

**Exploring gender and pensions in Japan, Malaysia and
Vietnam**

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Abstract

Gender is an important dimension of the way welfare is organised and distributed around the world, and old-age social protection in Asia is no exception. This paper uses evidence from international policy organisations in order to discuss key issues in the area of pension protection from a gender perspective. In particular, the paper draws on the demographic, socio-economic and policy patterns in three case studies in Asia: Japan, Malaysia and Vietnam. The paper argues that formal social protection needs to be understood by policy-makers in conjunction with developments in the patterns of informal support networks in these countries, in order to address the vulnerability faced by women throughout their lifecourse and particularly in later life.

Exploring gender and pensions in Japan, Malaysia and Vietnam

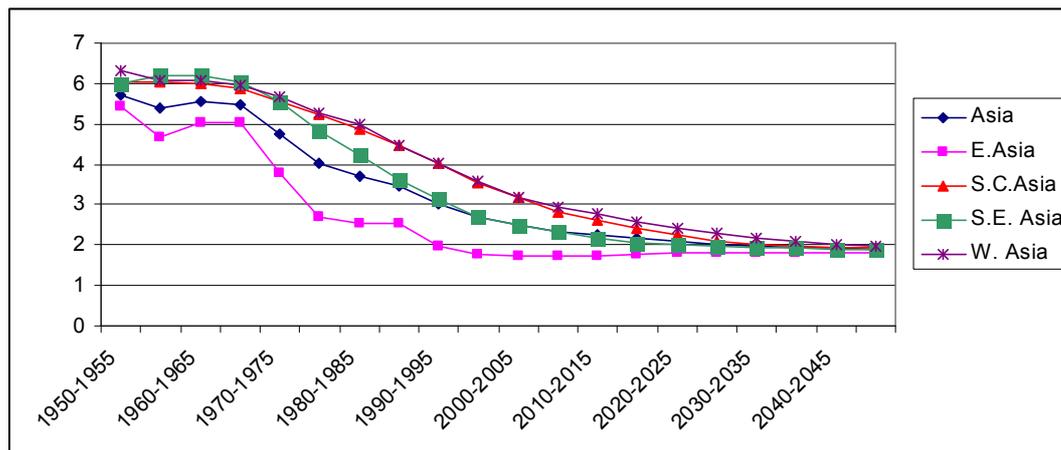
I. Introduction

Across the developing world, the overwhelming majority of older people rely on informal welfare protection from their family and community during later life, in terms of their physical, financial and emotional wellbeing. Indeed, old-age pension protection in most countries of Asia has been inextricably linked to informal support receipt from family members and/ or the local community, particularly following the mid-1997 economic crisis, which triggered significant instability in both economic and social institutions. As a result, intra-family support, for example in the form of multi-generational households, remittances and care provision, is an important determinant of the quality of life of older people. Formal social protection, whether in the form of social insurance or social assistance, covers a smaller proportion of the older population, and in many developing countries is still a privilege for former workers in public bodies or state-owned industries. Women are particularly vulnerable in terms of old age social protection in developing countries, as their increasing labour market participation has been predominantly in the informal economy, while at the same time, they continue to be more likely than men to provide care and support within and outside the household (UN, 2010). This means that advances in the proportion of older people covered by social insurance programmes in developing countries have benefited women to a lesser extent than men, because women are less likely to enter the formal labour market. The role of social assistance programmes in such contexts, for example in the form of social pensions, is of paramount importance particularly for older women's social protection, and is further discussed in this chapter.

Changes in the configuration of social insurance and social assistance programmes vary immensely in different parts of the developing world, and indeed within the Asian region, however demographic changes, such as population ageing and changes in family structures, have affected all regions without exception. The study of old-age protection in Asia should be contextualised in the demographic transition experienced by the region,

moving from pre-industrial high rates of mortality and fertility to post-industrial low rates, which has been argued to have contributed to an ‘economic miracle’, particularly in parts of East Asia (Bloom and Williamson, 1998). This miracle was partly due to the fact that the working-age population grew at a faster rate during the 1965-90 period than the non-working-age population (the so-called ‘demographic dividend’), but also to the ability of East Asian countries to capitalise on the ‘gift’ of the fast demographic transition and grow their economies during this time. From a gender perspective, the context of the demographic transition emphasises women’s contribution to the so-called economic ‘miracle’ through their increasing labour market participation during this time. However, this context also allows for the discussion of the different impact demographic changes have had on women and men, affecting their quality of life during the latter part of the life course. For example, the fall in total fertility rates for different regions of Asia between 1950-2050 (Figure 1) is a significant factor affecting both the availability of support from children in later life, which older women heavily rely on, but also women’s ability to combine their productive and reproductive roles and participate in paid employment.

Figure 1: Total fertility rates in Asian regions, 1950-2050



Source: UN (2009) World Population Prospects, The 2008 Revision Population Database

This chapter explores the challenges of providing old-age social protection to women in Asia, in the context of demographic changes and changes in patterns of formal and informal support in the region. Although key trends discussed in this chapter, such as the economic crisis in the late 1990s and the dominant informal labour market, have affected both men and women's financial circumstances in different ways, the chapter focuses on women's pension accumulation prospects in this region, drawing on comparisons between men's and women's circumstances where appropriate. For example, Suwwanarat notes that women were less likely to lose their jobs following the 1997 economic crisis, but were more likely to move into the informal labour market and to carry greater responsibility in the areas of family maintenance and family consumption (Suwwanarat, 2003). The study of gender and old-age pension protection in the Asian region is challenging due to the vast diversity in terms of demographic, social, economic and political contexts, as well as the embedded cultural norms which affect gender relations and women's position in the private and public spheres. Consequently, a detailed account of old-age social protection in every Asian country is beyond the scope of this chapter. Rather, this chapter explores key trends and themes relating to old-age social protection and gender, drawing insights which may have relevance to the region as a whole, from three particular case studies (Japan, Malaysia and Vietnam).

The rest of the chapter is divided in the following sections. Section II explores the challenges faced by policy-makers in designing pension protection for women in particular, drawing on comparative evidence from Asian countries where appropriate. This section emphasises the importance of pension system design and the way pension entitlement structures interact with women's diverse life courses to produce often inadequate incomes in later life. Many of the challenges discussed in this section are shared by policy-makers in more economically developed countries of the Western world, however they take a particular form in the Asian region. Women's changing life courses are further explored in Section III, drawing on key social trends which have impacted on women's ability to rely on formal and informal sources of support in later life, such as the nature of women's employment patterns, changes in the living arrangements of older people and the effect of intra-family remittance flows which are

often linked to economic migration patterns. The design of pension systems and its impact on women's pension accumulation prospects is then explored in Section IV, and this section distinguishes between earnings-related and flat-rate pensions, and between universal and means-tested pensions, before exploring the three case studies of Japan, Malaysia and Vietnam in greater detail. Although by no means representative of the Asian region in its entirety, these case studies serve to illustrate how the complex interaction between women's changing life courses and pension entitlement structures largely depends on context-specific characteristics in each country. Finally, the last section of the chapter discusses the implications of recent demographic and socio-economic trends for women's pension protection in Asia, focusing particularly on the role of social pensions in Asia and elsewhere.

II. Women and pensions: the challenge for policy-makers

Pension protection for women remains a policy challenge at the global level, which results from the interaction of, firstly, pension structures which were designed to provide pensions directly to men by virtue of their employment record and indirectly to women by virtue of their marital bond to their spouse, and secondly, women's diverse life courses (Zaidi, 2007). This policy challenge is often compounded by women's greater likelihood of being in poverty in old age, and this likelihood can depend on the extent to which pension systems reward, or at least do not penalise, life courses which can be interrupted, and which can include informal work and periods caring for dependent children or adults (Leitner, 2001). Pension systems, through their specific eligibility regulations, can go a long way in accommodating diversity over the life course, for both men and women. For example, pension systems which award pensions relative to individuals' employment records can be detrimental to women if such systems are designed to reward long and continuous employment records, without taking caring periods into account. Similarly, pension systems which award flat-rate pensions, whether universally or following a means-test, can be beneficial to many women, as long as such flat-rate benefits are adequate to lift women out of poverty. Finally, pension systems which allow workers in the informal sector, many of whom tend to be women, to

contribute to formal systems of social security, can offer additional protection to those workers able to afford it (Lund and Srinivas, 2000). This section discusses the key issues linking the areas of gender and old-age pension protection, and the implications of their interaction for women's income adequacy in later life.

