Social Protection for the Older People in Viet Nam: Challenges and Reform Options

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1. Emerging characteristics of aging and older people in Vietnam
2. Social protection for older people: Issues and policy options
3. Concluding remarks
1. EMERGING CHARACTERISTICS

- The Vietnamese population is aging at a historically unprecedented rate. Feminization of aging is obvious.

<table>
<thead>
<tr>
<th>Age structure of the Vietnamese population, 1979-2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1979</td>
</tr>
<tr>
<td>1989</td>
</tr>
<tr>
<td>1999</td>
</tr>
<tr>
<td>2009</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Aging index and Potential Support Ratio in Viet Nam, 1979-2049</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year</strong></td>
</tr>
<tr>
<td>Aging index</td>
</tr>
<tr>
<td>Potential support ratio</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Sex ratio between elderly females and elderly males, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age group</strong></td>
</tr>
<tr>
<td>Number of elderly females to 100 elderly males</td>
</tr>
</tbody>
</table>

Source: Population and Housing Census 2009
1. EMERGING CHARACTERISTICS

- The time needed for transforming from an ‘aging’ to an ‘aged’ population is much shorter than other countries with higher income levels.

*Time needed to move from ‘aging’ to ‘aged’ in some countries*

Source: Kinsella and Gist (1995); U.S. Census Bureau (2005); Viet Nam: GSO (2010)
1. EMERGING CHARACTERISTICS

- Living arrangements have changed substantially from extended to nuclear families.

### Living arrangements of the elderly in Viet Nam, 1992/93-2008

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>With children</td>
<td>79.73</td>
<td>74.48</td>
<td>74.27</td>
<td>70.65</td>
<td>63.74</td>
<td>62.61</td>
</tr>
<tr>
<td>Living alone</td>
<td>3.47</td>
<td>4.93</td>
<td>5.29</td>
<td>5.62</td>
<td>5.91</td>
<td>6.14</td>
</tr>
<tr>
<td>Only elderly couple</td>
<td>9.48</td>
<td>12.73</td>
<td>12.48</td>
<td>14.41</td>
<td>20.88</td>
<td>21.47</td>
</tr>
<tr>
<td>With grandchildren</td>
<td>0.68</td>
<td>0.74</td>
<td>0.82</td>
<td>1.09</td>
<td>1.16</td>
<td>1.41</td>
</tr>
<tr>
<td>Other</td>
<td>6.64</td>
<td>7.12</td>
<td>7.14</td>
<td>8.23</td>
<td>8.31</td>
<td>8.37</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>


### Percentage of widowed males and females by gender and age, 2009

<table>
<thead>
<tr>
<th>Age group</th>
<th>60-69</th>
<th>70-79</th>
<th>80+</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>5.88</td>
<td>15.73</td>
<td>36.02</td>
<td>13.85</td>
</tr>
<tr>
<td>Female</td>
<td>36.97</td>
<td>57.94</td>
<td>81.93</td>
<td>53.69</td>
</tr>
<tr>
<td>All</td>
<td>23.04</td>
<td>40.56</td>
<td>66.25</td>
<td>37.12</td>
</tr>
</tbody>
</table>

Source: Population and Housing Census 2009

- Among the elderly living alone, most of them are female and rural persons.
- In widowhood, females are dominant, especially at more advanced ages.
- ‘Skip-generation’ families are mostly from rural areas.
1. EMERGING CHARACTERISTICS

- The percentage of the elderly without health problems is small. More advanced age persons are more vulnerable to health problems.

- The elderly are bearing ‘double health burden’: (i) disease patterns are shifting from CD to NCD and chronic illness; and (ii) diseases from new lifestyles.

