especially in the pay-out phase; and enhance professionalism of the pension systems.
- **Social protection floor.** Define an ASEAN SPF that is more consistent with ASEAN reality; develop action plans and set up national task forces on the implementation of the ASEAN SPF; develop a participatory approach in monitoring the implementation of the ASEAN SPF at the national and regional levels; and formulate a social protection adequacy index and set some target improvements for 2015.
- **Migrant workers.** ASEAN member states need to create more transparent and efficient recruitment processes for migrant workers; establish vocational training systems and centres to increase migrant workers' productivity; agree on a minimum standard of social welfare to be provided to unregistered workers; and develop mutual recognition arrangements (MRAs) on lower-skilled workers to achieve managed but freer flow of lower-skilled workers in ASEAN. The ASCC Blueprint highlights the most pressing and important action for the region at the moment, which is to put into operation the ASEAN Declaration on the Protection and Promotion of Rights of Migrant Workers. The ASCC Blueprint presents other important actions, including ensuring fair and comprehensive migration policies and adequate protection of all migrant workers consistent with the laws, regulations, and policies of member states.

Table 6.7. Summary of Key Recommendations on Social Assistance and Protection

From Project and Background Papers	From ASCC Blueprint 2009–2015
<ul style="list-style-type: none"> • Develop and implement a social protection fund (SPF) according to ASEAN context. The SPF would cover basic income security for older persons, social services and protection for migrant workers, and assistance to the poor affected by disasters. It is suggested for ASEAN to develop an ASEAN Social Protection Adequacy Index. • Develop action plans for the implementation of social protection floor (SPF); set up national task force and document ASEAN best practice on SPF; continue the participatory approach in implementation, monitoring, and evaluation (Mathiapparanam, 2015). • Promote productive ageing and longer economically active life for the elderly; better understanding of the causes of diseases affecting the elderly and thereby hopefully reduce their incidence and treatment costs; improve the fiscal space for the system through the improvement of the management of pension and healthcare systems, exploration of unconventional sources and undertaking financial innovations especially in the pay-out phase; enhance professionalism of the pension system (Asher and Zen, 2015). • Improve the regulatory and support environment for migrant workers through (a) creating more transparent and efficient recruitment process for migrant workers; (b) establishing vocational training system and centres to increase migrant workers' productivity; (c) member states agreeing 	<ul style="list-style-type: none"> • Provide social safety net and protection from the negative impacts of integration and globalisation through (a) undertaking studies on member states' social protection regime and enhance exchange of best practices through the network of social protection agencies; (b) exploring the establishment of a social insurance system to cover the informal sector; (c) formulating support system for natural disaster risk safety mechanism in agriculture, forestry, and fisheries; and (d) developing action and preventive measures against Internet and pornography as well as against the use of the Internet to disrupt social harmony. • Promote and protect the rights and welfare of women, children, the elderly, and person with disabilities through (a) establishing an ASEAN commission on the promotion and protection of the rights of women and children; (b) implementing regional and international programmes on protecting women and children; (c) promoting activities on improving the quality of life and well-being of the elderly, persons with disabilities, women, and children living under poverty; (d) improving social protection for the elderly and promoting research on the elderly's health issues; (e) using gender-disaggregated data to promote gender awareness; and (f) developing an ASEAN consortium of social welfare practitioners, educators, and schools of social work.

From Project and Background Papers	From ASCC Blueprint 2009–2015
<p>on a minimum standard of social welfare that needs to be provided to unregistered workers; and (d) developing mutual recognition arrangements (MRAs) on lower-skilled workers to achieve managed but freer flow of lower-skilled workers in ASEAN (Hatsukano, 2015).</p>	<ul style="list-style-type: none"> • Protect and promote the rights of migrant workers through (a) implementing the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers; (b) institutionalising the ASEAN Forum on Migrant Labour; (c) promoting employment protection payment of wages and adequate access to decent working and living conditions; (d) facilitating exercise of consular functions related to migrant workers; (e) facilitating data sharing and access to resources, justice, and social welfare services; and (f) strengthening procedures in the sending state and eliminating recruitment malpractices.

Sources: Mathiaparanam (2015), Asher and Zen (2015), Hatsukano (2015), ASEAN (2009b).

Finally, in support of the above-mentioned proposed strategies and actions, there is a need to **strengthen the monitoring and analysis of poverty and vulnerability** in the region. This means improving the database and analysis on the poor and the vulnerable and determining the impact of policies and programmes on these populations. As Sumarto and Moselle (2015) highlighted, there is a need to re-conceptualise poverty and welfare measurement with a greater focus on measuring multidimensional poverty. There is also a need to harmonise data collection efforts and introduce an ASEAN panel survey to enable more in-depth analysis and insights on the dynamics of poverty and vulnerability in member states and the region. Given the greater focus on inclusiveness and resiliency in ASEAN, it may be worthwhile to establish an ASEAN Poverty and Vulnerability Research Centre, or at least an ASEAN poverty and vulnerability research network and programme.

V. Engendering a Resilient and Sustainable ASEAN

The second framework for achieving the ASCC vision post-2015 is engendering a resilient and sustainable ASEAN. Given its location, ASEAN is a region most vulnerable to natural disasters. Tsunamis, earthquakes, volcano eruptions, typhoons, floods, and landslides are amongst the many frequent

natural disasters that hit the region. Natural disasters have disrupted livelihoods, interrupted the supply chain, and damaged infrastructure. In addition to life and economic loss, natural disasters also threaten food security where the poor populations are the most affected. Thus, the issue of food security in terms of availability, accessibility, utility, and stability are inherent in the resiliency agenda. Strengthened regional cooperation in the disaster risk reduction and disaster response activities are critical. ASEAN has laid the foundation of regional cooperation through the ASEAN Agreement on Disaster Management Emergency Response (AADMER).

Climate change is the other side of the coin in resiliency issues. In addition to raising average temperatures and sea levels, climate change also triggers more frequent natural disasters and threatens food security. As such, environmental issues or sustainable development generally is central for the resiliency of the ASEAN Community. Indeed, resiliency and sustainability are intertwined through climate change. ASEAN is the world's most vulnerable coastal region to climate change. The most vulnerable people in ASEAN to the adverse effects of climate change are the poor farmers and fisherfolk as producers, the poor as consumers, and people in the vulnerable zones. Given that the adverse effects of climate change fall most heavily on the poor, then ASEAN's drive for resiliency would need to be people-centric and not just system-oriented, anticipatory and not just reactive. ASEAN's drive towards sustainable development contributes to global action against climate change while at the same time engendering both greater resiliency of ASEAN to climate change itself as well as greater liveability of ASEAN, especially its cities, and enabling a more sustainable growth path. At the same time, however, this report highlights that environmental problems are characterised by 'wicked' problems, which are dynamic, complex, encompassing many issues and stakeholders, and thus evade straightforward lasting solutions. Herein lies both the promise and opportunity on the one hand and challenges on the other hand of the pursuit of sustainability and resiliency in ASEAN.

