Singapore's Voucher Engine

Alex stood in line at the hawker centre, surrounded by a familiar chorus of clanging woks, knives on chopping boards and someone shouting "Next! Number six!". The chicken rice uncle[1] put a plate of glossy chicken and fragrant rice on Alex's tray. Excited at the prospect of a comforting and delicious meal after a long day at the office, Alex tapped his smartphone to reveal a QR code that the chicken rice uncle scanned with his mobile phone. A little beep, and the transaction was done – Alex had paid for his meal. He picked up his tray, found a seat near the stall and dug in.

Alex had not taken out any coins or notes, or said "Uncle, PayNow can?".[2] Instead, Alex had paid with Community Development Council (CDC) vouchers, the digital credits that the Singaporean government gave every Singaporean household to offset daily expenses. In 2024 and 2025, every Singaporean household received S$800 in CDC vouchers, up from S$300 in 2023. The vouchers served a dual purpose: easing the rising cost of living for Singaporean families, and supporting heartland merchants by encouraging spending at local shops and hawker centres. An individual could put their CDC vouchers to use by, for example, buying groceries at NTUC FairPrice or Sheng Siong, or by paying for everyday items at small neighbourhood provision shops. They could grab their morning coffee from a familiar hawker stall, pick up fresh vegetables from the wet market or treat themselves to a plate of chicken rice, like Alex had done.

CDC vouchers were just one part of Singapore's wider landscape of broad-based cash and benefit transfers, a suite of measures that policymakers had weaved quietly into everyday routines and reached almost all households. Rather than building a sprawling welfare state, the government relied on timely boosts during periods of inflation or economic uncertainty, along with recurring benefits that were broadly shared but more generous for lower- and middle-income households, instead of permanent entitlements. The system was simple to access via platforms such as the CDC website, and familiar: Singaporeans had come to recognise annual Goods and Services Tax (GST) Vouchers, CDC vouchers, utility rebates and rental or education subsidies as part of the civic rhythm of the year.

Broad-Based Support, Not Universal Basic Income

Various factors provided a unique policy and economic context for why and how Singapore's system of broad-based cash transfers had become a central part of the country's social compact.

Singapore was famously a small, high-income city state without a large natural resource endowment. This geographical reality shaped an economic strategy built on trade, services, high-value manufacturing and the attraction of foreign investment.[3,4] Government revenues therefore depended on open markets and fiscal prudence rather than on natural resource rents or the heavy tax base required for expansive welfare programmes.

[1] In Singapore, a "chicken rice uncle" informally refers to a male hawker who prepares and sells the popular local dish, Hainanese chicken rice.

[2] PayNow is a real-time funds transfer service in Singapore.

[3] Ravi Menon, "An Economic History of Singapore: 1965-2065*" (speech, Singapore Economic Review Conference 2015, August 5, 2015), Monetary Authority of Singapore, https://www.mas.gov.sg/news/speeches/2015/an-economic-history-of-singapore.

[4] Terence Ho, "Avoiding the 'resource curse' is the key to Singapore's sustained growth", *The Straits Times*, November 5, 2023, https://www.straitstimes.com/opinion/avoiding-the-resource-curse-is-the-key-to-singapore-s-sustained-growth.

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This, in turn, led to a distinctive tax structure. Singapore used a relatively lean direct (income and corporate) tax burden, but relied heavily on consumption taxes such as the GST, which taxed domestic consumption such as locally-purchased goods and services as well as those imported into Singapore. The GST had risen over the years, from 3% at its introduction in 1994 to 9% thirty years later, in 2024. Singapore's Ministry of Finance noted that the rise to 9% – the GST rate had been 8% the year before – was necessary due to changing demographic needs such as an ageing population that would need more healthcare as well as evolving threats that necessitated spending on security.[5]

"These are recurrent needs which must be funded with a recurrent source of revenue," the Ministry of Finance wrote. "Raising GST was the prudent and sustainable way to achieve this."[6]

