



Work, family and social protection

Old age income security in Bangladesh, Nepal, the Philippines, Thailand and Vietnam

HelpAge International is a global network of organisations promoting the right of all older people to lead dignified, healthy and secure lives.

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Written by Charles Knox-Vydmanov
Front cover photo by Antonio Olmos

HelpAge International, East Asia/Pacific Regional Office
6 Soi 17 Nimmanhaemin Rd., T. Suthep, A. Muang,
Chiang Mai 50200 Thailand

Tel: (66) 53 225400

Fax: (66) 53 225441

hai@helpageasia.org

www.AgeingAsia.org

www.helpage.org

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Abbreviations

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| APIS | Annual Poverty Indicators Survey |
| BDT | Bangladeshi Taka |
| GDP | Gross Domestic Product |
| GSIS | Government Service Insurance Scheme (Philippines) |
| HIES | Household Income and Expenditure Survey |
| HSES | Household Socio-Economic Survey |
| LFS | Labour Force Survey |
| MIPAA | Madrid International Plan of Action on Ageing |
| NPR | Nepalese Rupee |
| NLSS | Nepal Living Standards Survey |
| NSSS | National Social Security Strategy of Bangladesh |
| OAA | Old Age Allowance |
| PHP | Philippine Peso |
| PPP\$ | Purchasing Power Parity Dollars |
| PSOA | Philippines Study on Ageing |
| SDGs | Sustainable Development Goals |
| SOPT | Survey of Older People in Thailand |
| SSS | Social Security System (Philippines) |
| THB | Thai Baht |
| US\$ | United States Dollar |
| VHLSS | Vietnam Household Living Standards Survey |
| VNAS | Vietnam National Ageing Survey |
| VND | Vietnamese Dong |

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Executive summary

How does growing older affect a person's income security in Asia? This question is becoming increasingly urgent in the context of rapid population ageing in the region, yet relatively limited comparative analysis has tried to answer it. This report aims to fill the gap by providing a comparative investigation of the income security of older people in five Asian countries that have diverse contexts; namely, Bangladesh, Nepal, the Philippines, Thailand and Vietnam.

The report paints a picture of the multiple sources of income that contribute to income security in old age and how they interact. This has been done by mining existing survey data in each country to explore three key sources of income for older people: work, transfers from family and social protection. This marks a departure from most previous analysis of old age income security which has focused on age-disaggregated poverty data – which can only provide a relatively superficial picture of the issue. As well as providing new insights, this study highlights many weaknesses of existing data on ageing and points out opportunities for improvements in data collection and analysis.

Working in old age

Working at older ages is not without its challenges, yet it is simplistic to characterise later life as a time of economic inactivity. Measures such as the old age dependency ratio, which often underpin policy discussion on ageing, generalise older people as economically inactive. However, in all the study countries, a high proportion of older people continue working above the age of 60: around 40 per cent in Bangladesh, the Philippines, Thailand and Vietnam, and 66 per cent in Nepal. Even at more advanced ages many older people still work.

In spite of this caveat, the levels of employment do gradually decline with age. In all five countries, the likelihood of working is lower at more advanced ages, as are the hours spent in work. There are also important gender dynamics; women are less likely to be in employment in all five countries, and also begin withdrawing from work at an earlier age than men.

Health issues are the main driver of lower levels of work. In the countries where data is available, health issues are the most common reason reported for older people not working. This reflects the well documented trend that prevalence of disability and chronic illness increase in old age. For women, family responsibilities also emerge as an important reason for not working, particularly for those in their 60s, although health issues become dominant at more advanced ages.

The data provides a mixed picture as to whether work is better viewed as an indicator of income security or of poverty. While employment undoubtedly provides additional income, there are indications that people who continue to work well into their old age often have little other choice. In all countries, older people are more likely than other age groups to be working in the informal sector and in agricultural employment, which are more vulnerable forms of work with relatively low earnings. It is also notable that – while ill health pushes some out of the workforce – many appear to have no choice but to work in spite of health issues. In all countries a high proportion of older people continue working in spite of disability.

Income from family

The majority of older people in Asia live with, or close to, other family members, and most receive income from them. Across the five countries, between 55 and 80 per cent of older people live with at least one child, while between 11 and 20 per cent live only with their spouse. No more than 10 per cent of older people live alone in any of the five countries. Most older people have family living in the same community, even if not in the same household. Transfers of cash or goods are common, with 79 per cent of older people in Thailand and 67 per cent in Vietnam reporting receiving income from family. Spouses constitute an important source of support, providing income to around a quarter of older people in both countries.

There are, nevertheless, strong indications that this income is often inadequate. Data from surveys in the Philippines, Thailand and Vietnam show that only around a third of older people consider contributions from children to be their main source of income, with work and social protection collectively playing a bigger role. The role of family increases at older ages. In terms of the scale of support, data from Thailand shows that for most older people the value of transfers received by children is below the national poverty line. In the Philippines, in spite of financial support from children, half of older people still report facing some or considerable difficulty in meeting expenses. A fundamental reason for the seeming inadequacy of family support is the high levels of poverty and economic vulnerability faced by the population as a whole. That is, if the whole family is poor, its older members typically are poor too. Support from spouses tends to constitute a small share of income for older people, and this support varies substantially by gender. While most older men are married, between 43 and 67 per cent of older women in the five countries are widowed.

A large proportion of older people live in households without income from remittances. Compared to international remittances, domestic remittances tend to be more common, with between 8 per cent of older people in Bangladesh and 49 per cent in the Philippines living in a household in receipt of them. Nepal and the Philippines have the highest levels of international remittances (31 per cent and 26 per cent respectively). Analysis in the Philippines also reveals insights into who gets remittances. While domestic remittances are more likely to be received by poorer households, international remittances are much more common amongst relatively better-off households.

Social protection

In all countries apart from Thailand around half of older people – or more – receive no pension at all. Each country has a pension system which combines earnings-related schemes – based on previous work history – with non-contributory social pensions. In Nepal, the Philippines and Vietnam, the total coverage of these pensions has reached around half of people aged 60 and over, while in Bangladesh it has reached around 30 per cent. Thailand is the exception, with the system reaching more than 9 in 10 older people.

Social pensions have made a major contribution to extending overall pension coverage over the last two decades. Earnings-related pensions – many of which have a long history – have generally struggled to expand coverage beyond small minority of the population, mainly those who are wealthier than average. The proportion of older people receiving earnings-related pensions is highest in the Philippines (29 per cent of older people) and lowest in Bangladesh (4 per cent). The prospect of dramatic increases in coverage in the short term also appears to be low, given high levels of informality in employment and low levels of earnings. In contrast, social pensions now make up more than half of the total pension coverage of older people in each of these countries apart from the Philippines. Social pensions have been particularly important from a gender perspective. While women are less likely than men to receive earnings-related pensions, they are more likely to receive social pensions.

Narrowly targeted social pensions have had limited success in reaching poorer older people compared to universal schemes. In Bangladesh and Thailand, over half of the intended beneficiaries were incorrectly excluded by poverty-targeted schemes, while qualitative research suggests there are similar errors in the Philippines. By contrast, near-universal social pensions such as the Old Age Allowance introduced in Thailand in 2009 have been successful at reaching virtually all poorer older people, with lower coverage mainly amongst better-off older people.

Adequacy of social pensions remains low with the exception of Nepal, while low benefit levels are also found in some earnings-related schemes. Benefit levels of social pensions in Bangladesh, the Philippines, Thailand and Vietnam are between 4 and 7 per cent of national GDP per capita, which is below the average for social pensions across the region (11 per cent). This is also significantly less than the benefit levels in countries with social pensions in Africa and Latin America (an

average of 18 and 17 per cent of average income respectively). In all five countries apart from Nepal, the value of the benefit is below the international extreme poverty line. The result is that, while these pensions often provide a lifeline to the poorest older people, they may not provide a level of income security that guarantees an older person can live in dignity. In the meantime, none of the countries formally index benefits to inflation on an annual basis. The result is that there are dips in purchasing power in the short term, even if most have increased in real value in the longer term, through ad hoc increases. The key exception to this pattern of low social pension benefits is Nepal which, despite being the poorest country in the group, has the highest benefit level in absolute terms (US\$ 19), and relative to average incomes (31 per cent of GDP per capita). In the meantime, earnings-related schemes also face issues of adequacy: for example, a significant proportion of recipients of social insurance pensions in the Philippines receive benefits whose value is below the poverty line.

Expenditure on social pensions remains low, which suggests that – with political will – there are affordable and sustainable options to expand coverage and adequacy. Expenditure on social pensions in Bangladesh, Vietnam and the Philippines currently represents only around 0.1 per cent of GDP, and less than 1 per cent of government expenditure. Even with rapid ageing of their populations, these schemes are set to cost just 0.2 per cent of GDP by 2040. Expenditure in Nepal and Thailand is higher (0.7 and 0.5 per cent of GDP respectively) yet is still modest compared to the cost of social pensions in other low- and middle-income countries including Bolivia, Brazil, Georgia, Mauritius and South Africa.

Despite relatively low coverage, earnings-related pensions in all countries face sustainability issues that require government action. An ageing population means that – without reform – existing earnings-related schemes in the Philippines and Vietnam will deplete their funds by the 2040s and will need to be subsidised by general taxation. Reforms including increasing pension ages, increasing contribution rates and changing benefit formulae have been proposed. In the meantime, expenditure on tax-financed pensions to public servants is commonly in excess of expenditure on social pensions for the general population, and is also subject to sustainability challenges as the population ages. Nepal, Thailand and Vietnam are all at different stages of putting in place contributory schemes for these public servants to replace tax-financed schemes.

Lessons for future analysis and data collection

This report indicates there is significant potential to further interrogate existing data to understand old age income security. By unpacking the various sources of income in old age and exploring each in more detail, the analysis provides new insights that are lost when simply analysing household poverty data. A particularly rich source of evidence, which has undergone relatively limited comparative analysis in the past, is data on the working patterns of older people. Disaggregating by characteristics including gender and age cohorts reveals the diversity of the situation of older people, which is often hidden when aggregating the population over 60 or 65 years old.

Opportunities to improve data collection include refining the questionnaires of surveys that are already regularly undertaken, and regularly implementing surveys of older people in more countries. Surveys of older people are of particular value in understanding the dynamics of family support in old age and providing a picture of how multiple sources of income interact. Only a minority of countries have undertaken these surveys, and very few repeat them on a regular basis (only Thailand of the five countries in this study). In the meantime, it is important to find ways to refine other surveys undertaken regularly at a country level – such as income and expenditure surveys and labour force surveys – to improve their sensitivity to issues of old age income security. Given the importance of pensions as a source of income for older people, strengthening social protection modules within these surveys is a priority.



Introduction

How does growing older affect the ability of people living in the Asia region to secure a decent income? This question provides the starting point for this study and responds to two key trends across the region. The first is that most countries across Asia are already undergoing a rapid ageing of the population, which is set to accelerate in the coming decades. Understanding the situation of the population of older people, as it grows and changes, is critical to designing and implementing policies and programmes that respond to demographic ageing. Second, and in parallel, the last decade or so has seen rising interest in social protection policy, with a sharp increase in the number of countries across Asia and the globe implementing new schemes. Ensuring income security in old age is a core function of any comprehensive social protection system, and this has been reflected in actions many Asian countries have taken to expand pension systems. “Income security for older persons” is also identified as one of the four social security guarantees of a social protection floor, an increasingly important reference point in the region.¹

To date, the level of comparative analysis of old age income security between countries has been limited. Comparative research on the income security of older people has tended to focus on age-disaggregated poverty analysis, based on data from household surveys. While this analysis makes an important contribution to the debate, it takes limited account of the complex interaction of sources of income in old age, and presents significant methodological issues.² It is also unable to take account of the fact that income security in old age implies a complex interaction between the situation of older people as individuals, and the wider households, communities and societies they live within. In the meantime, there have been relatively few attempts to mine existing national datasets for specific analysis on old age. Where this has been done, it has commonly been at a country level, with little comparison between countries.

The purpose of this study is to delve into the wider array of existing data to shed greater light on the nature of old age income security in five selected countries: Bangladesh, Nepal, the Philippines, Thailand and Vietnam. This has been done by undertaking secondary analysis of existing national datasets (most collected regularly by national statistics offices) within a common analytical

¹ International Labour Organization, *Recommendation 202 Concerning National Floors of Social Protection*, 2012.

² See, for example, discussion of adult equivalence scales and economies of scale in Jan Priebe and Fiona Howell, *Old-Age Poverty in Indonesia: Empirical Evidence and Policy Options—A Role for Social Pensions*, 2014.

framework. As documented throughout the report, the analysis reveals a number of common trends, as well as differences in the situation in each country. The exercise also tells us something of what can be done with existing data and the gaps that remain.

It is hoped that this report will contribute to national and international policy making and to wider thinking about how to measure old age income security. Given the growing interest in social protection across the Asia region, the study is particularly focused on lessons for the design of pension systems. The comparative nature of the study is of value here in its ability to show the varied results of different policy choices. In the meantime, lessons from the process of analysing existing data can contribute to discussions on how to improve data collection and which data gaps need to be filled. This is particularly relevant to current global discussion around measuring progress towards achieving the Sustainable Development Goals (SDGs) and the Madrid International Plan of Action on Ageing (MIPAA).

Methodology and scope

In exploring issues of income security in old age, a focus of this study is assessing whether different sources of income received by older people are adequate. The kind of income considered within this report is primarily financial, but also includes material support (such as food or clothing) where it forms a significant part of the income mix of older people. As discussed below, material support is most relevant in assessing income received from family members. No single definition of adequacy is used; nevertheless, a number of relevant international and national benchmarks are employed throughout the report. The report also discusses the extent to which income is regular and predictable.

There are four broad sources that an older person can receive income from. These are (1) work and income-generating activities (sometimes described as “labour income”); (2) private transfers such as support from families and remittances; (3) income from assets and savings; and (4) social protection, such as pensions and other cash transfers. A set of research questions, relating to these different sources of income were identified through a process of literature review and consultation with an expert reference group on income security in the region. These questions, together with a few cross-cutting research questions are summarised in Box 1.

Box 1: Research questions

Work and income generating activities

- How important is economic activity for older people’s income security, and how does this change as people grow older?
- How does this differ by gender, location (urban and rural) and type of employment?
- What evidence is there about why older people reduce levels of economic activity (e.g. poor health and disability, caring responsibilities, cultural values)?

Family support and informal transfers

- How do levels of material/financial support from families change in old age (including analysis by sex and sub age group)?
- What is the scale and nature of this support?
- What kind of households do older people live in, how is this changing and how will those changes affect income security?
- What contribution do remittances make to income security in different contexts? How regular is this support?

Social protection

- What is the extent of coverage of social protection and what is the distribution by income, location and gender?
- How does this relate to different design parameters such as financing (contributory/non-contributory), targeting and operational arrangements (e.g. delivery systems)?
- How adequate are different kinds of benefits?
- To what extent are younger people contributing to an old age pension? How has this/is this changing over time?

Assets and savings

- What evidence – if any – is there on the extent to which older people use their assets and savings to support their income security, and that of their wider families/households?

Cross-cutting questions

- How does the situation (regarding each research question) differ by context (country and also urban/rural location), gender and age (between older people of different ages)?
- How do the sources of income described above interact? What is the balance and how is this changing over time?
- What limitations remain in the data available for understanding the income security of older people, and how could data collection be improved (e.g. better survey design, increased data availability, new techniques)?

The discussion in this report narrows the focus to three sources of income.

These are income from work, from family and from social protection. The relatively limited attention provided in the report to income from assets and savings is due to limitations in the data sources analysed, which shed little light on the levels of income from these sources. Some indication of the relative importance of assets and savings from the data analysed is provided in Figure 20 in Section 2.2.

While the study is intended to provide a resource for policy-makers across the Asia region as a whole, five case study countries were selected to allow more in depth focus in each context. These are Bangladesh, Nepal, the Philippines, Thailand and Vietnam. The choice of these countries was made to ensure a geographical spread that incorporated diverse contexts, including factors such as the extensiveness of old age social protection systems, the level of economic development and the demographic situation (particularly in relation to population ageing).

Table 1: Demographic and economic indicators for the five countries

| | Bangladesh | Nepal | Philippines | Thailand | Vietnam |
|--|--------------|-----------|--------------|--------------|--------------|
| Population 60+ (2016) Millions (% of total population) | 11.5 (7%) | 2.5 (9%) | 7.6 (7%) | 11.2 (16%) | 10.1 (11%) |
| Population 60+ (2040) Millions (% of total population) | 53.9 (27%) | 9.1 (25%) | 26.4 (17%) | 22.7 (39%) | 35.1 (31%) |
| Fertility rate (births per woman) | 2.08 | 2.09 | 2.87 | 1.46 | 1.95 |
| GDP per capita (PPP\$) | 3,891 | 2,481 | 7,696 | 16,835 | 6,422 |
| Income classification | Lower-middle | Low | Lower-middle | Upper-middle | Lower-middle |
| Government expenditure (% of GDP) | 14.7% | 21.5% | 19.7% | 22.6% | 29.5% |

Sources: Population data – UN Population Division, *World Population Prospects: The 2015 Revision* (New York, 2015). Projections use the medium variant.

Economic data – International Monetary Fund, *World Economic Outlook Database, October 2016*, 2016.

Income classification – World Bank, “World Bank Country and Lending Groups,” accessed December 2, 2016, <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>.

Statistical analysis of national datasets was led by country-level research teams. The rationale for this approach was that country-level analysts would have greater understanding of the context and familiarity with relevant datasets. This approach also facilitated access to national datasets which are not always readily available at an international level. The research teams were supported by an international analyst who led in the development of an analytical framework for the research and provided technical support to ensure consistency. The analytical framework identified specific indicators that could be used to answer the relevant questions outlined in Box 1. This was reviewed, validated and updated at a face-to-face meeting of the research team. The meeting also helped the research team to identify specific surveys to be used in the study. The two key types of survey employed in all countries were Labour Force Surveys and Income and Expenditure Surveys. Surveys of older people were also included in countries where they have been conducted (the Philippines, Thailand and Vietnam). The surveys used are listed in Table 2.

Table 2: Surveys included in the study

| Country | Survey | Year(s) |
|-------------|--|------------|
| Bangladesh | Household Income and Expenditure Survey (HIES) | 2010 |
| | Labour Force Survey (LFS) | 2013 |
| Nepal | Labour Force Survey (LFS) | 2008 |
| | Living Standard Survey (LSS) | 2010/11 |
| Philippines | Annual Poverty Indicators Survey (APIS) | 2013, 2014 |
| | Philippine Study of Ageing (PSOA) | 2007 |
| | Labour Force Survey (LFS) | 2012 |
| Thailand | Household Socio-Economic Survey (HSES) | 2013 |
| | Labour Force Survey (LFS) | 2013 |
| | Survey of Older Persons in Thailand (SOPT) | 2014 |
| Vietnam | Labour Force Survey (LFS) | 2014 |
| | Vietnam Household Living Standard Survey (VHLSS) | 2012 |
| | Vietnam National Aging Survey (VNAS) | 2011 |

Note: Year(s) refer to surveys included in this study, not to all surveys in existence.

While the ambition of this study is high, there are limitations to the completeness of the picture that can be provided by existing data. While it is recognised that health status and health expenditure can have a strong impact on income security, it was decided at an early stage that it was beyond the scope of this study to explore these issues in detail.

In general, the report uses the population aged 60 and over as the standard statistical category for older people. Nevertheless, given the purpose of this report to dig deeper than this aggregated category, many other categories are used including five-year and ten-year age groups. This disaggregation sheds some light on the diversity of the situation of older people of different ages.

The term “work” is used mostly throughout this report to refer to a form of employment (including self-employment) that provides some form of income. This means that the term is largely synonymous with the term “employment”, and the two terms are used interchangeably. The use of this language is for the sake of simplicity and should not be read as disregarding the importance of unpaid work in the lives of people of all ages. The relationship of unpaid work (particularly family responsibilities) and paid work is discussed in Section 1.



1. Working in old age

The belief that work becomes more challenging as we grow old is at the heart of concerns relating to income security of older people. The extent to which older people are able to earn an income from work influences whether they will have to look to other sources of income, such as family, pensions, and savings or assets. Economic and social implications of decreased work in old age are the main reasons governments put in place social protection systems to help shield older workers from this risk. This section describes trends in employment in old age, exploring why older people reduce or stop working, and also why they often continue in spite of increasing challenges. This analysis draws heavily on Labour Force Surveys and is complemented by data from Income and Expenditure Surveys and surveys of older people.

