



FACTSHEET

Rapid Population Ageing in Viet Nam: CHALLENGES AND OPPORTUNITIES

Viet Nam's rapid population ageing continues and is expected to accelerate in the future. In recent decades, Viet Nam has made exceptional advances in population health. Mortality and fertility rates have plummeted and life expectancy at birth rose to 70.6 years for men and 76.0 for women in 2014. Together, these trends have led to a greater fraction of the total population comprised by seniors (60 years and above). While in 1990 seniors made up 7.2 per cent of the population, they accounted for 10 per cent in 2011, which marked the country's entrance into its so-called "ageing phase". Population ageing is expected to accelerate: by year 2038, seniors will comprise 20 per cent of the total population—an increase three times the size of the change over the previous 24 years (Figure 1). At that point, Viet Nam will begin its "aged phase".

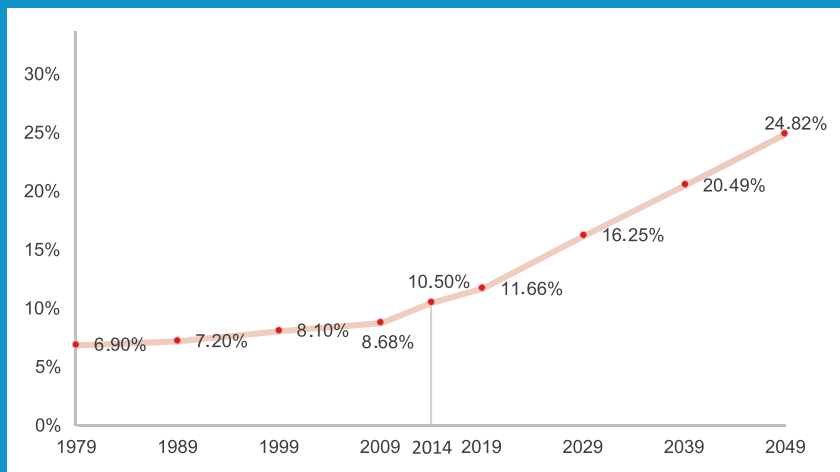


Figure 1: The percentage of people aged 60 and over in total population

Source: Census 1979-2009, IPS 2014 and population projection from IPS 2014 (GSO).

This population shift, which is occurring more rapidly than it did in many developed countries, will pose numerous societal challenges. The working population is expected to shrink from 66 per cent of the total population in 2009 to 58 per cent in 2049. This may slow economic growth at the same time when the number of seniors dependent on support from government and others is rising. Indeed, the dependency ratio—the ratio of the number of dependents (children and seniors) to the number of working age individuals—has risen since 2009, and is projected to rise even faster in the future. While the fraction of the population comprised by children (individuals 14 or younger) has shrunk due to declining fertility rates, the fast-growing senior population is driving the overall dependency ratio to rise.

Ageing trends vary across provinces (Figure 2). Poorer provinces tend to have a low ageing index, which is the number of seniors per 100 children. This is likely a result of disparate rates of economic development, higher fertility rates caused by limited access to sexual and reproductive health services, and other societal factors. The wealthiest provinces also have comparatively low proportions of seniors, due in part to higher rates of in-migration by young people.

Population ageing in Viet Nam creates both challenges and opportunities to the country’s development. With the right policies, Viet Nam can not only manage the challenges posed by population ageing, but also secure new benefits. Swift and efficient actions to improve infrastructure and policies affecting seniors can ensure healthier and more prosperous future generations.

Women live longer but are more vulnerable in old age. In 2014, women comprised 59 percent of Viet Nam’s senior population. Because women consistently live longer than men, the senior population is projected to remain predominantly female. This feminization is present during all periods of old age, but is the largest after age 80—when individuals are at their most vulnerable.

Moreover, a confluence of factors has led women to be disproportionately vulnerable in old age. Previous research has shown that they suffer a higher incidence of chronic illness and are more likely to live in poverty than their male counterparts (VNAS 2011). They in turn have greater difficulty affording the health care they need. Finally, women retire earlier but live longer than men, making them more likely to be widowed and receive an insufficient pension, if any. They thus have less access to support in old age. Gender-specific vulnerabilities and needs should be considered at every stage of planning and policy design and implementation for the growing senior population, with particular emphasis on the oldest old. Identifying and understanding these differences will require further collection of gender-disaggregated data on ageing.

