6. Leave No One Behind

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1. Background

‘Leave no one behind’\(^1\) implies inclusiveness of all people in the development of the state and its economy to the degree that all people have sufficient access to the resources needed to generate an income, make contributions to society, and live with dignity. Leaders of the Association of Southeast Asian Nations (ASEAN) took the decision at the 23rd ASEAN Summit in November 2013 to develop a Post-2015 Vision to realise a politically cohesive, economically integrated, socially responsible, and truly people-oriented, people-centred ASEAN (ASEAN, 2013). ASEAN Member States (AMS) adopted the ASEAN Community Vision 2025 in November 2015 to build an ASEAN Community that is inclusive, sustainable, resilient, and dynamic (ASEAN, 2015).

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\(^{1}\) This phrase is a pledge by United Nations (UN) member states that adopt the 2030 Agenda for Sustainable Development. People get left behind when they lack the choices and opportunities required to participate in and benefit from development progress (UN Development Programme (UNDP), 2018).
AMS have adopted the Complementarities Initiative, a collective effort to promote an ASEAN Community that is inclusive, people-centred, and leaves no one behind, while assisting AMS to achieve their international commitments to attaining the Sustainable Development Goals (SDGs). During 2017–2018, the priority has been to develop catalysts that would help the region attain multiple SDGs simultaneously, through concrete projects (ASEAN–Thailand, 2018).

ASEAN is a highly heterogeneous area with varying levels of development. There is a wide gap between member states in terms of socio-economic indicators. This influences the policy measures affecting performance indicators in SDGs. For instance, not all member states have implemented universal healthcare or an advanced social security system. Fiscal capacity also differs across AMS, resulting in various levels of capability to provide public services essential for human development. Within-region migration, while bringing positive impacts for the economy, also creates challenges in social protection.

The new wave of industrialisation, known as Industry 4.0 or the 4th Industrial Revolution (4IR), is coming to the region and affecting almost all aspects of society and the economy. Divergent demographic trends also affect the region, with both ageing and young societies. These technological and demographic trends require policymakers to respond appropriately to ensure that no one is left behind.

As a region, Southeast Asia has both a positive economic history and outlook. Much has been achieved in Southeast Asia since the early 2000s, with the poverty rate having fallen significantly in all the AMS, the Human Development Index indicators having largely improved, and income levels having increased. This brings optimism that ASEAN will become a prosperous and inclusive community, as stated in the vision.

By 2035, the percentage of the population aged over 60 years is projected to nearly double in all the AMS except for Cambodia, the Lao People’s Democratic Republic (Lao PDR), and the Philippines. Moreover, Indonesia, the Philippines, and Viet Nam will together account for
around 72% of ASEAN’s total population by that time. Another risk is that some economies may have an ageing population before becoming rich, increasing the burden of the working age cohort. Consequently, it is crucial to anticipate the pace of ageing in these countries to balance the whole region’s expected productivity and its people’s well-being. In this context, social protection policy becomes a central issue for ASEAN as it can partially address the challenges of ageing populations, a shrinking labour force, a large number of people not covered by the social protection system, and the need to match skills with future demand (Zen, 2017). It is also important to have a healthy old-age population, since it can reduce the cost of healthcare and improve their contribution to society.

2. Existing and Emerging Challenges

With many AMS having large and growing populations, a major challenge facing the region is providing all citizens with good jobs as well as equal access to basic services such as education and healthcare. People living in remote areas usually have limited or no support from the government because of connectivity challenges. This marginal group includes other less protected groups such as undocumented people; vulnerable groups (children, youth, persons with disabilities, people living with HIV/AIDS, older persons, indigenous peoples, refugees, internally displaced persons, and migrants); and uninsured people.