1.1 How much do older people work?

A large portion of people in the five countries continue to be in employment past the age of 60. Employment in this report is defined as either paid work or self-employment. The definition includes informal employment but does not include unpaid work. Based on data from the latest Labour Force Surveys, the highest level of old age employment is in Nepal, where 65 per cent of older people are employed, while in the four other countries the rate is around 40 per cent (Figure 1). This reality challenges a common but simplistic assumption that old age is by-and-large a time of economic inactivity and reliance on others for support. Discussions around the implications of population ageing often refer to the old age dependency ratio, which measures the size of the population of working age (usually defined as those aged 15–64) compared to the population 65 and over, assumed to be economically inactive. The evidence here suggests the need for a more nuanced analysis of the extent to which older people are economically active that goes beyond this age cut-off.

Figure 1: Proportion of older people (60+) in employment

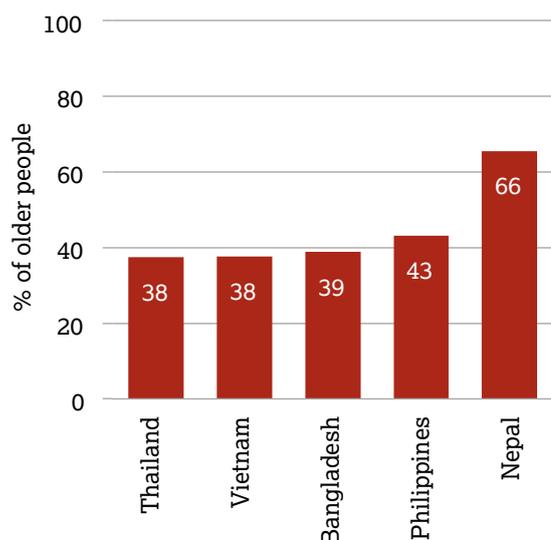
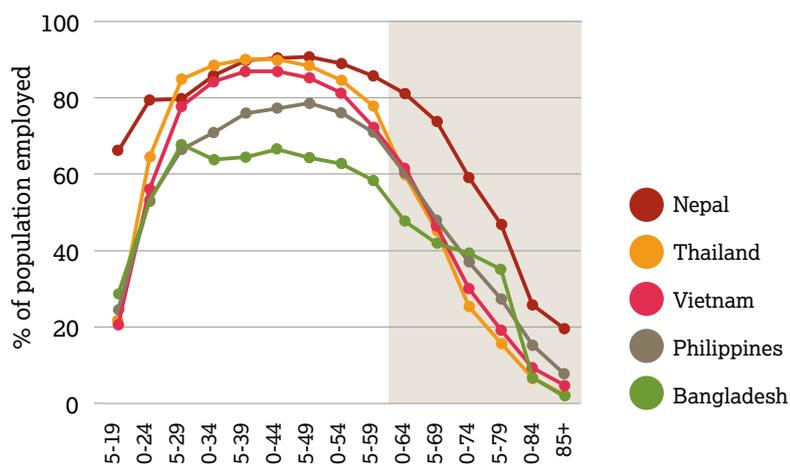


Figure 2: Levels of employment, by age (15+)



Sources: LFS 2013 (Bangladesh), LFS 2008 (Nepal), LFS 2012 (Philippines), LFS 2013 (Thailand), LFS 2014 (Vietnam)

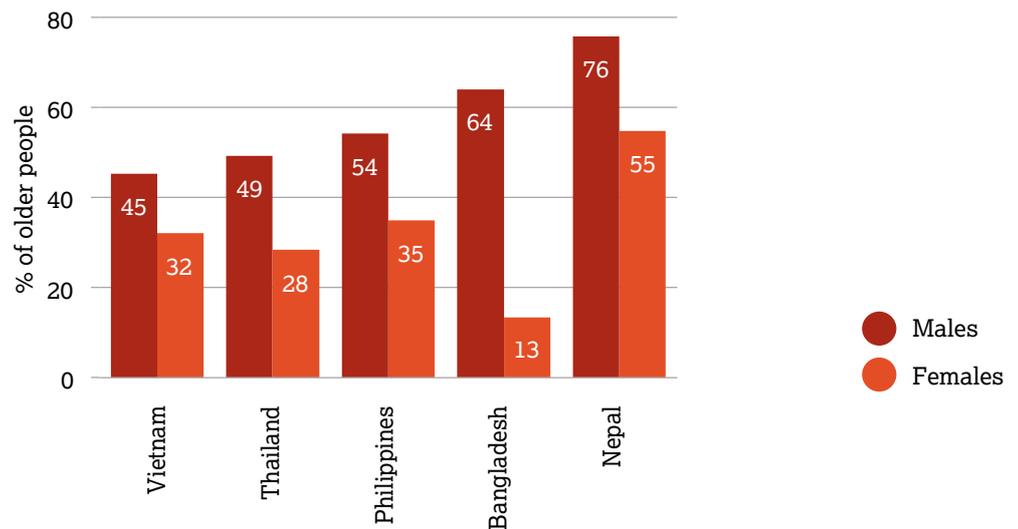
The fact many older people are employed does not necessarily mean they “work until they die”, as is sometimes suggested. The likelihood of individuals being economically active declines sharply with age. Figure 2 shows levels of labour force participation³ by five-year age group from age 15, with old age (here defined as 60+) shaded in grey. At less advanced ages, such as 60-64, the majority of older people remain employed in four of the five countries. In the three South East Asian countries, around 60 per cent of this younger group are employed, with higher levels in Nepal (81 per cent) and just under half working in Bangladesh. However, these levels trail off at more advanced ages. Of those aged 70-75, fewer than 40 per cent are employed in four of the countries, with 59 per cent employed in Nepal. By age 80-84, employment levels are lower than 15 per cent in the same four countries, and 26 per cent in Nepal. Old age is clearly associated with a reduction in economic activity relative to younger ages, even if there is little sign of a common “retirement age” amongst populations in the five countries.

³ The labour force participation rate is a measure of the proportion a given population that are actively in the labour market. All persons are considered active in the labour force if they are either employed (formal or informal) or do not have a job but are actively seeking work (i.e., unemployed).

⁴ Maitreyi Bordia Das, *Whispers to Voices: Gender and Social Transformation in Bangladesh* (Washington, DC: World Bank, 2007); Rushidan I. Rahman and Rizwanul Islam, *Female Labour Force Participation in Bangladesh: Trends, Drivers and Barriers*, ILO Asia-Pacific Working Paper Series (New Delhi, 2013).

Older men are significantly more likely to be in employment than older women. Figure 3 shows that employment rates are about 20 percentage points higher for older men than women in Nepal, Philippines and Thailand, with a slightly smaller margin (13 percentage points) in Vietnam. The greatest gap is in Bangladesh, where just 13 per cent of older women are in employment compared to 64 per cent of older men. This reflects a similar disparity found between men and women of all ages in Bangladesh, although there are questions as to whether the extent of this divide is due to measurement issues or real differences in the levels of work. One particularly important issue is the extent to which household economic activities for household consumption – primarily undertaken by women – are included in the definition of employment.⁴

Figure 3: Proportion of older people (60+) who are employed, by sex



Sources: LFS 2013 (Bangladesh), LFS 2008 (Nepal), LFS 2012 (Philippines), LFS 2013 (Thailand), LFS 2014 (Vietnam)

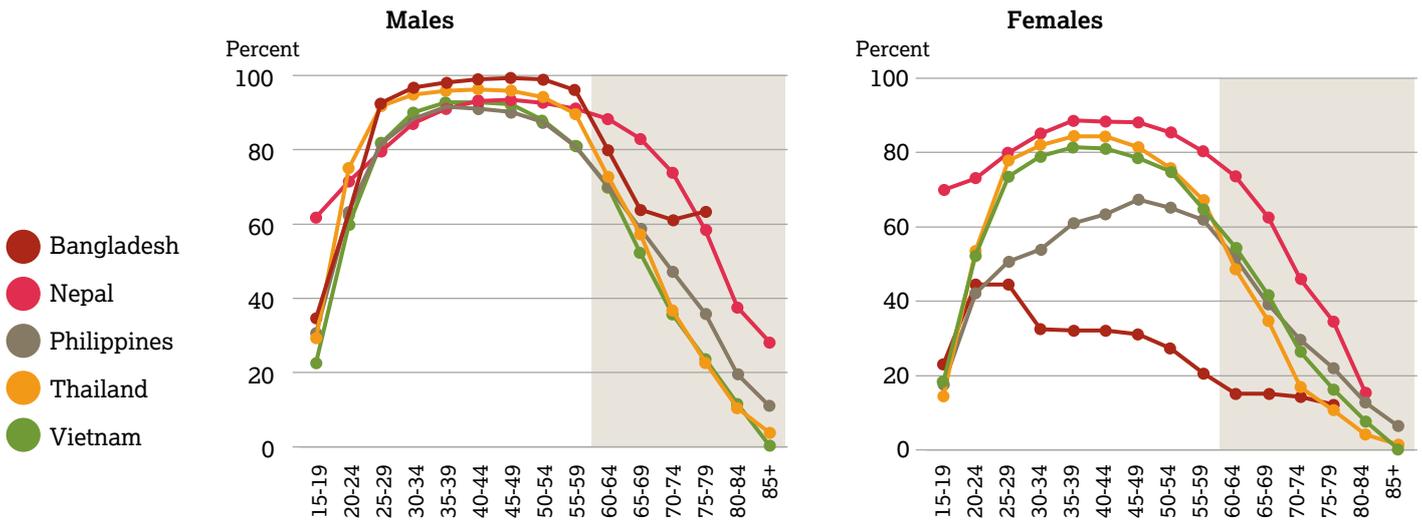
Women also appear to begin withdrawing from the labour force at an earlier age. Figure 4 shows levels of employment by five-year age group, but this time disaggregated by sex. It should be noted that each age group relates to a different cohort that may have different life experiences compared to previous and subsequent generations; nevertheless, the comparison between countries gives some indication of the “shape” of employment throughout the life course. In all countries apart from Nepal, the picture of employment by age for men is one of high levels between age 20 and age 60, after which they begin to taper away relatively sharply. For women, not only are levels of employment lower for all ages, but the peaks come in the late 30s and 40s, significantly earlier than for men. In Nepal, Thailand and Vietnam – where levels of female employment are relatively high – rates begin decreasing in the late 40s or early 50s. The reasons for women’s early withdrawal from work are explored in more detail later in the section. Notably, Bangladesh and the Philippines show different trajectories. In Bangladesh, levels of employment are low for women of all ages, although levels are higher amongst younger women. This reflects findings in other studies that recent increases in female employment in Bangladesh have mainly occurred amongst women of younger ages.⁵ In the Philippines, levels of employment are quite low at younger ages and peak at age 45–49. This appears to be a result of relatively high fertility rates in the Philippines (higher than in the other four countries, as shown in Table 1 above) combined with the gendered division of domestic work and childcare.⁶ The years when female employment levels are lowest align with the timing of family formation, with the average age at first birth being 23 years in 2013.⁷ The vast majority (over 80 per cent) of women in the Philippines out of the workforce from ages 25–59 reported the main reason to be their family responsibilities.

5 Das, *Whispers to Voices: Gender and Social Transformation in Bangladesh*; Rahman and Islam, *Female Labour Force Participation in Bangladesh: Trends, Drivers and Barriers*.

6 Asian Development Bank, *Gender Equality in the Labor Market in the Philippines* (Mandaluyong City, 2013).

7 Philippine Statistics Authority and ICF International, *Philippines National Demographic and Health Survey 2013* (Manila, 2014).

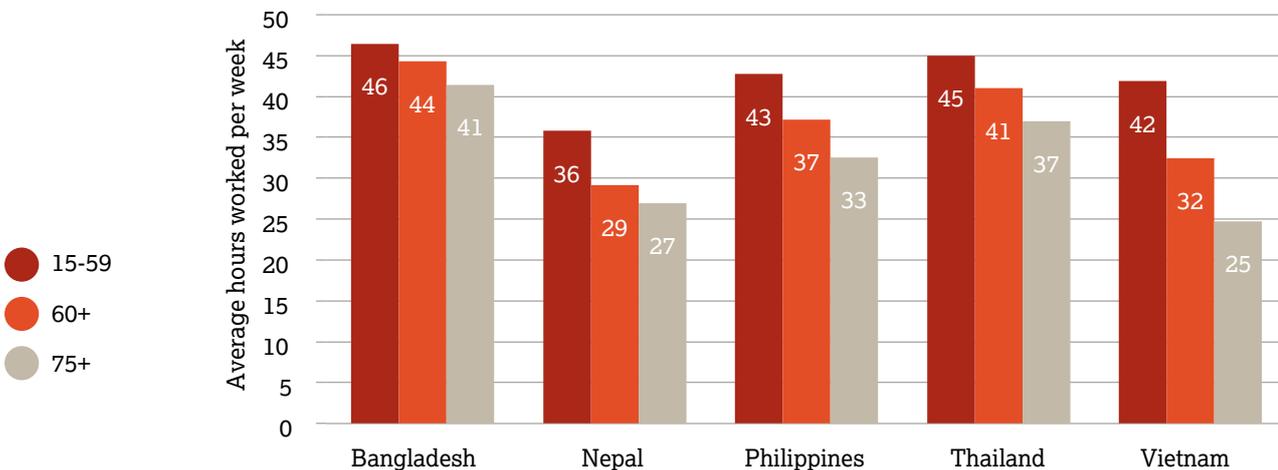
Figure 4: Levels of employment by age (15+), males and females



Sources: LFS 2013 (Bangladesh), LFS 2008 (Nepal), LFS 2012 (Philippines), LFS 2013 (Thailand), LFS 2014 (Vietnam)

The intensity of work also reduces with age. Figure 5 shows the number of hours worked among those reported to be employed, comparing individuals aged 15–59 with those aged 60 and over and 75 and over. In all countries, older workers work fewer hours on average than younger workers. The number of hours worked is – unsurprisingly – lowest for those of more advanced ages. The greatest differences in hours worked between age groups is found in Vietnam, where those aged 75 and over who are employed work an average of 25 hours a week, compared to 42 hours worked by those aged 15–59. Despite these reductions, it is notable that the average number of hours worked by those over 75 years is still significant, at 25 or more hours per week in all countries.

Figure 5: Average hours worked per week (of those in employment), by age



Sources: LFS 2013 (Bangladesh), NLSS 2010/11 (Nepal), LFS 2012 (Philippines), LFS 2013 (Thailand), LFS 2014 (Vietnam)

1.2 Why do older people stop working?

Health issues are consistently reported as the main reason why older people do not work. Figure 6 shows the reasons reported for older people not working in three countries (Bangladesh, the Philippines and Vietnam).⁸ In all countries health issues are most commonly reported as the main reason for older people not working. In Bangladesh and the Philippines, the second most frequently reported main reason is family responsibilities, which can be viewed as a form of unpaid work. The results in Vietnam include a large classification for “other”, which is due to the fact that the survey in question (the Vietnam National Ageing Survey, 2011) used a much more elaborate categorisation for not working. Within the category of “other”, the most common response is being “retired” (23 per cent of all older people surveyed), followed by “laid off” (12 per cent) and “encouraged by family” (4 per cent). These responses highlight that the reasons why older people are not working are often complex, and include the ability of the social protection system to provide an alternative to work, the availability of appropriate work in the labour market, and the attitude of the wider family. Health issues, nevertheless, remain dominant and may often be inter-linked with these other responses.⁹

Figure 6: Reported reasons for older people (60+) not working in Bangladesh, the Philippines and Vietnam

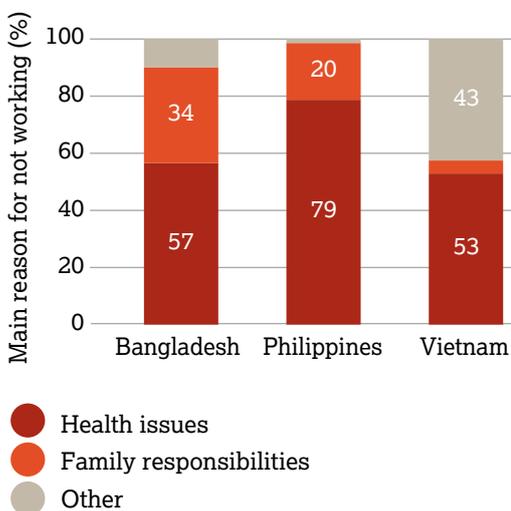
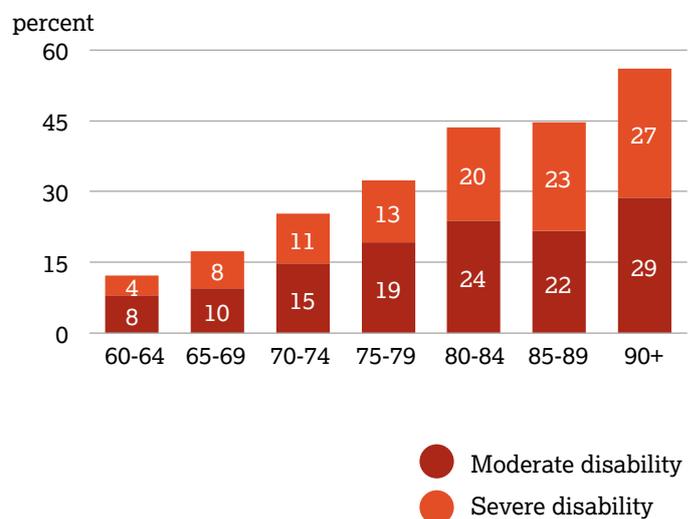


Figure 7: Prevalence of severe and moderate disability in Bangladesh, by five-year age group



Sources: LFS 2013 (Bangladesh), LFS 2012 (Philippines), VNAS 2011 (Vietnam)

Source: HIES 2010

The impact of health issues on work participation reflects evidence of increased prevalence of disability in old age. While definitions of disability vary between the surveys, in all countries where analysis is possible disability increases with age.¹⁰ As an example, Figure 7 presents results from Bangladesh where the survey in question (Household Income and Expenditure Survey 2010) uses the internationally agreed Washington Group Short Set of questions to identify people with a disability. The results confirm that levels of both moderate and severe disability increase with age.¹¹ While around 12 per cent of those aged 60–64 have some form of disability, this rises to 26 per cent of those aged 70–74, and to over 40 per cent of those over the age of 80. This reflects global figures on the prevalence and degree of disability to increase with age.¹² It also corresponds closely to the pattern of decreasing levels of employment after the age of 60, as shown in Figure 4 above.

Family responsibilities are an important reason for not working, particularly for older women of less advanced ages. In all of the study countries, family responsibilities are a major reason for older women not working, while being a relatively marginal one for men. This may include caring responsibilities for grandchildren, but also potentially care for older parents, adult children or a spouse. The extent to which family responsibilities are the main reason for women not working varies significantly by age. To illustrate this, Figure 8 compares the relative importance of health and family responsibilities as reasons for not working among

8 It was not possible to analyse the data from Nepal and Thailand due to the way in which reasons for not working were categorised.

9 For example, family may encourage an older person to stop work due to their concerns about health issues.

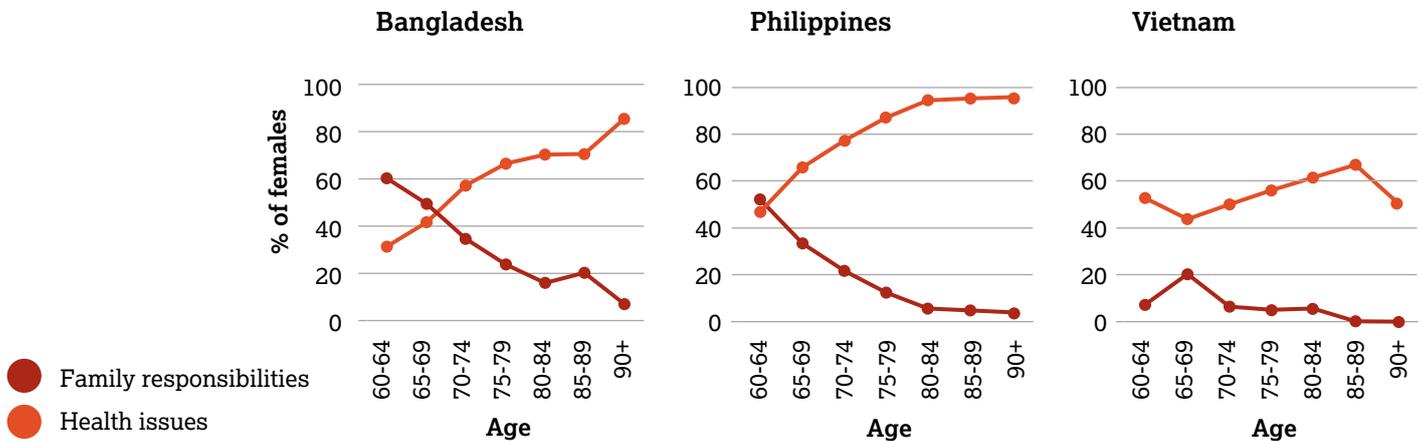
10 It was not possible to undertake analysis by age group in Nepal due to the small sample size of the NLSS 2010/11.

