

Global Governance and the Reduction of Poverty and Inequality in the Post-MDG Era: How Can the ASEAN-Japan Partnership Contribute?

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IN 2000, THE ASEAN member countries signed the UN Millennium Declaration to eradicate extreme poverty in the world by 2015 through the achievement of the Millennium Development Goals (MDGs). The MDGs represented the global vision of reducing poverty in its various dimensions, and they were mainstreamed in the process of building the ASEAN Socio-cultural Community, which had a similar target date of 2015.¹ The new Sustainable Development Goals (SDGs) framework approved in 2015 goes beyond the MDG agenda, which focused solely on poverty, to also include inequality. In recent years, inequality has been worsening amidst rapid economic growth and falling poverty rates. Inequality can reduce the impact of economic growth on poverty reduction. Conversely, reduced inequality will increase the efficiency of poverty reduction. Unequal societies and countries can achieve a high level of growth but cannot sustain it. Thus, addressing inequalities will help in attaining and maintaining growth, which in turn is a necessary condition for reducing poverty. Furthermore, reducing inequality will help in easing social tensions, deepening social capital, and improving peace and order, which are all crucial to poverty reduction, thus also making growth more inclusive.

At the heart of the post-2015 framework to address poverty and inequality is the adoption of an inclusive and sustainable growth model. Inclusive growth is growth that is broad based and benefits the majority of the

population. One of the primary goals of the ASEAN-Japan Comprehensive Economic Partnership signed in 2008 is the establishment of a “framework for the enhancement of economic cooperation among the Parties with a view to supporting ASEAN economic integration, bridging the development gap among ASEAN Member States, and enhancing trade and investment among the Parties.” This was reiterated in the Bali Declaration of 2011, which “reaffirm(ed) the commitment of ASEAN and Japan to work closely in supporting ASEAN integration and narrowing the development gap in the region, and reaffirm(ed) the support of the Government of Japan in the implementation of the Master Plan on ASEAN Connectivity, with a view to intensifying the flow of trade, investment, tourism and people-to-people interaction.”²

Within this context, the main objective of this chapter is to propose measures for how the ASEAN-Japan partnership can contribute to the global governance of reducing poverty and inequality in the post-MDG era. It attempts to address the following questions: How can the ASEAN-Japan partnership tackle global poverty and inequality to ensure that economic growth is inclusive and benefits the greatest number of people? And how can the ASEAN-Japan partnership contribute to harnessing economic growth for a more equitable distribution of opportunity and income?

GLOBAL GOVERNANCE INSTITUTIONS AND ISSUES RELATED TO POVERTY AND INEQUALITY

The number of people in the developing world living on less than US\$1.25 a day fell from 52 percent in 1981 to 43 percent in 1990 and to 21 percent in 2010 (at 2005 prices), but as of 2015, as the MDGs concluded, some 836 million people were still living in extreme poverty.³ In 1990, the proportion of the population living in poverty in East Asia and the Pacific, sub-Saharan Africa, and South Asia ranged from 54 percent to 56 percent. Poverty has decreased rapidly in East Asia and the Pacific, falling from 56 percent to 14 percent of the population by 2010. In South Asia poverty fell by 18 percentage points in 2008, while in sub-Saharan Africa it declined from 56 percent to 47 percent of the population. For the least developed countries (LDCs) overall, the decline from 1990 to 2008 was from 65 percent to 47 percent.⁴ Among ASEAN countries in 2008 and 2009, the poverty incidence of US\$1.25 per day on a purchasing price parity (PPP) basis is varied, ranging from a low of almost nil in Thailand and Malaysia to a high of 20.42 percent for Indonesia. If the threshold is set at US\$2.00 a day (PPP), around half of the population in Laos, Cambodia, and Indonesia is still below the poverty line.

The global financial crisis of 2008 and the various recent natural and man-made disasters hitting specific countries may be slowing down poverty reduction in some regions of the world. Furthermore, inequality has been increasing, especially within countries. Thus poverty and inequality remain important problems that national and global governance institutions continue to confront year after year.

