NTA Project in Asia: Past Achievement and Future Challenges

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Regional Meeting on National Transfer Accounts
3-4 December, 2015
Bangkok , Thailand

1st Regional Meeting on NTA (2005 NUPRI) (Japan, China, India, Indonesia, the Philippines, Taiwan, Thailand)

2007/08 Honolulu
(Advanced Training)

2010 December Hua Hin
(Vietnam, Cambodia, Lao PDR)

Regional Meeting on NTA in Asia (2014 February Pattaya)

2014 November Beijing
(10th Global NTA meeting)

2015 South-South Training, Country Visits, Policy Advocacy

NTA is comparative: Regional Structure

NTA Members			
Asia-Pacific	**Americas**	**Europe**	**Africa**
Australia	Argentina	Austria	Benin
Bangladesh	Brazil	Finland	Ghana
Cambodia	Canada	France	Kenya
China	Chile	Germany	Mozambique
India	Colombia	Hungary	Nigeria
Indonesia	Costa Rica	Italy	Senegal
Japan	El Salvador	Luxembourg	South Africa
(Lao PDR)	Jamaica	Netherlands	
Malaysia	Mexico	Poland	
Philippines	Peru	Russia	
South Korea	United States	Slovenia	
Taiwan	Uruguay	Spain	
Thailand		Sweden	
Vietnam		Turkey	
(Pakistan, Nepal, Mongolia, Iran, Maldives..)		United Kingdom	

Key Issues

- How population change influence society and economy (current and future)?
- What policies can be pursued to influence the outcome?

Most significant efforts: National Transfer Accounts (NTA)

- Integrating population into economy (Constructed using population estimates, surveys, administrative records, macroeconomic data).

- Quantifies how each age groups acquires and uses economic resources (comprehensive output)

- Consistent with UN System of National Accounts (implication on macro-economy)

NTA and Policy Issues

1. 1st demographic dividend
2. Human capital investment (healthcare and education)
3. 2nd demographic dividend
4. Income security (support system) for the elderly
5. Retirement and pension issues
6. Fiscal sustainability
7. Intergenerational equity
8. Gender issue
9. Inequality
10. Population policy

NTA project is

- Data improvement and research
- Capacity building
- Policy simulation and policy advocacy

Some Lessons

1. Capacity building should be targeted at statistical, economic and planning agencies.
2. Experts and trainers exist in the region and can form a technical working group.
3. Effective NTA teams exist in some countries. Models should be replicated elsewhere.
4. Standardized methods of modeling, or template should be developed, tested, shared and applied.
5. NTA teams should use the NTA manual. Translation of the manual is advantageous.

Some Lessons (cont'd)

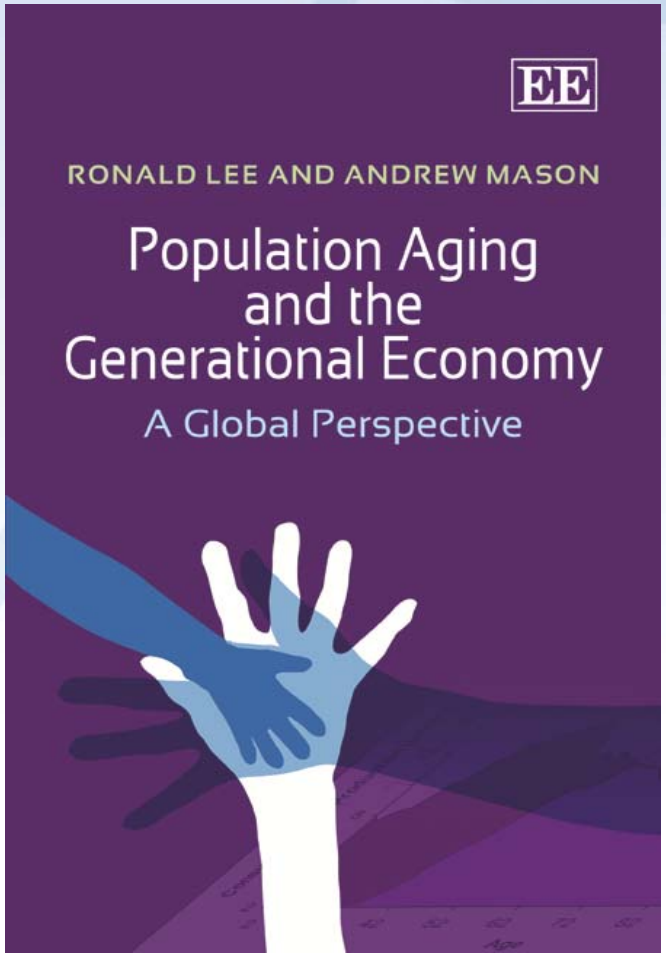
6. Training should enable production of a core package of variables or analysis.

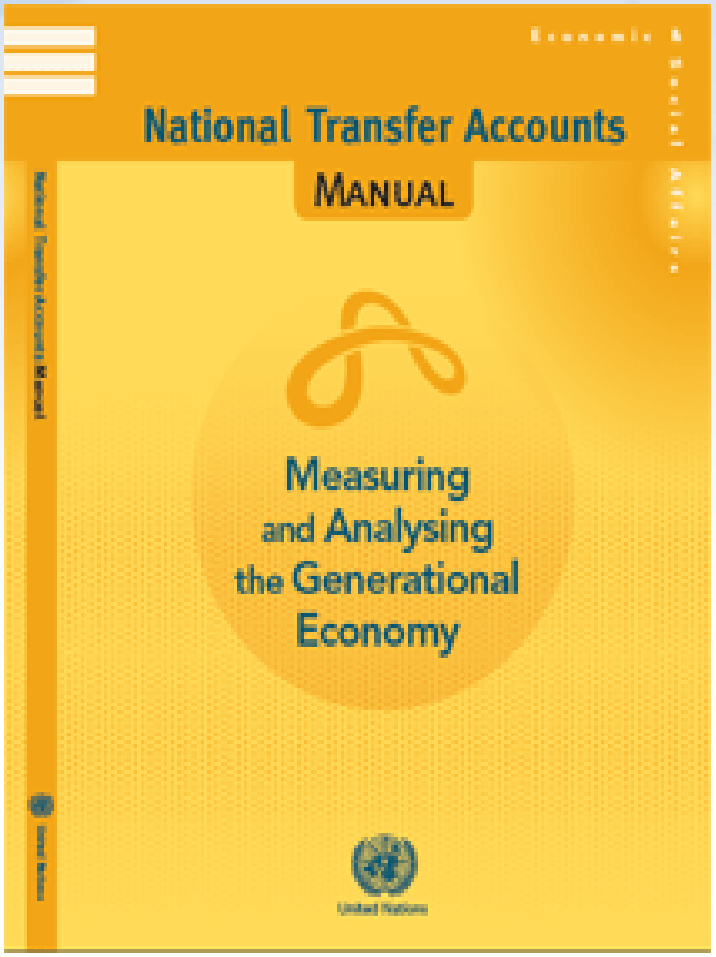
7. Gender dimensions should be included in NTAs wherever possible and practical.

