

## 1. COVERAGE

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The level of coverage, the proportion covered by mandatory pension schemes, in non-OECD economies ranges from 55.4% in Hong Kong to only 3.1% in Pakistan, for the population aged 15 to 64. In contrast the OECD average is 64.7% and is as high as 75.0% in Japan. For the labour force the non-OECD economies range from 78.9% to 10.3%, whilst the OECD average increases to 85.6%, with Japan again highest at 95.4%.

Coverage is defined as the proportion of people that are covered by mandatory pension schemes. For the purposes of this report the measures used are i) the population aged 15 to 64, and ii) the active labour force. The coverage percentage is a measure of how effectively a pension system is being utilised by the pre-retirement population and can act as an indicator of future trends. The coverage value is expressed as the percentage of the population or labour force that is classified as active members of a mandatory pension system during the indicated year. For this purpose active members include those that have either contributed or accrued pension rights in any of the major mandatory pension schemes during the indicated year.

For OECD countries as a whole there is very little variation between countries using either the population or labour force measurement. The average coverage percentage within the OECD is 65% for the population measure and 86% using the labour force methodology. The exception within the listed OECD countries is Korea which has noticeably lower values compared to the OECD average, though it is still considerably higher than most of the other economies within the region, with the exception of Hong Kong and Singapore.

The remaining Asian, non-OECD, economies vary considerably in the levels of coverage using either measurement. Of these economies only Sri Lanka of the South Asian economies has more than 14% of the population aged 15 to 64 covered by a mandatory pension scheme, whereas its neighbours, India and Pakistan, have less than 7% covered by a scheme. The picture improves slightly for the East Asia/Pacific economies with Hong Kong and Singapore having 55%

to 64% of their populations aged 15 to 64 covered by at least one mandatory pension scheme, with China and Malaysia close to 30%. When considering the size of the populations in this region of the world it becomes apparent that the lack of coverage is a global rather than regional issue.


The level of coverage does improve in Asia when looking at the labour force measure but non-OECD increases are generally less than those of the OECD countries listed, despite them starting from a higher base. Sri Lanka again for South Asia has the highest level of coverage, at 24%, with India having just over 10% coverage and no do being available for Pakistan. The position of the economies is generally unchanged between measures. The gap between the Asian economies and the OECD as a whole widens when looking at the labour force measure, 61.1%, as opposed to the population measure, 46.7%.

The average figures for Asia for both the population aged 15 to 64 and the labour force are heavily influenced by the low percentage values for India. Because of the high population within India if it was to be removed from the calculation of the Asia average, the value would increase by nearly 6% for both the population aged 15 to 64 and the labour force.

