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The Social Protection System For The Elderly Population

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Abstract—The current article attempts to focus on international pension regulations, to elaborate the incumbent problems of pension provision in the world, especially in Uzbekistan, and to suggest recommendations to prevent or manage them.

Keywords. social security, pension policy, older person, old-age pension, the Sustainable development goal, OECD countries

Globally, the proportion of people over the age of 60 is growing faster comparing toother age cohorts, especially the developing world is likely to experience rapid ageing in the coming decades. For instance, according to the data from the UN's "2019 Revision of World Population Prospects" shows that the population of people aged over 60 years is projected to double, from 12.62 million (7.77 percent of the total population) in 2019 to 25.24 million (13.7 percent) in 2035. People of this age group are expected totriple in number in 2050, reaching around 42.1 million, which will account for 21.9 percent of the total population. That means by 2050, one out of five people will be over the age of 60. This trend in population ageing will continue throughout the century[1].

In the meantime, it is essential to highlight the essence and difficulty of leading elaborated social protection of the government which comprises the provision of social protection to the population as well as set of legal, economic and social measures.

The main purpose of leading social protection policy should be to provide a steady increase in the welfare of the population, to prevent stratification in terms of education, culture, professional skills, income as well as to ensure the living standards and development in human capital.

Meanwhile, the pension system must implement a number of existing measures characterized by economic, legal, social and organizational policies aimed at supporting the living standards of incapacitated and underprivileged citizens.

[1] Shekh Farid. Reimagining social protection for older people. The Daily Star. 2019: https://www.thedailystar.net/opinion/society/news/reimagining-social-protection-older-people-1807489

The rights of older persons to social security and to an adequate standard of living to support their health and well-being, including medical care and necessary social services, are laid down in the major international human rights instruments, including the Universal Declaration of Human Rights, 1948, and the International Covenant on Economic, Social and Cultural Rights, 1966. The content of these rights is further specified in the normative body of standards developed by the ILO, which provide concrete guidance to countries for giving effect to the right of older persons to social security, from basic levels to full realization.

Convention No. 102on the Social Security (Minimum Standards) in 1952,Convention No. 128 on the Old-Age, Invalidity and Survivors' Benefits in 1967, and its accompanying Recommendation No. 131, and Recommendation No. 202

the Social Protection Floors in 2012, provide an international reference framework setting out the range and levels of social security benefits that are necessary and adequate for ensuring income maintenance and income security, as well as access to health care, in old age. The extension of coverage to all older persons is an underlying objective of these standards, with the aim of achieving universality of protection, as explicitly stated in Recommendation No. 202.

Public pension systems have become a foundation on which income security for older persons has been built. Income security in old age also depends on the availability of, access to, and cost of other social services including health care, housing and long-term care. In addition to the public social services, in-kind benefits may also include housing and energy subsidies, home help and care services, and residential care. If affordable access to such services is not provided, older persons and their families can be pushed into extreme poverty, even in developed countries. In countries with wider access to quality public services, poverty among older persons is also significantly lower.

The 2030 Agenda, in particular The Sustainable Development Goal (SDG) target 1.3, calls for the implementation of national social protection systems for all, including floors, with special attention to the poor and the vulnerable. In order to guarantee that no older person is left behind, policy- and decision makers should take into consideration the construction of comprehensive social protection systems based on the principle of universality. Recommendation No. 202, adopted unanimously by ILO constituents in 2012, calls for combining contributory public pensions with non-contributory pension schemes in order to protect the whole population. While SDG 1.3 calls explicitly for the implementation of nationally appropriate social protection systems and measures for all, including floors that provide income security in old age, it has to be noted that social protection – and income security in old age in particular – contributes to a variety of other goals and addresses issues beyond SDG 1. Income security in old age also contributes significantly to SDG 5 (supporting gender equality and the empowerment of women) and SDG 10 (helping to reduce inequality within and among countries). Furthermore, income security in old age contributes indirectly to many other SDGs, for instance to SDG 11, where income security in old age can be instrumental in supporting families and individuals in accessing adequate, safe and affordable housing. Income security in old age therefore plays a key role in achieving the goals set by the global community under the framework of the Sustainable Development Goals and contributes to, among others, the fundamental commitment to end poverty in all its forms and dimensions, including eradicating extreme poverty by 2030, ensuring that all people enjoy a decent standard of living.

