



**PROGRAM ON THE GLOBAL
DEMOGRAPHY OF AGING**

Working Paper Series

Social Protection of Older People

David E. Bloom, Emmanuel Jimenez, and Larry Rosenberg

November 2011

PGDA Working Paper No. 83

<http://www.hsph.harvard.edu/pgda/working.htm>

The views expressed in this paper are those of the author(s) and not necessarily those of the Harvard Initiative for Global Health. The Program on the Global Demography of Aging receives funding from the National Institute on Aging, Grant No. 1 P30 AG024409-06.

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Introduction

Social protection is a major arena of government activity aimed at ensuring that vulnerable population groups receive appropriate and effective public support to ensure their financial security and to safeguard their health. However, despite the growth and extent of social protection programs in both developed and developing countries, most emerging economies have nascent systems and only a small portion of all such efforts address the specific vulnerabilities and needs of older people.¹

This paper (a) discusses the vulnerabilities of older people and the benefits of crafting social programs to address them; (b) describes the nature of social protection and the forms it can take to address those vulnerabilities; (c) reports descriptive evidence on the availability and use of social protection programs; and (d) delineates steps that can be taken to remedy the shortfalls experienced by older people.

Vulnerabilities of older people

In all countries, both developed and developing, older people face an array of vulnerabilities. Among these are lack of income, health insecurity, and the need for physical care.

It is not possible to say definitively that older people are always poorer relative to other age groups. With an official poverty rate of 35%, they certainly were in the U.S. in 1960; but less than 40 years later this rate had fallen to 10%, lower than that for the non-elderly.² In Eastern Europe and Central Asia, in the years after the transition from socialist economies, older people, relying on built-up assets and generous pensions, were typically better off than other groups.³ Data from the 1990s from a diverse group of countries with roughly comparable household data sets – Ghana, Pakistan, South Africa, and Ukraine – indicated that consumption poverty for older people was higher than the non-elderly but lower than that of children.⁴ A recent study in Latin America showed that the population over aged 60 was not any more likely to be poorer in terms of income than others in 15 of 18 countries; but their poverty status was worse in Colombia,

¹ The varied situation of older people in countries throughout the world has led to differing definitions of “older people”. In addition, gender differences in labor force participation, retirement age, and long-term income security mean that the effects of “old age”, as well as societal responses to aging, will be different for men and women. For the sake of simplicity and clarity, this paper considers those aged 60 and above to be “older people”.

² Gary Engelhardt and Jonathan Gruber (2004). “Social Security and the Evolution of Elderly Poverty,” NBER Working Paper 10466, Cambridge MA.

³ Asad Alam, Mamta Murthi, and Ruslan Yemtsov (2005). *Growth, poverty, and inequality: Eastern Europe and the former Soviet Union*. Washington, DC: World Bank.

⁴ Angus Deaton and Christina Paxson (1997). “Poverty among children and the elderly in developing countries”, Research Program in Development Studies, Princeton University.

Costa Rica, and Mexico.⁵ Similarly, poverty rates among older people in Sri Lanka, India and several countries in North Africa are equal or lower than those of the general population.⁶ What drives these diverse results? Why are older people more secure in terms of well-being in some places (and some time periods) relative to others?

The answers depend on how older people derive their income and how reliable that flow is. First, of course, older people in nearly all settings are, on average, less likely to have paid employment than are younger adults. Older people often rely for income on a combination of fixed assets (in many cases, meager savings), government programs such as pensions, and support from family members. Savings, aside from often being small, can lose value to inflation, and in many cases there are insufficient investment vehicles to counteract savings' loss of value over time. Pensions can be extremely important, but, particularly in developing countries, they tend to be small and coverage is usually spotty. Even in some developed countries (e.g., the United States), public pension programs (e.g., Social Security) may not provide sufficient income for most people during retirement in the future. Family members have traditionally been the prime source of financial support for older people, and in many societies, this is still true (although in Japan and many other countries, older people transfer resources to younger generations until their 80s). But in numerous places, the family ties that underlie continued support of older people are beginning to fray. Reasons for this include the movement of young people away from family homes in rural areas, the greater tendency for women to work outside of the home, the tendency for families to be smaller and for generations to be more spread out, and, in some instances, cultural changes that tend to diminish the expectation that children will take charge of caring for their parents.