Given the regressive nature of consumption taxes, which took a larger share of income from lower-income households, the government explicitly coupled the tax rise with offsetting transfers such as the permanent GST Voucher (GSTV) scheme, which aimed to protect lower- and middle-income households from the high costs of things like healthcare and utilities bills.[7]

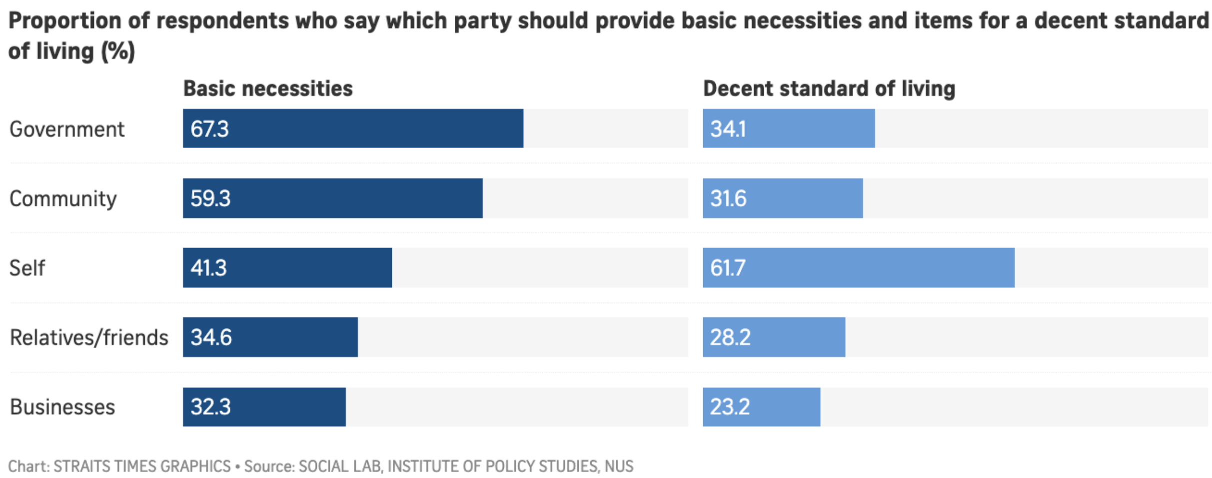

Figure 1: Public opinion about who should provide basic necessities and what people need to attain reasonable living standards.
Source: Chin Soo Fang, "Most Singapore residents prioritise self-reliance for essential needs: IPS poll".

Another key element of Singapore's policy context was the enduring preference in policy rhetoric for a model built on self-reliance, family support and targeted assistance, rather than a European-style model based on universal entitlements. The Singaporean state emphasised that individuals and families should remain the primary source of support, with the state providing calibrated help to those most in need. Singaporean individuals also placed a premium on self-reliance, though the majority felt that governments should support people in attaining basic necessities (Figure 1).[8]
Debates about social protection sometimes contrasted Singapore's model with proposals for a Universal Basic Income (UBI) – an unconditional, permanent and equal cash payment to all citizens. While Singapore's broad-based transfers shared some surface similarities with UBI, such as wide reach and minimal application

[5] Ministry of Finance Singapore, "Goods and Services Tax", https://www.mof.gov.sg/policies/taxes/goods-and-services-tax/.
[6] Ministry of Finance Singapore, "Goods and Services Tax".
[7] GovBenefits, "GST Voucher: Overview", https://www.govbenefits.gov.sg/about-us/gst-voucher/overview/.
[8] Chin Soo Fang, "Most Singapore residents prioritise self-reliance for essential needs: IPS poll", *The Straits Times*, July 12, 2024, https://www.straitstimes.com/singapore/most-singapore-residents-prioritise-self-reliance-for-essential-needs-ips-poll.

friction, its underlying logic was fundamentally different from that of UBI. Singapore's transfers were not entitlements – they were income-tiered, structured as temporary offsets and often designed to achieve specific policy aims. Singapore sought to realise some of the inclusive and stabilising benefits that UBI advocates highlighted without changing the structure of state provision or assuming the open-ended recurring liabilities that a true universal basic income would entail. The state retained considerable flexibility and control over structuring the transfers.

