

# Social Pensions for Elderly People in Asia

by Babken Babajanian, Research Fellow, Social Protection Programme, ODI

**This note summarises** an editorial article (Babajanian, 2012) of a recent publication by the Asian Development Bank (ADB) (Handayani and Babajanian, 2012), which examines social or non-contributory pensions in Asia. The book is based on contributions from leading international researchers who assess institutional, financial, social and political aspects of social pension schemes in Asia. The table summarises the main features of social pension schemes in Bangladesh, Nepal, Thailand and Viet Nam discussed in the book.

**Social pensions contribute to covering the basic needs expenditures of elderly people, including the cost of food, health care and expenses associated with social and ceremonial activities.**

There are indications that social pensions support not only elderly people but also other members of their households, particularly children. Some beneficiaries spend part of their allowance on their grandchildren's education (Bangladesh and Nepal), on candies or snacks for their grandchildren (Thailand), and food, medicine or gifts for their children or grandchildren (Viet Nam).

**Social pension schemes have a limited poverty reduction effect due to the low value of transfers and insufficient coverage of poor people.**

Government expenditures on social pensions in Asia constitute a small share of total national income. The size of transfers is generally low, and the average monthly benefit is below half

the poverty line. Social pension transfers in all of the case studies were too low to offer substantial support to the household members of the pensioners. Unlike the universal schemes in Thailand and Nepal, the Social Pensions Programme in Viet Nam and the Old Age Allowance in Bangladesh are targeted at poor elderly people and cover only a small proportion of the elderly population (10 per cent in Viet Nam and 21 per cent in Bangladesh). In addition, the selective nature of poverty targeting makes it difficult to identify eligible beneficiaries and contributes to exclusion/inclusion errors.

**Social pensions represent an important step in strengthening social protection institutions in Asia.**

The social pension schemes in all four countries have national coverage. Their benefits are available to the eligible population of the entire country, rather than to select geographic areas. The country case studies suggest the importance of a progressive or incremental approach: by establishing modest schemes with small amounts of benefit, policymakers can build an institutional foundation that can be used for subsequent expansion and strengthening of the existing programmes.

*Reference:*

Babajanian, B. (2012). Social Transfers for Older Persons: Implications for Policy, Practice and Research in S.W. Handayani and B. Babajanian, eds. *Social Protection for Older People in Asia*. Manila, Asian Development Bank: pp. 279-297.

**Social Pensions in Asia**

| Country                         | Monthly transfer size and eligibility                              | Poverty line (person/month)  | Cost (% of GDP)  | % of beneficiaries aged 60+                      |
|---------------------------------|--|--|--|--|
| Old Age Allowance in Bangladesh | BDT300 (\$3.80)<br>Means-tested women aged 62+; men 65+            | BDT743–1171 (\$9.40–15)<br>(2005 poverty lines by regions)                               | 0.13 in 2010–11  | 21 in 2008–09                                    |
| Old Age Allowance in Nepal      | NPR500 (\$5.60)<br>Universal 70+; Dalits and Karnali residents 60+ | NPR1200 (\$14) (2011 national subsistence minimum)                                       | 0.35 in 2011   | 80 in 2009–10                                    |
| Old Age Allowance in Thailand   | Age cohort-based THB600–1000 (\$20–33)<br>Universal 60+            | THB1586 (\$53)<br>(2009 national poverty line)   | 0.37 in 2010   | 80 in 2012                                       |
| Social Pension in Viet Nam      | Min. VND180,000 (\$8.60)<br>Universal 80+<br>Means-tested 60+      | VND400,000 (\$19) for rural;<br>VND500,000 (\$24) for urban<br>(2011–2015 poverty lines) | 0.05 in 2008<br>0.33 in 2011<br>(total spending on all cash transfers) | % of people aged 60+ who receive social pensions |

Source: Various authors in Handayani and Babajanian (2012); author's research.

