Older People as a Stepping Stone to Redistributive Social Security

Bethan Emmett

Conference Paper nº 31
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Bethan Emmett, HelpAge International

Introduction

Mozambique has combined two decades of rapid growth with stagnating poverty rates, chronic food insecurity and rising inequality. The current growth and development model will have to shift dramatically to change this situation. Recent mineral discoveries could provide the financial means for transformation, with Mozambique set to become the world’s largest coal exporter within a decade and gas fields worth an estimated 250 billion USD. Social protection has proven a powerful tool for reducing poverty elsewhere in the region, with two distinct models apparent. The ‘Southern African model’ was the first wave of social protection programmes, with a largely grant-based, age-targeted cash transfers of broad coverage, generous benefit levels and strong poverty impacts in the middle-income countries of South Africa, Mauritius, Botswana, Namibia and Lesotho. The second, more recent wave of social protection programmes emerges as a ‘Middle African model’ in low income countries and includes more narrow poverty or vulnerability-targeted cash transfers, including Ethiopia’s PSNP, Ghana’s LEAP and pilot programmes in Uganda, Kenya and Zambia. Mozambique is poised between these two models with one of the oldest and largest cash transfers for older people on the continent combined with a vulnerability-targeted approach to social protection. This article examines regional experience of social protection and the implications for

1 International Non-Government Organisation with over 90 associate members worldwide, focused on achieving the right of older people to lead dignified, active, health and secure lives. www.helpage.org
2 For example, Mozambique has the second highest average real GDP growth in Non-Fuel exporting Sub-Saharan countries between 1995-2012, Lledó, V., ‘CRIANDO ESPAÇO FISCAL PARA UM PISO DE PROTECÇÃO SOCIAL EM MOÇAMBIQUE - Uma Cooperação-Piloto entre FMI, Banco Mundial, OIT e UNICEF’, paper presented at the Moçambique Conferencia Internacional sobre a Protecção Social, Maputo, 20 de Junho de 2012. Also: “Household survey evidence showed no decrease in national poverty from 2002 to 2008 and in the Central regions there was a marked increase in poverty...” the top 10 per cent of the population now have an income 19 times that of the poorest 10 per cent - see ‘Jobs, Justice and Equity – Seizing opportunities in times of global change’, Africa Progress Report 2012, Africa Progress Panel (2012, p16,p23 ).
5 Nino-Zarazua et al 2010
6 Mozambique’s Social Protection Law consists of three pillars: a contributory pillar for workers in the private and public sectors; a basic social security pillar for the most poor and vulnerable, and a complementary pillar for workers who wish to top up their social security. The main programmes of the basic social security pillar (which include the Programa de Segurança Social Basica (PSSB), the Programa de Apoio Social Direto (Direct Social Support Programme - PASD) and the Projecto de Trabalhos Publicos (Public works project -PTP) are targeted at the most vulnerable – i.e. include a vulnerability or poverty criteria to define eligibility. See ‘Entrevista com Iolanda Cintura, Ministra da Mulher e da Acção Social’ in INFORMA Semana da Protecção
The development of social protection in Mozambique, with a particular focus on the role of social pensions for reducing poverty and vulnerability.

The Development of Social Protection in Africa

Social protection is increasingly seen as an effective tool to combat extreme poverty and vulnerability in the Africa region. This has been accompanied by a mushrooming of social protection programmes in many countries. Social protection programmes on the continent have diverse objectives, design and implementation mechanisms. However, Nino-Zarazua et al (2012) distinguish two distinct models in the region: a first generation of Southern African grant-based cash transfers, and a second wave of middle African cash transfers.

Southern African Model: grant-based, age-targeted transfers

The ‘Southern African’ model consists of rights-based categorical grants for older people, and more recently, children. Countries including South Africa, Botswana, Lesotho, Namibia and Swaziland have all invested significantly in social protection for older people, despite their relatively young population profile (on average half of the region’s population are below the age of 25). These are some of the oldest social protection programmes on the continent - and amongst the largest too in terms of both spending and beneficiary numbers. As figure 1 shows, social pensions are seven out of the ten largest cash transfers receiving between 0.3 – 2.0 per cent of GDP in financing. Figure 2 shows that cash transfers targeting older people are amongst the largest programmes in terms of beneficiary numbers.

