A Review of Public Pension Schemes: Perspective of Social Protection Floor Framework

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Abstract

The paper aims to analyse pension schemes in selected countries and compare them to the achievement of Social Protection Floor's objective. The internationally accepted benchmark for social security requires countries to extend coverage to all elderly. Using secondary data, the study assess selected countries public pension schemes and scored each country's existing scheme against horizontal coverage dimension. The result shows that two West African countries pension schemes do not achieve Social Protection Floor objective. As a policy, governments in Ghana and other West Africa countries must seriously consider setting up and extending old age pension to all residents' elderly persons.

Keywords*:* Poverty, Pension, Social Protection Floor, Ghana, Sub-Saharan Africa

1 Introduction

Social security pension is meant to provide a formal social safety net for elderly and vulnerable groups in the society (ILO, 2012; Blake, 2000). They are set up to help alleviate the plight of older persons growing into poverty. Some scholars reiterated on the growing number of countries introducing social protection progrommes that are targeting the poor, vulnerable and elderly in recent times (Nino-Zarazua, Barrientos, Hickey, & Hulme, 2012; Devereux, 2007). The post independent era of most Sub-Saharan Africa (SSA) countries public pension schemes have witnessed many changes from the legacy issue of their former colonial masters. Many of the designs of existing pension schemes in the sub-region are part of the legacy inheritance from the colonial leaders. After decades of independent, many countries are still uncertain as to which system to adopt and the debate in the literature weighs on. Kpessa (2010: 40) stressed that the origin of pension schemes "in SSA can be traced to both pre-colonial and colonial eras." With respect to the coverage of pension schemes, it is argued that the entire SSA, of which Ghana is part, is usually described as having the lowest pension coverage in the world. For example, studies such as Cichon (2006) and ILO (2014) argue that SSA has the worst coverage of 'less than 20 percent of elderly receiving a pension income in the world.'

Other literature even went further to indicate that social security schemes in Africa covers only 10 percent of workers, by covering the urban dwellers and formal sector workers mainly (Nino-Zarazua *et al*., 2012; Bailey & Turner, 2002). The argument is that on what basis were these comparison about SSA made as it is made up of diverse countries with different levels of socio-economic development. The new conceptual framework for Social Security pension is Social Protection Floor (SPF) Recommendation, 2012 (No.202). It is the recommended international benchmark of measurement of pension systems. With the introduction of such global convention, the current debate should focus on how national Governments should design their own schemes in conformity to the benchmark. The acceptance by the 409 out of the 410 International Community members of the SPF in 2012 should bring the debate as to which benchmark to adopt in the design and extension of social protection to a closure. The questions the study investigates are: how should the design of public pension schemes be done under the SPF and how if any should extension of coverage been conducted particularly in Ghana and selected countries to achieve SPF objective? There is the need to analyse existing public pension schemes against accepted global benchmark as Kpessa (2011); Kidd & Whitehouse (2009); Kakwani & Subbarao (2005) argue that very little studies have been done to assess whether countries would achieve provisions of international standard. Although Nino-Zarazua et al., (2012) did mentioned Social Protection Floor initiatives as a United Nations response to the impact of recent global financial crisis, their studies objective was about taking stock and assessing the likely dynamics of social protection in SSA.

This study sought to analyse social security pension in Ghana and sub-Saharan Africa in comparison to Western Europe, vis-a-vis SPF objective. Specifically, to: review and analyse the design of various public pension schemes vis-à-vis the SPF Recommendation, 2012 (No.202) in the selected countries; and assess the extent of coverage of existing pension schemes under horizontal dimension of SPF objectives in selected countries. The selection of countries such as Ghana, Nigeria, South Africa, Botswana and Mauritius in SSA and the Netherlands and United Kingdom in Europe provides unique comparative analysis. Thus, the SSA countries have similar groups as Africans countries but have unmatched economic dynamics such as GDP per capita that may influence pension benefits. Whereas the Western European countries pension schemes such as the United Kingdom has been around for a long time and is among the biggest scheme in the world, it remains as a model from which most of the English speaking SSA countries crafted their pension systems (Kpessa, 2011). The Dutch pension system is also described as one of the largest pension market in the world with investment estimates of EUR 664 billion in 2009 (IOPS, 2010). The selection of the continent of Africa and Europe in a single study is again a unique study because the two continents are at extreme position in terms of ageing population. Whereas, Africa is described as the continent with the least proportion of elderly, Europe was adjudged as the continent with the highest percentage of the elderly population in the world (UN, 2015). The motivation of this study is to analyse public pension schemes within the selected countries and compare them to the SPF framework that would contribute to bridge the gap in existing knowledge. The paper is organised as follows: Section 1 is the introduction. Section 2 discusses existing literature and the overview of social protection. Section 3 highlights the methods and the conceptual framework used for the study. Section 4 presents the results and section 5 explains the findings and conclusions as well as the policy implications.

