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CHAPTER 4

Improving the Economic Well-being of Aged Citizens in Cambodia: The Roadmap Toward Universal Old Age Pensions

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Abstract

By examining the current status of the elderly in Cambodia, the implications of socio-economic change, and relevant policies, this research aims to explore the development of an ideal path leading to the improvement of the economic well-being of these citizens. Employing qualitative research methodology, in which key informants from governmental organizations, academia, and civil society, as well as the elderly and youths from rural and urban areas were selected for semi-structured in-depth interviews, the research found that the economic well-being of the aged citizens has been impacted by the repercussions of war, deteriorating health condition, their poor education, and altered socioeconomic factors including migration and lifestyle changes. Grounded in these issues, this study then examines the feasibility of introducing a Universal Old Aged Pension (UAP) for the elderly aged 70 and above, with a monthly stipend of USD 29 based on the poverty line threshold. The findings largely confirm that the policy is feasible within the current economic and fiscal space weighted against its associated benefits.

Keywords: Economic Well-being, Ageing Population, the Elderly, Policy Options, Universal Old Age Pension, Feasibility Study

Abbreviations

ASEAN	Association of Southeast Asian Nations
CICPS	Cambodia Inter-Censal Population Survey
CSES	Cambodia Socio Economic Survey
EP	Elderly in Phnom Penh
ERA	Elderly in Rural Area
GSPD	General Secretariat for Population and Development
HAC	HelpAge Cambodia
KHR	Khmer Riel
MIPAA	Madrid International Plan for Action on Ageing
MoEF	Ministry of Economic and Finance
MoP	Ministry of Planning
MoSVY	Ministry of Social Affair, Veteran, and Youth Rehabilitation
NGOs	Non-Governmental Organizations
NIS	National Institute of Statistics
NPP	National Population Policy
NSSF	National Social Security Fund
NSSF-C	National Social Security Fund for Civil Servants
NSSF-V	National Social Security Fund for Veterans
OECD	The Organization for Economic Co-operation and Development
PPCIL	Phnom Penh Center for Independent Living
PTSD	Post Traumatic Stress Disorder
RGC	Royal Government of Cambodia
TLC	This Life Cambodia
UAP	Universal Old Age Pension
UNCE	United Nations Commission for Europe
UNFPA	United Nations Population Fund
USD	United States Dollar

VAT	Value Added Tax
WHO	World Health Organization
WU	Washington University
YP	Youth in Phnom Penh
YRA	Youth in Rural Areas

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Introduction

Economic well-being, by definition, is determined by one's present and future financial security. Present financial security refers to the ability to manage daily finances and meet basic needs consistently, while future financial security means the ability to maintain adequate income, build financial assets, meet financial goals and retain the ability to absorb financial shock throughout one's lifespan (Council of Social Work Education, 2016). In many countries, however, ensuring economic well-being in old age is a complex issue for individuals, families and society as a whole.

In Cambodia, as in other parts of the world, the aged population is increasing dramatically, thanks to increasing life expectancy and a low rate of fertility. The ageing population in 2019 was more than 7.6 percent of the total (HelpAge Global Network, 2019), a rise from 6.3 percent in 2008. It is projected to be 11 percent in 2030 (Ministry of Planning, 2012), and a drastic 32 percent by 2068 (ILO, 2018). Despite the swelling numbers, information pertinent to the economic wellbeing of this age group is obscure. They have been impacted by the legacy of the Pol Pot Regime and other conflicts, socioeconomic changes, and a social protection system which for them has been relatively limited. According to the report of Global AgeWatch Index 2015¹, the income security of aged citizens in Cambodia ranks the lowest - domain 91, with a score of 16.9 over 100 (HelpAge International, 2015).

The objectives of this research paper are as follows: 1. To study the current status of the ageing citizens and related issues, 2. To identify changes in the socio-economic dynamics, such as urbanization and the labor force, economic sources, lifestyle changes, and demographic changes, 3. To examine the implications of socio-economic dynamic changes on the economic wellbeing of the ageing citizens,

¹This is the latest report of the Global AgeWatch Index on Cambodia

4. To explore policy options for improving the economic wellbeing of ageing citizens, and 5. To select the best policy option and conduct a feasibility study.

Consistent with these objectives, this paper aims at addressing the following question and sub-research questions: *What is an ideal approach for addressing the economic wellbeing of ageing citizens in Cambodia?*

1. What is the status of the ageing citizens in Cambodia?
2. What are the changes in the socio-economic dynamics and their implications on ageing citizens?
3. What are the ideal policy options for improving the financial security for ageing citizens?

In line with these questions, a broad proposition set forth is that most of the elderly in Cambodia experience poor living conditions as a result of failing health, limited financial security and changes in socio-economic dynamics.

The paper is organized in the following ways: The first section defines the research problems, questions, and objectives. The second section reviews the existing literature and identifies the gaps. Section III illustrates the methodology used in order to reach the research objectives. Section IV is the empirical analysis that answers the research questions. Section V discusses the policy options for improving the financial security of ageing citizens. The final section examines the feasibility studies of the best option and infers the conclusion of the research.

Literature Review

Definition of the Ageing Population

Although the issues of the elderly are important topics to be discussed, there is yet to be universal agreement on the exact definition of an aged person. Based on the UNFPA report – Ageing in the Twenty First Century, the aged or elderly are defined in terms of their health and wellbeing, and experiences of later life (UNFPA &

HelpAge International, 2012). The United Nations, on the other hand, defines the elderly in terms of age, meaning that people 60 years old and above are considered part of the ageing population (WHO, 2002). Previously, Cambodia defined the elderly as those over 65 years of age (RGC, 2014) though average life expectancy in Cambodia is only 67 for men and 71 for women (World Health Organization, 2016; Ministry of Planning, 2015). However, the government has changed its definition to age 60 and over to align with the Madrid International Plan of Action for Ageing and the Kuala Lumpur Declaration on Ageing (RGC, 2017b).

Theory of Ageing

Over the decades, many theories from different perspectives were developed to explain the progressing phenomenon of ageing. From a biological perspective, Program Theory explains that the process of ageing is a particular regulation or order from birth to death, which is in line with the biological timetable. Human genes cause all changes. Similarly explained in Error Theory, the human body, due to the fact that it has already been used for a long period of time, starts to lose strength and wear out (Dossa and Soomar, 2018).

The ageing process is explained differently from a psychological perspective. Erick Erikson's Theory views old age as the stage of developmental crisis of ego identity versus despair. The theory explains that ego identity can be achieved when individuals positively acknowledge their life journey, whereas despair happens when they cannot deal with the age crisis positively (Dossa and Soomar, 2018).

Peak's Theory divides the process of ageing into three stages: 1) ego differentiation versus work-role preoccupation, 2) body transcendence versus preoccupation, 3) ego transcendence versus ego preoccupation. In the first stage, the elderly begin to retire or change their working roles in society; some may find it stressful. In the second stage, they face physical decline, and may suffer if they value their physical function more than relationships and wellbeing. In the third stage, the elderly person focuses on behavior in which they want the future generation to

understand the concept of life and living a better life, by sharing their experiences with their children and grandchildren (Dossa and Soomar, 2018).

In contrast, Fisher's Theory divides the elderly process into five stages after retirement. The first stage is Continuity with Middle Age. In this stage, some seniors continue their life without stress, and plan to fulfill their unmet desires, but some may encounter difficulties due to adverse physical decline, or bad financial conditions, and may look for alternative ways to improve the situation. Early Transition is the second stage, where the elderly face major changes including death of their partner, or poor health. Thus, they need to readjust and look for new choices. The third stage is Revised Lifestyle. At this stage, the elderly adapt to new changes and choices; adjustment is achieved here. They may choose an independent life using social services, but others may opt to join more formalized institutions for fulfillment of their personal goals. The fourth stage is Later Transition. This stage primarily results from the decline in health and they have to live dependent on other people. Some may lose interest in living, while others may choose to live in a nursing home for a better quality of life. The last stage is the Final Period. At this stage, they have adapted to all changes in life, including loneliness and disability (Dossa and Soomar, 2018).

It is also essential to examine theories from a social perspective. Activity Theory claims that the health conditions of an elderly person can improve when they increase social participation and activity. Activity theory also argues that the elderly can continue the positive aspects of their lives through social relationships and inner personality development (Dossa and Soomar, 2018).

