

SEARP TOKYO MINISTERIAL CONFERENCE

INCLUSIVE ASEAN: NOTE FOR SESSIONS 1 AND 2

The Southeast Asia region, with over 600 million people and the 3rd largest labour force in the world, is one of the main drivers of global growth. The region has made remarkable progress in raising income, reducing poverty, and integrating into the world economy. The average economic growth was 5.1% between 2011 and 2015; and it is projected to grow at 5.2% during 2018-2022 (OECD, 2017). This growth experience sets the region as a whole apart from other emerging markets and has seen incomes in most Southeast Asian countries lifted well above the developing country average. Despite such remarkable progresses, disparities remain within and between countries in Southeast Asia, Going forward, “inclusiveness” will be integral to further progress and to achieve sustainable development for all in the region.

Policy makers in Southeast Asia have recognised this growing importance of inclusive development in the region and have addressed the issue within ASEAN, both from the angle of connectivity as well as participation. Their strategic approaches have been multidimensional and involved a wide range of policy areas: The **2015 ASEAN Economic Community (AEC) Blueprint 2025** showcases ASEAN’s aim to develop an *inclusive*, resilient, people-oriented and people-centred community, where particular emphases are given to the role of Micro, Small and Medium-sized Enterprises (MSMEs) which account for the majority of enterprises in Southeast Asia, public-private partnership for infrastructure development and other policies narrowing the development gap within ASEAN. This objective is building on the **ASEAN Framework for Equitable Economic Development**. Already in 2011 ASEAN member states recognised in this framework the necessity “to foster human development, strengthen national and regional connectivity, promote coherent macroeconomic cooperation, and promote private sector industrial collaboration, SME development and effective capacity building so as to achieve *inclusive growth*”. Add to that the recent 2016 Vientiane Declaration on the Adoption of the **Master Plan on ASEAN Connectivity 2025** where ASEAN leaders have recognised that enhancing ASEAN Connectivity would continue to benefit all ASEAN Member States, through improved physical, institutional and people-to-people linkages, by promoting greater competitiveness, prosperity, inclusiveness and sense of Community. And finally, the **Initiative for ASEAN Integration (IAI)**, a special programme for narrowing the development gap adopted the third phase IAI Work Plan (2016-2020), launched by ASEAN leaders in 2016. It aims to support CLMV countries to achieve the connectivity goals of the AEC Blueprint 2025 with a focus on trade facilitation, MSMEs, education, and well-being.

Linking ASEAN with OECD, ASEAN member states named **OECD as a strategic partner** to collaborate towards achieving the connectivity objectives of the 2015 AEC Blueprint. Indeed, already in **2012 OECD’s Inclusive Growth Initiative** was launched as an OECD-wide horizontal programme which meanwhile has accumulated a wealth of knowledge that Southeast Asia can benefit from in realising inclusive growth in the region. Highlighting the necessity of rethinking the traditional model of economic growth to put people’s well-being centre-stage, the OECD has developed a strategic policy agenda for feeding this new vision of growth: The 2016 Ministerial **OECD Council Meeting Declaration on Enhancing Productivity for Inclusive Growth** highlights that an effective response to address the twin challenge of fostering productivity growth and reducing inequalities requires

leveraging on technological advances and innovation to ensure that higher productivity growth translates into broadly shared gains in well-being.

The **Southeast Asia Regional Programme (SEARP)** has leveraged this work, for example with the **2016 Regional Forum** on “Productivity and Inclusiveness” and the **2017 Regional Forum** on “Challenges/Opportunities of Digital Transformation”.

Building on the findings of SEARP’s Regional Fora as well as the outputs of all the **nine work streams of SEARP** since 2014, including -- tax, SMEs, education and skills, good regulatory practice, sustainable infrastructure, investment policies, innovation, trade, and gender -- the Tokyo Ministerial Conference of the Southeast Asia Regional Programme invites Ministers and high-level representatives of Southeast Asia countries and OECD member countries to discuss how SEARP has promoted “inclusiveness” in ASEAN. The **morning session** will focus on issues related to ‘Inclusiveness through connectivity’ such as infrastructure, trade, investment, trade, innovation and good regulatory practice. The **afternoon session** will focus on SMEs, education and skills, gender policies and the consultation with the private sector.

Elements for discussion - Session 1: ASEAN Inclusiveness through Connectivity

- *What are the main challenges today for ASEAN regarding inclusive connectivity?*
- *Notwithstanding the significant contribution of trade and investment to economic growth and poverty reduction in ASEAN, not everyone has benefited. How could trade and investment liberalisation be more aligned with inclusiveness? What is the role of complementary domestic policies?*
- *Despite considerable efforts made in recent years, infrastructure remains insufficient in the region and often concentrated in core economic centres. What are the main impediments to infrastructure development and productivity? Amid the limits of states’ budgets, which best policy and institutional practices to foster more private sector investment in infrastructure can be highlighted from ASEAN countries?*
- *The 2016 Regional Forum of SEARP has focused on ‘Productivity and Inclusiveness in Southeast Asia’. Has the Southeast Asia Regional Programme in its first four years of operation paid enough attention to support ‘ASEAN Inclusiveness through Connectivity’?*
- *Looking forward, what new areas can ‘SEARP 2.0’ focus on to better support ‘ASEAN Inclusiveness through Connectivity’? Could some of the work streams of ‘SEARP 2.0’ be better targeted to the needs of different groups of ASEAN countries?*

Elements for discussion – Session 2: ASEAN Inclusiveness through Participation

- *Inclusion of SMEs, development of skills, promoting gender equality and generally consulting stakeholders when designing economic policies can be important for fostering inclusiveness. What are the key challenges for these participatory aspects of inclusiveness within ASEAN and OECD member countries?*
- *How could the work on SME policies, gender and skills development and consultations with other stakeholders within the Programme be strengthened?*
- *How can the different work streams of ‘SEARP 2.0’ better address these challenges?*
- *What role could business play in reducing inequalities in their role as job creators, providers*

of training and skills, investors in physical and knowledge capital and in producing for previously marginalised groups (Inclusive Business)?

- *Are there other issue areas which SEARP 2.0 could address in order to promote ASEAN Inclusiveness through participation?*

References: OECD (2017), Economic Outlook for Southeast Asia, China and India 2018: Fostering Growth through Digitalisation, OECD Publishing, Paris.