This report focuses on climate change and food security, disaster risk financing, natural resource management (NRM), hills to seas links, disaster risk management and financing, liveable cities, (trans-boundary) haze, energy, and the overall strategy of green growth. As is apparent in the recommendations below, a people-centred and people-oriented perspective to address the above-mentioned concerns provides a robust anchor towards enhanced resiliency and sustainability in ASEAN.

Resiliency. ASEAN member states need to invest in increased resiliency against natural disasters. Investing in resiliency towards natural disasters can go hand in hand with climate change adaptation activities. Acutely aware of the vulnerability of member states to climate change and disasters, ASEAN has given significant importance to regional cooperative efforts in **disaster management**, highlighted by the ASEAN Ministerial Meeting on Disaster Management, the AADMER and its work programme, and the ASEAN Coordinating Centre for Humanitarian Response on Disaster Management (AHA Centre), all working under the motto of ‘One ASEAN, One Response 2020 and Beyond: ASEAN Responding to Disasters as One’. Amongst the initiatives of the AHA Centre include the Disaster Emergency Logistic System for ASEAN and the AHA Centre Executive Programme. ASEAN aims to position AHA Centre ‘... as a world class disaster coordination centre and capacity building hub. ... AADMER is the common platform and regional policy backbone on disaster management, with the ASEAN Committee on Disaster Management as the main driver’. In addition to the AHA Centre, other noteworthy initiatives in AADMER include the ASEAN Emergency Response and Assessment Team and the ASEAN Disaster Management Training Institutes Network. It is worth noting that ‘... ASEAN Dialogue Partners, various partners and stakeholders, the United Nations, civil society organisations, and relevant international organisations have been engaged in the implementation’ of AADMER and AHA Centre initiatives.¹

ASEAN has come a long way in building resilience since the ratification of the AADMER, which is one of the most ambitious and comprehensive disaster risk management programmes in the world. Moving forward, ASEAN would have to grow and expand its resilience, taking note of its progress in the implementation of the Hyogo Framework for Action (HFA) and the commitments made to the Sendai Framework of Action, in order to achieve a broad vision of a resilient, inclusive, and competitive ASEAN. As such, the disaster risk management and climate change adaptation activities should be properly designed, implemented, and coordinated. The following are key recommendations for strengthening resiliency in ASEAN member states (Anbumozhi, 2015):

- Strengthened legal frameworks for improved coordination and to lead concerned subcommittees of national disaster management organisations.

¹ The information and quotes in the paragraph are taken mainly from the Chairman’s Statement of the Third Meeting of the Conference of the Parties (COP) to the ASEAN Agreement on Disaster Management and Emergency Response (AADMER) and the Second ASEAN Ministerial Meeting on Disaster Management (AMMDM), 16 October 2014, Bandar Seri Begawan, Brunei Darussalam.

This calls for the preparation of medium-term and long-term visions for disaster resilience as well as the greater devolution of power to local governments, especially in the large member states, to effectively respond to the needs of the people.

- Integrated risk assessment through disaster risk management and climate change adaptation lens for all new investments – whether financed by government, the private sector, or the international community – to protect the communities against hazards and economic risks.
- Formulate a detailed framework to monitor and evaluate the progress of integrated resilience capacity – potentially covering a wide array of legislative, regulatory, policy, planning, institutional, financial, and capacity building instruments and mechanism on a regular basis.
- Shift from a reactive to proactive disaster management, with most member states shifting from ex post to ex ante integrated disaster risk management philosophy. Integrating climate change adaptation and disaster risk management is increasingly important to capitalise on new financial resources.
- Member states working with other bilateral and multilateral partners and the international community to establish public programmes of financial support for improving the resilience of communities to leverage private financing.
- Member states working with regional knowledge institutes such as ERIA to establish a knowledge hub to facilitate, develop, exchange, and disseminate DRM data, best practices, and climate modelling tools.

The above-mentioned recommendations complement the ASCC Blueprint actions that call for (1) the development of regional systematic observation system to monitor the impact of climate change on vulnerable ecosystems in ASEAN; (2) the development of regional strategies to enhance capacity for adaptation, low carbon economy, and to promote public awareness to address the effects of climate change; and (3) encouragement of the participation of local governments, the private sector, non-governmental organisations, and the community to address the impacts of climate change. The last mentioned ASCC Blueprint action highlights the importance of the people-centred and people-oriented perspective of engendering resiliency and sustainability in ASEAN.

Most of the efforts of disaster risk reduction are at the national level, as expressed in the HFA and the recent Sendai Framework of Action. ASEAN has been one of the most active regional groupings in the HFA implementation and in the preparations for the Sendai meeting.

Anbumozhi's (2015) recommendations listed above can be viewed as concerted national efforts. At the regional level, given the wide-ranging initiatives under the AADMER, this report focuses on strengthening regional cooperation in disaster risk reduction and response financing. Various experiences and best practices in other regions of the world could be considered. The following are key recommendations from Liu (2015) for strengthening regional cooperation in disaster risk management financing:

- Mobilise more ASEAN-sourced funds to finance capacity building in member states for an effective disaster risk and response management.
- Provide adequate post-event response, rather than mainly focus on disaster risk reduction activities.
- Establish within-region risk pooling and mutual insurance for meeting the ex post needs. Of special interest here is an ASEAN contingency fund for post-disaster recovery and rehabilitation. In effect this is like an emergency fund in each member state that can be tapped according to some protocol and criteria for post-disaster response, recovery, and rehabilitation financing. This calls for political will from the leaders and political support from the community in each member state.

Climate change, in addition to causing economic loss, also poses a serious threat to **food security**. The abrupt change in seasonal weather patterns has caused harvest failure and various natural disasters that endanger food security. Towards people-centric resiliency and food security, it is important to understand the unequal and disaggregated impacts of climate change with significantly worse adverse effects on the food security of the poor. This is because climate change adversely affects mostly smallholder farmers and fisherfolk, the rural population, and the urban poor especially in disaster-prone areas, as well as the nutritional status of children, the elderly, and women.

Thus, it is important to bring the climate change–food security nexus into the ASCC, and not just food safety, which is the current focus of the ASCC Blueprint on food security. Toward this end are the following recommendations (Caballero-Anthony, et al., 2015):

- Recognise the inter-links between food security, climate change, and farmer livelihood by incorporating climate change adaptation for food security into the ASCC. The adaptation policies include:
 - institutional and governance measures (for example, strengthening collaboration with various research institutions);

- community-based approach (for example, using community rice reserve);
- science and technology (for example, using biotechnology and post-harvest technology);
- system innovation (for example, improving water management);
- financing and legal instruments (for example, microfinance and crop insurance); and
- climate monitoring system.
- Conduct downscaled, that is, subnational or area-specific, climate change impact assessments and improve capacity and expertise to formulate proactive adaptation policies.
- On the access dimension of food security, embark on anticipatory adaptation by addressing the root cause of vulnerability to climate change and natural hazards.
- On the utilisation dimension of food security (nutrition security), improve access to a variety of food, address nutrition volatility in poor families and nutrition support for children during the early stage of childhood and pregnant women.
- On the stability dimension of food security, diversify the sources of income for farmers and fisherfolk as well as establish microfinance instruments, legislation, and crop insurance.