Some interesting theories from an economic perspective describe ageing differently. The Political Economy of Old Age argues that in defining the elderly population, it is crucial to have a single formal retirement age. There is no physical justification for an immediate switch from full time work to retirement since there is no common, unique age at which people become incapable. This theory also argues that poverty among the elderly is caused by inadequate state pensions. Many of the elderly are designated as poor due to the fact that they receive means-

tested social assistance. Inadequate state pensions show variations between high- and low-income groups since retirement pensions are based on an individual's work history. The third argument of the theory is that institutionalization such as community or hospital care may be important and desirable, but exaggerating the dependency for the elderly is dangerous as it could burden other sectors of society (Jackson, 1994 : 4-6).

Neoclassical Economic Theory centers its argument of the ageing phenomenon on the idea of individualism. The theory explains that a population by definition is an aggregation of individuals, but it has to be defined over a social unit. The theory thus has to neglect some of the key issues related to the elderly. Individuals are supposed to manage their own labor supply, savings and retirement. Besides individualism, Neoclassical economic theory is also based on market-clearing equilibrium, and assumes the economy has full employment. The ageing of the population is regarded as the main factor causing the changes in the dependency ratio. Thus the theory seems to overlook unemployment as the determinant of changes (Jackson, 1994 : 2-3).

Keynesian Theory states that the population affects an economy through aggregate demand if the economy is operating without market-clearing equilibrium. There are changes in investment and economic activity due to the changes in population. The size of the dependent population is changed by a short run variation in investment. On the other hand, demographic change, according to the Keynesian perspective, does not affect the economy with full employment and sufficient labor. Thus, he argues that dependency through population ageing in the economy is not greater than dependency through unemployment. The conclusion of the theory is that to single out the ageing population as a special crisis of dependency is wrong (Jackson, 1994 : 9-11).

Economic Well-being

Different scholars have used various gauges to measure human well-being. Kahneman et al. (1999) measures well-being in terms of external conditions,

subjective well-being, persistent mood level, emotional state - joy or anger, and neural bases of behavior. External conditions refers to income, neighborhood, housing and other property, while subjective well-being refers to self-esteem. Persistent mood level is measured by how pessimistic or optimistic an individual is. The last gauge is based on behavior and biological changes.

The OECD (2013), used three pillars to measure human beings, including material living conditions or economic well-being, quality of life, and sustainability. Economic well-being refers to the resources and commodities available to individuals and households. Quality of life is the non-monetary aspect that shapes people by doing and being. Sustainability can be key economic, environmental, social and human assets transferred from the current generation to the future generation. Sustainability is the socio-economic and natural system where people live and work.

The Council of Social Work and Education (2016), defines economic well-being based on present and future financial security. Present financial security means the ability to manage daily finances and meet basic needs consistently, and future financial security refers to the ability to maintain adequate income, to build financial assets, to meet financial goals and maintain the ability to absorb financial shock throughout one's lifetime.

Ageing Issues

A considerable number of ageing issues include health conditions, mentality, family, finance, and violence. In terms of health conditions, the common health problems, according to the Vital Records (2016), are chronic diseases, cognitive health, physical injury, mental problems, oral health, sexually transmitted diseases, malnutrition, sensory impairment, bladder control and constipation, and substance abuse.

The WHO (2017) identified mental health problems of the elderly such as dementia and depression as areas of concern. Fifty million people globally are living with

dementia, which affects their thinking, behavior, and memory as well as the ability to perform daily activities. Depression is an important factor causing suffering and impaired functioning. It is both underdiagnosed and undertreated. An estimated 7% of the elderly are suspected to be suffering from it. Loneliness is also counted as a mental issue of the elderly since many live alone and do not have a sufficient amount of time interacting with other people (Cussen, 2019). Lim et al (2011) conducted studies in different regions in China and found that there is a considerable rate of depression among the elderly due to increasing exposure to the modern Western way of life. In the countries of Southeast Asia, mental health services and human resources are limited (Tasman et al, 2009 as cited in Heok, 2010), and not prioritized (Heok, 2010).

Decreasing family support is also a concerning issue for the elderly since they may lose assistance from adult children. According to Heok (2010), the number of elderly people, especially in Southeast Asia is increasing, as the number of caretakers is decreasing. Traditionally in a family the woman is the caretaker, but because of social transformation, women are becoming more highly educated and prefer to work outside the home. Moreover, couples nowadays also prefer to live away from their parents.

There are a myriad of issues in terms of the elderly and finance. Cussen (2019) listed financial issues of the elderly concerning poverty, poor financial planning, running out of money, easily being cheated by others, losses in the stock market, poor social security funding, increasing healthcare costs, poor job markets, and indebtedness. According to the report from the UNDESA² (2017) older people, especially women, are vulnerable to poverty or economic insecurity. Even though some of the elderly choose to continue working, many earn a relatively low income. Not much data about the elderly and poverty are found, but some figures show that 50 percent of the elderly in South Korea, and 34 percent in Australia are living

² United Nations Department of Economics and Social Affairs

in poverty compared to the Czech Republic and the Netherlands where the rate is well below 3 percent.

Some scholars have linked the increasing trend of the ageing population to economic consequences. Bloom et al. (2011), Maestas et al. (2016) and Guarino (2018), argued that an increasing ageing population will decrease economic growth due to the fact that the ageing population lowers labor force participation and saving rates. However, it does not impact the economy of developing countries (Bloom et al., 2011).

Existing Research on Ageing in Cambodia

Migration and the Wellbeing of the Elderly

Zimmer et al (2007) studied the support given by migrants to their elderly parents in rural Cambodia and Thailand. The researchers analyzed the 2004 Survey of the Elderly in Cambodia, the 1995 Survey of the Welfare of the Elderly in Thailand and the primary data from survey interviews. This qualitative study found that in both Cambodia and Thailand, migration by adult children from rural provinces to other regions is commonplace. However, their elderly parents were not abandoned; they lived with other adult children who were siblings of the migrants. For elderly parents of a single child, the majority resided either near their children or within the same village. Adult children, especially those with no siblings preferred to live near their aged parents compared to those with many siblings. Hence, the authors showed that the decisions of adult children in terms of migration were made based on the needs of elderly parents.

Zimmer and Knodel (2013) conducted a study of aged parents in rural Cambodia and the migration of adult children. They used a case study of two communes in Battambang province by collecting data from the elderly born between 1940 and 1950. The study found that the rate of out migration of adult children is high, but they did not leave their elderly parents without an alternative means of support. Simply put, they sent financial support to the parents; however, a majority of the

remittances were relatively small. In contrast, the remittances from adult children who migrated to Phnom Penh and Thailand were more substantial. Regarding communications, the migrant children still kept in contact with their parents via telephone. Thus, the authors concluded that adult children still shared resources and time with their elderly parents even though they had migrated to other places.

Zimmer and Natta (2015) studied the migration and left-behind households in rural areas of Cambodia in terms of structure and socio-economic conditions, by using data from the Cambodia Rural Urban Migration Project (CRUMP), which consists of 4,500 households. The result of the study noted that of all migrant parents, 24.5% were older than 60 years of age and a majority were female. Almost 20% of migrants who had elderly parents at home left their children with the grandparents. The conclusion of the authors was based on the fact that the study also demonstrated that households of migrants with elderly parents tended to have worse socio-economic conditions than those without elderly parents. They were also susceptible to health problems, social isolation, low education levels and other indicators of social well-being (Zimmer & Natta, 2015). This conclusion is also confirmed in the results of Zimmer and Khim (2013). This may be because both studies were based on the same data source.

Socio-Economic Conditions of the Elderly in Cambodia

Several articles focus on the socio-economic conditions of ageing in Cambodia. By exploiting Socio-Demographic data, Zimmer and Kim (2001) analyzed the living arrangements and socio-demographic conditions of older adults in Cambodia. Their qualitative research found that a majority of the elderly in Cambodia were living with unmarried children of either sex. They also found that the ratio of male to females is very low and the rate of female widowhood is high. The status of female-headed households was not equal to men; they were less likely to have higher quality housing, to have the necessary funds for healthcare or to own land. On account of the influences of the past decades of violence and instability - which the authors referred to as the memories of Pol Pot Genocide Regime, the elderly face unique challenges. Therefore, the researchers argued that a national policy on

ageing in Cambodia needs to take the demographic context of the elderly into account.

Zimmer et al (2006), by using data from a 2004 Representative Survey of Persons Aged 60 and above, analyzed the impacts of past conflicts and social disruption on the elderly in Cambodia. The results indicated that the influence of the war was widespread and had long term repercussions on the elderly. In most cases at least one of their children died due to violence during the regime. The researcher concluded that a high fertility rate of the elderly among the generation of the study was probably due to their loss of dependence on family and poverty.