Domestically, poverty and inequality are affected by the set of programs and policies formulated and implemented by national governments, usually in collaboration with other stakeholders. In terms of external actors, global institutions—various multilateral and bilateral agencies—play different roles in tackling poverty and inequality at both the global and country levels. These include the impact of financial and trade policies that govern the conduct of countries internationally (especially the Bretton Woods Institutions and the World Trade Organization, or WTO) and the amount of financial flows going into a certain country through development assistance (from bilateral and multilateral institutions like the United Nations), direct investments (from foreign and multinational corporations), and even remittances (from overseas workers). Global institutions contribute to poverty reduction and the amelioration of inequality through the following mechanisms:

1. Provision of knowledge and information: These institutions generate various data and statistics and provide comparative analyses of such data. Studies and reports are developed for possible use in the poverty and inequality planning of various governments.
2. Provision of technical assistance, loans, and grants: These institutions provide resources in various forms to assist governments in implementing poverty and inequality reduction programs and projects.
3. Advocacy: Through these institutions, particular advocacy themes are pushed forward in the form of recommended policies and programs. Global institutions allocate resources to mount such advocacy activities.
4. Promotion of trade, financial, and other development-related policies that may affect poverty and inequality across and within nations.

However, critics and analysts have argued that global governance in reducing poverty and inequality has fallen short of its goals despite the MDGs. Clapp and Wilkinson, in the introduction to their book in which various experts contribute to an examination of global governance in relation to poverty and inequality, conclude that “global governance has been far from successful; moreover, we find that the various actors that combine

to constitute contemporary global governance have actually perpetuated, entrenched, and extended a socio-economic model that privileges the market and facilitates the accumulation of wealth and resources among a small elite . . . in the face of mounting evidence that more needs to be done.”⁵ Others contend that some of these institutions have actually been successful in specific country contexts or, more precisely, in terms of particular programs that worked in moving people out of poverty. Prominent economists like Jeffrey Sachs also contend that these institutions have failed because the resources they use are too little to create impact. Many donor countries do not even reach the goal of providing 0.7 percent of gross national income (GNI) in development assistance. For example, only a few European countries achieved the commitments they made in Monterrey (in 2002) and Barcelona (in 2005) to provide 0.7 percent of their GNI as overseas development assistance (ODA) by 2015, and no donors from other parts of the world have achieved that goal yet either.⁶

ELEMENTS OF THE POST-MDG FRAMEWORK FOR
REDUCING POVERTY AND INEQUALITY:
THE GOVERNANCE CONTEXT OF A
GLOBAL FUTURE AFTER 2015

Altered Power Dynamics

The balance of geopolitical power is changing. For many decades this has revolved around Western Europe and the United States. Over the next 50 years, China and India are likely to increase their share of power in the global system, with the United States and Europe claiming less. This trend is likely to continue, barring any monumental events such as a world war or an environmental catastrophe. As noted in the *European Report on Development 2013*, “Other countries, such as Indonesia, Mexico, Nigeria, Saudi Arabia, South Africa and Turkey are also building up significant international influence, especially in their own regions, where their size and economic importance have enhanced their role as ‘anchors’ in relation to their neighbors, as well as their central role in international partnerships.”⁷

Increasing Role of Nonstate Actors

In recent decades, nonstate actors on the global stage, such as multinational corporations, have gained influence over governments in many countries.

They dominate in a number of areas, including energy, finance, mining, pharmaceuticals, chemicals, shipping, and mechanized agriculture. Ever since the World Social Forum was held in 2001 in Porto Alegre, Brazil, as a counterpoint to the regularly held World Economic Forum in Davos, the global civil society movement has increased its profile and has been a prominent critic of large international business. In the development field, big business—through its corporate social responsibility arms—and international civil society are both active and trying to assert their influence in the resolution of global issues like poverty and climate change, among others. Faith-based fundamentalist movements have also increased their profile in recent years and have been major actors in terrorist activities all over the world.