Social Básica 18 a 22 de Junho 2012, Ministério da Mulher e da Acção Social REPÚBLICA DE MOÇAMBIQUE
Ministério da Mulher e da Acção Social 2012.

E.g. the Livingstone Call for Action on social protection in Africa. The Livingstone process refers to the Ministerial Conference that took place in March 2006 in Livingstone, Zambia, where 13 African governments agreed to put together national social protection plans to support elderly and vulnerable groups. For a detailed account of the Livingstone process see www.helpage.org, Also Africa Commission 2005.

Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat,
Figure 1 – Spending on cash transfer programmes as a percentage of GDP

Data from World Bank (2012), and PensionWatch website [http://www.pension-watch.net](http://www.pension-watch.net/) last accessed August 3rd 2012.
The common features of these social pensions are high coverage rates of the +60 population and relatively high benefit levels of at least $29 per month – see figure 3. These programmes are also delivered through government institutions, are domestically financed and backed by legal entitlements.

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9 Figures represent the number of recipients for cash transfer programmes as proportion of the total population. For Mauritius, Namibia, South Africa and Botswana, recipients for more than one programme have been summed. Considering some individuals may be recipients of multiple grants this means the figures do not provide accurate figures of total coverage of social protection, rather they indicate the relative scale of coverage of programmes with different target groups. Mozambique’s PSSB (formerly PSA) is targeted at households in poverty with physical incapacity to work – 94 per cent of recipients are older people so this is counted as a social pension for the purposes of this graph.

Figure 3 – Comparing social pensions in the ‘Southern Africa’ model

<table>
<thead>
<tr>
<th>Country</th>
<th>Size of benefit (US$ PPP)</th>
<th>Targeting method</th>
<th>Age of Eligibility</th>
<th>Cost (per cent of GDP)</th>
<th>Coverage (per cent +60 population receiving)</th>
<th>National Income status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lesotho</td>
<td>$39</td>
<td>Pensions-tested</td>
<td>70</td>
<td>1.43 per cent</td>
<td>55 per cent</td>
<td>Lower middle income</td>
</tr>
<tr>
<td>Mauritius</td>
<td>$93</td>
<td>Universal</td>
<td>60</td>
<td>2.00 per cent</td>
<td>100 per cent</td>
<td>Upper middle income</td>
</tr>
<tr>
<td>Namibia</td>
<td>$59</td>
<td>Universal</td>
<td>60</td>
<td>1.36 per cent</td>
<td>100 per cent</td>
<td>Upper middle income</td>
</tr>
<tr>
<td>South Africa</td>
<td>$144</td>
<td>Means-tested</td>
<td>60</td>
<td>1.40 per cent</td>
<td>72 per cent</td>
<td>Upper middle income</td>
</tr>
<tr>
<td>Social Pension</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Botswana</td>
<td>$29</td>
<td>Universal</td>
<td>65</td>
<td>0.33 per cent</td>
<td>78 per cent</td>
<td>Upper middle income</td>
</tr>
</tbody>
</table>


Middle Africa Model

The ‘Middle African’ model consists of poverty or vulnerability-targeted cash transfers started in the last 5 years, including Ethiopia’s PSNP, Ghana’s LEAP and pilot programmes in Uganda, Kenya and Zambia. Food security has been a core concern to the development of programmes such as Ethiopia’s Productive Safety Net Programme (PSNP) and Kenya’s Hunger Safety Net Programme, reflecting a transition of donor support from food aid to cash transfers in the region. Household productive capacity (i.e. whether households members are capable of physical work) and poverty or vulnerability status are key targeting strategy in programmes such as the Malawí social transfers, Ghana’s Livelihoods Empowerment Advancement Programme and Mozambique’s Basic Social Security Programme. These Middle Africa programmes are typically more narrowly-targeted short-medium term projects that are donor financed and delivered through a variety of implementing agencies including NGOs and often relying heavily on community structures for delivery. Some

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12 Formerly the Programa Subsidio Alimento, or Food Subsidy Programme (PSA).
13 World Bank (2012, p49)
have argued (e.g. Nino-Zarazua and others) that domestic commitment to social protection in these countries is weaker and hence programmes are heavily influenced by donor priorities and experience in other regions.

