

ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC (ESCAP)
INTERNATIONAL LABOUR ORGANIZATION (ILO)

Workshop on Sustainable and Inclusive Pensions in Asia and the Pacific

13 June 2017

Bangkok

REPORT ON THE WORKSHOP ON SUSTAINABLE AND INCLUSIVE PENSIONS IN ASIA AND THE PACIFIC

Opening of the Workshop

1. The Workshop was opened by Ms. Vanessa Steinmayer, Chief a.i., Sustainable Demographic Transition Section, Social Development Division, ESCAP and Mr. Nuno Meira Simoes da Cunha, Senior Technical Specialist on Social Protection, Regional Office for Asia and the Pacific, ILO.

Participation

2. The Workshop was attended by 18 participants from 9 countries in the Asia-Pacific region, representing Government, academia, development practitioners, civil society and other.

Proceedings

3. Through several interactive sessions, participants shared their experience with pension systems in their countries, developed recommendations and visions for the future of pension systems in their countries and in the region.

4. In the session “**The story so far – Pensions in Asia and the Pacific**”, participants shared milestones on pension systems in their countries and the Asia-Pacific region as a whole, which included events influenced by policies in their countries as well as external events.

5. Participants reflected that several crises had influenced policies on population ageing in Asia and the Pacific, leading to new policies in some countries. Such a crucial event was the Asian Financial Crisis in 1997 and later the global financial crisis in 2008. Several countries had begun designing policies on population ageing during that time. Thailand, for example, introduced the Universal Social Pension in 2009 and China expanded the rural pension scheme in 2008. Several organizations, such as ESCAP, ILO, and HelpAge, developed concepts on social pensions and universal social transfers during that time.

6. After 2010, many countries refined the policies and developed more detailed concepts on population ageing. Some countries also conducted pensions reform or reforms in the management of pension funds. Some provident funds also expanded the scope of products they

provided beyond pensions. Some countries also reformed the pensionable age because it already became evident that the low pensions age was turning unsustainable.

7. It was also discussed that there were a lot of positive developments in the Asia-Pacific region to enhance the participation of women, including women's labour force participation. In implementing the Beijing Platform for Action, many countries had revised their legislation. As a result, women now have more opportunities than 30 years ago. However, a lot still had to be done to enhance women's economic and political participation. Low labour force participation in many countries was still among the main reasons why women's pensions coverage was low. Only few countries had gender-redistribution elements in their pension systems. One noticeable exception was the Republic of Korea, which provided credit points for women with children and where divorced women were entitled to receive part of their husband's pensions.

8. In the sessions on **"New challenges and emerging issues for our pension systems"** and **"The future of inclusive and sustainable pension systems"** participants identified new challenges and opportunities and developed a vision how pension systems could look like in 2030. The challenges and opportunities identified in this session guided the development of recommendations.

9. It was pointed out that the adoption of the 2030 Agenda, with its commitment to social protection as a tool to reduce poverty and inequality, would bring further impulses to developing comprehensive and sustainable pension systems. Potential new international instruments, such as a possible convention on the rights of older persons and the Global Compact for Safe, Orderly, and Regular migration could create additional instruments that promote pension systems and universal coverage.

10. Participants also emphasized that new economic, social, technological, and environmental developments required a re-thinking of income security for older persons. Such developments included the fact that people were living longer, but not necessarily healthier, and eroding filial piety and changing family structures. Some participants also expressed the view that countries of the Asia-Pacific region did not have a culture of "solidarity". Instead, the thinking on social protection was still based on "charity" rather than considering income security as a "right".

11. Some participants also stated that population ageing itself could be a challenge to pension systems: with an increasing percentage of older people in the population, it would become more difficult to provide sustainable pensions. Others pointed out that sound pension systems were one of the key policies to address population ageing. It was also stressed that ageing countries had to consider the rising costs of healthcare. Thus, Governments would have to initiate reforms, including providing more preventive healthcare and improving the efficiency of the system.

12. It was also stated that international migration has been on the rise and is likely to continue in the future. Thus, the portability of pensions and covering migrant workers through contributory pension systems will be important in the future.

13. Technological progress can lead to new jobs as well as job losses. The emergence of the "on demand economy" can pose a threat to social protection as many jobs created in this economy were unregulated with limited social protection. Thus, expanding coverage can be even more difficult in the future with new types of jobs in an increasingly unregulated economy.

14. Some participants also stated that, in some countries, there was an increasing climate of distrust in pensions systems resulting from political uncertainty or sudden changes in policies.
15. There were also new developments such as the increasing use of social media, which could be used as an opportunity to share information on pensions and to increase awareness.

Recommendations

16. In assessing the status of pension systems, participants agreed that in many countries, coverage of pension systems was currently low, which raises concerns about future poverty of older people. Traditional family support systems are increasingly under strain because of internal and international migration, but also rising financial strains on families, such as the cost for secondary and tertiary education. As a result of the discussions held during the Workshop, participants came up with the following recommendations to increase coverage:
17. Participants highlighted that increasing the labour force participation of women was crucial to cover women by contributory pensions. Some participants also shared new policies in their countries according to which the surviving family would inherit pension entitlements in case of the death of the breadwinner and contributor to the pension system. Participants also suggested that the retirement age of women and men should be equal. Pension systems should incorporate child birth credits for women to ensure that women do not lose accrual rights due to maternity.
18. If not yet existing, countries should develop national policies, blueprints, or master plans on pensions with clear targets by when universal coverage, including to women and the informal sector, should be achieved. In case national policies already exist, these policies may have to be revised. Policy documents should also be accompanied by adequate legislation with a clear implementation strategy and enforcement mechanisms. Subregional (for example in ASEAN) indicators and targets on pension coverage could also help to track increasing coverage and serve to create peer pressure among governments to pursue necessary policies.
19. Participants highlighted that policy reforms should be supported by evidence on their sustainability, e.g. through actuarial valuations. In this context, it was also highlighted that there is a need to develop actuarial capacity in many countries.
20. As understanding of social security as a right was still relatively limited in several countries of the region, participants suggested that as a first step, a consensus on the extension of coverage should be built, using media, stakeholder dialogues and other tools. In this context, participants also suggested initiating information campaigns to increase pension literacy.
21. Further, tax reforms should be conducted to expand fiscal space to expand tax-funded pensions, whether they are universal social pensions or tax-funded subsidies to contributory pensions. However, in the case of tax-funded contributory pensions, their sustainability should be kept in mind.
22. Participants stressed that it is crucial to find innovative ways to expand pensions coverage to the informal sector. Such innovations could be collaboration with tax authorities and developments of partnerships with unions, cooperatives, associations to increase the system outreach. In this context, it is also important to raise awareness among informal sector workers on the benefits of contributing to a pension system.

23. Participants also stressed that coverage should also be extended to migrant workers, who are often excluded from pension systems. In the ideal case, migrant workers should be covered by the pension system of the destination countries, which is already the case in some countries, such as the Republic of Korea. In case destination countries do not include migrant workers in their pension systems, countries of origin may consider mechanisms for covering migrant workers.

24. Participants also noted that the governance of social security institutions and provident funds had to be improved in order to be able to deliver its promise for the future and to increase trust in the system. In this connection, key performance indicators of social security institutions and provident funds should be developed.

25. It was further highlighted that there was a need to expand the regional expertise and knowledge on pensions, and to conduct further research on pensions in the Asia-Pacific region. In this context, the establishment of a retirement research center was suggested. Further the production of age and sex-disaggregated data and information has to be increased, including increasing publish access to existing data.

ANNEX:

List of Participants

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