2 Literature Review

Social Protection is defined as "public actions taken in response to levels of vulnerability, risks, and deprivation which are deemed socially unacceptable within a given policy and society," (Conway, de Haan, & Norton, 2000) as cited by (Nino-Zarazua., *et al*., 2012: 164). Devereux and Sabates-Wheeler (2004) grouped social protection under which pension is part into three: "*social assistance* that is meant to cover the extremely poor individuals and households; *social insurance* to protect people against the risk and consequences of livelihood, lifecycle and other shocks; and *social welfare services* to those who need special care and support." ILO (1994) also classified social protection into *social insurance* been the main protection mechanism, and cites the first International instrument that defines *social assistance* as a complementary benefit to social insurance in extending protection to the vulnerable and needy population (ILO, 2011). Deither (2000) argues that the European Union defines social security as *social insurance* and *social assistance* as arrangements that protect the population against various economic risks.

Design of pension schemes

There are two major approaches of designing pension schemes in the literature. These approaches are Defined Benefit (DB) and Defined Contribution (DC) schemes. For instance, (SSNIT, 2012; Palacios, 2004;Willmore, 1998;World Bank, 1994) discussed DB and DC schemes extensively. Whereas (SSNIT, 2012) defines DB schemes as a pension plan with a guarantee by the insurer or pension agency that the benefit to be paid is based on a prescribed formula, Viceira and Mitsui (2003) indicate that in the DC schemes, "the amount due to the retiree is based on annual contributions and contributors' actual investment returns, and is typically paid to the worker as a lump sum upon retirement." As Willmore (1998:14) described DB scheme as "grants pension on the basis of each individual's history of covered earnings, irrespective of the payments that he or she may have made into the system," Iyer (1999) asserted that DC schemes are schemes that the benefits have not been defined in advance but are linked to investment performance. Gustman and Steinmeier (2002) defined DB schemes to have pension formula which determines that benefits increases with age, years of service and final salary. In DC system, resources available for retirement come from the savings made during the lifetime plus their return minus administrative charges (Deerpalsing, 2000). A significant advantage of DB schemes over DC scheme is the opportunity for contributors to enjoy pension and grants beyond their contributions if they are contributory schemes (Iyer, 1999). The two major scheme designs can be funded or unfunded. The funded scheme combines contribution from the worker and the employer or tax relief to finance the scheme. Myles (1995: 447) stressed that "in a fully funded system each consumer when young makes contributions towards social security via a social security tax and the contributions are used to purchase capital by the social security programme." However, with the unfunded ones, there is usually no set of funds continuously set aside, or invested towards the payment of pension benefits. The unfunded schemes are non-contributory with respect to workers. Willmore (2003) explained the reasons why most Governments, especially, in the SSA countries choose contributory schemes over non-contributory one is because it provides a lot of 'cash surplus' in its early years which places no financial demands on Government.

Occupational and Social Security Pension Schemes

As a result of the polarized nature of definitions and concepts, there is the need to clearly distinguished social security pension from others such as occupational and provident fund schemes. Okotoni and Akerdolu (2005) defined occupational pension schemes 'as an arrangement an employer or a group of employers uses to provide pension and other benefits for their workers when they leave or retire.' They emphasized that it also provide benefits to the worker's dependants if the worker dies. The characteristics of occupational pension include restriction of membership into the scheme. The social security pension is part of a range of collective social protection measures designed to provide compensation for loss or reduction of income (Ajiboye, 2011). According to SSNIT (2006), "social security is a public programme to provide income protection for its members in the events of certain occurrence such as Old Age, Invalidity, or Death of a breadwinner." Ajiboye (2011) indicated that social security is a basic social protection that covers the vulnerable members of the society against deprivation and destitution.