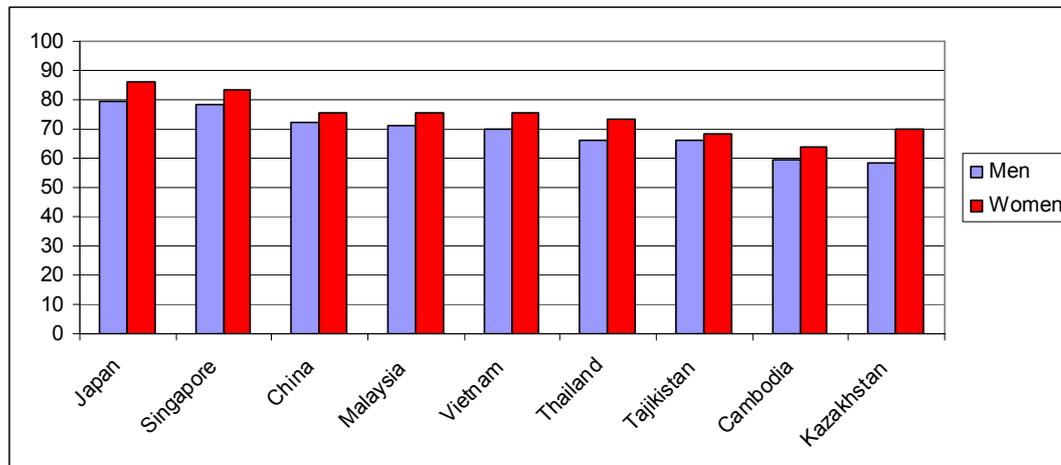
Across the developed world, women are more likely than men to experience poverty in old age as a result of the way their work, care and life patterns interact with the entitlement rules of pension systems (Ginn et al, 2001). In the developing world, however, the measurement of the incidence and level of poverty can be hampered by the use of household income measures which have the potential to mask gender inequalities in the use of resources (see for example Falkingham and Baschieri, 2009). Nevertheless, even when making similar assumptions about men's and women's consumption patterns within the household, certain gender differences can be observed which place women at a greater risk of poverty throughout the life course, and which are usually linked to additional characteristics of men's and women's roles within and outside the household (UN, 2010). For example, the presence of older and non-working members in the household can depress the household income, while households where women are over-represented, are more likely to feature below the poverty line as a result of women's typical earning and working patterns. As a result, the gendered nature of poverty in each country, particularly in old age, is determined by a host of factors such as women's employment patterns, partnership status and living arrangements. For example, women represent between 55-61% of all persons living in poor households in Armenia, while in China and the Philippines, they represent less than 50% of such persons (Ibid).

The 'feminisation' of poverty in old age, which takes different form in developed compared to developing countries, is likely to occur as a result of the combined effect of behavioural or life course differences between men and women on the one hand, and institutional features of modern pension systems on the other (Arifin, 2009; Falkingham and Rake, 1999). For example, such differences in the life courses of men and women lie in the areas of life expectancy; the nature and level of labour market participation; the provision of care provision throughout the life course; differentials in terms of earnings;

and the sources of one's income in later life. Although gender differences in these areas are sometimes enough to result in gender differences in old-age pension protection which typically disadvantage women, nevertheless the interaction of such differences with the eligibility criteria and structure of a pension system can further exacerbate the financial risk faced by women in later life. The remainder of this section explores gender differentials in key areas, drawing on comparative evidence from Asian regions or specific countries.

In the first instance, women are more likely than men to live longer on average, even though variations within Asia mean that certain Central Asian countries have benefited to a smaller extent from such demographic changes (see Falkingham and Vlachantoni, this volume), and there are a few countries, such as Bangladesh and Taiwan, where women's relative advantage in terms of life expectancy does not equate with women outnumbering men in the population. In 2009, across Asia, men could expect to live an average of 67.5 years, whereas women could expect to live for 71.2 years on average. At the same time, there existed significant variations within the male and female populations in different parts of Asia, for example women in Eastern Asia could expect to live to almost 77 years on average, compared to women in South-Central Asia who could expect live for 11 years less on average. There was still further diversity in the gender gap between Asian countries, as illustrated in Figure 2. For example, in 2008, the average life expectancy at birth for women in Japan exceeded 86 years, while in China, Malaysia and Vietnam, the equivalent expectancy was just over 75 years. Similarly, the average life expectancy at birth for men in Tajikistan stood at 66 years in 2008, while in neighbouring Kazakhstan it was less than 60 years on average.

Figure 2: Life expectancy at birth, by gender, selected Asian countries, 2008



Source: World Health Organization, Data from Global Health Observatory 2008

Consequently, women are more likely to experience widowhood in later life (particularly as women often marry men older than themselves), more likely to live alone and more likely to face a poverty risk for a longer period. Older widows in certain parts of Asia, such as Bangladesh, and the oldest old, defined as those aged 80 and over, across the region face a particularly high risk of vulnerability (Cook et al, 2003). Differences in marital status are also important determinants, for example, Kinsella and Velkoff (2001) found that across the majority of 51 countries under study, more than 70% of men aged 65 and over were married, compared to between 30-40% of women in this age group. A United Nations review in 2005 found that across the Asian region as a whole, 45% of women aged 60 and over, compared to 76% of men in the same age category, were married (UN, 2005). Widowhood is a far more common cause of being single in old age, compared to never having been married or having separated/ divorced, for example Ofstedal et al (2004) studied older people in eight Asian countries and less than 5% of their respondents were never married or separated/ divorced. At the same time, and although life expectancy is higher for women than for men in every Asian region and country, in most countries, the proportion of those ‘extra’ years which women are expected to live in a disability-free status is smaller for women than for men, and in some countries this gender gap is significant. For example, Japan men can expect to spend 92% of their life in a disability-free status, compared to women who can expect to spend

90.6% of their life in that status (Table 1). Generally speaking, the proportion of life years which are expected to be spent in a disability-free status is higher in countries where life expectancy is higher, however there some exceptions. In Malaysia, for example, women can expect to live to the age of 76 on average, and 86.8% of that time is expected to be spent in a disability-free status, whereas Thai women can expect to live to the age of 74 on average, but a greater proportion of this time (almost 88%) is expected to be spent in a disability-free status. Such differentials have implications both for men's and women's ability to contribute to the household's income and to provide support to family members, and also for men's and women's need for support during the latter part of their life course.

Table 1: Life expectancy (LE) and healthy life expectancy (HLE), by gender, 2007

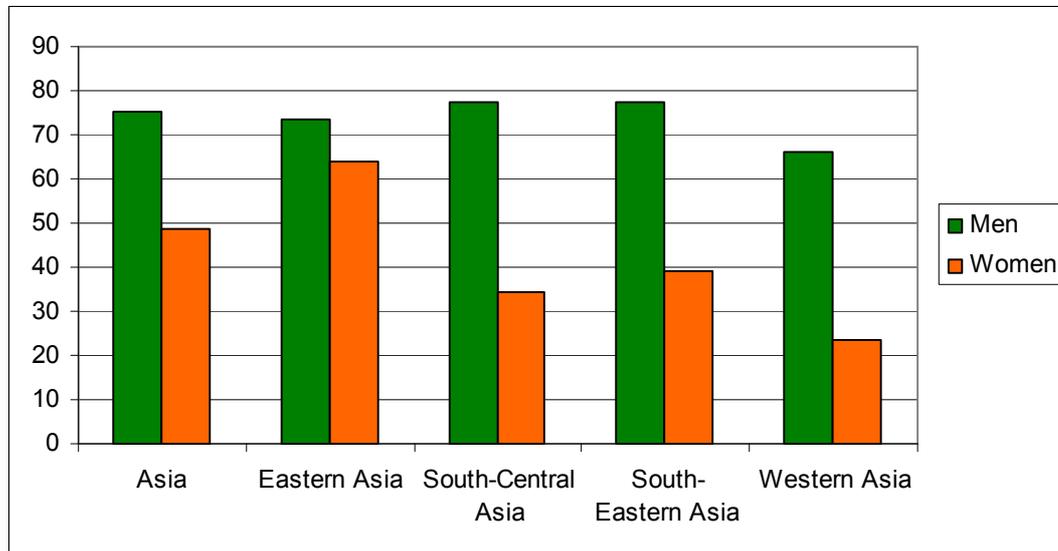
	HLE Men	HLE Women	LE Men	LE Women	% spent in good health Men	% spent in good health Women
Japan	73	78	79	86	92	90.6
Singapore	71	75	79	83	89.8	90.3
China	65	68	72	76	90.2	89.4
Vietnam	62	66	70	75	88.5	88
Malaysia	62	66	71	76	87.3	86.8
Thailand	59	65	66	74	89.3	87.8
Tajikistan	58	57	66	69	87.8	82.6
Kazakhstan	53	60	59	70	89.8	85.7
Cambodia	51	55	59	64	86.4	85.9

Source: World Health Statistics 2010

The second area of gender differences affecting pension accumulation is men's and women's employment rates, and in this respect, there are issues of both the level and the nature of women's employment patterns to consider. In the context of social protection, employment rates provide a more accurate reflection of men's and women's income and

pension accumulation prospects than labour market participation rates, as they exclude that part of the working-age population who are unemployed and therefore not contributing to pension schemes. In most countries around the world, women are less likely than men to be employed in the (formal) labour market. However, women's employment rates have been rising steadily in most parts of the world, and in some countries, such as Cambodia, gender differences in employment rates are relatively narrow (ILO, 2010). Compared to the developed world, women's employment rates in developing countries have been relatively higher, even though they have either remained stagnant or slightly decreased in the Asian region over the last two decades (UN, 2010). Once they have entered the labour market, women are less likely than men to work full-time, and more likely to work part-time, largely as a result of their caring obligations towards younger and older members of their family. Figure 3 illustrates that a lower proportion of women are employed across Asia, however there are important differences in women's employment rates in different parts of Asia. For example, in 2008, more than 75% of men aged 15 and over were employed, compared to less than half (48%) of all women in the same age group. The lowest proportion of employed women was found in Western Asia, where less than one-quarter of women were employed, compared to Eastern Asia, where nearly 64% of women were employed (ILO, 2010).