8. Overseas investment and remittance data should be included wherever possible (or modeled).

9. NTAs are complex. Advocating key messages to the right audiences needs development.

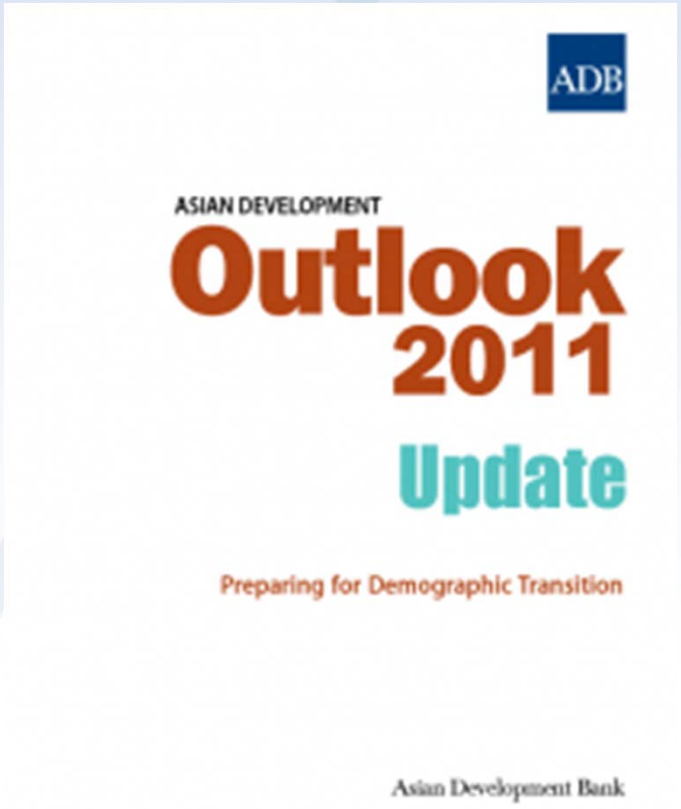
Hundreds of articles, books, and UN manual.