Note that many of the recommendations cover the AEC, the ASCC, and the APSC. Thus, the measures could be done through shared governance amongst the three pillars of ASEAN.

Sustainable development. ASEAN has been facing environmental challenges in water management, deforestation and land degradation, air pollution, and climate change. Achieving economic growth should not only be about the accumulation of labour, physical capital, and technology but also about sustainable use of the region's environmental capital. Thus, a key challenge for sustainable development in ASEAN is the management of natural resources, which encompasses land, water, air, biodiversity, and agriculture, mining, tourism, fisheries, and forestry. Southeast Asia is a region blessed with abundant natural resources; yet it is facing intense challenges to properly manage the resources.

The ASCC Blueprint illustrates ASEAN's regional resolve in addressing the **NRM** challenges in the region. The blueprint lists a large number of wide-ranging initiatives in the areas of the promoting sustainable forest management, sustainable use of coastal and marine resources, and sustainability of freshwater resources. Amongst the many initiatives include

(1) implementation of regional strategic plans of action on forestry and water resources; (2) promotion of sustainable management and protection of resources through measures such as the creation of a network of protected areas to conserve critical habitats, integrated river basin management, promotion of reformed afforestation and reforestation under the clean development mechanism, and implementation of regional forest-related initiatives such as the 'Heart of Borneo' initiative; (3) promotion of resource sustainability in the coastal communities and communities living in and surrounding forests; and (4) strengthening of governance and enforcement measures against illegal logging, blast fishing, and other illicit activities affecting forest, coastal, and marine resources.

However, based on the results of the mid-term review, there are significant challenges in the implementation of NRM initiatives under the ASCC Blueprint, amongst which are as follows:

- (Lack of) alignment of national and sector plans in some member states
- Need for widespread involvement of all stakeholders
- Weak inter-agency coordination and partnership
- Need for institutional and legal reform towards an enabling environment for NRM in most member states
- Need for in-depth studies and information sharing

Given the importance of sustainable management of natural resources for the sustainable economic and social development of ASEAN member states and given the current significant challenges in the implementation of the ASCC Blueprint actions on NRM, the report proposes some reframing of NRM in ASEAN moving forward post-2015. Specifically, the reframing is 'NRM for better life' towards putting 'people at the centre of sustainable development' (Kalirajan, et al., 2015). This relatively more people-centric approach to NRM complements and strengthens the ASCC Blueprint NRM actions. This people-centric NRM for better life approach has three major characteristics (Kalirajan, et al., 2015):

- ***Adaptive, bottom-up approach.*** This calls for:
 - Stronger community involvement. This reflects that fact that each locality has its own environmental characteristics and natural resources. This necessarily presumes the need to build awareness of NRM issues by all stakeholders.

- Greater emphasis on learning by doing, given the risks and uncertainties inherent in erratic ecosystems and socio-economic environments.
- Feedback loops on policies and action plans on NRM from community to provincial to national levels and then to ASEAN levels for appropriate adjustments in action lines and harmonisation of policies.
- **Robust NRM monitoring.** An adaptive approach to NRM apparently necessitates robust and continuing monitoring of natural resource conditions and of programme performance. The monitoring of natural resources conditions, done in a scientific manner that ensures access to accurate and relevant information about conditions, includes examining trends of conditions using set indicators and benchmarks. Note that the ASCC Blueprint action lines, such as enhancement of capacities and human resources on R&D in the forestry sector, as well as the creation of regional systematic observation systems for climate change impacts, are consistent with the proposed enhanced scientific monitoring of natural resources conditions in ASEAN. The monitoring of performance includes examination of the nexus of the people, institutions, methodologies, and policies for the outcome of the programme.
- **‘Smart’, phased NRM action plans.** The essence of this characteristic is to set out the NRM action planning sequentially over the short term, medium term and long term, and that the action lines are preferably SMART; that is, specific, measurable, achievable, realistic, and time-bound.

Kalirajan, et al. (2015) discuss in greater detail this reframing of NRM in ASEAN, for ASCC post-2015.

ASEAN is rich in **biodiversity**. In fact, three member states (Indonesia, Malaysia, and the Philippines) are amongst the 17 mega-biodiverse countries in the world; however, the three are also ‘hotspots’ from rapid loss of biodiversity. Biodiversity loss in ASEAN is serious due to rapid agricultural modernisation, changing consumer tastes, rapid urbanisation, and poverty, amongst others. Moreover, there are major problems and challenges in biodiversity conservation and sustainable use in the region, including weak management of protected areas, the need for more marine protected areas, the need for widespread use of certification systems for biodiversity based products in sustainably managed protected areas, the control of invasive species, the need to strengthen in situ biodiversity linked with ex situ

conservation, and the need to strengthen staff training on plant genetic resources (Sajise, 2015).

Yet (functional) biodiversity² is important for climate change mitigation, adaptation and resilience, and for sustainability. Biodiversity and natural ecosystems contribute significantly to the region's socio-economic growth. Given the growing demands on agriculture and natural resources in the region arising from actors such as the rapid modernisation of agriculture, rapid urbanisation, infrastructure development, pollution, and land conversion, food security and sustainable development in the long run would call for '... continuing access to the genetic diversity of crops and their wild relatives that provide breeders and farmers with raw materials required to sustain and improve their crops' (Sajise, 2015, p.11). There is thus a need to mainstream biodiversity conservation into various sectors of society and economy.

The ASCC Blueprint sets out a significant set of actions on biodiversity that includes the ASEAN Heritage Parks, the ASEAN Centre for Biodiversity, sharing R&D experiences, exchange of experts and training, strengthening regional cooperation in the control of invasive alien species and of trans-boundary trade in wild fauna and flora, regional cooperation in the management of trans-boundary protected areas, and promoting local community involvement to maintain biodiversity conservation and forest health.

In addition to the above-mentioned ASCC Blueprint initiatives, this report proposes the following in support of mainstreaming biodiversity conservation and sustainable use in ASEAN post-2015 (Sajise, 2015):

- Highlight the value of protected areas as providers of ecosystem services towards the payment of environment services for the Protected Area Environment Fund. This will enhance the ASEAN agenda on the characterisation of protected areas as food and nutrition baskets for the countries and the region by linking it to the implementation of the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA) and the Globally Important Agricultural Heritage System programme of the Food and Agriculture Organization (FAO).

