



**Workshop on the Social Integration  
and the Rights of Older Persons in  
the Asia-Pacific region**  
30 September-2 October 2014, Bangkok



**Guidance Note:**  
**Session on “Ensuring Income Security for Older Persons”**

Older persons have traditionally relied on income from work, contributory pensions, savings, social pensions and family support for their economic security. In reality however, growing older is for many associated with economic insecurity as a result of the reduced ability to earn an income and the lack of adequate pensions, with the poorest tending to depend on others for their survival.

While exact numbers for poverty among older persons in Asia and the Pacific are lacking, there is evidence to suggest that the incidence of poverty rises with increasing age. Poverty is closely linked to income-earning capacity and therefore the risk of falling into poverty increases with age due to, *inter alia*, deteriorating health, mandatory retirement ages in some countries and age discrimination by employers.<sup>1</sup> With an increasing proportion of older persons in the region, there is therefore a critical need to address the issue of basic income security in old age. Access to decent work and social protection are fundamental to ensure income security for older persons, especially in the context of rapid urbanization, migration and changing family structures in the region.

In the absence of adequate pensions and the general weakening of family-based support in the region, many older persons have no choice but to continue working well into older ages<sup>2</sup>, often in the informal sector with little or no safety nets. Limited employment opportunities and social protection mechanisms available in rural areas have also led to high rural-to-urban migration, which adds to the growing pool of informal-sector workers. The informal sector typically offers relatively low pay, insecure tenure and lack of retirement benefits, with many older persons being denied their right to decent work.

The right of older persons to decent work opportunities, free from any form of discrimination, is stipulated in several international instruments. In addition to the Universal Declaration of Human Rights (UDHR art. 23) and the International Covenant on Economic, Social and Cultural Rights (ICESCR art. 6), ILO Recommendation 162 prohibits age-discrimination and calls upon members to prevent discrimination of older workers in employment as well as to promote equality of opportunity and treatment for all workers, irrespective of age.

While employment could offer income security for some older persons, income security remains out of reach for a significant number of older persons in Asia and the Pacific without adequate social security systems. Social security is a human right in itself, but it can also serve as a tool to realize other economic, social and cultural rights such as the right to health and the right to an adequate standard of living. Through its redistributive character, social security plays an important role in poverty reduction and alleviation, preventing social exclusion and promoting social inclusion.<sup>3</sup>

The right to social protection is laid down in numerous human rights instruments and international labour standards, including the UDHR (article 22) and the ICESCR (article 9).<sup>4</sup> ILO Convention 102 sets

<sup>1</sup> Ghazy Mujahid, “Social protection for older persons in Asia and the Pacific”, background paper for the Asia-Pacific Intergovernmental Meeting on the Second Review and Appraisal of the Madrid International Plan of Action on Ageing, 10-12 September 2012; [http://www.unescapsdd.org/files/documents/MIPAA\\_Paper-Social-Protection-and-Ageing.pdf](http://www.unescapsdd.org/files/documents/MIPAA_Paper-Social-Protection-and-Ageing.pdf) (downloaded 18 September 2014). Assessing poverty among older persons is also challenging since many older persons in the region live in multi-generational households with resources being unevenly allocated within the household.

<sup>2</sup> 48 per cent of men and 20 per cent of women over 60 years of age are economically active in the Asia-Pacific region according to the ILO database of labour statistics - LABORSTA internet; Economically Active Population, Estimates and Projections (October 2011), <http://laborsta.ilo.org/>.

<sup>3</sup> Committee on Economic, Social and Cultural Rights, General Comment No. 19, 4 February 2008 (E/C.12/GC/19), para. 3.

<sup>4</sup> Committee on Economic, Social and Cultural Rights, General Comment No. 6, 12 August 1995 (E/1996/22(SUPP)) and General Comment No. 19 (E/C.12/GC/19) recognize the right to old-age benefits as part of the right to social security.

out minimum standards for social security and outlines aspirations to progressively increase levels of protection over time, whereas ILO Recommendation 202 on National Social Protection Floors calls for the extension of essential access to income guarantees to all – including older persons.

International instruments stipulate that old-age pensions should be provided to persons reaching the age prescribed by the national legislation, appropriate to national circumstances and taking into account the nature of the occupation and the working ability of older persons.<sup>5</sup> Governments should also provide, within the limits of available resources, non-contributory old-age benefits for all older persons who are not entitled to contributory old-age pensions or other social security benefits or assistance and who have no other source of income.<sup>6</sup>

No country in the region has yet managed to achieve universal pension coverage, with the share of the labour force covered by pension systems ranging from 13.2 per cent to 58 per cent.<sup>7</sup> Furthermore, the replacement rate, measuring the adequacy of pension benefit as a source of post-retirement income, for the majority of countries remains below the recommended range. This provides a strong indication that the existing Asian pension systems are not providing an adequate income for retirees.<sup>8</sup> Moreover, other potential key factors which have been obstacles to the success of Asian pension systems include a lack of strong governance, high transaction costs, lack of financial sustainability and insufficient support for poor older persons.<sup>9</sup> There is a need to understand the shortcomings of the region's pensions systems to extend coverage and improve benefits.