"Permanent transfers would give people more reassurance than ad hoc payments," academic and leading commentator on social and economic policy in Singapore Terence Ho said. "But once you do that, it's an obligation – you can't pull back without losing political capital. The voucher helps the government to retain full discretion on when and how much to give, depending on need and fiscal resources."[9]

Finally, Singapore maintained a strong norm of budget surpluses and reserve accumulation in its fiscal governance.[10] The government financed transfers such as CDC vouchers and COVID-19 pandemic relief through the annual budget or from surplus-build reserves, rather than by resorting to large deficits or debt-financed spending.[11,12] This fiscal conservatism arose from the government's norm of being prudent and responsive, rather than open-ended, in its commitments.

"All along, Singapore has practised returning budget surpluses to people before the end of the term of government," Ho said.[13]

A Suite of Broad-Based Transfers

Singapore's system of broad-based transfers consisted of several recurring schemes that collectively eased cost pressures, supported household resilience and served as behavioural nudges to reinforce broader policy goals. These schemes included the following (this list is not exhaustive):

CDC Vouchers

CDC vouchers, which were introduced in 2020 and subsequently institutionalised as a recurring household transfer, were the most visible broad-based transfer programme. Distributed to all households with at least one Singaporean citizen, CDC Vouchers provided immediate cost-of-living relief while stimulating neighbourhood economies. By requiring a portion of the vouchers to be spent at hawker centres and heartland merchants, the scheme supported everyday consumption as well as small businesses. "It's meant to signal to heartland stalls 'we've got your back'," Ho said.[14] Singaporeans could enter a stall name, street name or postal code into an online search tool to retrieve a list of places at which they could use their CDC vouchers. Table 1 shows the amounts each household received.

Table 1: CDC voucher amounts disbursed over the years, per household.

2020 (select households only)	**2021** (first digital rollout)	**2022**	**2023**	**2024**	**2025**
S$50	S$100	S$100	S$300	S$800	S$800

[9] Terence Ho, interview by Tara Thean Mei Feng, November 18, 2025.
[10] Ho, "Avoiding the 'resource curse' is the key to Singapore's sustained growth".
[11] Ministry of Finance Singapore, What are the reserves used for?, https://www.mof.gov.sg/policies/reserves/what-are-the-reserves-used-for/.
[12] OECD, "Budgeting in Singapore in 2025", OECD Papers on Budgeting, Vol. 2025/01 (Paris: Organisation for Economic Co-operation and Development, 2025).
[13] Ho, interview, November 18, 2025.
[14] Ho, interview, November 18, 2025.

GST Vouchers
GST Vouchers, introduced in 2012 as a permanent scheme, were designed to offset the impact of the GST by blending short-term relief with longer-term provisioning. The GSTV comprised four components:

Cash payments that provided direct support to eligible individuals;

U-Save rebates that lowered household utility bills;

MediSave top-ups that helped older Singaporeans strengthen long-term healthcare savings;

S&CC rebates to assist eligible households living in Housing & Development Board (HDB) flats, which housed almost 80% of Singaporeans, to reduce their monthly charges for maintenance, common-property upkeep, lifts, lighting, refuse chute systems and more.

Climate Vouchers
Climate Vouchers subsidised the purchase of energy-efficient electrical appliances to encourage greener household choices. The government first introduced them in 2020 to select households, and expanded the programme in 2024 to include all HDB households, with vouchers claimable until 31 December 2027 at time of writing.

