

Module 11 - Cost of implementation of scenarios for “Elderly”

Scenario 1: Provision of UPS benefits at the poverty line level, indexed on inflation, to the elderly aged 75 years and older in the informal economy and not covered by VPP

Assumptions:

- Target group = informal economy population aged 75 years and older not covered by VPP;
- Take-up rate (progressive coverage of the target group) = 20 per cent in 2014, 40 per cent in 2015, 60 per cent in 2016, 80 per cent in 2017, and 100 per cent as of 2018;
- Benefit per head = poverty line;
- Benefit increases every year in proportion to inflation;
- Administrative cost = 10 per cent.

Results:

According to the calculations in the RAP model, providing UPS benefits at the poverty line level, indexed on inflation, to the elderly aged 75 years and older in the informal economy not covered by VPP is expected to cost 0.34 per cent of GDP or 1.81 per cent of Government expenditures in 2020, in addition to current Government expenditures on UPS.

Scenario 2: Extension of UPS benefits at the poverty line level, indexed on inflation, to the elderly aged 60 years and older in the informal economy and not covered by VPP

Assumptions:

- Target group = informal economy population aged 60 years and older not covered by VPP;
- Take-up rate (progressive coverage of the target group) = 20 per cent in 2014, 40 per cent in 2015, 60 per cent in 2016, 80 per cent in 2017, and 100 per cent as of 2018;
- Benefit per head = poverty line;
- Benefit increases every year in proportion to inflation;
- Administrative cost = 10 per cent.

Results:

According to the calculations in the RAP model, providing UPS benefits at the poverty line level, indexed on inflation, to the elderly aged 60 years and older in the informal economy not covered by VPP is expected to cost 0.87 per cent of GDP or 4.62 per cent of Government expenditures in 2020, in addition to current Government expenditures on UPS.

Scenario 3: Extension of UPS benefits at 50 per cent of the poverty line level, indexed on inflation, to the elderly aged 60 years and older in the informal economy and covered by VPP

Assumptions:

- Target group = informal economy population aged 60 years and older covered by VPP;
- Take-up rate (progressive coverage of the target group) = 20 per cent in 2014, 40 per cent in 2015, 60 per cent in 2016, 80 per cent in 2017, and 100 per cent as of 2018;
- Benefit per head = 50 per cent of poverty line;
- Benefit increases every year in proportion to inflation;
- Administrative cost = 10 per cent.

Results:

According to the calculations in the RAP model, providing UPS benefits at 50 per cent of poverty line and indexed on inflation, to the elderly aged 60 years and older in the informal economy and covered by VPP, is expected to cost 0.08 per cent of GDP or 0.45 per cent of Government expenditures in 2020, in addition to current Government expenditures on UPS.



Closing the SPF gap for the elderly in Coresia would cost between 0.34 per cent and 0.96 per cent of GDP in 2020, where 0.34 per cent is the cost of scenario 1 and 0.96 is the cost of a combination of scenarios 2 and 3.

Table 1: Results of the costing exercise for the elderly

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Scenario 1: Provision of UPS benefits at the poverty line level, indexed on inflation, to the elderly aged 75 years and older in the informal economy and not covered by VPP										
Additional cost of scenario 1 (COD million)	0	0	0	7 329	19 399	32 897	47 965	64 749	68 727	73 004
Cost as % of GDP	0.00	0.00	0.00	0.06	0.14	0.21	0.29	0.36	0.35	0.34
Cost as % of Government Expenditures	0.00	0.00	0.00	0.28	0.70	1.10	1.49	1.86	1.83	1.81
Scenario 2: Extension of UPS benefits at the poverty line level, indexed on inflation, to the elderly aged 60 years and older in the informal economy and not covered by VPP										
Additional cost of scenario 2 (COD million)	0	0	0	22 321	51 617	84 755	122 075	163 948	174 797	186 437
Cost as % of GDP	0.00	0.00	0.00	0.17	0.36	0.55	0.73	0.90	0.89	0.87
Cost as % of Government Expenditures	0.00	0.00	0.00	0.86	1.86	2.83	3.78	4.72	4.67	4.62
Scenario 3: Extension of UPS benefits at 50 per cent of poverty line level, indexed on inflation, to the elderly aged 60 years and older in the informal economy and covered by VPP										
Cost of scenario 3 (COD million)	0	0	0	2 447	5 227	8 372	11 912	15 883	16 922	18 036
Cost as % of GDP	0.00	0.00	0.00	0.02	0.04	0.05	0.07	0.09	0.09	0.08
Cost as % of Government expenditures	0.00	0.00	0.00	0.09	0.19	0.28	0.37	0.46	0.45	0.45