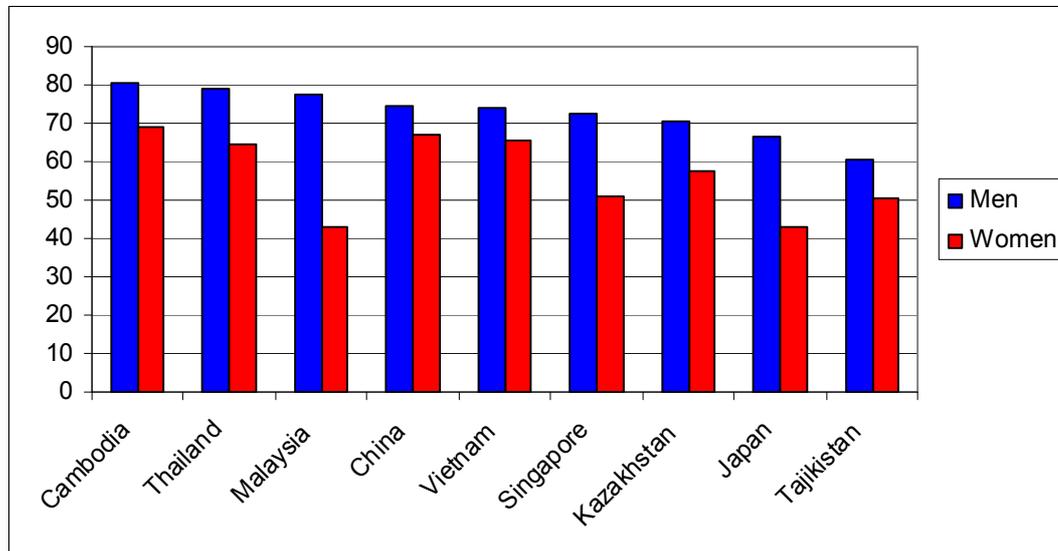
Figure 3: Employment rates of those aged 15 and over, by region and gender, Asian regions, 2008



Source: ILO 2010

A closer look at women's employment rates at the country level illustrates further diversity in the region, pointing to different policy implications in terms of social protection alternatives in different countries (Figure 4). For example, 80% of Cambodian men were employed in 2008, compared to just over 60% of men in Tajikistan, while two-thirds of Chinese women were employed compared to 43% of women in Malaysia. There were also differences in terms of the gender gap in the employment rate, for example in Malaysia this gap stood at 32 percentage points, while in Vietnam, where gender differences are less pronounced, the gap was less than 8 percentage points (ILO 2010).

Figure 4: Employment rates of those aged 15 and over, selected countries, by gender, 2008



Source: ILO 2010

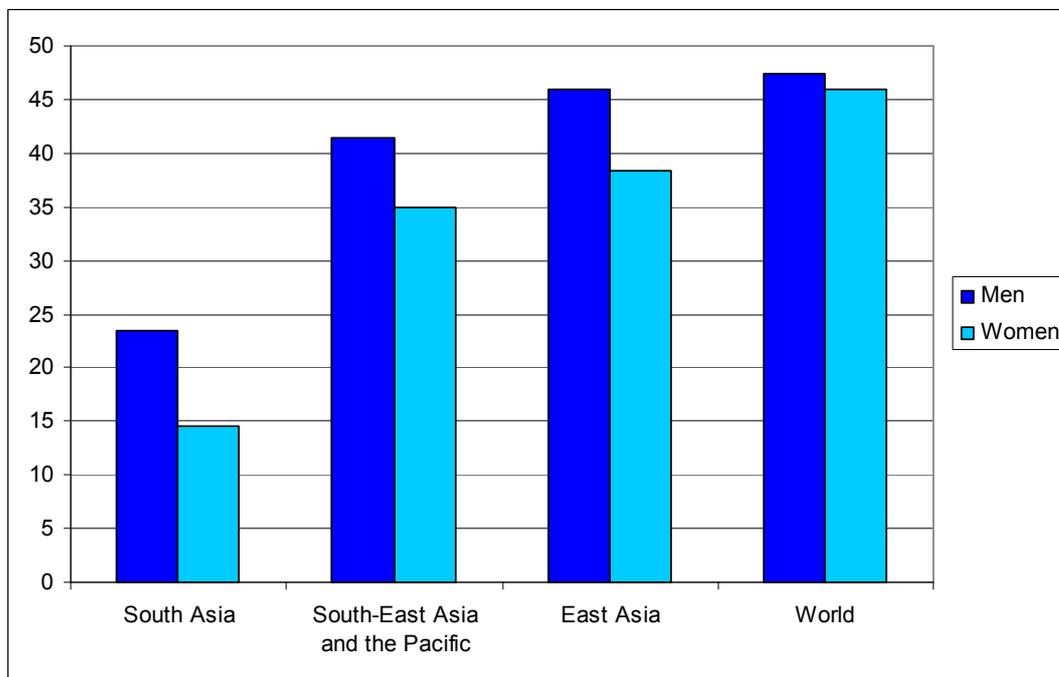
However, what crude employment rates can often mask are gender differences in terms of job security and, often by extension, social protection. As such, increasing opportunities for women to earn an income may not necessarily equate with increasing chances of securing an adequate income either across the life course, or particularly in later life. In the first instance, employment rates mask men's and women's contribution to the informal labour market, which comprises a significant proportion of overall participation rates in many Asian countries. In a study in the early 2000s, the International Labour Organisation estimated that between half and three-quarters of all non-agricultural employment in developing countries is informal employment, although there are significant regional variations (ILO, 2002). For example, 65% of all non-agricultural employment in Asia was described as informal, compared to about half of all similar employment in Latin America and more than 70% in sub-Saharan Africa (Ibid). At the same time, women were over-represented among informal workers around the world, with about 65% of all working women in Asia being in that category, compared to 58% of all working women in Latin America and about 85% of all working women in sub-Saharan Africa (Ibid). Although the definition of informal employment may not always

be consistent across data sources, it often includes workers in family businesses, who may be unpaid and not afforded any legal or social protection. In this respect, there is significant diversity within the Asian region, highlighting the disadvantageous position of women in economic and social protection terms. For example, United Nations data from the 2004-7 period shows that 46% of all working women in Southern Asia were described as contributing family workers, compared to 12% of working men in that region. Similarly, almost one-quarter (23%) of working women in South-Eastern Asia were described as contributing family workers compared to less than 10% of working men in that region (UN, 2010).

The United Nations, using data from the International Labour Organization, estimated that between 1990 and 2010, women's labour participation rates increased in all parts of the world except the Asian region, where they either remained constant (Southern Asia), or decreased by between 2-8 percentage points (all other parts of Asia) (UN, 2010). At the same time, however, women's position in the labour market has remained insecure, and this has implications for their ability to contribute to social insurance programmes of old-age protection. For example, Figure 5 shows that a lower proportion of women compared to men in the total population are employees, and South Asia, where about 15% of women are employees, is particularly affected (ILO, 2010). Another useful indicator in this area is that of workers in 'vulnerable employment', who face a high level of job insecurity, particularly during periods when they are unable to work, for example during sickness, pregnancy or the early stages of later life. In most developing countries, women in this category work as street-vendors, independent home-based workers, contributing family workers in non-agricultural businesses or domestic workers in the households of other people. According to this indicator, and aggregating data between 2004 and 2007, approximately two-thirds of all working women in Southern Asia were in vulnerable employment, compared to just over half of all working men in this region (UN, 2010). The high prevalence of informal work, particularly among the female working population, is a fundamental factor when considering gender-sensitive alternatives in pension provision in developing countries. What is also crucial in this area is the extent to which policy contexts contribute to the sustainability of paid work

patterns which come with a high risk in social insurance terms. For example, in Japan, where 53% of all female employees and 18% of all male employees are classified as ‘nonregular’, including part-time workers employed for less than 30 hours per week, Takayama argues that employers have little incentive to raise the wages of such workers, as this would require their payment of pension contributions towards the employees’ accounts (Takayama, 2009).

Figure 5: Proportion of employees among the total employed population, by gender, Asian regions



Source: ILO 2010

Alongside their participation in the formal and/ or the informal labour market, women are often responsible for care provision to younger or older relatives within or outside the household, and this is the case throughout the developing world (UN, 2010). The provision of care, whether in developed or developing contexts, can have multiple effects on women’s pension accumulation prospects, for example by affecting their availability to participate in the labour market, by reducing the level of their overall lifetime earnings and by having an adverse effect on the amount and frequency of their pension

contributions (Zaidi, 2007). As women's labour market participation patterns have changed, their significant contribution to the domestic sphere as well as to informal support provided in the absence of formal mechanisms, has often resulted in what is termed as the modernisation of a 'double burden' for women across the world (UN, 2010). Still contributing to such gender differentials is a gender gap in earnings across the life course, in spite of a narrowing of this gap in many countries of both the developed and the developing world. In the Asian region, for example, women in Singapore used to earn 55% of the average male earnings in 1990-2, compared to 65% of the average male earnings in 2006-8 (UN, 2010).

To a certain extent, such differentials reflect gender segregation in the labour market, with women making up the vast majority of workers in the service sector where wages tend to be relatively low (ILO, 2010). As a result of these differences, women in developing countries are more likely than men to rely on family transfers, most commonly from adult children, and on public sources of income, although Ofstedal et al note that the former may be partly due to mothers' closer emotional ties with their children in many societies (Ofstedal et al, 2004). At the same time, the persistence of a 'male breadwinner' model, in which the female spouse is employed in the informal labour market and relies on the male spouse's wages and benefits from formal work, may also explain such differentials. In this case, women's income throughout their life course and particularly in later life, will depend on intra-household and intra-family decision-making processes, as well as on cultural practices in the area of gender relations (ILO, 2010).