LifeSG Credits
LifeSG Credits were introduced as part of the LifeSG platform's evolution from a life-stage services app in 2018 into a delivery mechanism for government benefits. Delivered through the LifeSG app, these credits did not represent a single scheme but served as a unified interface for multiple government benefits. LifeSG consolidated a broad range of cash transfers and support schemes such as GST Vouchers, SkillsFuture Credits,[15] National Service credits[16] and family-related benefits into one digital platform. This integration made it easier for citizens to view and claim the benefits they were eligible for, while reducing administrative friction and simplifying access across life stages.

SG60 Vouchers
Introduced in 2025 as a one-off commemorative transfer, the SG60 Vouchers were a one-off benefit that all Singaporeans aged 21 and above received in 2025 to commemorate the nation's 60th year of independence. Worth S$600 for adults and S$800 for seniors, they functioned as digital spending credits that could be used at participating hawkers, neighbourhood shops and supermarkets, providing both cost-of-living relief and a shared national gesture.

Edusave and the Post-Secondary Education Account (PSEA)
The PSEA, introduced in 2008 as a permanent education financing scheme, was a dedicated savings account that helped families pay for education-related expenses after secondary school, such as polytechnic, ITE or university fees, or approved enrichment programmes. This account succeeded the Edusave Account, which supported students during their primary and secondary school years by funding enrichment programmes, miscellaneous fees and more in the 90s and 2000s. The government transferred any unused Edusave balance into the PSEA when a student turned 17. The PSEA provided long-term support rather than cash-in-hand, ensuring a pool of resources dedicated to continued learning. PSEA funds could not be withdrawn as cash or used for general household spending.

[15] SkillsFuture credits are learning credits that adults can use to pay for approved courses to upgrade their skills.
[16] National Service credits digital credits given to national servicemen as recognition for their service and are usable at participating merchants and services.

Box 1: Comparative Regional Models

Singapore's model of recurring, near-universal vouchers and credits was relatively distinctive among regional peers in policy design and administrative feasibility. The system rested on Singapore's exceptionally high level of digital integration between citizens and the state: every resident was linked to government systems through Singpass, CPF records, tax filings and household registries, which meant the government could automatically assess eligibility and benefits without applications. In many larger or more rural countries, comparable schemes struggled with operational gaps, including incomplete data, dispersed populations and uneven digital access. These factors routinely caused vulnerable groups to miss out. In contrast, Singapore's compact geography and administrative capacity allowed the government to notify citizens directly of transfers they had received ("You have received your vouchers") and disburse the exact amount they qualified for based on comprehensive data on income, household composition, assets and other factors. The model also benefitted from Singapore's substantial fiscal resources, which made large-scale, recurring transfers more sustainable than in less affluent states. Below are three relevant comparisons:

South Korea
The South Korea model was more focused on targeted subsidies, tax credits and means-tested benefits, rather than on regular universal household vouchers. For example, in mid-2025 the Korean government approved a cash handout of at least 150,000 won (S$134 at the time of writing) per person, with additional payments of up to 300,000-400,000 won (S$267-356 at the time of writing) for lower income brackets. Policymakers clearly implemented this "livelihood recovery consumption coupon" programme as a counter-cyclical measure rather than a permanent broad-based transfer structure. Recipients had to spend funds within their local jurisdiction, and only on eligible small, local businesses.

Macau
Macau's approach came fairly close to Singapore's idea of broad-based transfers, using a wealth-sharing model tied to state revenue surpluses. Since 2008, Macau had operated a "Wealth Partaking Scheme" that distributed MOP 10,000 (S$1,623 at the time of writing) to eligible permanent residents and MOP 6,000 (S$974 at the time of writing) to non-permanent residents, funded largely from casino-derived revenues. The scheme was recurring and broadly available, albeit conditioned on a minimum-residence requirement (183 days in 2024 for 2025 eligibility, for example).