Rise of Regional Institutions

The last two decades have seen a growing role played by regional bodies such as Asia Pacific Economic Cooperation (APEC), ASEAN, the Mercado Común del Sur, and the African Union. Most recently, an agreement among a select group of countries was reached on the Trans-Pacific Partnership (TPP). Some of these institutions have tried to forge agreements on issues that were not being resolved at a global level, such as free trade arrangements. These formations are also sometimes useful in terms of collective lobbying and negotiations of international agreements and in geopolitical concerns.

Call for Reforms in Key Institutions

According to one study, there have also been calls to improve the credibility and effectiveness of existing institutional global mechanisms. The legitimacy of the UN Security Council (UNSC) has been called into question, and emerging powers including Brazil, India, and South Africa are advocating for reforms to that body. Experts from various sectors have also been clamoring for reforms in the Bretton Woods Institutions—the International Monetary Fund and the World Bank.⁸

New Development Paradigms

Post–World War II development policy has evolved from “rich” countries providing aid contributions to “poor” countries, to the promotion of

market-oriented global economic regimes, and to inducements for governance reform within developing countries. There has also been a change from purely “economic growth is development” thinking to discussions of “human and sustainable development.” At the same time, there has been an increasing interest shown in “South–South” cooperation (SSC), as large developing economies search for alternative sources of inputs and new markets, while poorer nations try to diversify their sources of development assistance. Brazil, China, India, and South Africa represent some of the biggest contributors overall in terms of emerging donors in SSC. More recently, we have seen how the development of a nation can be severely derailed by man-made disasters (conflicts and wars) and natural disasters (earthquakes, tsunamis, and super typhoons). Thus, a new global development framework must consider states that are vulnerable to these kinds of events.

Difficulties in Forging Consensus in Global Agreements

Recent experiences with international agreements based on consensus decision making, like the negotiations at the 2013 climate change conference in Warsaw or the trade conference in Bali that year, show how difficult it is to forge a consensus. Also, the altered power dynamics may result in new alignments and coalitions in international agreement negotiations. The post-2015 development framework is definitely complex, as it seeks to build on both the MDGs and the goals set out at the Rio+20 conference, expanding the agenda from the 10 MDGs to a total of 17 interconnected SDGs. Some countries achieved the MDGs even without multilateral cooperation and assistance and, thus, may not support or need new global arrangements, and others achieved theirs through trade expansion and bilateral support, leading to different perspectives on how the post-2015 agenda should be pursued. Another problem is figuring out how to include different actors’ varying priorities in agreements and how to get agreements that are sufficiently detailed to produce concrete and measurable results.

However, there were strong constituencies that pushed for the new SDG agreement—the UN and its High-level Panel on the Post-2015 Development Agenda, bilateral development agencies, “Northern” nongovernmental organizations (NGOs), and the LDCs themselves, which wanted a credible successor to the MDGs because they saw the international attention brought about by the targets as well as the increased ODA resources that went along with them.⁹

Incorporating Poor People's Experiences

Understanding poor people's experiences of poverty and marginalization can help in prioritizing responses to poverty and inequality by clarifying dimensions to be addressed and highlighting essential aspects, such as the importance of relationships and of the dignity and rights of poor people. Participatory mechanisms that can take the actual pulse and elicit the thinking of the poor will be important for the acceptability and credibility of the post-2015 agreement as it is implemented in the coming years. They will ultimately decide the impact of development policies and whether such policies are inclusive. Related to this, it may be important to examine the characteristics of people who have successfully moved out of poverty, as well as the various pathways that people have taken out of poverty, such as education and access to capital, among others.

THE ELEMENTS AND CHARACTERISTICS OF AN EVOLVING NEW FRAMEWORK

Relevance to Diverse Nationalities

As noted in the *European Development Report 2013*, "The challenges and needs of developing countries vary considerably according to their economic structure, human capacity, political situation, geography and inherent vulnerabilities." As such, the post-2015 framework will need to reflect these unique contexts.¹⁰ If a major objective of the post-2015 SDGs is to catalyze reforms at the global and national levels, then it must be implemented in such a way that it becomes relevant even in the context of diverse national realities. The framework should have flexibility in the choice of indicators and specific targets, which will facilitate greater ownership and accountability.

