POPULATION AGEING AND SOCIAL SECURITY IN ASIA
Rafal Chomik
1. INTRO: DEMOGRAPHIC IMPERATIVE FOR SOC SEC

Population aged 80+
By continent, rank

- **Asia**: 256m
  - 1950: 5.1m
  - 1960: 67m
  - 1970: 22m
  - 2010: 41m
  - 2030: 41m
  - 2050: 67m

- **Europe**: 66m
  - 1950: 6m
  - 1960: 16m
  - 1970: 28m
  - 2010: 67m
  - 2030: 67m
  - 2050: 67m

- **Africa**: 41m
  - 1950: 2m
  - 1960: 8m
  - 1970: 15m
  - 2010: 41m
  - 2030: 41m
  - 2050: 41m

- **L. America**: 36m
  - 1950: 0.8m
  - 1960: 2m
  - 1970: 3m
  - 2010: 36m
  - 2030: 36m
  - 2050: 36m

- **N. America**: 3.5m
  - 1950: 0.1m
  - 1960: 0.5m
  - 1970: 1m
  - 2010: 3.5m
  - 2030: 3.5m
  - 2050: 3.5m

- **Oceania**: 3.5m
  - 1950: 0.1m
  - 1960: 0.3m
  - 1970: 0.6m
  - 2010: 3.5m
  - 2030: 3.5m
  - 2050: 3.5m

UN (2015)
1. INTRO: FISCAL AND ECONOMIC IMPERATIVE FOR SOC SEC

Economic development and social policy

GDP per capita (1990 PPP)

1989 Korea universal healthcare
1948 UK universal healthcare
1935 USA social security and welfare
1961 Japan universal pension and healthcare

Hong Kong
Singapore
Japan
Korea
Malaysia
Thailand
China
Indonesia
Vietnam, India
Philippines
Laos

Chomik & Piggott (2015)
Survey question, 2014: Who, ideally, should be mostly responsible for providing income to the retired?

1. INTRO: POLITICAL IMPERATIVE FOR SOC SEC

Jackson & Peter (2015)
1. INTRO: THINKING ABOUT SOC SEC

POPULATION COVERAGE

INFORMAL SECTOR  FORMAL  CIVIL
POOR  NON-POOR  RICH
RURAL  URBAN
WOMEN  MEN

LEVEL

SELF
FAMILY
COMMUNITY
PUBLIC
INCOME REPLACEMENT
POVERTY PREVENTION
PRIMARY HOSPITALS
MEDICINES
INCOME SYSTEM
RETIEMENT
HEALTHCARE SYSTEM
LONG TERM CARE SYSTEM
HOME CARE
COMMUNITY INSTITUTION
NEEDS
2. RETIREMENT INCOME
2. RETIREMENT INCOME – CURRENT PROVISION

Current source of income, age 60+, 2007-2011

- **Cambodia**
- **Indonesia**
- **Philip.**
- **Timor**
- **Thailand**
- **Vietnam**
- **China**
- **Korea**
- **Mongolia**

**GOVT. SCHEMES**
**OWN LABOUR**
**FAMILY**
**OTHER**

## 2. Retirement Income – Current Structures

<table>
<thead>
<tr>
<th>Country</th>
<th>Social (Poverty alleviation)</th>
<th>Contributory (Income replacement)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>NONE</td>
<td>NONE</td>
</tr>
<tr>
<td>China</td>
<td>Universal (Rural)</td>
<td>DB/DC</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>Targeted (65-69) Universal (70+)</td>
<td>DC</td>
</tr>
<tr>
<td>Indonesia</td>
<td>NONE</td>
<td>DC (adding new DB)</td>
</tr>
<tr>
<td>Japan</td>
<td>Targeted</td>
<td>DB</td>
</tr>
<tr>
<td>Korea</td>
<td>Targeted</td>
<td>DB</td>
</tr>
<tr>
<td>Laos</td>
<td>NONE</td>
<td>DB</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Targeted</td>
<td>DC</td>
</tr>
<tr>
<td>Mongolia</td>
<td>Targeted</td>
<td>DB (soon NDC)</td>
</tr>
<tr>
<td>Myanmar</td>
<td>NONE</td>
<td>NONE</td>
</tr>
<tr>
<td>Philippines</td>
<td>Targeted (60-79) Universal (80+)</td>
<td>DB</td>
</tr>
<tr>
<td>Singapore</td>
<td>NONE</td>
<td>DC</td>
</tr>
<tr>
<td>Timor</td>
<td>Universal</td>
<td>NONE</td>
</tr>
<tr>
<td>Thailand</td>
<td>Universal</td>
<td>DB</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Targeted (60-79) Universal (80+)</td>
<td>DB</td>
</tr>
</tbody>
</table>
2. RETIREMENT INCOME – LOW BENEFIT & COVERAGE OF SOCIAL