Knodel et al (2005) carried out a study entitled "Older Persons in Cambodia: A Profile from a 2004 Survey of the Elderly". The researchers conducted a survey from a sampling of 1273 persons aged 60 and over, living in Phnom Penh and another five provinces (Kampong Cham, Kandal, Prey Veng, Battambang and Takeo). The research found that elderly women out-numbered elderly men due to the impact of civil war. The elderly of both sexes had lost children and life partners during the Khmer Rouge Regime, but elderly women in particular were living without a spouse. With low levels of education, a majority were illiterate. Although their economic activity decreased rapidly with age, they still needed to continue earning a living. The results also indicated that religion played an important role for the Cambodian elderly; a majority of them went to the pagoda regularly. Overall, the authors concluded that for the elderly population in Cambodia, the government needed to center its efforts on healthcare and social welfare.

Kolab (1990) examined the role of Buddhism in terms of emotional support on the Cambodian elderly. Quantitative research used data from fieldwork interviews in 1965 -1966 and the mid-1980s among Cambodian refugees in foreign countries. The results indicated that the Cambodian elders devoted their later stages of life to religion and, by this, they could gain useful occupation, emotional support and influence such as increased esteem. In their 50s and 60s, the elderly were learning new skills - which the author referred to as religious skills - and were active in rituals

and making merit. They were also active in raising funds and involved in monastic affairs. By this means, they could spend more time with others of the same age.

Synthesis

Based on the literature, the ageing process is an unavoidable life stage of human beings. When the health condition declines, especially beginning at the second stage of the ageing process as shown in the theories of Peak and Fisher, an ageing individual faces many challenges particularly financial problems. In this regard, while the theory of the Political Economy of Old Age states that poverty of the elderly is the result of inadequate state pensions, neoclassical theory pins this problem on individual issues. In Cambodia, financial problems in old age, according to previous research, is indeed a concerning topic. Although, there are a number of studies relevant to ageing citizens in Cambodia, as yet, none have examined the policy options for improving the economic well-being of this group. This study aims to fill this gap.

Methodology

Given its analytical nature, the research employs qualitative research methods to obtain a rich source and depth of information from participants concerning ageing issues in Cambodia, on the socio-economic changes, the implications for ageing citizens, and policy options for improving their economic well-being.

Sampling

Participants from relevant ministries, non-governmental organizations, and researchers were selected through key informant sampling methods in order to discuss ageing issues and exchange ideas about the policy options dealing with the economic well-being of the elderly. Key informants were selected based on the following criteria: 1). Having expertise in this field, 2). Having related work experience and/or currently working in areas related to aged citizens in Cambodia.

In addition, the elderly and youths from rural and urban areas were also selected through purposive sampling for interviews in order to compare their responses with data from the key informants. The researcher chose five elderly persons and two youths from Battambang represent the elderly and youths from rural areas because the outmigration of adult children in this province is high (Zimmer and Knodel, 2013), and five elders and two youths in Phnom Penh to represent the elderly and youths from urban areas due to the fact that Phnom Penh is the most urbanized city in Cambodia. The identity of the participants of this study is protected.

Table 1 List of Respondents

Respondents		Interview Date	Interview Code	Number
Key Informants	Ministry of Social Affairs, Veterans, and Rehabilitation	May 31, 2019	MoSVY 1	01
	Ministry of Economy and Finance	August 28, 2019	MoEF 1	01
	National Social Security Fund	September 19, 2019	NSSF 1	01
	HelpAge Cambodia	August 16, 2019	HAC 1	01
	United Nations Population Fund	July 10, 2019	UNFPA 1	01
	International Labor Organization	September 10, 2019	ILO 1	01
	PhD. Candidate in Social Work at Washington University	August 25, 2019	WU 1	01
Elderly in Rural Area		September 21-22, 2019	ERA1-5	05
Elderly in Phnom Penh		September 29-30, 2019	EP1-5	05
Youth in Rural Area		September 22, 2019	YRA1-2	02
Youth in Phnom Penh		October 4, 2019	YP1-2	02
Total				21

Data Collection and Tools

Semi-structured in-depth interviews were used as the tools to collect data from the key informants, the elderly, and youths. The interview queries were designed based on literature and advice from a mentor. The face to face in-depth interviews were conducted at workplaces, houses, cafes, and schools of participants according to their appointments and consent. Before the interviews began, the participants were assured that they had the right to refuse to answer any questions which were not comfortable for them. The participants were also asked for their consent to allow voice recording. The interviews varied in length from fifteen to eighty minutes.

In addition to the primary data, secondary data were extracted from relevant reports, journals, newspaper articles, private sectors and NGOs' interventions, and government publications such as policy frameworks, action plans, and guidelines. The researcher also participated in conferences related to the ageing population in order to gather more relevant information.

Data Analysis

After the interviews, all notes and audio files were transcribed. Both primary and secondary data were coded and categorized according to the themes of the studies via computer software Nvivo 10. Findings were interpreted by narrative and descriptive analysis methods along with graphs and tables drawn from the information and collected data.

Empirical Analysis

Overview of Ageing Citizens in Cambodia

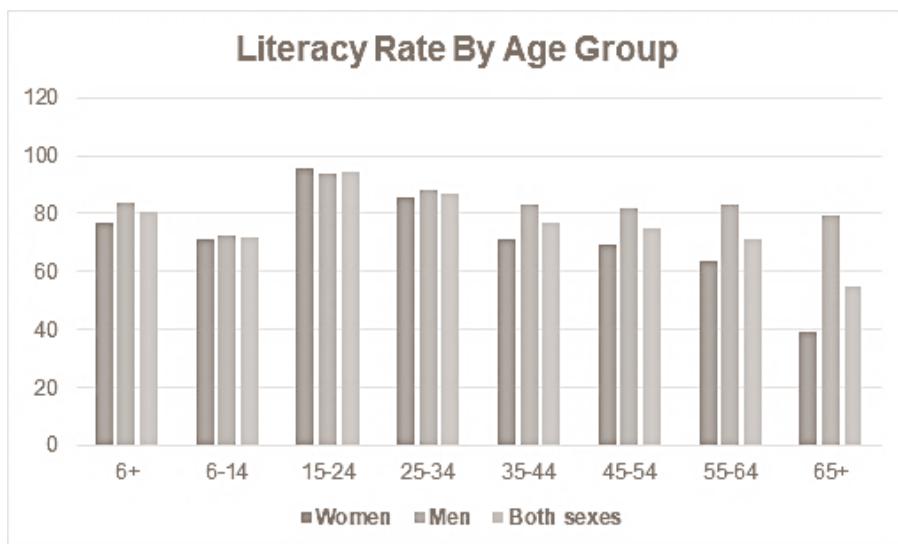
In Cambodia, the elderly are the top layer of the population, for whom younger people show respect and learn morality from. They are the leaders and role models in the society (Vorn, 2019). To study their actual living conditions and the challenges

they face, this overview discusses their education, health, economic conditions, and dependency, in order to explore and analyze the best policy options to help them.

Education

Literacy is undeniably important in its impact on the quality of life of the aged citizen. However, the literacy rate in this segment of the population is relatively low when compared to other age groups. Data from the Cambodia socio-economic survey of 2017 reveal that almost half of persons aged 65 and above could not read and write, especially women in this age group, whose literacy rate is below 40 percent.

Figure 1 Literacy Rate by Age Group



Source CSES³ 2017

A number of factors explain the supra. The number of schools were inadequate for this cohort, especially in the countryside, thereby the opportunity to register was quite low. In order to be educated, many chose to study at pagodas with monks.

³ Cambodia Socio Economic Survey

Some, including Prime Minister Hun Sen (Samdech Hun Sen Biography, 2016), had to temporarily stay in pagodas to be close enough to the formal schools which were located very far from their homes. However, not all parents, especially the poor in rural areas, prioritized education; instead they needed their children to work as agricultural laborers to help support the family. In addition, they prioritized the education of the sons over that of the daughters (Gillispie, 2018). It is also important to realize that the educational opportunities of this cohort were hugely impacted by the civil war from 1970 to 1979. Even worse, education was totally eliminated during the period of the Khmer Rouge Regime. An estimated 70-85 percent of the teachers and students in higher education were killed or caused to flee the country (TLC⁴, nd). Based on the interviews of key informants, even though the regime collapsed in later years, the country was still in a state of civil war with the Khmer Rouge rebels, which had a severe impact on educational opportunities for children. However poor their education was, they are the present and future generation of ageing citizens. Hence, one of the vulnerable aspects of Cambodia's ageing population is high illiteracy (GSPD , 2017).