Some cash transfers have been introduced specifically in light of the poor performance of economic growth in reducing poverty. The Rwandan government’s Vision 2020 Umurenge Programme (VUP) was an effort to speed up poverty reduction and hasten growth in rural areas; the Ghanaian government introduced the LEAP programme with similar motivations (WB 2012). Cash transfers targeted categorically at older people in the region include the Kenyan government’s Cash Transfer for Older People and the cash transfer programmes in Zambia14 and Uganda (SAGE) which are piloting universal social pensions along with vulnerability targeting methods.

The income status of the countries accounts for some of the difference in the size and generosity of these two different social protection models. The ‘Southern Africa’ programmes are based in middle income countries where there is more fiscal capacity to finance broader and more generous social protection programmes. The ‘Middle Africa model’ programmes in Malawi, Kenya, Tanzania etc are low income countries which may explain much of the tendency towards smaller, more narrowly-targeted and donor-financed programmes. But this does not explain why ‘young’ countries of South Africa, Botswana, Namibia, Swaziland and Lesotho with half their population below the age of 25 have chosen to introduce social protection for older people first, and why social pensions remain a central pillar of their social protection systems. This will be examined in the next section.

Factors influencing introduction of social pensions

The origins of cash transfers categorically targeted to vulnerable groups of older people, children and people with disabilities are complex – see box 1 below. In all these countries social pensions have proceeded broader cash transfer programmes including benefits for children and people with disabilities. In South Africa this reflects a history of adapting a European model of social assistance to African needs, and the influence of these programmes across neighbouring countries has been significant. But the political economy behind these programmes runs deeper than this.

Box 1 - Political Economy of Social Pensions in Sub Saharan Africa

Means-tested social pensions were institutionalized in South Africa in 1928 and extended to black South Africans in 1944, albeit at a lower transfer value. In 1994, the old-age grant was equalized for all citizens at the democratic transformation and a new government, the African National Congress, coming to power. The tax financed benefit covers more than 2.5 million beneficiaries, costs around 1.3 per cent of gross domestic product (GDP), and covers 60 per cent of South Africans over 60 years old (HelpAge International 2011).

In Namibia, the pension started in 1949 under the South West African administration, with extension (at lower benefit) to black Namibians in 1973 and universalization after independence in the early 1990s. Several attempts to introduce a means test have failed due to political opposition

14 Zambia Chipata, Kalomo, Katete, Kazungula and Monze Social Cash Transfer Programmes
The pension covers 93 per cent of those over 60 years old (132,000 people) and costs 1.4 per cent of GDP (HelpAge International 2011).

In Lesotho, the social pension is relatively new and has been implemented through a presidential initiative in 2004 with little parliamentary debate. Lesotho is one of two least developed countries (the other is Nepal) to run a social pension scheme. It pays benefits to 80,000 elderly (53 per cent of the population aged 60 or more) at a cost of 2.0 per cent of GDP. Swaziland has introduced a means-tested social pension in 2006 that covers people aged 60 and above launched a social pension in 2004 to older people of 70+ and reaches about 80 per cent of this target population (Nino-Zarazua et al 2010).

Botswana has provided a universal social pension since 1996 covering all citizens aged 65 or older (at the same time, a cash transfer for orphans was introduced). Around 90,000 beneficiaries are registered (88 per cent of the population aged 60 or more), receiving a monthly benefit of P166 ($25) (ISSA 2009), costing 1.3 per cent of GDP (HelpAge International 2011).

On Mauritius the non-contributory pension was shifted from a means-tested to universal in 1958 and has retained near 100 per cent coverage since. It is financed at a cost of 1.7 per cent of GDP through general revenues including social security contributions (Wilmore 2003).


**Political Motivations**

The introduction of social pensions in these countries took place amidst national debates about the appropriateness of older people as opposed to other vulnerable groups as a target group for government’s limited resources; debates about whether social pensions erode the informal support networks; and whether a social pension is a need or a right. That social pensions were implemented despite these concerns indicates a level of political support perhaps stemming from a popular perception of older people as a ‘legitimate’ group for publically-funded social assistance.

Certainly the introduction and expansion of social pensions is linked to electoral success. In Lesotho and Mauritius social pensions were a dominant factor in national general elections. In South Africa, the social pension was seen as a product of democratic transition with high expectations for the reversal of formerly elitist patterns of resource distribution. It was broadly supported by the labour movement and along with child grants has been as an important way of redistributing

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national wealth amongst the most identifiably vulnerable as part of a post-apartheid social contract\(^\text{18}\).

