

18th ASSA BOARD MEETING SEMINAR



Theme

Social Security Reforms

LESSONS FROM ASEAN COUNTRIES

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*Grand Plaza ParkRoyal Penang
Malaysia*

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Lessons from ASEAN countries

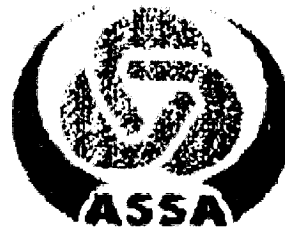
5th September 2006

**Zainal Abidin Mohd Kassim, FIA
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Penang, Malaysia**



Section 1

General Observations





Structure of Social Security set up in the ASEAN Region



- Generally provision for old age retirement, death and disability in employment and health care financing not well integrated.
- Government sector Social Security needs are usually provided for separately from that of the private sector. Usual to have defined benefit pensions for the government sector and lump sum for others.
- The generally large informal sector (self employed) and unemployed (including housewives) are usually not included under the formal Social Security umbrella.
- Mixture of funding arrangements are evident, from funded through direct taxation, employees and employers contribution.

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Structure of Social Security set up in the ASEAN Region



- Defined Benefit arrangements are probably being mainly funded through a Pay as you go arrangements.
- Defined Contribution arrangements generally includes some form of members choice and prior retirement lifecycle withdrawals
- Approach to Social Security provision seem to have developed through reactions to needs as it arises, this has resulted in unintegrated/silo approaches to provision of old age, health care, invalidity and dependents benefit. This can result in overlaps or gaps in benefits and inefficient use of resources.
- Generally underdeveloped private sector third pillar in most countries.

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Is there a problem brewing...



- Current demographic and family structure in most ASEAN countries have shielded governments from having to deal with old age problems currently faced by more developed countries
- Defined Benefit schemes are basically funded on a pay as you go basis and again due to existing demographic structure, has yet to be tested.
- Current health provision structure in many ASEAN countries are geared towards curing/preventing infectious diseases. As changes in lifestyle which comes with modernisation advances, are we prepared to deal with degenerative diseases resulting in prolonged and serious illness?

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Section 2

Asean: A Special Region



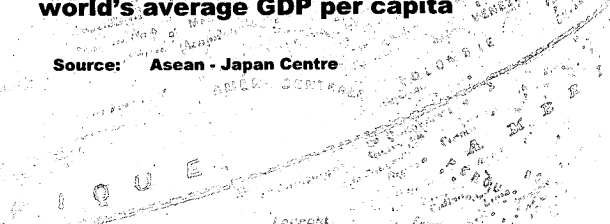


Overview

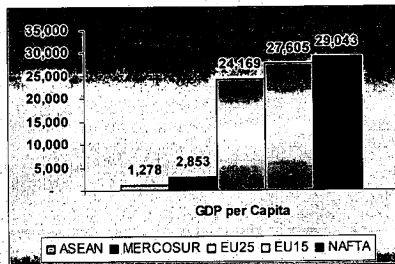
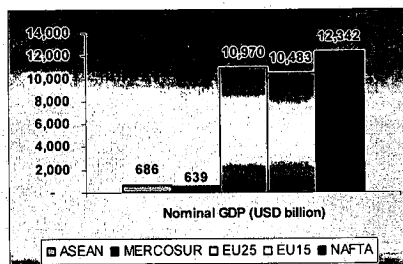


- Covers an areas of 4.48 million km², approximately 3.3% of the total size of the world
- Total population of 537.11 million (data of 2003), approximately 8.6% of the world population
- Nominal GDP of USD686.3 billion, approximately 1.9% of the world GDP
- GDP per capita of USD1,278, approximately 22% of the world's average GDP per capita

Source: Asean - Japan Centre



ASEAN: A comparison



ASEAN : 10 countries

EU15 : Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, U.K.

EU25 : the above EU15 and Cyprus, Czech, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovak, Slovenia

MERCOSUR :Argentina, Brazil, Paraguay, Uruguay

Source: Asean - Japan Centre



ASEAN: A diverse Group



	Population (million) 2003	Life Expectancy at Birth (years) 2003	GDP per capita PPP US\$	GDP per capita growth rate 1990-2003	Average annual change in CPI 1990-2003
Brunei	0.4	76.4	19,210	-	-
Cambodia	13.5	56.2	2,078	4.0	4.3
Indonesia	217.4	66.8	3,361	2.0	13.9
Lao PDR	5.7	54.7	1,759	3.7	29.7
Malaysia	24.4	73.2	9,512	3.4	3.1
Myanmar	49.5	60.2	-	5.7	25.9
Philippines	80.2	70.4	4,321	1.2	7.3
Singapore	4.2	78.7	24,481	3.5	1.3
Thailand	63.1	70.0	7,595	2.8	4.1
Viet Nam	82.0	70.5	2,490	5.9	2.8

Source: Human Development Report 2005, United Nations Development Programme

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ASEAN: A fast growing region



	Annual population growth rate (%)		Medium Age (source : CIA world Factbook)
	1975-2003	2003-15b	
Brunei	2.9	2.0	27.4
Cambodia	2.3	1.9	20.6
Indonesia	1.7	1.1	26.8
Lao, PDR	2.2	2.1	18.9
Malaysia	2.5	1.6	24.1
Myanmar	1.8	0.9	27.0
Philippines	2.3	1.6	22.5
Singapore	2.2	1.1	37.3
Thailand	1.5	0.7	31.9
Viet Nam	1.9	1.2	25.9
United States	1.0	0.9	36.5

Source: Human Development Report 2005, United Nations Development Programme

United Kingdom (% p.a. growth)	1985 - 1990	1990 - 1995	1995 - 2000
	0.3	0.5	0.4

Source: UNECE Statistical Division
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