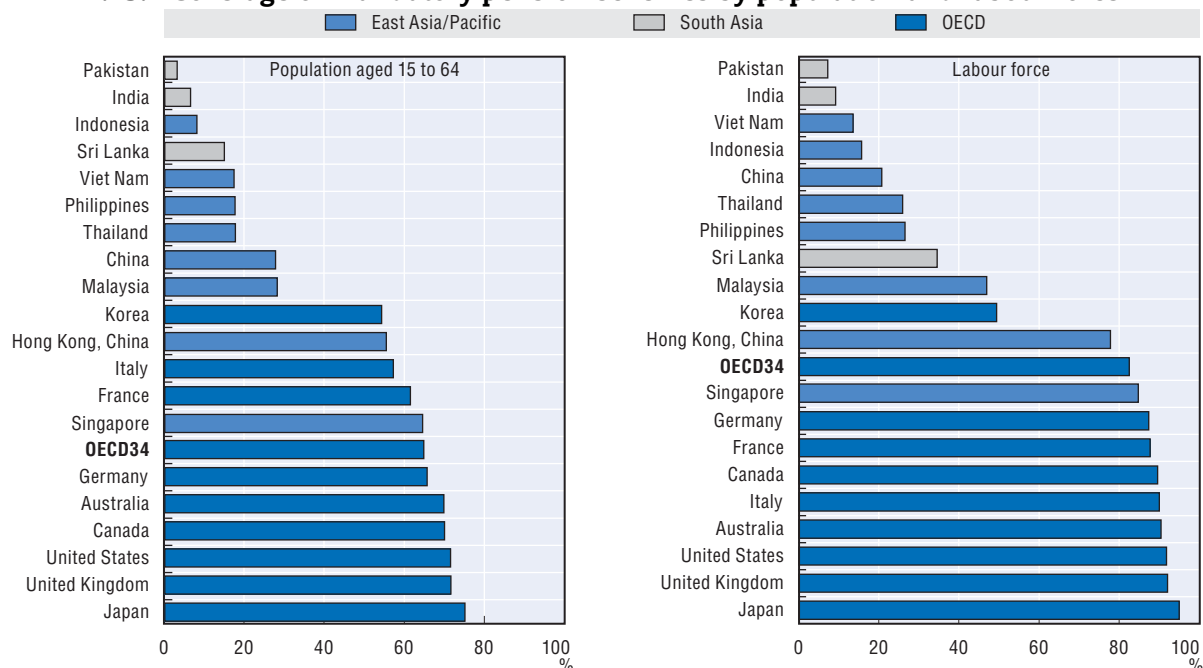
Coverage statistics are better analysed in conjunction with life expectancy and population projections, in order to estimate the numbers of people actually involved rather than percentage. Analysis of these characteristics will highlight the problems that may arise if nothing is done to combat the poor levels of coverage that exist within a number of economies across Asia.

## 1.12. Membership of mandatory pension schemes by population and labour force

|                          | Year | Members     | Percentage of population aged 15 to 65 (%) | Percentage of labour force (%) |
|--------------------------|------|-------------|--|--------------------------------|
| <b>East Asia/Pacific</b> |      |             |  |                                |
| China                    | 2010 | 268 200 000 | 27.7                                       | 33.5                           |
| Hong Kong, China         | 2009 | 2 921 815   | 55.4                                       | 78.9                           |
| Indonesia                | 2010 | 12 979 473  | 8.0  | 11.0                           |
| Malaysia                 | 2010 | 6 400 000   | 28.1                                       | 53.5                           |
| Philippines              | 2011 | 10 163 000  | 17.5                                       | 26.3                           |
| Singapore                | 2012 | 1 790 000   | 64.0                                       | 84.0                           |
| Thailand                 | 2009 | 8 537 000   | 17.7                                       | 22.5                           |
| Viet Nam                 | 2010 | 10 585 492  | 17.3                                       | 20.7                           |
| <b>South Asia</b>        |      |             |  |                                |
| India                    | 2006 | 44 404 000  | 6.4  | 10.3                           |
| Pakistan                 | 2009 | 0           | 3.1  | 0.0                            |
| Sri Lanka                | 2006 | 2 032 000   | 14.9                                       | 24.1                           |
| <b>OECD Asia-Pacific</b> |      |             |  |                                |
| Australia                | 2005 | 9 578 000   | 69.7                                       | 90.7                           |
| Canada                   | 2009 | 16 417 000  | 70.0                                       | 87.4                           |
| Japan                    | 2005 | 63 560 000  | 75.0                                       | 95.4                           |
| Korea                    | 2011 | 19 885 900  | 54.2                                       | 79.9                           |
| New Zealand              |      |             |  |                                |
| United States            | 2005 | 141 129 000 | 71.4                                       | 92.2                           |
| <b>Other G7</b>          |      |             |  |                                |
| France                   | 2005 | 24 319 400  | 61.4                                       | 87.3                           |
| Germany                  | 2005 | 36 156 000  | 65.6                                       | 86.9                           |
| Italy                    | 2005 | 22 146 000  | 57.1                                       | 90.1                           |
| United Kingdom           | 2005 | 28 402 200  | 71.5                                       | 93.2                           |
| <b>OECD34</b>            |      |             | <b>64.7</b>                                | <b>85.6</b>                    |

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## 1.13. Coverage of mandatory pension schemes by population and labour force



Source: World Bank Pension Database.

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