

# An untapped resource

**How supporting older people with social protection will help achieve the Millennium Development Goals (MDGs)**



Children and older people often have difficulty escaping from chronic poverty.

## **MDGs and the scale of poverty**

Extreme poverty and hunger are still crippling the potential of at least 980 million people across the world today. Whilst progress has been made in reducing poverty from 1990 levels in East and South Asia, little progress has been made in other developing regions.

In West Asia the proportion of people living on less than US\$1 a day has actually increased and in sub-Saharan Africa the proportion of people living in extreme poverty only fell by 6 per cent between 1990 and 2004.<sup>1</sup>

Since 2004, a further 290 million people are thought to have been plunged into chronic hunger and economic insecurity, especially as a result of rising food prices.<sup>2</sup> *The Chronic Poverty Report 2008-09* identified five main traps which underpin the situation of those millions of people not reached by the MDGs: insecurity, limited citizenship, spatial disadvantage

(especially remoteness and poor access to services), social discrimination and poor working conditions.<sup>3</sup>

Children and older people are among those who suffer most and are least able to escape chronic poverty. They often live in multigenerational households, with little or no regular income, and in many cases the middle generations may be missing due to HIV and AIDS and migration. While the MDGs have specific targets on children and youth, they are silent on issues of age, disability and ethnicity.

## **MDGs and demographic change**

If the MDGs are to deliver fair and equitable development that reaches the very poorest, they can no longer ignore the unprecedented demographic change that is presently taking place.

By 2050,

- the proportion of older people is projected to grow from 10 per cent today to 22 per cent<sup>4</sup>

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As populations age, the number of older people living in poverty will increase.

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- the number of older people will exceed the number of children under the age of 14<sup>5</sup>
- the proportion of the world's older people presently living in developing countries will increase from 64 per cent today to 80 per cent.<sup>6</sup>

Already an estimated 96 million people over the age of 60 are living on less than US\$1 a day.<sup>7</sup> As populations age, the number of older people living in poverty will increase.

At present, both the MDGs and the majority of development interventions are 'old-age blind'.

This is reflected in the way the MDG indicators, against which progress is measured, are not disaggregated by age, for example, the poverty and hunger indicators in MDG1. Others only focus on younger people, for example HIV prevalence rates only being measured up to the age of 24 in MDG6. Data needs to be disaggregated by age and sex as well as ethnicity and disability. This will ensure that action to reduce poverty effectively targets and reaches those who are currently marginalised and excluded.

### Embracing social protection: a new lifeline to reach the MDGs?

Over the last few years, a wide range of development agencies and

governments have concluded that securing the rights of the most vulnerable people to social protection is key to tackling extreme poverty and hunger.

His Excellency, Mr Levy Patrick Mwanawasa, President of the Republic of Zambia told the intergovernmental regional conference on social cash transfers for Africa in Livingstone in 2006: 'No meaningful and sustained economic growth can be achieved in the absence of social protection'.

The 2008-09 *Chronic Poverty Report* confirms that social protection has a crucial role to play in reducing chronic poverty,<sup>8</sup> thereby contributing significantly to achieving the MDGs.

Social protection mechanisms, especially social cash transfers such as pensions and child benefits, not only effectively reduce poverty but also support pro-poor economic growth.<sup>9</sup> While economic growth is essential for sustainable poverty reduction, the very poor are unlikely to benefit from any 'trickle-down' that may result from such growth.<sup>10</sup>

Evidence from countries such as South Africa, Lesotho, and Brazil shows that investing in social transfers is one of the most effective ways to lift people out of poverty and contribute to social, human and capital development in the poorest economies.

At a political level across Africa, there is growing emphasis on social development and mainstreaming social protection into national and regional development programmes and policy.

The 2006 Livingstone and Yaoundé Calls for Action urged African governments to make costed plans within three years to combat poverty and hunger and tackle HIV and AIDS through mechanisms such as social pensions, child and disability grants and other cash transfers. T

hese developments were followed in 2008 with a series of national and regional meetings that brought together 38 African Member States to debate action on furthering social protection alongside a revised framework of social development.

To support these encouraging developments and to ensure that political will is followed up with practical action, social protection needs to be recognised explicitly as a key mechanism to accelerate progress towards the MDGs.



Askele from Ethiopia is about 70 years old. She cares for three grandchildren because her daughter died from an AIDS-related illness.

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In South Africa, social transfers have reduced poverty by almost half.

### Social pensions and cash transfers as a significant first step

Several developing country governments have already introduced social pensions, which is an important step towards a comprehensive social protection package. Social pensions have a considerable positive impact on older people, their dependants and the households in which they live, thus directly addressing the intergenerational aspects of poverty. Set within wider poverty reduction strategies, they contribute to the achievement of MDGs 1-7.