Covering and protecting these vulnerable groups involves four types of challenges: (i) regulatory limitations, when a country has incomplete legal references to handle such challenges; (ii) capacity, when the authority does not have sufficient resources (material or non-material); (iii) lack of incentives for people to participate in formal procedures; and (iv) lack of bilateral agreements, in the case of cross-border migrants. Each challenge shall be addressed appropriately, specific to the country context. The externalities arising from cross-border undocumented migration can trigger more than one type of challenge, since the host country may lack capacity as well as domestic and bilateral supportive regulatory systems; and the undocumented migrants may find it difficult to follow administrative and legal procedures.
Countries with large remote areas or many islands – such as Myanmar, Indonesia, and the Philippines – also face problems of unreached economies of scale, poor and costly connectivity, and uneven distribution of skilled labour in both the private and public domains. These create unreached groups whose welfare and security are usually behind those of their counterparts in more densely areas closer to economic centres. Referring to the pledge of all United Nations (UN) member states to ‘endeavour to reach the furthest behind first’ (UN, 2015: item 4), AMS have to make more effort to prioritise provision to these groups. This could mean a reverse mechanism – starting from the unreached – while it is typically easier to provide services to the most reachable groups. This will not be an easy undertaking, since the existing socio-economic status of more privileged groups, such as urban people, should not be sacrificed.

In AMS with younger populations, the key challenge is providing the right skills to match the requirements of manufacturing and industry, and providing good remunerative jobs for working-age people. Meanwhile, countries with ageing populations and labour shortages have a twofold challenge to provide sufficient support for elderly groups and keep them in healthy activities, and to fill the labour supply gap to maintain economic growth.

Another challenge is the coming waves of technology leaps, known as 4IR – a set of highly disruptive technologies likely to transform all aspects of our lives, including social, economic, and political systems, often in unpredictable ways. The definition and coverage of 4IR keeps changing, but includes things like artificial intelligence, robotics, the Internet of Things, blockchain, and 3D printing. Almost every aspect of our lives will be touched, including jobs, business models, industrial structures, social interactions, systems of governance, and the like. Its greatest impact could arguably be on all forms of inequality. There could be both positive and negative effects on inclusion, the poor, and vulnerable groups in society.

On the whole, however, 4IR is likely to add to inequality, both between and within countries. Economic convergence between ASEAN’s developed
and developing economies has shown promising trends since early 2000. Singapore’s gross domestic product was 57 times that of the Lao PDR in 1997, but was reduced to less than 19 times in 2016. However, this promising trend has been accompanied by growing inequality within countries (Menon and Fink, 2018). The impact of 4IR has the potential to accelerate returns to talent and knowledge. This could slow down – or even reverse – convergence between countries and would widen inequality within countries. Non-inclusive growth has the potential to increase social and political instability within countries and undermine popular support – and indeed trust – in greater regional integration.

In the context of 4IR and providing good jobs for the labour force, the major challenges are to equip people with suitable skills and provide people who do not fit into the formal job market with other means of survival. This could involve access to financial resources for those with entrepreneurship talent; reduced transaction costs for accessing public services, including new types of public services emerging from adapting 4IR; or providing and facilitating learning centres to equip active-age people with the skills to complement or support high-tech jobs.

The identification of current and anticipated challenges shall be done first by individual countries and then escalated to regional level. Some of the issues require better coordination amongst AMS, and in many cases synergies can be achieved only when there is regional or subregional cooperation. Given the vision of the community pillars – economic, social, and political – the inclusiveness vision is the catalyst to bring those pillars into solid and strong community building.

### 3. 2040 Vision of Inclusiveness

‘AMS aim to live in a strong community with the shared values of welfare, dignity, and leaving no one behind.’

This means that AMS will embrace the spirit of inclusiveness in their strategies, programmes, and actions in an effort to become a prosperous, strong, and globally connected region. Both individual nations and
the region will make sincere efforts to reduce inequalities within and between countries. Amongst the approaches are formulating the national strategies, exploring potential areas of cooperation with other members, and enhancing existing cooperation. It is also indispensable to put values of humanity above all, especially if there is a dispute or conflicting action.

Economic development policies should be directed to reach the unreached and improve the whole community’s welfare. Everyone must have the opportunity to participate in the development process, contribute to economic growth and social capital, and enjoy the benefits of the process. Social security is one of the instruments to redistribute uneven wealth and support a level playing field, making it possible for anyone to compete and cooperate fairly for synergies.