² As noted by Sajise (2015), not all biodiversity is good. Functional diversity is 'characterized and composed of species and communities arranged over time which have the characteristics of productivity, stability, equity and resilience' (Sajise, 2015, p.9).

- Related to the previous item, develop markets and value adding to promote underutilised crops to enhance the value of biodiversity and to support indigenous communities in protected areas.
- Support and monitor the enhanced exchange of biodiversity materials (under the Nagoya Protocol) and plant genetic resources (under the ITPGRFA) through existing ASEAN networks like the Regional Cooperation in Southeast Asia for Plant Genetic Resources and networks under the ASEAN Centre for Biodiversity.
- Strengthen links between national gene banks and the Consultative Group for International Agricultural Research (CGIAR) gene banks, amongst the national gene banks in ASEAN, and between the community seedbanks and the national gene banks. This calls for the protection of intellectual property and capacity building at the community level.
- Promote participatory plant breeding (by farmers) and ASEAN biodiversity field schools.
- Strengthen coordination amongst the ministries of natural resources, agriculture and forestry, local government units, and the academe.
- Develop an ASEAN consortium on research for biodiversity and climate change, preferably linked to the programme on climate change for agriculture and food security of the Consultative Group for International Agricultural Research. This can grow from the Research Consortium on Climate Change in Thailand and with universities in ASEAN that have climate change programmes (for example, the University of the Philippines at Los Baños), and can possibly be linked with the ASEAN Centre for Biodiversity.
- Develop a monitoring and early warning system for loss of plant genetic resources for food and agriculture, initially through the development of tools and methods of assessing this loss. This initiative can be an activity of the ASEAN Consortium on Research for Biodiversity and Climate Change and the ASEAN Centre for Biodiversity.
- Expand and improve education and training. Increasingly, the interest in human resource capacity with respect to plant genetic resources for food and agriculture (PGRFA) is from plants to molecular aspects and from the field to the laboratory. There are only very few specialists in the basic areas of PGRFA in the region.
- Strengthen promotion of public awareness on biodiversity and of the value of PGRFA conservation and use. Of interest here is the recognition of outstanding programmes for biodiversity conservation at the community, country, and regional levels through the auspices of ASEAN. This also includes

the need for better information coordination and of the right materials to be used in the public awareness campaigns with respect to PGRFA.

Community participation can promote nature conservation, as in the case of the Connectivity of Hill, Human, and Ocean (CoHHO) framework in Japan. The framework emphasises the connectivity of hills, humans, and oceans, an apt focus not only for Japan but also for most of ASEAN. The connectivity brings out the multidisciplinary nature of environmental issues. Equally important, the CoHHO framework was brought out starkly in the ‘the sea is longing for the forest’ movement that was started by an oyster farmer in Japan in 1989. The following are key recommendations to strengthen the grassroots movement towards environmental conservation in ASEAN (Tanaka and Hatakeyama, 2015):

- Address the environmental challenges through a holistic approach, for example, addressing river pollution problems by conserving the watershed.
- As most member states face the sea, the conservation of mangrove forests is critical to sustain coastal fisheries. The mangrove estuarine ecosystems themselves are intimately linked with upstream conditions; thus mangroves are clearly a tropical example of connectivity between forests and seas.
- Change the value judgement of present generations by taking account of future generations through environmental education for children. In doing so, create a system of locally based environmental education for children. Overall, balance the economy and environment for a sustainable future.
- Establish CoHHO-like studies in member states.

Promoting liveable cities, controlling in-country and trans-boundary pollution, and accelerating clean energy production and use all contribute to sustainable development and green growth. ASEAN will be preponderantly urban by 2025, and cities will be the engine of growth in most of ASEAN. As such, social welfare is affected by the quality of life in cities; hence, the challenge of engendering greater liveability and sustainability of cities in the region. Two important elements of this drive for greater liveability and sustainability are the control of pollution in the cities, including trans-boundary pollution (for example, haze), as well as the pursuit of green energy. At the same time, it is worth noting that it is in cities (and provinces) where there is greater opportunity and probability of stronger coordination of all relevant government agencies and institutions as well as greater participation of various stakeholders. Thus, cities offer as many opportunities as challenges towards a more sustainable, dynamic, and resilient ASEAN.

The fostering of liveable, low carbon ASEAN cities is an ‘... integrated approach that needs buy-in (commitment) from city executives, active involvement of the public and private sectors, flow of private sector investment, and cross-sectoral implementation of best practices and green/smart technologies and services’ (Kumar, 2015, p.27). Kumar (2015) proposes an ASEAN framework for liveable low carbon city development with the initial step of defining city vision and development as well as identifying key city stakeholders and the building of the core team and champions for the initiative. The next step of measuring emission baselines, identifying emission reduction opportunities and priorities, and from which the city identifies its targets, develop its action plans and interventions. The plan calls for setting out the implementation pathway and the establishment of a working group that oversees the implementation. At the ASEAN level, the regional cooperation involves sharing knowledge and experiences, learning from best practices, and developing regional support mechanisms.

Drawing from the above-mentioned framework for liveable, low carbon city development in ASEAN, the proposed ASCC agenda towards liveable ASEAN cities include the following (Kumar, 2015):

- Megacities and second-tier cities and towns measure emissions, pollution, and other environmental parameters. As indicated earlier, this serves as the baseline from which cities develop and implement workable emission reduction strategies and other strategies related to water, sanitation, and transport, amongst others. A corollary to this is the development of city indicators at the national and ASEAN levels that can provide impetus and incentives for cities to promote low-carbon growth.
- Initiate city-based working groups, drawn from local partners – the local government, the private sector, universities, and civil society members – that help develop the plans and activities and a bottom-up approach to city growth and greater liveability of the city.
- Encourage cities to initiate local policies toward green, low-carbon development that also serve as a prototype for expansion and upscaling at the national and possibly regional levels. This is because not all innovative low-carbon policies need to be initiated at the national level. Related to this is for national policies to be supportive of cities’ initiatives of mainstreaming low carbon, clean, resilient urban development in city development plans.
- Upscale existing ASEAN Initiative on Environmentally Sustainable Cities from the current 25 cities to at least 100 cities in ASEAN.

- Develop a knowledge management and information centre to share experiences and lessons learned on climate change resilient measures and financing schemes to maximise regional cooperation.
- Enhance international collaboration and sharing of experiences on low-carbon, green growth in cities.