**Need to address old age vulnerability**
Another important thread has been the need to address the growing vulnerability of poor older people. People in older age experience particular vulnerabilities due to higher than average poverty rates, declining health and rising health costs, insufficient access to social services, water and adequate food, and problems of abuse and neglect\(^\text{19}\). The high poverty levels of older people are also a function of the limited ability of families in poverty to care for their older relatives.

The impact of migration and HIV/AIDS in the Southern Africa region has exacerbated these vulnerabilities and has weakened and even reversed the support older people might formerly have expected from family and community. Kakwani and Subbarao’s study finds that poverty in older age is higher than the national average in 11 of 15 African countries for which data was available see figure 4 below - and that incidence and severity of poverty of older people is exacerbated when they are caregivers for children e.g. see figure 5 below\(^\text{20}\).

**Figure 4 – The incidence of poverty in for all persons and for mixed households with older people**

![Graph showing incidence of poverty](image)

* Differences statistically significant at 5% or 10% level.

Source: Kakwani and Subberao (2005, p10)

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\(^\text{19}\) See Cook and Hujo (2012) and Rodrigues and da Costa (2010).

Supporting informal care of orphans and vulnerable children

This is of particular concern as the number of older people caring for children is growing rapidly in the region\(^{21}\). One study of 21 Sub-Saharan African countries finds a systematic shift in care for orphans towards grandparents, with grandparents providing the bulk of care for double orphans (66 per cent) in countries with rapidly growing orphan rates\(^{22}\).

Addressing this challenge was a specific motivation for introducing the social pension in Swaziland and Lesotho\(^{23}\). Figure 5 also shows that of the ten countries with the highest HIV/AIDS prevalence, eight have introduced some form of social pension or cash transfer targeting older people, suggesting a link between high prevalence rates and the desire to support informal caring role of older people.

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Figure 5 – Ten countries with highest HIV/AIDS prevalence rates

<table>
<thead>
<tr>
<th>Country</th>
<th>Prevalence per cent</th>
<th>Cash transfer targeted at older people?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central African Republic</td>
<td>6.3</td>
<td>No</td>
</tr>
<tr>
<td>Malawi</td>
<td>11.9</td>
<td>No</td>
</tr>
<tr>
<td>Mozambique*</td>
<td>12.5</td>
<td>Yes</td>
</tr>
<tr>
<td>Zambia*</td>
<td>15.2</td>
<td>Yes</td>
</tr>
<tr>
<td>Namibia</td>
<td>15.3</td>
<td>Yes</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>15.3</td>
<td>Yes</td>
</tr>
<tr>
<td>South Africa</td>
<td>18.1</td>
<td>Yes</td>
</tr>
<tr>
<td>Lesotho</td>
<td>23.2</td>
<td>Yes</td>
</tr>
<tr>
<td>Botswana</td>
<td>23.9</td>
<td>Yes</td>
</tr>
<tr>
<td>Swaziland</td>
<td>26.1</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Source: UNAIDS and WHO data in World Bank (2012)
* pilot programme
** PSA

Of course there have been other programmes in the region providing support to children affected by HIV/AIDS, including the child grants and orphan care programmes introduced later in South Africa, Botswana and Namibia, and the smaller, more recent Kenya Orphans and Vulnerable Children’s Cash Transfer Programme (OVCT) and Zambia’s cash transfer programmes24. However, the significance of older people’s support role is not to be underestimated as a motivation for providing social pensions in the region, particularly in light of their strong intergenerational impacts including improved nutrition and educational outcomes for children as well as reducing vulnerability in old age.

Successful Poverty and Intergenerational Impacts

Evidence shows social pensions across the region and internationally have an impact on both the welfare and poverty status of older people and their dependents, largely because income tends to be shared between household members.

In Mauritius the social pension reduces the poverty rate of older people by between 20-40 per cent for single older people and older people in couples respectively – see figure 6. They also achieve poverty reduction of 20-30 per cent in households with older people, depending on the household composition.

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24 World Bank (2012, p38-39)
The South African pension reduced the intensity of poverty experienced by pensioner households by around 10 per centage points and has been associated with a 3-4 cm increase in height among children in South Africa and an 8 per cent increase in school enrolment among children in the poorest 20 per cent of recipient households. In addition, surveys of South Africa pensioners shows strikingly high proportions of respondents reporting high levels of satisfaction with family relations and improvements in respect shown them by others and living conditions, with one quarter saying they were in a position to substantially help other household members.