Social pension coverage and benefit level, selected countries, 2010-12

- Japan
- Mongolia
- Timor
- France
- Chile
- Brazil
- Germany
- Canada
- Australia
- South Africa
- Bolivia
- US
- Malaysia
- Vietnam
- Philippines
- India
- HK
- Korea
- Mexico
- China
- Thailand

Benefit level (% of GDP per capita)

Social pensioners / population 65+

0% 20% 40% 60% 80% 100% 120%

WB (2016) based on HelpAge data and OECD (2013)
2. RETIREMENT INCOME – LOW CONTRIBUTORY COVERAGE

Coverage of contributory by GDP per capita, around 2010

Coverage of working-age population

GDP per capita ($US)
2. RETIREMENT INCOME: CONTRIB. COVERAGE EXPANSION SLOW

% change in coverage 1990s to most recent

- Mongolia
- Indonesia
- Philippines
- Malaysia
- Singapore
- China
- Vietnam
- Korea

O’Keefe and Palacios (2015)
2. RETIREMENT INCOME – ADEQUACY (DC issues)

1. Low contributions (IDN; MYS temp ↓)
2. Low accessibility ages (55 in IDN)
3. Lower accessibility age for women (CHN)
4. Low returns (CHN, SGP)
5. Low preservation (SGP, IDN)
6. No longevity insurance (HK, IDN, MYS, CHN)
2. RETIREMENT INCOME – SUSTAINABILITY (DB issues)

1. Low contributions (THL)
2. Low & gendered pension ages (CHN, JPN, VNM)
3. High target benefits (CHN, VNM)
4. Final earnings instead of career avg. (PHI, THL)
5. Incentivise early retirement, punishing delays (PHL, VNM)

Also
1. Valorisation and indexation issues
2. Poor portability (CHN)
3. HEALTHCARE
3. HEALTHCARE – CURRENT SPENDING

Public health expenditure by level of ageing, 2014

3. HEALTHCARE – CURRENT SPENDING

Public health expenditure by level of ageing, 2014

WHO (2016)
3. HEALTHCARE – STRUCTURES & COVERAGE OF INSURANCE

1. Tax financed single systems (MYS)
2. Social insurance single systems (JPN)
3. Parallel for formal and informal (CHN, THL)
4. Hybrid (SGP)
5. Insurance coverage ranges (15% in Laos to univ. CHN, JPN, KOR, MYS, SGP, THL)

Population covered by public health insurance
China, 2001-2011 (millions of people)

Busse and Schlette (2007); China’s Ministry of Health (various)
3. HEALTHCARE – EXPERIMENTATION & FRAGMENTATION

Fragmented financing

Varied reimbursement, quality & service access

Weak primary health: Poor coordination & gatekeeping

FINANCING, RURAL CHINA

REIMBURSEMENT, RURAL CHINA

EXPENDITURE, ALL CHINA

Zhang (2016), World Bank (2016)
3. HEALTHCARE – NEEDS

Epidemiological transition in Singapore

- **Cardiovascular**
- **Tuberculosis**
- **Road accidents**
- **Breast cancer**

Deaths per 100,000 population per year

Chongsuvivatwong et al. (2011)
3. HEALTHCARE – NEEDS

**NCD-related screening**

- Australia
- Korea
- Singapore
- Philippines
- Brunei
- Indonesia
- Malaysia
- Myanmar
- Thailand
- Vietnam
- Laos
- India
- China
- Cambodia
- Pakistan

**NCD-related medicines**

- Australia
- Korea
- Singapore
- Philippines
- Brunei
- Indonesia
- Malaysia
- Myanmar
- Thailand
- Vietnam
- Laos
- India
- China
- Cambodia
- Pakistan

WHO (2013)
3. HEALTHCARE – COVERAGE OF COSTS

Out of pocket

Tax

Social ins.

Empl/prepay
4. LONG TERM CARE
4. LONG TERM CARE

Developed:
1. JPN, KOR via health insurance
2. SGP private insurance, subsidies for poor
3. HK subsidies to institutions, not home/community

Elsewhere:
1. Residual public provision
2. Pilots in China (carved out of local health insurance)
3. Community schemes
4. Innovations (e.g., China time bank)
4. LONG TERM CARE

1. Access (e.g., gateway, info, assessment)
2. Modality of care (home, community, institution)
3. Financing (public insurance / tax; means testing)
4. Policy responsibility (central v devolution)
5. Benefits (cash v in-kind)
6. Informal care (support progs; labour market)
7. Provision (efficiency / tech; workforce)
8. Quality (regulation; market mechanisms)
9. Interventions (prevention & rehabilitation)
CONCLUSION

1. **Progress, disparity, but overall Asia not ready:**
   Family values rhetoric may be detrimental

2. **Could leap-frog bad policy choices:**
   But often repeating OECD mistakes

3. **Needs progress on both policy and institutions:**
   Even good design still faces implementation institutional issues