Older people are also vulnerable because they are more likely to have health issues. In a survey of seven Latin American and Caribbean cities, more than 77% of those aged 60 and over claim to live with a disease and 19% have a disability.^{7,8} When they are ill, older people very often have inadequate access to medical care. And when there is access, they may be unable to pay for the care they require and/or the service is of very low quality. Health insurance is available to some, but in developing countries, most older people do not have health insurance. As a result, older people in many countries lack preventive care, face untreated illnesses, are uncertain about new health problems that they may have to face in the future, and are unable to pay for the amount and quality of healthcare they need. Further, the consequences of chronic disease may limit their capacity to remain independent and support themselves – and when they have a catastrophic condition that requires treatment, they often use up family savings; indeed, spending on healthcare is a prime reason that families (with or without older members) fall into poverty.

⁵ Daniel Cotlear and Leopoldo Tornarolli (2011). “Poverty, the Aging and the Life Cycle in Latin America,” in D. Cotlear (ed.) *Population Aging: Is Latin America Ready?* Washington DC: The World Bank.

⁶ David Robalino and Robert Holzmann, “Overview and Preliminary Policy Guidance,” (2009) in Robert Holzmann, David A. Robalino and Noriyuki Takayama (eds.) *Closing the Coverage Gap: The role of social pensions and other retirement income transfers*. Washington DC: The World Bank.

⁷ André C. Medici 2011 “How age influences the demand for health care in Latin America,” in Cotlear (ed).

⁸ Studies in some other countries have found much lower numbers: between 2 to 3% of the 65 and older population were found to have disabilities in Eastern Europe and the former Soviet Union. (See Mukesh Chawla, Gordon Betcherman, and Arup Banerji (2007). *From red to gray: the "third transition" of aging populations in Eastern Europe and the former Soviet Union*. Washington, DC: World Bank, Chapter 5).

Finally, older people are vulnerable because they need companionship and physical care and assistance. Companionship may be difficult to find, as husbands die and children move away or feel less obligation to take care of parents, while at the same time reduced mobility may limit the capacity to remain socially engaged outside the family. The same factors affect physical care and assistance. These trends are especially true for developed countries where older people tend to live alone or with a spouse. Changes can occur rapidly, even in ‘traditional’ societies. For example, the proportion of older Japanese living with children is estimated now to be about 42% – much lower than the 87% in 1960.⁹ Thus, older people in developing countries, where they still rely more heavily on family members for care and survival, may be confronting wrenching changes soon. One indicator of this is the difference among countries in the same region. In Latin America, only about 10-23% of older people in the Central American countries live on their own, compared to well over 50% in Argentina and Uruguay.¹⁰

The extent of the vulnerability of older people varies considerably from one population group to another. Those at the higher end of the income spectrum are more secure than the poor. Those in good health, or whose health problems are compressed into a relatively small portion of the lifespan, have less to deal with than those who are chronically ill. Those without children, and those who cannot get around by themselves, tend to be more vulnerable. Widows often face particularly daunting constraints on their activities, finance, and future relationships.¹¹ Women are, in general, more vulnerable than men, in part because they have typically had less opportunity to amass savings because they are less likely to have had paid employment and more likely to have left the labor force earlier (though their traditional role as carers may benefit their partners). The “oldest old”, i.e., those aged 80 and above, tend to have more limited capacities and more complex needs than those between ages 60 and 79, and as a result, they are particularly subject to financial and health uncertainties.

Notion of social protection (SP)

The idea of SP arises because individual and family resources are very often insufficient to protect members of society from a broad array of vulnerabilities. These vulnerabilities include those described above in relation to older people but extend to other, more specific circumstances, e.g., unemployment, disability, children whose needs are unmet, and workers who face problematic working conditions. Consideration of SP also arises from the fact that some of the benefits it conveys accrue collectively. Health insurance, for example, is a benefit to all, because it leads to fewer people falling into poverty, a condition that has negative spillovers for society as a whole. Similarly, the good health of individuals, which can be abetted by SP, has positive effects on a whole society.

International agencies have different definitions of “social protection” and focus on different, but related, goals. Some focus on managing risks and others on the importance of responding to

⁹ G. Englehardt, J. Gruber, and C.D. Perry (2005). “Social Security and Elderly Living Arrangements”, *Journal of Human Resources*, 40: 354-72.