Many seniors, especially the oldest old, are living alone. In 2014, 3.2 per cent of all seniors and 16.4 per cent of those 80 and over were living alone. This corresponds to 304,000 individuals, a number that is expected to rise due to rapid population ageing, increased migration by younger people, and fewer married couples living with older generations. Seniors living in rural areas, those with less education, and women are all disproportionately likely to live on their own—reinforcing the other disadvantages that these groups endure. Living alone may reduce the likelihood of an individual’s health, economic, and

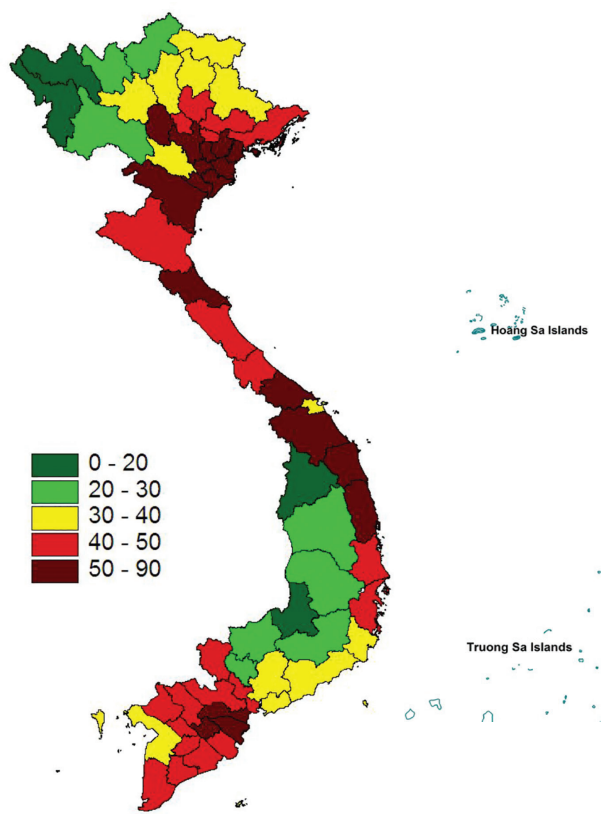


Figure 2: Map of ageing index by province, Viet Nam, 2014

Source: IPS 2014. The ageing index is the number of seniors (60+) per 100 children (<=14).

socio-emotional needs being met. Individuals over 80 years old are the most likely to be widowed and thus to live alone. Viet Nam should ensure that the necessary health services, transportation services, and social and emotional support are available to seniors living on their own, both now and as their numbers grow.

Contrary to perceptions of an easy retirement, many seniors continue to work. In fact, labour force participation among seniors is increasing: whereas 19 per cent of women and 35 per cent of men 60 or older were working in 1999, these rates were up to 36 per cent and 47 per cent in 2014, respectively (Figure 3). Moreover, nearly all of these individuals were working full time in 2014. Seniors with the lowest educational attainment, who are less likely to receive a retirement pension from a previous job in the formal sector, are the most likely to be working after age 60.

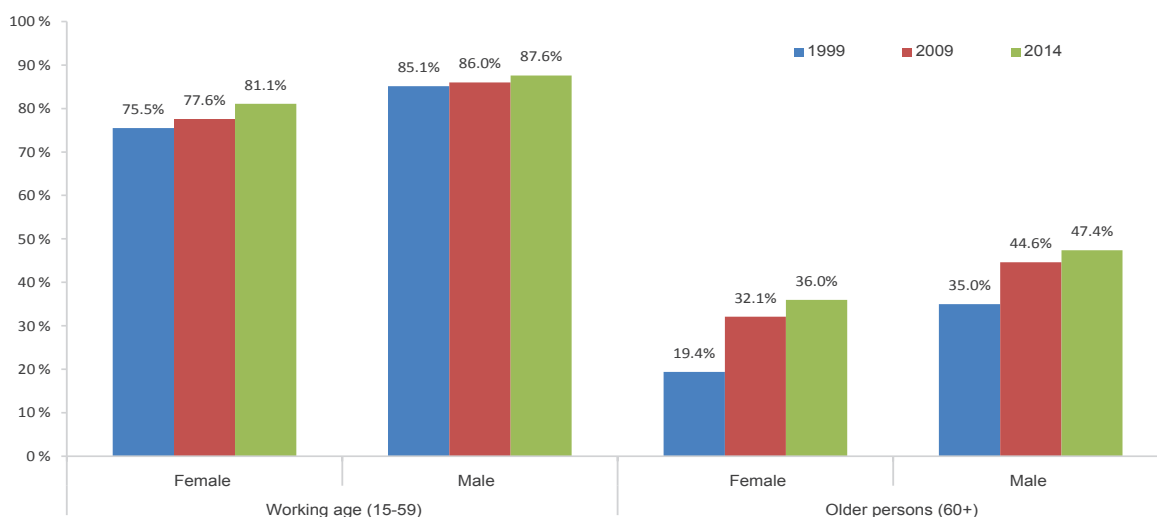


Figure 3: Labour force participation among working age and older population over time, 1999-2014

Source: Census 1999-2009, IPS 2014.