3. Methodology

The key method employed for data collection purpose to address the objective of this study was secondary. The secondary data was obtained from official publications of institutions such as the ILO Social Protection Department database, International Monetary Fund (IMF) database, World Bank Economic Outlook Database, World Bank Pension, and National Statistical Service of the selected countries. These secondary data were used because they provide larger and higher-quality databases that enabled comparison of countries from the same dataset. For instance, the ILO Social Protection Department and IMF database are widely used by many researchers for both in country or cross countries analysis. Selected key informants who were mainly Chief Executives of the respective schemes in Ghana were interviewed as a support to the secondary data from the country. The reason for such limited interviews was to ascertain at a first-hand basis the information from the policymakers the country's status in pension issues. Additionally, the interview was to investigate whether Ghana was prepared to fulfill the SPF Recommendation (No. 202) (ILO, 2012). Ghana was chosen because of data. Again, it appears that not much study has been conducted with Ghana as part of the research.

Method of Analysis

There are a number of international standards related to old age pensions after the Universal Declaration of Human Right (UDHR) in 1948. These include Social Security Convention, 1952 (No.102), the Old-Age, Invalidity and Survivors' Benefits Convention, 1967 (No.128), and others such as the Social Risk Management framework (ILO, 2014). The Social Protection Floor (SPF) Recommendation, 2012 (No.202) is among the latest of such standards that was unanimously accepted as a global benchmark.

The study employed the SPF Recommendation, 2012 (No.202) as the conceptual framework to assess and score a country's closeness to the attainment of the objective of providing basic income security to the majority of its older persons. The Social Protection Recommendation, 2012 (No.202), envisages that the member countries adopts at a "national level a national floor of social protection," by developing a comprehensive social security systems to extend coverage to all it citizenry. One key provision of the SPF is requiring full responsibilities from the Governments of its member countries and making social protection as a human right issue, a social and economic concern (ILO, 2012). The SPF strategy reduced the extension of social security coverage to two approaches: the minimum level or the *horizontal dimension* and the progressively higher level or the *vertical dimension*. These two approaches expect:

- the establishment and the maintenance of social protection floors as a fundamental element of a nations' social security systems at the national level (the horizontal dimension); and
- the pursuance of strategies for the extension of social security that progressively ensures higher levels of social security to as many people as possible and it is guided by ILO Social Security Standards, 1952 (No.102) (the vertical dimension).

The SPF framework contains at least three designs of pension systems available for a nation to choose. These include social insurance, social assistance and universal scheme discussed earlier. That is, in an attempt of designing a pension scheme and to extend coverage, a country may choose social assistance model or social insurance model or a combination. Cichon (2006; 2013) reiterated that the priority objective that must be adopted by countries must include the provision of *basic levels* of social security such as essential *health care* and *basic income security* to all members of society. This in economics requires efficient utilization of scarce resources. The basic requirement of the income security is expected to protect individuals against poverty that may be due to lifetime events such as old-age, sickness, invalidity, maternity and unemployment (Cichon, 2006). The extension of coverage using SPF is expected to reduce income inequality, poverty, and social exclusion. Bonilla (2013) drew attention to the fact that the provisions under the SPF must make the harmonization of contributory and non-contributory schemes paramount for the extension of social security pension coverage. The framework helps to understand what to be considered in an attempt to design and extend pension coverage. The study focused on the SPF horizontal objective which is the minimum requirement compared to vertical dimensions in the analysis. This is because the minimum provision serves as the basic social security scheme a country must have before building on supplementary schemes in a progressive manner. Additionally, the study concentrated on the horizontal because the objective of the study is about extension of pension coverage. Finally, based on the specific objective of pension scheme extension, it is the horizontal objective that requires that nations to widen pension coverage to the vast majority. In the literature, the extent of coverage is measure based on the percentage of persons covered within the specific population (ILO, 2014). Therefore to assess whether the selected countries pension scheme reached the majority of elderly, a scale measurement was used to evaluate the achievement of basic income security for elderly in respective countries. The measurement adopted a descending rating system threshold such as fully achieved (A); partially achieved (B); somewhat achieved (C); achieved below average (D) and (E) poor or not in existence at all. By these measurement criteria, countries were scored 'A' if it pension schemes cover over 80% of its elderly population or it was universal scheme; 'B' if the coverage is between 60% - 79%; 'C' if it is between 40% - 59%; 'D' if it is between 20% - 39% and 'E' if it is between 0 -19%. The assessments were based on the existing public pension schemes in the selected countries. A scored of fully achieved was assigned to countries that currently have universal social security pensions and those that do not have were scored 'E' as not in existence.

