



The University of Manchester
Brooks World Poverty Institute

Transfers to older people in developing countries reduce poverty and support growth and development

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With thanks to HelpAge International and Katherine Vincent

By 2050,

for every

10 Europeans aged 60 and over
there will be

9.2 Africans,

8.2 Latin Americans, and

55 Asians

in the same age group*

*UN Population Division



Bangladesh

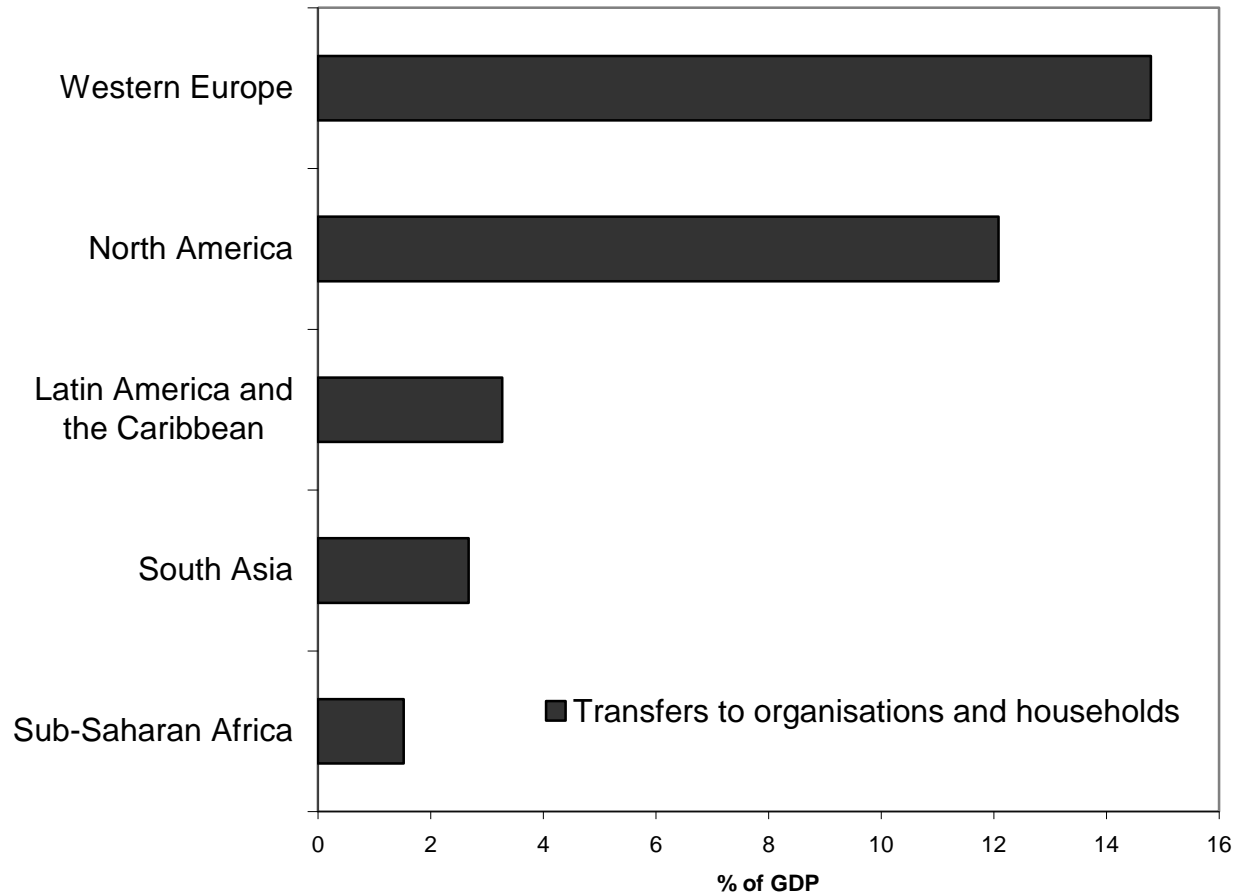
Ric/IDOP/2003

OECD countries address poverty and vulnerability through **public transfers** to older people and their families