Although urban pollution is an important concern in a number of ASEAN cities, it is the **(trans-boundary) haze problem** arising from land and forest fires that every year regularly bedevils cities and rural areas primarily in the Sumatra–Singapore–Johor (Malaysia) region that has been a major ASEAN concern. Estimates indicate large economic and health costs to affected areas in the region. That ASEAN significantly prioritizes the (trans-boundary) haze pollution problem is reflected by the Regional Haze Action Plan in 1997 and the ASEAN Agreement on Trans-boundary Haze Pollution in 2002. The ASCC Blueprint includes actions that include the operationalisation of the ASEAN Agreement, ASEAN Coordinating Centre for Trans-boundary Haze Pollution Control, and the securing of funds for the ASEAN Trans-boundary Haze Pollution Control Fund. Indonesia's ratifying the ASEAN agreement in September 2014 bodes well for joint efforts in the region to monitor, prevent, and mitigate the (trans-boundary) haze pollution problem.

Note that, while it is the trans-boundary aspects of haze pollution that have been the focus of ASEAN attention, the local effects of haze pollution are as serious as the trans-boundary effects. Thus, the haze pollution problem is as much a domestic problem as it is a (sub)regional problem. It is also worth noting that current high-resolution satellite and remote-sensing technology allows for real-time monitoring of land and forest fires. Also, it may be worth noting that about half of the fires in Sumatra have been within palm oil, pulpwood, and timber concessions. A number of the concessions in Sumatra are owned by foreigners, especially from Malaysia and Singapore. Finally, the trans-boundary haze pollution, along with other environmental challenges, are characterised as multidimensional or wicked problems. It should be seen not only as an environmental issue but also as agricultural–forestry land use and governance issues and an issue of effective internalisation at the local and national levels. As such, addressing the problem would require a holistic and inter-sectoral approach and action plan.

To dramatically reduce the intensity and frequency of the (trans-boundary) haze problem, the following are proposed (Sunchindah, 2015):

- Strengthen participatory monitoring involving various stakeholders and with the use of satellite maps of fires and concessions to help determine causes and accountability.
- Strengthen domestic capacity and (sub)regional cooperation (involving primarily Indonesia, Malaysia, Singapore) in comprehensive investigations of the fires to determine and prosecute accountable parties, including persons or entities from Malaysia and Singapore if so proven accountable.
- Strengthen domestic capacity and regional cooperation in firefighting, early warning systems, and monitoring.
- Educate farmers and locals on the economic, environmental, and legal consequences of burning forest and peatlands.
- Strengthen incentives for increased use of better land use management practices and technologies.

It may be best to put the above-mentioned recommendations into a protocol to the ASEAN Agreement on Trans-boundary Haze Pollution.

Energy is one of the most important lifelines in the modern world. It is also viewed as an effective way to end extreme poverty and promote inclusiveness. Around 20 percent of ASEAN's population lack access to clean and modern electricity. Not only faced with challenges to achieve universal access to energy, member states are also confronted with the challenge of generating clean energy. Thus, affordable and clean **energy** has both inclusiveness and sustainability dimensions. Access to affordable and cleaner energy is essential for improving the livelihood of poor households, promote economic growth and opportunities especially in the rural areas, and support the provision of social services and essential input for sustainable development goals (SDGs) in ASEAN countries. Clean energy is also important for sustainable development because the production and consumption of energy from fossil fuels are a major source of CO₂ emission and therefore of global warming that leads to climate change. The pursuit of clean energy is essentially a pursuit of renewable energy, primarily from geothermal, hydro, solar, and wind. The last two have been the most written about in recent years because the marked and continuing reduction in prices per unit of parts and materials, especially of solar panels, has made solar energy very promising even if the present cost of producing energy from fossil fuels and gas remains lower.

Interestingly, one key reason for the relatively high cost of producing energy from renewables which is that the sources tend to be in remote places that are far from the grid makes renewables promising as an energy

resource for inclusiveness purposes. This is because the poor without access to power are in the rural and remote areas that are not linked to the grid. Moreover, the land cost of solar or wind power in the rural and remote areas is much lower than in more developed areas close to the power grid. Thus, there is significant merit in encouraging renewables as the energy source for the poor, energy starved rural and remote areas and islands.

Nonetheless, renewable energy production is capital intensive, which means that the unit cost of energy produced is reduced significantly with the significant rise in the scale of production. However, given the relatively higher energy cost from renewables compared to oil or coal, it is the latter that remains the preferred source of base load energy. Thus, a substantial shift towards renewable energy as source of power would involve creative and flexible government support policies, specifically:

- **Flexible redistributive and transformative public expenditures to remove the bottlenecks towards renewable energy.** This effectively calls for government support expenditures for renewable energy in isolated, poor, and rural communities. In effect, pro-poor government spending on renewable energy becomes a foundation for inclusive growth given the importance of energy as a production input anywhere.
- **Flexible subsidies and banking sector development for increasing the rate of renewable energy enterprises that also create rural jobs.** Enhancing the job creation from clean energy production may call for skill development, specialised job training, and some financial development including new models of microfinance.
- **Broad-based fiscal reforms for inclusive and renewable energy business models.** This means the shift in the burden of taxation to ecological bads (for example, pollution). However, there is little progress on this in ASEAN and in many parts of the world. In the meantime, the interim solution is to provide subsidies to the production of renewable energy through the imposition of a tax on all energy users through the so-called feed-in tariff as is implemented in the Philippines.³

The issue of broad fiscal reforms raised above is one of the challenges of promoting **green growth**. Green growth is decoupling economic growth

³ Analytically, the feed-in tariff for renewable energy policy of the Philippines which is paid for by all energy consumers in the country is like a simultaneous energy tax (with energy from the more pollutive fuel-based energy) imposed on all energy consumers, the revenues of which are used to subsidise the production of renewable energy which has higher average production cost and therefore has to be paid a higher price.

from emissions and pollution, which implies a new growth paradigm where resource efficiency and job creation are achieved as co-benefits. The drivers of green growth are technology and knowledge on the one hand and finance on the other; in both cases, the private sector plays a central role. Encouraging the private sector to develop and use technology and knowledge as well as financing in support of a green growth paradigm entails a supportive enabling environment. This involves the following:

- Well-designed regulatory frameworks and appropriate and supporting policies, including appropriate pricing of natural resource services and goods as well as ecological bads.
- Prioritisation of government expenditure in support of resource conservation and efficient energy use and expenditure limits on resource-depleting activities (for example, eliminate subsidies on fossil fuel-based energy).
- Use of market-based instruments such as eco-labelling programmes.
- Capacity building, training, and education.
- Strengthened trade and governance systems through regional cooperation.

Finally, opting for ‘grow dirty now and clean up later’ can be too costly for ASEAN because some environmental degradation is not reversible. Thus, it may well be that ASEAN takes on the challenge and embarks on green growth trajectory moving forward post-2015.