Population ageing is accelerating in OECD countries. Over the last 40 years the number of people older than 65 years per 100 people of working age (20-64 years) increased from 20 to 31. By 2060, it will likely have almost doubled to 58. In particular, population ageing is expected to be very fast in Greece, Korea, Poland, Portugal, the Slovak Republic, Slovenia and Spain, while Japan and Italy will remain among the countries with the oldest populations[2].

In the context of the global financial and economic crisis, it is necessary to develop a long-term pension system that protects the solvency of pensioners, maintains a state of stagnation in crisis-free conditions and, of course, increases the retirement age for women and men and to constraint early retirement.

Denmark, Finland and Sweden, which currently have relatively high old-age to working-age ratios, will have below average ones in 2060 (see picture 1). On the other hand, in Korea and Poland the population is currently younger than average – based on this indicator – but will rapidly age and these two countries will end up having above average old-age ratios. Based on changes by 2060, Greece, Korea, Poland, Portugal, the Slovak Republic, Slovenia and Spain will age at the fastest pace, while Japan and Italy will remain among the countries with the oldest populations.

[2] OECD (2019), *Pensions at a Glance 2019: OECD and G20 Indicators*. Paris.2019. p. 16

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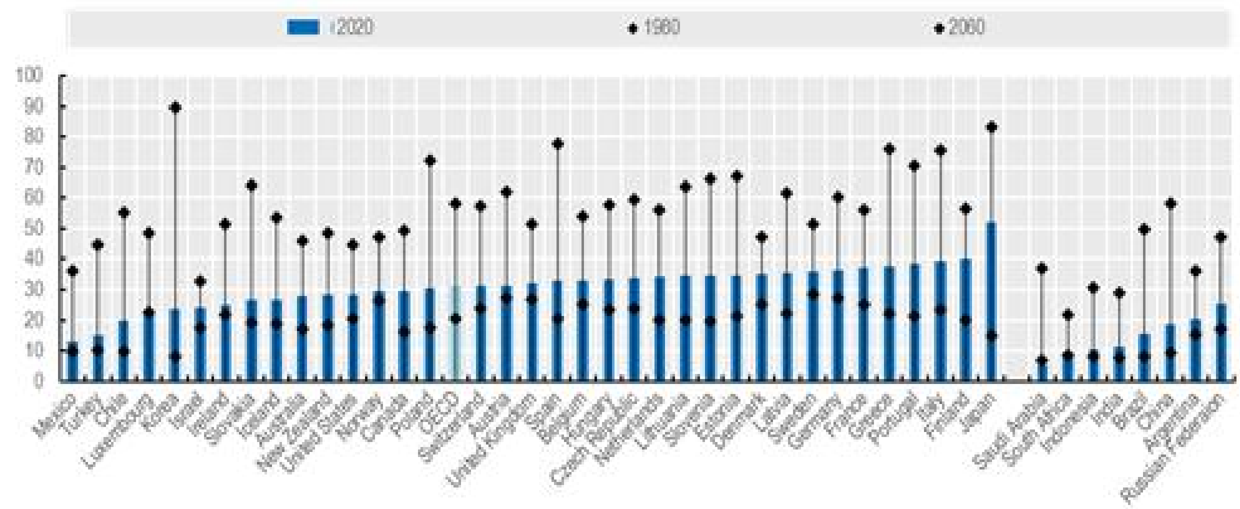

Picture 1. The average old-age to working-age ratio will almost double in the next 40 years. (number of people older than 65 years per 100 people of working age (20-64), 1980-2060)[3]

It is common knowledge that, as the life expectancy of the population increases, the shortage of able-bodied people in most countries of the worldhas a direct impact on the acceleration of pension system reform.A number of countries are also reforming their pension systems based on their economic development *(refer to table 1)*.