III. Changes in patterns of informal support: an additional threat to women's protection

Changes in men's and women's life courses over the last century or so, as a result of both demographic changes, such as the fall in fertility rates and the increase in average life expectancy, and socio-economic changes, such as the increase in atypical and irregular employment, particularly among women, have taken place across both developed and

developing regions. For women in particular, such changes have resulted in more opportunities to participate in the labour market, as many Asian countries have witnessed a clear change in the composition of the labour force, with more women contributing to the expansion of the secondary or service sector (UN, 2010). However, in terms of their protection within social security systems, women's participation in the informal labour market has often exposed ill-prepared pension systems, which fail to take women's diverse employment records into account and can maintain women's dependence on social assistance schemes in later life (Lund and Srinivas, 2000). At the same time, the decline in fertility rates, alongside such processes as modernisation and urbanisation, has resulted in changes in both the level and nature of family support available to older people in later life. Such processes can contribute in exposing older women in developing countries to the threat of declining informal protection, in addition to inadequate formal protection as a result of their working patterns. This section discusses trends in three key areas affecting the extent to which women can rely on informal support in later life: the provision of informal care, inter-generational living arrangements and international migration.

The provision and receipt of informal care and support

Women around the world provide the majority of care within and outside the household, whether towards children or towards sick, disabled or elderly relatives (UN, 2010). Although there are significant differences in the way caring obligations are embedded between cultural contexts, women continue to be over-represented among informal carers, whether as spouses, daughters, daughters-in-law, sisters or other female family members. For example, evidence from time-use surveys, covering such areas as paid work, unpaid work in the household, unpaid work in family businesses, civic participation and volunteering, shows that women spend a significantly higher amount of time on household- and family-related activities compared to men, in spite of changes that have occurred in women's participation in paid work. In the Asian region, drawing on evidence between 1999 and 2008, women spent an average of 4.8 hours a day in such activities, compared to men who spent an average of 1.3 hours a day (UN, 2010). The majority of this time was spent by women on preparing meals for all members of the

household, and on providing care to persons within, but often also outside, the household (Ibid). Women's greater likelihood to provide informal care has not changed even as more women have entered the labour market, while women's greater life expectancy compared to men makes them more likely to provide care into the young old age and more likely to require care and support themselves in the oldest age categories. In addition, women are often more likely to spend their share of the household income on the maintenance of the household and other family members, and to contribute to care provision more than men. For example, using evidence from the Vietnam Household Living Standards Survey of 2004, Evans and Harkness show that within households receiving social transfers, women are more likely to give than to receive private transfers (Evans and Harkness, 2008: Table 9), while Hermalin (2001) notes that elderly women across Asia contribute significantly to household tasks and the provision of care towards grandchildren (Hermalin, 2001).

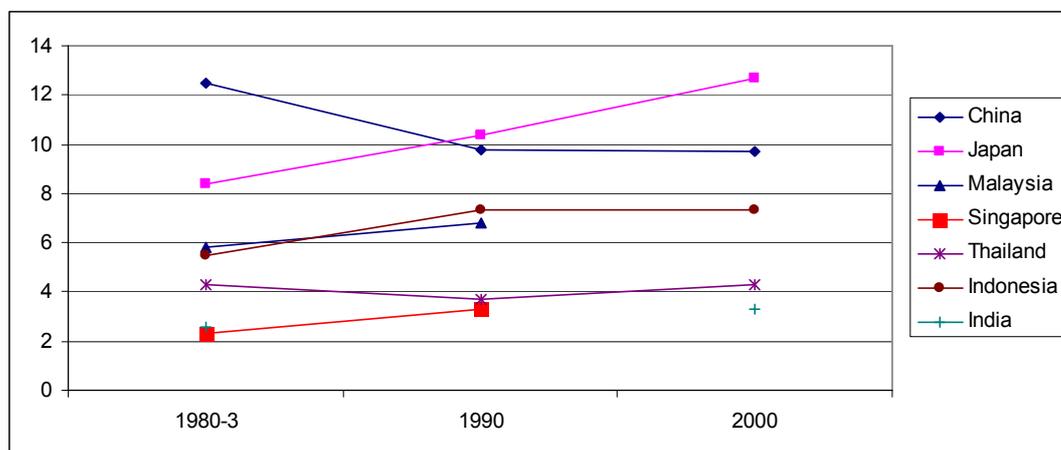
Patterns of intergenerational support across Asia are culture-specific and reflect particular gender relations within and outside the household. Although family values are central to the organisation of all Asian societies, the support elderly women can expect in each country may differ significantly. For example, in patriarchal systems found in East Asia, it is the sons and their wives who assume responsibility for supporting elderly parents, whereas in bilateral systems found in Southeast Asia, it is the daughters who are the primary support providers for elderly relatives. As patterns of intergenerational support have been affected by greater economic migration and urbanisation, one of the key questions relating to older women's wellbeing is the extent to which older women living in patriarchal communities as described above are more likely to be disadvantaged in terms of support, compared to older women living in bilateral communities (see for example Ofstedal et al 2004).

Intergenerational living arrangements

The Asian region is guided by three important principles in relation to the support of older people in society, which are respect for older people, the family's obligation to support its older people, and the belief that family care is the best form of care for older

people (Chow, 2005). In this context, co-residence of older people with their adult children is a traditional household form which has evolved across developing countries (Cameron and Cobb-Clark, 2001), however at the same time, it can act as a fundamental safety net for older people’s wellbeing, as it is accompanied by the receipt of financial and practical support. The Asian region has the lowest incidence of older persons living alone in the world, and this has remained unchanged over the last twenty years or so (UN, 2005). Figure 6 shows that the proportion of persons aged 60 and over living alone in selected Asian countries has remained below 10% over the last two decades or so, with the exception of Japan (UN, 2005). Country-specific studies have found similar results. For example, in a study with 1,841 respondents in Malaysia, Masud et al (2008) found that more than half of older people lived with family members, usually adult children, while 37% lived with their spouse only, and only 10% lived alone. Ofstedal et al (2004), using data from 1996, found that more than 80% of elderly people in Vietnam lived with their married or unmarried child.

Figure 6: Proportion of persons aged 60 and over living alone, selected Asian countries, 1980-2000



Source: UN, 2005

In terms of age differentials, research has shown that the proportion of older persons living alone remains relatively stable across the Asian region at approximately 5%, which is the lowest than in any other region in the world (UN, 2005). However, patterns of

living arrangements nevertheless include important gender differences, with older women being more likely than older men to live alone, as a result of a lower likelihood to be currently married and a high likelihood of being widowed. Table 2 uses evidence from the most recent review in this area by the United Nations to show that older women in a selection of Asian countries were usually twice as likely, and sometimes more than this, as older men to be living alone (UN, 2005). The largest part of this gender difference is due to differences in marital status, as unmarried persons aged 60 and over, comprised primarily of women, are twice as likely as, and in some regions three times more likely than, their married counterparts to be living alone across different old age groups (Ibid).

Table 2: Proportion of older men and women living alone, various years

	Year	Men	Women	Total
Japan	2000	N/A	N/A	12.7
Singapore	1995	1.6	2.7	3.3
China	1990	N/A	N/A	8.1
Kyrgyzstan	1997	5.3	12.2	9.3
Malaysia	1991	4.7	8.7	6.8
Thailand	1995	2.9	5.5	4.3
Philippines	1998	4	6.4	5.3
Kazakhstan	1999	7.5	21.3	15.9

Source: UN, 2005

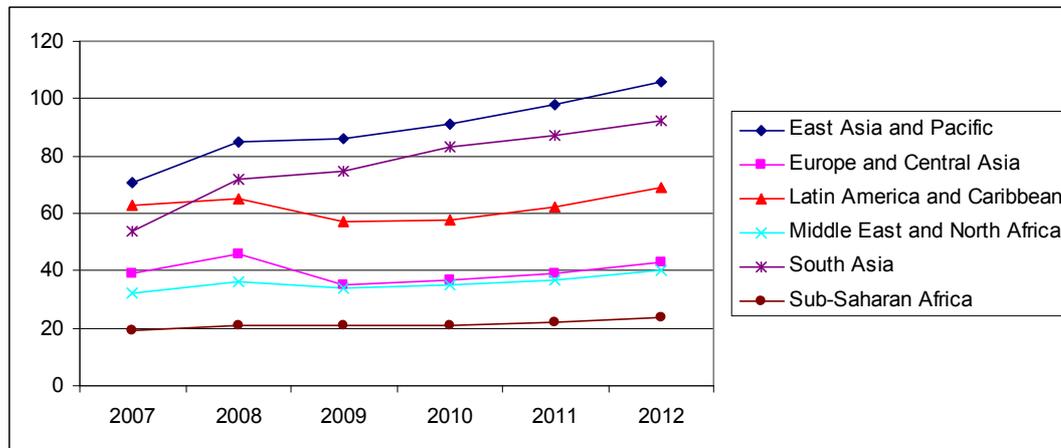
In spite of evidence of a gradual weakening of extended household structures as a result of greater urbanisation and economic migration, the family is still the main provider of welfare and support in the developing world, and older people are both at the providing and at the receiving ends of the support continuum (Ofstedal et al, 2004). Comparing 15 countries in the developing world, Ruggles and Heggeness (2008) found that there is little evidence of a decline in intergenerational co-residence, however there have been changes in the configuration of intergenerational households, namely a consistent increase in the proportion of intergenerational households headed by an older rather than a younger

person. At the same time, there is evidence that an increasing proportion of households in the developing world are shifting towards what are termed 'independent' forms of living arrangements, such as living alone or only with one's spouse (UN, 2005). These changes can impact on both men and women, nevertheless their impact on women is greater as the proportion of older women living alone rising in many parts of the world, and older women are more likely than men to experience widowhood and isolation (UN, 2010). Indeed, widowhood is a status which in many parts of the developing world is linked with other types of social and financial vulnerability. For example, Marianti's (2004) research in Indonesia found that childless widows were more likely to live alone than all widows, while Agnes (1999) has highlighted the high vulnerability faced by elderly widows in India.