11 “Moderate disability” is defined as the group that has some difficulty in at least two functional domains, but does not have a lot of difficulty in any one domain. “Severe disability” is defined as the group that has a lot of difficulty or cannot do an activity in at least one functional domain.

12 World Health Organization, *World Report on Disability* (Geneva, 2011), doi:10.1016/S0140-6736(11)60844-1.

older women in Bangladesh, the Philippines and Vietnam. In Bangladesh and the Philippines, family responsibilities are the main reason for not working for the majority of women but at more advanced ages this is overtaken by health issues. In Vietnam, the pattern is slightly less pronounced; nevertheless, the general trend is that family responsibilities are relatively more important at younger ages.¹³ What is less clear from this data is whether family responsibilities decrease with age. Even if family responsibilities are no longer the *main* reason for not working, this does not mean these individuals do not still take on these roles.

Figure 8: Main reasons for not working (females) – health versus family responsibilities, by age



Sources: LFS 2013 (Bangladesh), LFS 2012 (Philippines), VNAS 2011 (Vietnam)

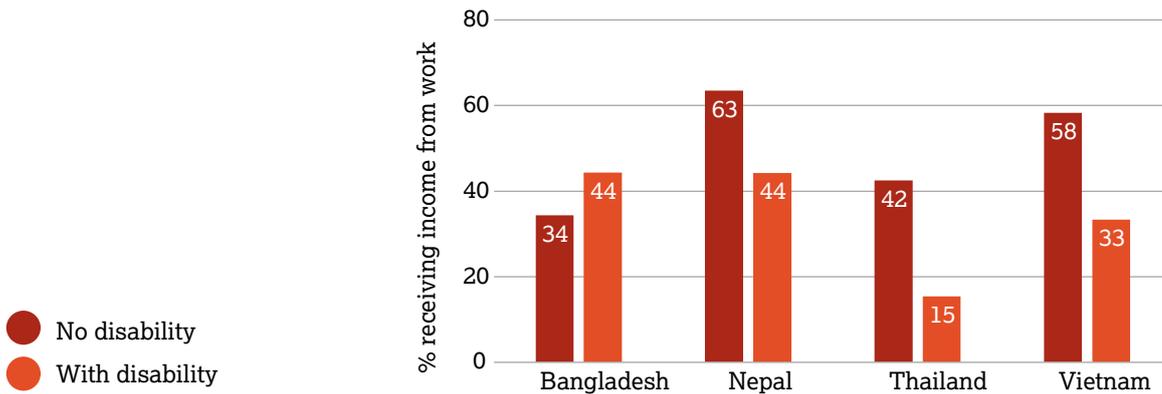
1.3 Why do older people *continue* working?

Is continuing to work in old age an indicator of greater income security or a symptom of income insecurity? A logical assumption is that work is an indicator of greater security, with individuals having more income inside than outside the labour force. However, in the context of high levels of disability and ill health, continued work may be an indicator of greater vulnerability, with those working doing so as they have no other choice. This section explores some of these dynamics.

Many older people continue to work in spite of disability and ill health. In the four countries where analysis is possible, a significant proportion of older individuals with disability are still working. Figure 9 presents the share of older people with and without a disability who are reported to be receiving income from work. In Bangladesh and Nepal close to half of those with disability (44 per cent) receive income from work, compared to a third in Vietnam (33 per cent) and 15 per cent in Thailand. In most countries the likelihood of working is – unsurprisingly – higher for those without disability, although the situation is the reverse in Bangladesh. The varying definitions of disability used in the four countries means that the data is not directly comparable; however, the evidence is clear that many people with disability continue working.

13 The distinct picture in Vietnam is likely to be, at least in part, related to the fact the VNAS 2011 questionnaire included a greater variety of response categories, as discussed in relation to Figure 6.

Figure 9: Share of older people (60+) with and without disability receiving income from work

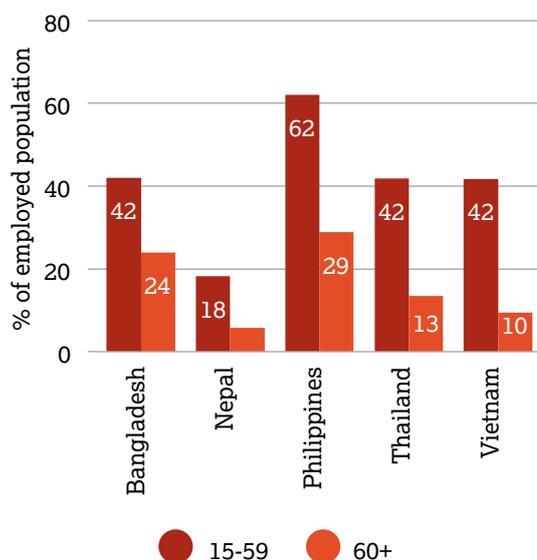


Sources: HIES 2010 (Bangladesh), NLSS 2010/11 (Nepal), HSES 2013 (Thailand), VNAS 2011 (Vietnam)

Work in old age is more likely to be informal than work at younger ages and more likely to be in agriculture. Figure 10, which indicates the levels of formal employment in each country, shows the proportion of employed individuals who are in wage and salaried employment, comparing those aged 60 and over with those aged 15-59. In all cases, levels of wage and salaried employment are far lower amongst older people. Formal employment levels are also universally lower for women – both young and old – reflecting a global tendency for women in work to be in the informal economy.¹⁴ Figure 12 shows the proportion of older people employed in the three core sectors: agriculture, industry and services. In all five countries, older people are more likely than younger people to be engaged in agricultural work, and less likely to be employed in services and industry. Moreover, Figure 11 shows that in all countries, labour force participation of older people in rural areas is higher than in urban areas.

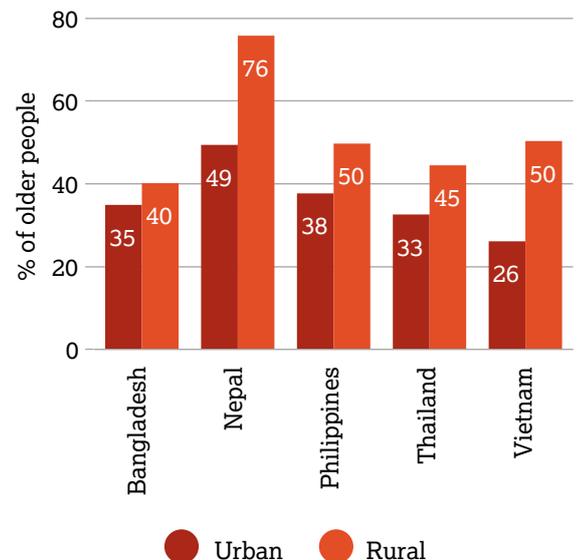
¹⁴ International Labour Organization, *Women and Men in the Informal Economy: A Statistical Picture* (Geneva, 2013).

Figure 10: Wage and salaried workers as a share of those who are employed, by age



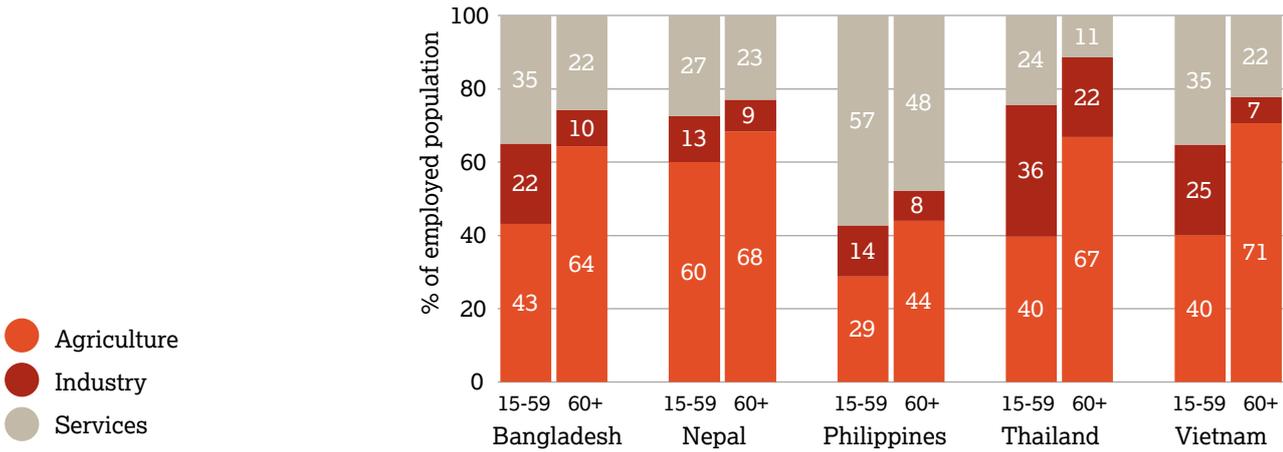
Sources: LFS 2013 (Bangladesh), LFS 2008 (Nepal), LFS 2012 (Philippines), HSES 2013 (Thailand), LFS 2014 (Vietnam)

Figure 11: Labour force participation of older people (60+), by area



Source: LFS 2013 (Bangladesh), LFS 2008 (Nepal), LFS 2012 (Philippines), HSES 2013 (Thailand), LFS 2014 (Vietnam)

Figure 12: Employed population, by sector of employment and age



Sources: LFS 2013 (Bangladesh), NLSS 2010/11 (Nepal), LFS 2012 (Philippines), LFS 2014 (Vietnam) HSES 2013 (Thailand)

The more informal and agricultural nature of work in old age suggests it may provide limited levels of security. The fact that older people are more likely to be in these lower paid and vulnerable sectors is in many cases due to limited alternative opportunities for income in old age. Not only are they less likely to have built up entitlements to pensions that are more common in formal employment, but members of their families and wider social networks are also likely to work in these sectors and have limited scope to provide support. Another potentially more positive interpretation is that the absence of strict retirement ages in self-employed agricultural work permits people to continue working less intensively before ceasing work.¹⁵ Nevertheless, indications from the study suggest work in agriculture is less well remunerated than other sectors. In all countries where data is available (Bangladesh, Nepal and Thailand) the share of older people working in agriculture is much higher amongst poorer households.

¹⁵ Knodel et al., *The Situation of Thailand's Older Population: An Update Based on the 2014 Survey of Older Persons in Thailand*.



Carolyn Caughan/HelpAge International

2 Income from family

A common perception across Asia is that, as older people withdraw from the labour force, families take the primary responsibility for financial and material support of older people. Family support is seen to be particularly important because social protection systems have historically played a relatively minor role as an income source for older people. In some cases, the perceived significance of material and financial support from families is used to argue that expanding social protection is unnecessary or potentially threatens these systems of family support. This section reviews these assumptions by exploring two questions: who in the family provides support to older people and how adequate is this support? Of the three main areas discussed in this report, family support is the one where data is sparsest and hardest to interpret. On this basis, the section draws heavily on the surveys of older people conducted in three of the countries (the Philippines, Thailand and Vietnam), which provide the strongest available evidence on dynamics of family support.¹⁶

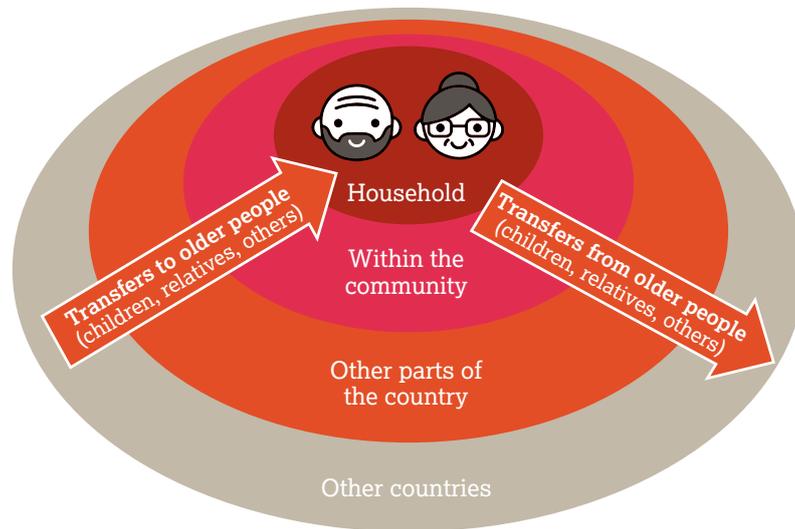
2.1 Who provides family support?

Family support to older people varies in terms of who provides it, where it comes from, its type and regularity. Figure 13 provides a simplified typology of the channels of support provided to older people. Family support can come from different kinds of relations including children, grandchildren, siblings and other relatives. Spouses also provide support to each other. Family members may live with

¹⁶ Surveys of older people are distinct from other surveys analysed in this study in that they specifically focus on issues related to old age and that they are conducted with individual older people (rather than the head of a household, who may or may not be an older person).

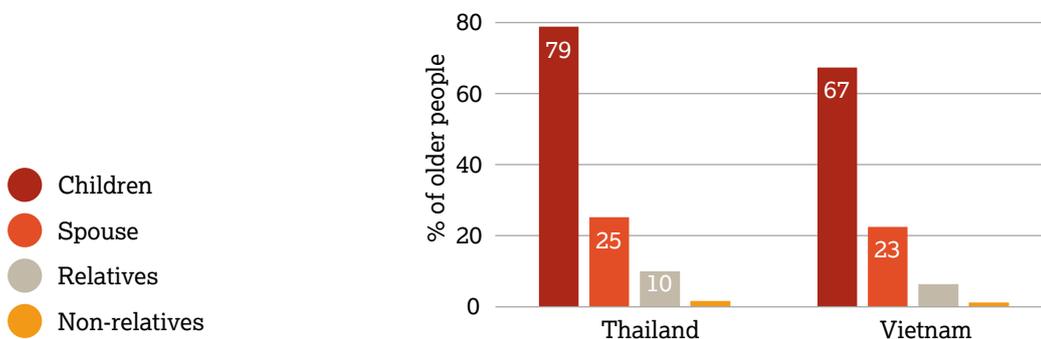
an older person in the same household (co-resident), in the same community, or in another part of the country or of the world. The nature of the support provided can also vary significantly and includes cash, goods, in-kind support or care. It also varies in regularity. From the perspective of understanding the income security of older people, this study is primarily concerned with transfers of money or of material goods (such as food and clothing) and principally when provided regularly. The diagram also illustrates that older people not only receive family support, but often provide it, although support from older people to their families is not the focus of this report.

Figure 13: A typology of family support to and from older people



Adult children are the main providers of family support to older people. Figure 14 shows data on income (and in some cases material support) from the surveys of older people in Thailand and Vietnam.¹⁷ In these countries, a large proportion of older people report receiving income from their children (between 67 and 79 per cent), while receipt of income from other relatives is low, and from non-relatives very low. This seems to match a general pattern found in other surveys of older people across the region and the world. For example, a survey of older persons in Myanmar found that 84 per cent of older people received income from children, compared to just 10 per cent from other relatives.¹⁸

Figure 14: Proportion of older people (60+) receiving income from different family members



Sources: SOPT 2014 (Thailand), VNAS 2011 (Vietnam)

Note: The sum of all sources of income is more than 100 per cent as older people may receive income from various family members

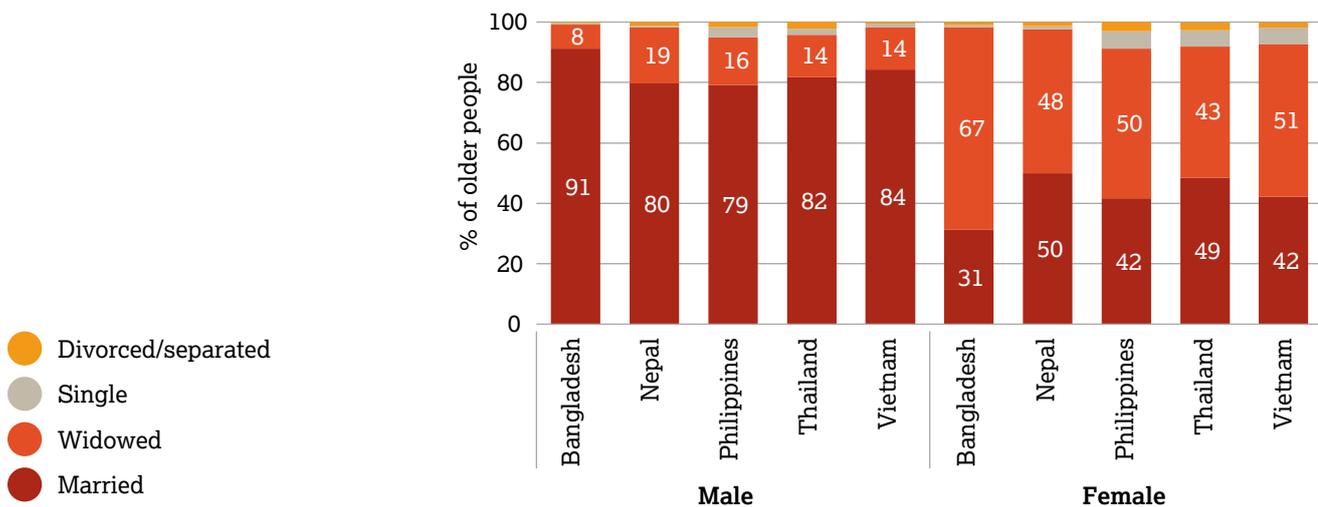
Spouses are also an important source of support, although widowhood means that women are less likely to be able to rely on this support. Figure 14 shows that in both Thailand and Vietnam around a quarter of older people receive income from their spouses. These figures may also underestimate the full extent of this support.

¹⁷ The way in which results were categorised in the Philippines survey (PSOA 2007) does not allow comparison here.

¹⁸ John Knodel, *The Situation of Older Persons in Myanmar: Results from the 2012 Survey of Older Persons (Revised 2014)* (Yangon, 2014).

Spouses are particularly likely to pool their income, so it is unclear whether this sharing of resources would always be reported as a transfer of income. Despite the importance of support from spouses, a significant share of older people, particularly women, are widowed. Figure 15 shows the marital status of older men and women in all five countries. The vast majority of older men (between 79 and 91 per cent) are married, with a minority widowed. In contrast, in all countries no more than 50 per cent of women are married, and between 43 and 67 per cent are widowed. The key drivers of this situation are that women live longer and are more likely to marry men who are older than them. This demographic reality means that the women are less likely than men to be able to look to spouses for support.

Figure 15: Marital status of older people (60+), by sex



Source: HIES 2010 (Bangladesh), NLSS 2010/11 (Nepal), PSOA 2007 (Philippines), SOPT 2014 (Thailand), VNAS 2011 (Vietnam)

Changing living arrangements of older people in Asia are often interpreted to suggest a reduction in family support for older people. Figure 16 shows the living arrangements of older people in the five countries, illustrating that over half live with their children in all countries. The proportion living alone is also low – below 10 per cent in all countries and below 6 per cent in Bangladesh, Nepal and the Philippines. This suggests that the norm in all countries is for older people to live with children. This situation is, however, changing over time in most countries. Figure 17, for example, shows living arrangements in Thailand since 1986 using three main categories (living alone, living with spouse only and living with a co-resident child). Over the last 30 years, there has been a progressive decrease in the share of older people living with children and an increase in both those living alone and living only with their spouse. A common assumption is that older people living with children and extended family are in a better position to receive financial and material support, implying that such change in living arrangements will result in lower levels of family support.

