



Simulating the Potential Impacts and Costs of an Extended Social Pension in Vietnam

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The paper aims to quantify the potential impacts and costs of an extended social pension scheme for reducing elderly poverty in Vietnam.

- This paper uses the Vietnam Household Living Standard Survey in 2004, and applies micro-simulation techniques to calculate how the poverty measures would have been changed in the counterfactual situation that such a scheme had been introduced to Vietnam in the past. Different categorical targeting groups of elderly people are considered.
- We find that, depending on the characteristics of the social pension, there would be beneficial poverty reductions, but also large leakages to the non-poor people. For a variety of measures, our results suggest that targeting the elderly in rural areas might be the most effective use of limited resources.
- Both static and stochastic long-term financial projections show that total cost of the scheme will be about 2-3 percent of GDP.