Health Conditions

The results emphasize that the health conditions of the elderly are generally more fragile compared to those of younger people; the older they are, the more their health declines. Officials at the Ministry of Social Affairs, Veterans, and Youth Rehabilitation places the ageing population into three life stage-subgroups: the young-old (ages 60-69), the middle-old (ages 70-80), the old-old (ages 80 and above). The first group are in a healthier condition, while that of the second and third groups are more afflicted (personal communication, MoSVY 1, May 31, 2019). The risk of non-communicable diseases and morbidity is increasing (RGC⁵, 2017). Common diseases include cancer, heart disease, dementia, diabetes, joint pain, high blood pressure, and disabilities (Jacobs, 2016). Many of the Cambodian elderly

⁴ This Life Cambodia

⁵ Royal Government of Cambodia

engage in such risky behaviors as smoking, drinking alcohol, and chewing betel nut (Knodel and Zimmer, 2009). It is important to note that many still depend on traditional healers (Kru Khmer) and herbal medicine to treat various illnesses due to the high cost of modern medicine even though it is easy to obtain (Mony, 2004, HelpAge International, 2015). This is due to low income and poor education. For instance, a grandmother in Battambong said that, *"I believe Kru Khmer can cure us as well as the doctor. And most importantly, it costs less than seeing a doctor at the hospital,"* (personal communication, ERA 1, September 21, 2019).

Deteriorating health is, in fact, not only due to the natural decline in the ageing process but also because of the impact of the Khmer Rouge Regime. *"The present health condition of the elderly is bad or fragile because their physical health was severely impacted during the Pol Pot regime. They were forced to overwork."* (personal communication, UNFPA 1, July 10, 2019). Most key informants also claimed that the long civil war and accompanying violence are also the main cause of many disabilities in addition to natural declining health. Disabilities unfortunately hinder many from becoming fully involved in community activities and participating in broader society. Thus, their subsequent economic and social opportunities have been undermined (PPCIL⁶, 2019). The impact of the violence has been not only physical, but also mental. According to psychiatry professor Dr. Ka Sunbaunat the elderly still suffer from the legacy of the Khmer Rouge Regime and its conflicts, particularly the psychological effects: anxiety disorders, depression, and PTSD⁷ (Sophea, 2011).

Economic Conditions

In terms of economic status, the elderly can be divided into two groups: the well-educated and the low and no education group. *"The first group generally are better off since they may receive more support from their families and also qualify for a state*

⁶ Phnom Penh Center for Independent Living

⁷ Post-Traumatic Stress Disorder

pension if they once worked in the public sector. The second group is not as fortunate. To put it simply, the first group has a better life, while the second group faces difficulties," (personal communication, HAC 1, August 16, 2019).

Sources of income for the elderly, in general, drop dramatically. The research found the existence of age discrimination, especially for those who work in the private and the informal sectors. Most key informants said that when workers reach a certain age, usually, 50 and older, employers in the private sectors become reluctant to extend their contracts. These contracts end without pension benefits, so subsequently the income source is lost (personal communication, HAC 1, August 16, 2019). The elderly in rural areas, on the other hand, continue to cultivate rice. Some have picked and sold homegrown produce, growing naturally near their houses. This can produce a tiny profit to support their livelihoods (personal communication, HA 1, August 16, 2019, also WU 1, August 25, 2019). A majority did not have a financial plan for their old age. Moreover, the income of the elderly is below average (personal communication, WU 1, August 25, 2019). It is important to note that pension coverage for older people in Cambodia supported only approximately 5% of the population in 2015. This consisted of approximately 80,000 veterans and 40,000 retired civil servants (HelpAge International, 2015).

Despite declining income, spending on healthcare doubled from 2004 and 2014. Indeed by comparison, fifty percent more was spent than younger people thus causing increased hardship. Subsequently, this can cause some to fall into debt (Jacobs, 2016). Alternatively, some elderly have decided to assist monks in Buddhist ceremonies, in order to get some donations from participants to support their daily living expenses and cover medical costs (Carmichael, 2014). But not all of the elderly can depend on this if they want to. An eighty-one year old grandmother in Battambang who has no children and no home, and lives with her neighbor, was discriminated against at a pagoda. *"I sell Khmer traditional cake every day. I could earn only 4000 riel per day (1 USD). It is not enough for a living, so I decided to go to the pagoda and donate some of my money there, so that I could eat some food during the religious ceremony. But the Aja (the priest at the pagoda) was not happy with me,*

because I had donated such a small amount. Most of the time, I choose to beg on the streets," (personal communication, ERA 2, September 21, 2019). This indicates that even in pagodas, discrimination also exists, and thus not all the elderly can depend on activities there.

Dependency

Of the three life-stage subgroups, the third (age 80 and above) is the most vulnerable; most are bedridden (personal communication, MoSVY 1, May 31, 2019, also HAC 1, August 16, 2019). But as found in the literature, a majority of them have lost their spouse, therefore they are inevitably highly dependent on their adult children. However, the care from their children as well as their knowledge of health protection is very limited as stated by most key informants. Fortunately, in Khmer culture, the adult children, thus far, are expected to be responsible for their aged parents. Article 47 of the Cambodian Constitution states, "*Parents shall have the duty to take care of and educate their children to become good citizens. Children shall have the duty to take good care of their elderly mother and father according to Khmer traditions.*"

More than 80% of the elderly bequeath their wealth to their children before they die. They, in return, expect to live dependent on their children for both financial support and healthcare (personal communication, WU 1, August 26, 2019).

Socio-Economic Dynamic Changes

Urbanization and Migrations

Since launching economic reforms in 1989, Cambodia has benefited from growing foreign investment and the influx of capital. This, of course, has created a robust economic growth rate from 1.1% in 1990 to an average 8% between 1998 and 2018 (World Bank, 2019). Upon close examination, this also marked a milestone for the rapid urbanization process in Cambodia, followed by a variety of jobs, and subsequent migration.

Cambodia is primarily known as an agricultural country, with 80 percent of the population working in this sector in 1993 (Sok, 2017). However, due to growing urbanization, this number is decreasing. According to a study released by the Ministry of Agriculture in 2017, only 40 percent of Cambodians were farmers, half the number from 1993 (Open Development Cambodia, 2019). High demand for labor in the cities, mainly in the construction and industrial sectors, and especially in garment factories, draws people from rural areas to work there. *"Urbanization is, in fact, the Pull Factor. It absorbs people from rural areas to work in the cities and urban areas. Rural people migrate to find a better income source,"* (personal communication, WU 1, August 25, 2019). Moreover, due to the influence of globalization and regional integration, migration for working purposes nowadays is not only within the country but is now increasingly international. According to Mr. Moeun Tola, the director of the Center for Labor Protection and Human Rights, more than 2 million Cambodians have migrated to work in other countries (Vicheika, 2018).

Lifestyle Changes

Culturally, Cambodians, as other Asians, live in extended families. The communications within the community are also good. Most as traditional farmers, had adequate time to meet. They understood one another and voluntarily helped each other when needed. But this culture has gradually changed, as society evolves.

In the past, Cambodian people lived in a communal way of life. They spent time together, watching TV, listening to the radio in groups, or chatting with one another. But nowadays, people tend to spend more time on smartphones or other electronic devices. Even old people, especially in the cities, do not have close relationships with one another as before. The problem is that they just stay at home and have less social interaction after retirement. Sometimes, the elderly become seriously ill and die in their homes, but nobody even knows. The culture has slowly but surely changed from being community oriented to more individualistic. (personal communication, UNFPA 1, July 10, 2019)

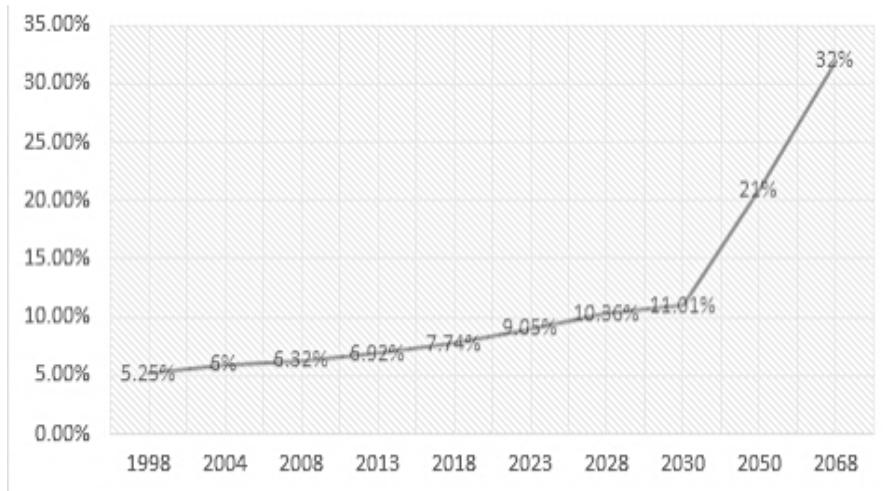
In addition to labor changes, urbanization also brings a new working culture. People, in the pre-urbanized society, worked several hours per day, mostly at farms near their houses. The wife traditionally had enough time to take care of and support the children and elderly parents. However, this social norm has been progressively transformed. In urban society, both husband and wife, in general, are breadwinners, working full time to support the family as the cost of living surges. Raising children is expensive. Many new couples prefer to have only one child. Hence, on account of the rising cost of living, raising children and supporting ageing parents at the same time is surely burdensome (personal communication, ILO 1, September 10, 2019).