Figure 16: Living arrangements of older people (60+)

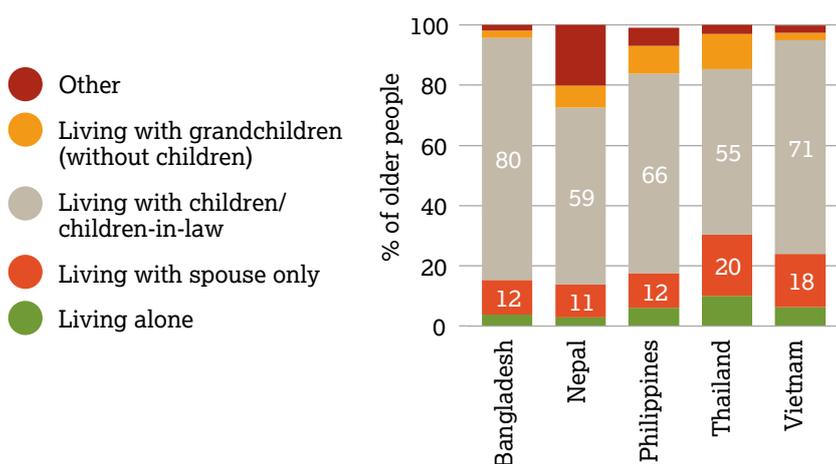
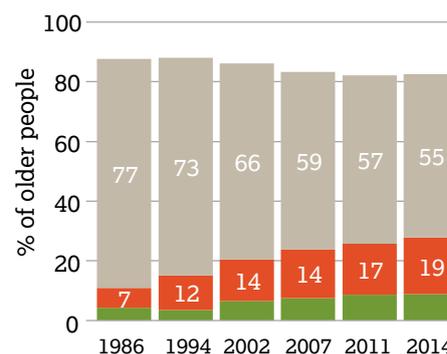


Figure 17: Living arrangements of older people (60+) in Thailand (1986–2014)



Sources: Figure 16: HIES 2010 (Bangladesh), NLSS 2010/11 (Nepal), LFS 2012 (Philippines), HSES 2013 (Thailand), VNAS 2011 (Vietnam). Figure 17: John Knodel et al., *The Situation of Thailand's Older Population: An Update Based on the 2014 Survey of Older Persons in Thailand* (Chiang Mai, 2015).

There is, however, strong evidence that a significant amount of financial and material family support to older people comes from children living outside the household. An important finding from surveys of older people is that even older people not living with children may have children living nearby. In both Thailand and Vietnam, nine in ten older people have a child living in the same village or commune (88 per cent in Thailand, and 89 per cent in Vietnam).¹⁹ The Survey of Older Persons in Thailand provides particularly rich information on the kind of transfers received by children in different locations. Strikingly, the 2014 survey found that the likelihood of older people receiving monetary support from children living outside the household was similar to from co-resident children. Among older people with a non-co-resident child 82 per cent received money from them in the last year; this is higher than the proportion of those receiving money from their co-resident child (73 per cent). It is likely that transfers from co-resident children remain of particular importance in terms of material support (such as food and other goods). Nevertheless, regular transfers of food from non-co-resident children are significant: 63 per cent provide food on at least a monthly basis.²⁰ The results echo analysis undertaken in other countries in the region, including in Myanmar and Indonesia.²¹ It is important to emphasise that this discussion relates to financial and material support, and that other patterns may exist around other forms of support, such as care and psychosocial support.

Given this transfer of income between households, the living arrangements of older people can be considered a relatively weak indicator of old age income security. This finding reflects recent literature on the issue. Analysis of co-residence by the World Bank in East Asia Pacific concluded that “although co-residence trends are important, they need to be interpreted with caution in terms of potential effects on the welfare of older people”, citing evidence from China that living separately from children does not necessarily mean a reduction in intergenerational support.²² Similarly, a recent global review of co-residence has highlighted evidence that – in some cases – living alone may be a choice that older people prefer, often facilitated by higher incomes.²³

While many households with older people receive remittances, a large proportion do not. Available comparable data on remittances across the five countries only measures receipt of remittances at the household level. Figure 18 therefore presents the share of households with older people that receive domestic or international remittances. In all countries apart from Bangladesh, over 30 per cent of households with older people receive domestic remittances, reaching almost half of households (49 per cent) in the Philippines. Levels of international remittances are lower, but they still reach 31 per cent of households in Nepal and 26

19 Knodel et al., *The Situation of Thailand's Older Population: An Update Based on the 2014 Survey of Older Persons in Thailand*. And analysis of VNAS 2011.

20 Ibid.

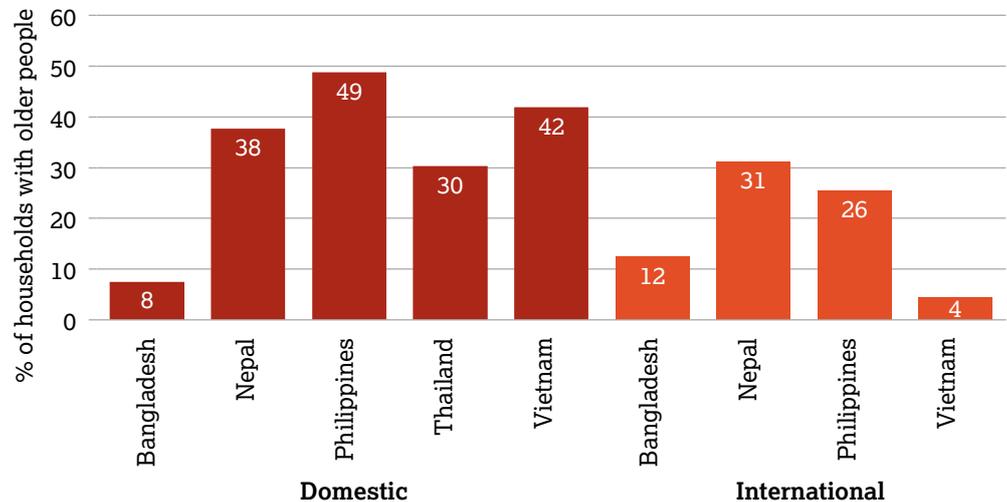
21 Knodel, *The Situation of Older Persons in Myanmar: Results from the 2012 Survey of Older Persons (Revised 2014)*; Priebe and Howell, *Old-Age Poverty in Indonesia: Empirical Evidence and Policy Options—A Role for Social Pensions*. Budget documents and economic data from in e targeted were incorrectly excluded by poverty-targeted schemes. stems, there is gen

22 World Bank, *Live Long and Prosper: Ageing in East Asia and Pacific* (Washington, DC: World Bank, 2016).

23 Brooks Evans and Robert Palacios, *An Examination of Elderly Co-Residence in the Developing World*, Social Protection & Labor Policy Note (Washington, DC, 2015), <http://documents.worldbank.org/curated/en/2015/05/24533674/examination-elderly-co-residence-developing-world>.

per cent in the Philippines – two countries with high levels of international migration. The overall picture is that while both domestic and international remittances are common amongst households with older people, a large share of those households do not receive these remittances. Box 2 describes the situation in the Philippines, highlighting that, even in a highly migration-dependent country, the contribution of remittances to the income security of older people is often limited.

Figure 18: Proportion of households with older people (60+) receiving remittances



Sources: HIES 2010 (Bangladesh), NLSS 2010/11 (Nepal), APIS 2013 (Philippines), HSES 2013 (Thailand), VHLSS 2012 (Vietnam)

Note: The HSES 2013 (Thailand) does not include data on international remittances.

Box 2: Remittances to older people in the Philippines

The Philippines is one of the top international remittance receiving countries in the world, with an estimated \$30 billion flowing into the country in 2013. The 2007 Philippines Study on Ageing survey (PSOA) provides a relatively rich picture of the nature of remittances to older people. Despite the importance of remittances to the country as a whole, only 21 per cent of older people reported receiving income from children outside the country, and just 10 per cent reported this as their main source of income.

The main reason for these fairly low figures is that just one in four older people have one child or more living or working abroad. Of these, the vast majority (83 per cent) reported receiving some form of support over the last year; nevertheless, only a minority (22 per cent of men and 34 per cent of women) said their migrant children were their main source of income. Economic activity, pensions and support from children are also important.

It also appears that international remittances are less important for poorer older people. Figure 19 (based on the Annual Poverty Indicators Survey 2013) shows that only 5 per cent of households with an older person in the poorest quintile receive international remittances versus 42 per cent of the wealthiest quintile. Domestic remittances – on the other hand – are more likely to benefit poorer households.

Figure 19: Share of households with older people (60+) receiving remittances, by wealth quintile

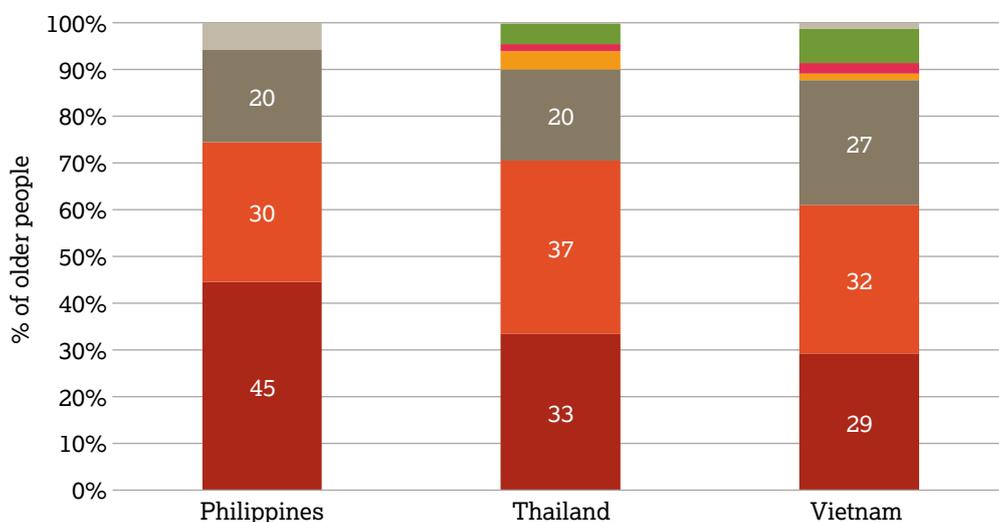


Sources: For Figure 19: APIS 2013. For Box as a whole: PSOA 2007; Grace T. Cruz and Armand N. Camhol, “Family and State Roles in Promoting the Well-Being of Older Filipinos,” in *Aging in Asia-Pacific: Balancing the State and the Family*, ed. Amaryllis T. Torres and Laura L. Samson, 2014; World Bank, *Migration and Remittances Factbook 2016: Third Edition* (Washington, DC, DC, 2016).

2.2 How adequate is family support?

Although income support from family is common, in many cases other sources of income are more important. One common assumption is that the family provide the primary source of income for older people in general. Analysis of surveys of older people, however, provides a more nuanced picture. Figure 20 shows the main source of income reported in surveys of older people in the Philippines, Thailand and Vietnam. Each survey uses a slightly different set of response categories, which have been collated into common categories in the chart. In all three countries only a minority of older people say that family is their main source of income. Children are the main source of income for between 30 and 37 per cent of older people, with spouses and other relatives combined being the main source of income for between 6 and 10 per cent in Thailand and Vietnam (respectively).²⁴ For all countries, work remains a key source of income, being similar to levels of family support in Thailand and Vietnam and higher in the Philippines. Some caution is needed in interpreting the seeming greater importance of work in the Philippines due to the way responses were categorised. In particular, income from family business and income from farming were included under the category of work, even though they could be considered to overlap with income from family.²⁵

Figure 20: Main source of income for older people (60+) in Philippines, Thailand and Vietnam



²⁴ Published data from the PSOA 2007 survey used in Figure 20 includes income from other relatives under “other”. See Grace T. Cruz et al., *Aging in the Philippines: Findings from the 2007 Philippine Study on Aging* (Quezon City: University of the Philippines Population Institute, 2016).

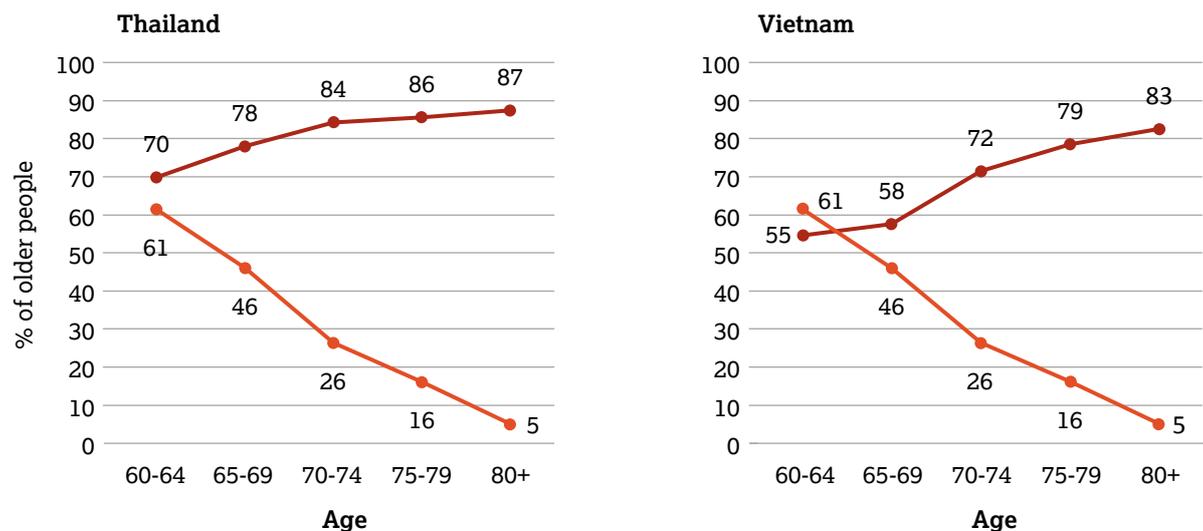
²⁵ For example, an older person may receive income from the family business or family farm via a child.

Sources: PSOA 2007 (Philippines), SOPT 2014 (Thailand), VNAS 2011 (Vietnam)

Note: In case of the Philippines “other” includes rental, savings, real estate, stocks, and money from other relatives outside the household.

The importance of family support increases with age and is particularly important for women and for older people in urban areas. Figure 21 presents the importance of both work and children as a source of income for older people of different ages in Thailand and Vietnam, where the data is comparable. The clear finding in both countries is that the likelihood of receiving income from work decreases with age, while the likelihood of receiving income from children increases. As older people withdraw from the workforce, children's support becomes increasingly important. In both countries, family is more likely to be a source of income for older women, while work remains a more common source for older men. Available data in these two countries also reveals that support from children is more significant for older people in urban areas than those in rural areas. This corresponds with the pattern discussed above of lower levels of employment of older people in urban areas.

Figure 21: Proportion of older people who receive income from work and children, by age



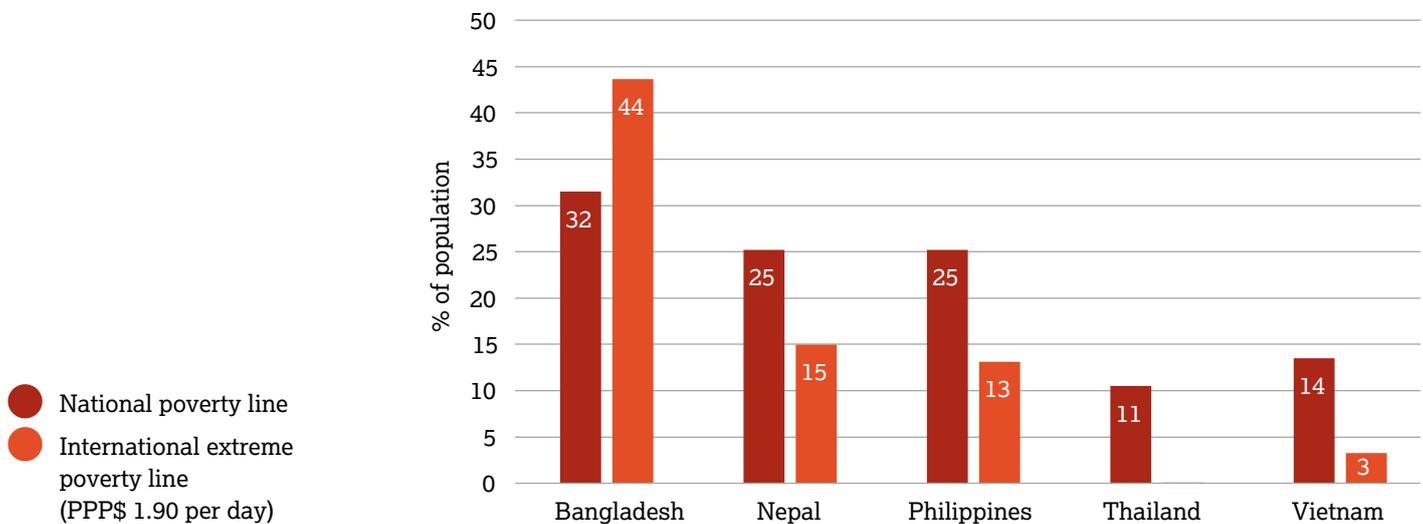
It is also clear that, for many older people, the amount of support provided by family has its limits. In Thailand, over a third of older people report that their income as a whole is either inadequate (15 per cent) or only sometimes adequate (21 per cent). Similarly, of those who received support from children, almost half (48 per cent) received 10,000 Thai baht (THB) (US\$ 282) or less, equivalent to THB 833 (US\$ 24) per month. This amount is significantly below the national poverty line which was THB 2,572 (US\$ 73) a month in 2013.²⁶ It is striking that these issues of adequacy of support from children persist in a context such as Thailand, which has a relatively high level of economic development compared to the other four countries (see Table 1 above for comparison). The situation in poorer countries – such as the Philippines – appears to be worse. Just over half of older people reported facing some or considerable difficulty in meeting expenses (32 and 19 per cent respectively), while an additional 40 per cent said their income was just enough to meet expenses. While these perspectives describe the adequacy of all sources of income, they do show that family support – while important – is not sufficient to fill the gap created by the challenges of continuing to work, which increase with age, and limited social protection.

An important reason for limited family support is the poverty and insecurity faced by older people's families. The extent to which families of older people are able to provide support is strongly influenced by their own economic situation, be they co-resident or living apart. To put this in perspective, Figure 22 shows poverty levels in the five countries according to national poverty lines and the current international extreme poverty line – which is defined as PPP\$ 1.90 per day. Poverty remains a challenge in all countries, although to varying extents. In Bangladesh, Nepal and the Philippines between one quarter and one third of the population lives below national poverty lines. Poverty in Bangladesh is significantly higher when using the international extreme poverty line. Both Thailand and Vietnam have low levels of extreme poverty according to the international poverty line but still face

²⁶ US\$ 1 = 35.4060 Thai baht, www.xe.com (11/11/2016).

levels of between 11 and 14 per cent according to national definitions. As documented in various studies in these and other countries, such headline poverty rates exclude the proportion of the population that is subject to intermittent poverty over a five to ten year period.²⁷

Figure 22: Headcount poverty rate of the total population – national and international poverty lines



In this context, old age support is often just one of many priorities that families may be trying to manage. The extent to which families have to juggle old age support with expenditure such as children’s education and livelihood investments emerges as a common theme in qualitative research with older people, including in these five countries. A qualitative study focusing on the social pension in Nepal found that older people were reluctant to become a burden on their families, as exemplified by the perspective of a 74-year-old male social pension recipient:

“In today’s time families are not there for us anymore. Our sons get married and they will have their own family to take care of. It is awkward to ask for money from them, especially if they have children who need to be fed and sent to school.”²⁸”

A similar reflection on the inability of poor children to support older people was also highlighted in the Philippines by the experience of an 84-year-old pension recipient:

“Of course, the poorest are the ones who do not have enough money to buy food.... Aside from that, you cannot really ask help from or rely on any of your children. Sometimes they also do not have enough for themselves.”

With this in mind it is also worth considering that the support that children do provide to older people can further contribute to wider household poverty.

Evidence from Thailand suggests that social protection does not “crowd out” financial support from families. One common concern about the introduction of social protection programmes – discussed in Section 3 – is that they may erode the culture of support provided by children to older people. Evidence presented in Figure 23 suggests that this has not been the case in Thailand. The figure shows the share of older people receiving two important sources of income: income from children and the Old Age Allowance (a near-universal social pension). Since 1993, the share of older people receiving the Old Age Allowance has increased dramatically, yet the share of older people receiving income from children has remained stable. This implies the Old Age Allowance has had little impact on the likelihood of receiving income from children.³⁰ Analysis from the same survey also suggests there has been no fall in the value of support provided.

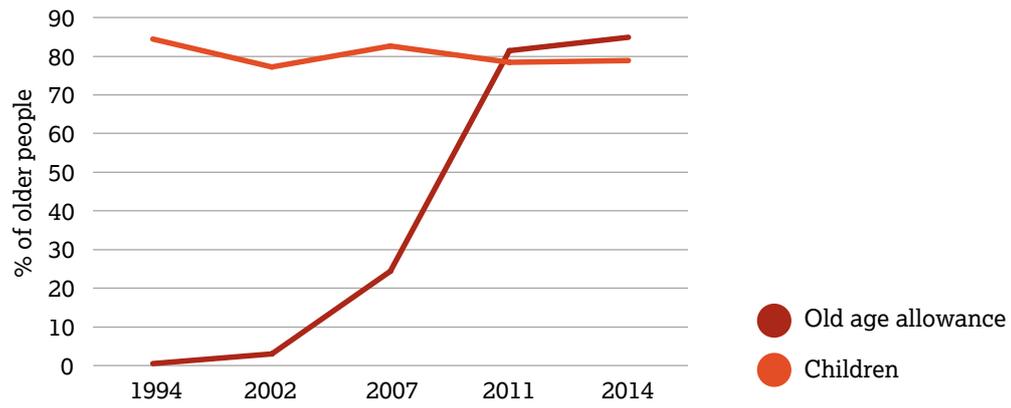
²⁷ See for example Deepa Narayan, Lant Pritchett, and Soumya Kapoor, *Moving Out of Poverty, Volume 2: Success from the Bottom Up, Moving Out of Poverty*, vol. 2 (Washington DC: World Bank, 2009), 86–125; Andrew Shepherd et al., *The Chronic Poverty Report 2014-2015: The Road to Zero Extreme Poverty*, 2014.

