Chapter 2

Vision, Indicative Outcomes, and Framework

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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 2015 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 Myanmar[1].

[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 -92	1994 -96	1999 -01	2004 -06	2011 -13	1988 -92	1993 -97	1998 -02	2003 -07	2009 -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 -92	1993 -97	1998 -02	2003 -07	2009 -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		Multidimensional Poverty Index				Population in multidimensional poverty		Population near multidimensional poverty	Population in severe poverty	Contribution of deprivation in dimension to overall poverty (%)			Population below income poverty line (%)	
		Revised specifications		Specifications (2010)										
		Index	Headcount	Index	Headcount	Headcount	Intensity of deprivation			Education	Health	Living standards	PPP $1.25 a day	National poverty line
	Year / Survey	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 enrolees 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			
	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

	Stunted Children Below 5 Years of Age (%)				Wasting Children Below 5 years of Age (%)			
Country	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 (%)			
				Rural		Urban	
	1990	2000	2012	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)
	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.

l. 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 2014			Rice Bowl Index 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) CO_2 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*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_Agri-culture	EV_Forests	EV_Fisheries	EV_Bio-diversity 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:

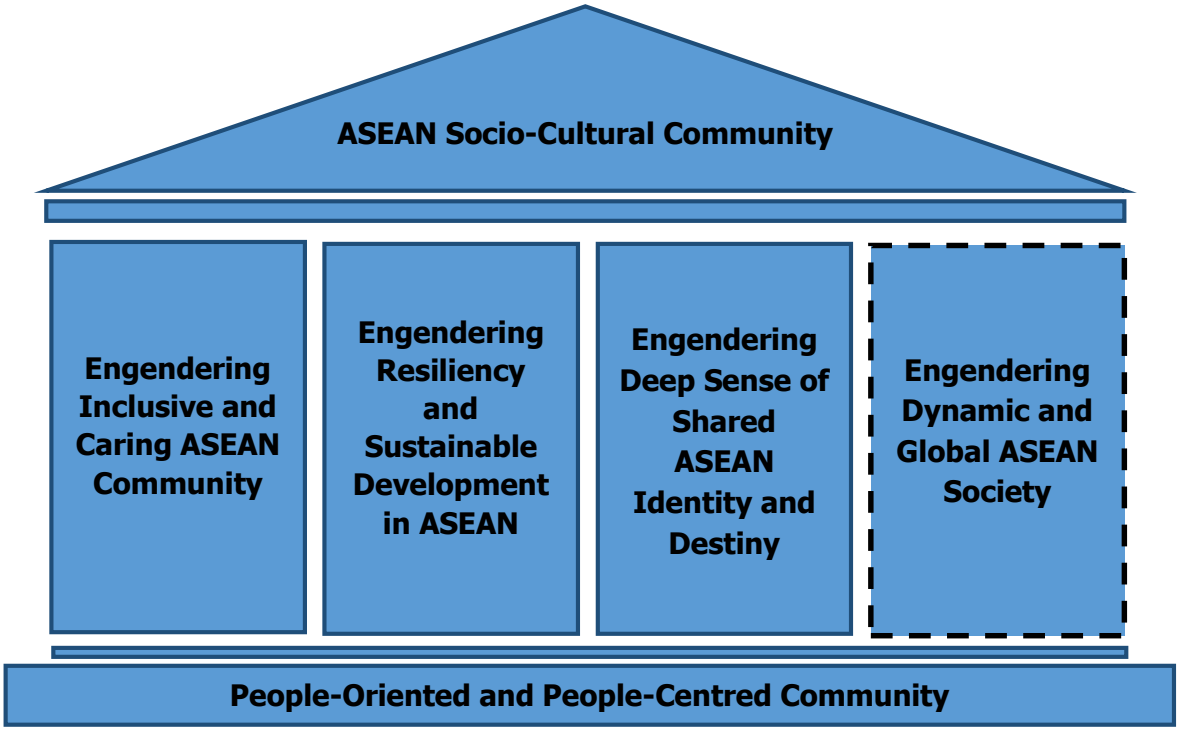
> *An ASEAN Socio-Cultural Community that engages and benefits the people and is inclusive, sustainable, resilient, dynamic.*
>
> - *Enhance commitment, participation and social responsibility of ASEAN peoples through an accountable and inclusive mechanism for the benefit of all;*
> - *Promote equal 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.