



Why social pensions?

Achieving income security for all older people in Myanmar

Social protection throughout life

We all face circumstances throughout life that can harm our health, livelihoods, and ability to maintain an adequate standard of living. Social protection aims to help individuals, households and societies manage these risks throughout life, such as those related to early childhood, pregnancy, raising a family, being out of work and older age. People who are pregnant or have a disability, for example, may have limited opportunities to earn an income while their expenditure increases.

A lifecycle approach to social protection protects people from the potentially negative consequences of these risks, preventing them from falling into poverty in the first place. It encompasses risks all people may face at some point in their lives, rather than seeing social protection as something only for the poor. This is backed up by the Universal Declaration of Human Rights (1948) and the International Covenant on Economic, Social and Cultural Rights (1966).

Economic and social challenges in older age

In older age, health challenges can limit older people's ability to work. At the same time, expenses can increase, especially on healthcare. Without systems to ensure income security as people age, many older people would fall into poverty.

Income usually declines in older age

Many older people remain economically active as they age, especially in low- and middle-income countries. But often they work not by choice but out of economic necessity. Compared to the better-off, those who are poorer are more likely to engage in paid work in older age because they have limited options for income.

Older people tend to drop out of work over time. The intensity of work also reduces with age. Older workers work fewer hours on average than younger workers. Not surprisingly, the number of hours worked is lowest for those of more advanced ages, such as those in their 70s

HelpAge

International



Livelihoods and Food Security Fund



Managed by UNOPS

and 80s and beyond.

Work in older age is mainly in the informal sector, which tends to provide lower and more volatile incomes.

Worldwide, compared to younger workers, older people's employment is more likely to be informal, whatever the socioeconomic development of a country.

Yet older women and men perform a considerable amount of unpaid work, including care, domestic work and volunteering in the community. Evidence suggests that typically older women may spend over double the amount of time on unpaid work as older men.

Declining health and increasing rates of disabilities are major reasons why older people reduce their levels of work. In Myanmar and worldwide, prevalence rates of disabilities increase sharply with age.

Family support is important, but not enough

With declining ability to work, or fewer opportunities to do so, most older people increasingly depend on their families for financial and material support. To some extent, families are able to fill this gap.

The majority of older people live with, or close to, other family members, and most receive income from them. In Myanmar, research shows that older women and men generally receive at least some income or material support from their children. By the time they reach 70 years, four out of five older people report that adult children and other relatives are their main source of income, compared to less than 10 per cent who cite personal earnings from work.

Nevertheless, support from family is often inadequate to live in dignity. High levels of poverty and economic vulnerability faced by the population as a whole mean many families have limited resources to share.

Pensions help ensure income security in later life

The key social protection instrument to protect people from risks associated with older age is a pension system. They aim to eliminate and prevent poverty in older age and ensure older people have an income until they die.

Some pensions come through formal employment, often based on mandatory or voluntary contributions by the worker. But in many countries, including Myanmar, the scope for formal employment-based pensions is very limited. Only about a tenth of older people in Myanmar, typically men living in urban areas, have any type of pension. While employment-based pensions may help future generations, many people now in later stages of life never had an opportunity to contribute to a pension. In addition, women are less likely than men to have accumulated wealth and acquired land or other assets throughout their lives that would support them in their later years.

A social pension is a foundation

Most countries provide a basic pension, or social protection floor, through a tax-funded social pension, which does not require recipients to make contributions throughout their working lives.

What is a social pension?

Social pensions have become increasingly popular in low- and middle-income countries in the last three decades. The map below shows which countries had a social pension 30 years ago and which had a social pension as of 2017. Most of those that have introduced a social pension have been low- and middle income countries. Over 100 nations now have social pensions.

The rise of social pensions in Asia has been particularly notable. Thirty years ago, only two countries in the



Social pension coverage dramatically expanded between 1997 and 2017



Source: HelpAge International Pension Watch. Note: the different colours represent various levels of coverage, such as national or regional.

region – Brunei and Malaysia – had a social pension. By 2017 this had increased to 21 countries, spread across all sub-regions.



