issa | INTERNATIONAL SOCIAL SECURITY ASSOCIATION

Technical Report 12

New strategies for old-age income security in low income countries

Armando Barrientos
Research Fellow
Institute of Development Studies
University of Sussex
United Kingdom

New strategies for old-age income security in low income countries

Armando Barrientos
Research Fellow
Institute of Development Studies
University of Sussex
United Kingdom

Technical Commission on Old-age, Invalidity and Survivors' Insurance
World Social Security Forum, Moscow, 10-15 September 2007

The International Social Security Association (ISSA) is the world's leading international organization bringing together national social security administrations and agencies. The ISSA provides information, research, expert advice and platforms for members to build and promote dynamic social security systems and policy worldwide. An important part of ISSA's activities in promoting good practice are carried out by its Technical Commissions, which comprise and are managed by committed member organizations with support from the ISSA Secretariat.

This document is available on http://www.issa.int/Resources. For terms and conditions, please consult the ISSA website. The view and opinions expressed do not necessarily reflect those of the publisher.

First published 2007. © International Social Security Association, 2008.

Summary

The paper discusses new strategies to provide old-age security in low income countries. Demographic, social, and economic transformations are responsible for changes in the patterns of vulnerability associated with old-age, and for changes in the sources of protection. Rapid demographic change will stretch the capacity of households to provide old-age support, while economic transformation has direct implications for the livelihoods of older people. The impact of HIV/AIDS and migration underline the important role and responsibilities of older people in their households and communities.

There is growing recognition in developing countries of the urgent need to develop new strategies to extend old-age income security to all. Many middle income countries have established social security institutions covering a significant proportion of the labour force and population, but in the last two decades their coverage has stagnated or declined. In low income countries, informalisation restricts the expansion of contributory social security beyond a small fraction of the labour force. It is therefore important to consider new strategies to extend old-age income security. Non-contributory pensions and poverty reduction programmes providing regular income transfers to poor and poorest groups have proved successful in extending protection to older people and their households in low income countries.

Few developing countries have non-contributory pension schemes, but in the last decade several countries in Southern Africa (Bostwana, Lesotho, and Swaziland), Latin America (Bolivia) and South Asia (India, Bangladesh, Nepal) have introduced them. Countries with existing non-contributory pension schemes have strengthened them (Argentina, Brazil, Chile, South Africa). Non-contributory pension schemes can make a significant contribution to reducing poverty and vulnerability among older people and their households.

Due to the strong correlation existing between old-age and poverty and vulnerability, poverty reduction programmes relying on regular income transfers and targeting the poorest can provide income security in old-age. "Bolsa Familia", which replaced "Bolsa Escola" in Brazil, now reaches all poorest households regardless of composition. "Oportunidades", which replaced "Progresa" in Mexico, has introduced a direct subsidy for older people in beneficiary households as well as old-age saving plans for younger beneficiaries.

Among the challenges associated with extending social security in low income countries, three are important in the context of this paper: (i) the need to find innovative resources mobilization strategies; (ii) the need to secure a wide coverage of contingencies in non-contributory pension schemes, including survivor protection; (iii) and the need to integrate contributory and non-contributory programmes.

Armando Barrientos

Introduction

Population trends confirm that the demographic transition is taking place much faster in developing countries than it did in present-day current developed countries. Population projections suggest that by the year 2050 there will be 9.2 Africans, 8.2 Latin Americans, and 55 Asians over the age of 60 for every 10 Europeans of the same age group (UN, 2002). Many developing countries are handicapped by slow rates of economic growth and economic development, the persistence of poverty and inequality, and accumulated deficits in basic services and governance. As a result, developing countries will not only have a much shorter time in which to establish or strengthen social protection systems to accommodate population ageing, but that they will also have fewer resources to do so (HAI, 2003). The need to design and implement appropriate public policies has some urgency.