4. Tackling the Challenges and Tapping the Opportunities

Dealing with limited resources and time-dependent actions which will determine the results, the AMS need to work on prioritised programmes. Since the impact of 4IR is fast approaching, it requires early anticipation policy. In the context of current and future challenges, human capital is vital. To prepare for and face the waves of 4IR, the region needs to take action on the following issues:

a. Programmes for saving children from malnutrition and preparing them as main players in the future economy. The current cohort of children, especially those aged 0–15 years, will be the key cohort of the Southeast Asian region in 2040. They will reach 22–37 years old by 2040, becoming the community socio-economic drivers. However, they cannot reap the benefits of the digital age if they are not prepared with adequate nutrition and education. The table shows that malnutrition in AMS is still alarming.
The youth demographic economies are facing malnutrition problems, particularly Cambodia, the Lao PDR, Indonesia, and the Philippines. Almost three quarters – 12 million of the 17 million – of the stunted children live in Indonesia and the Philippines. Can AMS cut the number in half in the next 5 years and to one quarter in another 5 years?

The most critical period for handling malnutrition is the first 2 years of a baby’s life. The condition of the newborn is determined by the maternal health condition, so maternal care should be included in this programme. The region also needs to enhance cooperation amongst the members, together with existing international communities working on this issue, to provide support for national programmes. Building a reliable and regularly updated database is important to provide good monitoring and evaluation as a basis to take further action.

b. Vocational training for 18–35 year olds, particularly in skills related to 4IR. Partnership with the private sector is important for at least two reasons: (i) industry, the main recipient for this cohort, knows what it needs; and (ii) it will free up some fiscal space that can be used for other types of obligatory public services (e.g. increasing the school participation rate, reducing malnutrition, and improving maternal health care for the poor).

<table>
<thead>
<tr>
<th>Country</th>
<th>Year reported</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei Darussalam</td>
<td>2009</td>
<td>19.7</td>
</tr>
<tr>
<td>Cambodia</td>
<td>2014</td>
<td>32.4</td>
</tr>
<tr>
<td>Indonesia</td>
<td>2013</td>
<td>36.4</td>
</tr>
<tr>
<td>Lao People’s Democratic Republic</td>
<td>2011</td>
<td>44.2</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2016</td>
<td>20.7</td>
</tr>
<tr>
<td>Myanmar</td>
<td>2016</td>
<td>29.4</td>
</tr>
<tr>
<td>Philippines</td>
<td>2015</td>
<td>33.4</td>
</tr>
<tr>
<td>Singapore</td>
<td>2000</td>
<td>4.4</td>
</tr>
<tr>
<td>Thailand</td>
<td>2016</td>
<td>10.5</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>2015</td>
<td>24.6</td>
</tr>
</tbody>
</table>

c. Facilitating business with the agility to respond to the fast-changing environment in the digital era. The spirit of the government is to support innovation and facilitate the growth of a fast-changing business environment. Regulatory functions should be imposed to create a clear, adaptive, and transparent business environment and to avoid conflicts amongst the players. Regulatory excellence is the key in this issue.

d. Opening the market to several types of jobs and services that it is inefficient for the domestic market or public sector to supply alone. In regions comprising households with both high and low purchasing power, the government can delegate service provision to private and foreign providers to partially fulfil demand from consumers with the ability to pay, so more public resources can be dedicated to provide services for low-income and unreached households.

Apart from the above-mentioned programmes, at national level, AMS must aim to reach universal healthcare (UHC) to ensure that every citizen, regardless of status and preference, is sufficiently protected. The cost to provide UHC can be made affordable by designing appropriate gradual steps and improving efficiency in relevant policy (Asher, Zen, and Dita, 2018). Since education influences health status, policy can utilise both social programmes to reach multipurpose welfare objectives. Other relevant programmes include infrastructure development to lower the costs to access the healthcare services, improve the quality of services, and promote prevention programmes; and social programmes such as food stamps for children, food supplements in elementary schools, support for women entrepreneurship, and slump area improvement.

AMS can also use information and communication technology (ICT) to widen the coverage and improve the quality of services in remote areas. Telemedicine applications have been applied in some countries to help frontline health providers to diagnose and give treatment instruction to patients in remote areas. Other types of applications