VI. Engendering a Deep Sense of Commonality and Belongingness and Shared ASEAN Identity and Destiny

ASEAN is a construct, a deliberate melding together of member states with different colonial histories, languages, and cultures, through regional cooperation in order to solve intra-regional and extra-regional political–security problems and concerns (initially), to deepen regional (economic) integration (presently), and to foster community building into the ASEAN Community (increasingly). Presently, an ASEAN identity, as a means of mutual identification and differentiation from non-members, is largely institutional. This is reflected by all the ASEAN institutions, programmes, and initiatives, and perhaps more visibly, the ASEAN summits and the many

ASEAN-related meetings.⁴ It is also reflected in the international relations arena where an ASEAN identity is viewed in the context of the so-called ASEAN Way of *musyawarah* and *mufakat*. The major challenge is to deepen the ASEAN identity into an ASEAN communal identity.

The challenge of engendering an ASEAN communal identity means:

- Making ASEAN deeply felt by ASEAN peoples: ‘we feeling’
- Making ASEAN deeply owned by ASEAN peoples: ‘ours feeling’
- Engendering a deep sense of ASEAN commonality and destiny in a socio-cultural sense: ‘we are in this together’

In addition, there is the challenge of engendering a deep appreciation of the ‘cultural foundations of a cosmopolitan sense of ASEAN-ness’ (Khoo and Fan, 2015). All of the above call for purposeful initiatives.

Dig the past for the future. The first is to understand the shared, hybrid, and fuzzy past of ASEAN nations. ASEAN is home to some of the ‘messiest’ communities in the world who share overlapping identities. Acknowledging the interconnected, fluid, and hybrid past of Southeast Asia is the first step towards resurrecting and rendering the past to make it relevant and insightful to the making of ASEAN Community post-2015. This means the need to bring out Southeast Asia’s precolonial history of centuries of cooperation, trade, and mutual exchange amongst communities; of a region as a network of interrelated and mutually dependent communities and not only conflicts which undoubtedly also happened. Pre-war Southeast Asia was a home of many diasporic and nomadic communities that were fluid, hybrid, and multi-layered (Noor, 2015). This reflects relative freedom of movement of people within, to, and from the region as can possibly be surmised during a period without nation states with immigration barriers. It is this co-mingling of various peoples with different cultures that bring out that ASEAN’s diverse cultural traditions as the ‘distillations of shared historical processes and diasporic experiences.’

Being at the crossroads of the maritime route between China and India, precolonial ASEAN communities and cities hosted peoples from near and far (including from the Middle East) as best exemplified by precolonial Melaka, the region’s entrepôt city before there was Singapore, where, as the Portuguese explorer Tome Pires described, ‘at any given time, at least ninety different languages were being spoken’ (Khoo and Fan, 2015, p.2). In effect, at that time, if precolonial Melaka were the basis, the ASEAN region was ‘as

⁴ It is sometimes jokingly described that the ASEAN that we know is ASEAN in the hotel lobbies and not ASEAN in the streets.

global as globalisation gets’ and, to some extent, was ‘cosmopolitan’. It is this co-mingling of peoples and communities with little policy imposed barriers in the region that helped bring forth an ASEAN amalgam and/or a fusion of cultures.

Interestingly, ASEAN, with its AEC and ASCC Blueprints, is like a facilitated journey to the essence of the shared and hybrid pre-nation states past in the structured future of an ASEAN Community in the context of the present age of nation states. The AEC Blueprint’s objectives of free flow of goods, services, capital, and skilled labour is like going back to the precolonial period when there were little barriers to trading, investing, and movement of people. The ASCC Blueprint future brings back to some extent the precolonial past of the intermingling of peoples and cultures that give rise to hybridised cultures and as such of shared cultures.

With regard to culture, as the region shares overlapping cultures, the regional efforts to preserve the cultural heritage and cultural identity are critical. In the past, the syncretic interaction of cultures engendering greater commonality amongst cultures enlivens and brings forth dynamism and innovation in cultural pursuits. As ASEAN now moves towards greater integration, the cost of personal and cultural interaction would be much lower, which then could present the opportunity to bring back and strengthen the ASEAN cultural identity.

Table 6.8 presents recommendations, drawn from Noor (2015) and Khoo and Fan (2015), on digging up the past and preserving the cultural identity in the region in order to build a ‘we feeling’ amongst the ASEAN peoples in the present and the future. Amongst the recommendations are the following:

- Include ‘wider, more nuanced and more inclusive account of regional history’ in member states’ national history curricula. Related to this is the encouragement of more nuanced studies of Southeast Asian history.
- Undertake exhaustive studies and documentation of cultural traditions within the region, and ‘unravel the cultural ties’ amongst member states.
- Examine elements of an ASEAN identity, especially the distillation of diaspora and cosmopolitan shared historical experiences of the region, which was an ‘... important meeting point for the convergence of cultures, religions and histories’ during the precolonial era, and the implied experience of pluralism and syncretism. As such, ASEAN’s cultural heritage would be best

viewed not from the lens of nationalism (Khoo and Fan, 2015) but of shared heritage amongst member states.

- Disseminate extensively the new ASEAN history and cultural studies.
- Invest in culture. This means freer movement of artists, historians, amongst others, within the region. It means bringing more the shared experiences and commonalities amidst cultural diversities in the region into education curriculums.
- Consider the establishment of a Regional Competitive Fund jointly with the private sector to encourage research and studies on ASEAN history, cultural traditions, and elements of an ASEAN identity (the first three items above).

Table 6.8 also presents the ASCC Blueprint actions that include the establishment of an ASEAN cultural centre in each member state, promotion of cultural tourism, development of ASEAN courses, and risk assessment and preparation of emergency responses for the threatened cultural heritage, in addition to the documentation and archiving of ASEAN cultural heritage.

Table 6.8. Summary of Key Recommendations on Understanding ASEAN’s Shared, Hybrid, and Fuzzy Past

From Project and Background Papers	From ASCC Blueprint 2009–2015
<ul style="list-style-type: none"> • Strengthen the sense of common identity through inclusion of a wider, more nuanced, and more inclusive account of regional history, pattern of movement/migration, and historical development in national education curriculum (Noor, 2015). • Preserve the cultural identity in the region through (a) commissioning exhaustive study and documenting the region’s cultural tradition; (b) creating an ASEAN-based funding system for research, documentation, publication, and projects on ASEAN culture and promote cultural exchange programmes, forums, and publications; and (c) organising an ASEAN Festival of Culture and encourage and facilitate free movement of cultural artists within the region (Khoo and Fan, 2015). 	<ul style="list-style-type: none"> • Preserve and promote ASEAN cultural heritage through (a) documenting and managing ASEAN cultural heritage through the use of archives, e.g. records and archives of ASEAN Secretariat; (b) undertaking risk assessment and preparing emergency response for the threatened cultural heritage as well as developing national/regional instrument to protect, preserve, and promote cultural heritage; (c) promoting cultural tourism, traditional handicraft village, and community participation; (d) establishing an ASEAN Cultural Centre in each member state to promote capacity building in heritage management and interactions amongst ASEAN scholars, artists, and heritage media practitioners; and (e) including teaching of common values and cultural heritage in school curriculums; develop courses on ASEAN studies in all education levels, and support learning of ASEAN languages.