#### MDG 1: Poverty and hunger

In South Africa, household survey data demonstrates that social transfers have reduced poverty by 47 per cent.<sup>11</sup> The social pension has led to a 21 per cent reduction in the overall poverty gap and reduced older people's poverty by 96 per cent.<sup>12</sup> In Lesotho the pension is tackling hunger, with recipients reporting that they 'never went hungry' increasing from 20 to 48 per cent.<sup>13</sup> In Brazil the *Bolsa Familia* cash transfer scheme has cut the poverty gap by 12 per cent.<sup>14</sup>

A major step forward is the introduction of the new MDG 1 Target 1.B on achieving full employment and decent work for

Social pensions have a positive impact on older people, their dependants and the households in which they live.

all. However, present indicators used to measure progress towards this new target focus exclusively on employment and ignore social protection, which is one of four pillars of the decent work agenda.

UN figures show that in least developed countries, as many as 71 per cent of older men and 37 per cent of older women are working.<sup>15</sup> Many of them, as experience from HelpAge International partners reveals, are in hazardous and unregulated work.

A regular and predictable social pension enables older people to cover their basic needs. Anecdotal evidence shows that a social pension will not stop older people from working. However, it will enable them to choose less physically strenuous, discriminatory or debilitating work.

#### MDGs 2 & 3: Education and gender equality

Pensions are often spent on education, particularly for girls, thus contributing to both MDG 2 on universal primary education and MDG 3 on promoting gender equality. In Zambia, a pilot cash-transfer scheme for older people caring for orphans has improved school attendance.<sup>16</sup> In rural Brazil, pensions are associated with increased school enrolment, particularly among girls aged 12-14.<sup>17</sup>

#### MDGs 4 & 5: Child mortality and maternal health

Social pensions can also increase household members' access to healthcare services and thereby contribute to the reduction of child mortality and improved maternal health. In a survey in Brazil, pensioners spent 11 per cent of their pension on healthcare.<sup>18</sup> In Lesotho, a survey of pensioners revealed they spent an average of 8 per cent of their pension on extra healthcare.<sup>19</sup>

#### MDG 6: HIV and AIDS, malaria and other diseases

Social pensions can also alleviate the impact of HIV and AIDS by providing financial resources for the care of very vulnerable children and orphans. A survey in Lesotho showed that pensioners caring for dependent orphans spent 20 per cent of their pension on these children.<sup>20</sup> Social pensions also enable people living with HIV and AIDS to access anti-retroviral treatment or treatment for opportunistic infections, and reduce the anxieties older people may have about making ends meet.

#### MDG 7: Environmental sustainability

Social transfers, alongside other policies, can also increase the number of people who have access to safe drinking water and basic sanitation



Nokwazi Radebe, 62, from South Africa at home with her grandchildren. She also cares for her HIV-positive son.

where these utilities have to be paid for. A survey of social pension spending in South Africa showed that whilst the largest proportion of the pension was spent on food (46 per cent), 12 per cent was spent on utilities.<sup>21</sup> In Brazil, where older people also spend the largest part of their pension on food (42 per cent), they have to spend 23 per cent on utilities and fuel.<sup>22</sup>

### **MDG 8: Global partnership for development**

Whilst some social protection and pension schemes are completely domestically financed, medium-term donor support will be needed. Donors and other development partners, including the UN and multi-laterals, can effectively work towards the target of addressing the special needs of least developed countries by committing to support social protection schemes through predictable funding.

Without social protection older people, along with other vulnerable groups, will always be left behind in poverty reduction efforts, and inequality will continue to rise.

### **Conclusion: Commitment to a comprehensive social protection package**

Interventions aimed at achieving the MDGs must respond to the intergenerational nature of poverty and to rapid population ageing. Adopting a rights-based approach is essential as it ensures a focus on the poorest and most marginalised.

If older people are not included in poverty and hunger reduction strategies, the world is not only failing in its obligations to older people themselves but is compounding the risk that hunger and poverty will continue to be transmitted from one generation to the next, locking the poorest people in a vicious cycle of chronic poverty and insecurity.

Therefore, social protection must be included as a key policy tool in the revised strategies that are developed

for reaching the MDGs, and in the plans that are made to deal with the ongoing food crisis. Without social protection older people, along with other vulnerable groups such as children and the disabled, will always be left behind in poverty reduction efforts, and inequality will continue to rise.

HelpAge International supports the International Labour Organisation's (ILO) campaign for the Global Social Floor, which includes a comprehensive package of social pensions, child grants, disability grants and healthcare. This package not only responds to demographic ageing but, by taking a life-cycle approach, addresses poverty at different stages in people's lives, helping to prevent the transfer of poverty from one generation to another.

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HelpAge International has a vision of the world in which all older people fulfil their potential to lead dignified, healthy and secure lives. HelpAge International is a global network striving for the rights of disadvantaged older people to economic and physical security; healthcare and social services; and support in their caregiving role across the generations.

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