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2 There are many studies on this issue, including Lochner (2011) and Contoyannis and Jones (2004).
are online services for the banking system, long-distance education, civil administration, disaster information, cash transfer, market access, insurance, and helping to connect isolated areas. Utilisation of ICT can also strengthen public services by improving transparency and reliability, reducing administration costs and time, and improving database systems. More importantly, it can provide AMS with the possibility of leapfrogging into the digital age. Africa has been very active in using ICT in public services provision, and there are ample reports on the benefits of these programmes (Yonazi et al., 2012; Mimbi and Bankole, 2016; Sharma and Sturges, 2007). AMS can learn a lot from other regions’ experiences because embracing suitable technology in this era could address several challenges simultaneously. Some IT-based companies in Asia create simple yet powerful applications to help farmers; fishermen; small merchants; and micro, small, and medium-sized enterprises (MSMEs) in their business. The applications running on cell phones provide marketplaces, information on market prices, weather forecasts, transaction platforms, financial access, logistics transactions, and suggestions for business action. These companies are mainly start-ups, founded by the younger generations – many of whom are scientists and engineers – supported by global venture capital and established rapidly around the world, especially in emerging markets. This is an important feature of the future global economy.

At the action level, AMS first need to identify the number, location, and status of vulnerable groups; and determine the issues they face. This process must involve civil society and organisations that have been working with such vulnerable groups. Such a stocktaking will provide governments with a comprehensive map of the situation, and provide an analytical basis for policy formulation and decision making. The ways to tackle these issues may differ from one country to another, but the inclusiveness principles are similar.

Further, since MSMEs employ a large part of the working population, it is crucial to have adequate policies supporting MSMEs, e.g. by providing access to affordable credit, training, targeted subsidies, and simplifying procedures to reduce transaction costs. Women are particularly important in this type of business. An estimated 33–66% of small and medium-sized enterprises (SMEs) are owned by women in Cambodia, Indonesia, the
Philippines, and Viet Nam; and only a small fraction (3–21%) is adequately served by financial services (Women’s World Banking, 2015). Closing the credit gap in the 15 BRIC + N-11 countries3 by 2020 (including Indonesia, the Philippines, and Viet Nam) could mean a 12% increase in per capita incomes by 2030. This gain could be as large as 25%–28% for Brazil and Viet Nam, where the credit gaps in the formal SME sectors are currently widest (Goldman Sachs, 2014). This effort should be synergised with the use of ICT to empower low- and middle-income groups, including those which use e-commerce as their trade platform. Harmonising laws and regulations will also help homegrown ASEAN companies to compete with larger rivals from outside the region.

To anticipate the demographic changes, AMS facing rapid ageing could explore cooperation with countries with younger populations. This could help address the challenges associated with labour shortfalls in the former countries as well as the challenges in providing productive employment for the growing labour force in the latter ones. Freer movement of labour could benefit countries with shrinking and burgeoning labour forces.

The portability of social security systems for migrant workers could reduce the burden for receiving countries, which would otherwise have to provide those services. Harmonisation and streamlining of employment visas has been an important initiative of the ASEAN Economic Community in reducing barriers to labour mobility. Existing mutual recognition agreements for professional qualifications also need to be expanded to cover new occupations. Commitments on harmonising and streamlining employment visas will be critical, and programmes that help workers overcome language and cultural barriers to movement could be considered. Further consideration could be given to reducing the extent of informal or unrecorded labour movement within the region, particularly for vulnerable workers, through greater cooperation and coordination. Other relevant policies are extending the retirement age,

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3 The BRIC countries are Brazil, Russia, India, and China. The N-11 (emerging economies that Goldman Sachs has identified as having high growth potential over the coming decades) are Bangladesh, Egypt, Indonesia, Iran, the Republic of Korea, Mexico, Nigeria, Pakistan, the Philippines, Turkey, and Viet Nam.
providing senior citizens with the opportunity to contribute actively to society, and promoting a healthy society (not only focusing on curative programmes).

It is clear that 4IR will be disruptive to labour markets. Artificial intelligence and robotics are rapidly increasing the jobs that machines can perform better and faster than people. While this may reduce costs and raise productivity, it will also threaten jobs, at least in the short term as workers are reskilled. Workers in low-skilled repetitive jobs such as assembly line workers are most at risk, but it will increasingly affect middle-skilled jobs (i.e. back office, data processing). The International Labour Organization estimates that 56% of jobs in five ASEAN countries (Cambodia, Indonesia, the Philippines, Thailand, and Viet Nam) are at high risk of automation in the next few decades (Chang and Huynh, 2016).