Sources: Noor (2015), Khoo and Fan (2015), ASEAN (2009b).

Creative economy and film. Film and the creative economy are two important channels through which a deeper understanding of the diversity and commonality of ASEAN peoples and cultures can be fostered and strengthened. At the same time, robust firm and creative industries are potentially important economic and employment drivers in member states. Film is a medium that can reach and translate to everyday life. It is a personal, accessible, and powerful medium of cultural expression information and engagement. The film sector can play a significant role in enhancing greater awareness, understanding, and interconnectedness towards a greater sense of belongingness of ASEAN peoples; to wit (De La Rosa, 2015):

- Promotion of ASEAN awareness and a sense of community by projecting the common threads, norms, values, and traditions that make the ASEAN community unique
- Preservation and promotion of ASEAN cultural heritage
- Promotion of cultural creativity and industry
- Engagement with the community, with many platforms of engagement; for example, cinema, TV, and the Internet.

The film sector is part of the creative economy, and the creative economy is a large sector in some member states (for example, Indonesia). As Pangestu (2015) points out, the creative economy, in addition to providing an economic contribution, also has an impact on the overall business climate, improving social life, strengthening the brand or image of a region, and promoting innovation. At its core, the creative economy is to ‘mainstream creativity and innovation as the mover in all other sectors’ (Pangestu, 2015, p.5). With the infusion of creativity and innovation, the cultural resources of member states become potentially important economic assets that can provide employment and benefits to the people, while at the same time enhancing the sense of a national and regional identity and helping ensure that traditions and cultural heritage remain vibrant and living. The challenge and opportunity are to draw from the cultural resources and make modern and contemporary applications through creativity and innovation, or as Pangestu (2015) puts it, ‘traditional in value but contemporary in spirit’, and thereby create economic value.

Table 6.9 presents the recommendations on enhancing the film and creative economy sectors as dynamic and contemporary channels of shaping and reshaping national and regional identities. Amongst the recommendations towards the development of the creative economy are the following:

- Implement education curriculum from the early years of education that promotes creativity while preserving local wisdom.
- Establish the regulatory regime, incentive structure, and support mechanisms (for example, financing and mentoring) that promote creative entrepreneurs and the creation of a business model that suits the creative (including film) industry.
- Address other strategic issues for creative economy development, especially on the quantity and quality of human resources; infrastructure, raw materials, and technology; and appreciation for creative products and services.
- Implement the AEC Blueprint and the ASCC Blueprint measures. It is noted that the growth of the creative economy in the region is also dependent on the implementation of the facilitation and liberalisation initiatives in the AEC Blueprint, especially on trade in goods and services, intellectual property rights, and travel and movement of people within the region. Similarly, the development of the creative economy in the region interfaces with the ASCC, especially with respect to education, the development of creative cities, the building of national identity, and enhancing of cultural heritage.

The ASCC Blueprint also includes the promotion of cultural creativity and industry through collaboration and networking as well as joint training amongst SMEs in member states involved in the creative industries.

Table 6.9. Summary of Key Recommendations on Enhancing the Role of Film and Creative Economy Sectors

From Project and Background Papers	From ASCC Blueprint 2009–2015
<ul style="list-style-type: none"> • Promote the use of film to enhance ASEAN identity through (a) undertaking studies to examine and compare the existing laws, policies and taxes on film industry in ASEAN with a view to harmonise the standards and stimulate free flow of ASEAN film in the region; (b) establishing a network of cine club or film societies; (c) establishing an ASEAN Film Development Fund and undertake a feasibility study on having regional film facilities; and (d) conducting workshops and training programmes on 	<ul style="list-style-type: none"> • Promote the use of film to enhance ASEAN identity through: (a) exchanges of television programmes; (b) utilising new media technologies, e.g. digital broadcasting; and (c) promoting ASEAN media industry collaboration. • Promote ASEAN cultural creativity and industry through (a) facilitating collaboration and networking between small and medium-sized cultural enterprises (SMCEs) and organise regular training programmes for the SMCEs; (b) exchanging best practices and promoting

From Project and Background Papers	From ASCC Blueprint 2009–2015
<p>filmmaking to students and recognise the excellence in film making through ASEAN Film Awards (De la Rosa, 2015).</p> <ul style="list-style-type: none"> Invest in cultural heritage and develop creative economy through (a) implementing education curriculums which promote creativity in the young population as well as preserve the local wisdoms; (b) creating a database on the resources and alternatives to different types of natural resources used in creative products; (c) promoting ‘creativepreneurs’ and creation of a business model that suits the creative industry; (d) ensuring the regulatory set up and incentive structure to be conducive in the financing and mentoring issues faced by ‘creativepreneurs’; (e) linking access to market and networks domestically and internationally; and provide access to technology and infrastructure; and (f) finding the balance of providing the level of freedom for prolific creation and related regulations (Pangestu, 2015). 	<p>cooperation with ASEAN dialogue partner countries; (c) supporting young people’s creativity and original ideas; and (d) promoting marketing and distribution of cultural products and services.</p>

Sources: De la Rosa (2015), Pangestu (2015), ASEAN (2009b).

The film industry will also benefit from the recommendations on the creative economy listed above. Additionally, amongst the recommendations towards enhancing the role of film in engendering a deep sense of commonality and belongingness towards a shared ASEAN identity are the following:

- Encourage joint film production amongst member states.
- Work out common standards and incentives to stimulate free flow of ASEAN films throughout ASEAN.
- Establish an ASEAN Film Development Fund and ASEAN film awards.
- Include FILM ASEAN as a member of the ASEAN Senior Officials Meeting Responsible for Information Working Group on Content and Production.

The ASCC Blueprint actions also include the exchange of films amongst member states and support for the use of new technology for film production.

Enhancing awareness of, and engagement by, the ASEAN peoples.

The awareness of ASEAN amongst ASEAN peoples is modest but growing; however, the understanding of it is still fuzzy and poor. The good news though is that the private sector initiatives that aim to have people understand ASEAN are growing. Arguably, many private sector forums and seminars on ASEAN have focused more on the AEC, specifically the expectation of the realisation of the AEC in 2015, and with that the expected creation of a single market and production base in the region. Nonetheless, this serves as an opportunity as well as a challenge. The opportunity lies in that the deepening of economic links amongst member states as a result of the implementation of the AEC must necessarily encourage ASEAN peoples to know more about other members, which are now sources of some of their imports, markets of their exports, and destinations for their travel made easier by the AEC measures. At the same time, there remains the challenge of ASEAN peoples knowing more of the varied initiatives under the ASCC.