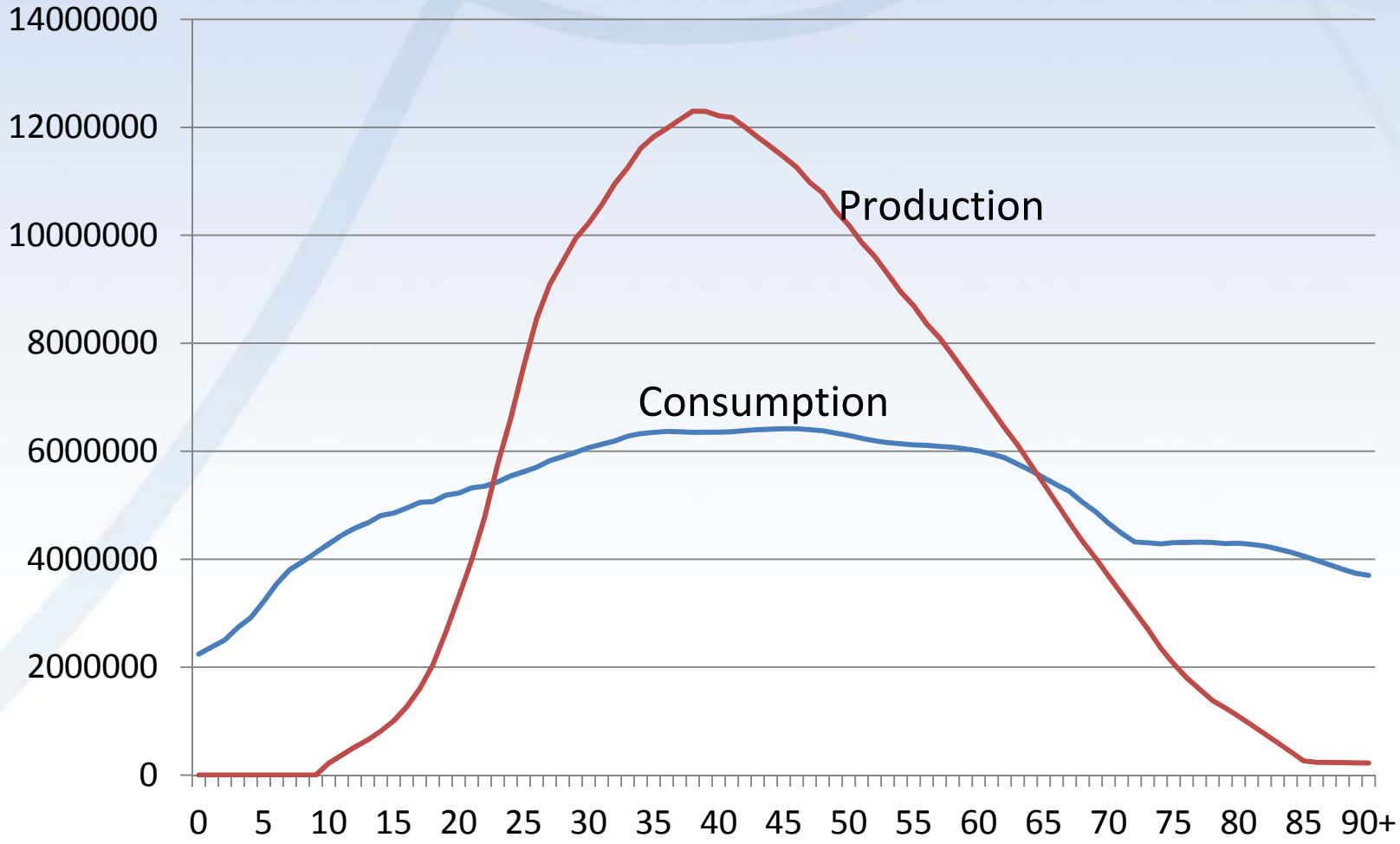


NTA

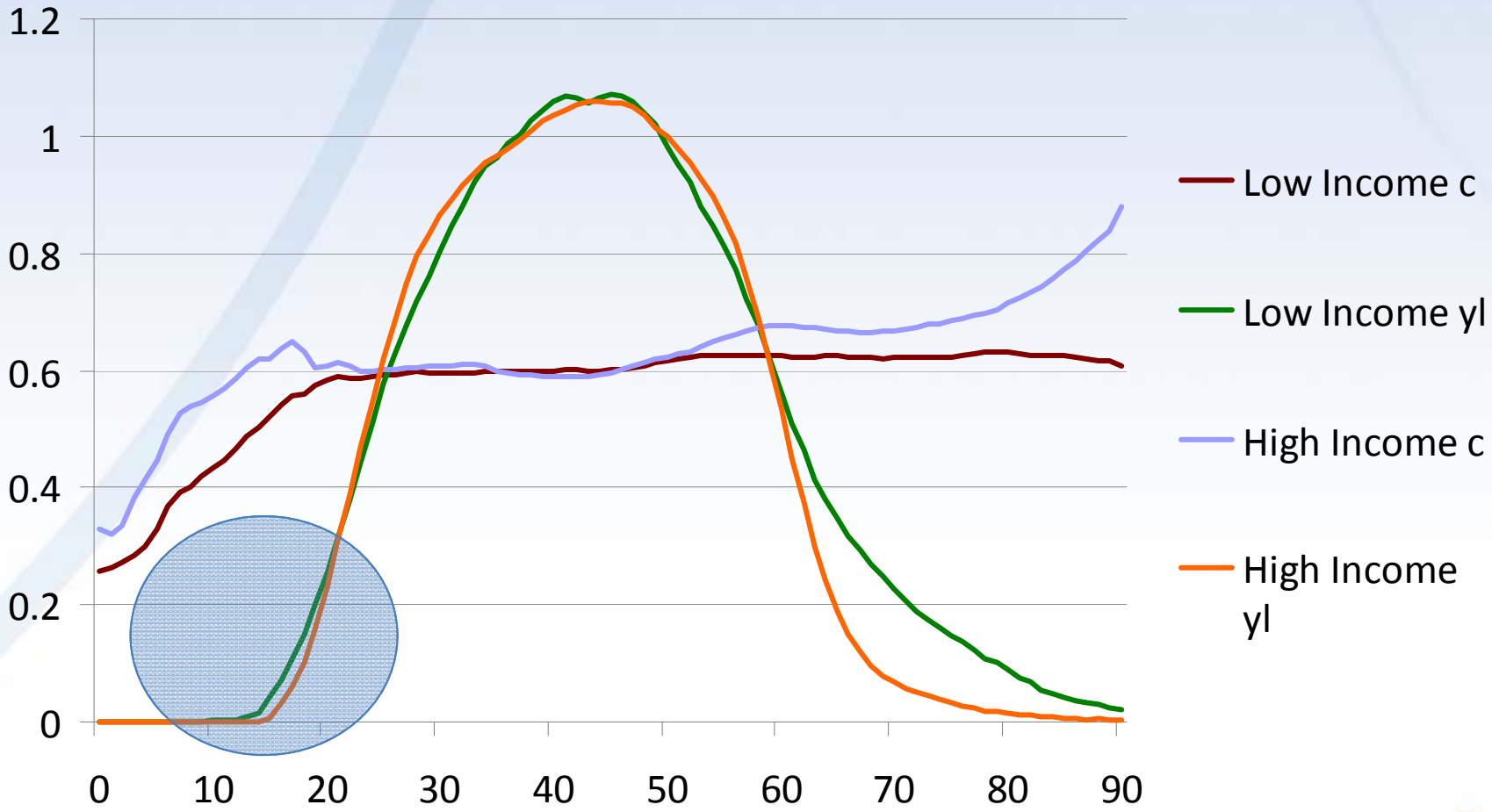
Asian Development Outlook 2011, 2014



Per capita flows, Lao PDR 2011