AMS governments and the region’s private sector should be aware of the opportunities and threats that come from the 4IR waves. Private sector awareness is just as important as public sector awareness because the private sector is the main actor and user of 4IR. The recent survey by Deloitte (Renjen, 2018) of 1,500 C-level executives across 19 countries provides some interesting insights: only 14% are confident of their organisation’s readiness to embrace 4IR, and 75% of respondents believe that businesses have more influence than the government in shaping this future, yet less than a quarter of respondents believe that their organisations have much influence in critical factors such as education, sustainability, and social mobility. Here, the awareness, willingness, and capacity of both the public and private sectors are critical to shape 4IR to become a new equilibrium of inclusive socio-economic order.

Businesses in Southeast Asia are run by both regionally owned and global companies, which may have different approaches and capacity levels to embrace 4IR. While the approaches and strategies may be unique for each type of businesses, public leadership is crucial to create a supportive and facilitative environment. Several possibilities are worth exploring, such as mapping the distribution of workers in terms of skill types, location, and sector, to be linked with potential transformation in the 4IR
era; assessing the need for transformation; and providing appropriate incentives and supports for the private sector to participate in the transformation. The mushroomed technology-based start-ups, driven by young scientists and engineers, have brought new ways of combining business and social entrepreneurship. They show the importance of this new pattern of business and its linkage with 4IR. AMS need more creative scientists and engineers, business and finance literate young people, and enabling policy and regulation.

AMS also can learn from Germany’s experience in transforming its industry to digital manufacturing by increasing digitisation and the interconnection of products, value chains, and business models; as well as supporting research, the networking of industry partners, and standardisation. The policy initiative, known as ‘Industrie 4.0’ or I40, is led by the Ministry of Education and Research and the Ministry for Economic Affairs and Energy. The approach combines top–down and stakeholder collaboration, funded by both the public and private sectors, with a forward-looking horizon of 10–15 years. One of the important outputs is the dynamic I40 platform as a reference for policymakers on I40 implementation to support the creation of knowledge, standards, and examples; mobilise businesses and SMEs; disseminate understanding; promote global networking; and ensure the practical operation of I40 (Klitou et al., 2017).

To have an effective regional policymaking process, AMS have to agree and commit to shared goals – particularly in the case of sensitive issues, e.g. migration policy, handling refugees, and minorities issues. Aligning the process with SDG adoption will create synergy and reduce potential disputes because of the common goals of the Agenda for Sustainable Development. It is also important to synchronise the roles of national policy actions and regional cooperation.

As a region, ASEAN needs to speed up the harmonisation of rules and regulations, especially in focus areas, including the implementation of mutual recognition agreements, flexible labour exchange, knowledge exchange, social protection, and disaster risk management. For some AMS, bilateral or subregional agreements on certain issues may work to
allow greater labour mobility and provide continuous social protection.
The region also needs to establish protocols to handle cross-border
communicable diseases, refugees, and forced migrants.

In parallel with international regulatory cohesion, domestically, each AMS
must put in place regulatory review mechanisms, based on dialogue
between the private sector and regulators, to prevent companies from
being burdened with implementing regulations that serve no clear
purpose while still allowing regulators to provide the oversight and due
diligence needed to protect the public. This will allow the private sector to
use resources effectively and reduce transaction costs, thereby supporting
competitiveness and encouraging investment. This would support MSMEs
as well as large firms, growing both wages as well as tax generation.

There are several examples of massive regulatory reform to reduce the
regulatory burden. In East Asia, Thailand ran a regulatory guillotine
programme in 2017 for regulatory consolidation by cutting unnecessary
regulations, updating obsolete ones, and creating required ones. It
improved its Ease of Doing Business (World Bank) rank from 46th in
2017 to 26th in 2018 and made Thailand join the 10 top improvers for
the first time. Australia, Indonesia, Malaysia, New Zealand, the Republic
of Korea, and Viet Nam had previously undertaken regulatory reform
strategies – improving the quality of regulations and business climate
and reducing the regulatory burden. With the new dynamics of 4IR, it is
imperative to develop strategies to enhance the regulatory framework
in order to support the desired outcomes. Whether the changes are
procedural, in line with good regulatory practice, or require developing
laws and regulations in emerging fields where no existing canon
exists, governments need to support one another in understanding
these complex issues and draft appropriate frameworks that will allow
the business sector to flourish. Finally, the public sector needs to be
supportive of the private sector while addressing emerging social and
welfare issues to meet the aims of a society in which no one is left behind.
References