Source: Vietnam National Aging Survey (VNAS, 2011)
1. EMERGING CHARACTERISTICS

Source of daily expenditure for older people

Source: Vietnam National Aging Survey (VNHS, 2011)
2. SOCIAL PROTECTION FOR OLDER PEOPLE

Source: Vietnam’s Social Protection Strategy 2011-2020
## 2. SP FOR OLDER PEOPLE: Access and Impacts

### Percentage of older people living in hh receiving retirements and social allowances

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th></th>
<th>2008</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Retirements</td>
<td>Allowances</td>
<td>Retirements</td>
<td>Allowances</td>
</tr>
<tr>
<td><strong>All old-age</strong></td>
<td>23.0</td>
<td>14.9</td>
<td>21.9</td>
<td>18.5</td>
</tr>
<tr>
<td><strong>Age group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60-69</td>
<td>26.7</td>
<td>11.6</td>
<td>25.8</td>
<td>15.6</td>
</tr>
<tr>
<td>70-79</td>
<td>19.5</td>
<td>16.1</td>
<td>18.8</td>
<td>16.2</td>
</tr>
<tr>
<td>80+</td>
<td>18.9</td>
<td>22.9</td>
<td>17.7</td>
<td>30.6</td>
</tr>
<tr>
<td><strong>Ethnicity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kinh/Chinese</td>
<td>23.8</td>
<td>14.3</td>
<td>23.3</td>
<td>19.1</td>
</tr>
<tr>
<td>Ethnic minorities</td>
<td>14.6</td>
<td>21.2</td>
<td>8.0</td>
<td>12.6</td>
</tr>
<tr>
<td><strong>Poverty</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Poor</td>
<td>26.2</td>
<td>13.2</td>
<td>24.5</td>
<td>18.5</td>
</tr>
<tr>
<td>Poor</td>
<td>8.4</td>
<td>22.7</td>
<td>4.8</td>
<td>18.0</td>
</tr>
<tr>
<td><strong>Urbanity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>19.3</td>
<td>16.6</td>
<td>16.0</td>
<td>20.1</td>
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<tr>
<td>Urban</td>
<td>33.0</td>
<td>10.5</td>
<td>37.5</td>
<td>14.2</td>
</tr>
<tr>
<td><strong>Region</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Red River Delta</td>
<td>39.7</td>
<td>18.7</td>
<td>38.9</td>
<td>22.4</td>
</tr>
<tr>
<td>Northeast</td>
<td>33.3</td>
<td>15.1</td>
<td>30.3</td>
<td>13.3</td>
</tr>
<tr>
<td>Northwest</td>
<td>26.4</td>
<td>10.8</td>
<td>20.5</td>
<td>16.2</td>
</tr>
<tr>
<td>North Central Coast</td>
<td>31.1</td>
<td>19.4</td>
<td>28.8</td>
<td>26.5</td>
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<tr>
<td>South Central Coast</td>
<td>11.3</td>
<td>17.7</td>
<td>7.6</td>
<td>19.2</td>
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<tr>
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<td>22.7</td>
<td>10.9</td>
<td>6.1</td>
</tr>
<tr>
<td>Southeast</td>
<td>15.8</td>
<td>6.6</td>
<td>15.5</td>
<td>13.8</td>
</tr>
<tr>
<td>Mekong River Delta</td>
<td>4.5</td>
<td>11.4</td>
<td>4.3</td>
<td>15.5</td>
</tr>
</tbody>
</table>

Source: Own calculations from VHLSSs 2004 and 2008
### Average benefits: Level and as percentage of household consumption (%)

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2008</th>
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<tbody>
<tr>
<td></td>
<td>Retirement benefit level</td>
<td>As % of hh per capita</td>
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<tr>
<td></td>
<td>(VND1,000)</td>
<td>expenditure</td>
</tr>
<tr>
<td>All old-age</td>
<td>2,114</td>
<td>12.2</td>
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<tr>
<td>Age group</td>
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<td></td>
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<tr>
<td>60-69</td>
<td>2,565</td>
<td>13.9</td>
</tr>
<tr>
<td>70-79</td>
<td>1,612</td>
<td>10.8</td>
</tr>
<tr>
<td>80+</td>
<td>1,802</td>
<td>9.8</td>
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<tr>
<td>Ethnicity</td>
<td></td>
<td></td>
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<tr>
<td>Kinh/Chinese</td>
<td>2,207</td>
<td>12.6</td>
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<tr>
<td>Ethnic minorities</td>
<td>1,191</td>
<td>8.2</td>
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<tr>
<td>Poverty</td>
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<td></td>
</tr>
<tr>
<td>Non-Poor</td>
<td>2,507</td>
<td>13.8</td>
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<tr>
<td>Poor</td>
<td>326</td>
<td>4.9</td>
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<td>Urbanity</td>
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<td></td>
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<tr>
<td>Urban</td>
<td>1,484</td>
<td>11.1</td>
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<td>Rural</td>
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<td>15.0</td>
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<tr>
<td>Region</td>
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<td></td>
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<tr>
<td>Red River Delta</td>
<td>3,793</td>
<td>21.8</td>
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<tr>
<td>Northeast</td>
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<td>20.1</td>
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<tr>
<td>Northwest</td>
<td>2,536</td>
<td>14.9</td>
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<tr>
<td>North Central Coast</td>
<td>2,664</td>
<td>18.5</td>
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<tr>
<td>South Central Coast</td>
<td>1,074</td>
<td>6.6</td>
</tr>
<tr>
<td>Central Highlands</td>
<td>1,147</td>
<td>9.1</td>
</tr>
<tr>
<td>Southeast</td>
<td>1,353</td>
<td>4.1</td>
</tr>
<tr>
<td>Mekong River Delta</td>
<td>234</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Source: Own calculations from VHLSSs 2004 and 2008
## Old-age poverty rate WITH and WITHOUT pensions and allowances