¹⁰ Cotlear and Tornarolli, op. cit., p. 123.

¹¹ For an in-depth account of widowhood in India, including the stigma faced by widows, see Chen, Martha Alter (2000). *Perpetual Mourning: Widowhood in Rural India*. New Delhi, New York: Oxford University Press, 2000.

economic shocks or natural disasters. Still others emphasize the importance of ensuring people's rights, including their access to good employment. The Asian Development Bank takes "social protection" to mean "policies and programs designed to reduce poverty and vulnerability by promoting efficient labor markets, diminishing people's exposure to risks, and enhancing their capacity to protect themselves against hazards and interruption/loss of income".¹² The World Bank is re-evaluating its Social Protection Strategy and in the publicly available concept note, it refers similarly to a three-part articulation by referring to programs that: *prevent* against drops in well-being through social insurance; *protect* from destitution and catastrophic losses through social assistance programs; and *promote* improved opportunities and livelihoods, chiefly through better jobs.¹³

We realize we are subscribing to definitions that encompass a broad swath of government programs. But that is central to the notion of "social protection", which does not have as clearly defined boundaries as more established sectors, like education, transport or health. Addressing risks and vulnerabilities often requires an all-of-government approach that cuts across many sectors. It is also useful to state what it does not include. SP refers to public programs, not private efforts to guard against the many dangers faced by people of all ages. The notion of "social protection" does *not* encompass two very important means by which older people very often receive support. First, SP does not refer to the use of individuals' savings for their support in old age. And second, SP does not refer to the various types of financial and social support that families often provide. As important as these are, they are not *social* activities.

Importantly, in all definitions, SP aims to diversify risk. Ensuring a certain level of protection to all people means that a society is less likely to have to deal with the consequences of extreme poverty or acute hunger. SP is ultimately funded by governments and is therefore a social undertaking that bolsters a society's resilience by lessening many individuals' vulnerability. It aims to achieve these aims efficiently, but in doing so it also increases equity.

SP first achieved prominence when Otto von Bismarck decided to establish a welfare program in Germany to satisfy people's demands in a way that would avoid the possibility of a socialist revolution. Much later, the Depression led to the New Deal in the United States. After World War II, the Scandinavian countries moved further toward the implementation of broad social welfare programs. In the UK in 1942, the Beveridge Report led to an expansion of SP programs, and after the wave of independence from the 1940s through the 1960s, various developing countries began to implement or expand existing SP programs.

Numerous rationales have supported and continue to undergird SP programs. These rationales support action in the SP arena independent of the age of program beneficiaries; they apply to older people as well as to the population as whole. The most fundamental rationale is that we collectively have a moral obligation, and a desire, to ensure that people have good lives – and without question this applies to older people. In response to privation and insecurity in a very wide range of circumstances, government action to redress these wrongs, in the form of SP, resonates with the beliefs of very large numbers of people. In addition, and closely related to this

¹² Asian Development Bank (2010). "Social Protection: Reducing risks, increasing opportunities."
<http://www.adb.org/SocialProtection/>

¹³ <http://www.worldbank.org/spstrategy>

point, is the idea that everyone is entitled to a basic set of human rights, a concept that is enshrined in the Universal Declaration of Human Rights, which was adopted by the United Nations in 1948. In part as a response to the Declaration, human rights occupy a prominent position in international law and in the laws of many countries, further spurring the development of SP programs. By virtue of the explicit statement that human rights apply to “everyone”, older people are legally guaranteed an array of rights whose realization can be bolstered by SP programs.