Structural Transformation

The European Report on Development 2013 is correct in noting that a greater emphasis on the promotion of structural transformation, and particularly on job creation, will be essential for sustainable economic and social development around the world. Structural transformation is a process of product diversification; upgrading toward the production of higher quality, more complex, and high-value-added products; and deepening linkages within the economy by developing local parts manufacturing and ancillary

services. This may involve fundamental changes that will be different from the current development paradigm. A transformational agenda will require a greater emphasis on state-market dynamics, including a strategic role for governments, especially if new types of industrial policies will be pursued to promote the manufacturing sectors of the developing economies. As many economists observe, good quality jobs for less educated workers can be provided by the manufacturing sector. Industrial policies must also be aligned with international trade strategies, which in turn will require cooperation with other countries around the world.

Promotion of Inclusive Growth and Sustainable Development

As already discussed above, the new post-MDG framework covers a range of global issues that affect development outcomes, such as risks and vulnerabilities, climate change, technological change, and consumption patterns. The eradication of poverty is still a major goal, but achieving it necessitates the adoption of development strategies that are both inclusive and sustainable. The framework must also build on the multidimensionality of poverty and tackle the challenge of relative poverty, in part by advancing social inclusion as a way to address the problem of inequality. The exclusion of various societal groups and the growing inequality among them threatens to jeopardize sustained economic growth, even while the poor and marginalized are also impacted greatly by environmental degradation and the advance of climate change.

Policy Coherence and Alignment

The European Report on Development 2013 also notes the need for the policy space of governments to be respected and this is particularly important from the perspective of Asia. National governments need to be given sufficient leeway in determining their own development priorities, as well as in formulating approaches to development finance, trade and investment, and migration. The policies that shape these areas have important implications for development, so it is also crucial that they be designed in a coherent manner. Various interventions by national and local governments, development partners, and other stakeholders must be coordinated and aligned with a country's development strategy. At the same time, these need to be linked up with the numerous international processes put in place to support inclusive and sustainable development and deal with a range of

global challenges. The efficacy of these efforts depends on the ability to create complementarities and synergies among all these processes. Therefore, the SDGs may best be understood as a framework that converges in a series of mutually supporting agendas.

Diversified Sources of Development Finance

Domestic resources should be the foremost source of finance for development because they provide the greatest policy leverage. Private domestic investment and foreign direct investment (FDI) are also important, especially if structural transformation is desired, and thus should be supported. Providers of SSC should be encouraged to strengthen their contribution as it offers additional choices and opportunities to partner countries. Levels of ODA should be maintained and ideally increased, and ODA should be allocated in ways that optimize its impact. Finally, to improve the effectiveness and complementarity of different types of development finance, it is important to encourage transparency regarding financial flows.¹¹

More Extensive International Multistakeholder and Collective Action

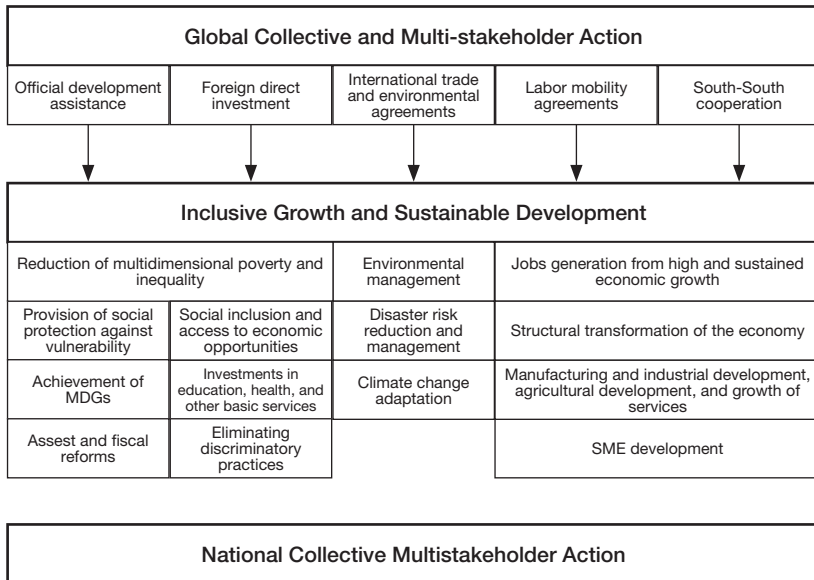
Achieving the original vision of the Millennium Declaration will require ongoing and considerably greater international collective action through global public policies. Such collective action is essential to establishing an international environment that is conducive to sustainable and inclusive development and to tackling global issues that affect the ability of individual countries to achieve development outcomes (e.g., in the areas of development finance, trade and investment, and migration). Developed countries, such as the United States, Japan, and countries of the EU, should enhance their support for the new framework by actively participating in collective action in other development fields, such as trade, migration, international finance, and climate change. Also, nonstate actors must be given roles to play in the new framework.