Table 1

Pension policy measures in OECD countries

Country	**Reformation**
Italy	limiting the increase in the retirement age or expanding early-retirement options
The Netherlands	
The Slovak Republic	
Estonia	raising the retirement age
Belgium	enhancing work incentives
Canada	
Denmark	
Austria	increasing the level or expanding the coverage of first-tier pensions, the first layer of old age
France	

[3] OECD (2019), *Pensions at a Glance 2019: OECD and G20 Indicators*. Paris.2019. p.20

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Italy Mexico Slovenia	social protection
Germany	increasing benefits while reducing contributions for low earners
Spain	suspending the adjustment of pension benefits with demographic changes
Norway	bringing public-sector pension benefits more in line with private-sector benefits
Hungary Iceland Lithuania	changing the contribution rates
New Zealand	expanding contribution options
Chile	expanding the coverage of mandatory pensions
Lithuania Poland	developing auto-enrolment schemes
Sweden	changing tax rules for pensioners

Social protection systems, including floors, are traditionally well established in the region and have achieved high levels of coverage compared to other regions. However, there is significant variation in levels of social protection expenditure, financing sources, adequacy of benefits and the role of the social partners. A major debate in the region concerns old-age pensions. While many countries have achieved universal social protection coverage for older persons, some face sustainability and adequacy challenges. In contrast, some countries in Eastern and Central Europe have reversed the pension privatization reforms of the 1990s and re-nationalized their pension schemes fully or partially. In order to ensure their long-term sustainability, reform measures have been undertaken in recent years. Greater emphasis is put on the contributory principle and benefit levels are more directly linked to the contributions actually paid, thus giving rise to concerns about benefit adequacy. Some countries in Central Asia have begun to introduce private pension schemes; for example, in 2014 Armenia introduced a funded pension system which is mandatory for public sector workers but remains voluntary for those working in the private sector.

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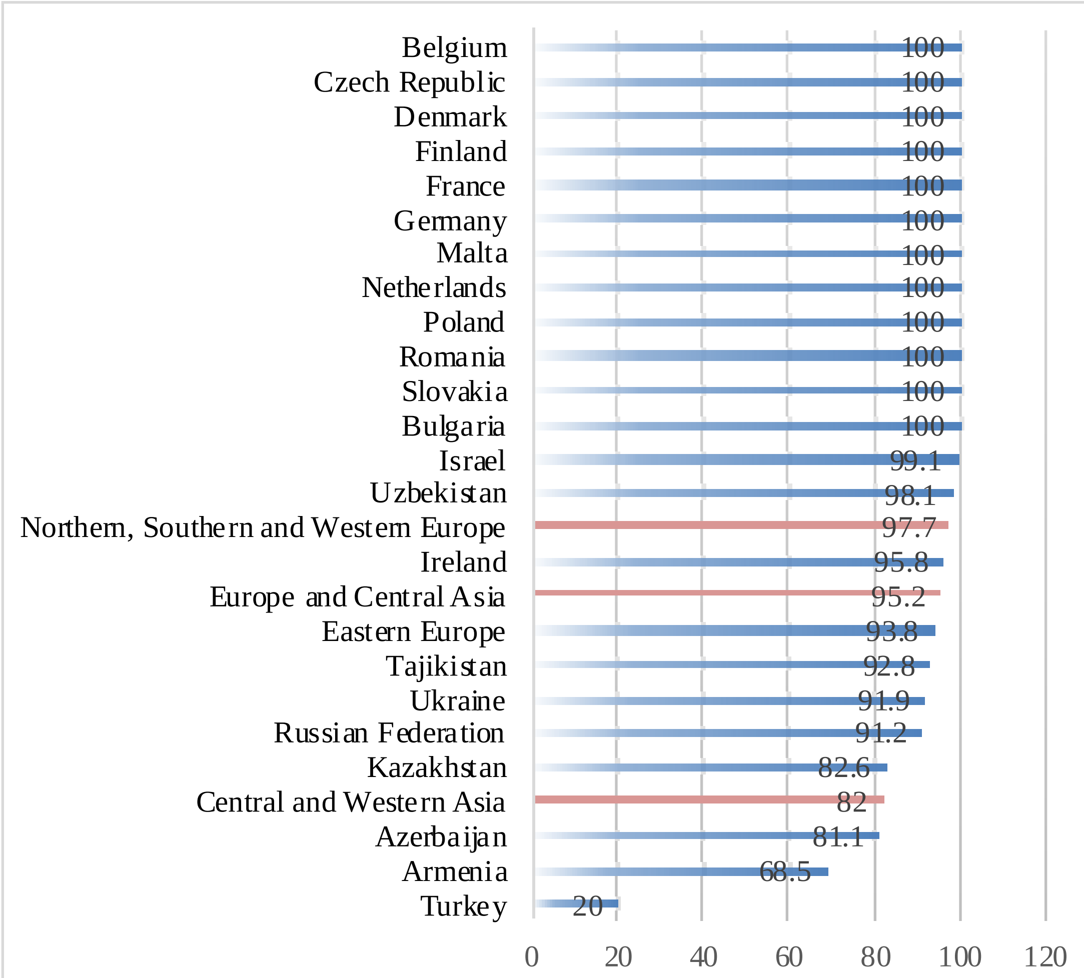