4 Findings

The findings have been presented based on the specific objectives for the study.

***Review of existing public pension schemes in selected countries*.**

The first specific objective was to review existing pension schemes in Ghana and other selected countries. The findings of first objective are presented as follows.

Ghana Public Pension schemes

The finding affirms a number of public pension schemes in Ghana and they include SSNIT pension scheme, CAP 30 pension scheme, Ghana Universities Staff Superannuation (GUSS) scheme and Ghana Armed Forces (GAF) pension scheme (Government of Ghana, 2006; Kumado & Gockel, 2003). These existing public pension schemes in the country could be broadly grouped under social security pension scheme and occupational pension schemes.

Social Security & National Insurance Trust (SSNIT) Pension scheme

The Social Security & National Insurance Trust (SSNIT) pension scheme was introduced in 1965 to provide benefits such as: old age pension, survivor lump sum, invalidity pension but that did not materialized until 1991. Until 1991, when it was converted to a pension scheme, it served as a provident fund scheme. In 1972, a new legislative instrument, the NRCD 127 authorized the establishment of a corporate body, the Social Security and National Insurance Trust (SSNIT) as an autonomous entity to administer and manage social security scheme in Ghana (SSNIT, 2015). With respect to coverage, both in terms of working age and older persons it is the largest public pension scheme in the country and currently caters for 156,262 active pensioners and 1,242,385 active contributors (SSNIT, 2016). The effective coverage rate of working age persons was about 8.99 per cent (proportion of working age person against the labour force contributing). The SSNIT pension is a mandatory contributory scheme that covers largely formal sector workers (Dei, 2001).The SSNIT pension scheme as a social security scheme that receives actual contribution of 11 percent out of the total 18.5 percent pay roll deduction between the employer and the worker. The scheme is a social security pension while the other three are essentially occupational schemes.

CAP 30 Pension Scheme

The CAP 30 pension scheme is a non-contributory occupational Government pension. It was inherited from the British Colonial Government and found in the chapter 30 of the Pension Ordinance and has been an annual provision in Government expenditure since 1946 (Government of Ghana, 2006). It was established to provide pension benefits to public workers classified as ‘pensionable officers’ in the civil service and members of the Armed Forces in the British West African Colonies Government (that is, from Nigeria through the British Togoland, Gold Coast, Sierra Leone and the Gambia). It was met to encourage and maintained high caliber officials, and ensured discipline. That meant that the right to benefit from CAP 30 pension was not automatic as a worker stands a chance of losing the benefit if he is dismissed or breaks service with the particular public service. It covers all the security services, part of the judicial staffs and other public sector workers. As at April 2016, there were 77,818 active pensioners on CAP30 pension scheme.

Ghana Universities Staff Superannuation (GUSS) Scheme

The Ghana Universities Staff Superannuation (GUSS) scheme was started at the time of the British Colonial Government when the University of Gold Coast was established. The GUSS pension is a contributory occupational scheme to attract and maintain high caliber staffs into the public Universities making it different from the non-contributory CAP30 scheme (Agblobi, 2011; Government of Ghana, 2008; 2006). The proportion of the labour force contributing to the GUSS scheme was about 6,000 persons classified as senior members of the public Universities and 6,200 pensioners as at November, 2013. Until 1976, every member of staff in the public Universities qualified for superannuation but this changed to only the senior members of the country’s public universities.

Ghana Armed Forces (GAF) pension scheme

The Ghana Armed Forces (GAF) pension scheme is similar to the CAP 30 pension as an unfunded occupational pension that is paid from the consolidated fund of the central Government. It was one of the benefits set up by the British Colonial Government for the Gold Coast Regiment of the Royal West African Frontier Forces. It officially had its beginnings under the Military Pension Ordinance, 1954 (No.16) as part of CAP 30 however in 1962, an

Act was promulgated in support of it as the Armed Forces Act (Act 105) (Government of Ghana, 2006). In order to qualify for the GAF pension benefits, a person must serve a minimum of 10 or 15 years depending on the individual's status such as either an officer or in a commissioned service (See details in Table 1 showing the existing public pension schemes in Ghana). The total number of current retirees and other beneficiaries on the GAF scheme was approximately 16,200 as at January 2014.