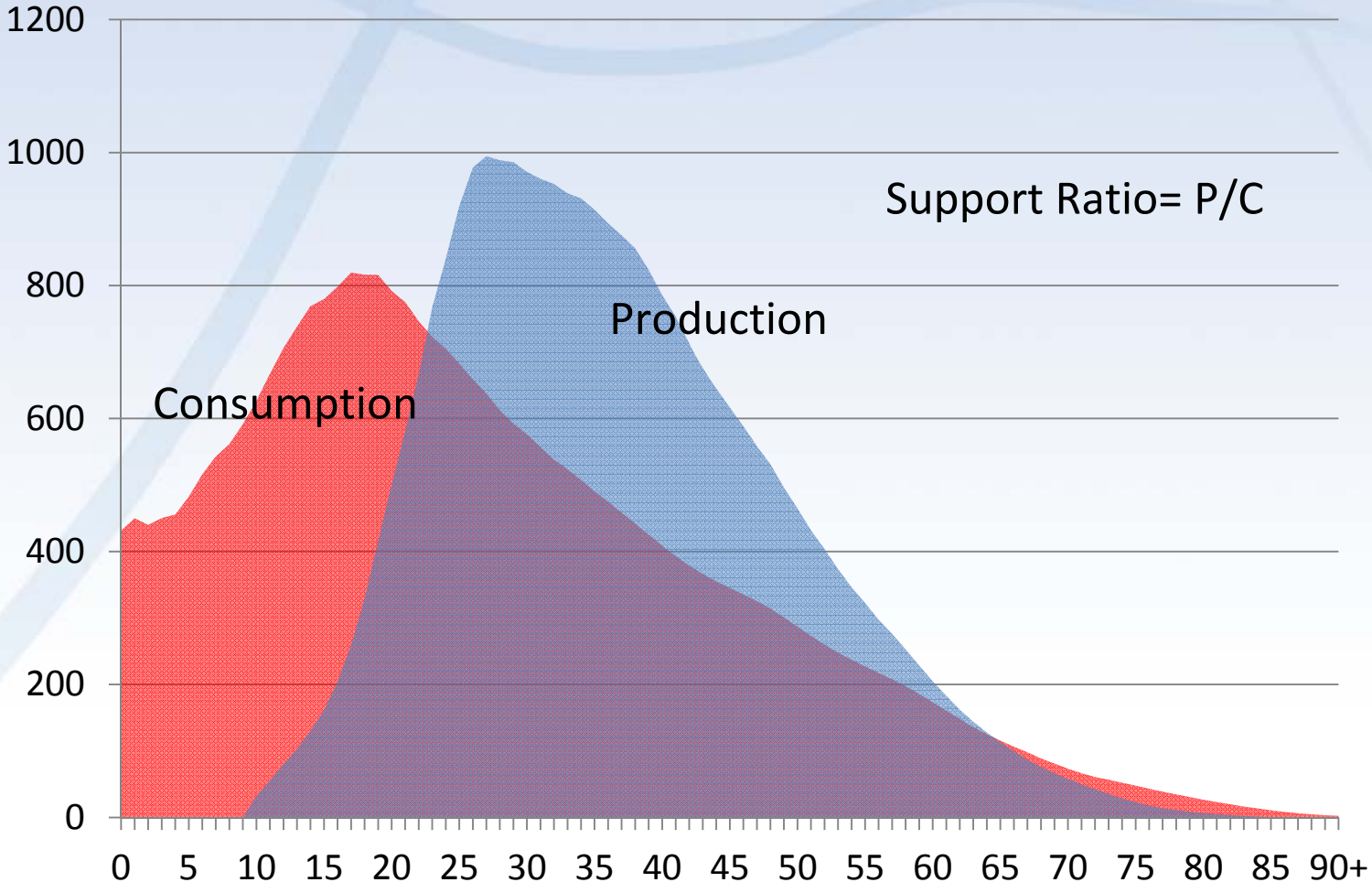


Per capita flows, high income vs. low income countries

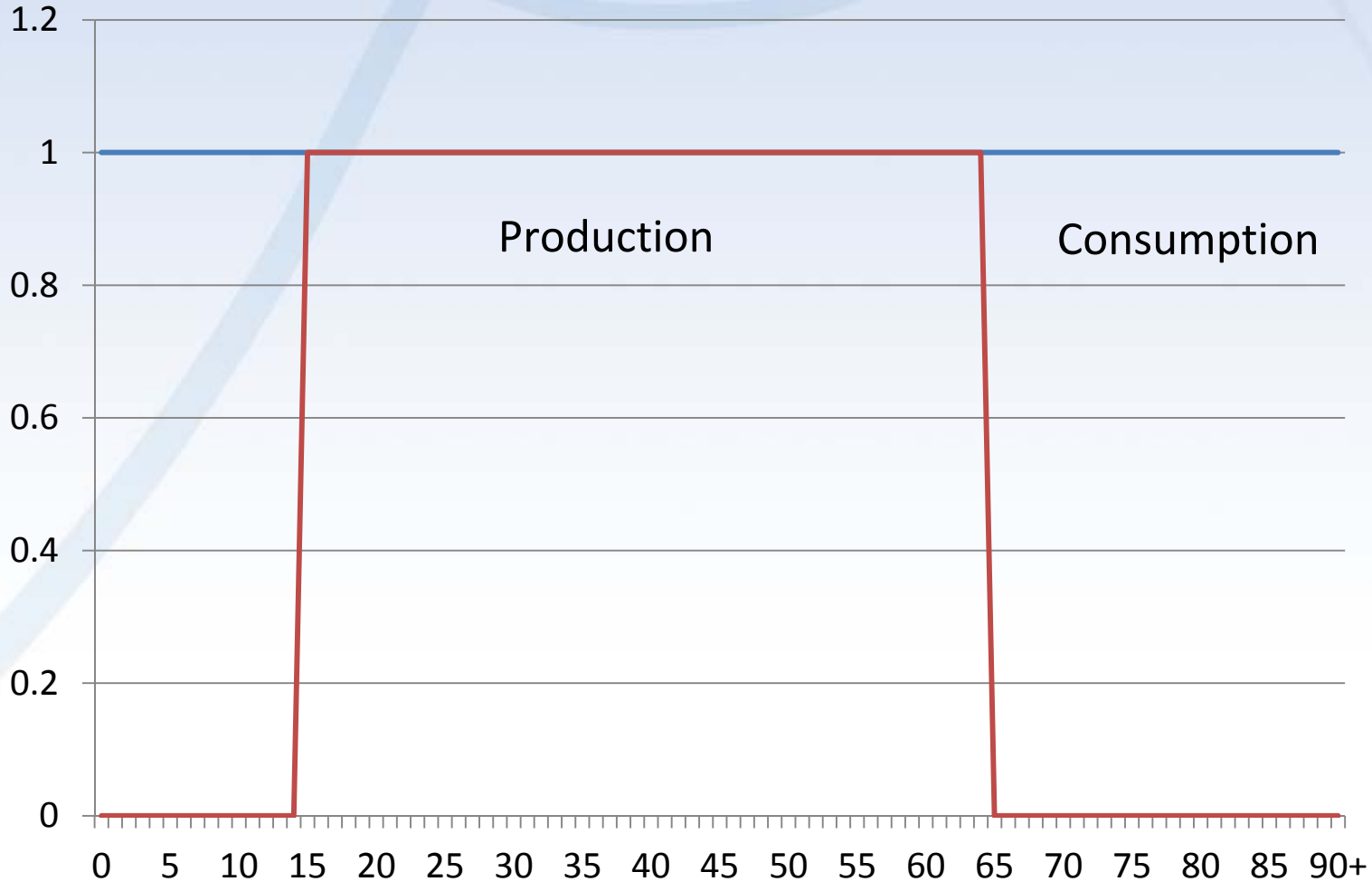


Source: National Transfer Accounts, www.ntaccounts.org.