In addition, family culture will also definitely transform. Particularly, adult children will want to live separately from their parents, and parents may also prefer to live as a couple as well, as can be seen in present day European and other Western societies.

Demographic Changes

Compared to other countries in the region, Cambodia has a young population (Zimmer and Khim, 2013), with almost two thirds being under 30 years of age in 2015 (UNFPA, 2016). However, this pyramidal demographic structure is changing its shape, on account of increasing life expectancy and the low fertility rate. The life expectancy of Cambodians, comparing 1998 and that in 2018, has increased from 54 to 67 years for men and 58 to 71 years for women (GSDP, 2015). The fertility rate, by contrast, has dropped from 4.0 in 2000 to 2.7 in 2014 (NIS⁸, 2015) and is predicted to be 2.1 in 2030 (RGC, 2017). The proportion of the ageing population to that of the total population is growing larger. *"The ageing population in Cambodia has changed due to the increase in life expectancy and low fertility rate. There were only 600,000 elderly people in 2008, but the number increased to about 1,200,000 in 2015. It doubled within 7 years,"* (personal communication, MoSVY 1, May 31, 2019).

⁸ National Institute of Statistics

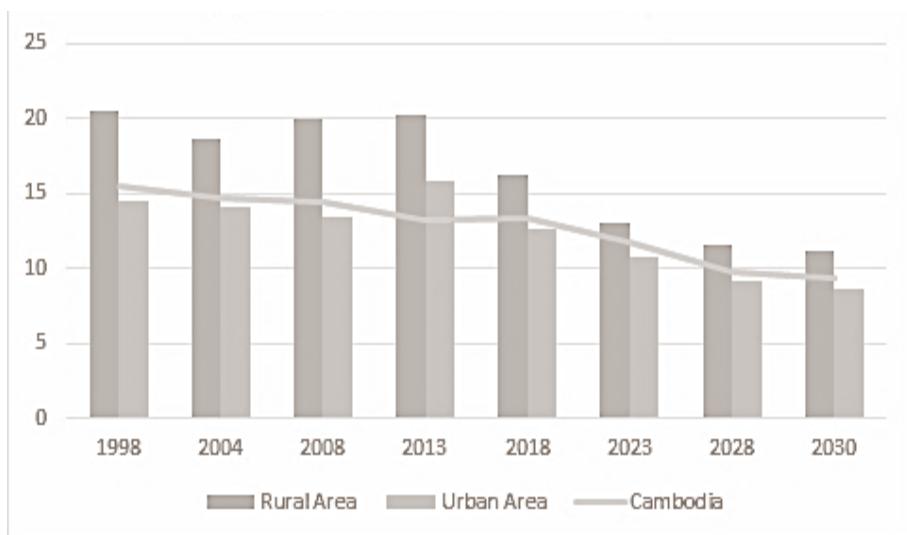
Figure 2 Increasing Ageing Population in Cambodia

Source MoP⁹, 2013; RGC, 2017; HelpAge Cambodia, 2019; & ILO¹⁰, 2018

Compared to other ASEAN countries, the ageing population in Cambodia actually started later because of the later decline in the fertility rate and the adverse impact of high mortality during the Khmer Rouge Regime (RGC, 2017b). However, this age group is projected to grow to 21 percent by 2050 (HelpAge Cambodia, 2019) and 32 percent by 2068 (ILO, 2018). The dramatic ageing population increase is in light of the fact that the cohort of the baby boom generation will reach 60 and above. This generation was born in a period after the Khmer Rouge Regime (Zimmer & Khim, 2013, Vachon, 2017), particularly during late 1979 and most of the 1980s (Vachon, 2017; Bainbridge, 2001). *"The baby boom generation was born after the Pol Pot Regime. Eight in ten people were kids. Now they become productive youth, and that generation will become old in 2040,"* (personal communication, UNFPA 1, July 10, 2019). At the same time, the potential support ratio of the working age population to those aged 65 and over decreases and is a concerning trend. The ratio will continuously fall from 15.5 in 1998 to 12.5 in 2018 and to 9.3 in 2030 (RGC, 2017b).

⁹ Ministry of Planning

¹⁰ International Labor Organization

Figure 3 Supporting Ratio

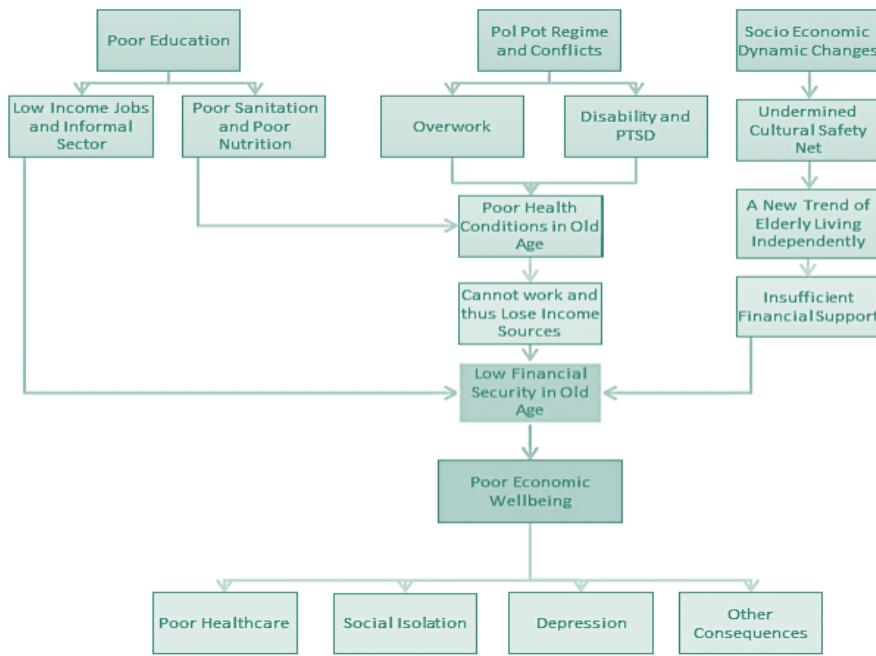
Source CIPS¹¹, 2013 as cited in RGC, 2017

Implications for the ageing citizens

According to the key findings of the research, there are a number of notable implications for the elderly. The challenges in their lives are derived mainly from poor early education, the Pol Pot Regime and long-lasting conflict, and the rapid socio-economic dynamic changes.

¹¹ Cambodia Inter-Censal Population Survey

Figure 4 Flow chart of the domino effects of education, war, and socio-economic changes on the ageing citizens



With low education or illiteracy, the elderly can not fully participate in the new economy which is largely based on new skills and competition. A majority, thus far, have worked in low income jobs and the informal sector. More importantly, many do not have a good financial plan for their old age. Hence, their risk of losing their income source and living in poverty is high once they reach the later stages of life and cannot work. At the same time, Cambodia does not yet have a universal old age pension scheme for the elderly.

Health conditions continuously decline not only due to the natural ageing process but also the severe impact of the Pol Pot Regime. Hence, the need for healthcare is higher than that of younger people, while the income sources are cut off. The elderly both in rural and urban areas are surely the more vulnerable group. That is why, in Cambodian culture, children have to take care of and support their ageing parents. However, this cultural safety mechanism seems to be becoming progressively undermined due to socio-economic dynamic change. Instead, the

elderly especially in rural areas, are left behind. If they do not get support and care from their children, especially adequate financial support, they certainly face huge financial challenges and hardship. Financial insecurity deteriorates their economic well-being, and subsequently affects, for instance, their diminished health, social isolation, depression and other unfavorable consequences.

In this regard, efficient policy responses are deemed necessary to ensure their financial security, particularly for their economic well-being.