VISUALIZING A NEW DEVELOPMENT FRAMEWORK IN THE POST-2015 ERA

Given the various issues and considerations, as well as the suggested elements and characteristics of the new development framework in the post-2015 era, figure 1 presents a depiction of the main components and strategies needed to attain inclusive growth and sustainable development. As has been discussed in many fora, countries all over the world need to include a vast majority of their population in creating higher economic growth, and the benefits emanating from such growth must also accrue to those who made this happen. This is explicitly reflected in the SDGs announced this year.

To achieve inclusive growth and sustainable development, three major thrusts must be given priority at the national level—reduction of multidimensional poverty and inequality, environmental management, and jobs generation from high and sustained economic growth. As seen in figure 1, each thrust has specific strategies to be undertaken to be able to contribute to inclusive growth and sustainable development. It must also be emphasized that at the country level, action must also be collective and it must involve multiple stakeholders. At the global level, countries can also participate in pushing for a milieu that will facilitate and contribute to the attainment

Figure 1. Framework for inclusive growth and sustainable development in the post-2015 era



of these twin goals. Various stakeholders can collectively advocate for key global activities like increased FDI, greater labor mobility, international trade and environmental agreements, higher levels of ODA, and SSC.

RECOMMENDATIONS FOR ASEAN-JAPAN PARTNERSHIP IN A POST-2015 DEVELOPMENT FRAMEWORK

The ASEAN-Japan Partnership and Its Current Contributions to Poverty and Inequality Reduction

The Bali Declaration

On November 18, 2011, during the 14th ASEAN-Japan Summit in Bali, Indonesia, the heads of state of ASEAN countries and Japan adopted the Plan of Action to Implement the Joint Declaration for Enhancing ASEAN-Japan Strategic Partnership for Prospering Together and endorsed five strategies: strengthening political-security cooperation in the region; intensifying cooperation toward ASEAN community building; enhancing ASEAN-Japan connectivity for consolidating ties between ASEAN and Japan; creating a more disaster-resilient society; and addressing common regional and global challenges. This joint statement was dubbed the “Bali Declaration” and it set into motion the strategies that the partnership will implement in supporting ASEAN integration and narrowing the development gap in the region, which includes the Master Plan on ASEAN Connectivity to intensify the flow of trade, investment, tourism, and people-to-people interaction. Various types of action taken from this recent declaration define and specify the possible roles of ASEAN-Japan partnership in contributing to poverty and inequality reduction in a post-2015 era.