It is commonplace that old-age is associated with declining living standards for older people and their households (Barrientos, Gorman and Heslop, 2003). This is more pronounced in developing countries, because formal social protection schemes fail to reach large segments of the population; while existing informal support systems are being undermined by rapid economic social and demographic transformation. The high incidence of old-age poverty and vulnerability makes a strong case for public policy responses to support living standards in old-age and ensure adequate protection against key contingencies.

Among developed countries, strong pension and health care schemes, financed by social insurance contributions, have ensured a sustained reduction in poverty and vulnerability in old-age.

Many middle income countries have established social security institutions covering a significant proportion of the labour force and population, but in the last two decades their coverage has stagnated or declined. In terms of formal old-age support schemes, countries in Latin America and the Caribbean began to develop formal social protection systems with a strong focus on pensions early in the last century. By the 1970s, a majority of the labour force in the more advanced countries in the Southern Cone was covered by contributory pension plans. In the intervening period, coverage has declined mainly as a result of labour market liberalization.

In low income countries, informalisation restricts the expansion of contributory social security beyond a small fraction of the labour force. In Africa, formal social protection schemes cover at best a minority of the labour force, less than 5 per cent on average in Sub-Saharan Africa (Palacios and Pallarés-Millares, 2000). In South Asia, the majority of the labour force works informally, and contributory pension schemes cover at best public sector workers. In East Asia and the Pacific, and with the exception of more industrialized countries such as Korea, Taiwan, and Malaysia, the main source of old-age support is the extended family. It is therefore important to consider new strategies to extend old-age income security. Non-contributory pensions and regular income transfers to poor and poorest groups have

proved successful in extending protection to older people and their households in low income countries.[1]

The report provides a discussion of new strategies for old-age security in low income countries, focusing on the spread of non-contributory pension schemes and on the development of new income transfer programmes targeted on the poor and poorest. The report is organized as follows. The next section provides a brief discussion of the incidence of old-age poverty and vulnerability in developing countries, and argues that changes in the patterns of vulnerability associated with old-age make a strong case for policy responses. The following section discusses the new strategies in greater detail, with some examples. The final section draws together the main findings and outlines the key challenges posed by these new strategies.

Old-age poverty in developing countries

Survey evidence on old-age poverty in Latin America and Africa indicates a high incidence of income or consumption poverty among older people and their households (Barrientos, 2006a). To the extent that older people live mainly in multigenerational households, poverty incidence among older people tracks fairly closely poverty rates for the population as a whole. Even so, there is evidence that older people are in many countries over-represented among the poor, that is, the rates of poverty among older people tend to be higher than those for the population as a whole (Barrientos, Gorman and Heslop, 2003). In a study of 18 countries in Latin America, 10 showed rates of poverty incidence among older people to be higher than for the population as a whole (Bourguignon, Cicowiez, Dethier et al., 2004); and in a study of 14 African countries, 10 countries also showed an over-representation of older people among the poor (Kakwani and Subbarao, 2005).

The presence of well developed social security systems and economic development emerges as the main factor responsible for low rates of old-age poverty. In Latin America, Chile, Uruguay, Argentina, and Brazil pioneered the social insurance schemes in the region, and have relatively higher levels of economic and social development, and low rates of poverty among the old. In Ecuador, for example, older people are 1.5 times more likely to be poor than someone selected at random from the population, but in Brazil and Uruguay the likelihood of older people been found in poverty is less than one half of that of other members of the population.