Hong Kong
Hong Kong relied more on voucher schemes as periodic stimulus tools to encourage local spending, rather than as an ongoing feature of the social safety net. For instance, the 2021 Hong Kong Consumption Voucher Scheme provided HKD 5,000 (S$836 at the time of writing) to eligible permanent residents with the goal of boosting consumption in local outlets after the COVID-19 pandemic as well as increasing digital payment adoption. The scheme increased AlipayHK spending by roughly 80-101% of the voucher value. Some discussion of the scheme later suggested it should be a temporary fiscal stimulus rather than a structural model of redistribution, given its high cost and the Hong Kong government's fiscal deficit.

Taken together, these schemes covered a spectrum of support mechanisms. Some were pure cash or credit transfers, such as the cash GSTV, CDC Vouchers, or SG60 Vouchers. Others operated as rebates or in-kind subsidies, most notably the utilities rebates and Climate Vouchers, which reduced specific categories of expenditures or nudged households toward socially desirable choices. A third category functioned through savings and long-term top-ups, such as the MediSave component of the GSTV and the PSEA, which built buffers for healthcare or education costs over the life course. While many of these schemes were universal and unconditional, others – most notably the GSTV – applied income, age or housing-type eligibility criteria. Together, these different forms of assistance created a layered system that combined immediate relief with future-oriented provisioning, and universality with targeted support. All schemes were delivered through digital platforms such as Singpass and GovWallet, which enabled automatic eligibility and low-friction access. This minimised bureaucratic effort for both the state and citizens.

How Broad-Based Transfers Shaped Singaporean Life

Though modest in scale compared to the welfare states of Europe, Singapore's system of broad-based transfers became an important feature of everyday life.

A Cost of Living Buffer

Cost of living was one of Singapore's dominant political concerns. Nearly three quarters of respondents in an Institute of Policy Studies post-election survey for the 2025 Singapore General Election rated cost of living as a "very important" issue, the highest proportion in the survey's history.[17] Transfers acted as a buffer against cost-of-living pressures in a high-cost urban environment. For instance, when the GST increased from 7% to 8% in 2023 and then to 9% in 2024, the government rolled out an expanded Assurance Package, providing additional CDC vouchers, GSTV Cash and U-Save rebates and targeted top-ups to offset the impact of the rise. Official estimates indicated that for most lower-income households, the offsets should cover the additional GST for several years.[18] As such, cumulative transfers, which amounted to several thousand dollars annually for lower-income families, served as meaningful buffers against increases in food, utilities and transport costs.

Balancing Inclusion with Fiscal Sustainability

The framework of broad-based transfers helped reconcile two potentially conflicting objectives: inclusion and fiscal sustainability. By distributing cash or voucher support widely – for example, almost all households received CDC vouchers – the state preserved legitimacy and inclusivity, avoiding the stigma that often accompanied means-tested programmes. At the same time, by designing tiers or eligibility conditions, or coupling transfers with additional top-ups for lower-income groups, the approach remained progressive, ensuring that households with greater need received relatively more support.

For example, the design of the GSTV scheme made this balance explicit. While the overall GSTV framework covered a large proportion of adult Singaporeans, the government calibrated each component to deliver more support to those with lower incomes or fewer assets. Singaporeans aged 21 and above received GSTV Cash, but the amount was tiered sharply by income and annual home value: lower-income individuals could receive up to several hundred dollars more than middle-income recipients, while those living in higher-value properties received no cash payout. GSTV U-Save, which helped households offset utilities bills, was similarly structured so that smaller HDB flats received larger quarterly rebates than larger ones. GSTV MediSave added another layer of progressivity by providing annual top-ups specifically to older Singaporeans (aged 65 and above), who were more likely to face rising medical costs and weaker earning capacity.