Complementary to the rights-based rationale is that of reducing poverty, a principal policy objective for most nations. The most efficient SP strategy would be to include older people within general social assistance programs. Horizontal equity would then be preserved. But in cases where older people are over-represented among the poor and they are not able to claim their share of these programs, direct transfers to them through social programs may be warranted.¹⁴

Finally, there is also a growing body of evidence that the gains achieved by SP programs can give an impetus to economic growth. Families that do not have to struggle for every penny, whose members are healthier than in the past, or whose elderly individuals receive pensions or welfare payments are more able to be economically productive members of society, contributing not only to their own well-being but to that of a country as a whole. Indeed, the recent Growth Commission led by Michael Spence concluded that while there is no one policy recipe for sustained growth, there are some essential ingredients, one of which is to protect people through social safety nets, without which “popular support for a growth strategy will quickly erode.”¹⁵

SP involves numerous actors and stakeholders. National governments are the most central participants in SP programs, as they have responsibility for the welfare of their citizens. Local governments and non-governmental organizations are also often very active in SP efforts. International organizations sometimes play a major role. Finally, the for-profit private sector can participate in certain aspects of SP (e.g., in the delivery of services). The most obvious stakeholders are the people that SP seeks to protect: the poor and the vulnerable. Among these, older people figure prominently in some aspects of SP, most notably, pensions.

Achievements and gaps

SP programs of various types are in place in countries throughout the world. But as applied to older people, the most significant programs are limited to pensions and health insurance, along with a variety of other payments. Unfortunately, there is no fully developed and internally consistent source of data about the reach of SP programs, and, other than pensions, all the less so about those that apply specifically to older people. Various international agencies have assembled partial datasets, with information based on both a review of government efforts and survey data, but these sources are not adequate to provide an overall picture.

¹⁴ Holzmann and Robalino, 2009

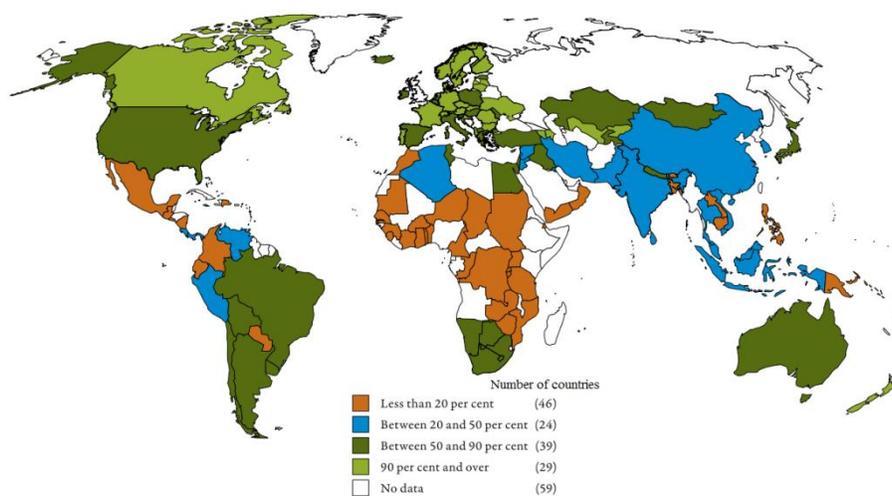
¹⁵ (Overview, p. 6

http://www.growthcommission.org/index.php?Itemid=169&id=96&option=com_content&task=view

Pensions. Pensions may be supplied by either the private sector or the public sector, but only government-provided pensions fall under the rubric of SP. Most governments in countries that are in the greatest need of SP have little in the way of pension programs, with South Africa and Ghana notable exceptions in their determination to provide income security to older people.¹⁶ One measure of the significance of a country’s pension system is the extent of its coverage: the share of older people that receive a pension at all. Another measure is the fraction of a worker’s income that is replaced by a pension.

Pension coverage for older people via state-run SP programs varies greatly across countries. Figure 1 shows that coverage is greater than 50% for most developed countries and some developing countries, and below or far below that figure for many developing countries. Among OECD countries, for example, over 83% of the labor force is covered by mandatory pensions schemes; this contrasts with a figure of about 21% in China and less than 10% for India.¹⁷

Figure 1: Share of elderly who receive a pension via public programs



Source: International Labour Office (2010). *World Social Security Report 2010/11: Providing coverage in times of crisis and beyond*. Geneva: ILO, page 47.