<table>
<thead>
<tr>
<th>Age group</th>
<th>2004 Poverty rate (%)</th>
<th>2008 Poverty rate (%)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Official</td>
<td>Without retirement</td>
<td>Without both retirement and allowances</td>
</tr>
<tr>
<td>All old-age</td>
<td>19.5</td>
<td>22.4</td>
<td>23.2</td>
</tr>
<tr>
<td>60-69</td>
<td>19.6</td>
<td>21.9</td>
<td>22.6</td>
</tr>
<tr>
<td>70-79</td>
<td>14.9</td>
<td>23.7</td>
<td>25.3</td>
</tr>
<tr>
<td>80+</td>
<td>21.1</td>
<td>29.4</td>
<td>32.2</td>
</tr>
<tr>
<td>Ethnicity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kinh/Chinese</td>
<td>13.5</td>
<td>16.5</td>
<td>17.4</td>
</tr>
<tr>
<td>Ethnic minorities</td>
<td>60.7</td>
<td>63.1</td>
<td>63.5</td>
</tr>
<tr>
<td>Urbanity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>25.0</td>
<td>28.1</td>
<td>29.1</td>
</tr>
<tr>
<td>Urban</td>
<td>3.6</td>
<td>6.0</td>
<td>6.2</td>
</tr>
<tr>
<td>Region</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Red River Delta</td>
<td>12.1</td>
<td>17.0</td>
<td>17.6</td>
</tr>
<tr>
<td>Northeast</td>
<td>29.4</td>
<td>34.9</td>
<td>35.8</td>
</tr>
<tr>
<td>Northwest</td>
<td>58.5</td>
<td>61.8</td>
<td>62.2</td>
</tr>
<tr>
<td>North Central Coast</td>
<td>31.9</td>
<td>37.2</td>
<td>38.9</td>
</tr>
<tr>
<td>South Central Coast</td>
<td>19.0</td>
<td>21.1</td>
<td>22.0</td>
</tr>
<tr>
<td>Central Highlands</td>
<td>33.2</td>
<td>34.7</td>
<td>35.1</td>
</tr>
<tr>
<td>Southeast</td>
<td>5.37</td>
<td>5.9</td>
<td>6.1</td>
</tr>
<tr>
<td>Mekong River Delta</td>
<td>15.82</td>
<td>16.3</td>
<td>17.2</td>
</tr>
</tbody>
</table>

Source: Own calculations from VHLSSs 2004 and 2008
2. SP FOR OLDER PEOPLE: Challenges

Unfair pension scheme

2. SP FOR OLDER PEOPLE: Challenges

Distribution of the elderly WITHOUT retirement and other social allowance benefits, by income quintile

Source: Evans et al., (2012 forthcoming), calculations from VHLSS 2010
2. SP FOR OLDER PEOPLE: Policy Options

The current contributory pension (PAYG DB) should be transformed to a system of individual accounts with a notional defined-contribution (NDC) as in the transitional step.