The Politics of Support

Cash transfers played a visible role in public perception and political legitimacy. In a governance model that emphasised market discipline, self-reliance and limited entitlements, broad-based transfers signalled that the state recognised and "shared the burden" of citizens living in a high-cost city. For instance, during the GST hike, the government emphasised the role of the Assurance Package, which included CDC vouchers, to cushion households.[19] The transfers' regularity – CDC vouchers at the start of the year, utilities rebates every quarter, GSTV announcements mid-year – created a cadence that reinforced trust in the government's responsiveness. These signals were particularly salient during contentious moments such as the

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[17] Fabian Koh, "Cost of Living Was Top Voter Concern in GE2025, IPS Post-Election Survey Shows," *CNA*, 2 September 2025, https://www.channelnewsasia.com/singapore/cost-living-voter-concerns-pap-wp-psp-sdp-ips-survey-5328376.

[18] Ministry of Finance Singapore, "Goods and Services Tax".

[19] Davina Tham, "Budget 2024: More CDC vouchers, payouts and tax rebates to help with cost of living", *CNA*, February 16, 2024, https://www.channelnewsasia.com/singapore/budget-2024-cash-payout-cdc-voucher-personal-tax-rebate-4128716.

implementation of GST hikes, when public acceptance correlated closely with the credibility and sufficiency of offset packages.

"The transfers are structured to remind you that the government is giving you something," Ho explained. He noted that each time a person tapped their phone to access the LifeSG app or use a CDC credit, they would subconsciously remember that the government had given them a little *ang pao*. "It keeps people feeling happy – psychologically, it's better than a one-off from the government's viewpoint."[20]

Steering Social Choices

The transfer system also acted as a behavioural policy instrument. By directing CDC vouchers toward hawker centres and heartland merchants, the state bolstered local commerce and sustained Singapore's distinctive neighbourhood economies. Climate Vouchers created targeted incentives for households to choose energy-efficient appliances, aligning social support with environmental sustainability. Education-linked credits and top-ups encouraged skills upgrading and lifelong learning, while certain family-related benefits nudged households toward greater investment in child-raising or caregiving. Broad-based transfers thus became channels for advancing social and economic priorities, and their widespread digital delivery via the Singpass app or linked voucher portals reflected Singapore's broader ambition for efficient, technology-enabled public service delivery.

Institutionalisation during the COVID-19 crisis

The COVID-19 pandemic accelerated and normalised the broad-based transfer architecture. During the crisis, the government rolled out a raft of support schemes – many framed as "vouchers" – that injected liquidity into households and sustained local businesses. This period familiarised citizens with recurring digital transfers through Singpass-linked platforms, reinforcing expectations of accessible, frictionless support. What began as emergency relief gradually evolved into a stable and institutionalised layer of Singapore's social policy toolkit. The pandemic acted as both catalyst and legitimiser, entrenching vouchers and digital credits as everyday instruments of governance in Singapore.

Constraints and Trade-Offs

Some of the very features that made Singapore's system of broad-based transfers politically attractive and operationally efficient, such as its broad reach, digital delivery and use of vouchers, also gave rise to criticisms about superficiality, sustainability, equity and paternalism. These concerns echoed findings from international evidence. A major multi-country review of cash transfer programmes found that while transfers reliably improved short-term outcomes such as schooling and the use of health services, their effects on deeper structural indicators such as long-term poverty reduction, labour market outcomes or sustained productivity gains were more uneven and often required complementary reforms or institutional changes.[21]

Does Broad-Based Support Delay or Enable Reform?

A recurrent critique was that cash transfers and vouchers were band-aids rather than cures for deeper structural issues. Commentaries from across the political spectrum argued that while rebates and handouts helped households for a time, they did not fundamentally resolve structural issues such as wage stagnation, housing affordability or the drivers of rising prices. Some argued that the state risked leaning too heavily on transfer packages to manage public discontent rather than confronting more politically costly reforms in areas such as labour market regulation or income floors. Older debates around earlier GSTV payouts already reflected this sentiment, with some framing pre-election transfers as "sweeteners" funded from accumulated surpluses rather than as part of a coherent long-term redistribution strategy. Ho pointed out that the government had recently taken several measures to address major structural issues. These included

[20] Ho, interview, November 18, 2025.