Japan’s ODA

ODA is still the primary means that Japan has to use in partnership with ASEAN to contribute to both global and regional governance in poverty reduction. Japan has been by far the largest bilateral donor to Southeast Asia. According to Hugh Patrick, “Between 1969 and 2004, 65 percent [of ODA to countries in the region] was in concessionary yen loans, 20 percent in technical assistance and 15 percent in untied grants; the amount and type of aid has depended upon each recipient’s size and level of development.”¹² This assistance has always been a complementary and integrated component of Japan’s strategy to increase trade and FDI in Southeast Asia. Despite fiscal

difficulties on the home front, the large amount of Japanese ODA and its synergies with trade and FDI have been instrumental to Japan's economic and political partnership with ASEAN. According to the Japan International Cooperation Agency (JICA), Japan's total ODA disbursements in 2012 amounted to US\$18.6 billion (¥1.5 trillion). Of this total, grant aid accounted for US\$3.6 billion (¥283.8 billion), technical cooperation US\$3.7 billion (¥294.5 billion), and loan aid US\$7.7 billion (¥617.8 billion).¹³

The government of Japan also established the Japan Fund for Poverty Reduction (JFPR) in May 2000 in support of the Asian Development Bank's (ADB) poverty reduction strategy that was approved in 1999. JFPR grants are not meant to be used for technical assistance but are given to finance investment grants related to ADB loans for pilot testing innovative poverty reduction approaches that may be scaled up under loan conditions or mainstreamed in ADB operations. The grants also offer opportunities for the ADB to partner with civil society by working with NGOs and community-based organizations and directly with communities themselves.¹⁴

Current Programs and Projects on the Reduction of Poverty and Inequality

ASEAN and Japan are already cooperating on efforts to reduce poverty and inequality in the region through a number of initiatives, including the following:

- Japan has assisted in strengthening connectivity in ASEAN through support for the creation of the Vital Artery for the East-West and the Southern Economic Corridors and the Maritime Economic Corridor, and it has also provided support for soft infrastructure projects in ASEAN and has funded more than 30 flagship projects related to the three ASEAN corridors.¹⁵
- Japan provides support for several of ASEAN's subregional cooperation arrangements, including the Greater Mekong Subregion (GMS), the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT), and the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA). These subgroupings are able to attract investment and technology, and serve as "building blocks for ASEAN regionalism," and they can thereby help alleviate inequality in the region.¹⁶
- Japan's long experience with small and medium-sized enterprise (SME) development is providing lessons for ASEAN, including through the following mechanisms: (1) internal learning and entrepreneurial activities;

(2) policy and program development for SMEs, including financing, preferential taxation, technology development, human resource development, and start-up support services; (3) promotion of the participation of ASEAN SMEs in production networks in the region; and (4) strengthening of the SME Working Group in the ASEAN Economic Ministers—Minister for Economy, Trade, and Industry (AEM-METI) Economic and Industrial Cooperation Committee.¹⁷

- Japan has contributed to ASEAN community building and to strengthening the regional body through the Japan-ASEAN Solidarity Fund in 1999, the Japan-ASEAN General Exchange Fund in 2000, and the Japan-ASEAN Integration Fund in 2006.¹⁸
- Human resource development is promoted through the annual ASEAN & Japan High Level Officials Meeting on Caring Societies and the implementation of the ASEAN-Japan Collaboration Programme for Strengthening the Basis of Human Resources Development in Cambodia, Laos, Malaysia, and Vietnam (CLMV) Countries.¹⁹
- Japan is funding several programs to support migrant workers in Southeast Asia through the ILO, including a grant of US\$2 million to support an initiative aimed at protecting migrant workers in Cambodia, Indonesia, Laos, and Thailand, which includes “developing a ‘knowledge base’ on migration issues for policy makers and building up the capacity of governments to manage orderly labor migration.” Other projects are addressing human trafficking in the region.²⁰
- Japan has been strengthening its cooperation with ASEAN on disaster management by convening seminars, dispatching personnel from the ASEAN Coordinating Centre for Humanitarian Assistance (AHA Centre), training and building the capacity of rescue teams, providing support to improve the AHA Centre’s communication facilities and stockpile systems, and developing a regional network for disaster preparedness and disaster relief—the Disaster Management Network for the ASEAN Region—with the AHA Centre as the hub.²¹
- Japan has been supporting MDG-related issues through programs on maternal health, basic education, and water provision. For example, JICA implemented a technical cooperation project in Indonesia called Ensuring Maternal and Child Health Service with the Maternal and Child Health Handbook, and in Cambodia it worked on improvements to the water supply and sewerage systems in urban areas.²² Support also takes the form of cooperation schemes such as the Third Country Training Program,

where “JICA has financially and technically supported its development partners to transfer their expertise or to re-transfer Japanese expertise to a third country,” and the JICA-ASEAN Regional Cooperation Meeting (JARCOM), which features an annual cycle for selecting, implementing, and monitoring projects. Well over 100 projects were conducted from 2004 to 2009 through JARCOM, many of which were related to the MDGs.²³