Pension financing typically takes one of two forms. In a pay-as-you-go (PAYG) system, benefits to retired individuals are financed by contributions from current workers or employers and by any savings such a system has accumulated from past contributions. The size of the benefits is typically pre-defined. The US Social Security System is an example of a PAYG system in which both workers and employers make mandatory contributions. In such a system, the availability of funds to pay retirement benefits to workers depends on a variety of factors, including prominently the long-term ability of the economy to generate enough employment so that accumulated contributions are sufficient. By contrast, a fully-funded system typically functions via workers making defined contributions to individual accounts, which are invested in financial assets of various types. The ability of such a system to fund individuals’ retirement depends, of

¹⁶ The case of South Africa is particularly interesting, because the large pensions received by older people also have substantial positive effects on other household members. See Case, Anne (2004). “Does Money Protect Health Status? Evidence from South African Pensions” In Wise, David (ed.), *Perspectives on the Economics of Aging*, pp. 287-312, Chicago: University of Chicago Press.

¹⁷ OECD (2009). *Pensions at a Glance: Asia/Pacific Special Edition*

course, on the level of a person's contributions, but also heavily on the performance of the financial sector over a period of decades. As an element of an SP program, a government can seek to implement either type of system. Low-income countries, in particular, can face difficulties in making either type work.

Latin American countries have an array of pension systems. Among those with publicly operated plans, coverage of employed individuals ranges from 52% in Brazil to 14% in Paraguay. Of note, in some Latin American countries (Argentina, Brazil, Chile, and Uruguay), older people are less likely to be poor than the population as a whole, whereas the reverse holds in Bolivia, Colombia, Costa Rica, Honduras and Mexico.¹⁸

India has both defined-benefit and defined-contribution pension systems, both publicly managed, either by states or the national government. However, their reach is limited. Most workers in the formal sector (i.e., those employed by government or in registered businesses – about 10% of the workforce) are required to contribute to one or more of an array of pension programs, one of which includes matching contributions from the government. The various programs yield benefits of differing types – lump-sum payouts, annuities, and a set of defined-benefit payments (though some plans of this latter type are at risk of insolvency). In 2009, the Indian government made one of its pension plans open to all Indian citizens, although there are no matching contributions.¹⁹

Retirement policy is relevant to the establishment and functioning of pension systems. While individuals continue to work and thereby support themselves, they can contribute to a pension fund. Once they stop working, they typically begin to draw funds from a pension system, if one is operational. In countries where people retire at a relatively early age, the funds available for pensions will, all things equal, be less than in countries where retirement usually occurs later. Retirement systems that encourage an early end to labor force participation thus result in a lower level of funding for pension systems. Many workers, of course, want to retire as early as possible to enjoy the benefits that retirement can bring.

But the fruits of retirement depend crucially (though far from exclusively) on parameters of the pension system. Some focus the debate on adequacy of the replacement rate, which is the pension relative to the previous earnings level. This varies enormously across countries – an average of 60% for men in OECD countries to just above 13% in Singapore.²⁰ However, because pensions are taxed differently across countries, the replacement rate may not reflect how well-off the retired are. In addition, the financial situation of older people depends not only on pensions, but on the interplay between public and private institutions, individual circumstances, and family support.

¹⁸ Dethier, Jean-Jacques, Pierre Pestieau, and Rabia Ali (2010). "Universal Minimum Old Age Pensions: Impact on Poverty and Fiscal Cost in 18 Latin American Countries". Policy Research Working Paper 5292. Washington: World Bank. http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2010/05/06/000158349_20100506135339/Rend ered/PDF/WPS5292.pdf

¹⁹ Bloom, David E., Ajay Mahal, Larry Rosenberg, and Jaypee Sevilla (2010). "Economic security arrangements in the context of population ageing in India." Special double issue: Social security and the challenge of demographic change, *International Social Security Review*, 63 (3-4), 50-89.

²⁰ OECD, op cit.

Health insurance. Older people are more likely, and typically much more likely, to need healthcare, than the rest of a population. In most (but not all) developed countries, the whole population has access to healthcare, either without direct cost to the individual, at rates that are low enough for essentially everyone to afford, or via health insurance. In addition, some countries, such as Australia and the United States, have programs that make medications more affordable for older people. But in many countries, older people have no reliable, unsubsidized means of paying for healthcare expenses, and particularly not of the magnitude they encounter as they age. Healthcare expenses can be devastating to families and are a prime cause of bankruptcy. Individuals and families do borrow from friends and relatives, but in poor communities the extent to which such borrowing can serve as a long-term solution is quite limited.

Numerous developing countries have taken steps to provide healthcare, or health insurance, to the population. The key issue is often the ability of people to pay – either directly for healthcare, or indirectly, via insurance. In most developing countries, a government that seeks to guarantee the availability of healthcare to the population as a whole will need to develop a system that does not depend substantially on individual contributions. Older people, of course, are all the less likely to be able to pay for healthcare out of their own resources, so government-financed healthcare is particularly important for them.

The provision of universal healthcare could potentially resolve the problem of older people's access to healthcare. However, even “universal” programs often have coverage terms that limit the extent or type of healthcare services that are available. Since older people generally need healthcare services more than the rest of the population, any limitations are likely to affect them disproportionately unless there are specific provisions focused on ensuring that their healthcare needs are met.

Closely related to healthcare are long-term care of older people and care for people with disabilities. Older people, being more likely to be disabled than other people, are particularly likely to need long-term care. Such care may include healthcare delivery, day-to-day support for carrying out activities of daily living, or programs that bring meals to older people who are unable to obtain or prepare food. In most countries, older people are unlikely to be able to pay for such care, but in some, such as Germany, Japan, and South Korea, long-term care insurance is universally available. Other countries, e.g., in Scandinavia, have tax-funded strategies to help older people age in place through community-based care. Responding to these needs in a way that goes beyond family-based care will often require government financing. Other alternatives have been explored, including subsidization of family-based care.²¹

Other forms of SP for older people. An array of other types of programs fall under the rubric of SP and can make a difference in the lives of older people. Transport subsidies or free fares for older people have been implemented in many countries. Tax breaks on both earned and unearned incomes of older individuals, along with special protections linked to wills and transfer of property, can enhance financial security. Finally, direct cash payments are a form of SP that can

²¹ The Austria case is particularly interesting. See Chawla, Betcherman and Banerji, op. cit., page 34, for the case of Austria, and <http://www.oecd.org/dataoecd/12/62/47903344.pdf> for a detailed OECD overview.

make a large difference. Depending on the recipient's financial condition, such payments can either help to lift an elderly person out of poverty or make life more comfortable for someone who is already above the poverty line.

Impediments, and tools for circumventing them

The primary impediment to implementing SP programs for older people is financial. All countries face financial constraints, so decisions about providing SP, for older people or any other group, take place in an environment where resources must be used carefully. Pensions, healthcare provision or health insurance, and other types programs involve direct expenditures from the government treasury that can only take place at the expense of other possible uses of public funds.

A second important barrier to meeting the needs of older people via SP programs is lack of political will. This absence can arise from a sense of impossibility: why tackle a problem that seems so unlikely to be tractable? This circumstance may not be helped by the attitude of older people who tend to be less agitated about their own plight. Recent 'happiness' surveys, whether they be for the US, Europe or Latin America and the Caribbean, indicate that age and happiness have a U-shaped relationship – happiness declines until sometime in the 40s, when it rises again (after controlling for health).²² The concern is that this may be what Graham calls a “collective tolerance for bad equilibrium,” (p. 206) or simply the resignation that comes with older ages.

A third impediment that is relevant to older people is the absence of a focus on their needs. Even if a country has a commitment to using SP programs to reduce vulnerability and poverty, it may not do so in a manner that addresses the specific circumstances of older people.

Several different types of actions can potentially help to overcome these impediments. These include raising consciousness and gathering robust evidence about the nature of the problem, developing a national strategy and marshalling domestic resources to address it, and mobilizing international efforts, where necessary. First, as we have shown in this paper, the plight of older people varies across countries and can change rapidly over time. It is critical, therefore, to develop a comprehensive information system about the financial, physical, and social situation of older people in a country can serve as a crucial point of reference for assessing needs, drafting programs, and making rough cost estimates. In many countries, existing census data, organized to reflect the circumstances of older people, may provide a good start. More ambitious efforts could include elderly-specific surveys. These surveys are now beginning to be applied to emerging economies. For example, the US Health and Retirement Survey has spawned CHARLS, the China Health and Retirement Longitudinal Study.²³ But analysts need not wait for such extensive surveys since other household-level surveys (e.g., the Demographic and Health (DHS) and Living Standards Measurement Study (LSMS) Surveys) can be used for age-specific analysis, even if they do not have as much information as one would like. Access to these and other surveys should be as free as possible to enable analysts from developing countries to use them.