However, much more than knowing and understanding ASEAN, the key challenge is to enhance people's participation and sense of ownership of ASEAN and its initiatives. The ASEAN Charter emphasised 'participation of all for the benefit of all'. Arguably, the greater participation of more people in ASEAN and its initiatives, the greater is the likelihood that there would be a greater feeling of ownership of ASEAN by the ASEAN peoples. In effect, participation of all for the sense of ownership of it (ASEAN) all. Indeed, the deep engagement and participation of the ASEAN peoples in ASEAN processes and initiatives are central to the theme of a people-oriented and people-centred ASEAN. **This fundamentally requires ASEAN and member states not only to communicate more to the public but also to develop a strong culture of consultation, collaboration, and engagement with the public.**

Acutely aware of its importance, ASEAN through the ASCC Blueprint has a significant number of initiatives towards the promotion of greater awareness and a sense of community as well as greater engagement of the public on ASEAN, with the focus on communication, linking with local governments and schools to promote ASEAN culture, use of ASEAN symbols and undertaking ASEAN events like sporting events, and encouragement of the establishment of ASEAN associations in each member state (**Table 6.10**). Echoing and complementing the ASCC Blueprint actions are the following

recommendations toward greater awareness, enhanced participation, and greater sense of ownership (and therefore of responsibility for its success) of ASEAN by the ASEAN peoples, drawn from this project's background papers:

- Establish a well-coordinated, institutionalised information campaign and socialisation mechanism. This may involve the creation of an ASCC task force on outreach and communications as well as strengthening links with the private sector, including media and business.
- It is ideal for major ASEAN programmes to have built-in awareness raising and outreach component.
- Emphasise the ASCC more, and less of the AEC, in communication programmes. Note that this recommendation and those of the previous first two recommendations above may be included in the ASEAN Master Plan on Communications.
- Undertake ASEAN-centric projects that have a direct impact on ASEAN peoples; for example, 'ASEAN lanes' at immigration counters in member states, a 'common ASEAN visa', and a common 'ASEAN time' instead of four time zones at present.
- Greater private sector (business and CSOs, amongst others) role in ASEAN committees and working groups, but with guidelines and clear expected contributions by the private sector participants. Possible contributions of the private sector to the ASEAN process may include the articulation of impacts of actual and proposed ASEAN measures and initiatives, the provision of technical expertise, and a private sector scorecard of implementation of ASEAN measures.
- Greater private sector role in national strategy, policy, and programme design and evaluation in member states. An example of private sector and public sector collaboration is Malaysia's PEMUDAH Task Force on simplifying business regulations, which effectively included improving trade facilitation processes that are supportive of the AEC Blueprint measures in trade facilitation and non-tariff measures. There can be more similar public-private partnerships on areas under the ASCC; for example, disaster risk reduction, education and human resource development, and culture.
- Joint collaboration between ASEAN, the member states, and the private sector in the dissemination of and deeper public engagement on ASEAN.
- Greater people-to-people connectivity. This involves private sector to private sector links and programmes, for example, volunteer programmes funded and undertaken by the private sector of one member state in another member state. Such programmes can be scaled up to a region-wide programme involving the private sector.

Table 6.10. Summary of Key Recommendations on Enhancing Awareness and Interconnectedness towards Greater Belongingness

From Project and Background Papers	From ASCC Blueprint 2009–2015
<ul style="list-style-type: none"> • Enhance the awareness and interconnectedness through (a) creating a 10-year public outreach/stakeholder engagement strategic plan and a committee or task force on outreach and communications; (b) devoting special outreach programmes for the vulnerable, marginalised groups and those who might be adversely affected by the regional integration initiatives; (c) upgrading the capabilities of the ASEAN Secretariat and other entities through enhanced facilities and well-trained personnel; and (d) organising dialogue sessions to exchange information and share experiences on how ASEAN could avoid or overcome the mistakes or potential pitfalls of closer integration (Tan and Sunchindah, 2015). • Enhance people’s participation and sense of ownership through (a) deep engagement with the private business sector and civil society organisations; (b) articulating the impact of actual and proposed ASEAN policies and initiatives on the lives of people and communities, and ensuring regional advocacies are rooted in the national level; (c) private sector organisations to develop and present their evaluation of implementation progress and impact of AEC measures; (d) promoting a responsive regulatory regime in member states and ASEAN; and (e) greater dissemination of information and communication to the public. 	<ul style="list-style-type: none"> • Promote ASEAN awareness and sense of community by (a) developing regional and national communication plans; (b) encouraging all ASEAN sectoral bodies to intensify their efforts and undertake coordinated production of print, broadcast, and multimedia materials on ASEAN; (c) engaging mainstream media in promoting ASEAN programmes and projects; increasing media exchanges and networking; promoting exchange of television programmes, and promoting a culture of tolerance amongst media personnel; (d) supporting school activities on ASEAN awareness and including studies on ASEAN arts and culture in the curriculum; (e) establishing links amongst ASEAN cities, promoting ASEAN sporting events, encouraging the use of ASEAN anthems and symbols, and book exchange programmes amongst libraries; (f) encouraging the establishment of ASEAN associations at the national level and promoting dialogue amongst civil society; and (g) utilising new media technologies and promoting youth exchange programmes. • Engage the community through (a) the ASEAN-affiliated non-governmental organisations in the ASEAN community building process; (b) convening the ASEAN Social Forum and ASEAN Civil Society Conference; (c) establishing an ASEAN volunteer programme and supporting young volunteers undertaking emergency or humanitarian mission; and (d) sharing public information on network and database of ASEAN for useful flow of information.

Sources: Tan and Sunchindah (2015), ASEAN (2009b).

VII. Concluding Remarks

An inclusive, sustainable, resilient, and dynamic community that engages and benefits the people is what ASEAN aspires to in the post-2015 period. This vision reflects ASEAN's drive towards the building of an ASEAN Community that is people-oriented and people-centred. This report has outlined the framework and key recommendations for achieving the vision. The key recommendations presented are necessarily context specific; nonetheless, the factors for its successful implementation would be similar.

In realising the vision, the ASCC would need to prioritise for greater impact in light of the large number and wide-ranging initiatives in the ASCC Blueprint. The ASCC would also need to mobilise more resources to implement the initiatives. A pooling mechanism combined with effective targeting and good management of resources is needed. In doing so, the ASCC would need to strengthen its cooperation with ASEAN dialogue partners as well as using better databases, for example, through an ASEAN panel survey, so that its social policy intervention programme is well targeted and well managed. Better monitoring and communication efforts are also critical to ensure effective and broad-based support for the initiatives. The community, civil society organisations, the private sector, and youth organisations are amongst the many stakeholders with which ASEAN needs to cooperate.

It is hoped that the combination of the proposed framework and specific policy recommendations as well as key success factors outlined in this report will result in the ASCC Blueprint 2016–2025 that is transformative and be successfully implemented with broad support from the whole ASEAN Community.

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