Rapid economic and social transformation is contributing to changes in the pattern of vulnerability associated with old-age in developing countries. The demographic transition reflects increases in life expectancy as well as declines in fertility. Economic transformation

[1] Non-contributory pensions are regular income transfers paid to disabled or older persons. In some programmes, pensions are paid to all older persons regardless of their means and are referred to as universal, in other cases pensions are paid only to older people in need. Poverty reduction programmes, such as *Bolsa Familia* or *Oportunidades*, provide regular transfers in cash or kind to poor and poorest households.

involves rapid changes in the structure of employment, away from agriculture and towards industry and services with implications for the employment and livelihoods of older workers. In China, for example, economic transformation has produced a rapid rise in unemployment for older workers, while at the same time the accelerated demographic transition resulting from the one child per family policy undermines traditional institutions of old-age support. Domestic and international migration is another important factor in the change in the pattern of vulnerability in old-age. While remittances help support stretched households, they are in many cases insufficient to compensate for the fragmentation and loss of family and social networks. In the context of Africa and parts of Asia, HIV/AIDS has left many older people with substantial, and perhaps unexpected, responsibilities to care for those afflicted and their children. Households consisting of older people and their grandchildren show, in many countries in Africa and Asia, the greatest vulnerability and are a major source of concern.

Changes in the pattern of vulnerabilities associated with old-age undermine informal institutions for old-age support and underline the important role of older people within their households and communities. The incidence of old-age poverty together with changes in the pattern of vulnerability, add urgency to developing institutions and policies capable of sustaining old-age income security in developing countries. The next section discusses existing and new strategies emerging in these countries.

Extending social insurance to all: New strategies for low income countries

How to extend old-age income security to all, and especially in low income countries? This section reviews recent developments in contributory and non-contributory schemes supporting older people and their households, with a view to identify trends and examples of best practice.

Contributory pension schemes

A survey of international patterns of pension provision relying on data from the 1990s finds that pension schemes financed by social security contributions are the most important source of support in old-age among developed countries. However, these are scarce in developing countries and their coverage of the labour force is low (Palacios and Pallarés-Millares, 2000). Regional difference in the coverage of pension schemes can be summarized as follows:

- Pension scheme coverage of the labour force is above 85 per cent for all high-income OECD (Organization for Economic Cooperation and Development) countries except Ireland and Portugal. This is in acute contrast to conditions in other regions.
- Countries in Eastern Europe and the former Soviet Union had high rates of pension scheme coverage, within the 50-75 per cent range for most countries in the mid 1990s, although the indications are that these have fallen in the intervening period.

- In Latin America and the Caribbean, only a handful of countries show pension scheme coverage rates in excess of 40 per cent: Argentina, Chile, Uruguay, Costa Rica and Panama. In the majority of countries in the region pension scheme coverage rates extend to around one third of the labour force. Moreover, the evidence shows that coverage rates in the region have consistently declined in the last decade.
- Countries in North Africa and the Middle East, leaving aside Israel and Egypt, also show pension scheme coverage rates of around one third of the labour force.
- Pension schemes are scarce in Asia, and where they exist, they have low coverage rates. In South Asia, pension schemes cover a fraction of the labour force, 3.5 per cent in Bangladesh and Pakistan and 10 per cent in India. Only a handful of countries in East Asia (South Korea, Singapore, and Malaysia) show coverage rates above 50 per cent. In Sri Lanka and the Philippines around a quarter of the labour force is covered; while in Indonesia and Vietnam coverage rates are below 10 per cent.
- In Sub-Saharan Africa, pension schemes are marginal, covering on average around 5 per cent of the labour force.

There are several reasons explaining the limited coverage of contributory pension schemes in developing countries, but the dominant factor is informality. Pension scheme coverage of the labour force mirrors informality. Countries with a high share of the labour force working in the informal sector have low rates of coverage, and vice-versa. Among countries in Latin America, for example, the increase in the share of the labour force working informally in the last couple of decades is the main factor explaining the decline in pension scheme coverage. Increasingly, informality is defined and measured as the proportion of the labour force not contributing to social security schemes (ILO, 2001a).

While there is consensus on the need to extend the coverage of social security in developing countries, there is less agreement on what means are available and effective in achieving this objective (ILO, 2001b). In this report the focus is on discussing new strategies to address old-age income insecurity in developing countries, and especially in low income countries. The rest of this section will therefore focus on two areas of policy: non-contributory pensions as a means of tackling poverty among older people and their households; and poverty reduction policies and programmes which could be extended to include older people.