How the ASEAN-Japan Partnership Can Contribute to the Governance of Poverty and Inequality Reduction in the Post-2015 Era

As the plans for implementing the SDGs continue to be fleshed out, ASEAN and Japan should advocate for a post-2015 global development framework that builds upon the MDGs in a way that is integrated into a vision of inclusive and sustainable development, as visualized in figure 1. This post-2015 framework should focus on a multidimensional poverty agenda that seeks to include the sustainable development concerns delineated at the Rio+20 conference. The partnership should also advocate for mutually supportive international agreements in various areas where they are necessary to achieve the overall vision (e.g., climate change, migration, and trade).

Second, the partnership can provide input into the post-2015 framework by sharing collective and individual experiences in the governance of poverty and inequality reduction, including specific policies, programs, and projects. The most valuable contributions of the ASEAN-Japan partnership to the new global framework for development will be made through a range of policies and programs that go beyond development cooperation in the strict sense of the term to address areas such as trade, migration, disaster management, SME development, and SSC through subregional development.

The partnership should highlight the following points in order to contribute to the post-2015 global governance of poverty and inequality reduction:

Structural Transformation

- *Emphasize the need for industrial structural transformation in developing economies and the importance of integration into global and regional production networks.*

Structural transformation is needed to upgrade manufacturing and industries in the developing economies. Regional and global value chains are

important mechanisms for upgrading manufacturing, and it is important for developing countries to be fully integrated into regional and global production networks. Within the region, ASEAN can benefit and learn from Japan's postwar transformation as well as its successful experience in linking SMEs with production networks. Globally, ASEAN-Japan partnership can promote the role of regional production networks in enhancing trade as well as in deepening SME participation in these networks.

Trade and Investment

• *Adopt an inclusive growth and sustainable development strategy as an indirect approach to reducing poverty and diminishing inequality, highlighting the employment and environmental impacts of such a strategy.*

The success of Asia has shown that trade and investment play central roles in raising incomes and living standards in low-income countries and LDCs. Much of Asia's dynamism is due to increasing regional economic integration and strong trade and investment links. There are three important challenges that must be addressed. First, methods are needed to connect trade and investment policies to structural transformation.²⁴ Second, in order for the WTO to move beyond the Doha Development Agenda and include other issues such as the linkages between trade and finance or climate change, it should consider moving its agenda beyond a narrow focus on trade liberalization to include a broader range of trade policies that can be helpful in dealing with these global challenges.²⁵ This might also include addressing the many barriers impeding the smooth functioning of production networks.²⁶ Third, even though deeper trade integration is more likely to proceed at the bilateral and regional levels in the current global environment, it is important to ensure that the WTO remains the guardian of trade rules, norms, and knowledge that are supportive of development.²⁷ In light of the above, the ASEAN-Japan partnership could promote deeper regional integration with the WTO at the helm.

Importance of Labor Mobility

• *Highlight the need for international and regional frameworks to manage the temporary migration of workers.*

Huge amounts of remittances from migrants working abroad already play a significant role in financing development. Official remittances to developing countries in 2012 were nearly three times the amount of ODA to those countries and exceeded private debt and portfolio equity flows.²⁸ Informal remittance flows may even be larger. Freer labor mobility could catalyze global economic growth and reduce poverty in migrant-sending countries.