These kinds of impacts are strongest where coverage and benefit levels are high. Longitudinal research shows however that the pension alone is not enough to stop households with older people falling into poverty, particularly if the number of family members in a pensioner household is large and/or where livelihood and other economic opportunities are limited. But even where benefit levels are low, cash transfers for older people have achieved improvements in welfare and livelihoods in households receiving them. In Mozambique the Food Subsidy Programme (PSA) has shown positive, if small, results despite an erosion in the value of the transfer due to substantial increases in food and fuel prices. In a longitudinal survey between 2007 – 2009 of HelpAge

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26 (Case, 2001; Duflo, 2003)
27 (Samson, 2004)
29 In a longitudinal study of South Africa pensioner recipients between 2002 and 2008/9, 29 per cent who had not been in poverty previously fell under the poverty line, despite receiving a pension. Barrientos and Lloyd Sherlock (2012, p4-5).
30 For example, in project areas, maize prices fluctuated from 50 meticais to 230 meticais per tin between January 2007 and March 2009 HelpAge community monitoring report March 2010
International rural delivery pilot of the PSA, households receiving the PSA showed increases compared to non-beneficiary households in child literacy levels (+17 per cent in female headed households); improved health in children (6 per cent less likely to be ill or injured); reduced likelihood of hunger (2.3 per cent less in female headed households); reductions in child labour (23 per cent less in female headed households); increased acquisition of assets (8 per cent more female headed households)\(^{31}\) – results broadly in line impacts found across the entire programme by an independent IPC impact evaluation\(^{32}\).

**Pensions benefit a broad section of the population**

The reason these significant intergenerational impacts occur is because income tends to be shared between household members. This means the benefits of social pensions can reach large sections of the population, even where the actual number of older people is relatively small. In South Africa for example, a recent survey found that most older people shared the most of their pensions income with the family – see figure 7 - a feature in found in other social pensions in the region and internationally\(^{33}\). In South Africa as many as 20 per cent of the population were living with an older person in 2002 and might be benefiting from pooled income including a pension\(^{34}\). In Tanzania 6 per cent of the population are over 60 years old but nearly a quarter of households have at least one older person\(^{35}\); in Mozambique older people make up - 4.5 per cent of the total population\(^{36}\), but 19 per cent of households contain an older person\(^{37}\).

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\(^{31}\) Briefing paper based on initial results of impact assessment by the Economic Policy Research Institute 2010 for HelpAge International


\(^{33}\) A study in Namibia found around 30 per cent of the social pension was retained by older person alone, with the rest was shared with household members and add other social pensions. Devereux, S., ‘Social Pensions in South Africa and Namibia’, IDS Discussion Paper 379, 2001.


\(^{35}\) ‘Achieving income security in old age for all Tanzanians: a study into the feasibility of a universal social pension’ Ministry of Labour, Employment and Youth Development in Collaboration with HelpAge International 2010

\(^{36}\) Population +65 years of age – source INE 2010

\(^{37}\) Technical note to support the National Basic Social Protection Strategy the "Inquérito de Indicadores Múltiplos - MICS (2008, p6).
Source: Barrientos and Lloyd Sherlock (2012)

Implications for the Development of Social Protection in Mozambique

Mozambique has many characteristics of the ‘Southern Africa model’ which influenced the introduction of social pensions. Mozambique has a relatively young population structure, but the older population is substantial at over 1 million - 4.5 per cent of the total population. There are high levels of old age poverty with 70 per cent of older Mozambicans live are under the poverty line, a poverty rate 13 per cent points higher than the national average. Its +65 labour force participation rates is one of the highest in the world with in the world with 80 per cent of older people working into older age. Mozambique has one of the region’s highest rates of HIV/AIDS and orphan hood in the region with 43 per cent of double orphans are cared for by grandparents, and higher proportion in rural areas. For example, a HelpAge International study of PSA dependents communities in Tete showed that of the 301 older people enrolled in PSA, 55 per cent were caring for children and between these 167 households they shared the care for 704 children. There are of