Picture 2. Percentage of population above statutory pensionable age in Europe and Central Asia receiving an old-age pension[4].

Europe and Central Asia have achieved relatively wide coverage for old-age pensions. On average, 95.2 per cent of older people over pensionable age receive a pension (see picture 2). Despite this overall positive trend, some countries still face challenges in extending pension coverage, particularly in Central and Western Asia where effective coverage currently stands at 82 per cent on average.

The majority of countries where all older persons actually receive social security pensions are situated in Northern, Southern and Western Europe, but there are also a few positive examples in Eastern Europe and Central and Western Asia with universal old-age pension coverage (e.g. Czech Republic, Kyrgyzstan and

[4]World Social Protection Report 2017–19: Universal social protection to achieve the Sustainable Development Goals. InternationalLabourOffice – Geneva: ILO, 2017. P 162.

Slovakia).Universal old-age coverage in these 29 countries relies on different types of programs. For example, the Netherlands, Poland and Romania rely mainly on contributory pension schemes, while other countries complement their contributory schemes by a non-contributory scheme, Denmark covering either all older persons or Belgium, Israel and Malta only those below a certain income threshold. Some countries still face challenges in ensuring pension coverage of older people, especially in South-Eastern Europe.

In the meantime, an important indicator of the financial stability and efficiency of the pension system is the ratio of number of employees to one pensioner (the correlation coefficient), which should be at least two according to the ILO recommendation.As for the demographic situation in Uzbekistan, it is accounts for 3-4 pensioners per worker on average[5].According to the forecast of the incumbent government, the ratio of the number of future workers to the number of retirees will decrease.

There are some problems in developing the current pension system of Uzbekistan and ensuring its financial stability, and thus we think it is expedient to consider the following:

- in order to improve the mechanism of formation of the pension fund, it is necessary to include other income from the activities of enterprises in the object of calculation of mandatory contributions to the extra-budgetary pension fund;
- it is necessary to consistently implement the policy of transition from the "Solidarity" pension system to the funded pension system;
- using the best practices of the world in the practice of the republic, it is expedient to gradually transfer the burden of social payments from the employer to the workers and employees, to ensure that the current ratio of 87:13 to 50:50 in the future.

To sum up, a well-designed and efficiently managed social protection system for the older population is not only key to ensuring age equality, it can also offer

well-being of the population of the countries and the elimination of problems in the country, such as demographics, employment. It's high time we revisited our entire social protection system based on the issues discussed above for the sake of all of us.

[5] Социальное развитие и уровень жизни в Узбекистане2018. Статистический сборник. Т. 2018.с 79.

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