Yet, we lack an international regulatory regime and framework for such labor mobility. The post-2015 framework should acknowledge migrants' rights and the potential benefits of greater global labor mobility in relation to reducing poverty and addressing demographic change. The framework should highlight the need for migrant-receiving governments to agree to establish international rules and institutions that govern the temporary migration of low-skilled workers. At the same time, the framework must also emphasize the need to harness the benefits from labor mobility toward structural transformation in the sending countries. ASEAN can contribute to this important arena because it already signed a regional framework in 2007, the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers, which outlines the general principles, obligations, and commitments of member countries, whether they are sending or receiving countries for migrant workers. Both the sending nations—the Philippines, Indonesia, Vietnam, and Cambodia—and the receiving countries—Thailand, Singapore, and Malaysia—have accumulated experience in terms of policies and programs to promote and protect the rights of migrant workers.

Management of Risks and Vulnerabilities

• *Stress the need to manage risks and vulnerabilities through social protection systems and measures appropriate for developing economies.*

FINANCIAL STABILITY Without macroeconomic and financial stability, it is difficult for countries to move forward. The 2008 global financial crisis overturned some of the development gains made under the rubric of the MDGs. Therefore, the post-2015 development framework should include inputs for reforming the international financial and monetary system to lessen instability. Poor countries can have their policy responses and development strategies undermined by volatility and unpredictability in the public and private international financial flows. ASEAN-Japan partnership can contribute in this area, as ASEAN has deep experience gained from the 1997 financial crisis and post-crisis activities, especially in the establishment of surveillance mechanisms.

DISASTER RISK MANAGEMENT The post-2015 framework calls on nations to address vulnerabilities due to natural disasters. Japan can share its expertise in disaster preparedness and management, as can the Philippines and Indonesia, which have experience with various disasters that tested their capabilities in relief, rehabilitation, and recovery (e.g., the 2004 tsunami in the Indian Ocean and super typhoon Haiyan, which devastated part of the Philippines). All three countries are in the “ring of fire” and have been

plagued by frequent earthquakes and volcanic eruptions.

SOCIAL PROTECTION SYSTEMS AND POLICIES The post-2015 framework needs to integrate various options for social protection from which developing countries may be able to select and adopt or adapt, as their needs and resources may differ from those of Western and other developed countries. Indonesia and the Philippines can share their recent experience providing conditional cash transfers to poor citizens. ASEAN nations can also share their experience with microfinance and microinsurance, which countries like the Philippines, Indonesia, Thailand, and Cambodia have already implemented through several projects with their marginalized citizens. Such social protection programs are important for reducing the vulnerability of the poor in many countries.

FOOD SECURITY Another area where ASEAN and Japan can contribute is by sharing their experience in establishing a food security framework and information system—the ASEAN+3 Emergency Rice Reserve Agreement and the ASEAN Food Security Information System—that may be useful during food crises. At the country level, the CLMV countries have already made advances on food security while prioritizing the need to strengthen social safety nets in order to deal better with contagion from international financial crises, food price shocks, and natural disasters.²⁹

Alternative Resource Mobilization

• *Advocate for widening resource mobilization that includes South-South cooperation, similar to what the ASEAN countries are attempting through subregional frameworks and collaboration.*

SOUTH-SOUTH COOPERATION Because the new development framework will require additional resources, alternative ways of mobilizing resources should be proposed. SSC provides new options and opportunities for developing countries. It can also allow governments to retain flexibility and freedom from outside constraints in their policymaking. As noted above, ASEAN has embarked on subregional cooperation, which is one form of South-South cooperation. The experience of ASEAN in the formation of the GMS, BIMP-EAGA, and IMT-GT can be a source of knowledge and information in formulating strategies for SSC all over the world.

GLOBAL POVERTY AND INEQUALITY REDUCTION FUND Japan and ASEAN can share their experience handling Japanese ODA for this purpose. For example, the Japan Poverty Reduction Fund (JPRF) gives grants to innovative projects in ASEAN in partnership with the governments of Cambodia, Indonesia, Laos, the Philippines, Timor Leste, and Vietnam.

This type of ODA program is considered to have been “relevant, efficient, effective, and sustainable.”³⁰ ASEAN and Japan can propose a global fund patterned after the JPRF where major development partners can contribute resources to fund innovative projects in partnership with civil society groups and poor communities.

NOTES

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