²⁸ Bishnu Raj Upreti et al., *The Old Age Allowance and Perceptions of the State in Rolpa*, Working Paper (London, 2014).

²⁹ Charles Knox-Vydmanov, Daniel Horn, and Aura Sevilla, *The Philippine Social Pension at Four Years: Insights and*

³⁰ Knodel et al., *The Situation of Thailand’s Older Population: An Update Based on the 2014 Survey of Older Persons in Thailand*.

Figure 23: Share of older people (60+) receiving income from children and Old Age Allowance in Thailand



Source: SOPT (2014) from Knodel et al., *The Situation of Thailand's Older Population: An Update Based on the 2014 Survey of Older Persons in Thailand*.



3. Social protection

Given the limits of both work and family support in old age, to what extent do social protection systems in the region respond to ensure a minimum level of income security in old age? This section explores this question by discussing the following issues: Who receives a pension, how adequate is pension income and how sustainable are current pension systems?

3.1 Who receives a pension?

All of the five countries have pension systems that combine both earnings-related pensions (linked to previous employment) and social pension schemes. Table 3 outlines the main existing pension schemes. Among earnings-related pensions, three of the five countries (Nepal, Philippines and Thailand) have separate schemes for civil servants and for private sector workers. Vietnam has a contributory pension system which covers both public and private sector workers, while Bangladesh has only a scheme for civil servants. Notably, Bangladesh's recently adopted National Social Security Strategy proposes the introduction of a mandatory social insurance scheme for private sector workers.³¹ The reason that the term "earnings-related" is used here, rather than the common term "contributory", is that a number of schemes across the five countries that are linked to work history are, in fact, tax-financed. The civil servant pensions in Bangladesh and Nepal are both fully tax financed, as is the main component of the Thai civil service scheme.

Social pensions exist in all five countries. Social pensions are defined here as tax-financed, non-contributory cash transfers to older people that have a "social" objective (i.e. poverty reduction and/or redistribution). This social objective distinguishes them from the work-related non-contributory schemes discussed above that are an entitlement for public sector workers. It should be noted that "social pension" is not necessarily the term used in each country to describe these schemes. In fact, in four of the five countries they are described as "allowances". The term social pension is, nevertheless, a common term used for cross-country comparison.³²

31 General Economics Division, *National Social Security Strategy (NSSS) of Bangladesh* (Dhaka, 2015).

32 Robert Palacios and Charles Knox-Vydmanov, "The Growing Role of Social Pensions: History, Taxonomy and Key Performance Indicators," *Public Administration and Development*, 2014, doi:10.1002/pad.1682.

There is a wide variation in the eligibility criteria of social pensions. In Bangladesh and the Philippines, social pensions area means tested, targeting poor older people on the basis of criteria relating to income and health status. Both schemes have relatively low ages of eligibility. In Thailand and Nepal, on the other hand, social pensions are provided to all older persons apart from those receiving other pension income – and specifically government pensions in Thailand. These schemes are commonly described as being “pensions-tested” social pensions. The age of eligibility in Thailand is 60 years, while in Nepal it is 70 years for most categories of older people.³³ Vietnam presents a more complex picture, with a variety of social allowances available to older people. The two schemes specifically targeted at older people are a near-universal scheme for older people aged 80 and over (only excluding those with other pensions), and a scheme for those aged 60–79 living alone, in poverty and without support.

33 For older people living in the Karnali zone of the country or those classified as Dalits the age of eligibility is 60 years.

Table 3: Existing pension schemes in the five countries

| | Earnings-related schemes | | Social Pension |
|--------------------|---|---|---|
| | Government | Private sector | |
| Bangladesh | Civil Servant Retirement Scheme (CSRS): Non-contributory (tax financed) defined benefit scheme. Eligibility age: 59 years | None | Old Age Allowance: Eligibility: 65 years (men) and 62 years (women). Means tested. The country also has widows and disability allowances. Benefit level: BDT 500 (US\$ 5) |
| Nepal | Government pension scheme: Non-contributory (tax financed) defined benefit scheme for civil servants, army, teachers and police. Age of eligibility varies by occupation. Benefit based on period of service and last salary drawn. | Private sector workers can participate in the Employees Provident Fund on a voluntary basis. Age of eligibility is 58 years. | Old Age Allowance: Eligibility: 70 years and over and not receiving other pensions. The age is lowered to 60 years for Dalits and in the Karnali zone. The country also has widows and disability allowances. Benefit level: NPR 2,000 (US\$ 19) |
| Philippines | Government Service Insurance System (GSIS): Mandatory defined benefit scheme. | Social Security System (SSS) Mandatory defined benefit scheme. | Social pension for indigent senior citizens: Eligibility: 60 years and over identified as “indigent”. Benefit level: PHP 500 (US\$ 10) |
| Thailand | Old civil service scheme: Non-contributory (tax-financed) defined benefit scheme. Government Pension Fund: Contributory defined contribution scheme introduced in late 1990s. | National Social Security System: Mandatory defined benefit scheme introduced in 1999. Age of eligibility is 55 years. Two voluntary defined contribution schemes were recently introduced for informal sector workers, the National Savings Fund and the pension savings program under Article 40, Option 2 of the Social Security Act. | Old Age Allowance: Eligibility: 60 years and over not receiving income from government pensions. Benefit level: Varies by age <ul style="list-style-type: none"> • THB 600 for ages 60–69 (US\$ 17) • THB 700 for ages 70–79 (US\$ 20) • THB 800 for ages 80–89 (US\$ 22) • THB 1,000 for ages 90+ (US\$ 28) |
| Vietnam | The Viet Nam Social Security agency manages two defined contribution pension schemes. The first is a mandatory scheme for formal sector workers. The second is a voluntary scheme for informal sector workers. For both schemes, individuals become eligible for a pension at age 60 for men, and 55 for women if they have made contributions for at least 20 years. | | Social allowances: Eligibility: a range of categories exist for social allowances, two specifically for older people: <ul style="list-style-type: none"> • 80 years and over not receiving other pensions • 60-79 years living alone and poor Benefit level: VND 270,000 (US\$12) |

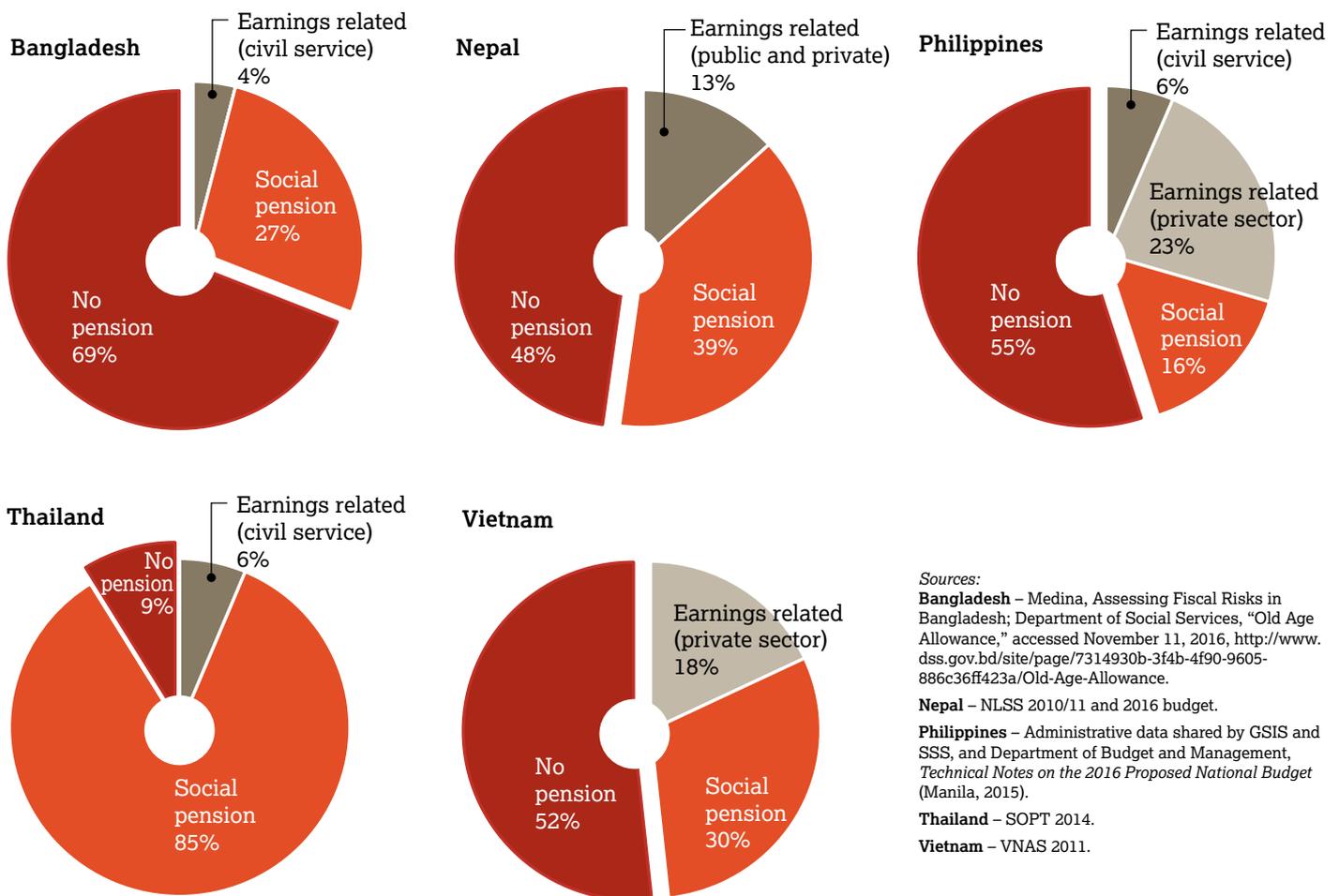
Sources: Leandro Medina, *Assessing Fiscal Risks in Bangladesh* (Washington, DC, 2015); HelpAge International, *Social Pensions Database*, 2016, <http://www.pension-watch.net/about-social-pensions/about-social-pensions/social-pensions-database/>; Somchai Jitsuchon, Emmanuel Skoufias, and Mitchell Wiener, *Reducing Elderly Poverty in Thailand: The Role of Thailand’s Pension and Social Assistance Programs* (Washington, DC, 2012); Landis MacKellar, *Pension Systems for the Informal Sector in Asia* (Washington, DC, 2009), <http://documents.worldbank.org/curated/en/331851468001801246/Pension-systems-for-the-informal-sector-in-Asia>; Stephen Kidd et al., *Social Assistance in Viet Nam: Review and Proposals for Reform* (Hanoi, 2016); Stefania Fabrizio et al., *Nepal: Reform Options for Public Sector Pensions* (Washington, DC, 2014); Government Pension Fund, “Thailand Pension System,” accessed November 23, 2016, <https://www.gpf.or.th/eng/>.

The proportion of older people receiving a pension varies widely from around a third in Bangladesh to over 90 per cent in Thailand. Figure 24 provides estimates for the coverage of pensions in the five countries according to the different types of schemes outlined in Table 3 above. In Bangladesh, the Philippines and Vietnam, over half of older people aged 60 and older receive no form of pension at all, and just under half (48 per cent) are without a pension in Nepal. The clear exception is Thailand where only 9 per cent of older people receive no pension. Put in an international perspective, according to latest data from the International Labour Organization, just over half of older people globally receive a pension (52 per cent), with a slightly lower figure in Asia and the Pacific (47 per cent).³⁴ This puts coverage in Nepal, Philippines and Vietnam roughly on par with global and regional averages, with Bangladesh trailing and Thailand significantly ahead.

Social pensions make the major contribution to the coverage of pension systems in the five countries. Social pensions cover between 16 per cent of older people (in the Philippines) and 85 per cent (in Thailand). It is also notable that Nepal and Vietnam have achieved near-universal coverage at higher ages, although this is not revealed in Figure 24 due to the aggregation of the population 60 years and over. In Nepal, around 80 per cent of older people aged 70 and over receive the Old Age Allowance, while 92 per cent of older people aged 80 and over in Vietnam receive either a social allowance or retirement pension. In contrast, the highest coverage of earnings-related pensions is in the Philippines, where 29 per cent of older people receive a pension. In all other countries earnings-related pension coverage levels are much lower, at just under 20 per cent in Vietnam and only around 5 per cent in Bangladesh and Thailand.

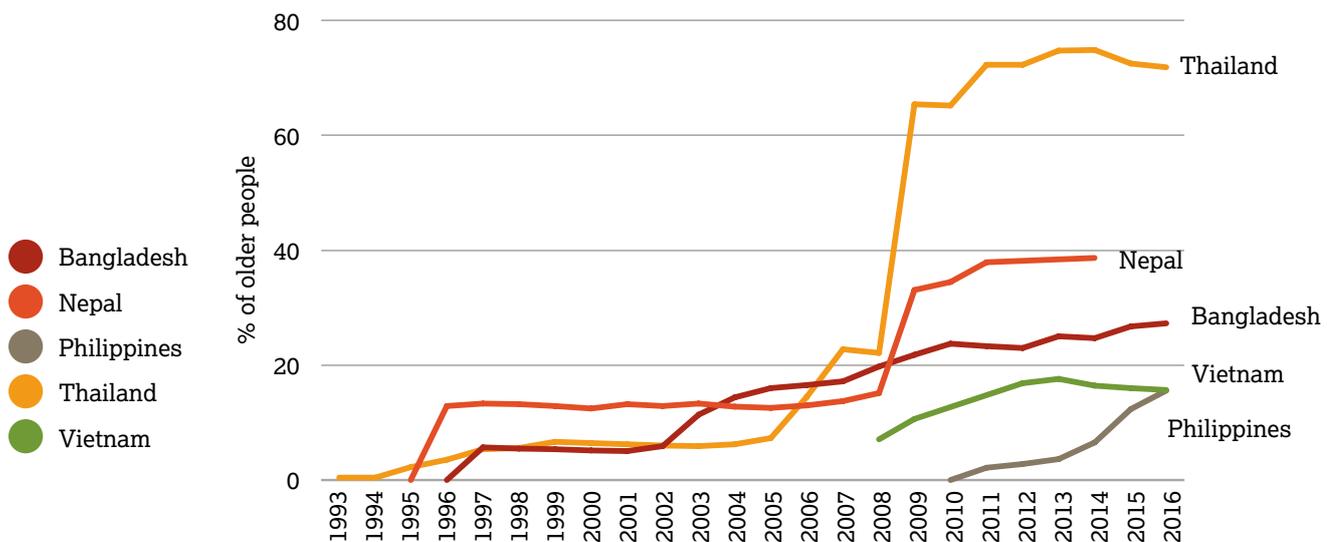
34 International Labour Organization, *World Social Protection Report 2014-2015: Building Economic Recovery, Inclusive Development and Social Justice* (Geneva: International Labour Organization, 2014). Older persons are defined as those above the statutory retirement age of each country.

Figure 24: Coverage of older people (60+), by different kinds of pensions



The central role of social pensions in these countries is a relatively new development. To illustrate this, Figure 25 shows the proportion of the population over 60 years old receiving a social pension in each of the five countries, since 1993. Before this year no country had a social pension, with Thailand, Bangladesh and Nepal all introducing social pension schemes in the mid to late 90s, Vietnam following in 2000 and the Philippines in 2011. Following the introduction of these schemes all countries have seen a gradual extension in coverage. Two countries – Nepal and Thailand – saw particularly sharp rises in coverage in the years 2008–9. In Thailand this was due to the move from a means-tested scheme that targeted poor older people to the near-universal scheme in place today. In Nepal the age of eligibility was reduced from 75 years to 70 years. The growing coverage of social pensions in these five countries over the last two decades matches a global trend. Of around a hundred countries in the world with social pension schemes today, about half were introduced since 1990 and a third since 2000.³⁵

Figure 25: Coverage of social pensions as share of older people (60+), 1993–2016



Sources: Bangladesh – Department of Social Services, “Old Age Allowance.” Nepal – Budgetary documents, 1995–2016. Philippines – Department of Budget and Management, *Technical Notes on the 2016 Proposed National Budget*. Thailand – National Economic and Social Development Board, “Number of Allowances for Older People, People Living with Disability, and with HIV/AIDS,” accessed November 11, 2016, http://social.nesdb.go.th/SocialStat/StatReport_Final.aspx?reportid=175&template=1R2C&year=M&subcatid=47. Vietnam – Data shared by Ministry of Labour, Invalids and Social Affairs

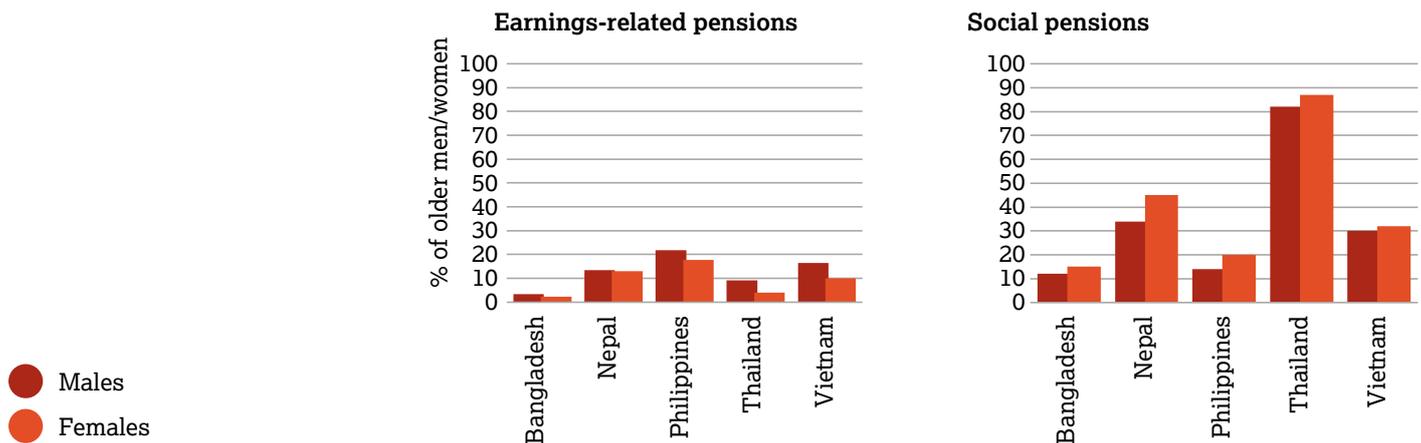
Note: Not all latest coverage figures directly match those in Figure 24 as they use different sources (administrative rather than survey data). Share of population 60+ covered is calculated using population data from UN Population Division, *World Population Prospects: The 2015 Revision*.

Social pensions have made a particularly notable contribution to expanding coverage of pensions to women. Figure 26 highlights this issue by comparing coverage of both earnings-related and social pensions by sex. Across all countries, women are less likely to receive earnings-related pensions than men. This reflects a well-documented global pattern that results from the fact that women are more likely to spend substantial time out of the labour force throughout their lives (see Section 1.1 above), while their work is more likely to be informal and less well remunerated.³⁶ All of these factors reduce their ability to build entitlements to earnings-related pensions. By contrast, women are more likely than men to receive a social pension, for a number of reasons. Where the schemes are targeted at the poor (means tested), as in Bangladesh and the Philippines, higher coverage of women may reflect their greater levels of vulnerability in old age than men – due to factors such as widowhood and lower likelihood of being in work. Schemes that exclude those who already have a formal pension (pensions-tested schemes, such as those in Nepal, Thailand and Vietnam) favour women because they are less likely than men to have earnings-related pensions.

35 HelpAge International, *Global AgeWatch Index 2014: Insight Report* (London, 2014).

36 International Labour Organization, *World Social Protection Report 2014-2015: Building Economic Recovery, Inclusive Development and Social Justice*; UN Women, *Progress of the World's Women 2015-2016: Transforming Economies, Realizing Rights* (New York, 2015).