International migration

Patterns of international migration are relevant to women's well-being in later life in terms of, firstly, the flow of remittances contributing to the income of older people, and secondly, women's participation in international migration during the course of their working life. In the Asian region particularly, patterns of migration changed in line with rapid industrial growth following the 1997 economic crisis, as large numbers of rural workers moved to urban centres for work. Older people in rural areas, particularly in countries such as Thailand, Indonesia and the Philippines, received remittances from younger members of their family moving in urban centres or abroad for work (Suwannarat, 2003). The flow of remittances towards developing countries has increased dramatically over the last decade or so, and Figure 7 shows that they are projected to amount to more than \$100 billion in East Asia and the Pacific by 2012 (World Bank, 2010b). Recent research in Southern Asia found that, as the incidence of economic migration increases in the region, older women tend to rely on remittances to a greater extent than older men as a major source of their income (Arifin, 2009). As older women make up the majority of older people living alone across the developing world, particularly in rural areas (UN, 2005), remittances are likely to increase in importance as part of their income in later life (Morrison, Schiff and Sjoblom, 2007).

Figure 7: Remittances flows to developing countries, by region, 2007-2012 (\$ billion)



Source: World Bank, 2010b

The number of international migrants has doubled between 1960 and 2005, amounting to 190 million people or 3% of the world's total population, in 2005 (Morrison, Schiff and Sjoblom, 2007). One of the interesting dimensions of this growth is the increasing share of women migrating, and women currently make up 49% of the total international migration stock, amounting to more than 150 million persons (UN, 2010). However, although in certain parts of Asia, such as the Central and Eastern regions, women make up more than 55% of international migrants, the Asian region as a whole is the only region which has seen a drop in the share of women in the international migration stock between 1960 and 2005, from 46% to 43% (Morrison, Schiff and Sjoblom, 2007).

IV. Pension schemes in Asia and their gender implications: three case studies

Gender differences over the life course are one side of the coin when considering gender differentials in pension incomes; the other side of the coin is the structure of pension systems, which may reward or penalise a particular kind of life course. In fact, most pension systems around the world have been designed with the male breadwinner in mind, providing individual pensions to men (and women) with long, continuous and progressively higher paid employment records, thereby disadvantaging those with interrupted working lives and irregular earnings as a result of absences from the labour

market. This Section is divided in two parts: the first part discusses the effect of two fundamental distinctions between pension systems (earnings-related and flat-rate; universal and means-tested) on men's and women's incomes in later life. The second part illustrates some of the key issues discussed in this chapter in three Asian countries representing different examples of the organisation of pension protection, and different examples of low-, middle- and high-income countries, based on the World Bank's classification of GNI per capita (\$).

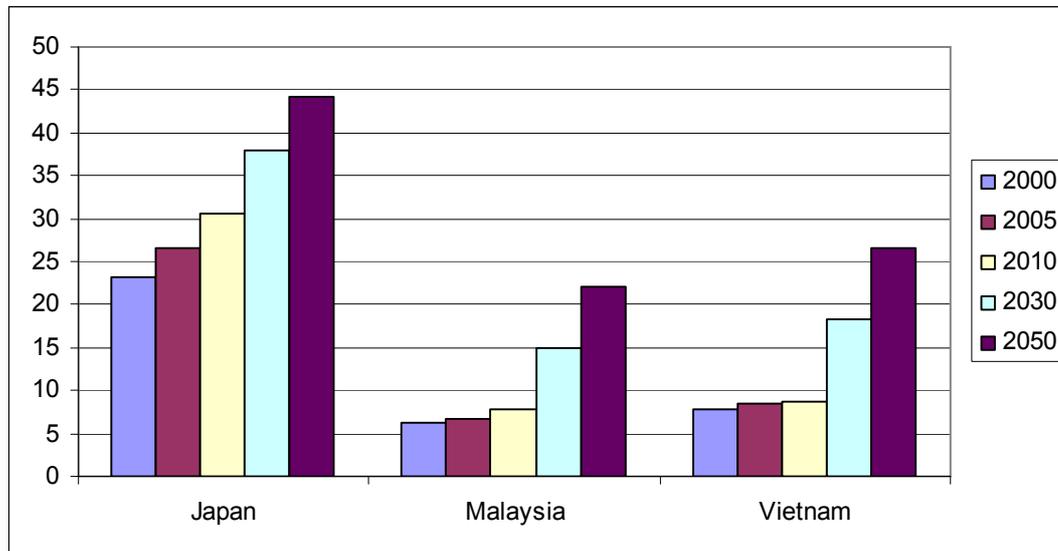
Earnings-related pension schemes, where the pension entitlement is based on the individual's average earnings over a specified period, can be beneficial to women whose employment records approximate the typical male employment records, namely long, continuous employment records, during which earnings have continuously increased. Nevertheless, women's entitlement in such systems can be hampered by breaks in their employment history, periods of part-time work which can result in lower earnings and fewer contribution years. Informal employment, which is often unregistered for the purpose of social protection, can also pose a challenge to the effectiveness of a pension system of this kind. On the other hand, flat-rate pension schemes, offer a minimum, or sometimes called basic, pension which is often tied to a minimum amount of contributions, and which can guarantee a pension income to women with typical female employment records. In addition, many countries in the Western world compensate women for periods spent outside the labour market in order to provide care by counting such periods towards the qualifying years for the public pension entitlement.

Aside from the two types of contributory pension systems described above, many countries around the world offer non-contributory (social assistance) benefits to older people who have not accumulated adequate contributions based on their employment and/or caring records, and may face a poverty risk in retirement. Means-tested or targeted benefits of this kind are in contrast to universal benefit schemes, which take the duration of residence into account for the pension entitlement. Social pensions are in some cases allocated to all older people over a certain age threshold (universal application), or to older people whose individual or household income falls below a certain threshold

(means-tested or targeted application). Older women's greater likelihood to benefit from social pensions, whether applied universally or on a means-tested basis, is an issue discussed further in the final section of this chapter.

Of the three Asian countries explored in greater detail in this chapter, Japan faces the greatest challenge in demographic terms. As shown in Figure 8, the International Labour Organization estimates that the proportion of the Japanese population aged 60 and over will almost double between 2000 and 2050, making up 44% of the total population by 2050. Nevertheless, Malaysia and Vietnam also face a significant policy challenge in accommodating an increasing proportion of older people, which will intensify particularly in the next 10-15 years. A similar challenge is posed by the projected increase in the proportion of the oldest old (aged 80 and over) in these countries' populations. In Japan, this proportion is projected to increase from 6.3% in 2010 to over 15% by 2050, while in Malaysia and Vietnam, the equivalent proportion is projected to increase from less than 1% in 2010 to between 4-6% by 2050. These demographic trends have two different kinds of implications for women: firstly, an increasing proportion of the older population can place an increasing pressure on women as support and care providers in the household, and secondly, as women constitute the majority of older people in these countries (UN, 2010), they are likely to increasingly require care and support themselves into old age.

Figure 8: Proportion aged 60 and over, Japan, Malaysia and Vietnam, 2000-2050



Source: ILO, 2010

The impact of the projected increase in the proportion of older people in the total population on the effectiveness of old-age social protection becomes more apparent when looking at the projected patterns in the old-age dependency ratio. This represents the ratio of the number of older people in the population (aged 65 or over) over the number of the working-age population (aged 15-64). Table 3 shows that this ratio is already estimated at 35% in Japan and between 7-9% in Malaysia and Vietnam, and it is expected to increase rapidly in the next two decades to almost 53% in Japan, 15% in Malaysia and 18% in Vietnam. Although the old-age dependency is a crude measure which can underestimate the proportion of older people who are economically active and the proportion of working-age adults who are unemployed, it contributes one aspect of the complex policy challenge facing the architects of old-age social protection in Asian countries today.

