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**Income Security in Old Age and the MIPAA review
for Asia/Pacific***

* This document has been prepared by Mr Eduardo Klien, Regional Representative, HelpAge International Asia/Pacific, Chiang Mai, Thailand, for the Expert Group Meeting. The paper has been reproduced as submitted. The views expressed are those of the author and do not necessarily reflect the views of the United Nations.

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I. Introduction

Awareness of rapid ageing and its challenges is now significantly wider than it was at the time of Madrid, five years ago. Two aspects of old age are particularly relevant in Asia: income security in old age and access, relevance and quality of healthcare for the ageing population. We shall focus now on the income security aspect of the MIPAA+5 review.

II. HelpAge International and MIPAA

The Madrid International Plan of Action on Ageing signed by 159 countries represents a milestone in the recognition of the rights and potentials of old people. The MIPAA articulates key aspirations:

- MIPAA sees population ageing as an "enormous potential" and emphasizes older people's rights and participation in development processes.
- MIPAA calls for the poverty of older people to be halved in line with the Millennium Development Goal to halve world poverty by 2015.
- The Plan promotes mainstreaming and provides benchmarks for good practice e.g. around HIV/AIDS and emergencies.
- It is a useful tool for raising awareness on older people's rights and ageing issues.

There are many, however, who feel that it could have had greater impact. In the research carried out in six countries HAI found that:

- Few people have heard of it both within governments, civil society and the UN system.
- Although signed by 159 countries, it is not a legally binding document.
- MIPAA provides no additional resources for implementation.
- It lacks mechanisms for implementation and monitoring.
- Lobbying to hold governments accountable to MIPAA commitments is uncommon.

There are two key changes that would make the implementation of MIPAA more effective going forward:

First, ideally both the *content* and *status* of MIPAA need to be strengthened. It should be possible to lobby for MIPAA to become the basis of a convention and/or the appointment of a UN Special Rapporteur or Independent Expert on Ageing.

Second, more collaborative work, and, in some cases, more pressure on governments to implement MIPAA is needed. This lobbying should mainly come from older people and civil society within countries, and through the UN system. We should also ensure that older people's issues are emphasized and reported on in other international instruments, particularly CEDAW, UNGASS Declaration of Commitment on HIV/AIDS, and human rights conventions.

National MIPAA follow up

Currently HelpAge International is conducting a review with older people and key institutions in two countries of Asia - Bangladesh and Vietnam. Although not yet complete, the reviews present an initial picture of the situation in these two countries. There are obvious differences in the approaches and challenges found in these two countries; however, both countries have demonstrated a serious commitment to the objectives of MIPAA.

First, we look at **Bangladesh**, one of the most densely populated and poorest countries in the world, where 36% of the population lives on one dollar a day. In terms of ageing, 6 percent of the population (2001 data), or 8.3 million people, make up the number of older people aged 60 and over, and that number is expected to double by the year 2025. The majority of older people are found in the rural areas, as the majority of Bangladeshis (85%) are located in the rural area and make a living through subsistence farming. An estimated 40 percent of the older population are living below the national poverty line, or 3.3 million older people. A joint study by several institutes in Sweden and the Centre for Health and Population in Bangladesh showed that 50% of older people in rural Bangladesh had chronic energy deficiency and 62% were at risk of malnutrition.¹

Bangladesh's social safety net programmes (27 in total) are administered by several ministries. Bangladesh's pension system is mainly for civil servants. In the informal agricultural sector, it is estimated that 36 million workers have no access to pensions. Besides the contributory pension for civil servants, there is a non-contributory pension scheme available for older people in Bangladesh (which is a means-tested social pension). This scheme is known as the Old Age Allowance, and was established in 1998 and covers about 20 percent of the people aged 60 and above (1.6 million older people). The government will provide 200 takas (or US\$ 3) per month to older people who are 57 years or older, who are not covered under the public employment scheme, and who are determined to be living below the poverty line. In addition to the Old Age Allowance, there is a scheme known as the Widows Allowance, which was also established in 1998 and covers about 650,000 widows (which has a similar transfer of 200 takas per month). The original number of older people covered under these allowance was very limited. Through the effort of HAI and its local partner, Resource Integration Centre, older citizens monitoring groups have been formed and have contributed to the improvement in selection and delivery of transfers at the local level.

In terms of healthcare support, universal healthcare has been the policy of the Government since 1978. Older people are entitled to use the government healthcare services as well as hospitals. However, the government services are lacking in quality and accessibility, and thus only 8% of the rural population is reported to use the government facilities.² While there are free services, the majority of older people

¹ Kabir, Ferdous, Cederholm, Khanam, Streatfield, and Wahlin, Mini Nutritional Assessment of Rural Elderly People in Bangladesh: the impact of demographic, socio-economic and health factors (2006), Public Health Nutrition, Cambridge University Press, www.ingentaconnect.com/content/cabi/phn/2006/00000009/00000008/art00005

² Healthcare in Bangladesh, www.csd.ssvl.kth.se/~csd2006-eam6/files/weeklyreport/w11/healthcare%20in%20Bangladesh.pdf

do not access these services and must rely on self-care practices or pay fees to access the private healthcare services.

