

ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC (ESCAP)

Workshop on Sustainable and Inclusive pensions in Asia and the Pacific

13 June 2017

Bangkok, Thailand

CONCEPT NOTE

Date, venue and organization

The Workshop on sustainable and inclusive pensions in Asia and the Pacific will be held on 13 June 2017 in the United Nations Conference Center in Bangkok, Thailand. It is being organized in partnership with UN-ESCAP, ILO and the Government of the Republic of Korea.

Participation and objectives of the Workshop

Participants will be drawn from governments in the ESCAP region, think tanks, academic institutions, civil society, older persons' organizations, UN organizations, specialized agencies, sustainable development practitioners, and independent experts.

The objectives of the workshop are as follows:

1. To develop policy options and review good practices in two priority areas, namely
 - a) Expanding pensions coverage
 - b) Ensuring adequacy of benefits while ensuring overall sustainability of a pension system
2. To increase awareness on the key challenges and opportunities for effectively addressing old-age poverty and promoting income security of older persons in the Asia- Pacific region.

Format of the workshop and expected outcomes

The Workshop will feature an interactive format that will allow sharing of experiences and good practices in increasing coverage and providing sustainable pension systems with adequate benefit levels. As a result of the Workshop, participants are expected to come up with a set of recommendations on how to address key challenges to pension systems depending on country context.

The Workshop will be followed by the Regional Preparatory Meeting for the Third Review of the Madrid International Plan of Action on Ageing on 14-15 June in UNCC, in Bangkok. The recommendations of the Workshop will be presented to the Preparatory Meeting.

Documentation

Existing studies on income security for older persons in select countries of the Asia-Pacific region will serve as documentation. The studies can be accessed at: <http://www.unescap.org/our-work/social-development/ageing/resources>.

Background of the Workshop

The Asia-Pacific region is experiencing population ageing at an unprecedented pace, with the number of older persons – defined as the population of 60 years and older - expected to almost triple from 514 million in 2015 to more than 1.31 billion by 2050. By then, one in four people in the region will be over 60 years old, while the “oldest-old”, those above 80 years of age, will constitute about one fifth of all older persons. Due to the longer life expectancy for women, the majority of older persons are women, with the sex ratio decreasing the older the age group. This demographic transition towards an ageing society in the Asia-Pacific region has deep social, economic and political implications.

One of the main challenges associated with ageing is poverty of older persons. Even though the Asia-Pacific region has seen continued economic growth (5.3% in 2016-2017) which has alleviated poverty, the population under poverty line (\$ 1.25/day) amounts of 800 million, which records more than half of world's poor. In the aftermath of rapid economic growth, income inequality and labor poverty pose a serious challenge. With increased population ageing and existing poverty, ensuring income security for older persons will require special attention. Moreover, while in other regions, such as Europe, societies started to age in a time when comprehensive social security systems had already been in place, social protection systems are still relatively limited in some countries in the Asia-Pacific region, particularly in least developed countries.

In recent years, many countries in the region have introduced some form of a pension system (contributory or universal). However, they are often limited to the formal sector, civil servants or military personnel. The majority of workers in Asia and the Pacific are engaged in informal sector enterprises or in informal employment within formal sector enterprises. In most developing countries in the region, contributory old pension schemes are confined to only about 10 per cent of the work force.

The large informal sector in the region is a big challenge to introducing mandatory contributory pensions because of reliable data of their incomes and often incomes are too low to make contributions on a regular basis. To overcome this challenge, two approaches are prevalent in the region. One is expanding population coverage of voluntary pension with effective incentives. For example in China, the population coverage of voluntary pensions in rural areas has expanded dramatically with effective incentives since the new rural pension reform in 2009. The other is introducing non-contributory income security

programmes funded by tax. It is noted that there are many income schemes that target older persons, especially poor older persons in the region. Reviewing and exchanging good practices and experiences of these two types of efforts will increase awareness on opportunities for effectively addressing old-age poverty and promoting income security of older persons in the Asia- Pacific region.

Adequacy of pension benefit is another challenge for providing income security for older persons, although one challenge already lies in determining which level is considered as “adequate” taking into consideration income levels, costs of living and overall sustainability of the pension system. Many countries therefore consider a pension level above the poverty line as “adequate” – however, in some countries pension benefits lie below the poverty line. Another related issue is that in countries with a provident fund, pension benefits are often not provided as an annuity, but members receive a lump-sum upon retirement. In other countries, members can choose between an annuity and a lump-sum, but most prefer the lump-sum, which is often depleted after a relatively short time. With increased life expectancy and limited financial literacy, a lump-sum often does not provide adequate income security for older persons.

The workshop will contribute to implement the Madrid International Plan of Action on Ageing (MIPAA) which is adopted in 2002 in Madrid. MIPAA is a comprehensive action plan to address population ageing, based on three priority directions, namely: Older persons and development, advancing health and well-being into old age, and ensuring enabling and supportive environments. Each priority direction has a number of objectives. The MIPAA monitoring framework foresees regular reviews at regional and global level. To date, two regional and global reviews have taken place. The third regional and global review is currently taking place.

ESCAP, with support from the Government of Republic of Korea, is implementing a project on “Income security for older persons in Asia and the Pacific” with a particular focus on the developing public pension for older persons. A total of eight detailed analytical studies were undertaken under the project on coverage, developing pension system in Fiji, India, Malaysia, Republic of Korea and Sri Lanka. The outcomes of the study and the Workshop will further equip policymakers with increased policy options to implement the Madrid International Plan of Action and the 2030 Agenda for Sustainable Development.

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