Figure 26: Pension coverage of older people (60+), by sex



Sources: HIES 2010 (Bangladesh), NLSS 2010/11 (Nepal), PSOA 2007 (Philippines), SOPT 2014 (Thailand), VNAS 2011 (Vietnam). For social pensions in the Philippines, estimates have been made using administrative data shared by the Department of Social Welfare and Development.

Governments continue to face challenges in their efforts to expand coverage of contributory pensions. In the Philippines, Thailand and Vietnam, it is estimated that around one quarter of individuals in the labour force are actively contributing to a pension.³⁷ The share is significantly lower in Nepal (3 per cent), and in Bangladesh there is no contributory coverage of workers because all existing pensions (social pensions and civil servant pensions) are non-contributory. Despite significant efforts, countries have struggled to increase contributory coverage of workers. Analysis undertaken in the Philippines has shown how coverage of the country's public social security system increased little in the decade from 2000–2010.³⁸ The fundamental barriers to expanding contributory coverage in all of the study countries are the high levels of informal employment, teamed with low incomes and high levels of poverty. While there is a need for countries to continue strengthening their contributory pension systems, there is general consensus that this will be a long-term process.³⁹ In this context, tax-financed social pensions look likely to remain essential for ensuring pension coverage to the majority of workers in the coming decades.

Experience from the five countries shows that means-tested programmes struggle to reach the poorest older people. Means-tested schemes are often justified on the assumption that they provide a more efficient way to allocate scarce government resources, supporting the poorest older people without needing to spend money on those who need it less. Of the datasets drawn upon in this report, only the HIES from Bangladesh, where a means-tested social pension exists, allows us to test whether this is the case. At the time the data was collected (2010), the budget allocated to the scheme was sufficient to cover around 30 per cent of older people eligible by age. Given that 28 per cent of older people were living below the national poverty line at this time, in theory it should mean that all poor older people were covered. In reality, however, targeting of the scheme was far from accurate. Figure 27 shows the distribution of households receiving the social pension from the poorest decile (10 per cent of the population) to the richest. While it was found that recipient households were more likely to be in the poorer part of the income distribution, in total only 46 per cent of recipient households were in the group targeted by the scheme (the poorest 30 per cent of the population, deciles 1–3). This implies that over half of the intended recipients did not receive the allowance.⁴⁰

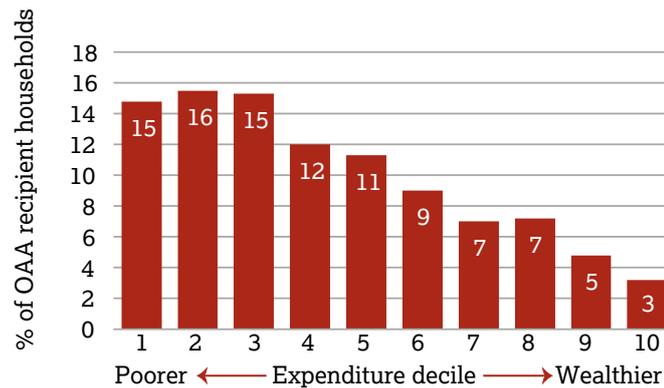
37 International Labour Organization, *Table B.8. Old-Age Effective Coverage: Active Contributors (Latest Available Year)*, 2014. The proportion of the labour force actively contributing to a pension was 25.6 per cent (2011) in the Philippines, 27.7 per cent (2012) in Thailand and 22.6 per cent (2011) in Vietnam.

38 Carmelo Mesa-Lago, Verna Dina Q. Viajar, and Rolly Czar Joseph Castillo, *Pensions in the Philippines: Challenges and Ways Forward* (Manila: Friedrich Ebert Stiftung, 2011), http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2045654.

39 World Bank, *Live Long and Prosper: Ageing in East Asia and Pacific*.

40 Bazlul Haque Khondker, Andrea Vilela, and Charles Knox-Vydmannov, *Old Age Social Protection Options for Bangladesh* (Dhaka, 2013).

Figure 27: Distribution of recipients of Old Age Allowance (Bangladesh), by expenditure decile



Source: HIES 2010

Similar issues were found in analyses in Thailand and the Philippines. As already discussed, until 2009 the Thai Old Age Allowance was targeted at poor older people. As shown in Figure 25 above, by 2008 (the year before the scheme was universalised) over 20 per cent of older people over 60 were receiving the allowance, yet analysis of survey data from the same year shows that at the time fewer than half of the poorest 20 per cent of older people were receiving the allowance.⁴¹ While existing survey data does not allow analysis of the targeting efficiency of the social pension in the Philippines, a recent review of the scheme after four years of implementation found major problems in the targeting process. The primary basis for identifying “indigent” older people was a proxy means testing methodology⁴² that should in theory provide a simple, consistent and administratively light way to identify poor people. However, when it came to validation of the list provided, local authorities implementing the programme reported substantial errors. One implementer explained that, of 240 older people on the preliminary list, only 142 were found to be eligible according to the targeting criteria for the scheme.

“Maybe because it was from the computer, that is why there were senior citizens who were included in the list even though they are not yet 77 years old. There were errors like that. We removed them and we cleaned the list. And the final list included only about 142 senior citizens.”⁴³

Universal schemes have been much more successful in reaching the poorest and have a generally “pro-poor” distribution. As previously discussed, the near-universal pension in Thailand covers the vast majority of older people who have reached the age of eligibility – around 85 per cent of the population aged 60 and over. Given that 6 per cent of older people receive civil service pensions, this leaves a coverage gap of 9 per cent of older people who receive neither the social pension nor earnings-related pensions. A key question is who these people are. One hypothesis is that they represent poorer individuals who face barriers to accessing pensions such as lack of appropriate identity documents or live in remote areas with limited access to pay points. Alternatively, they may represent richer people who are satisfied with their income and do not wish to go to the effort of claiming a small allowance. To help unpack this issue, Figure 28 shows the proportion of households with older people (60 and over) who receive different kinds of pensions, according to wealth quintile. Households are grouped into four categories: those receiving Old Age Allowance only, those receiving civil service pensions, those where there are recipients of both, and households with no pension receipt.⁴⁴ The clear picture is that the share of households receiving no pension is highest in the wealthier two quintiles (between 10–11 per cent) and smaller in the poorest three quintiles (4–5 per cent). This implies that most of the coverage gap of the Old Age Allowance is amongst better-off older people, who seemingly choose not to claim the pension. This finding reflects other analyses undertaken in the country.⁴⁵

41 Jitsuchon, Skoufias, and Wiener, *Reducing Elderly Poverty in Thailand: The Role of Thailand’s Pension and Social Assistance Programs*.

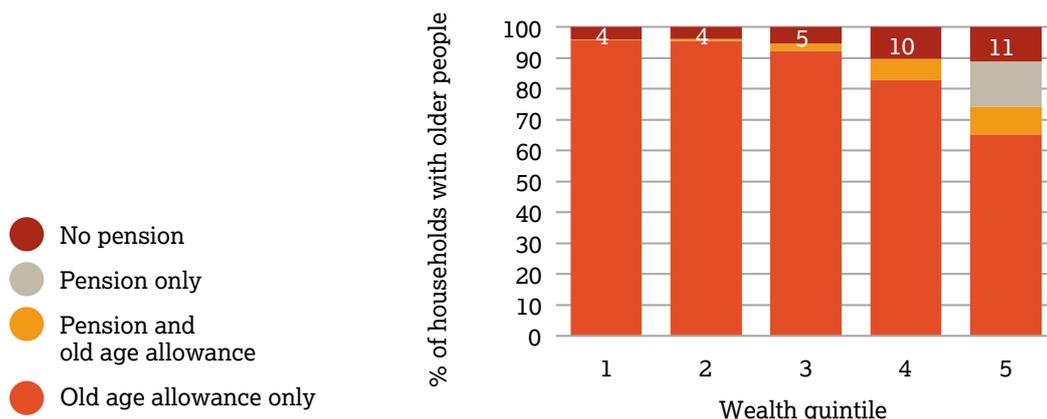
42 Proxy means testing is a statistical methodology that attempts to predict the income of a household based on certain “proxies” such as family composition, education of family members, family conditions, and access to basic services.

43 Knox-Vydanov, Horn, and Sevilla, *The Philippine Social Pension at Four Years: Insights and Recommendations*.

44 It should be noted that due to the fact that receipt of pensions is reported at the household level (and not for specific individuals) this doesn’t necessarily mean that the same older person is receiving both pensions (which contradicts the eligibility criteria). It may be that there are multiple older people in a household receiving different benefits.

45 Jitsuchon, Skoufias, and Wiener, *Reducing Elderly Poverty in Thailand: The Role of Thailand’s Pension and Social Assistance Programs*; Dharmapriya Wesumperuma and Suwanrada Worawet, “Development of the Old-Age Allowance System in Thailand: Challenges and Policy Implications,” in *Social Protection for Older Persons: Social Pensions in Asia*, ed. Sri Wening Handayani and Babken Babajanian (Mandaluyong City: Asian Development Bank, 2012).

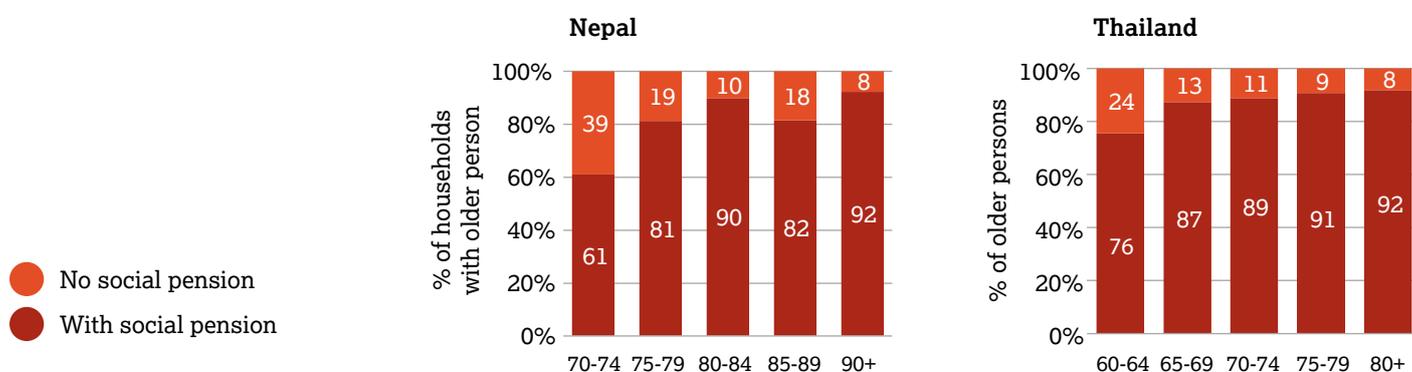
Figure 28: Coverage of households with older people (60+) in receipt of the Old Age Allowance in Thailand, by wealth quintile



Source: HSES 2013

Despite the generally pro-poor nature of near-universal social pensions, access still remains an issue for some poor and marginalised older people. While in Thailand the lowest coverage (Figure 28) is amongst richer older people, there are still some poorer older people that miss out – between 4–5 per cent. It appears that this issue is particularly significant among older people who have recently become eligible. Figure 29 shows coverage for social pensions in Nepal and Thailand by age, demonstrating that coverage is lowest closer to the age of eligibility. Likely reasons for this lower coverage are that it may take some time for individuals to register and get necessary documents in order or they may not immediately be aware of the existence of a scheme. Recent research in Nepal found instances of older people missing a full five years of benefits due to being unaware of the scheme.⁴⁶ This reflects evidence from the implementation of the universal pension in Bolivia, which similarly found lower coverage for those immediately above the age of eligibility.⁴⁷ The experience in Thailand, however, suggests that these problems can be addressed over time. Coverage of older people has increased from 81 per cent in 2011 (two years after the scheme was universalised) to 85 per cent in 2014. In this context, it is worth noting that the survey in Nepal used for this analysis was conducted just two years after the age of eligibility was reduced from 75 years to 70 years (2008), and this recent change in the age threshold may partly explain the low coverage for those aged 70–74.

Figure 29: Coverage of near-universal pensions in Nepal and Thailand, by age



46 Upreti et al., *The Old Age Allowance and Perceptions of the State in Rolpa*.

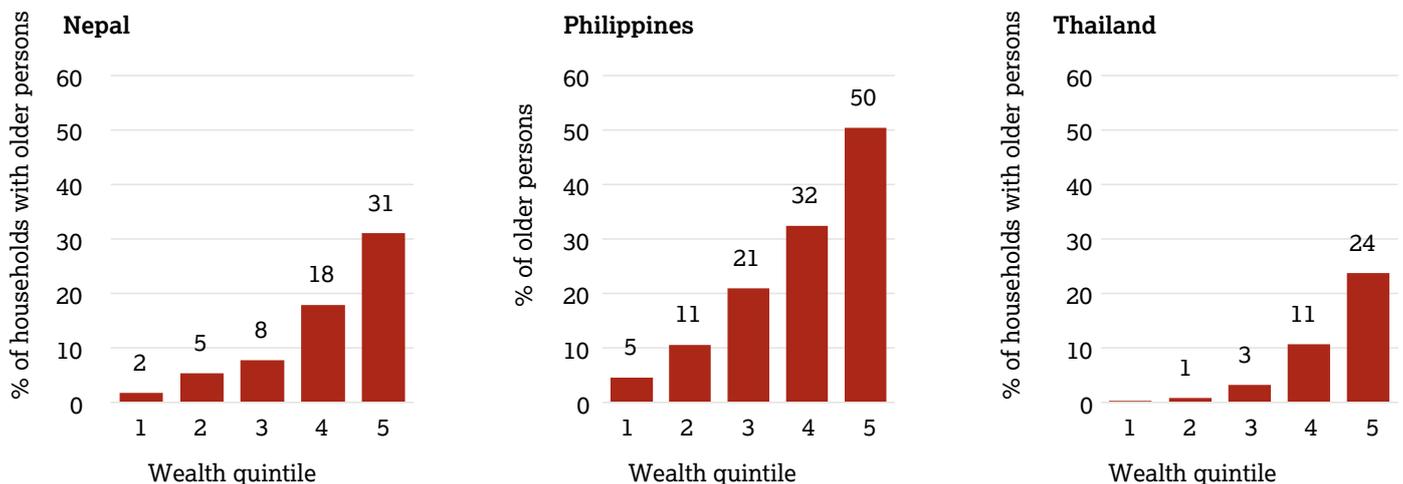
47 Mauricio Chumacero, Federico Escobar, and Joel Mendizábal, *Documento Descriptivo de Resultados de La Encuesta a Hogares Con Personas Adultas Mayores Y Cercanas a La Edad de 60 Años* (La Paz, 2013).

Sources: NLSS 2010/11 (Nepal), SOPT 2014 (Thailand)

Note: Figures for Nepal represent the share of households with an older person (by specified age group) where at least one person received the Old Age Allowance. Figures for Thailand represent the share of individual older persons in a given age group.

In contrast to social pensions, households receiving earnings-related pensions are found in wealthier portions of the population. Figure 30 shows the share of households with an older person in receipt of earnings-related pensions in Nepal, the Philippines and Thailand.⁴⁸ In all cases, the likelihood of receiving an earnings-related pension is much higher for wealthier households than poorer households. The share of households with older people in the richest quintile with earnings-related pensions varies from 24 per cent in Thailand to 50 per cent in the Philippines. Yet in the poorest quintile, the percentage of households receiving earnings-related pensions doesn't exceed 5 per cent in any country and is extremely low in Nepal and Thailand. This finding is intuitive because better-off people are more likely to have been able to build entitlements to a pension throughout their working lives. This reality has important implications for policy initiatives intended to strengthen earnings-related pensions, which often propose a government subsidy to those who contribute to such pensions. For example, in the Philippines there has been intense debate around providing a top-up to benefits within the Social Security System, which would likely involve tax financing at some stage.⁴⁹ The fact that earnings-related pensioners are usually better-off suggests that caution is needed to ensure that subsidies do not become a regressive cash transfer to wealthier individuals.

Figure 30: Share of older persons (60+) or households with older persons receiving earnings-related pensions, by wealth quintile



Sources: NLSS 2010/11 (Nepal), PSOA 2007 (Philippines), HSES 2013 (Thailand)

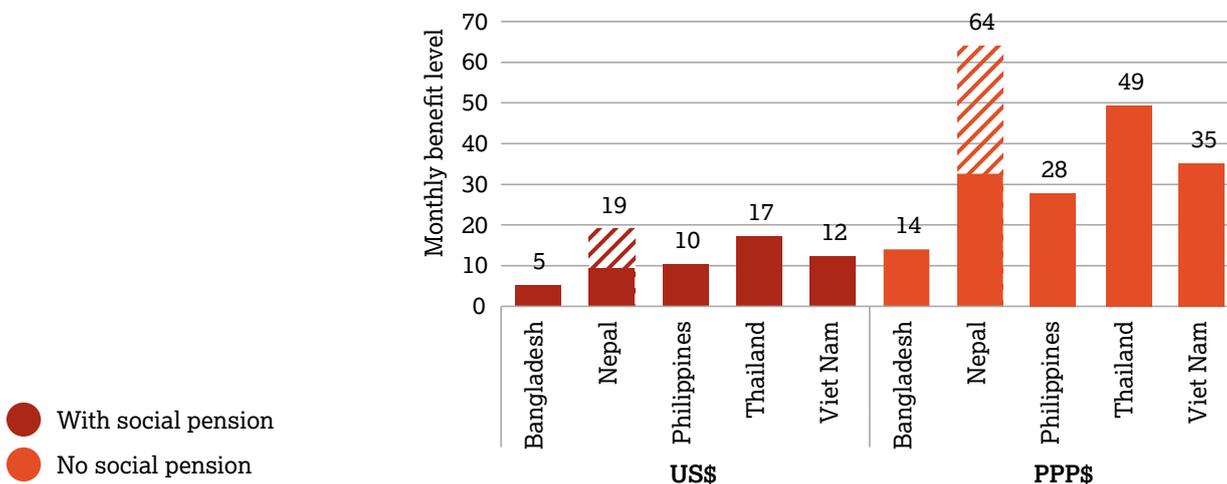
⁴⁸ It was not possible to include Bangladesh due to the small number of cases of households receiving pensions, in the context of the modest sample size of the survey. It was not also possible to create wealth quintiles using the VNAS in Vietnam.

⁴⁹ See, for example, Neri Colmenares, "Pension Hike Reasonable, Feasible," *Inquirer.net*, October 2015; Ibarra A. Malonzo, "Quick Fix or Sudden Collapse," *Inquirer.net*, September 2015.

3.2 Are pension benefits adequate?

While social pensions have contributed to higher pension coverage in recent years, benefit levels remain low. Figure 31 shows the absolute value of the monthly benefit level in the five countries, both in United States dollars (US\$) and in “international dollars” (purchasing power parity dollars, PPP\$) which takes account of varying cost of living in different countries. For Nepal two benefit levels are shown, given the government only recently announced an increase in the benefit level from 1,000 to 2,000 Nepali rupees (NPR) per month.⁵⁰ The lowest social pension in the region is in Bangladesh (US \$5) while the highest is the new benefit level in Nepal (US\$ 19). The use of PPP\$ shows the variation in the spending power of each pension, with the scheme in Bangladesh (PPP\$ 14) just a fifth of that of Nepal (PPP\$ 64). It is striking that – despite being the only low income country in the group (see Table 1 above) – the benefit level in Nepal is by far the highest. The path that Nepal has taken towards this benefit level is discussed further in Box 3 below. It is also notable that the benefit in Nepal is the only one to be higher than the new international extreme poverty line (PPP\$ 1.90 per day) which equates to PPP\$ 58 per month. In contrast, it is remarkable that an upper-middle-income country such as Thailand still has a social pension with such a low benefit level.