Part of the MIPAA review process was conducting case studies among older people in Bangladesh. The older people in the case studies expressed their desire for health security (through free access to healthcare and medicine), financial security (through access to the Old Age Allowance, and through interest free loans), and family and community support (through a place to live and a place to interact socially). This desire for security recognizes the numerous sources of support that can achieve stability for older people: from the government, civil society, their children and their own hard work. They also believe that uniting the older people through their participation in older citizen's monitoring groups will provide them with greater support among their peers, as well as enable them to influence the government to improve conditions for older people in their country. They also recognize that the government has initiated a good programme in the Old Age Allowance, however the implementation of the programme is flawed, resulting in uneven and limited utilization by older people.

The situation in **Vietnam** is very different in many respects. Vietnam has a population of 84 million with the majority in the rural areas, involved in the farming and fishing sectors. The economy in Vietnam has seen a stable annual GDP growth rate, averaging 7% in the past few years and 8% in 1990s. Politically, the country is ruled by the Communist Party of Vietnam and has followed China in opening its country to foreign investment to spur growth. The effect of the foreign investment and the broad-based market reforms has provided the government with more public expenditures and families with more disposable income, resulting in a decline in poverty rates during recent decades: from 70% in the 1980s to 29% in 2003.³

Social protection in Vietnam previously depended on the family and the government. During its socialist history, the state was the primary employer and the provider of almost all social services. That changed, however, during the period of reform, through which social protection by the state was mostly withdrawn, and individuals and families became the principal source for their own social protection (through contributions to social insurance and payments of fees for health and education). Through a contributory pension scheme, nearly all civil servants are covered; however, for private enterprises the coverage is estimated to be only 9% of the labour force.⁴ There are 1.4 million older people, or 19% of the older people population, accessing the civil servants and enterprises contributory scheme.⁵ There is also a non-contributory pension scheme, which is a universal social pension for those aged 85 and above. This pension scheme's age criteria limits the number of older people participating; however, civil society organizations are seeking to further reduce the age threshold to provide greater coverage of the older population.

In terms of social assistance, there are four main schemes in Vietnam, and all of these programmes apply to poor older people. However, the coverage is limited. The Vietnam National Committee on Ageing estimates that only 2.2% of the older population receives social assistance support.

³ UNDP, Millennium Development Goals, Closing the Millennium Gaps, 2003, p. iii, <http://www.un.org.vn/undocs/mdg03/mdg03e.pdf>

⁴ A voluntary social insurance scheme was also enacted in September 2006 by the National Assembly, which provides coverage for the informal sector workers.

⁵ Thanh Long, The Pension Scheme in Vietnam: Current Status and Challenges in an Aging Society (April 2004), www.mpra.up.uni-muenchen.de/969/01/MPRA_paper_969.pdf

For health care, Vietnam has both a compulsory (covering civil servants and employees in the formal sector) and voluntary health insurance system. Health care subsidies for older people are based on two criteria. One criteria is for poor older people living alone, who are provided with free health insurance cards. As set forth in the National Plan of Action on Ageing in Vietnam, the target will be 100% of all poor older people living alone by 2010. In addition, in 2002 the government provided free health insurance cards to those aged 90 and above. This policy, in effect, entitles the more vulnerable to receive free primary health care (although additional treatment and medicine require private outlays). Outside of the compulsory and voluntary health insurance, there is no programme to support or subsidise the health care expenses for older people under the age of 90, or who are not considered poor and do not live alone.

The Vietnamese government is active in working toward the priority areas set forth in MIPAA⁶. It is also committed to the endeavor of halving the number of older people in poverty by the year 2015. This particular policy issue will also be examined in the Mid-term Report in 2007 and the End-term Report in 2010 for the National Plan of Action for Older Persons (2005-2010). Many of the MDGs have been achieved in Vietnam, and current analysis by the government shows that the target for older people will be achieved as well. More importantly, in the area of policy, the government officials recognize that the State can do more to improve the basic material and health conditions for older people; however, it also recognizes that coordinated action with civil society and older people themselves also needs to occur in order to ensure that older people receive the spiritual, health and material support at the family and community level.

III. HelpAge International and Social Pensions

It was noted above that one of HelpAge International's strategies in relation to the implementation of MIPAA is to promote the extension of social pensions, in order to reduce poverty and increase material security.