Table 3: Old-age dependency ratio, 2000-2050 (%)

	2000	2005	2010	2030	2050
Japan	25.3	30	35.1	52.8	74.3
Singapore	10.1	11.8	13.8	46.2	58
China	10.1	10.7	11.4	23.7	38
Vietnam	9.3	9.5	9.3	18.3	31.7
Malaysia	6.2	6.8	7.3	15.4	25
Thailand	9.3	10.2	10.9	23.1	32.4
Tajikistan	6.6	6.8	6	9.3	14.5
Kazakhstan	10.4	11.7	10	16.3	23.8
Cambodia	5.4	5.3	5.6	9.1	15.1

Source: ILO, 2010

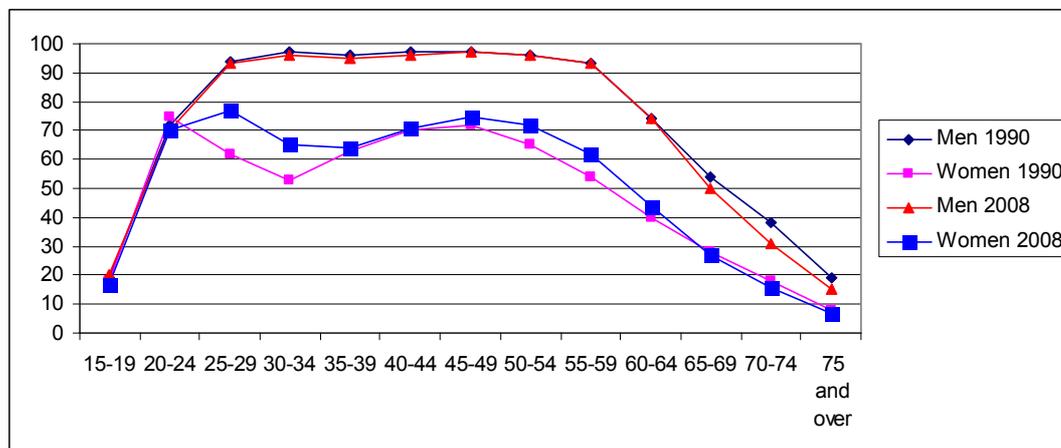
Japan

Japan currently has the oldest population in the world, with 2.6 people of working age for every person aged 65 and over (OECD, 2009a). Similarly to most countries around the world, women's life expectancy in Japan is higher than that of men's, however both men and women enjoy the highest life expectancy on average than in any other part of the world. In 2009, the average life expectancy at birth for women was 86.5 years, compared to 79.4 for men (ILO, 2010). At the same time, women in Japan are less likely than men to be employed, for example in 2008, about 43% of women and 66% of men aged 15 and over were employed (Ibid). In spite of the gender difference in the rate of employment, there are not large gender differences in terms of the status or type of employment. In 2008, about 87% of both men and women were wage and salaried workers, however 3.5% of men and 7% of women were described as contributing family workers to a business owned by a relative residing in the same household.

Although women's participation in the labour market has remained relatively constant over the last century, namely between 40-50% of all working-age women, nevertheless

the distribution of working women across different industries has changed dramatically during the same time, largely reflecting the growth in the Japanese economy, particularly during the mid-1980s (Kugamai, 2005). For example, between 1920 and 2000, data from the Japanese National Census shows that the proportion of working women in the primary sector, including such occupations as farming and fishery, dropped from 55% to about 5%, while the proportion of working women in the tertiary sector, including occupations such as services, increased from about 24% to 64% (Ibid). At the same time, part-time work amongst Japanese women has been on the rise, with 23% of working women being employed part-time in 2002, compared to about 6% in 1965 (Ibid). Women's labour market participation rates have changed significantly over the last two decades or so, in contrast to men's participation rates, which reflect only a small decrease in participation among men aged 60 and over. Figure 9 below shows that women's exit from the labour market in their early 20s, usually in order to start a family, has been taking place for a smaller proportion of women in that age group, while greater proportions of women in their 40s and 50s are staying in the labour market.

Figure 9: Labour force participation rates by gender, Japan, 1990 and 2008



Source: UN, 2010

These changes in women's employment patterns in Japan can partly be reflected in the low total fertility rate of 1.3 children per woman, which has remained constant for more than a decade (ILO, 2010), however it is only recently when the country introduced

pension reform in the light of important demographic changes. Currently, Japan spends more than 12% of its GDP on public social expenditure, excluding health expenditure (ILO, 2010). In 2004, Japan introduced a significant pension reform, which aimed at safeguarding the pension system's sustainability in the long-term. This reform included a gradual increase in the contribution rates, namely from about 14% in 2004 to about 18% in 2018, and a decrease in the net pension replacement rate, which stood at about 27% in 2006. However, recent analysis by the OECD argues that, although expected to contribute to the system's fiscal longevity, the 2004 pension reforms are likely to increase the prevalence of relative poverty in later life. In 2009, more than one-fifth (22%) of people aged 65 and over were poor, compared to the OECD average of 13% of people in that age group (OECD, 2009c).

The Japanese public pension system has two tiers: a basic, flat-rate tier and an earnings-related tier. The basic pension, which in 2002 was equivalent to 19% of average earnings, is paid from the age of 65 with a minimum of 25 years of contributions, while the full basic old-age pension requires 40 years of contributions. The receipt of pensions can start at any point between the ages of 60 and 70. All employees receive earnings-related benefits, and the contributions are equally shared between the employees and their employers at about 8% from each party (ILO, 2010). The age at which benefits can be received is currently being increased from 60 to 65 for men by 2025 and for women by 2030.

The Japanese system of pension entitlement distinguishes between three major categories: civil servants, private sector employees, and unemployed persons and full-time housewives. In 2007, in the first category there were approximately 4.6 million of contributing civil servants and 2.3 million of recipients (1.96 dependency ratio), in the second category there were approximately 34 million of contributors and 12 million of recipients (2.82 dependency ratio), and finally in the third category there were approximately 32 million of contributors and 9 million of recipients (1.74 dependency ratio) (Takayama, 2009). Of the total working-age population, approximately 75% were active contributors to the system in 2005 (ILO, 2010). In addition to these contributory

schemes, the Japanese pension system includes a number of non-contributory or social pensions schemes, which are designed to protect persons with inadequate or no contributions. For example, in 2007 there were almost 11 million full-time housewives who made up 15% of the total pensioner population, who received the basic, flat-rate pension as a result of being exempt from making contributions (Takayama, 2009). However, when the contributory and non-contributory schemes are taken into account, the ILO estimates that approximately 68% of the population above the legal retirement age was in receipt of a pension in 2005 (ILO, 2010).

Although Japan's system of health and pension insurance is accessible to workers in both the formal and informal sector, gender differentials in the duration of work and level of earnings have a clear and adverse impact on women. As the proportion of women working part-time continues to rise, the extent to which the pension system can reward such patterns remains unknown. In addition, the gender gap in terms of earnings, which stood at 47% in 2010, further exacerbates women's opportunities to achieve an adequate pension income in later life (World Economic Forum, 2010).

Malaysia

The Malaysian example is one where gender differences permeate the demographic and labour market arenas, resulting in a significant disadvantage for women in terms of social protection. In 2009, women's life expectancy at birth was 77 years, compared to 72.3 years for men (ILO, 2010). In 2008, about 43% of women aged 15 and over, and 77% of men in the same age group were employed (Ibid). In terms of the status of employment, the Malay labour market exhibits interesting gender differences, as a greater proportion of working women in 2008 were described as wage and salaried workers compared to men (79% compared to 75%), but also a greater proportion of working women were contributing family workers than men (8.1% compared to 4.6%) (ILO, 2010). Due to gender differences in life expectancy, women are expected to spend more years in retirement compared to men: in 2009, women were expected to spend 28 years in retirement on average, compared to 24 years for men (OECD, 2009b). At the same time,

the mandatory retirement age in Malaysia is 56 years, which partly explains the fact that many older people continue working after retirement in order to contribute to their household income (Masud et al, 2008).

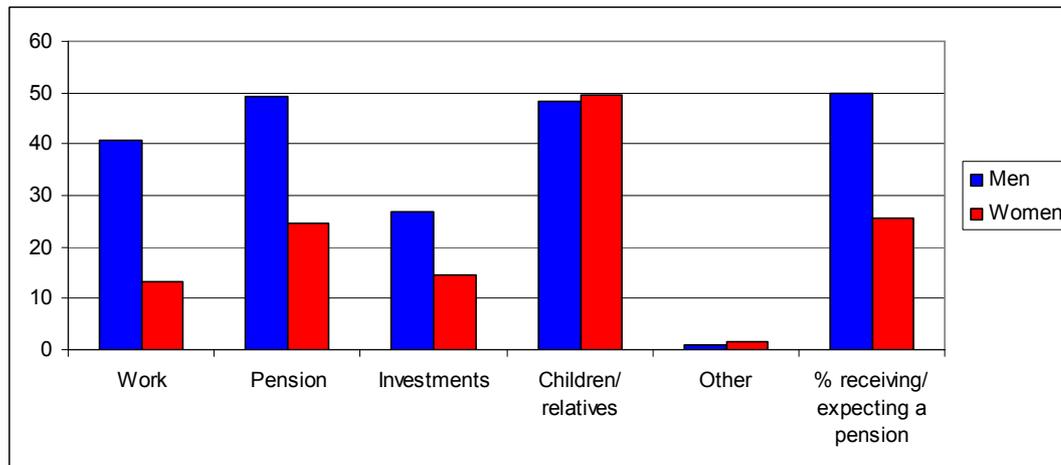
Malaysia operates a dual pension system, where the Civil Service Pension scheme, established in 1951, is a non-contributory pension scheme for civil servants funded through tax revenues, and the Employee Provident Fund (EPF), also established in 1951, covers the remaining workers who also make up the majority of the working population (Haji Mat Zin, Lee and Abdul-Rahman, 2002). The Civil Service Pension scheme is regressive in nature, as low-income groups contribute through taxation, however are not eligible to receive pensions from this scheme. In the EPF, employees contribute 11% of their earnings and employers contribute 12%. As this scheme covers the vast majority of workers in Malaysia, public expenditure on social security was equivalent to just over 4% of the country's GDP in 2004 (ILO, 2010). However, only about two-thirds (64%) of the working-age population was actively contributing to the provident pension system in 2003 (ILO, 2010). The EPF includes three accounts; Account 1 comprises 60% of total savings and can only be withdrawn at age 55 for both men and women; Account 2 comprises 30% of the total savings and withdrawals are allowed from age 50 for the purchase of a house, a computer and education; and finally Account 3 comprises 10% of the total savings and can be withdrawn to cover medical expenses. The ILO estimated that in 2004 about 37% of all older people above the legal retirement age were in receipt of a pension (ILO, 2010).