Seniors are more likely than their younger counterparts to work in the informal sector. Typically self-employed or performing unpaid household labour, these seniors face lower average incomes, greater instability of work, less access to pension programs, and less protection by regulations ensuring a safe working environment. Working seniors in mountainous and highland areas are considerably more likely to work in the informal sector than those in lowland areas, particularly economic centres like Ha Noi and Ho Chi Minh City. This is probably due to fewer job opportunities in the formal sector in poorer and mountainous areas. While overall rates of workforce participation are comparable between men and women, working women more frequently perform unpaid family labour than their male counterparts (28 per cent versus 18 per cent).

These findings demonstrate that seniors can and do contribute immensely to society. They should be seen as a resource for development, endowed with decades of knowledge and experience. Moreover, that the population is both growing and living longer means greater demand for goods and services, thereby would possibly stimulate the economy. With relevant policies and programmes to respond to ageing and prepared for an aged population, which promote secured and stable income and better living standard for seniors, the economy would benefit rather than suffer from this demographic shift.

The findings also reveal, however, that, because of shortfalls in current pension, insurance, and other social protection schemes, many seniors must work to make ends meet. At the same time, the vulnerabilities of old age are reinforced by the kind of work that many seniors do, which is less lucrative, stable, and safe. Thus, policies and programmes that facilitate seniors’ access to decent work would improve the well-being of that growing population. It would also amplify their contributions to society, both through increased contributions to social insurance and by taking advantage of a valuable resource for development. Such efforts would need to address the needs of older women and inhabitants of mountainous and highland areas, as well as those with low educational attainment to ensure “no one is left behind”.

Viet Nam has worked very hard to increase life expectancy. This achievement, however, will be wasted if Vietnamese citizens cannot live these additional years in comfort and in dignity. With the right set of policies, Viet Nam can ensure a healthy population and sound economy for future generations. Social protection programmes should be sufficiently funded to ensure universal and equitable access for the growing senior population. The health system must also be strengthened in advance of increased usage—particularly by women—as should the transportation system. Moreover, labour market policies should be revised to ensure seniors’ access to decent work, to facilitate their participation in the formal sector, and to have the same retirement age for men and women. By increasing the proportion of seniors who are healthy, financially independent, and have access to formal work opportunities, Viet Nam could transform the demographic shift into a boon for society, while ensuring that people can live well up to and throughout old age.

RECOMMENDATIONS

- 1. Use the current “demographic bonus” period to prepare for the transition to the aged phase.** This is the period, expected to last until 2040 (GSO), during which the ratio of the number of working-age individuals to the number of dependent individuals is large. Viet Nam can take advantage of this opportunity to generate funds and strengthen systems that will both strengthen the economy and reduce vulnerability among older people. For instance, it can amplify the benefits of the growing labour force by increasing labour productivity through improved worker training, job matching, and other strategies. The country should reinvest the resulting outputs into the health, housing, welfare, and transportation systems in order to best prepare for an aged population.
- 2. Provide more opportunities for seniors to participate in the formal sector.** Policy options for this approach include raising the retirement age and ensuring that it is the same for men and women, or making the retirement age voluntary; expanding pension coverage to include both contributory and non-contributory pensions so that benefits reach a wider population, including those in the informal sector; and creating programs that allow seniors to engage in wage work tailored to their needs (for instance via flexible or shortened hours).
- 3. Ensure that policies and programmes address disparities among subpopulations.** Women, for instance, are disproportionately likely to live alone, retire earlier, perform unpaid labour, and endure chronic illness. Social welfare programs, labour policies, and senior health care programs must be designed accordingly. Seniors over 80, who are among the frailest members of society and are the most likely to live alone, also deserve careful attention. Seniors living in rural areas and those with low educational attainment are also often more vulnerable than the others, and require special consideration.
- 4. Increase data collection and analysis in order to effectively tailor policies and programmes.** Further research is needed to understand differences between men and women in old age, as well as differences among geographical regions and ethnic groups. Moreover, efforts to tackle disparities are more likely to succeed if the sources of those disparities are accurately understood and addressed. Thus, research should be conducted to investigate underlying causes of differences among subpopulations.



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