(c) Ben Small/HelpAge International

“ [I] use the money on medication, to buy food and to donate to the monastery.

“My son and daughter-in-law care for me but I know I cannot ask for everything I want. By receiving this social pension money, I can spend it when I need something.”

Daw Than, an older woman from Pyin Oo Lwin

A universal social pension is for everyone

Some countries implement a social pension that targets only the poor. But, evidence clearly shows, they fail to reach the most marginalised and poor older people.

A social pension that targets only the poor is particularly challenging to implement in low- and-middle income countries such as Myanmar. Verifying poverty is difficult in these contexts and often leads to the exclusion of large numbers of the target population because:

- older people’s work is usually informal, so there is little verifiable data on income or assets
- government administrative systems are not well equipped to collect detailed data on the economic situation of older people
- the vast majority of older people in Myanmar face income challenges, and community members tend to have relatively similar levels of income, meaning the differences between the “poor” and “non-poor” are usually small
- people frequently move in and out of poverty.

A more inclusive option is a universal social pension – one that reaches everyone above a certain age. Compared to poverty-targeted schemes, a universal social pension tends to be more accurate in targeting, simpler to administer, cheaper to implement and politically more popular.

Impacts of social pensions

A social pension helps older people and their households **meet their basic needs and reduce poverty**.

A social pension can **improve older people’s health** and increase access to healthcare.

A social pension **enhances the self-esteem and dignity of older people**. Having a source of income to call their own can give older people a renewed sense of dignity and freedom, and often reduces depression. Even a fairly low benefit level can achieve this, although a higher amount would have more impact on material needs.

“Even though the amount [of the pension] is low, it is very useful for me. Before, I felt depressed when I was sick, but now I can take medicine and buy things, as I prefer. Now I am happy.”

An older woman who receives the pension

A social pension can **strengthen older people’s relationships and informal support**. By receiving a pension, older people have resources or “gifts” to share with others, including with the community that supports them. A social pension allows older people to build social connections, which are increasingly important with age.

A social pension **promotes inclusive economic development** by boosting household consumption on, for example, food and healthcare, which is usually spent with local traders and producers.

A social pension not only benefits older people but also **improves children’s wellbeing** as many older people contribute part of their pension to meet their grandchildren’s costs, such as schooling and food.

A universal pension makes sense for Myanmar

In 2017, the Ministry of Social Welfare, Relief and Resettlement introduced a universal social pension: everyone in the country above the age of eligibility is entitled to it, as a right of citizenship. The original age of eligibility was 90 and above, but it was lowered to 85 in 2018, and further reductions are expected. By taking responsibility to introduce this universal social pension, without relying on donor funding, Myanmar’s Government has shown leadership in recognising the right to income security in older age.

“I am very happy to get social pension because I can manage my own money. Now I do not need to request money from my daughter. [...] I get a pension regularly and this gives me peace of mind.”

An older woman who receives the pension

For more information, please contact:

- Dr. Hein Thet Ssoe, Social Protection Programme Manager, HelpAge International, hein.thetssoe@helpagemyanmar.org

Contributors:

- Florian Juergens, Global Adviser - Social Protection, HelpAge International
- Dr Hein Thet Ssoe, Social Protection Programme Manager, HelpAge International
- Ben Small, Communications Coordinator, HelpAge International

Photos by Ben Small/HelpAge International

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

HelpAge International Myanmar
No 5, Zizawa Street, Parami Avenue,
8 Ward, Yankin Township
Yangon, Myanmar

+95 1 663 815

www.helpage.org

Registered charity no. 288180

Photos by Ben Small/HelpAge International



@HelpAge_Myanmar



HelpAge International Myanmar

Copyright © HelpAge International 2019

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License, <https://creativecommons.org/licenses/by/4.0/>

Any parts of this publication may be reproduced without permission for non-profit and educational purposes. Please credit HelpAge International clearly and send us a copy or a link.