

Promoting Active Ageing in Southeast Asia

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Ageing will be very fast in Southeast Asia with the added challenge that most ASEAN countries have a very large share of informal employment. Promoting active ageing aims to ensure that older people can age healthily and independently and avoid feeling insecure, particularly in terms of income. Key active ageing policies in the ten ASEAN countries should focus on: tackling labour market informality; reducing gender inequalities in old age and improving care provision; providing inclusive access to health care; enhancing social protection in old age; and, promoting the social participation of older people. This Executive Summary summarises key measures to address these challenges.

Key recommendations to reduce labour market informality to promote active ageing

- Lower the cost of formalisation for low-income workers by limiting general labour taxes on their earnings. This can be done, for example, by applying mandatory pension contributions only beyond an earnings threshold and by financing flat-rate basic benefits through other taxes.
- Enhance compliance with labour and social security regulations through an effective judiciary, well-equipped labour and tax inspectorates, large enough penalties for non-compliance, strong involvement of social partners and strict requirements for contractors of public procurement to employ workers formally.
- Ease administrative processes of business registration and reporting, remove legal obstacles to firms' growth, fight corruption and encourage a responsible business conduct to promote a business-friendly environment.
- Ensure that product market regulations are not too strict, employment protection legislation is flexible enough and the minimum wage is adequate but at a level that does not create substantial barriers to formalisation.

Key recommendations to reduce gender inequalities in old age

- Follow up with concrete action on the commitment in principle to gender equality in old age by ASEAN countries.
- Systematically include a gender perspective in designing policies for all stages of life to mitigate compounding inequalities. This can be achieved by: appointing key leaders within government structures responsible for integrating gender considerations into planning, budgeting and implementing policies; strengthening independent institutions and advisory bodies that monitor and report on gender equality; and, improving data collection to monitor and report on gender equality efforts.
- Raise awareness about gender inequalities in education and training and how to address them. Public information campaigns highlighting the benefits of gender equality and of programmes that help women plan financially for retirement would improve women's income security in old age. The public sector can lead the way by implementing training on gender inequalities in career development and talent management.
- Reform legal frameworks to reduce gender discrimination in public and private life and in the workplace. Brunei Darussalam, Indonesia, Malaysia and Myanmar have laws, often personal status laws, that currently still cement gender inequalities in the family as these laws grant men and women different entitlements to marriage, divorce and inheritance. Brunei Darussalam, Lao PDR, Malaysia and Thailand need to step up efforts to tackle gender discrimination and harassment in the workplace.

Key recommendations to provide inclusive access to healthcare

- Allocate more public financial resources to the healthcare sector, particularly in Brunei Darussalam, Lao PDR, Malaysia and Singapore.
- Improve efficiency in the way healthcare resources are spent by: cutting ineffective spending, for instance through increasing penetration of generic drugs, regulating both pricing and prescribing medicines; strengthening preventive health policies; and, investing in new technologies.
- Establish in law that the full population is covered by health insurance for basic healthcare and use contributory health insurance to provide access to a wider set of healthcare services.
- In order to improve access to healthcare in rural areas, Cambodia, Lao PDR and Myanmar should increase the total number of healthcare personnel through increasing efforts to recruit students into medical programmes. This could be done through scholarships conditional on working in underserved areas after graduating to recruit students willing to work in rural areas. In countries where there is no overall shortage of healthcare personnel, providing financial incentives to work in underserved areas or granting limited licenses for establishing a practice in overserved areas could improve their geographic distribution. Access in rural areas can also be improved by changing healthcare service delivery, for instance through telemedicine or through delegating some tasks typically performed by doctors to other providers.
- Promote the incorporation of physical exercise and active lifestyles in older people's daily routines.

Key recommendations to enhance social protection in old age

- Increase first-tier benefit levels in all ASEAN countries, significantly so in many, to ensure adequate support for current pensioners. This particularly applies to Brunei Darussalam, Singapore and Thailand.
- Clearly highlight the benefits of contributing to pensions and develop communication campaigns. The latter should be part of an overall national strategy for financial education related to pensions.
- Raise the retirement age in Malaysia and Thailand. Once this discretionary adjustment is legislated, introduce an automatic link between the retirement age and life expectancy in both countries, as well as in other ASEAN countries.
- Significantly reform pay-as-you-go pension schemes so that contributions are sufficient to finance current promises by either increasing contributions or reducing accrual rates or a combination of both. More precisely, at the minimum, accrual rates should be lowered in Lao PDR and the Philippines and PAYG contribution rates increased in Indonesia, Lao PDR and Thailand.

- Regularly index all earnings-related pensions paid during retirement based on a clear rule.

Key recommendations to promote the social participation of older people

- Redesign neighbourhoods to make it easier and safer for older people to go outside. This includes removing obstacles such as high pavements, improving traffic safety, particularly close to crossings, and installing benches for older people to rest.
- Create social opportunities for older people to meet on a regular basis.