Contributory pension schemes do not reach all older persons, especially in the Asia-Pacific with a large number of workers in the informal sector.<sup>10</sup> Non-contributory pensions can thereby significantly reduce poverty and vulnerability among old people, in particular for women.<sup>11</sup> There is growing consensus that the most effective approach in providing income security to all older persons requires a mix of policy measures, which can play complementary roles in providing comprehensive coverage. These can include contributory and non-contributory entitlements, earnings-related and flat rate pension amounts as well as funding from contributions and tax-finance. The composition of such a mix of measures depends on a range of factors, including the structure of the labour market, degree of informality of the economy, prevailing societal attitudes towards redistribution, specific support for older and poor persons, responsibilities of the State and individuals, and the role of the public and private sectors.<sup>12</sup>

As proposed by Park (2009), ideally, a well-designed pension system should be: i) broad-based, i.e., be adequate in terms of both coverage and range of risks covered; ii) affordable - from individual, business, fiscal, and macroeconomic perspectives; iii) financially sound and sustainable over time; iv) robust so as to withstand macroeconomic and other shocks; and v) provide reasonable levels of post-retirement income coupled with a safety net for older poor.

Concerted efforts are also needed to address the challenges faced by older women, who are particularly vulnerable to income insecurity due to the discrimination they face in accessing resources and opportunities. Gender-based discrimination in education and employment, the high proportion of women in the informal sector and women's assuming responsibilities for non-remunerated care of family members, leave many women excluded from formal social security schemes or with lower

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<sup>5</sup> ILO Conventions C102 "Minimum Standards of Social Security" (1952) and C128 "Invalidity, Old-Age and Survivors' Benefits" (1967); E/C.12/GC/19, paras. 15, 19 and 28.

<sup>6</sup> E/1996/22(SUPP)), paras. 21 and 30.

<sup>7</sup> Park, D. and G. Estrada. "Developing Asia's Pension Systems and Old-Age Income Support", ADBI Working Paper 358. Tokyo: Asian Development Bank Institute, 2012.

<sup>8</sup> Park, D. "Developing Asia's Pension Systems: Overview and Reform Directions", Asian Development Bank. Economics Working Paper 165, Manila: Asian Development Bank, 2009.

<sup>9</sup> ILO. 2010. World Social Security Report 2010/11, "Providing coverage in times of crisis and beyond".

<sup>10</sup> UN Human Rights Council, "Report of the independent expert on the question of human rights and extreme poverty", 31 March 2010 (A/HRC/14/31), para. 29

<sup>11</sup> A/HRC/14/31, para. 95.

<sup>12</sup> International Policy Centre for Inclusive Growth and UNDP, "How to Provide Basic Income Security to all Elderly People?", Brasilia, Brazil, 2013. <sup>13</sup> Committee on the Elimination of All Forms of Discrimination Against Women General recommendation No. 27, 16 December 2010 (CEDAW/C/GC/27), para. 20; E/1996/22(SUPP), para. 20.

pensions than men.<sup>13</sup> In widowhood and divorce, this vulnerability is exacerbated further and may also result in violence, neglect and abuse.<sup>14</sup> The Committee on the Elimination of Discrimination Against Women (CEDAW) has pointed out that in countries where women do not have the right to inherit and administer marital property on the death of their spouse, all legislation discriminating against older widows in respect of property and inheritance must be repealed.<sup>15</sup> Moreover, as some countries have different mandatory retirement ages for women and men, with women being forced to retire earlier, CEDAW recommends that the retirement age for women should be optional to protect older women's rights to continue working and accumulate increased pension benefits on par with men.<sup>16</sup>

Urgent reforms of pension systems across the Asian and Pacific region and better access to decent work could ensure income security for older persons, whilst delivering benefits that will pave the way towards inclusive growth and holistic development, including poverty reduction and social protection across the life course.

### **Guiding Questions**

1. What are the gaps in national frameworks to promote and protect the rights relevant to ensure income security of older persons? What are the challenges in the implementation of these frameworks? How can these gaps and challenges be addressed?
2. Are there particular groups or segments of older persons who encounter specific problems in relation to income security in your country? How can this be addressed?
3. What are the key priorities with regard to the delivery of pension systems in order to protect and promote income security for older persons, and particularly older women?
4. What are the barriers to decent work for older persons who wish to remain in the workforce? Are there policies and programmes promoting decent work for older persons in your country?
5. What should the roles of stakeholders (government, CSOs, national human rights institutions) be in the promotion and protection of the rights in relation to income security of older persons?
6. Would the creation of an international instrument on rights of older persons contribute towards ensuring income security of older persons?

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<sup>13</sup> Committee on the Elimination of All Forms of Discrimination Against Women General recommendation No. 27, 16 December 2010 (CEDAW/C/GC/27), para. 20; E/1996/22(SUPP), para. 20.

<sup>14</sup> Begum, A. "Ageing, Discrimination and Older Women's Human Rights From the Perspectives of CEDAW Convention", 2010.

<sup>15</sup> CEDAW/C/GC/27, paras. 26 and 52; and A/HRC/14/31, para. 19.

<sup>16</sup> CEDAW/C/GC/27, paras. 17, 20.