Figure 31: Benefit levels of social pensions in absolute terms (US\$ and PPP\$)



Sources: HelpAge International, Social Pensions Database. PPP\$ conversion rates from International Monetary Fund, *World Economic Outlook Database*, October 2016. Exchange rates for US\$ from www.xe.com, (accessed 02/10/2016)

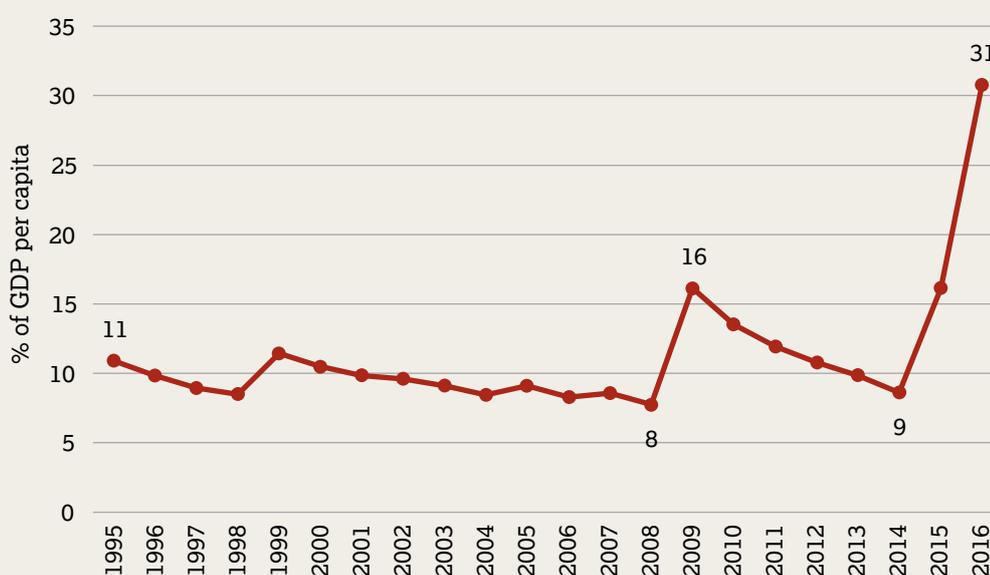
Note: Benefit levels are for the following years: Bangladesh (2016), Nepal (2015 and 2016), Philippines (2016), Thailand (2016), Vietnam (2016). For Thailand, lowest benefit level of THB 600 is used.

50 Kathmandu Post, “Senior Citizens Demand Hike in Allowance,” *Kathmandu Post*, July 28, 2016, <http://kathmandupost.ekantipur.com/news/2016-07-28/senior-citizens-demand-hike-in-allowance.html>.

Box 3: Punching above its weight: adequacy of the Old Age Allowance in Nepal

Despite being one of the few remaining low-income countries in Asia, Nepal has made significant investments in social protection in the last two decades. This has involved the expansion of a package of tax-financed life cycle social protection schemes targeted at older people, people with disabilities, single women and children. The Old Age Allowance has been an important piece in this development. When first introduced in 1995, the scheme provided a benefit of NPR 100 and targeted all older people aged 75 and over, not in receipt of other pensions. In 2008 the eligibility age was lowered to 70 years and to 60 years for some specific groups. Expansion in coverage has also been accompanied by increase in adequacy, as illustrated in Figure 32. Until 2015, the benefit level had undulated between a high of 16 per cent of GDP per capita and a low of 8 per cent, including a sharp increase in 2009 when the benefit was increased from NPR 200 to NPR 500. The doubling of the benefit from NPR 1,000 (US\$ 9) to NPR 2,000 (US\$ 19) in the 2016/17 budget, however, has increased the level to 31 per cent of GDP per capita, making it one of the most generous social pensions amongst low- and middle-income countries when compared to the benchmark of average income.

Figure 32: Benefit level of Nepal's Old Age Allowance (share of GDP per capita)

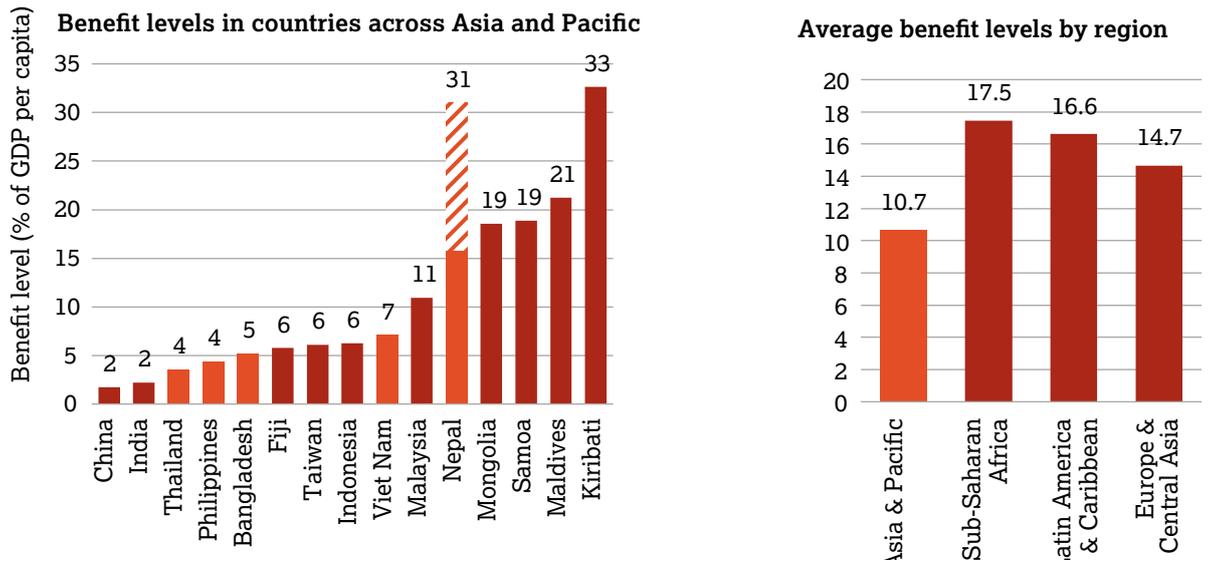


Sources: Budgetary documents 1995-2016 and International Monetary Fund, *World Economic Outlook Database*, October 2016.

Social pension benefits are also low relative to average incomes in each country. Figure 33 shows the benefit levels of social pensions in these and other countries compared to each country's GDP per capita – a measure of average income. Comparison of the five countries shows that the new benefit level in Nepal (31 per cent of average income) is over four times that of Vietnam (7 per cent) and six times that of Bangladesh, the Philippines and Thailand. Strikingly, while the social pension in Thailand is the second highest in absolute terms, it is the smallest relative to average income of the country. This is due to the fact that Thailand has a much higher income per capita than others in the group (see Table 1 above). The social pension in Thailand does have higher benefits for older people of more advanced ages; however, these are not sufficiently higher to substantially change the picture presented here.⁵¹ The adequacy of social protection benefits relative to average incomes in the country is relevant because it influences the extent to which social protection can contribute to supporting inclusive growth and containing levels of inequality, rather than simply addressing extreme poverty.

51 See Table 3 for a full breakdown of benefit levels for Thailand's Old Age Allowance social pension.

Figure 33: Benefit levels of social pensions as share of GDP per capita (low- and middle-income countries)



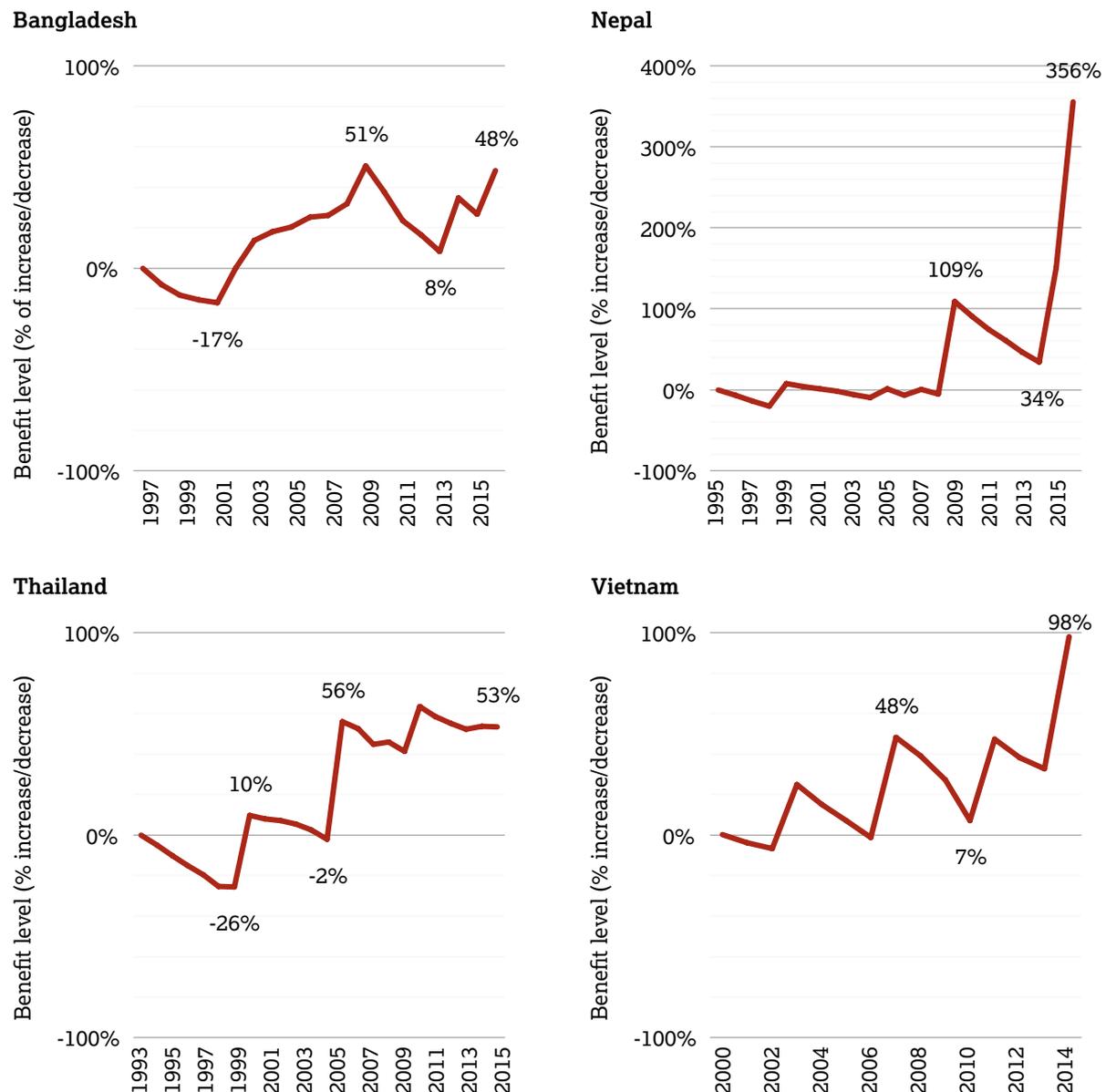
Source: HelpAge International, *Social Pensions Database*.

The low adequacy of social pensions in the five countries reflects a similar pattern across the Asia region. The chart in the left panel of Figure 33 demonstrates that the countries here fit a general pattern of low social pension benefits in other low- and middle-income economies across Asia. The main exceptions – apart from Nepal – are Mongolia and the small island states of the Maldives, Kiribati and Samoa. The right hand panel puts this in the global perspective, showing that average benefits in Asia – at 10.7 per cent of GDP per capita – are well below the average in other regions of the world.

Another factor affecting the adequacy of social pensions is that they are not formally indexed to inflation. In the Philippines, there has been no indexation of the social pension since the benefit level was defined in the law in 2010, meaning that its value has decreased by 17 per cent in real terms.⁵² None of the five study countries has a system of formal indexation, although all, apart from the Philippines, have intermittently increased their benefit levels in an ad hoc fashion. The effect of these changes is shown in Figure 34, which presents the real value of social pension benefits in the four countries that have had some increase in benefit level. For each year the figure shows the extent to which the real value is higher or lower than the value when the scheme was introduced. In the four countries presented, benefit levels now have a higher real value than when they were introduced, meaning their purchasing power has increased. The real value of benefits in Bangladesh and Thailand is around 50 per cent higher, double in Vietnam and four and a half times in Nepal– reflecting the trend depicted in Box 3. Nevertheless, given the irregular increases in benefit levels, during the years between increases benefits often decreased in their real value. This means that pensioners have experienced something of a rollercoaster ride in the purchasing power of their pensions.

⁵² Author's calculation using International Monetary Fund, *World Economic Outlook Database, October 2016*. The scheme was introduced as part of the Expanded Senior Citizens Act of 2010, although implementation began in 2011. See Knox-Vydmanov, Horn, and Sevilla, *The Philippine Social Pension at Four Years: Insights and Recommendations*.

Figure 34: Change in real value of social pension benefits over time (relative to value at time of introduction)

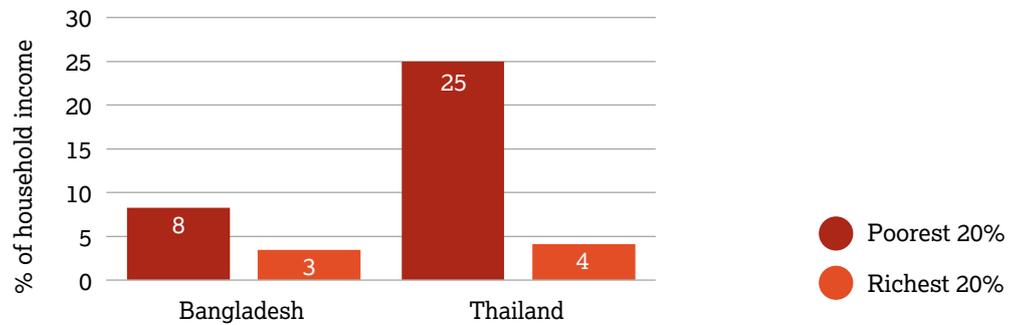


Sources: **Bangladesh** – Department of Social Services, “Old Age Allowance.” **Nepal** – Budgetary documents 1995–2016. **Thailand**–Thaworn Sakumphanit and Worawet Suwanrada, “500 Baht Universal Pension Scheme,” in *Sharing Innovative Experiences: Successful Social Protection Floor Experiences* (United Nations Development Programme, 2005), 401–15; Jitsuchon, Skoufias, and Wiener, *Reducing Elderly Poverty in Thailand: The Role of Thailand’s Pension and Social Assistance Programs*. **Vietnam** – Data provided by the Ministry of Labour, Invalids and Social Affairs. Real value of benefits is calculated using data on consumer prices from International Monetary Fund, *World Economic Outlook Database*, October 2016.

Despite the limitations in terms of adequacy, these schemes still provide a lifeline for poorer older people. Given the uneven distribution of wealth in the focus countries, even small benefit levels can make a substantial contribution to the income of households where poorer older people live. To demonstrate this, Figure 35 shows the value of social pension benefits to recipient households in Bangladesh and Thailand depending on whether they are in the poorest or richest 20 per cent of the income distribution. In both countries, the benefit provides a significantly bigger share of income for poorer households. This is simply due to the fact that household income is lower for poorer households, so the same benefit constitutes a much bigger proportion of their income. The biggest difference is seen in Thailand, where the Old Age Allowance benefit is equal to one quarter of household income for poorer households, compared to just 4 per cent for richer households. This data shows how flat rate benefits can represent a progressive policy by proportionally increasing the incomes of poorer households more than wealthier ones. This will be particularly the case where the tax systems which finance social pensions are also

progressive. Data from surveys of older people in Vietnam and Thailand also reinforce the finding that small benefits can make a major difference to some very poor older people. Despite low benefit levels, social allowances in Vietnam are the main source of income for 9 per cent of older people, while the Old Age Allowance in Thailand is the main source for 15 per cent. In both countries the proportion of recipients reporting social pensions as the main source of income is greater for women and older people of more advanced ages.

Figure 35: Social pension as a share of total household income (in recipient households)

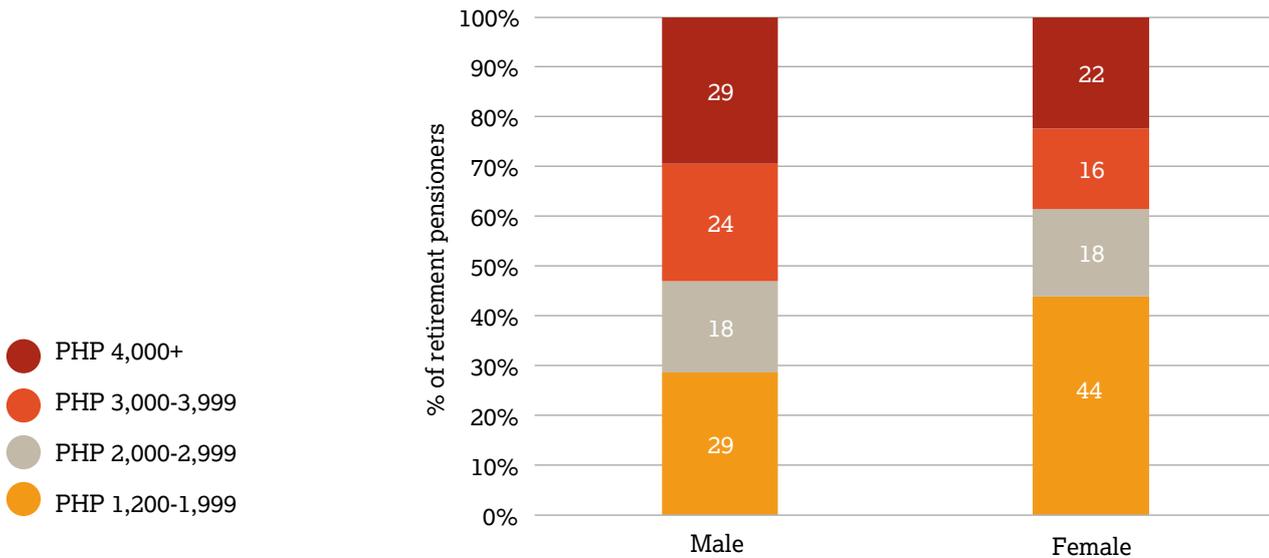


While benefits from earnings-related pensions are generally much higher, these schemes can also face issues of adequacy. The clearest example of this is in the Philippines. While the country has had relative success in expanding earnings-related pensions to private sector workers (see Figure 24 above), the benefits received are often modest. The average benefit for retirement pensions is 3,500 Philippine pesos (PHP) (around US\$ 71), which is equal to around double the country's poverty line (PHP 1,604 in 2013).⁵³ However, many pensioners receive benefits well below the average. Figure 36 shows the proportion of retirement pensioners falling into different categories of benefit level. Close to a half of women (44 per cent) and over a quarter of men (29 per cent) receive a benefit level lower than PHP 2,000. The lowest benefit level in the country is PHP 1,200 (US\$ 24). While data with this level of detail is not readily available for other countries, it appears similar limitations in adequacy exist elsewhere. In Nepal, the median benefit level of earnings-related pensions in 2010/11 was around two times the poverty line, and in Vietnam it was three times the poverty line in 2012.⁵⁴

53 Social Security System, *Facts and Figures as of March 2015* (Quezon City, 2015), https://www.sss.gov.ph/sss/DownloadContent?fileName=Mar2015_FactsandFigures.pdf. Exchange rate from www.xe.com. 1 US\$ = PHP 49.1050.

54 Based on analysis of NLSS 2010/11 (Nepal) and VHLSS 2012 (Vietnam)

Figure 36: Share of retirement pensioners by benefit level (Social Security System in the Philippines), by sex



Source: Administrative data shared by the Social Security System of the Philippines

The variable adequacy of earnings-related pensions has implications for the design of these schemes and for social pensions. The issues discussed above highlight the need to improve the design of earnings-related schemes to improve adequacy, and this may relate to a range of issues such as levels of contributions, benefit formulae and management of funds. However, these issues also suggest that the common assumption that individuals with earnings-related pensions have achieved income security is not necessarily true. This assumption may affect decisions about whether or not social pensions should be paid to those who receive earnings-related pensions. In the case of the Philippines, for example, a higher-coverage social pension could provide one channel to ensure that older people with low earnings-related benefits have an income above the poverty line. Excluding these people from a social pension may also create perverse incentives, with younger workers questioning why they should contribute to a pension when they can receive a similar benefit with doing nothing at all. An advantage of social pensions that also cover earnings-related pensions is that they do not create this trade off.

3.3 Are pension systems sustainable?

Expenditure on social pensions is comparatively low in Bangladesh, the Philippines and Vietnam, and modest in Nepal and Thailand. Figure 37 shows the cost of social pensions in the five countries as a percentage of GDP in comparison with other low- and middle-income countries with social pensions in Asia. The five countries can be seen as falling into one of two groups in terms of level of expenditure. Bangladesh, the Philippines and Vietnam all spend around 0.1 per cent of GDP on their social pensions, which is comparable to expenditure in Malaysia, China and Fiji. Thailand and Nepal spend 0.5 and 0.7 per cent of GDP respectively, which puts them in the league of Timor-Leste, Samoa and the Maldives. It is worth noting that expenditure on social pensions in Asia is low compared to countries in other regions, which in part reflects the low benefit levels presented above in Figure 33. As a point of comparison, low- and middle-income countries Bolivia, Brazil, Guyana, Lesotho, Namibia and South Africa all spend between 1 and 1.5 per cent of GDP on their social pensions, while Mauritius and Georgia spend 2.9 and 4.8 per cent of GDP respectively. The low or modest level of expenditure on social pensions in the five focus countries is further revealed when their cost is compared to total government expenditure, shown in Figure 38. Social pensions in Bangladesh, the Philippines and Vietnam constitute substantially less than 1 per cent of government expenditure, while even the relatively higher-cost schemes in Nepal and Thailand make up just 2–3 per cent.