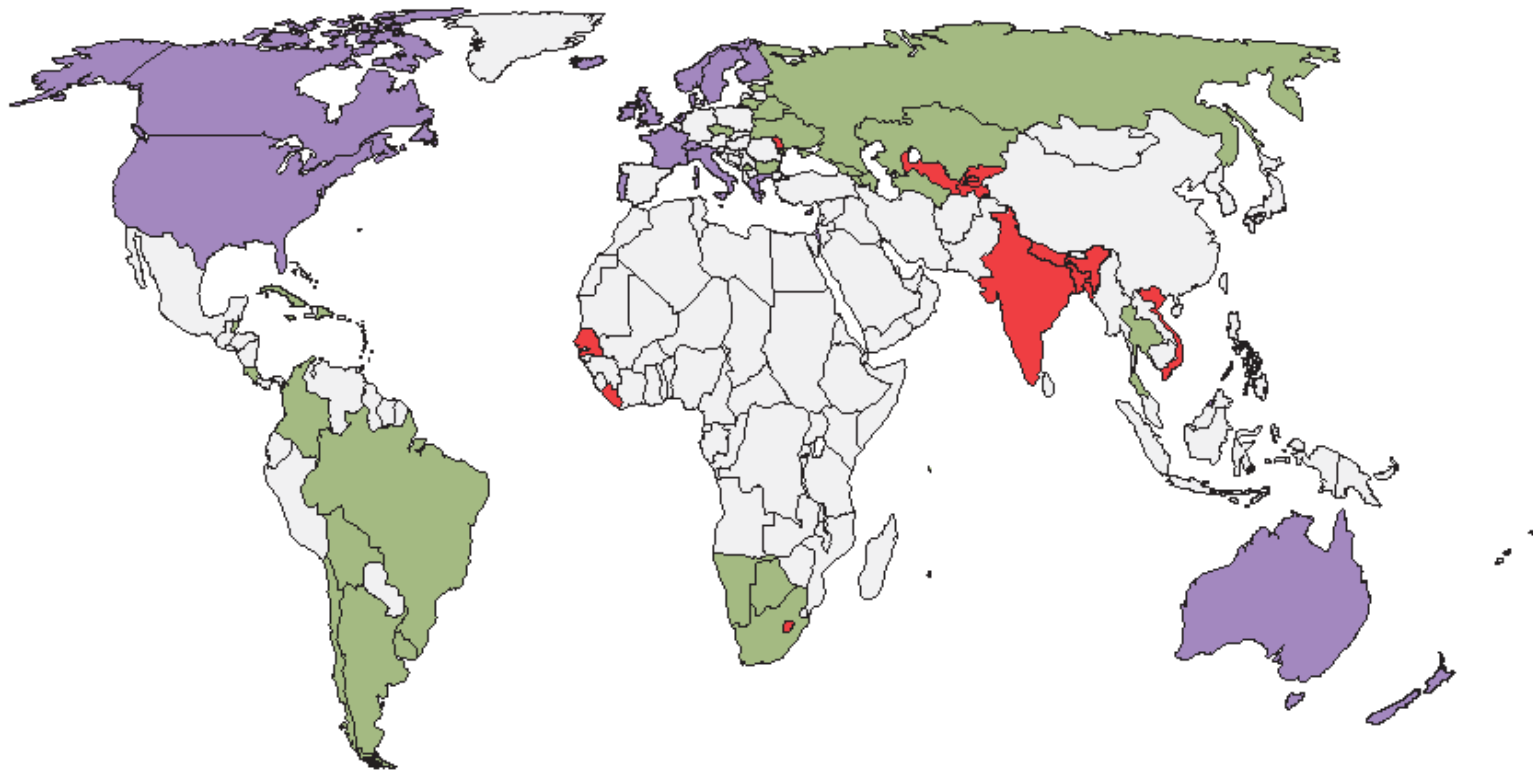
In middle income countries **public transfers** fail to cover poor households

In low income countries old age **public transfers** are scarce

Direct public transfers as a proportion of GDP 1971-1997



Countries with a social pension



High income countries



Middle income countries



Low income countries

- Can social pensions **work in low income** developing countries?
- Do they **reduce poverty and vulnerability**?
- How can they **support growth and development**?

- **Lesotho** is one of the poorest countries in Southern Africa
- In 2004 a social pension was introduced, it pays **US\$ 24 transfer a month** to all aged 70 and over
- Because older people in developing countries live with their extended family, the **social pension is in fact a household transfer** *paid through the older person'*



Lesotho

Pension day is
also market day

In cash-strapped
communities in
Lesotho, transfers
encourage
production and
trade



In neighbouring South Africa, old age transfers are a leading poverty reduction programme



Following the privatisation of utilities in the 1990s, **Bolivia** established a fund supporting a transfer to all aged 65 and over, called BONOSOL.