[21] Francesca Bastagli et al., "Cash Transfers: What Does the Evidence Say?" (London: Overseas Development Institute, 2016).

the SkillsFuture Jobseeker Support scheme, which offered cash to eligible individuals who met certain milestones on their job-seeking journey,[22] and the Progressive Wage Model, which helped raise the wages of and provide training to lower-wage workers.[23]

An unresolved debate over whether the transfer system deferred or enabled structural reform remained. In one view, regular broad-based support bought time and political space for gradual shifts in areas such as healthcare financing, CPF reforms or wage ladders. In another, it risked normalising a pattern in which the government periodically patched over structural problems such as high healthcare out-of-pocket costs with new vouchers. Some suggested that the transfers would encourage dependency, and should be treated as a last resort.[24]

Conditionality in a Broad-Based System

Critics pointed to paternalism and constrained choice as inherent features of a voucher-heavy model, arguing that the state did not seem to fully trust households to make their own spending decisions. Some commentaries noted that vouchers were a deliberate choice over cash because they focused on "directing aid" to specific areas of expenditure rather than allowing full discretion over use, ensuring the support of local merchants and the spending of public money on socially beneficial areas.[25]

Ho noted that CDC vouchers were about as close to pure cash handouts as one could get. "Economists know that the most important way to maximise welfare is money – anything in kind restricts choice and lowers economic welfare," he said. "But no government wants to give out money that people use on alcohol and cigarettes. Vouchers help you eliminate those kinds of uses."[26]

Digital Systems, Uneven Access

Another tension lay in digital delivery and the risk of exclusion. On paper, Singapore's near-universal digital ID infrastructure made it easy to push benefits out quickly. In practice, older and less tech-savvy citizens faced barriers to adoption. While smartphone ownership among seniors rose from 74% in 2017 to nearly 89% in 2024, and the share of seniors making online payments increased by over twofold, only about a quarter of seniors said they preferred to interact with the Government digitally, and many were not very confident about their ability to identify scams on digital platforms.[27,28] A study on digital literacy among older adults in Singapore found that nearly 6% of respondents did not own any digital device at all, despite high overall ownership in the sample.[29] Other research pointed to seniors' discomfort with more complex digital services, such as telehealth or AI-mediated tools. These figures suggested that, without sustained accompaniment in the form of helpdesks or offline claiming channels, a fully digital transfer regime risked leaving a small but non-trivial minority behind.

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[22] Workforce Singapore, "SkillsFuture Jobseeker Support Scheme," https://jobseekersupport.mycareersfuture.gov.sg/.

[23] Ministry of Manpower, "What Is the Progressive Wage Model (PWM)," https://www.mom.gov.sg/employment-practices/progressive-wage-model/what-is-pwm.

[24] Wong Yee Lok, "The utility of cash transfers in a pandemic: Lessons from East Asia", *Global-is-Asian*, November 15, 2022, https://lkyspp.nus.edu.sg/gia/article/the-utility-of-cash-transfers-in-a-pandemic-lessons-from-east-asia.

[25] Clara Lee, " Commentary: Budget 2025 and the appeal of CDC vouchers over cash handouts", *CNA*, February 20, 2025, https://www.channelnewsasia.com/commentary/cdc-voucher-redeem-cash-budget-2025-4946846.

[26] Ho, interview, November 18, 2025

[27] Infocomm Media Development Authority Singapore, "Singapore Digital Society Report 2023" (Singapore: Infocomm Media Development Authority, 2023).