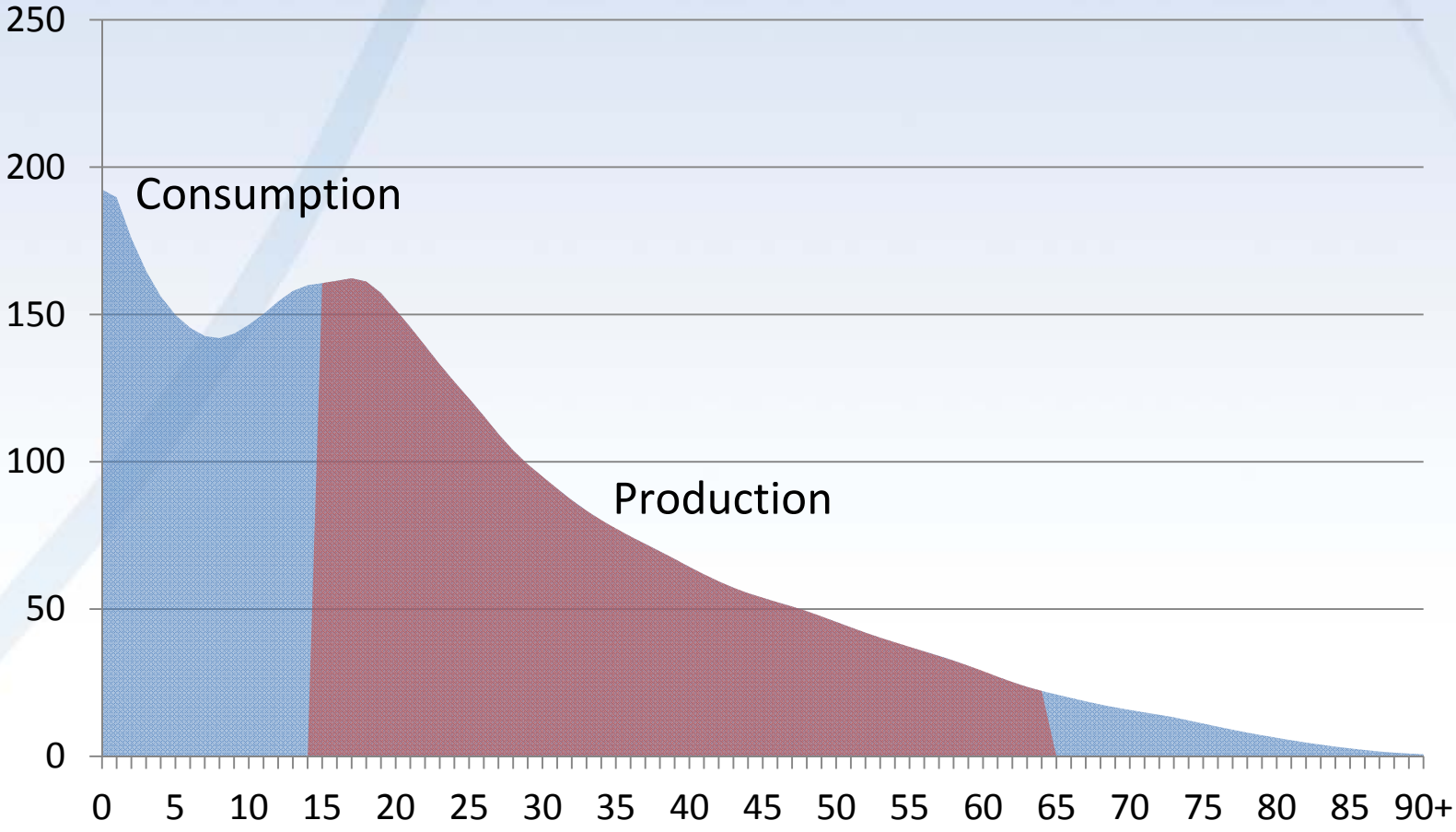
Aggregate flows, Lao PDR 2011



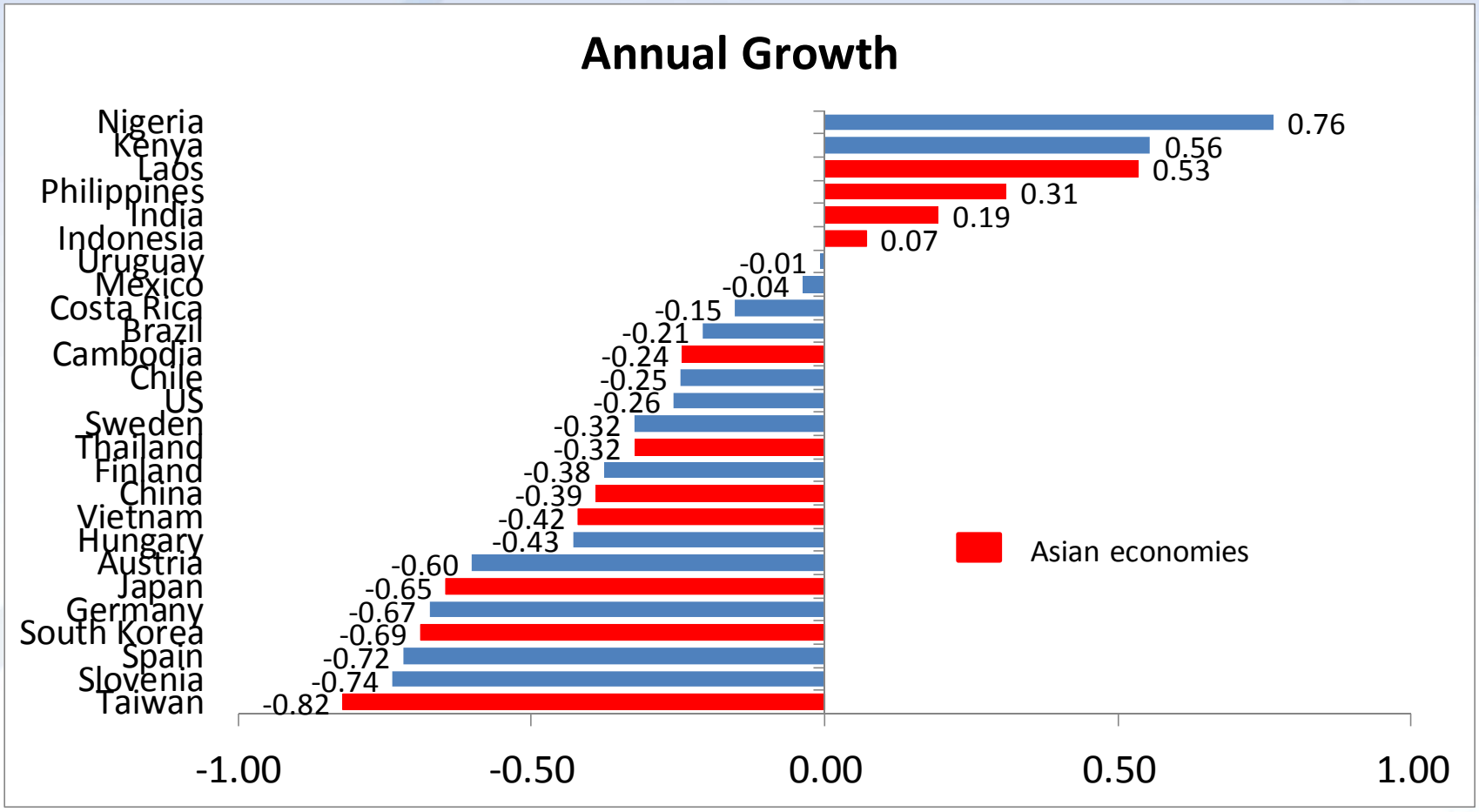
Per capita flows without NTA (Lao PDR before NTA)



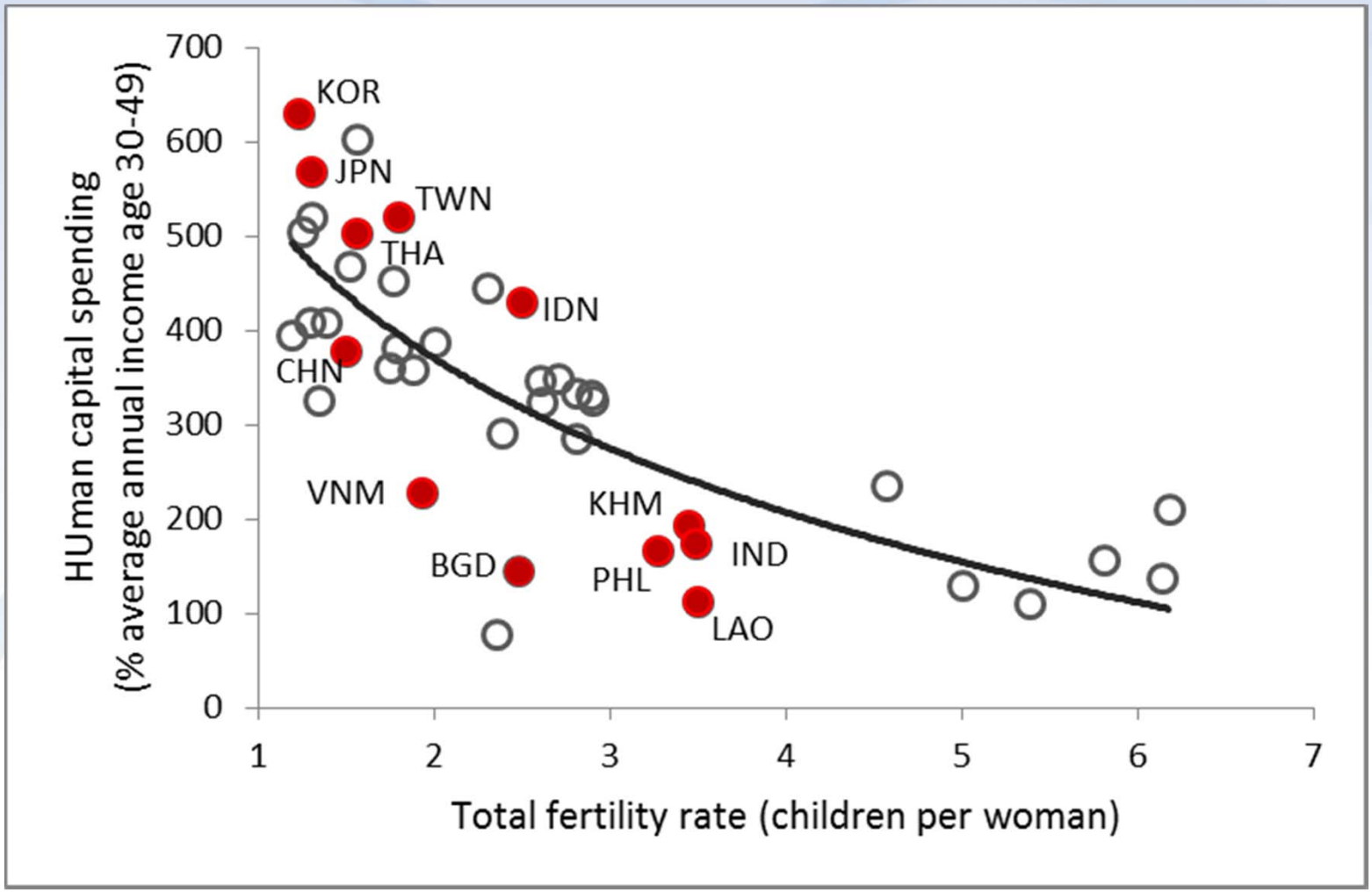
Support Ratio without NTA (Lao PDR before NTA)