Non-contributory pensions[2]

These include a range of public transfers targeted on poor older people and their households (Barrientos, 2003). Although few developing countries have non-contributory pension programmes, their incidence is growing (Willmore, 2001). In the last decade, non-contributory pension programmes have been introduced in Bolivia, Lesotho, Nepal, and Bangladesh; and existing programmes have been substantially expanded in Brazil, Argentina, and India.

[2] Selected non-contributory pension programmes are presented in Table 1.

In Brazil, the 1988 Constitution recognized the right to social protection, and led to a series of reforms being implemented from 1991 to extend the coverage of pension schemes. This applied to the rural old-age pension referred to as *Prêvidencia Rural*, and the urban social assistance pension scheme. Brazil's *Previdencia Rural* provides a rare example of a non-contributory pension programme focused on informal workers in rural areas, and aiming to combine income support for older people with strengthening of household economic activity. Under this programme, informal workers in agriculture, mining, and fishing are entitled to a transfer from age 55 for women and 60 for men. The transfer is equivalent to the minimum wage, a basic minimum for all public programmes in Brazil, and is in practice tax financed.[3] In 2002, the programme had 4.6 million beneficiaries. Unusually for non-contributory programmes, *Prêvidencia Rural* does not have inactivity or means tests as a condition for eligibility, and as a consequence it has been shown to strengthen small scale economic activity. Delgado et al find that many beneficiaries use some of the transfers to purchase seeds and tools to support their economic activity, and the incidence continued employment is higher among beneficiaries of *Prêvidencia Rural* compared to other pension programmes in Brazil (Delgado and Cardoso, 2000).

In urban areas, provision of non-contributory pensions is more limited. A social assistance pension *Renda Mensual Vitalícia* was introduced in 1974 paying a flat rate benefit of one-half of the minimum wage to those older than 70 years of age or disabled who could not provide for themselves. The reforms in 1993 replaced this programme with the *Beneficio de Prestação Continuada*, paying one minimum wage to those aged 67 and over or disabled living in households where per capita income is less than a quarter of the minimum wage. The means test is applied every two years. Subsequently, the age of entitlement has been reduced to 65. Around 0.7 million households benefit from social assistance pensions.

The social pension in South Africa reaches around 2 million beneficiaries. Until the recent introduction of Child Support Grants, the social pension constituted the most important source of support for poor households. It provides a monthly benefit or around USD70 (USD = United States dollar) to women of 60 and over and men 65 and over in poverty. The social pension is means tested and tax-financed. Although pensioners are the main recipients, it is widely acknowledged that the social pension supports poorest households (Ardington and Lund, 1995). The social pension has also proved extremely efficient as a means of supporting households affected by HIV/AIDS in which grandparents are left to care for their grandchildren.

The example of South Africa's social pension has encouraged other countries in Southern Africa to introduce similar programmes to provide old-age income security, including Namibia, Botswana, Swaziland, and Lesotho. The Government of Lesotho introduced a social

[3] On paper, the scheme is financed from a tax on the sale of agricultural produce (which covers less than 10 per cent of programme expenditure), and a subsidy from social insurance, but because social insurance is in deficit, in practice the programme is tax-financed (Schwarzer and Querino, 2002).

pension programme in 2004. It opted for a universal pension from age 70 transferring around USD25 per month to the 3.6 per cent of the population in that age bracket (estimated at 70,000). The social pension is tax financed and is expected to absorb around 2 per cent of GDP (gross domestic product).

The impact of non-contributory pensions on livelihoods is likely to be magnified in low income countries relying to a large extent on the rural economy. Bangladesh introduced two related programmes in the last decade, the Old-age Allowance Scheme and the Widows and Destitute Women's Allowance, providing a regular transfer of USD2.5 per month to 1.6 million beneficiaries (Barrientos and Holmes, 2006). There is a fixed allocation of transfers to local authorities, and a committee identifies the poorest and oldest to receive the old-age allowance. The schemes have no inactivity test. Research to date has found that the schemes are reaching the poorest.