Figure 37: Cost of social pensions in Asia as a share of GDP

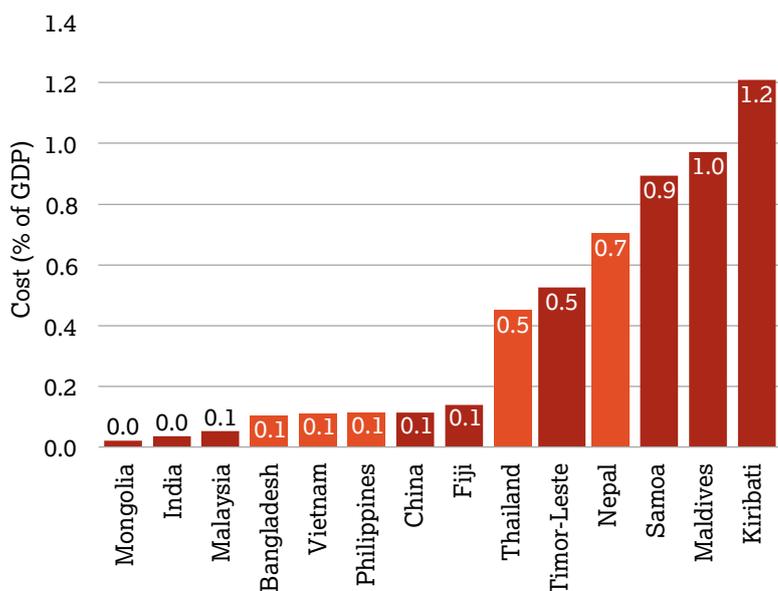
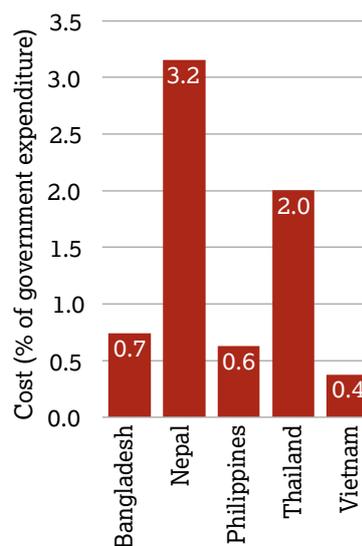


Figure 38: Cost of social pensions as a share of government expenditure



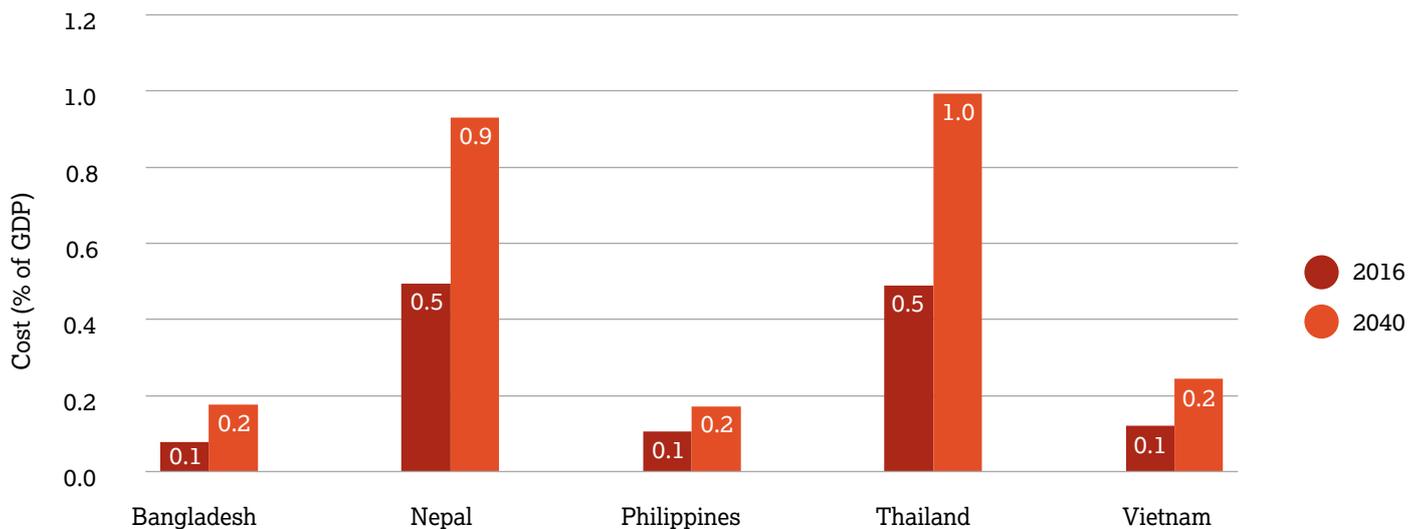
Sources: HelpAge International, Social Pensions Database. Government expenditure data is from International Monetary Fund, World Economic Outlook Database, October 2016. Notes: Costs for Nepal are for scheme with benefit level of NPR 2,000 (estimated). Costs for the Philippines are those budgeted for 2017, compared to 2017 projected government expenditure and GDP. Vietnam costs include specific schemes for older people aged 80+ and 60–69 but not other social allowances that may be received by older people.

The fiscal sustainability of existing social pension schemes in the coming decades is not a major concern. Given the rapid ageing of the population in the five focus countries, a common concern is that social pensions with relatively modest costs today could become fiscally unsustainable in the future. In order to test this, Figure 39 presents projections of the future cost of existing social pensions in the five countries, assuming that current parameters remain the same. Specifically, it is assumed that the benefit level of each scheme would remain the same share of GDP per capita.⁵⁵ Schemes are also assumed to target the same proportion of the population above the eligibility age as they currently do. For example, the Old Age Allowance in Thailand is assumed to continue to reach 85 per cent of the population aged 60 and over. In this context, the main factor influencing increases in the costs of the schemes is the growth in the proportion of the population over the age of eligibility.⁵⁶ Despite the rapid pace of population ageing in all of these countries, no scheme will exceed 1 per cent of GDP in cost by 2040. Those in Bangladesh, the Philippines and Vietnam will remain low at only about 0.2 per cent of GDP, meaning they will continue to constitute a small share of GDP and of government budgets. These projections suggest there would be affordable options for these countries to increase adequacy and/or coverage of existing schemes in a way that would be sustainable into the future.

55 Assuming the five countries experience a growth in GDP per capita in the coming decades – which is expected – this would mean that the real value of these pensions would increase.

56 Note that in some cases the cost in 2016 varies slightly from that in Figure 37 as the costings used a simplified model for each scheme. For example, for Nepal the cost is projected for the population 70+ and does not include Dalits and those living in the Karlandi Zone who can receive the benefit from age 60. This is due to gaps in population data.

Figure 39: Cost of social pensions in 2016 and 2040 according to current parameters



Source: Author's calculations using demographic data from UN Population Division, *World Population Prospects: The 2015 Revision*.

Note: Specific assumptions used are: **Bangladesh** – a benefit of 5 per cent of GDP per capita targeting 27 per cent of the population of men 65+ and women 62+; **Nepal** – a benefit of 31 per cent of GDP per capita targeting 90 per cent of the population 70+; **Philippines** – a benefit of 4 per cent of GDP per capita targeting 33 per cent of the population 60+ (in line with 2017 budget proposals); **Thailand** – a benefit of 4 per cent of GDP per capita targeting 85 per cent of the population 60+; **Vietnam** – a benefit of 6.6 per cent of GDP per capita targeting 90 per cent of the population 80+.

In the meantime, many of the existing earnings-related pensions in the five countries face sustainability challenges. Actuarial analysis of contributory social insurance schemes in the Philippines and Vietnam shows that – without reform – the expenditure of these systems will exceed income in the next decade or so. In the Philippines, the funds would be depleted by 2044 without reform, while Vietnam could face a similar outcome somewhere between the mid-2030s and mid-2040s.⁵⁷ After this point the schemes would need to be financed by general taxation, if there is no change in trajectory. As with social pensions, the main driver of the increasing expenditures is population ageing, yet the implications for sustainability are different. While social pensions are intentionally tax-financed, social insurance schemes are expected to be financed primarily via contributions. Financing such schemes from general taxation not only goes against these expectations but may have regressive distributional consequences, given most recipients of these current schemes are relatively better off. In both countries, proposals are being considered to make changes to the parameters of the schemes, including raising the retirement age, amending benefit formulae and indexation, and increasing contributions.⁵⁸ There is an important balance to be struck between ensuring sustainability of schemes, while pursuing a parallel agenda of expanding coverage. Lessons from the experience of these two countries are important for countries with less mature social insurance schemes – such as Thailand – as well as Bangladesh, which proposes to introduce a mandatory social insurance pension under the National Social Security Strategy.

An additional challenge to sustainability is the cost of non-contributory pensions paid to public servants. Each of the five countries uses general taxes – to varying degrees – to finance pensions paid to civil servants and other public sector workers. In Bangladesh and Nepal all public servants with adequate years of service are provided a non-contributory pension.⁵⁹ The same was also the case for Thailand's civil service until 1997, when it introduced a fully-funded defined-contribution pension for government workers (the cost of pensions for civil servants who joined before this date are still covered by general taxes).⁶⁰ A similar situation exists in Vietnam, where the benefits to employees who joined the civil service before the initiation of the Vietnam Social Security system (in 1995) are financed from general taxes.⁶¹ The Government Service Insurance Scheme in the Philippines

57 Mark Charles Dorfman, Tatyana Bogomolova, and Maya Razat, *Republic of the Philippines Review of the Social Security System: Considerations for Strengthening Sustainability and Coverage* (Washington DC, 2016), <http://documents.worldbank.org/curated/en/328641466736355290/Philippines-Review-of-the-social-security-system-considerations-for-strengthening-sustainability-and-coverage>; World Bank, *Taking Stock: An Update on Vietnam's Recent Economic Developments* (Washington, DC, 2016), <http://www.ncbi.nlm.nih.gov/pubmed/25103689>; Giang Thanh Long, "Viet Nam: Pension System Overview and Reform Directions," in *Pension Systems and Old-Age Income Support in East and Southeast Asia: Overview and Reform Directions*, ed. Donghyun Park (Abingdon: Routledge, 2012).

58 Dorfman, Bogomolova, and Razat, *Republic of the Philippines Review of the Social Security System: Considerations for Strengthening Sustainability and Coverage*; World Bank, *Taking Stock: An Update on Vietnam's Recent Economic Developments*.

59 Fabrizio et al., *Nepal: Reform Options for Public Sector Pensions*; Medina, *Assessing Fiscal Risks in Bangladesh*.

60 Jitsuchon, Skoufias, and Wiener, *Reducing Elderly Poverty in Thailand: The Role of Thailand's Pension and Social Assistance Programs*.

61 Kidd et al., *Social Assistance in Viet Nam: Review and Proposals for Reform*.

– which is fully contributory – appears to mark an exception, yet the country still has categories of public servants that receive tax-financed pensions including armed forces, police and judges.⁶²

Expenditure on non-contributory pensions for public servants is commonly in excess of that spent on social pensions for the general public. In Bangladesh, pensions for civil servants cost around 0.5 per cent of GDP, which is roughly five times the expenditure on the country’s social pension (the Old Age Allowance) and one quarter of the total budget for social protection.⁶³ Recipients make up around 4 per cent of older people 60 years and over. Expenditure on public service pensions in Nepal is even higher, at 1.2 per cent of GDP in 2013/14 and is budgeted to reach 1.8 per cent of GDP in the 2016/17 budget.⁶⁴ In the Philippines, non-contributory pensions for the categories mentioned above cost around 0.3 per cent of GDP in 2010, while covering 2.6 per cent of older people aged 60 and over – over three times the cost of the proposed expenditure for the social pension in 2017.⁶⁵ Finally, expenditure on pre-1995 pensioners in Vietnam is estimated to be around 1 per cent of GDP.⁶⁶ To some extent, it is reasonable to consider expenditure on these pensions as part of the wage bill of the civil service, rather than an expenditure that is directly comparable with spending on social pensions. Nevertheless, the scale of the disparity between spending on public service pensions – which benefit a small minority – relative to social pensions does raise major concerns in terms of equity and sustainability. Some governments are taking steps to address these issues, such as in Nepal, where the 2016/17 budget proposes to introduce a contributory scheme for the civil service. Others, such as Bangladesh, regard tax-financed pensions as a long-term expenditure of the social protection system.⁶⁷

62 Mesa-Lago, Viajar, and Castillo, *Pensions in the Philippines: Challenges and Ways Forward*.

63 General Economics Division, *National Social Security Strategy (NSSS) of Bangladesh*.

64 Fabrizio et al., *Nepal: Reform Options for Public Sector Pensions*; Ministry of Finance, *Red Book Fiscal Year 2016/17* (Kathmandu, 2016).

65 Mesa-Lago, Viajar, and Castillo, *Pensions in the Philippines: Challenges and Ways Forward*.

66 Kidd et al., *Social Assistance in Viet Nam: Review and Proposals for Reform*.

67 General Economics Division, *National Social Security Strategy (NSSS) of Bangladesh*.

4. Lessons for future analysis and data collection

Up to this point the report has primarily focused on summarising the key findings revealed through the analysis. There were, however, some areas that could be explored in less depth than intended, either because of a lack of data or issues around how the data has been collected. This final section highlights the key remaining evidence gaps in relation to the research questions and some considerations for future data collection efforts.

Data on the kinds of work undertaken by older people was found to be relatively comprehensive, which in itself is a useful finding. National Labour Force Surveys provided a particularly rich source of data, with strong potential for age disaggregation beyond categories such as 65 years and over which are typically used in published reports and databases at the global level, such as those collated by the International Labour Organization. Many questions in these national surveys relate to the individual situation of older people and thus provide opportunities to understand the specific experiences of older people. The survey questions were also found to be relatively comparable between countries. Labour Force Surveys therefore seem to provide strong potential for further analysis from the perspective of understanding dynamics of employment in old age.

Data was limited with regard to understanding the more nuanced dynamics of work in old age, such as why older people are not in employment. The analysis of this issue in Section 1 leaves many questions unanswered, and in some countries analysis was not possible at all. One reason for this is the inclusion in surveys of response categories such as “Too old” (in the case of Thailand), which hide the specific age-related issues (such as ill health, cultural factors or social protection policies) that lead older people to leave the labour force. Such response categories are arguably ageist, built on underlying assumptions (challenged throughout this report) that simplistically associate old age with being economically inactive. There is therefore a strong case for refining these questions to remove in-built assumptions.

Analysis of the nature of family support and other private transfers proved the most challenging. This relates to both a dearth of data and to methodological and conceptual challenges. Most surveys regularly undertaken by national statistics offices use the household as the main unit of analysis, with little analysis of the exchanges between and within households. This is particularly true of income and expenditure surveys, which are the most common resource for analysis of poverty and income security. In part this is due to significant conceptual and methodological challenges of measuring intra- and inter-household transfers, for which there is no easy answer. Nevertheless, an important lesson from the research is the rich contribution of surveys of older people (undertaken in three of the study countries) for understanding exchanges between older people and others within or outside their household (as discussed in Section 2).

There are significant limits to the capacity of existing surveys to shed light on the performance of social protection systems. The result is that much of the analysis in Section 3 was complemented with administrative data. Income and expenditure surveys appear to be the main national surveys where data on receipt of social protection payments is collected. In theory, they should provide a unique opportunity to triangulate social protection receipt with other individual or household indicators such as socioeconomic status and gender. However, the quality of social protection modules in such surveys is mixed and often faces major limitations. One issue in Nepal, Thailand and Vietnam is that receipt of social protection benefits is only asked at the household level. This means the surveys can only establish that an older person lived in a household where someone received a given benefit, not that the older person was the direct recipient. This is an important limitation given that households often contain more than one older person. Another issue is that surveys often fail to include questions about relevant schemes. For

example, the 2013 and 2014 Annual Poverty Indicator Surveys in the Philippines include questions on the country's conditional cash transfer but not the social pension. This is despite the fact the social pension has been in place since 2011. In Vietnam, there is only one question relating to social allowances (at the household level) but none relating to the specific categories of social allowance, of which there are many. Finally, surveys vary in detail: whether they ask only about receipt of a given benefit or ask more detailed questions such as the amount or regularity. These issues highlight the need for improved design of social protection survey modules, and this would also ease comparison between countries.

In general terms, expanding the use of surveys of older people to more countries would provide a more sophisticated understanding of old age income security within and between countries. As well as shedding light on the issue of family support discussed above, surveys of older people also provide a rare source of information about the relative importance of different sources of income for older people (as presented in Figure 20). Data on social protection receipt tends to be of higher quality as it is collected at the individual level. As well as increasing the use of these surveys, there is work to do to increase their comparability and refine the methodology. With a few exceptions, surveys of older people are not included in the inventory of surveys regularly undertaken by national statistics offices, unlike Labour Force Surveys, censuses, or income and expenditure surveys. This means that there is limited consistency in the approach between countries. This in turn results in survey data that can be hard to compare between countries and missed opportunities for building on the methodological experiences of other countries.

A major technical limitation to a number of surveys is the modest sample size, meaning a small number of cases of older people. As an example, the Nepal Living Standards Survey (NLSS) in 2010/11, with a total sample size of 7,200 households included 2,531 individual older people within these households. While this seems a reasonable number, once disaggregated by age subgroup and characteristics such as sex, location and factors such as pension receipt, the number of cases for analysis is often so reduced that it becomes not statistically significant. This issue relates partly to decisions on sample sizes but is also influenced by the demographics of a particular country. Where the population of older people is small, for example, in Nepal, the share of older people in the total sample will also be smaller. This issue has led to suggestions that households with population groups of particular interest – such as older people – should be over-sampled in such surveys.

There is a strong need for qualitative research to provide deeper understanding of trends revealed in the analysis of survey data. There will always be a limit to the extent to which survey data can unpack the complex dynamics relating to old age income security, such as whether exiting work is a choice or obligation and the nature and extent of family support. There is, therefore, a strong case for greater investment in qualitative research to shed more light on many of the top-line trends uncovered in this report.

Conclusion

This report demonstrates the potential richness of the issue old age income security when different sources of income are explored in depth. The analysis of three key sources of income highlights the various dimensions to each, and the complexities in how they interact. Overall, it shows that it is not possible to judge whether an individual has a secure income by looking at one income source alone. The data systems that this report relied on can still only provide a partial picture of this issue; nevertheless, the analysis reveals examples where existing datasets have the potential to be mined in greater detail. Despite the remaining challenges, the analysis provides the basis for some broad conclusions on old age income security in the five countries.

The review of patterns of work in old age shows the importance of not thinking in black and white terms. On one hand, the data reveals the large share of people who continue to work in their old age, which puts into question the simplistic assumptions of measures such as dependency ratios. Nevertheless, the evidence tells us that the challenges of work in old age are real, especially due to the declining health and higher levels of disability that individuals experience at more advanced ages. Older people who remain in the workforce are also more likely to be in lower paid and informal employment, particularly agriculture, which puts into question whether this employment can truly be considered an indicator of security.

As work becomes more challenging, families undoubtedly become an important source of financial and material support for many older people, yet there are limits. The vast majority of older people live with, or close to, at least one child and receive some form of income from them. Yet it is important to remember that these five countries are low- and middle-income countries, and the families expected to guarantee the income security of older people are often in a precarious economic situation themselves. In this context, the level of income families can provide is often far from enough to ensure an adequate and predictable level of income security. These dynamics are a reminder that the limits to family support apply not only to older people who have no family but to those whose families face unavoidable barriers to providing sufficient support.

The limits of work and family highlight the need for effective social protection systems, but major gaps remain. In four of the five countries, pension systems only reach around half of older people or less. The exception is Thailand, where the country's near-universal social pension has led to high coverage, particularly amongst the poorest older people. Adequacy of these social pensions often remains low, although Nepal's scheme for over-70s now has a relatively adequate benefit. The cost of these schemes remains modest-to-low, which suggests that improvements are affordable – if the political will exists. Coverage of earnings-related pensions remains low, and adequacy is not always guaranteed. A key challenge will be to progressively increase coverage and adequacy of these schemes while ensuring they remain fiscally sustainable in the context of population ageing.

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HelpAge International East Asia/Pacific Regional Office

6 Soi 17 Nimmanhaemin Rd., T. Suthep, A. Muang,
Chiang Mai 50200 Thailand

Tel: (66) 53 225400

Fax: (66) 53 225441

hai@helpageasia.org

www.AgeingAsia.org

www.helpage.org



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