Support Ratio, Annual Growth NTA Economies, 2010-2050

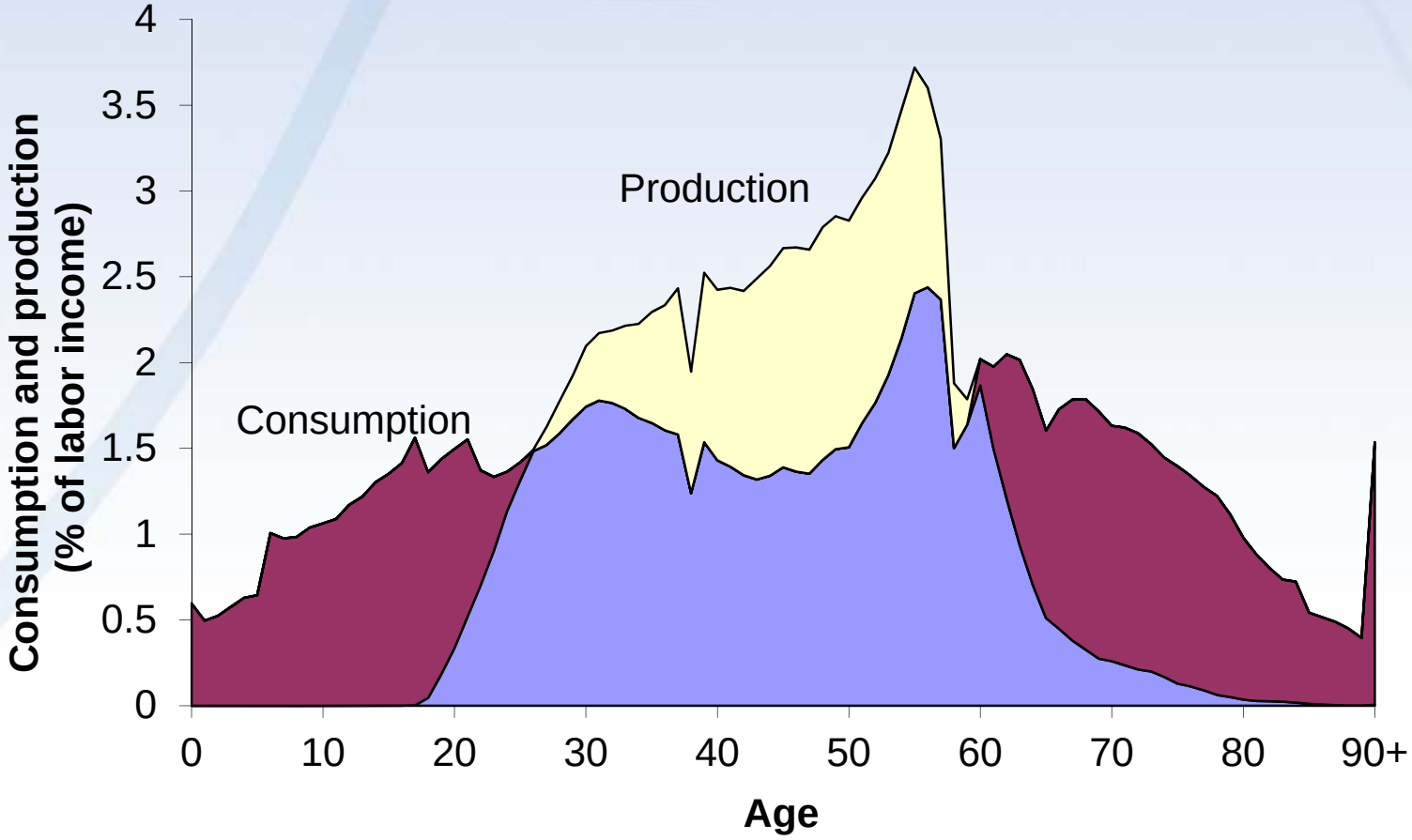


Fertility/human capital tradeoff



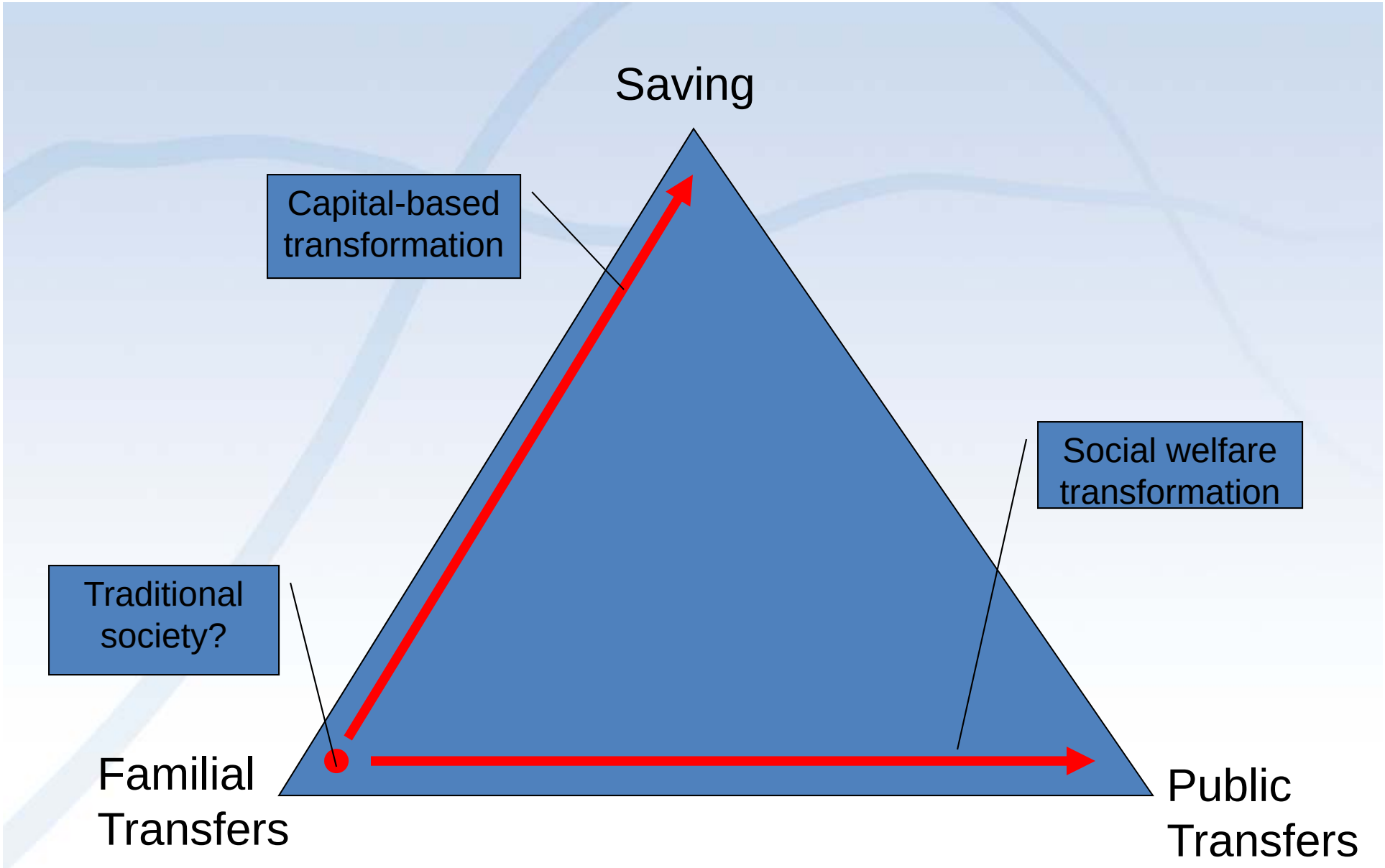
Updated from NTA database www.ntaccounts.org