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38 Population +65 years of age – source INE 2010
39 INE 2010
40 Age +65 labour force participation rate is 80 per cent in 2007, data from UNCOP in Francisco and Sugahara, ‘Population ageing in Mozambique: Achievement, Threat or Opportunity?’, presentation for Week of Social Protection 18-22 June – Maputo, Mozambique
41 6 per cent of children aged 0–17 years are vulnerable and 12 per cent are orphans (who have lost one or both parents) INE (2009, p129). HIV/AIDS prevalence is 12.5 per cent in 2007, UNAIDS data in World Bank (2012), level of orphan hood 11.6-9.38 between 1997-2003.
42 (Programa Subsídio de Alimentos, PSA).
43 INE (2008, p28) and for example, in the districts of rural Tete province where HelpAge works 54 per cent of older people are primary carers for children who have been orphaned or whose parents have separated. Based on HelpAge data for PIP recipients, in Cristina U Rodrigues and Ana Bénard da Costa, ‘Pessoas Idosas em
course concerns about the welfare levels of children living with older people where poverty levels are so high – a significant proportion (78 per cent) of orphaned children live in households have not received any kind of support from the state.\textsuperscript{44}

Mozambique also has one of the oldest programmes targeted at older people in the region. The (PSA) was introduced in 1990, now renamed the Programa de Segurança Social Basica (PSSB), it provides a cash transfer to households in poverty without the capacity to work including older people (94 per cent of current beneficiaries), people with disabilities and the chronically ill, with additional transfer for up to 4 orphaned dependents.\textsuperscript{45} It has one of the highest number of beneficiaries in absolute terms on the continent, at 288,000, which is large compared to the mostly smaller social protection programmes in other low income countries of the ‘Middle Africa’. model. However, there is significant room for improvement compared to the success of neighbouring Southern African programmes in reducing poverty.

Firstly, whilst absolute numbers of recipients are large, the PSSB covers less than half its eligible target group of older people in poverty and even smaller numbers of people with disabilities and chronic illness.\textsuperscript{47} Secondly, the PSSB also has much smaller transfer level than programmes in neighbouring Southern Africa programmes of around $5 per month plus $2 per dependent up to a maximum of 4 dependents. Recent increases in the transfer level redress this to some extent, though many counter that much higher levels are needed to achieve the objective of providing minimum food security for beneficiaries.

Further expansion of the programme to achieve meaningful impact of poverty of older people and the vulnerable dependents in their care is desirable and possible. The International Monetary Fund has projected an additional 2.5 per cent of fiscal space will be available to the Mozambican government in 2012-2022, with more even more available if taxation of the booming natural resource sector improves.\textsuperscript{48} To put this in context, HelpAge International estimates a social pension for all older people over the age of 65 would cost around 0.7 per cent of GDP.\textsuperscript{49}

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\textsuperscript{44}INE (2008, p132).

\textsuperscript{45}The elderly constituted the Programme’s majority group, with 93.5 per cent of the beneficiaries according to 2011 data. They are followed by people with disabilities (5.5 per cent) and by chronically ill people (1 per cent). Mausse, M and N. Cunho, ‘Setting up a social protection floor in Mozambique’, in Sharing Innovative Experiences: Successful Social Protection Floor Experiences (vol 18) UNDP, ILO, Special Unit for South-South Cooperation; 2011.

\textsuperscript{46}Data from World Bank (2012, S9)

\textsuperscript{47}Calculations as follows: if 70 per cent of the older population of 1 million is poor according to 2010 national census, and 94 per cent of the PSSB reaches older people (roughly 270,000 older people), then the PSSB is reaching 39 per cent of older people in poverty.


\textsuperscript{49}Calculations as follows. Where \( p \) is the recipient population (as a proportion of the total population of the country), and \( s \) is the size of the grant (as a proportion of GDP per capita), the formula to find \( c \) (the total cost as a per cent of GDP) is: \[ c = ps. \] The figures for \( p \) (the proportion of the population receiving the pension) are calculated using age-disaggregated data from the United Nations Population Division’s World population prospects: the 2008 revision. While these may not be considered as the most up to-date figures in terms of recent country-level census data, they are widely seen as credible and provide a good basis to estimate the
There are further implications of the Southern Africa model for the financing of social protection in Mozambique. Social pensions in South Africa, Botswana, Namibia, Lesotho and Swaziland are domestically financed from general taxation, with an absence of overseas aid funding which is unusual for social protection programmes in the region. Notably, South Africa and Botswana have significant mineral resources which make a substantial contribution to domestic revenues. Interestingly there is a precedent for direct taxation of mineral resources as a source of financing for social pensions: Bolivia financed its ‘RentaDignidad’ in 2007 from its Direct Hydrocarbon Tax, although it is now looking to shift financing to general tax revenue.

There are some notable innovative sources financing in other regions. In Mexico City, the social pension was financed by reducing senior officials’ travel and salaries without raising additional taxes or debt. In Brazil, the rural pension is partly financed by corporate taxes through a 1 per cent tax on rural produce and a separate 2.5 per cent wage levy on urban enterprises in 2000 shows that the social pension scheme received 5.4 per cent of revenue from taxes on alcohol and cigarettes in all but one of the conditional cash transfers.

Conclusions

High growth rates in Mozambique are failing to significantly reduce poverty, with inequality and food insecurity entrenched. Social protection has proven a powerful tool elsewhere in the region for reducing poverty and vulnerability. Two distinct regional models of social protection emerge. The ‘Southern African’ model was a first wave of rights-based categorical grants for older people, and more recently, children. Middle income countries including South Africa, Botswana, Lesotho, Namibia and Swaziland have all invested significantly in social protection for older people, despite their relatively young population profile and achieved strong intergenerational impacts as well as reducing vulnerability in old age. These programmes are delivered through government institutions, are domestically financed and backed by legal entitlements.

A more recent wave of social protection programmes emerges as a ‘Middle African model’ in low income countries and includes poverty or vulnerability-targeted cash transfers including Ethiopia’s


PSNP, Ghana’s LEAP and pilot programmes in Uganda, Kenya and Zambia. Domestic financial commitment to social protection in these countries is weaker and hence programmes are heavily donor financed and delivered through a variety of implementing agencies including NGOs and often relying heavily on community structures for delivery. Mozambique is poised between these two models with one of the oldest and largest cash transfer for older people on the continent combined with a vulnerability-targeted approach to social protection.

The income status of the countries accounts for some of the difference in the size and generosity of these two different social protection models, but the reasons why Southern African countries introduced social pensions first or why social pensions remain a central pillar of their social protection systems are more complex. Analysis suggests social pensions were implemented because they were able to garner a high level of political support perhaps stemming from a popular perception of older people as a ‘legitimate’ group for publically-funded social assistance. Older people in African countries tend to face higher poverty rates than the national average and care for up to 66 per cent of double orphans in countries with rapidly growing orphan rates. The poverty levels of these ‘skipped generation’ households tends to be even more acute, and there is a clear link between social pensions and countries with high rates of HIV/AIDS prevalence. Social pensions are also linked to electoral success in South Africa, Lesotho and Mauritius, and strong impacts on poverty of old age recipients and family members suggests income tends to be shared between household members. This means the benefits of social pensions can reach large sections of the population, even where the actual number of older people is relatively small.

Mozambique has characteristics in common with Southern African countries: high rates of old age poverty and orphanhood with older people caring for at least 40 per cent of double orphans. Mozambique also has one of the oldest programmes targeted at older people in the region; Programma de Segurança Social Basica (PSSB) highest number of beneficiaries in absolute terms on the continent. Whilst this is large compared to the mostly smaller social protection programmes in other low income countries of the ‘Middle Africa’, its smaller in terms of need, reaching less than half its eligible target group of older people in poverty and even smaller numbers of people with disabilities and chronic illness. In addition current benefit levels are too small to achieve its food security objective. With further expansion of the programme and increases in the benefit level, Mozambique could achieve the impacts of the social pensions programmes in neighbouring Southern African countries. Mozambique now has the financial resources and fiscal potential to do this: improved revenue collection from Mozambique’s new found mineral resources could free up fiscal space more than adequate to provide a cash transfer for all Mozambique’s older people and increase other social protection programmes. Mozambique has both the know-how and now the resources to achieve social protection for all older people and their vulnerable dependents. The only question remaining is that of political will.

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56 Total beneficiaries at 288,000 Data from World Bank (2012, 59).
57 If 70 per cent of the older population of 1 million is poor according to 2010 national census, and 94 per cent of the PSSB reaches older people (roughly 270,000 older people), then the PSSB is reaching 39 per cent of older people in poverty.