Malaysia is one of very few Asian countries where pension benefits are paid as a lump sum at the time of retirement, rather than as a regular annuity. This has implications for the ability of the pension system to 'insure' individuals against the 'risk' of longevity, as the adequacy of the lump sum largely depends on the risk aversion of the individual, as well as the level of interest rates and the performance of the invested funds. This lack of predictability in saving behaviour is illustrated by a statement by the Chairman of the EPF Board in 2002, which noted that more than 70% of contributors who withdraw their savings at age 55 tend to spend all the funds within 3 years (Haji Mat Zin, Lee and

Abdul-Rahman, 2002). As women are expected to live longer than men on average, the uncertainty related to the 'risk' of longevity affects them to a greater extent. However, the EPF has an element of flexibility which is important from a gender perspective. Namely, workers in the informal sector and the self-employed, who made up almost one-quarter (23%) of the total employed population in 1999, can contribute to the EPF scheme on a voluntary basis (Haji Mat Zin, Lee and Abdul-Rahman, 2002).

From a gender perspective, the Malaysian social protection system should be viewed with caution. This is because the majority of women work in the informal sector, and rely on public assistance programmes, such as the Bantuan Orang Tua (Assistance for the Elderly), and on transfers from their children in later life. For example, Masud and Haron (2008) studied three districts in Malaysia and found that between 40-70% of the respondents received an income from their sons or daughters. By contrast, only between 10-18% of elderly people in the sample received a pension, although the majority of respondents in this study had low educational qualifications and low-pay jobs. In addition, an earlier study by Masud et al (2006) found that older men in Malaysia reported employment as their main source of income, and only one-third of older men compared to two-thirds of women reported having no income from work-related sources (Masud et al, 2006). At the same time, the older women's annual cash income ranged between \$382-1,882, while that of men ranged between \$1,617-4,264 (Ibid). These differentials are further illustrated in Figure 10, which shows multiple sources of income for older men and women in Malaysia. More than 40% of men reported receiving an income from work, compared to 12% of women, and almost 50% of men compared to 25% of women were receiving, or were expecting to receive, a pension.

Figure 10: Sources income for older people, by gender, Malaysia



Source: Ofstedal et al 2004

Note: Multiple responses result in bars not adding up to 100% for each gender group.

Women's position in the Malay labour market places them at a disadvantageous position compared to men, in terms of benefiting from membership in the EPF. This is particularly the case for current cohorts of older women, as Masud et al (2006) argue that these cohorts have suffered a 'cultural disadvantage' in that formal employment and financial independence were not part of the social norms during their life course. Women who were in the labour market in 2010 earned 58% lower earnings on average than their male counterparts (World Economic Forum, 2010). Finally, although the EPF permits contributions from workers in the informal sector, gender differentials in earnings challenge its potential effectiveness for women in particular.

Vietnam

Vietnam is one of the poorest countries in the Asian region, with half of its population living on less than \$2 a day in 2005 (World Bank, 2010a). In 2009, women could expect to live 76.6 years on average, compared to men who could expect to live 72.7 years on average (ILO, 2010). In 2008, about 65% of women and 74% of men aged 15 and over were employed (Ibid). However, gender differences in employment patterns become more evident when we explore the status of men's and women's employment in the

country. Data from 2004 show that about one-third of working men and one-fifth of working women were wage and salaried workers in 2009, whereas half of working men and one-third of working women were self-employed (ILO, 2010). At the same time, almost half of working women and one-fifth of working men were described as contributing family workers (Ibid). The gender gap in annual earnings in Vietnam is narrower than in many Asian countries, with Vietnamese women earning 31% less on average than their male counterparts (World Economic Forum, 2010). In terms of social protection, Dzung and Vinh (2002) note that Vietnam has a minority formal sector with well-developed social protection and a majority rural and informal sector with little formal social protection (Dzung and Vinh, 2002). At the same time, the size of the informal sector is significant and estimated by the Vietnamese Statistical Office to contribute approximately 35% of the country's GDP in 1995 (in Dzung and Vihn, 2002: 377).

Social pensions to the value of 65,000 Vietnamese Dong (VND) (approximately US \$ 4.2) were introduced in 2004 for those aged 90 and over, who did not receive a pension from another source, while three years later, in 2007, the eligibility age was lowered to 85 and the benefit increased to VND 120,000 (approximately US \$7.50). However, according to the government's National Assembly's Committee for Social Affairs, only about one-third of eligible individuals to the benefit pre-2007 were receiving it (quoted in Giang and Pfau, 2009a: 335). In addition, the International Labour Organisation estimates that about one-third of the total older population over the legal retirement age was in receipt of any kind of a pension in 2004 (ILO, 2010). There is also evidence that groups in the richest parts of the income distribution in Vietnam benefit the most from social insurance schemes. For example, Evans and Harkness analysed data from the 2004 Vietnam Household Living Standards Survey and found that three-quarters of social insurance pensions are received by the two richest quintiles of the distribution, whereas each of the two poorest quintiles receives approximately 15% of social insurance pensions (Evans and Harkness, 2008).

Suwannarat notes that vulnerability in Vietnam is determined less by current incomes, spending, land access or other assets, and more by under-education, illness, old age or no capacity to work (Suwannarat, 2003). Perhaps not surprisingly, the International Labour Organization estimates that only about one-fifth of the older population is covered by either contributory or non-contributory pensions, and the country spends just over 2.4% of its GDP on public social security schemes (ILO, 2010). This leaves the majority of the older population providing for themselves and/ or receiving support from their families (Giang and Pfau, 2009b). Informal social protection for older people is developed and quite effective in Vietnam, largely as a result of prevailing cultural and traditional values relating to the support of elderly parents by family members and the community in the case of sickness and frailty. In addition, older people in the poorest part of the income distribution benefit from targeted assistance in the form of the Contingency Fund for Pre-Harvest Starvation and Disaster Relief and the Hunger Eradication and Poverty Reduction schemes (Dzung and Vihn, 2002).

Vietnam's social insurance system was established in 1962, and significantly reformed in 1995 in order to contribute to the country's transition from a centrally-planned and subsidized system covering less than 10% of the working population to a market-oriented economy and a system covering a greater share of the workforce. Before 1995, the pension system had a defined-benefit structure and covered only the employees of the state sector, however since then, the system has been opened to cover private-sector employees, and is managed by the Vietnam Social Insurance (VSI) agency (Giang, 2004). In theory, the pension system is mandatory for state-sector employees, employees of state-owned enterprises and employees of private enterprises with ten employees or more. However, in practice, only about 12% of the working-age population are active contributors to the system (ILO, 2010), and of those, only 14% come from the private sector, with the remaining 86% working in the state sector (Giang, 2004). Retirement pensions can be drawn with a minimum of 20 years of contributions by men aged 60 and women aged 55, while reduced pensions can be withdrawn with at least 15 years of contributions, or by disabled persons, or by persons who have worked in hazardous occupations and have contributed for at least 20 years (Dzung and Vihn, 2002).

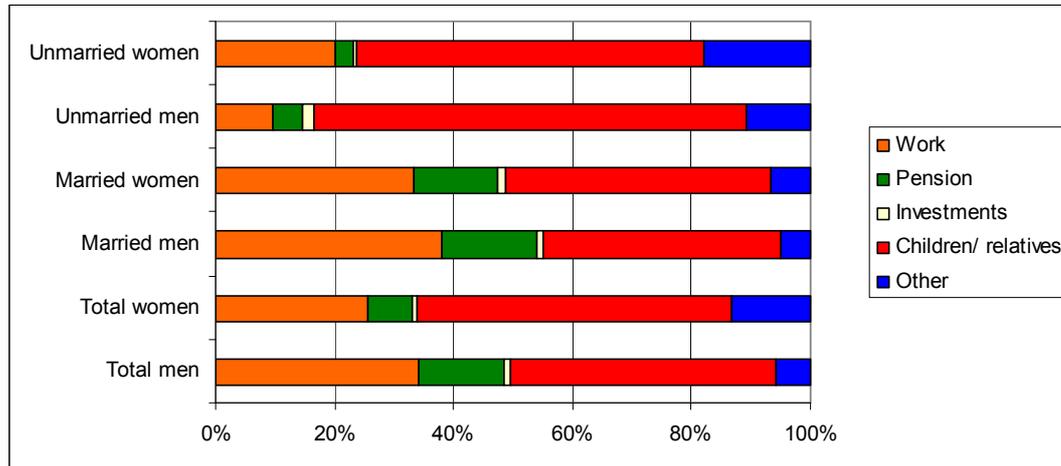
Contribution rates are set at 5% for employees and 11% for employers. As a result of the 1995 reform, the pre-1995 pension scheme is more generous and more subscribed than the post-1995 scheme, and has a relatively younger composition of beneficiaries. Evans and Harkness argue that the post-reform Vietnamese system of social protection is still largely regressive in nature, as a result of the legacy of social state employment, an emphasis on formal labour market participation and the limited development of other parts of the welfare protection system (Evans and Harkness, 2008).