Aggregate flows: Japan

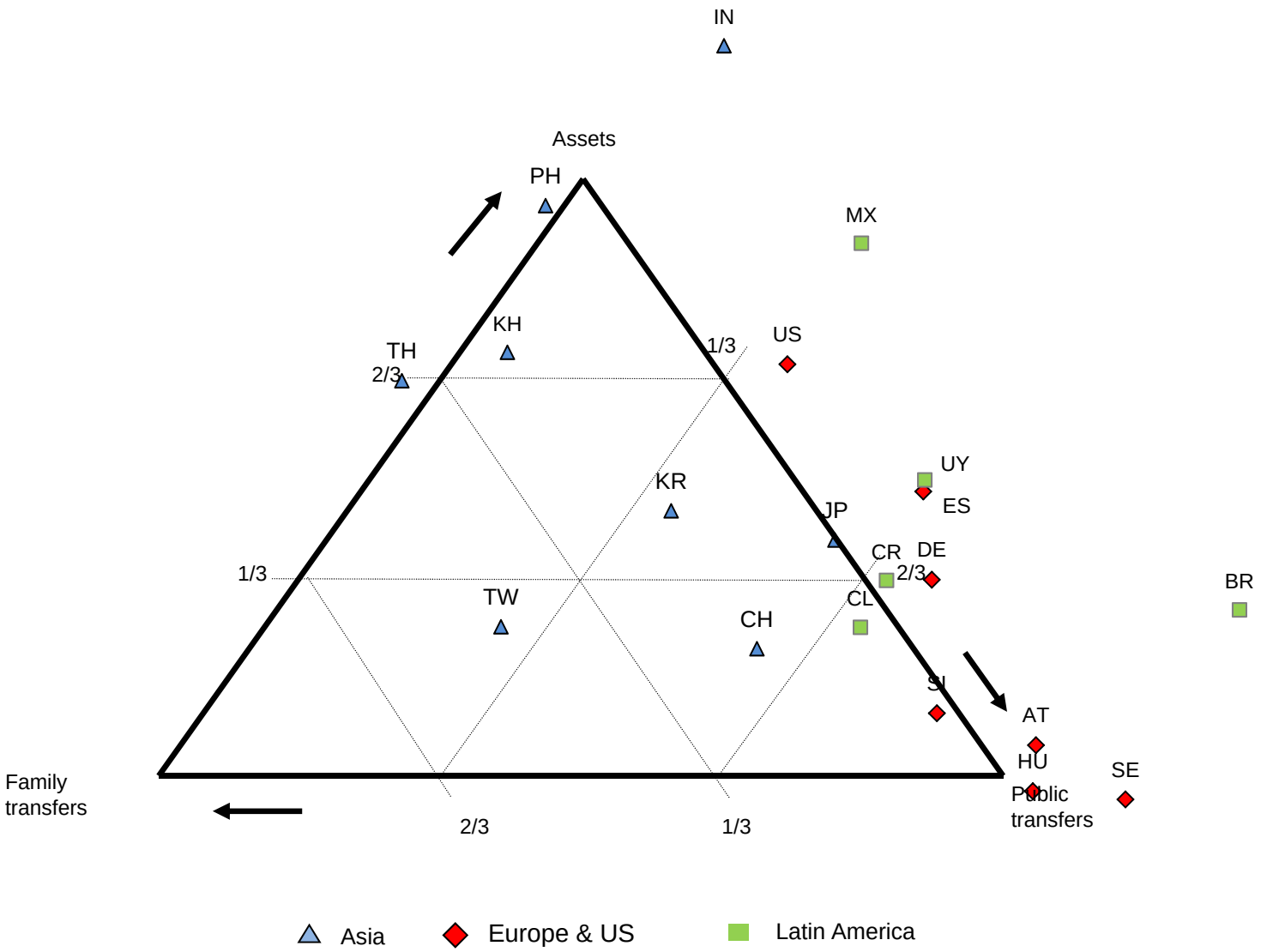


Sources of consumption for elderly (support system)

- Familial transfers
- Public transfers
  - Social Security System
- Asset-based Reallocations (saving)
  - Interest, dividends, rent from personal assets
  - Home
  - Dis-saving



Evolution of Old-Age Support System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DE
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TW
CL
BR
CH
SI
AT
HU
SE
Family
transfers
2/3
1/3
Public
transfers
Asia
Europe & US
Latin America

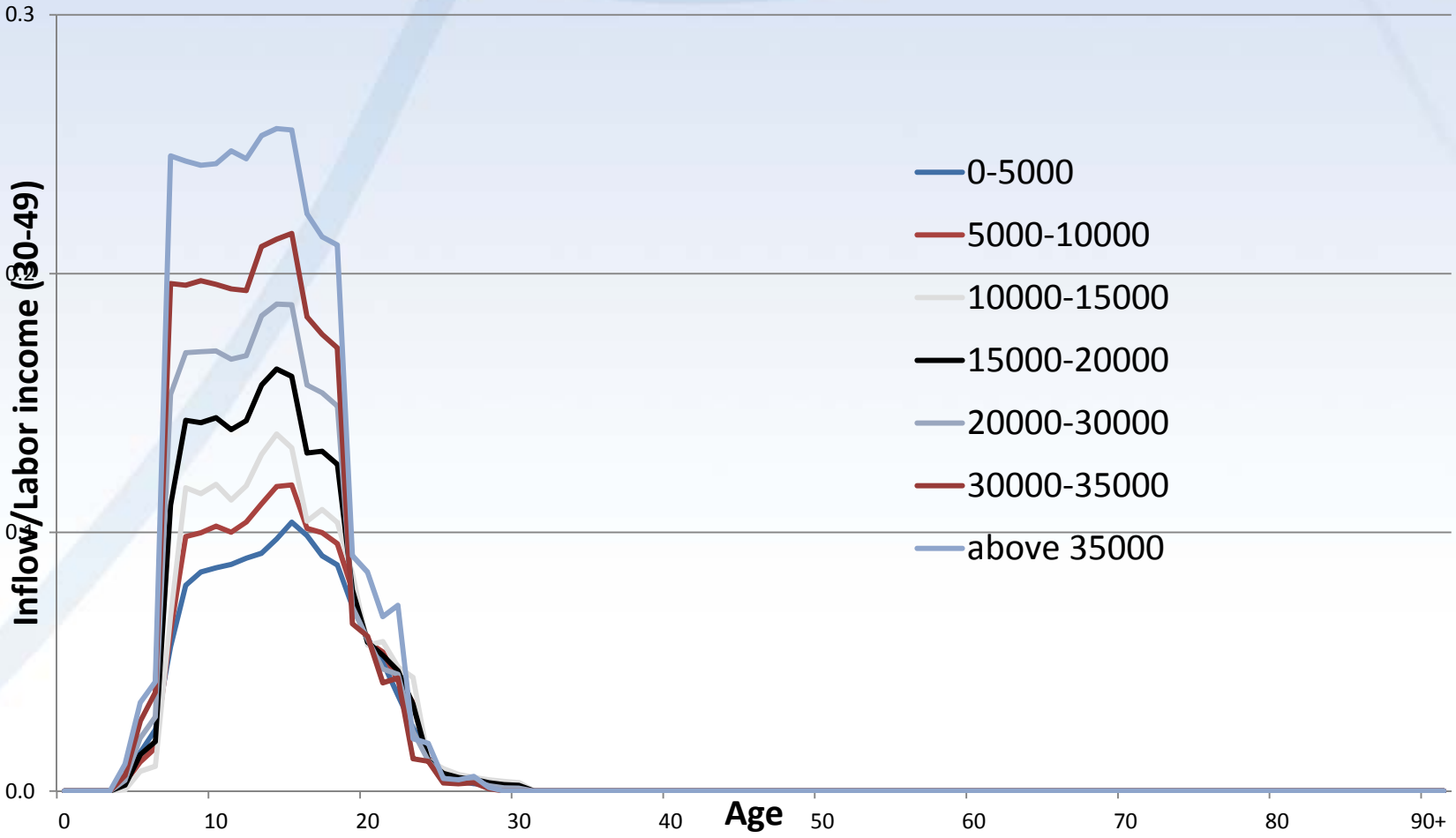
Revisit: Future Support Systems in Asia?

- Work more?
- Increase familial transfers?
- Increase public transfers?
  - Maybe inevitable.
  - Projections based on the “current system” suggest that public transfer system will not be terribly onerous.
- More reliance on capital accumulation?
  - Human capital & asset/savings
  - Implication on growth (demographic dividend)
  - Need to develop a system to facilitate

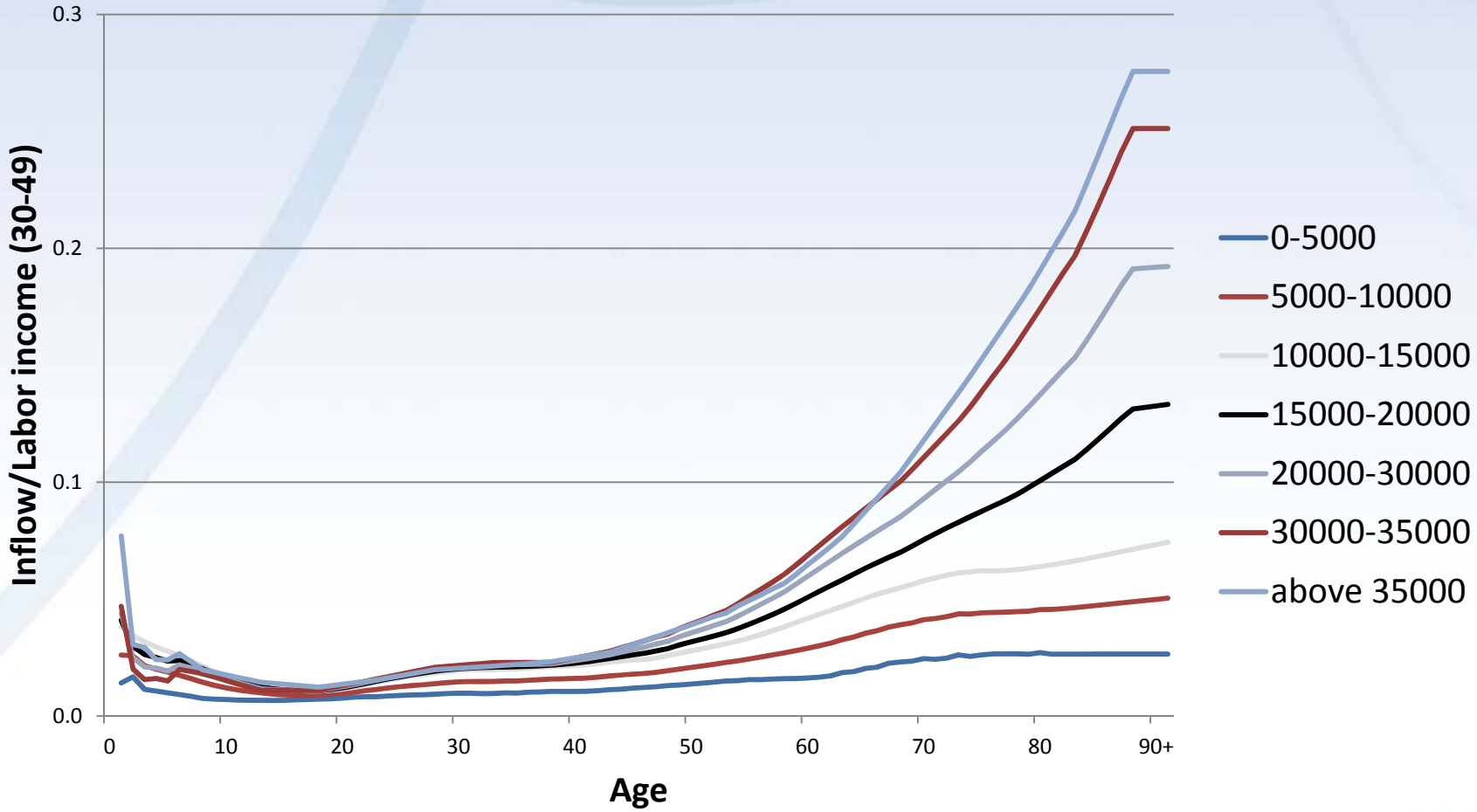
Can we project public support?

Income range (per capita GDP in US$ 2005 prices)	Model profiles
Under $5000	Asian low income countries for education and health (India 2004, Indonesia 2005, Philippines 1999, PRC 2002, Thailand 2004, and Vietnam 2008). For social protection, PRC 2002, Philippines 1999, and Thailand 2004.
$5,000 to 10,000	Interpolated
$10,000 to 15,000	Korea 2000 and Taipei, China 1998
$15,000 to 20,000	Interpolated
$20,000 to 30,000	Interpolated
$30,000 to 35,000	Japan 1994
$35,000 or more	Japan 1999

Age profiles of per capita public education transfer (NTA)



Per capita health transfers (NTA)



Decomposition (Combined)

% of GDP		Percentage point change, 2010-50			As a percent of 2010 value		
	Value in 2010	Total change	Due to age structure	Due to age-specific level	Total	Due to age structure	Due to age-specific level
Central and West Asia	**10.8**	**2.8**	**2.3**	**0.4**	**28.5**	**22.3**	**6.3**
East Asia (excl. Japan)	**12.7**	**12.3**	**8.7**	**6.0**	**96.7**	**67.8**	**48.4**
South Asia	**7.3**	**2.8**	**0.3**	**2.5**	**29.9**	**3.2**	**26.7**
Southeast Asia	**5.7**	**2.2**	**0.4**	**1.8**	**32.8**	**8.7**	**24.0**
Japan	**27.5**	**6.8**	**6.8**	**0.0**	**24.8**	**24.8**	**0.0**

Decomposition (Pubic health)

% of GDP	Value in 2010	Percentage point change, 2010-50			As a % of 2010 value	
		Total change	Due to age structure	Due to age-specific level	Due to age structure	Due to age-specific level
Central and West Asia	2.0	0.9	0.3	0.6	16.3	31.3
East Asia (excl. Japan)	3.4	5.1	2.0	3.2	55.6	98.0
South Asia	2.2	2.3	0.6	1.8	24.3	65.4
Southeast Asia	1.7	1.6	0.6	1.0	31.2	42.3
Japan	7.4	3.1	3.1	0.0	41.6	0.0

Decomposition (Social protection)

		Percentage point change, 2010-50			As a percent of 2010 value	
	Value in 2010	Total change	Due to age structure	Due to age-specific level	Due to age structure	Due to age-specific level
Central and West Asia	**5.0**	**3.1**	**2.9**	**0.1**	**63.1**	**5.1**
East Asia (excl. Japan)	**5.1**	**7.5**	**4.4**	**3.2**	**78.0**	**79.1**
South Asia	**1.3**	**1.7**	**1.3**	**0.4**	**97.3**	**24.0**
Southeast Asia	**1.0**	**1.1**	**0.8**	**0.3**	**83.3**	**27.9**
Japan	**17.0**	**4.0**	**4.0**	**0.0**	**23.6**	**0.0**

Concluding remarks

- Good social policies
  - that do not undermine work and saving incentives, and that promote growth
  - that are financially sustainable
  - that are consistent with poverty reduction goals
  - that achieve intergenerational equity
- The negative effect of population change can be offset by
  - An increase in productivity (via effective education and training)
  - Utilizing female, youth, and elderly labor force
  - Encouraging saving and investment to create employment
  - Avoiding excess reliance on transfers to support consumption.
  - Population policy (immigration)

www.ntaccounts.org

asia.ntaccounts.org

Thank you

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