Policy Options

According to the interviews with key informants, elderly and youth, and secondary data, the information shown below are among the most frequently suggested policy options available to improve the financial well-being of the elderly.

Senior Discounts and VAT Exemption

This policy is a special program designed to reduce deficits by increasing purchasing power with a discount scheme and VAT exemption to ensure that the elderly can consume products and services that meet their basic needs, particularly their daily physiological needs as defined by Maslow. This policy option could be implemented as follows:

- Identify age-specific products
- Identify age-specific product-related businesses
- Encourage and create appropriate incentives for the related businesses to discount these products for the elderly.

Figure 5 Formula of Payment after Senior Discount and VAT Exemption

$$\text{VAT Exempt Sale} = \frac{\text{Selling Price}}{\text{VAT Rate}}$$
$$\text{Senior Discount} = \text{VAT Exempt Sale} \times \text{Discount Rate}$$
$$\text{Payment Amount} = \text{VAT Exempt Sales} - \text{Senior Discount}$$

Source Zoleta, 2019

Old Age Pensions

An Old Age Pension would help tackle financial insecurity as many, based on research, lose their income sources when they reach a certain age. Three layers of pension scheme are recommended to be implemented in Cambodia, including retirement pensions, voluntary pensions, and universal old age pensions (personal communication, ILO 1, September 10, 2019).

A Retirement Pension is a compulsory pension system required by law where both employer and employee contribute to payments to state pension institutions such as NSSF for the benefits of employees (personal communication, ILO 1, September 10, 2019, also NSSF 1, September 19, 2019, and MoEF 1, August 28, 2019).

A Voluntary Pension scheme is an additional layer that an employee pays to another pension scheme in addition to the compulsory pension institution, so that the employee can receive more than one pension income stream after retirement. This pension payment does not include employer contributions (personal communication, ILO 1, September 10, 2019, also MoEF 1, August 28, 2019).

A Universal Old Age Pension is a plan for the elderly to help cover their daily living expenses. This pension scheme is designed specifically to ensure that all elderly get at least a minimum pension benefit especially if they do not qualify for other

retirement pensions and cannot afford voluntary pension plans (personal communication, ILO 1, September 10, 2019).

Table 3 Old Age Pension Schemes (based on the interviews with NSSF 1, ILO 1, MoEF 1)

Retirement Pension Scheme	Payment Type: Mandatory Pension Contributor: Both employee and employer Pension Benefit Recipient: Employee after retirement
Voluntary Pension Scheme	Payment Type: Voluntary Pension Contributor: Any person who is willing to contribute Pension Benefit Recipient: Contributor
Universal Old Age Pension Scheme	Payment Type: Defined Benefit Pension Provider: Government Pension Benefit Recipient: All elderly persons in Cambodia

Synthesis

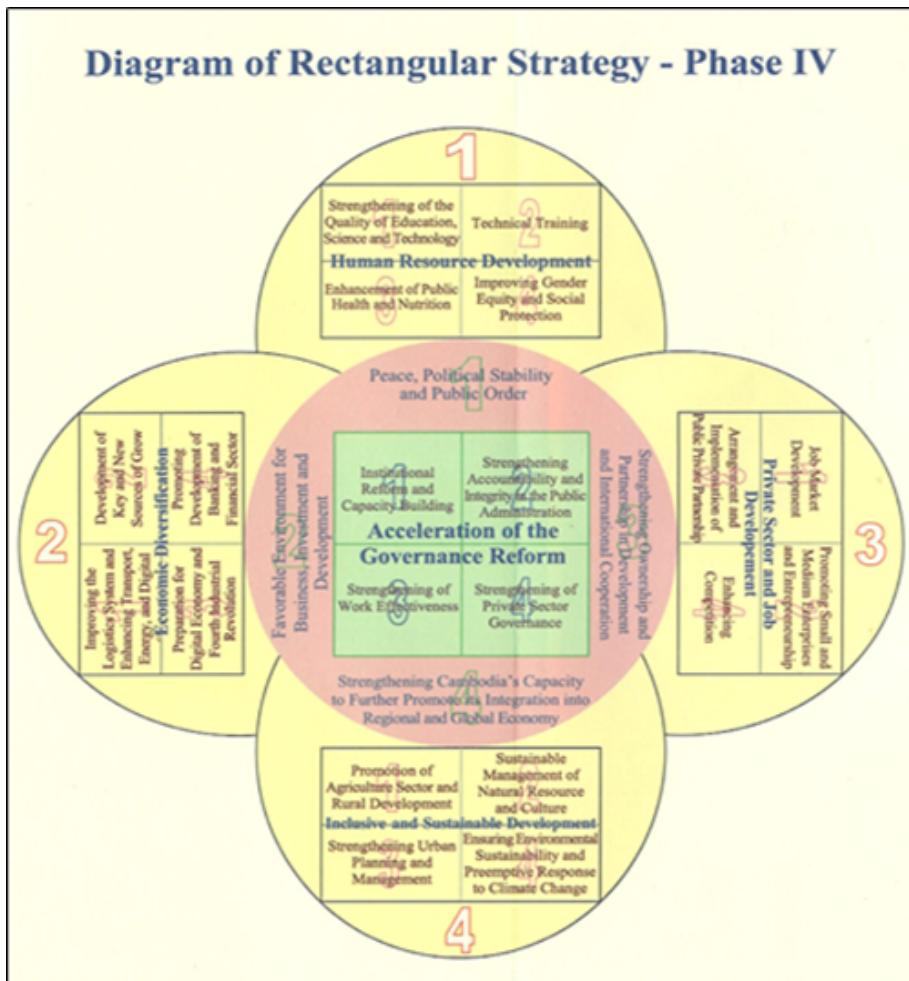
Both options could be reasonable to implement. However, according to interviews with both the elderly and key informants, an old age pension is consistently the most recommended option. Most claimed that with a specific amount of cash, they will have the ability to make choices to improve their lives.

Existing Policies on Pensions and Outcomes

Policy on Pensions

Since 2002, the Royal Government of Cambodia has prepared policies in accordance with the Rectangular Strategy for growth, employment, equity, and efficiency. In this 6th legislation, the government is implementing Rectangular Strategy phase 4. This strategy is combined with the political platform of the government and thus is a policy framework for the formulation of the National Strategic Development Plan 2019-2023.

Figure 6 Rectangular Strategy Phase 4



Source RGC, 2018

"Social Protection is included in the first rectangle of the strategy, this means that social protection is one of the first priorities of the government action plan," (personal communication, MoEF 1, August 28, 2019).

According to Rectangular Strategy Phase 4 and the National Strategic Development Plan 2019-2023, the government of the sixth legislation aims to push for the implementation of the National Social Protection Policy Framework 2016-2025 along with the National Population Policy 2016-2030 and National Ageing Policy

2017-2030. Thereby, pension schemes for worker-employees and the occupational risk scheme for civil servants under labor law will be put into place. The pension scheme for civil servants is also to be reformed, and the social security operators are integrated into a social protection governance framework. This strategy is also the legal framework and supporting infrastructure for implementing the new and existing social assistance programs to provide better support to the poor and other vulnerable groups, and to establish a new social pension scheme (RGC, 2018: p 26, RGC, 2019: p 258).

The National Population Policy (NPP) 2016-2030 discusses the ageing population in section 5.4.4. The issues related to economic conditions, health, participation in society and the general welfare of older people are being addressed by the government through the Ministry of Social Affairs, Veterans and Youth Rehabilitation and other concerned ministries and institutions. The policy directions of NPP 2016-30 are to align with MIPAA 2002. With regards to the pension scheme for the elderly, the policy direction aims to study different options of social security schemes, particularly for the rural elderly and women (RGC, 2016: p 28).

The National Ageing Policy 2017-2030, ensuring financial security for the elderly is the first priority of the policy. This priority has two objectives: the first is to enable older people to remain in productive employment, and the second is to expand coverage of social protection and social welfare schemes. The strategy of the second objective is to examine whether a social protection program for older and oldest persons within families holding equity cards in line with the National Social Protection Policy Framework is possible. Aiming to prevent older people from falling into poverty, the strategy also examines the possibility of whether older people who are ineligible for retirement pensions or who receive inadequate pensions and do not receive care from family members could obtain appropriate incomes. The third strategy is to encourage adult children to fulfill their filial duties by providing financial support to the elderly (RGC, 2017: p 19-20).