Source: Giang (2010)
## 2. SP FOR OLDER PEOPLE: Policy Options

### Choices for social cash transfer programs that cost about 0.75% GDP, 2008

<table>
<thead>
<tr>
<th>Category</th>
<th>Starting age</th>
<th>Beneficiaries as % of total population</th>
<th>Benefit level as % of poverty line</th>
<th>Benefit level as % of GDP per capita</th>
<th>% change in poverty gap for the elderly population</th>
</tr>
</thead>
<tbody>
<tr>
<td>RUR</td>
<td>61</td>
<td>7.4</td>
<td>54.9</td>
<td>10.2</td>
<td>-58.3</td>
</tr>
<tr>
<td>RUR</td>
<td>64</td>
<td>6.2</td>
<td>64.8</td>
<td>12.1</td>
<td>-52.3</td>
</tr>
<tr>
<td>RUR</td>
<td>67</td>
<td>5.2</td>
<td>77.1</td>
<td>14.3</td>
<td>-46.4</td>
</tr>
<tr>
<td>RUR</td>
<td>71</td>
<td>3.8</td>
<td>105.5</td>
<td>19.6</td>
<td>-42.7</td>
</tr>
<tr>
<td>RUR</td>
<td>76</td>
<td>2.4</td>
<td>165.9</td>
<td>30.9</td>
<td>-35.5</td>
</tr>
</tbody>
</table>

**Note:**

- There are many options of cash transfer programs which cost about 0.75% of GDP in 2008, such as those for all older people; for only females; for only rural older people. However, only categories which provide highest impact on poverty indicator (in this case, poverty gap) will be recorded. In this table, all categories are rural (RUR), meaning that, given a budget, a cash transfer program for rural older people will be most influential in old-age poverty reduction.
- Poverty line, measured by real per capita expenditure per year, in 2008 was VND 3,360,000 (or about $US 170).

Source: Giang (2011)

- A universal cash transfer (allowance) to rural older people would be most potential in reducing poverty.
### 2. SP FOR OLDER PEOPLE: Policy Options

<table>
<thead>
<tr>
<th>Fiscal costs for universal cash transfer programs, 2009-2049</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Providing benefits to all elderly (aged 60 and over)</strong></td>
</tr>
<tr>
<td>Eligible Population (as % of total population)</td>
</tr>
<tr>
<td>Benefit (as % GDP per capita)</td>
</tr>
<tr>
<td>Fiscal Cost (as % of GDP)</td>
</tr>
<tr>
<td><strong>Providing benefits to all elderly aged 65 and over</strong></td>
</tr>
<tr>
<td>Eligible Population (as % of total population)</td>
</tr>
<tr>
<td>Benefit (% GDP per capita)</td>
</tr>
<tr>
<td>Fiscal Cost (as % of GDP)</td>
</tr>
<tr>
<td><strong>Providing benefits to all elderly aged 70 and over</strong></td>
</tr>
<tr>
<td>Eligible Population (as % of total population)</td>
</tr>
<tr>
<td>Benefit (% GDP per capita)</td>
</tr>
<tr>
<td>Fiscal Cost (as % of GDP)</td>
</tr>
<tr>
<td><strong>Providing benefits to all elderly aged 75 and over</strong></td>
</tr>
<tr>
<td>Eligible Population (as % of total population)</td>
</tr>
<tr>
<td>Benefit (% GDP per capita)</td>
</tr>
<tr>
<td>Fiscal Cost (as % of GDP)</td>
</tr>
</tbody>
</table>

Source: Giang (2011)

- Long-term cost for a universal cash transfer for older people would be feasible, and in line with projections by UN-DESA (2007) for a number of developing countries.
3. CONCLUDING REMARKS

• Vietnam provides retirements and social allowances to older people, but there have remained a number of challenges in terms of delivery and financing.

• To deal with these issues, Vietnam should:
  – transform the current PAYG DB retirement scheme to a system of individual accounts with an NDC scheme as for the transitional step.
  – focus on rural older people first, and then expand to all older people.
3. CONCLUDING REMARKS

Source: Adapted from Rowe and Kahn (1998)
A big challenge ahead: ‘getting old before getting rich’. All at once is impossible. So, be wise in any strategies and policies!

THANK YOU FOR YOUR ATTENTION

QUESTIONS & COMMENTS ARE WELCOME