Table 1: **Existing public pension schemes in Ghana**

	GUSS	**SSNIT**	**GAF**	**CAP30**
Eligibility	Only Senior Members of public Universities.	All persons aged 15-45 years.	Only members of Ghana Armed Forces.	Only pensionable officers & security officers
Funding	Contribution between employer & workers.	Contribution between employer & workers.	No contribution solely Government Revenue.	No contributions solely Government Revenue.
Coverage	Strictly limited but voluntary.	Nationwide but largely formal sector workers.	Strictly limited.	Strictly limited to a section of public workers.
Retirement Age	60 years	55 – 60 years	50 years	45 -60 years
Administered or Managed	Internally managed by 8 public Universities.	SSNIT as a Para-statal.	Internally managed by Armed Forces & CAGD.	Administered by Government's CAGD.
Qualifying conditions	15 years of contribution.	15 years of contributions & attained 55 years at minimum.	10 years for officers & 15 years for other ranks.	At least 10 years of unblemished record.

Source: Author's construct, 2015.

Other countries public pension schemes

The findings of other countries public pension schemes in this study are presented as follows.

Botswana public pension schemes

Botswana has both contributory and non-contributory public pension schemes. The largest public pension scheme that covers every elderly person aged 65 or over, is called the Old Age Pension (OAP) that was established in 1996. It is a non-contributory social pension that is financed through taxes. It had a total number of 90,639 as at 2009 as the beneficiaries (Oxford Policy Management, 2010) . The main qualification criteria include being a citizen of Botswana and attaining the age of 65 years. The Botswana Public Officers Pension Fund (BPOPF) is the biggest contributory public pension scheme which was established in 2001(Sluchynsky, 2015). BPOPF was designed as DC contributory scheme with both the employer (15%) and the employee (5%) contribution rate into the scheme. The total active members stood at 98,370 with the number of pensioners at 6,619 as at 2012 (Sluchynsky, 2015). The qualifying criteria for benefit depend on being contributing member and retiring between the age of 45 and 60 years according to BPOPF. The membership to BPOPF was largely reserved for formal sector public workers and could be classified as occupational pension scheme.

Mauritius public pension schemes

Mauritius has one of the oldest non-contributory social pension schemes, Basic Retirement Pension (BRP) that had been in existence since 1952 but formally extended to every elderly in 1976 (Oxford Policy Management, 2010; Willmore, 2003). It is a social pension scheme financed through Government taxes with a total number of 80,000 as beneficiaries in 2008. The qualifying criteria for benefit include being a citizen aged 60 years or over and must live in the country for at least 12 years after age 18 (Government of Mauritius, 2015). The Mauritius National Pensions Fund (NPF) is a mandatory contributory scheme established for both citizens and non-citizens with work permit in 1976. It was designed as a DB social insurance scheme financed through contributions and investment returns (Sluchynsky, 2015). The employer contributes 6 percent or 10.5 percent if large employer while employees contributes 3 percent. It does not have a minimum qualifying period.

Netherlands public pension schemes

The Netherlands have DB contributory social insurance scheme that is opened to both public and private sector workers.

It was established several years ago and it is known as General Old Age pension that is managed by Social Insurance Bank (Sluchynsky, 2015). The contribution rate for the Dutch social security scheme (Bonoli, 2003; Nelissen, 2000) indicated that it varied between 9.5 percent and 16.5 percent of wages over the years since its inception in 1957.The statutory contributory rate limit of 18.25 percent has been between the employer and the employee (EURACS, 2015). The Dutch pension system has one of the biggest occupational pensions that covers over 95 percent of the workers and largely manage by the private sector (EURACS, 2015).

It is comparable to countries such as United Kingdom and United States that have built substantial pension funds as percentage of GDP (129% in 2006) (Bikker & Vlaar, 2007). Bikker and Vlaar (2007) indicate that there are three-pillar systems where the old-age pension covers every person over 65 irrespective of their income status. Nelissen (2000) stressed that the State old-age pension termed ("AOW") is a contributory insurance scheme insuring every resident in the Netherlands.