Section 2.4.3.2 of the National Social Protection Policy Framework 2016-2025 also states in the future strategies and goals of the elderly people protection program that, "The Royal Government will assess possibilities to support elderly people who are members of poor households holding an ID Poor card. The benefits and conditions of the programs will be determined based on fiscal space." However, the programs could be implemented as a family package. To implement the program nationwide is within the long-term action plan 2020-2025. Section 3.1.3 outlines the future strategy and goals of the pension system in Cambodia, which aims to ensure consistency between public pension schemes. The Royal Government aims to align existing pension projects, and prepare a system of voluntary exit for civil servants. It also aims to implement a pension scheme for workers and employees, a pension scheme for the non-poor working in the informal sector, and a voluntary pension scheme.

Outcomes and Progress

These policies are to be implemented. It is important to note that the National Assembly of Cambodia, on October 08, 2019, approved the draft Law on the Social Security Scheme, which consists of 11 chapters and 107 articles. The draft law has not yet been revealed to the public. However, according to a leaked source, the draft law includes the implementation of a pension scheme for workers and employees in the private sector and a voluntary pension scheme.

"Pensions for private employees will begin to be implemented soon. For example, garment workers have to pay 4 percent of their salary to the social security fund every month - 2 percent from employees and 2 percent from employers. However, the threshold is for a 50-300 USD salary only," (personal communication, MoEF 1, August 28, 2019). ILO 1 described the same details.

Table 4 The Progress of Pension Schemes in Cambodia

Existing Pension Schemes	Achievement	Descriptions	Responsible Institutions
NSSF-C	Implemented	Contributor: Government Benefit Recipient: Civil Officials	Ministry of Economy and Finance
NSSF-V	Implemented	Contributor: Government Benefit Recipient: Veterans	Ministry of Social Affairs, Veterans, and Youth Rehabilitation
Pension for the Private Sector	Under Draft Law	Contributors: 2% by employee and 2% by employer Salary Threshold: 50-300USD Benefit Recipient: Employee	National Social Security Fund
Voluntary Pension	Under Draft Law	Contributor: Individual Payment: NA Pension Type: Defined Contribution Benefit Recipient: Individual	National Social Security Fund
Universal Old Age Pension	Not Mentioned in any Policy	Not Mentioned in any Policy	Not Mentioned in any Policy

Synthesis

All things considered, the Cambodian government of the sixth legislation has arguably centered more focus on ageing people. There are a myriad of policies on social protection for this population group. However, the policies do not seem to effectively improve the economic well-being of elderly citizens. Because of dynamic socio-economic changes, the policies need to tackle elderly challenges separately from the family. The current policies make support of the elderly the responsibility of adult children. However, section 2.4.2.2 of the National Social Protection Policy Framework 2016-2025 also acknowledges that there is a new trend of elderly people living by themselves due to the impact of social changes both internally and externally, including modernization, industrialization and urbanization. But none of the policies has mentioned a Universal Old Age Pension Scheme yet.

Feasibility Study of Universal Old Age Pension

Rationale

Based on this research, in order to improve the economic well-being of the elderly, a universal old age pension scheme is the most recommended solution suggested by interview participants. Universal Old Age Pension (UAP) is a popular and successful approach to ensure income security for the elderly. Based on the Cambodian government's definition, the poverty line in Cambodia is 3,871 Khmer Riel per day (MoP, 2013) or 116,130 Khmer Riel (USD 29.03) per month¹². This research uses this poverty line threshold as the amount of cash for the UAP. Its feasibility will be examined using four different options/scenarios as follows.

Alternatives for Implementing UAP

One of the four alternatives of a UAP can be executed in Cambodia as follows.

- **First Alternative:** the state provides a UAP cash transfer to citizens with age eligibility of 60 years old and above.
- **Second Alternative:** the state provides the UAP cash transfer to the aged citizens with age eligibility of 70 years old and above, then gradually reduces age eligibility to 60 years old and above, in the future.
- **Third Alternative:** the state provides the UAP cash transfer to the aged citizens with age eligibility of 60 years old and above who are not covered under other pension benefits or not receiving full pension benefits from any scheme. Implementation is through a means tested approach.

¹² This amount is also similar to the flat pension of 75,000 Khmer Riel (USD 18.75) suggested by the ILO to the Cambodian government (ILO, 2018), which is based on fifty percent of the poverty line of USD1.25 set by the World Bank in 2008. But according to the new poverty line of the World Bank updated in 2015 (USD1.9), the flat pension suggested by ILO, hereof, is 114,000 Khmer Riel (USD 28.5).

- **Fourth Alternative:** the provision of UAP for aged citizens currently living below the poverty line who can prove having no financial support from their family or other sources.

Table 5 Cost of implementing each alternative of UAP¹³

Cost of UAP	UAP Alternative 1	UAP Alternative 2 ¹⁴	UAP Alternative 3 ¹⁵	UAP Alternative 4 ¹⁶
Cost Per Month	141,482,340,300 KHR (≈USD 35.4 m.)	50,262,109,170 KHR (≈USD 12.6 m.)	134,408,223,285 KHR (≈USD 33.6 m.)	NA
Cost Per Year	1,697,788,083,600 KHR (≈USD 424.5 m.)	603,145,310,040 KHR (≈USD 150.7 m.)	1,612,898,679,420 KHR (≈USD 403.2 m.)	NA
% of GDP 2019 ¹⁷	1.54%	0.55%	1.47%	NA

According to Kakwani and Subbaro 2005, the pension is recommended to target only the poor because the cost of the scheme is expensive. Thus, based on the condition of the national budget, it is recommended that Cambodia begin by using the fourth alternative, which is the cheapest, for the short term then followed by the second and the third alternatives consecutively for the long term.

¹³ In 2019, the number of the aging populations in Cambodia is totally 1,218,310 people, of whom 785,501 people aged 60-69 and 432,809 people aged 70 and above (PopulationPyramid.net, 2019).

¹⁴ The cost of this option will decrease dramatically when the new pension scheme is implemented.

¹⁵ The data of pension coverage for older people in 2019 is not available, thus the researcher applies the pension coverage of 5% in 2015 for the calculation. The actual cost of this alternative is less than that in 2019.

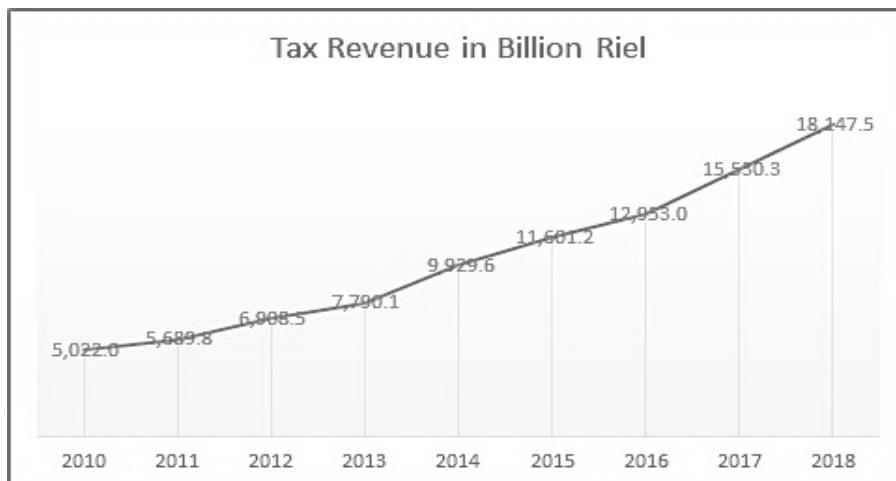
¹⁶ The data of the poor elderly is not available yet thus the calculation cannot be completed. However, the cost for this alternative is many times less than alternatives 1,2, and 3.

¹⁷ GDP 2019 = 109,894,949 million Riel (Cambodia Budget Law 2019)

Financial Analysis for UAP Funding

In the absence of war, Cambodia has maintained an average economic growth of 8 percent in the last 20 years, driven by garment exports and tourism. The country subsequently became a low-middle income country in 2015 and is predicted to be an upper-middle income by 2030 (World Bank, 2019). More importantly, through tax reform, revenue has increased multiple times, from 5,022 Billion Khmer Riel in 2010 to 18,147.5 Billion Khmer Riel in 2018 (Anonymous).

Figure 6 Tax Revenue in Cambodia



Source Anonymous

Whether a Universal Old Age Pension is implementable or not, indeed, depends on the fiscal space, which could be created through increasing tax revenue, borrowing, grants or cutting expenditures in other sectors (Newson and Bourne, 2009). Hence, growing tax revenue in Cambodia is certainly a positive aspect for creating fiscal space to implement the UAP. In other words, the UAP can be funded from a fraction of the increasing tax revenue.

Impact Analysis

The old age pension has a significant impact on poverty alleviation of aged citizens (Abel, 2016; Roth, Bongestabs, & Nimeh, 2016) and family members (Roth,

Bongestabs, & Nimeh, 2016). For instance, in Georgia, a UAP of 100 GEL (USD33.61) could potentially reduce the poverty rate by 15 percent nationwide (Abel, 2016).

It is evident that the UAP stimulates the local economy. It substantially boosts consumption and investments (Vydmanov, Horn, & Sevilla, 2017). For example, in Bolivia, rural households invested the UAP into agriculture. The return on this investment can lift household consumption up to 1.5 times more than the value of the UAP (Martinez, 2004).

The most important impact is that the UAP improves health and dignity in old age. With predictable income, the elderly can be more independent of their children and gain more autonomy to make decisions about their lives and families. They can spend on their own needs, especially healthcare (Vydmanov, Horn, & Sevilla, 2017).

In Cambodia, though a private pension scheme is set to be implemented according to the new Social Security Draft Law, only 1.3 million workers - out of 8.4 million - are registered with NSSF (ILO, 2018), meaning that the rest are still not included in the new scheme. Moreover, to contribute for 30 years and receive a full pension in old age is a big challenge due to the fact that most workers¹⁸ return to informal employment after the age of 35 (ILO, 2018). At the initial stage of implementation of a contributory pension scheme, the UAP can ensure that workers would benefit from at least a minimum level of social protection, even though they may not be able to make sufficient contributions to receive full pension benefits (ILO, 2017 : p. 49).

¹⁸ Especially garment workers

Drawbacks of UAP

Despite the advantages of implementing the UAP, there are a few notable drawbacks and pitfalls which may be anticipated including, but not limited to, governance issues, target error, cash transfer, sustainability and moral hazard.

Governance: Lack of effective management and reliable information system is one of the big concerns in implementing a UAP. Once they qualify for the UAP, the pension will be received until death. However, if the death is not recorded and the relevant officials do not have the means to ascertain it, the benefit will continue to be paid, leading to errors and fraud (Guven and Leite, 2016).

Target Error: Challenges in the selection process is due to the fact that the eligibility criteria are implemented with a certain level of subjectivity. Some of the elderly¹⁹ may not have documents or ID to prove their eligibility. Hence, many of the vulnerable elderly are not registered under the umbrella of the benefit program, while younger people who do not meet the age criteria may be enlisted. Because of inclusion and exclusion errors, ghost beneficiaries or fraudulent claims could exist. For instance, in Botswana, Lesotho, and Namibia, the number of beneficiaries is more than the number of the elderly in the country (Guven and Leite, 2016).

Cash Transfer: Illiteracy and accessibility can be factors in transaction problem of UAP cash transfers. The elderly may have limited access to the cash transfer payment centers, especially those who live in remote areas. This may also be due to their mobility issues as impacted by declining health issues or disability (Guven and Leite, 2016).

Sustainability: Given the increasing ageing population in Cambodia, the expenditures of a UAP will continue to grow and thus make the UAP unsustainable. For example, the UAP in Mauritius increased up to 2.2 percent of GDP in 2013 and is estimated to rise to 6.5 percent of GDP by 2040 (Soto, Thakoor, and Petri, 2015).

¹⁹ Particularly the poor, homeless, and less educated

Moral Hazard: The existence of targeted state benefits can invite moral hazard. It is, in fact, an incentive for people to change their saving behavior. And the fall in private savings is a moral issue that could potentially impact macroeconomic consequences (Agulnik, 2000).

Conclusions

Income security and the economic well-being of the current cohort of ageing Cambodian citizens is not yet in place. Their economic well-being has been, in fact, impacted by their poor educational background, the long-term repercussions of the Khmer Rouge Regime and other conflicts, and the changes in socio-economic dynamics, while social protection, particularly an old age pension scheme, is limited. This reflects and is in line with the theory of the Political Economy of Old Age as discussed in the literature. Based on this research, the policy options for improving economic well-being include a Seniors Discount and VAT exemption, and the Old Age Pension, to help reduce daily expenses and ensure income security. Of the two options, the Old Age Pension is more rational and is the most frequently suggested by key informants and the elderly themselves. The Royal Government of Cambodia has in fact, already adopted and implemented an old age pension but only civil servants and veterans are eligible.

As stated in the new draft law on social security, the government of the sixth legislation will implement a contributory pension scheme for the private sector under the auspices of the National Social Security Fund. But, on account of the current labor market employment conditions, not all aged citizens are included in the scheme or qualify to receive full pension benefits. Therefore, a Universal Old Age Pension is highly recommended in order to ensure that all aged citizens have the opportunity to receive at least a minimum pension benefit at this later stage of life.

A Universal Old Age Pension, indeed, will not only enhance the economic well-being of aged citizens but will also significantly contribute to poverty alleviation, stimulate

the local economy, and improve the health and dignity of this group. Based on the feasibility study of this research, one of four alternatives can be selected to implement the Universal Old Age Pension in Cambodia through tax funded initiatives.

- **First Alternative:** UAP for citizens with the age eligibility of 60 years old and above.
- **Second Alternative:** UAP for citizens with the age eligibility of 70 years old and above, gradually reducing age eligibility to 60 years old in the future.
- **Third Alternative:** UAP for citizens with the age eligibility of 60 years old and above and who are not covered by current pension benefits or not receiving full pension benefits from any other scheme.
- **Fourth Alternative:** UAP for citizens with the age eligibility of 60 years old and above who are currently living under the poverty line and have proof of no financial support from their family.

There are some limitations of this research to be noted. First is the accessibility to key informants. Key informants, especially government officials, are hard to approach. Some rejected or limited the interview scope, claiming the research will have political consequences. Second is the availability of data. The data such as current pension coverage for older people, the number of poor elderlies in the country, and so on are not yet available. The fourth limitation pertains to time constraints. The period of this research was only six months; hence the researcher recommends that future researchers and analysts conduct feasibility studies of other policy options particularly senior discounts and VAT exemption.

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Appendices

Appendix 1 Semi-Structured Interview Question for Key Informants

1. What do you think about the current status and well-being of the elderly in Cambodia?
2. In your opinion, what are the changes in socioeconomic dynamics (working culture, source of income, lifestyle, etc...) in Cambodia? What does it look like in the next 10 to 30 years?
3. As you already know, Cambodians, according to Khmer culture since ancient times, generally take care of their elderly parents. What are the differences of that in the past and present? What will be the difference in the present time and in the next 10 to 30 years?
4. What do you think about the population projection of ageing people in Cambodia in the next 30 years?
5. Did the government prepare policies as well as infrastructure dealing with it yet? How?
6. What are the outcomes and challenges?
7. What is the role of your department in the above-mentioned policies?
8. How many elderly people in Cambodia have state pensions? Under what conditions can they get a pension?
9. What has been done for a long-term plan for pensions for people in the private sector and the informal economy?
10. Overall, is an increasingly ageing population an issue or an opportunity? How?
11. In your point of view, what could be the policy options to improve elderly wellbeing in Cambodia? How to implement them?

Appendix 2 Semi-Structured Interview Question for the Elderly

Section	Question	
Personal Information		Name..... Age..... Number of Children..... Career before the age of 60.....
Family Dependency		Co-reside with..... People who help when sick..... Distance from hospital..... Overall, do you have enough care from your children? Why?
Wellbeing	External Condition	Do you have sufficient income to cover expenditures? Why? Source of Income..... Do you have enough material to support your daily life?

	Health Condition	Do you think you are healthy? If not, what are the illnesses?
	Subjective Well-being	How much do you enjoy the current status of life?
Social Change		15. How much do you think that our society has changed compared to the past in terms of migration, culture, lifestyle, cultural safety net, and so on? 16. What is the difference between parent care in the past and present? 17. How much do you think social change impacts your life?
Suggestion		18. What do you think the government should do to help you? Which one do you prioritize and why?

Appendix 3 Semi-Structured Interview Questions for Youth

Section	Questions	Other
Personal Info.	Name..... Age.....	
Perception on Economic Well-being of the Elderly	3. What does economic well-being of the elderly mean to you?	
Situation of Current Elderly	4. Based on your opinion, what is the current status and wellbeing of the elderly in Cambodia?	
Cultural Safety net & Social Change	5. What do you think about a cultural safety net? 6. Do you think social changes have impacts on the elderly? How? 7. How will this situation be in the next 30 years when you are old?	
Suggestions	9. What are your suggestions for the govt to improve wellbeing when you are old? Which one do you prioritize and why? Universal Pension Universal Health Care Public Elderly Care Another Choice	

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