Vietnam is a country which has seen policy changes in the last three decades or so go hand-in-hand with demographic changes, such as the increase in the proportion of older people and the decline in the prevalence of multi-generational households (Giang and Pfau, 2009a). According to the Vietnamese General Statistical Office, the number of older people living in rural areas is 3.5 times higher than those living in urban areas, a phenomenon which has been further exacerbated by economic migration of younger members of families (UNFPA, 2010). During the late 1990s, more than a million people migrated from rural to urban areas to find work, reflecting an average growth of the Vietnamese economy between 1996 and 2000 of about 7%, and the creation of jobs particularly in state-owned enterprises (Dzung and Vinh, 2002). At the same time, such demographic trends have particularly affected older women, who according to the UNFPA constitute around 80% of older people living alone in Vietnam (UNFPA, 2010).

Ofstedal et al (2004) studied the major sources of income for older men and women in Vietnam, and although they found that men are more likely to report work as their major source of income, and women more likely to report income from their children or relatives, there existed interesting differences when marital status was taken into account (Figure 11). In this context, more than 95% of the 'unmarried' men and women refer to widows and widowers. For example, both married men and women were more likely than their unmarried counterparts to report work as their major source of income, and less likely to report income from children or relatives as their major source of income. Finally, although generally marital status generally does not affect the receipt of a pension in developing countries, Vietnam is an exception, as both married men and

women are more likely than unmarried men and women to report pensions as their major source of income.

Figure 11: Major source of income of older people, by gender, Vietnam



Source: Ofstedal, 2004

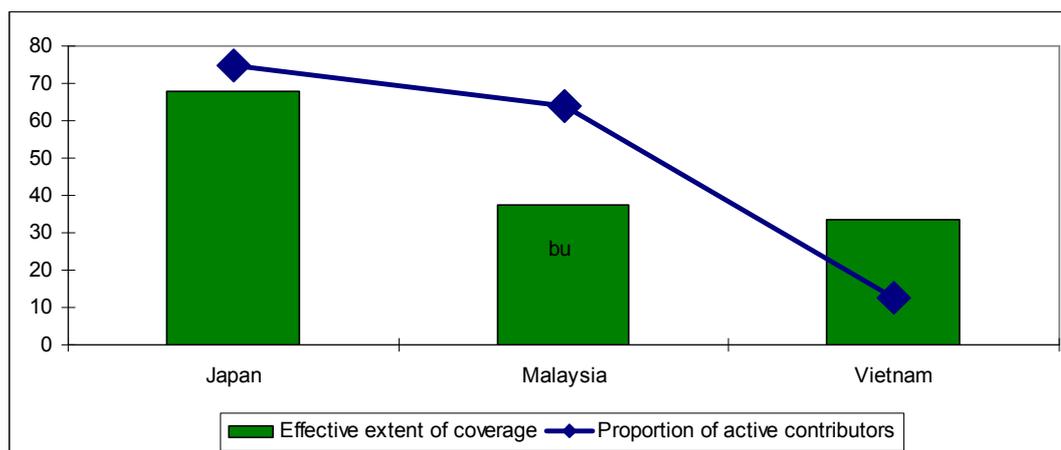
V. Policy implications: the role of social pensions in providing old-age pensions for women

The study of the organisation of old-age social protection in Japan, Malaysia and Vietnam offers some useful insights when considering the challenges faced by policy-makers in providing adequate old-age social protection for women in Asian countries. Firstly, informal sources of support, particularly reflected in family networks and inter-generational flows of support, remains the paramount mechanism of welfare protection for older people in the Asian region, and one which has remained relatively unaltered in the face of significant demographic and economic change in the region. As a result, policy-makers interested in designing systems of social protection, for men and women, will need to monitor both patterns of inter-generational co-residence and patterns of economic migration, which affect younger and older generations in different ways. The second area of policy significance is women's changing employment patterns, which may have altered in terms of greater participation and increasing postponement of child-bearing in the more developed regions, but which continues to be composed primarily of

informal employment. In light of these two conclusions, the design of effective old-age social protection for women in Asian countries rests on two axes, which are not mutually exclusive; firstly, the development of non-contributory pensions for older women, and secondly, the facilitation of social insurance pensions for women (and men) employed in the informal labour market.

The primary aim of social pension programmes is to raise the proportion of the population who is covered by a minimum pension in later life, and this is achieved by disengaging the eligibility criteria from one's employment patterns. For women in developing countries, this type of pension insurance is crucial, however in many developing countries, social pensions can benefit women and men alike. Figure 12 shows that more than 60% of the working-age population in Malaysia and Vietnam do not contribute to a pension scheme, when 64% of the population in Malaysia and 12% of the population in Vietnam are covered by a pension scheme. In attempting to provide effective old-age pension protection in developing countries, the first concern of policy-makers should lie in the proportion of the population who are covered by a pension scheme.

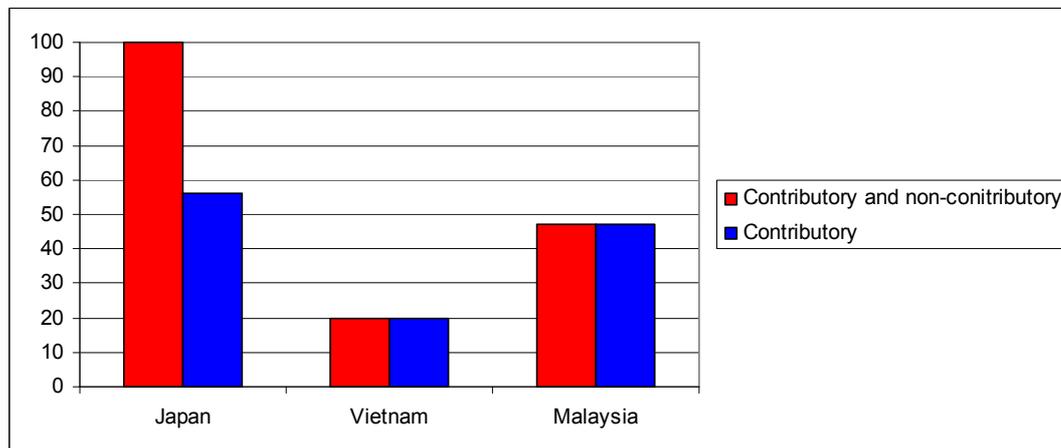
Figure 12: Effective extent of coverage and active contributors to a pension scheme in the working-age population, Japan, Malaysia and Vietnam (%)



Source: ILO, 2010

Beyond the issue of the extent of coverage, non-contributory pension schemes, in the form of social pensions, can provide an effective safety net for those parts of the population whose links to the formal labour market are either weak (eg. workers who have experienced interrupted working lives and pension contributions), or non-existent (eg. women who have spent their entire working life in the informal labour market). Figure 13 shows that there is significant scope in developing non-contributory old-age pensions in the three case studies discussed in this chapter, particularly in Malaysia and Vietnam.

Figure 13: Estimated legal coverage for old age as a proportion of the working-age population, Japan, Malaysia and Vietnam



Source: ILO, 2010

In addition to the development of social pensions in developing countries, policy-makers have considered the expansion of contributory pension schemes to cover workers, male and female, in the informal sector on a voluntary basis. This is because as employment rates have continuously increased across developing countries, it has been assumed that an increasing proportion of the labour force will enter the formal labour market, however evidence has shown that the expansion of informal employment has gone hand-in-hand with a stagnant or even decreasing rate of coverage by contributory pension schemes (ILO, 2010). From a gender perspective, this represents a significant policy challenge, and one which is particularly important in developing countries, where the vast majority

of women are employed in the informal sector. In some Asian countries, such as Indonesia and Vietnam, social protection systems have been designed to allow informal workers with an adequate income to contribute to a pension scheme on a voluntary basis.

The application of social pensions in different parts of the world can provide useful lessons when considering this policy alternative in developing countries generally and particularly with women in mind (Kidd, 2009). Nevertheless, the benefits of social pensions for older women depend on the eligibility criteria, the income level at which they are set, as well as the ways in which they ‘fit’ with contributory systems of social protection. For example, in Namibia, where the introduction of universal social pensions, based on the recipient’s age and citizenship status, was a mechanism of promoting greater racial and gender equality, more than 15% of all female-headed households compared to 9% of all male-headed households reported depending on the social pension as their primary source of income (Devereux, 2001). On the other hand, the benefits of means-tested benefits for women in particular have been well-documented in the literature. Stahlberg et al (2005) for example have noted that means-tested non-contributory pensions can benefit women to a greater extent than men, because women tend to be lower earners than men on average. At the same time, however, the broader policy context in which social pensions operate can determine the extent to which they are successfully implemented. For example, in country contexts where administrative structures are weak, risk the effectiveness of such schemes in reaching the poorest poor, as evidence from the regional implementation of social pensions in Uttar Pradesh shows (Help Age International, 2003).

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