Regular income transfers for the poorest

The non-contributory pension programmes considered above select beneficiaries on age and disability. Income transfers targeted on the poor or poorest are also likely to select older people and their households, due to the strong correlation between age and poverty. In principle, these interventions can have similar effects in providing income security in old-age.

Anti-poverty programmes based around income transfers are expanding rapidly in developing countries, and provides another source of support in old-age. The Minimum Living Standard Scheme in China, for example provides support for all households in poverty reaching around 24 million of them in urban areas. Increasingly, income transfers focused on the poorest combine interventions supporting human development among these households, for example through schooling subsidies targeted on children. In many cases, the focus on human development implicitly excluded older people. *Bolsa Escola* in Brazil, *Progresa* in Mexico, or Cash/Food for education in Bangladesh, focus on household with children of school age and therefore excluded older people living on their own or with other adults. In subsequent scaling up of these programmes, they have explicitly included older people and their households. *Bolsa Familia* replaced *Bolsa Escola* in Brazil reaching all poor households regardless of their composition. *Oportunidades* in Mexico, which replaced *Progresa* has taken steps in 2006 to support old-age income security. It incorporated a transfer of around USD25 per month to all people of 70 and over in beneficiary households (*Secretaría de Desarrollo Social,* 2003). In addition, it now offers a saving retirement scheme to beneficiaries aged 30 to 69. Under this scheme, beneficiaries of *Oportunidades* who do not have access to social insurance schemes can make regular savings in government protected saving plans for their old-age. The Government of Mexico will contribute a counterpart amount to these saving plans. In effect, this extends pension saving subsidies previously available only to workers affiliated to social security pension schemes to the poorest who are beneficiaries of *Oportunidades*.

Increasingly, regular income transfers are being used to address poverty and vulnerability in low income countries. A Pilot Social Transfer Scheme was introduced in the Kalomo District of Zambia in 2004, providing regular transfers of around USD7 per month to the poorest 10 per cent of households. It is financed by the German Agency for Technical Cooperation (*Deutsche Gesellschaft für Technische Zusammenarbeit* (GTZ)) and managed by the Ministry of Community Development and Social Services. It reaches 1,027 households in the District. The selection of the beneficiaries is done by village committees, which rank households following pre-specified criteria: the lack of work capacity among household members, the presence of children and especially orphans, and the lack of other sources of livelihoods or assets. Following community and district validation of the rankings, the poorest 10 per cent are selected to receive the transfer. The majority of the beneficiaries thus selected consists of households with older or disabled heads (Schubert, 2005).

Some poverty reduction programmes exclude older people

Other poverty reduction interventions commonly used in developing countries, such as public works or microfinance or microinsurance, have age-related exclusions which reduce their effectiveness in addressing old-age poverty and vulnerability. In public works, the main factor responsible for the exclusion of older people relates to the type of work that is normally required, mainly infrastructure improvement or maintenance. Micro-finance and micro-insurance schemes, as a general rule, exclude older people and workers as potential beneficiaries. SEWA's (Self Employed Women's Association) integrated insurance scheme, for example, is open only to women aged 18 to 55. In most cases, older people can only benefit from these interventions as dependants of direct beneficiaries. Some of these exclusions are rationalized in terms of the work capacity or loan replacement risks associated with old-age, but they are rooted in assumptions made about the potential contribution of older people to their households and communities (Barrientos, Gorman and Heslop, 2003).

To sum up, in low income countries, contributory social security schemes are relatively underdeveloped. Informalisation poses significant challenges for contributory pension schemes throughout the developing world. Extending old-age income security in low income developing countries will require innovative strategies. The expansion of non-contributory pensions and the extension of poverty reduction programmes built around regular income transfers provide effective strategies to address old-age poverty and vulnerability. The next section will gather the main findings and outline some of the key emerging challenges.

Main findings and emerging challenges

The report has focused on new strategies to provide old-age security in low income countries. Demographic, social, and economic transformations are responsible for changes in the patterns of vulnerability associated with old-age, and for changes in the sources of protection. Rapid demographic change will stretch the capacity of households to provide old-age support,

most evident in the case of China. Major illness, especially HIV/AIDS, and migration as well as more secular trends of urbanization and industrialization will produce similar effects.

There is growing recognition in developing countries on the urgent need to consider public responses to ensuring old-age income security. Informalisation restricts the expansion of contributory social security beyond a small proportion of the labour force. New strategies are required to ensure old-age income security in low income countries. Non-contributory pensions and poverty reduction programmes providing regular income transfers to poor and poorest groups have proved successful in extending protection to older people and their households in low income countries. The report has discussed the opportunities presented by these new strategies. There are some challenges too.

In present-day developed countries, the extension of old-age income security was mainly financed through social insurance contributions by workers and their employers. In low income countries, a broader financing mix will be required. Tax-financing is also problematic. The same factors that constrain the development of contributory social insurance schemes, namely the share of the agricultural sector and informalisation, also restrict government's capacity to collect taxes. Research into innovative forms of resource mobilization for the extension of social security is urgently needed (Atkinson, 2005). In very low income countries, there is also a role for international aid for an initial period. Detailed simulations done by the ILO (International Labour Office) Social Security Department suggest that the cost of a basic non-contributory pension for a range of countries in Africa will require around 1 per cent of GDP (Pal, Behrendt, Léger et al., 2005).

While the focus of this paper has been on extending the population coverage of old-age support, attention should also be paid to the coverage of contingencies. Contributory pensions normally package old-age, disability and survivor benefits. As regards the latter, the aim is to provide some protection to the dependants of pensioners. As noted in the context of the impact of HIV/AIDS and migration this is an important design feature underlining the role and responsibilities of older people in low income countries. Non-contributory pensions lack survivor protection altogether. Poverty reduction programmes targeting the poor and poorest do provide some protection for survivors, in as much as they target the household rather than individual beneficiaries.

Integrating contributory and non-contributory programmes providing old-age income security are fundamental not only to the evolution of these programmes but also to the future of social security systems in developing countries. There are technical issues involved here, for example the size and timing of entitlements in tax-financed programmes and the selection of beneficiaries (Barrientos, 2006b). These would need detailed consideration beyond the scope of this report. There are some early indications in the discussion above of promising developments, for example *Oportunidades*' approach to addressing old-age income security. Although not covered in the report, there is also a growing recognition among contributory social security institutions in developing countries of the need to develop innovative

approaches to reach unprotected workers and their households. As argued at the start of the report, developing countries have a shorter time in which to strengthen the institutions needed to accommodate population ageing, and fewer resources to do so, than were available to present day developed countries. It is urgent to develop appropriate and effective institutions to achieve old-age income security in low income countries.

References

Ardington, E.; Lund, F. 1995. "Pensions and development: Social security as complementary to programmes of reconstruction and development", in *Development Southern Africa,* Vol. 12, No. 4.

Atkinson, A.B. (ed.). 2005. *New sources of development finance*. Oxford, Oxford University Press.

Barrientos, A. 2003. "Pensions and development in the South", in *Geneva papers on risk and insurance*, Vol. 28, No. 4.

—. 2006a. *Ageing, poverty and public policy: New survey evidence* (FISS Annual Seminar, Sigtuna) .

—. 2006b. "Pensions for development and poverty reduction", in G.L. Clark, A.H. Munnell and M. Orszag (eds.), *Oxford Handbook of Pensions and Retirement Income*. Oxford, Oxford University Press.

Barrientos, A.; Gorman, M.; Heslop, A. 2003. "Old-age poverty in developing countries: Contributions and dependence in later life", in *World Development*, Vol. 3, No. 3.

Barrientos, A.; Holmes, R. 2006. *Social assistance in developing countries database*. Brighton, Institute of Development Studies.

Bourguignon, F.; Cicowiez, M.; Dethier, J.-J.; Gasparini, L.; Pestieau, P. 2004. *Alleviating old-age poverty in Latin America*. Washington, DC, World Bank.

Delgado, G.C.; Cardoso, J.C. (eds.). 2000. *A Universalização de Direitos Sociais no Brazil: a Prêvidencia Rural nos anos 90.* Brasilia, IPEA.

HelpAge International. 2003. P*opulation ageing and development: New strategies for social protection* (Report). London.

ILO. 2001a. *Panorama Laboral 2001*. Lima, International Labour Organization.

—. 2001b. *Social security: A new consensus*. Geneva, International Labour Office.

Kakwani, N.; Subbarao, K. 2005. *Ageing and poverty in Africa and the role of social pensions* (Working Paper, No. *8)*. Brasilia, International Poverty Centre, UNDP.

Pal, K.; Behrendt, C.; Léger, F.; Cichon, M.; Hagemejer, K. 2005. *Can low income countries afford basic social protection? First results of a modelling exercise* (Discussion paper, No. 13). Geneva, International Labour Office - Social Security Department.

Palacios, R.; Pallarés-Millares, M. 2000. *International patterns of pension provision* (Pension Primer Paper). Washington, DC, World Bank.

Schubert, B. 2005. *The pilot social cash transfer scheme, Kalomo District, Zambia* (Working Paper, No. 52). Manchester, Chronic Poverty Research Centre.

Schwarzer, H.; Querino, A.C. 2002. *Non-contributory pensions in Brazil: The impact on poverty reduction (ESS Paper, No. 11).* Geneva, International Labour Office - Social Security Policy and Development Branch.

Secretaría de Desarrollo Social. 2003. *Programa Institucional Oportunidades 2002-2006* (Informe). Mexico City, Government of Mexico - Secretaría de Desarrollo Social.

United Nations. 2002. *World Population Ageing 1950-2050*. New York, NY, Department of Economic and Social Affairs – Population Division.

Willmore, L. 2001. *Universal pensions in low-income countries* (Initiative for Policy Dialogue Discussion Paper, No. IPD-01-05)

Table 1. ***Selected non-contributory pension programmes in developing countries***

Country	Age eligibility	(U)niversal or (S)elective	Amount paid monthly in US dollars and local currency	Per cent of people over 60 in population	Per cent of people over 60 receiving a social pension	Cost as per cent of GDP	Low (L) or middle (M)income country
Bangladesh	57+	S	USD2.00 165 taka	6	16[1]	0.03	L
Bolivia[2]	65+	U	USD18.00 150 bolivianos	7	69	1.3	M
Botswana	65+	U	USD27.00 166 pula	5	85	0.4	M
Brazil - ***Beneficio de Prestação Continuada***	67+	S	USD140.00 300 reais	9	5	0.2	M
Brazil - ***Previdencia Rural***	60+ men 55+ women	S	USD140.00 300 reais	9	27[3]	0.7	M
India	65+	S	USD4.00 200 rupees	8	13	0.01	L
Lesotho	70+	U[4]	USD21.00 150 maloti	8	53	1.43	L
Mauritius	60+	U	USD60.00 1,978 rupees	10	100	2	M
Namibia	60+	S	USD28.00 200 dollars	5	87	0.8	M
Nepal	75+	U	USD2.00 150 rupees	6	12	Unknown	L
South Africa	65+ men 60+ women	S	USD109.00 780 rand	7	60	1.4	M

Source: Pension Watch available from http://www.helpage.org.

Notes: [1] Percentage of people over 57 receiving a social pension.
[2] Paid annually.
[3] Includes women over 55.
[4] Universal with a few exceptions, primarily people who are already receiving a substantial government pension (about 4 per cent of those who would otherwise be eligible).