The importance of developing measures to support poor ageing populations in Asia is now well-documented. Population ageing, which is increasingly apparent in developed countries, will occur at a faster rate for developing countries. The proportion of the population over age 60 is increasing, and the rate of increase is faster in Asia than in the rest of the world. People are living longer with improvements in health care and declining fertility rates. As women tend to live longer than men, there are an increasing number of older women who are particularly vulnerable in old age in developing countries.

Within this ageing population are many who find themselves living in poverty. The proportion of older people living in poverty is frequently higher in comparison to the overall poverty rates. Older people in most countries in Asia are more likely to have inadequate provisions for their old age, with limited or no savings, assets or retirement pension funds, contributing to their vulnerability in old age.

In the case of poor older people who are living with their families, this creates an additional burden of care for families with limited resources. There is evidence to

⁶ The Vietnam National Committee on Ageing is currently conducting its own 5-year review on the implementation of MIPAA, with support from HelpAge International, which will be used in upcoming MIPAA +5 review events.

suggest that poverty in households with older people is higher than households without older people. On the other hand, for those older people living on their own with limited or no resources, nor access to family support, the prospect of destitution in old age is very high. Typically younger people tend to migrate to urban areas, resulting in a greater proportion of older people in rural areas.

Some 80% of older people living in developing countries have no regular income and are forced to work in their old age to meet their basic subsistence costs. However, old age brings with it a reduced capacity for work and a greater likelihood of poor health and age-related illnesses. Difficulties in accessing healthcare and other essential services increase the likelihood of older people becoming and remaining very poor. Current populations of older people in developing countries tend to have lower levels of education due to limited opportunities when they were younger. This has implications for the types of work they are able to secure, and those types of labour may in turn contribute to poor health.

What pension schemes are there to support them in these difficult conditions? Formal, contributory pension systems have been operating with a relative degree of success in almost all countries in the region. As a rough average, however, only 1 out of 5 persons in old age are covered by such pensions. In addition, most of the recipients are urban populations who have achieved long-term employment during their working lives.

Recently the World Bank and some governments have been exploring or developing contributory pension schemes for the informal sector. However, even with the addition of contributory schemes for the informal sector, there will still be a large proportion of older people not covered by any scheme and living without any income security.

To bridge these gaps and reduce poverty among older people, at least 12 countries in Asia are now implementing some type of social pension scheme – meaning regular, non-contributory cash transfers to older people⁷. A few have universal coverage, and others are directly related to poverty alleviation initiatives. Some involve millions of people, as in India, while others reach smaller populations. There is a large variety of schemes ranging from subsidies at local or provincial levels up to national schemes.

Seven out of the 12 countries referenced above are developing countries, and their schemes are typically small in amount and coverage, have low profile and priority in terms of resource allocation and political recognition, are not strengthened by relevant impact studies and are frequently looked at as charity-handouts to the poorest older people. There is little in-country discussion on these schemes and virtually no inter-country dialogue among government policy makers. However, in the past two years civil society organisations with support from international organisations have initiated pilot projects to involve older people in monitoring the delivery of these schemes at the local level. These organisations promote learning on existing cash transfers schemes as a means of addressing social protection issues of the poorest older people and their families.

To support the on-going debate on social pensions in Aisa, in January 2007 in Bangkok, HelpAge International facilitated an **Asia Regional Seminar** titled

⁷ These are Nepal, Macau, Brunei, Hong Kong SAR, Vietnam, Bangladesh, India, Sri Lanka, Thailand, Malaysia, China, Japan, Republic of Korea

'Ensuring Social Protection/Social Pensions in Old Age in the context of Rapid Ageing in Asia'. The objective of the seminar was to support government representatives to review and debate the potential for expanding social protection schemes to ensure coverage for older poor, and in particular examine the potential for improving social pension coverage for older people. The seminar was the first event in Asia where government representatives from 12 countries had the opportunity to discuss social pension schemes for older people. The agenda provided an opportunity to learn and deliberate on the key issues and experiences of social protection in Asia and the effectiveness of social pensions, which led into a final group session to plan the follow-up agenda by the stakeholders.

Recognising the significance of this initiative, the Japan Foundation, UNESCAP, DFID and ILO extended support and collaborated in organizing the event. The **participants** included:

- Twenty nine (29) senior government policy makers and administrators who are directly responsible for the existing schemes.
- Eight (8) academics who are involved in research and surveys of existing schemes of social assistance
- Sixteen (16) leaders representing twelve civil society organisations in the region. These leaders have demonstrated a commitment to work with citizens groups to improve existing schemes, as well as with other CSOs which have dialogued with governments on the subject of social assistance for the families with poor older people
- Representatives of international agencies such as UNESCAP and ILO which have working relationships with the Ministries of Labour and Social Welfare. In addition, ILO has been conducting research on the affordability of social protection schemes.
- DFID, which has demonstrated interest in regular cash transfer schemes as an approach to improve the well-being of the poor and the vulnerable

Several **key issues** were highlighted during the seminar.