Nigeria public pension schemes

The first pension legislation in Nigeria was enacted in 1951 by the British Colonial Administration, referred to as the Pension Ordinance, with retrospective effect from 1st January, 1946 (Okotoni & Akerdolu, 2005). The scheme was an occupational pension scheme for the public service workers only. However, in 1961, Nigeria established the National Provident Fund, and subsequently converted it to pension scheme called Nigeria Social Insurance Trust Fund (NSITF) in 1993 (Casey & Dostal, 2008).Due to the new pension reforms in Nigeria, the NSITF was stopped with the pension and assets transferred to pension custodians that were established to manage them (Federal Government of Nigeria, 2014). The main public pension scheme in Nigeria is managed by Trustfund Pensions Plc set up after conversion of Nigeria's old DB scheme into individual retirement savings DC scheme in 2004 (Okotoni & Akerdolu, 2005). In 2014, Nigeria passed another Pensions Reformed Act to continue with the contributory pension scheme. The rate of contribution was employer 10 percent and employees 8 percent for both private and public sector with 13 or more workers (Federal Government of Nigria, 2014). Okotoni and Akerdolu (2005: 85) argued that "the first attempt to provide Nigerian with pension schemes for private sector workers was through the setting up of the National Provident Fund (NPF) by the Federal Government in 1961 primarily as a compulsory savings scheme for private sector workers and those in non-pensionable employment." Ajiboye (2011) states that "given the lack of basic social security in the present, any forced saving for the future might not be rational or desirable either for individuals or for society at large." Nigeria does not have a national social security pension due to the repeal of the existence one with it pension reform in 2004.

South Africa public pension schemes

The first schemes in South Africa started as early as 1882 however not supported by legislation until in 1920 that occupational retirement insurance was established (National Treasury, 2007). Van der Berg, Siebrits, and Lekezwa (2011) argued that 'the first pension scheme in South Africa was occupational retirement insurance scheme meant for many skill employees and were not prescribed by legislation or convention that make them social insurance'. Van der Berg, *et al*., (2011:3) made known that "South Africa had an extensive formal social security system with many of the features of a modern welfare State." South Africa social securities are grouped under mean-tested social pension, mean-tested war veterans, grants and occupational pensions (Oxford Policy Management, 2010; Devereux, 2007). South Africa has both contributory and non-contributory public pension schemes. The non-contributory social pension referred to as "older person's grant" is financed through Government tax revenue. It had a total beneficiary population of 2,534,082 as at 2010 (Oxford Policy Management, 2010). It is means-tested with qualifying criteria for benefits depending on age and residence or citizenship. It is managed by the South Africa Social Security Agency (SASSA). Besides the social pension, a DB contributory scheme referred to as Government Employees Pension Fund (GEPF) had been in existence as consolidation of various public sector occupational pension schemes since 1996. The employer contributed 13 percent or 16 percent by SA National Defence Force while employees contributing 7.5 percent. The minimum qualifying criteria determining benefit was 10 years or more contribution to the scheme. It is managed by Public Investment Corporation (PIC) in South Africa. The GEPF had total active contributors of 1.2 million with 360,000 pensioners as at 2012.

United Kingdom public pension schemes

The United Kingdom is one of the countries with developed pension system. It has a long-standing State pension and private sector providing retirement benefits to all residents at age 65 (Blake, 2000).

The public pension scheme was designed as DB contributory social insurance scheme with some features of social assistance scheme (Global Age-Watch, 2014). Although it is a social security scheme, the United Kingdom state pension is not a social assistance pension because it had a qualifying criterion which depends on making National Insurance (NI) contribution of 30 years. The active contributors as at 2008 were 32, 105, 000 with 12,000,000 beneficiaries (Sluchynsky, 2015). United Kingdom has a non-contributory occupational pension scheme reserved for the Armed Forces and war veterans. The United Kingdom pension system is a three-pillar support in old age (Blake, 2000; Bonoli, 2003) with schemes such as state basic pension, occupational and personal pension schemes. Despite United Kingdom's pension system being contributory for every person, the State still support all residents with a flat-rate basic pension for all including those unable to save such as low-paid, unemployed, careers and disabled (Blake, 2000).

Extent of coverage of existing pension schemes in selected countries

The second part of the specific objective is to assess the extent of coverage of public pension schemes under the horizontal dimension of the SPF framework.