The transfer is around **US\$ 250** paid once a year on the **birthday** of the beneficiary

Bolivian pensioner
receiving his
BONOSOL

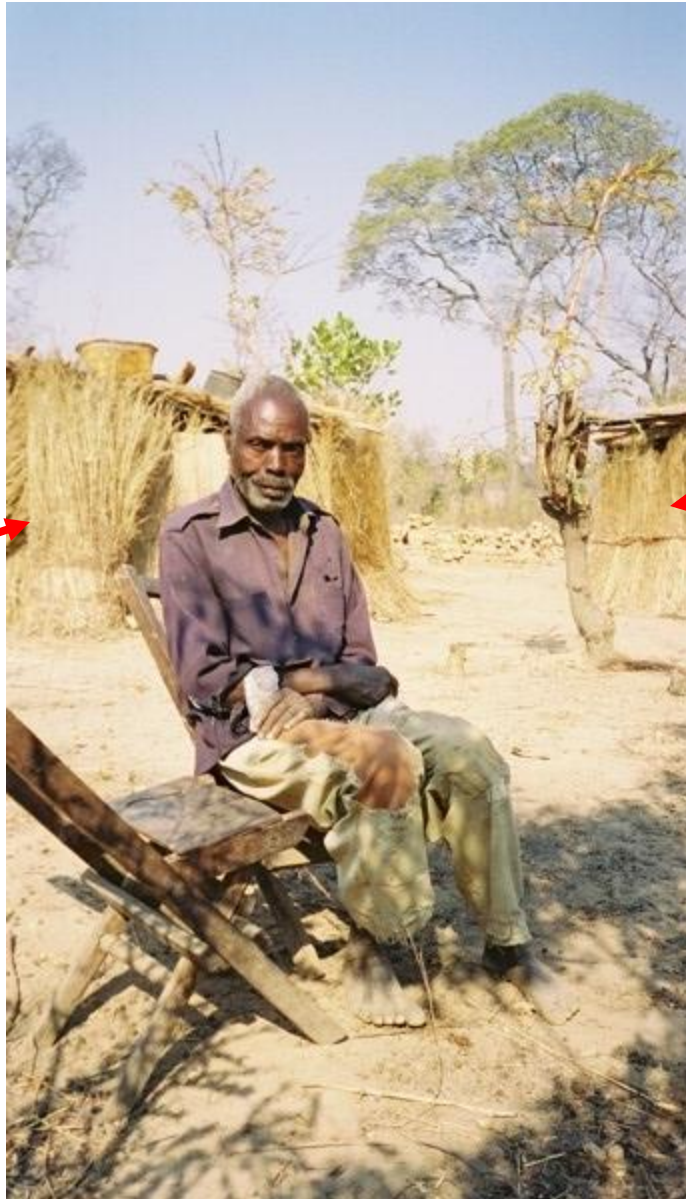
In rural areas of
Bolivia, many farmers
have land but **no cash**
to buy seeds and tools

A study showed the
rise in consumption
among pensioner
households was **twice**
the amount transferred



In Zambia, the incidence of poverty and HIV/Aids are high
...leaving **grandparents** to care for **grandchildren**

A scheme piloted a transfer of **US\$ 10 a month** to labour scarce households



Mr. Motu is one of the beneficiaries

He and his wife live here

A 12 year old grandchild lives here

...who now attends school and helps with the family plot

He saved 3 months of transfers to pay for an operation to remove his wife's cataracts



Armando Barrientos/2005

The capacity of public agencies is very limited, so a village committee manages the transfer scheme

In Bangladesh, a **US\$2 transfer** a month is paid to the 20 oldest and poorest in each district

Registration is
important

Her pension
book records
the transfers
received

and protects
against
corruption



There is no
'retirement' in
developing countries



Sawang Kaewkantha/HAI/2004

- According to ILO estimates, financing a social pension would require **less than 1 percent of GDP** in low income countries
- If well designed, social pensions can
 - **reduce poverty and vulnerability** among older persons and their households, especially those affected by HIV/Aids and migration
 - and contribute to **production, trade, and growth** in **poor communities**