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Some Notes on Social Pensions in Viet Nam

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The social pension scheme in Viet Nam was first introduced on 26 March 2000 for people aged 90 years and over who did not receive contributory pensions or other social allowances. The benefit of a minimum of VND45,000 (about \$3) per month was first paid out in 2002 and increased to a minimum of VND65,000 (about \$4.20) per month in 2004. Decree 67/NĐ-CP of 13 April 2007 reduced the minimum eligibility age from 90 to 85 years and increased the minimum benefit to VND120,000 (about \$7.50) per month. Decree 13/NĐ-CP of 27 February 2010 further reduced the minimum eligible age to 80 years and raised the minimum benefit to VND180,000 (about \$9.50) per month.[1] The final benefit amount is based on a set of multipliers which depend on the household composition or specific characteristics of the beneficiary. The table summarises two categories of beneficiaries of social pensions.

Who are the Beneficiaries of the Social Pension Scheme in Viet Nam?

No.	Beneficiaries	Multiplier	Benefit level (VND1000s)
1	Older people living in poor households, and: 1) living alone; or 2) living with ill older spouse and do not have any children, grandchildren or relatives to support		
	- 60–79	1	180
	- 60–79 and severely disabled	1.5	270
	- 80+	1.5	270
	- 80+ and severely disabled	2	360
2	80 years old and over who do not receive retirement or other social allowance benefits	1	180

As of 2011 this programme covered about 12 per cent of the total elderly population: 948,111 beneficiaries in the first category and 123,209 beneficiaries in the second (MoLISA, 2012). According to Dam *et al.* (2010), the total cost for social pensions in 2008 was about 0.05 per cent of GDP.

A number of studies have shown that social pensions help to reduce poverty among elderly people and reduce difficulties with other household members; provide opportunities for elderly people to generate income on a small scale; make them feel independent economically in their households; and improve access to health care services.

To make the scheme more efficient in reducing poverty and financially supporting elderly people, Viet Nam needs to deal with some key design and implementation issues, including (i) ensuring fiscal sustainability; (ii) accurately identifying beneficiaries; (iii) increasing coverage; (iv) improving the delivery system; (v) improving human resources; and (vi) creating an effective monitoring and evaluation (M&E) system.

Given the current economic and poverty situation of elderly people, scaling up social pensions in terms of coverage and benefit level is quite feasible for Viet Nam. Such a scale-up would not only reduce poverty among elderly people but also improve income equality among different groups of elderly people. It is also suggested that Viet Nam focus on elderly people in rural areas when designing social pensions, since this would lead to the highest incidence of poverty reduction among elderly people (see, for instance, Giang and Pfau, 2009a; 2009b; Giang, 2011).

From Viet Nam's experience, there are some important lessons for other developing Asian nations in how to design and implement a social pension scheme for elderly people:

- social pensions can work in low-income countries (as in the case of Viet Nam in 2002) with minimal initial expenditure (0.05 per cent of GDP in 2008).
- an incremental approach to expanding social pension coverage can be adopted if funding is limited;
- a universal approach is administratively simpler to implement than a targeted approach; and
- civil society organisations, such as elderly people's associations can be tapped to monitor and help implement social pension schemes.

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Note:

1. The average VND/US\$ exchange rates in 2002, 2004, 2007 and 2010 were 15,084, 15,739, 16,131 and 18,947, respectively (IMF, various years).