One issue was the importance of enhancing political will on social pensions. Related points of discussion were:

- The need to include social pensions in national political agendas and to raise public awareness
- The need for thorough analysis of scenarios of affordability through economic and fiscal research
- The challenges of balancing eligibility and affordability
- The importance of creating greater synergy between different government department in implementing schemes.

A second issue was the engagement of civil society relating to the implementation of social pension schemes. Civil society can play an important part in:

- ensuring the rules of eligibility are clear, fair and widely advertised
- monitoring the effectiveness and transparency of implementation
- lobbying for expansion of the programmes.

A third important issue raised during the seminar was the need for financing partnerships, for example partnerships between multi-lateral agencies and national and local governments.

A fourth key issue is the challenge of effective implementation. Some of the points raised in the seminar concerned:

- how to ensure easy access to and effective disbursement of entitlements
- the importance of good practice in compiling data on beneficiaries
- the need to carefully examine the eligibility criteria
- the identification and targeting of beneficiaries, for example by gender and ethnicity
- the challenge of establishing effective distribution mechanisms
- as mentioned above, setting up monitoring mechanisms with civil society to ensure the implementation of government policies

A final key issue of the seminar was measuring impact, particularly related to poverty reduction and analyses of the costs and benefits of this approach.

Group discussions during the seminar identified some important **next steps** to spread interest in and action for social pensions in the region.

Perhaps the most important next step is simply to learn more. We need to generate hard evidence on poverty in old age, on the impact of social pensions on poverty reduction, and on the cost and benefits of social pensions and their fiscal space. We also need to learn about and adopt research methodologies used in Southern Africa where studies have already been conducted on systems and impact, and on design, implementation and monitoring. We should initiate both in-country and inter-country learning, especially on good practices.

Another step is to advocate for social pensions among the public, key policy makers and donors. This may include advocacy not only for policy change but also for integrated policy frameworks in order to coordinate different social security schemes by different agencies. We can strengthen civil society organisations, especially older people's associations, to voice their views.

Another important next step is to assess donor perspectives on social protection and social pensions in depth.

A fourth step is for governments to strengthen and expand implementation of schemes. Those just starting out can begin with pilot programmes. We should also develop and share monitoring and evaluation methodologies and indicators.

In the aftermath of the seminar, it is envisioned that a second phase will now begin whereby the participants will use the momentum from the seminar to initiate an in-country debate on social pension schemes involving government, academic institutions, non-governmental organizations and older people themselves. In relation to the government, it is critical that key players such as the ministries of finance and planning be included in the country level dialogue. It is recognized that the work and approaches of these partnerships will differ from country to country as will the political will to expand or develop new schemes. The participants issued a joint statement, which recognizes the positive impact of a social pension in the reduction of poverty and overall social development, and which supports the continued analysis, research and debate of social pensions in Asia.

Some practical considerations for the implementation of social pensions

1. Social pensions are part of a wider package of social protection, which also comprises healthcare. And, there appears to be a strong, positive correlation between income security and the health status of older people.

2. What is required to start a social pension system?
 - a. First is the existence of political will, without which it is unlikely that any proposal might be successfully implemented.
 - b. Is there administrative capacity to effectively implement the social pension?
 - c. Are there resources available and can they guarantee a minimum level of sustainability?
3. If those three requirements are in place, then a thorough design is required, analysing the options (Universal or means-tested, pilot or outright application, country-wide or only rural areas, etc.)
4. A universal non-contributory social pension is a model that may not be applicable to all Asian countries, but a significant number of them could adopt a system that may have several variances in design, for example:
 - a. Age of entrance (in Asia it ranges from 57 to 90 years old)
 - b. Amount considered (again, it ranges from 3 to 200 USD per month)
 - c. Proportions covered by Central or local governments
 - d. Variable scales according to age

IV. Final Thoughts

More evidence to demonstrate the impact of social pensions is needed. HelpAge International is developing a three-year project, with the support of DFID, to analyse, jointly with the government of Nepal and HAI's partners, the impact of the Old Age Allowance in Nepal. Similar research is also planned to take place in India.

A short research on healthcare for older people is also being initiated in 5 countries in Asia in order to gather perceptions of older people and healthcare service providers in relation to healthcare access and delivery, as well as to ascertain the scope of access to care for two common ailments, diabetes and stroke. This research will be completed before the MIPAA + review in Macao, and presented to participants in Macao to support the understanding of healthcare service access and delivery in these 5 countries.

MIPAA makes a broad range of recommendations to support older people and ageing-related issues. HelpAge International is working with its network, partners, donors, and multi-lateral organizations to support the implementation of these recommendations. With continued attention by the MIPAA stakeholders, much progress can be made on a local, national, and regional basis to reduce poverty among older people and support their participation in the benefits that derive from a country's overall development.