In Table 2, the finding reveals that Ghana and Nigeria have extremely lower coverage of elderly persons as beneficiaries of old age pension benefits. The low number of coverage could mean that the existing schemes were centred on retirees of formal sector or public sector workers. Similar to Nigeria, the finding shows that Ghana does not have universal pension scheme that covers the majority of the elderly. The study scored Ghana and Nigeria 'E' due to the lack of universal pension and the low coverage of the existing schemes. Thus, none of the existing public pension schemes in these two West African countries met universal coverage criteria. Although, the constitution of Ghana requires that the State instituted social assistance schemes to extend coverage to all it elderly that is not the case in practice. However, there are both contributory and non-contributory schemes, and mandatory and voluntary membership to the schemes (see Table 3).The two West African countries are far behind in extending pension coverage with the average coverage rate of 12 percent and 0.4 percent in Ghana and Nigeria respectively (see Table 2 and Table 3). In terms of per capita GDP among the selected countries, these two countries have the lowest GDP per capita of approximately US$ 1,500 and US$ 2,900 for Ghana and Nigeria as compared to other countries in this study.

Table 2: **Public pension coverage**

Country	**Public pension expenditure as (%) of GDP**	**Active Contributors to pension as (% of labour force)**	**Old age pension beneficiaries as (% of older persons)**	**Contributory (%)**	**Non-Contributory (%)**	**Statutory retirement age (years)**
Botswana	1.31	15.5	100	-	100	65
Ghana	1.3	9	12.2	7.6	4.6	60
Mauritius	5.02	60.9	100	-	100	60
Nigeria	0.91	9	0.4	-	0.4	60
South Africa	2.18	6.3	92.6	27.7	64.9	60
Netherlands	6.07	100	100	95	5	65
United Kingdom	6.76	92.9	99.5	75.5	24	65

	GDP per capita current prices in U.S Dollars units							
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Botswana	5,727.73	5,125.17	6,853.67	7,550.72	7,081.74	7,117.74	7,504.70	7,407.11
Ghana	1,266.11	1,124.20	1,357.64	1,627.90	1,682.58	1,900.66	1,474.20	1,458.70
Mauritius	6,870.02	7,726.77	7,833.63	8,811.15	8,932.86	9,483.87	10,516.53	10,608.75
Nigeria	2,201.77	1,780.88	2,395.62	2,612.12	2,835.29	3,082.49	3,298.03	2,884.00
South Africa	5,818.24	5,937.77	7,389.04	8,089.87	7,592.20	6,889.70	6,482.75	5,902.41
Netherlands	56,895.74	52,042.43	50,433.31	53,589.91	49,155.18	50,809.71	51,372.96	44,249.48
United Kingdom	45,839.86	37,525.60	38,697.91	40,990.98	41,194.42	41,819.99	45,653.41	43,940.00

Source: Author's construct, 2015.

The finding in Table 2 shows that Botswana and Mauritius have 100 percent pension coverage. This indicates that all older persons, regardless of the level of income, receive a State old-age pension benefits in Botswana and Mauritius respectively. The design of pension system that is used in both countries was the non-contributory social assistance schemes.

By having a 100 percent coverage or a universal pension system in these two countries, the study scored the two countries 'A' as having achieved at least the horizontal dimension objective of extending basic income security to all the elderly in their respectively countries (see Table 2 and 3). The finding shows that these two countries also have higher per capita GDP of US$ 7,407 and US$10,608 for Botswana and Mauritius respectively in 2015.

Table 3: **Horizontal Dimension: Existing pension schemes in selected countries**

Pension Schemes	Botswana	Ghana	Mauritius	Nigeria	South Africa
Social Security Pensions - Social Assistance (Non-contributory) - National Social Insurance (Contributory)	[**A**] Exist for all age 65+ [**E**] None	[**E**] Exist but limited [**E**] Mostly for formal sector	[**A**] Exist for all age 60+ [**C**] 2 Parallel schemes exist	[**E**] Limited coverage [**E**] Individual account system	[**A**] Exist for all age 60 + [**D**] Largely for formal sector workers
Existing pension schemes in two selected Western European countries					
Pension Schemes		**United Kingdom**		**Netherlands**	
Social Security Pensions - Social Assistance (Non-contributory) - National Social Insurance (Contributory		[**D**] Partially for the unqualified ones [**A**] Exist for all age 65+		[**E**] Partially for the unqualified [**A**] Exist for all age 65+	

Source: Author's construct, 2016.

The finding shows that South Africa has both social assistance and social insurance schemes. The social assistance covers 64.9 percent of the elderly persons (see Table 2). This indicates that it is a means-tested universal pension scheme. