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Older people's livelihoods, income security and access to social protection during COVID-19 and beyond

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COVID-19 disproportionally affects poor and marginalized populations who are more exposed to the virus and have fewer resources to protect themselves. Multidimensional poverty - lack of access to water, undernutrition, and exposure to air pollution - increases the risk of getting seriously ill from COVID-19[1]. Poverty can limit access to preventative measures such as handwashing and protective equipment, as well as timely healthcare on becoming ill. Furthermore, those on low and insecure incomes are often working in the informal economy, therefore lack access to social protection, and are unable to work remotely or adopt safer work practices. Where this is analysed (mainly in the UK and US) racial and ethnic minorities are disproportionately at risk of death or illness.[2] In most low- and middle-income countries (LMICs), poverty increases in older age[3], leaving older people not just relatively vulnerable[4] to the virus but also exposed and with few resources to protect themselves.

COVID-19 significantly reduced the wellbeing and income security of many older people

While 67 per cent of older people receive a pension globally, in most low-income countries less than 20 per cent do. In Sub-Saharan Africa, only 22 per cent of older people receive a pension and large coverage gaps remain in Southern Asia (23 per cent) and the Arab States (27 per cent).[5] Transfers are generally low. According to HelpAge's PensionWatch database, the value of non-contributory pensions in LMICs ranges from about 2 per cent of per capita GDP in China and India to 45 per cent in Lesotho, averaging just 14 per cent[6]. Where data is available, women are less likely than men to receive a pension, and if they do, they have lower benefit levels.[7]

Many older people remain economically active – mainly in the informal economy – and are highly exposed to the economic crisis. The ILO estimates that globally 28 per cent of men and 13 per cent of women aged 65 and older participated in the labour force in 2019. In low-income countries, this percentage rises to 56 per cent for men and 33 per cent for women. The ILO also estimates that 78 per cent of older people's global employment is informal.[8] The informal economy tends to provide lower and more volatile incomes and few social protection benefits. While workers in the informal economy are already likely to be poorer than their formally employed counterparts, they are also more likely to work in sectors heavily affected by the pandemic, such as hospitality and tourism, and are likely to be excluded from crisis-related assistance. Evidence from past economic crisis suggests that older people can find it difficult to re-enter the labour market after unemployment[9] and are more likely to face declines in job quality after re-employment, which are more persistent than that for younger workers[10].

With few opportunities for decent work and inadequate pension coverage, older people rely on their families to survive. Yet, the adequacy of family support is often limited, as high levels of poverty and economic vulnerability faced by the population mean many families have limited resources to share. Remittances from abroad are also declining.[11]

"Our income went down since some of my sons who support the household financially lost their employment. Therefore, we only spend the little we get from other sources." – Older man, Vihiga, Kenya, January 2021

"We are getting used to having two meals a day when there is not enough food for the family." – Older woman, Vihiga, Kenya, January 2021[12]

While age-disaggregated poverty data in the pandemic is lacking, the loss of income from work and family, alongside the limitations of pension systems, mean that many older people will be among the 119 to 124 million estimated to have been pushed into extreme poverty in 2020.[13]

Where older people are included in nationally representative surveys, they reveal widespread anxiety about household finances and significant reductions in income from work for themselves and their families. In Pakistan, about 30 per cent of older people (50+) in a representative survey conducted in April 2020 reported needing to borrow food, seeking support from friends or relatives, or relying on their savings to meet their basic needs. This was a higher percentage than reported by younger people.[14] A survey conducted by HelpAge India in June 2020 found that the crisis has negatively impacted the livelihoods of 65 per cent of India's older people.[15] Age-disaggregated analyses by HelpAge of World Bank phone surveys in other settings conveys a similar picture.[16] In Malawi, 96 percent of older respondents reported being worried about their household's finances, and 83 per cent of households with older people experienced declines in income since the start of the pandemic. In Uganda, 86 per cent of older people reported being worried about their household's income and 36 per cent of those living in urban areas saw their incomes from (non-agricultural) businesses decline – a higher percentage than for younger people. In Nigeria, 89 per cent of older people were worried about the pandemic's impact on household finances and 26 per cent reported having to stop their work in the first quarter of 2020, while 79 per cent of older business owners reported no or lower revenues, rising to 88 per cent of female-headed households. Economic simulations in Bangladesh suggest that older people's income deficit – consumption minus income – has increased by 13 per cent as a result of the pandemic.[17]

In-depth panel surveys in Kenya and Nepal conducted between September 2020 and January 2021 shed further light on how the virus and lockdowns have negatively affected older people's economic wellbeing. In HelpAge-supported research by the Oversees Development Institute (ODI) all respondents reported some decrease in their household's income and the need to reduce expenditures due to lost income or increased costs for staple goods and services. Many older respondents report relying on a relative within their household or outside their household for some part of their livelihoods. Loss of employment among these relatives has had a knock-on effect on older relatives. Casual day labourers, workers in the informal economy, and migrant labourers were also linked to lost livelihoods through unemployment or lower earnings. Simultaneously, respondents in rural and urban areas reported increased costs of food and staple goods.

"As a shoemaker, before COVID-19, I could receive as high as 500 shillings [$4.5] a day. But now I hardly take home any money. On a good day, I can get 40 shillings [$0.36] at most." — Older man, Nairobi, Kenya, September 2020[18]

"There is a price hike in everything. It is hard to buy food as well." — Older woman, Kathmandu, Nepal, December 2020[19]

Older people are amongst the most vulnerable groups in humanitarian emergencies and the COVID-19 pandemic has multiplied hardship for older refugees who comprise four per cent of the forcibly displaced population worldwide.[20] While older people have often been invisible in humanitarian action the pandemic has exposed their exclusion and highlighted their needs and concerns.[21] The Global Humanitarian Response Plan for COVID-19, updated in July 2020, highlights the significant challenges facing older people before the pandemic, including: overcrowding in camp settings; limited access to health care, water and sanitation; high levels of income insecurity and borrowing; and food insecurity, which are likely to be exacerbated by COVID-19. Humanitarian assistance is often provided on the assumption that older people live with and will be supported by other household members; this is not always true, and isolation can combine with other factors such as limited mobility to create greater risks. In 2020, 20 per cent of older people in humanitarian crisis were found to be living alone. [22]

The importance of social protection for older people - during COVID-19 and beyond

Social protection has been an integral component of governments' responses to COVID-19 and vital in ensuring older people's income security. Between March and December 2020, 215 countries and territories have undertaken 1,414 measures to improve and expand their social protection systems to protect livelihoods, people's wellbeing and economies from the impact of the pandemic.[23] Governments are providing higher transfers, scaling-up coverage through new schemes or expansions of existing ones, or adapting implementation systems to reduce risk for infection. Some these interventions target households while others are specifically designed for specific groups, such as older people. While older people should be reached by transfers targeted at households in need, 80 countries and territories have implemented measures specifically targeting older people.

Social protection responses to COVID-19 related to pension systems announced from March to December 2020[24]

Increases in pension benefits (36)	*Expansion of pension coverage (10)*	*Advance of pension payments (13)*	*Early access to pension savings (9)*
Albania, Argentina, Australia, Brazil, Bahrain, Cameroon, Colombia, Cook Islands, Egypt, Hong Kong, Hungary, Lithuania, India, Kenya, Kosovo, Malaysia, Montenegro, Mongolia, Myanmar, Russia, Samoa, Sao Tome and Principe, Serbia, Slovenia, South Africa, Suriname, Tanzania (Zanzibar), Tonga, Tunisia, Turkey, Turkmenistan, Thailand, Ukraine, Uzbekistan, Zambia, Zimbabwe	Bangladesh, Brazil, Costa Rica, Guatemala, Lesotho, Mongolia, Myanmar, Sri Lanka, Kenya	Barbados, Brazil, Belize, Cost Rica, Guyana, Jamaica, Kosovo, Kyrgyzstan, Mexico, Paraguay, Peru, Saint Vincent and the Grenadines, South Africa	Australia, Brazil, Chile, Fiji, Iceland, India, Malaysia, Samoa, USA

In the context of rapidly increasing poverty and underdeveloped social protection systems, the response in most LMICs has been wholly inadequate. While high-income countries spend US$525 per capita on crisis-related social protection by December 2020, lower-middle income countries spend only US$26 and low-income countries a mere US$6[25]. An analysis by Oxfam found the vast majority of benefits provided in LMICs during COVID-19 were not adequate to meet basic needs: 41 per cent of support was only a one-off payment and most benefits were only short term.[26]

Lessons from previous crises, alongside evidence emerging during COVID-19, confirms that countries with effective and universal social protection systems are better prepared to protect their people and recover faster.[27] Evidence, for instance, from Southern Africa shows that countries with rights-based, institutionalised and domestically-funded social protection systems, such as Botswana, Mauritius, Namibia, and South Africa, were swift to provide emergency assistance to mitigate the COVID-19 lockdown effects.[28] In contrast, countries which have "weak state-run social assistance and rely on international donors for finance, lagged far behind in introducing emergency measures to shield people's livelihoods".[29] COVID-19 has exposed the inadequacy of many social protection systems but will not be the last crisis. With the number of older people expected to rise significantly in the medium-term, and people's livelihoods increasingly threatened by the climate crisis, it is crucial for governments and partners to intensify their efforts to build universal social protection systems that can protect people from future shocks and crises.

Expanding comprehensive social protection systems – including achieving universal pension coverage - in response to COVID-19 is particularly important as many older people face difficulties accessing emergency cash transfers. A survey of HelpAge network members in Asia, Africa and Latin America found that older people face significant challenges in accessing emergency social protection and cash transfer programmes.[30] Challenges stem from the rapid implementation of large-scale cash transfers to broad segments of a country's population with limited consideration to the needs and capacities of specific groups, such as older people and persons with disabilities. These are often compounded by the reliance on ineffective and exclusionary pre-existing programmes – with out-of-date registries, strict quotas, and unreliable payment systems – as the foundation for a country's social protection response to COVID-19. In some contexts, public health measures have also limited older people's access to social protection.

From crises responses to realizing universal right to social protection

The precarious nature of older people's work and family support during COVID-19 highlights the importance of achieving universal coverage of pensions with adequate benefits. Tax-financed social pensions have been crucial in expanding pension coverage, and have played a vital role in protecting older people's income security during COVID-19. However, coverage gaps remain, and many social pensions are too low to provide adequate protection. COVID-19 has made this inadequacy apparent in many countries and, to protect older people from both idiosyncratic and covariate shocks, government should prioritize the expansion of high-quality social pensions.

Pension systems, and in particularly non-contributory social pensions, offer an efficient way to support older people and those in their care in this crisis. Given the need for simple, swift, easily understood and widely accepted criteria in a crisis, expansion of categorical – and especially age-based programmes - can be much easier to do. In places where social pensions exist but do not reach most older people, their coverage could be expanded by removing means-testing and quotas, and/or reducing age of eligibility ("horizontal expansion"). Where social pensions exist, governments could increase the transfer levels, at least temporarily, to provide increased income protection, and reducing the pressure on older people to continue with livelihood activities that may expose them to the virus ("vertical expansion").

Social pensions as effective crisis response mechanisms during COVID-19: Evidence from Bolivia

Researchers from the Inter-American Development Bank evaluating the impact of Bolivia's social pension – which reaches about a third of all households – found that becoming eligible for the pension during the crisis increased by 25 per cent the probability that households had a week's worth of food stocked and decreased the probability of going hungry by 40 per cent. The positive impact of the pension on food security was more pronounced during the crisis than before. Importantly, the pension's effects were particularly large for households that lost their livelihoods during the crisis and for low-income households.[31]

With the economic crisis deepening in many countries, social protection is likely to become even more relevant to protect people and contribute to an inclusive recovery. The continuation and, in some cases, deepening of the crisis is reflected in the significantly rising number of people living in extreme poverty. To avoid large-scale humanitarian crises, suffering and setbacks in human development, governments and partners urgently need to build on the initial expansion of social protection and transition to *building social protection systems back better* by filling gaps in the coverage, scope and adequacy of social protection.

Pensions are crucial for poverty reduction and human development, even after COVID-19. While older people without pensions are particularly at risk in this crisis, it is important to remember that growing old without any form of income security is the challenging reality that most people, and especially older women, in LMICs face. With population ageing gaining steam everywhere, the status quo of about 20 per cent pension coverage in low-income countries is not just a clear violation of the human right to income security in older age, condemning many to live their last years in destitution, but also holds back societies' abilities to make the most of increased life-expectancy.

Universal social pensions are the most effective mechanism to ensure the income security of older people during the crisis and beyond. They are of particular relevance to countries where the scope for expanding coverage of contributory pensions in the near future is low given high levels of structural socio-economic challenges, such as high levels of formality. Social pensions also ensure that gendered inequalities, such as the gender pay gap, are not replicated in older age and that all women have access to an adequate pension in older age. Global experiences and research demonstrate that universal social pensions are affordable even in low-income countries, and even relatively modest transfer levels have outsized impacts.[32]

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