²² Carol Graham, 2011, “The economics of happiness and health policy,” in Cotlear (ed.)

²³ charls.ccer.edu.cn/

Second, the inclusion of older people in national social protection frameworks varies widely across countries. In fact, many emerging economies are only beginning to develop coherent and extensive SP strategies. Political consensus for such strategies is difficult to achieve during ‘good’ times when people see no immediate need for social protection; and programs are often haphazard when forged too quickly during crises.²⁴ It would therefore appear that this is an opportune time for mobilizing such a consensus – the financial crisis is still fresh in mind at a time when most countries are already recovering. This effort would require starting with existing national strategies, such as the poverty reduction strategy paper for the poorest countries, or the medium-term expenditure plan for others, and doing an elderly ‘stress test’ on them – do present programs cover older people adequately? What more needs to be done? What are the trade-offs? These strategies should then be subject to extensive consultation with civil society since they would be the basis for reforming an implicit social compact.

Third, having gathered the evidence and formulated a strategy, countries might then consider the next step: mobilizing domestic resources. Many countries could devote more resources to SP programs (for older people as well as for the population as a whole) by increasing their tax revenues as a share of GDP. This figure currently varies greatly among developing countries, reflecting, among other things, different power relations among groups within a country. In many cases, domestic sources of income could be tapped and directed toward expanding SP programs.

Fourth, many countries can turn to the international community for more help. Financially, countries can work with external partners, i.e., developed countries that offer aid and international agencies that supply grants and loans, to craft programs that can begin to address the needs of older people.

The coverage gaps in SP programs are large, as huge shares of the population in many countries are not able to live decent lives and in many cases are barely able to meet their most basic needs. The International Labour Office sought to estimate the ability of 12 low-income African and Asian countries to fund a basic SP package covering pensions, basic healthcare, child benefits, and social assistance and employment plans. The study found that they would be able to do so by spending between 3.8% (Pakistan) and 10.6% (Burkina Faso) of GDP,²⁵ though such expenditures may not be affordable domestically for these countries. Joining international campaigns may help with moral suasion in some cases. For example, the Social Protection Floor Initiative (SPF-I), led by the International Labour Organization and the World Health Organization, seeks to help countries establish an “SP floor” that sets out a “basic set of rights and transfers that enables and empowers all members of society to access a minimum of goods and services and that should be defended by any decent society at any time.”

²⁴ Margaret Grosh et al. (2008). *For Protection and Promotion*. Washington DC, World Bank.

²⁵ International Labour Office (2008). “Can low-income countries afford basic social security?” Geneva: International Labour Office, Social Security Department. Table A2.1.

Conclusions and recommendations

In low- and medium-income countries, poverty is widespread. Older people are often poor and frequently have inadequate access to healthcare. In high-income countries, older people are in many cases disproportionately represented among the poor.²⁶ And in a wide array of countries, changing social circumstances have left older people vulnerable to losing whatever social or personal safety nets they do have.

In the face of these difficulties, the need for SP programs that address the needs and vulnerabilities of older people is large. But historical circumstances, ongoing financial constraints, and lack of political will have combined to limit the extent of existing SP programs. The result is a large gap, in most countries and especially in developing countries, between the needs of older people and programs that can meet these needs. In addressing this gap, policymakers will have to grapple with the fact that individual SP programs (focused on, say, pensions or health insurance) do not necessarily work as effectively as they could if they were well integrated with each other. Regardless of the set of SP programs that are implemented, it is useful to keep in mind that the overall situation of older people will be affected not only by SP programs, but also by individual and family choices and by the full set of public and private institutions whose actions affect older people.

There are several compelling rationales for closing the gaps faced by older people: a moral imperative, the importance of respecting basic human rights, and the efficiency gains and impetus to economic growth that can be achieved through social insurance and welfare assistance. Countries on their own may not be able to meet the full range of needs of older people, but they can take some steps to assess these needs and design programs, often in conjunction with international partners, that make a start in doing so.

²⁶ In OECD countries, 17% of people of retirement age are living in poverty, versus 12% of working-age individuals (weighted average based on OECD, 2008, “Growing Unequal? Income Distribution and Poverty in OECD Countries”. http://www.oecd-ilibrary.org/social-issues-migration-health/growing-unequal_9789264044197-en)