[28] SINGSTAT (Singapore Department of Statistics), "Individuals Smartphone Ownership By Age Group, Annual" (2017–2024), data.gov.sg, last updated 15 November 2025, https://data.gov.sg/datasets/d_65567444c3df02aceb795897bbd183c9/view

[29] Centre for Research on Successful Ageing (ROSA), "Digital Literacy Among Older Adults in Singapore", ROSA Research Brief Series (Singapore: Singapore Management University, May 2023).

Intergenerational Commitments

Questions around long-term fiscal sustainability and intergenerational fairness also remained. Singapore's ability to fund broad-based transfers at existing levels rested partly on its sizeable reserves and the Net Investment Returns Contribution,[30] which accounted for about a fifth of government revenue.[31] Constitutional and budget rules required balanced budgets over each term of government and prohibited borrowing for operating expenditure, constraints aimed at preserving long-term fiscal sustainability.[32] A paper in The Singapore Economic Review highlighted the importance of maintaining discipline as ageing drove up social spending obligations.[33] While transfer levels at the time of writing appeared affordable, especially after strong post-COVID rebound in revenues and surpluses, scaling or permanently expanding broad-based benefits could, over time, put pressure on the balance between present-day support and preserving the real value of reserves for future generations.

Small City-State Realities

A further challenge, more conceptual than immediate, was whether Singapore's model was replicable beyond a small, highly centralised city-state. The system relied heavily on characteristics that were not easily reproduced: a compact geography, strong administrative capacity, high digital penetration, a cohesive political system and large net assets generating substantial investment income. Cross-country analyses of social protection expansion in Asia emphasised that scaling up benefits in larger, more diverse countries required weighing fiscal space, administrative capacity and political fragmentation much more heavily.[34,35,36] It was possible that Singapore's broad-based, digitally-delivered transfer regime may have been more of a city-state equilibrium than a generalisable template for others.

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[30] The Net Investment Returns Contribution refers to the portion of Singapore's annual Budget revenue that comes from the long-term expected investment returns of Singapore's reserves. It allows the government to spend up to 50% of these projected returns each year while preserving the real value of the reserves for future generations.

[31] Lee Hsien Loong, "PM Lee Hsien Loong at the Debate on the Motion on Public Finances" (speech, Debate on the Motion on Public Finances, February 7, 2024), https://www.pmo.gov.sg/newsroom/pm-lee-hsien-loong-at-the-debate-on-the-motion-on-public-finances.

[32] OECD, "Budgeting in Singapore in 2025".

[33] Ngee Choon Chia and Dyon Dong, "Inter-Generational Impacts of Singapore's Budgetary Responses to Covid-19: Generational Accounting Framework," *The Singapore Economic Review* 69, no. 4 (2024): 1439-1472, https://doi.org/10.1142/S0217590824450061.

[34] Asian Development Bank, "The Social Protection Indicator for Asia: Tracking Developments in Social Protection" (Manila: Asian Development Bank, 2022).

[35] Isabel Ortiz et al., "Fiscal Space for Social Protection: A Handbook for Assessing Financing Options" (Geneva: International Labour Organization, 2019).

[36] ASEAN +3 Macroeconomic Research Office, "Fiscal Management of Social Protection Systems in Selected ASEAN +3 Economies (Singapore: ASEAN +3 Macroeconomic Research Office, 2024).

Discussion Questions

1. Sketch out some of the underlying principles of Singapore's broad-based transfer schemes.

2. Is Singapore's model morally and pragmatically preferable to a strong welfare state or Universal Basic Income? Why, or why not?

3. Should a government prioritise citizen choice (cash) or directed support (vouchers)?

4. Imagine that you have been told to cut total transfer spending by 20% in Singapore without losing political support. Which schemes would you trim or scrap first, and which would you protect at all costs?

5. Imagine you are advising a large, middle-income country that wants to "copy" Singapore's model. Which elements would you tell them to adopt, adapt or avoid?

6. Digital delivery can unintentionally exclude certain demographics, such as seniors. How would you fix that? What concrete interventions would you implement, and how would you know they worked?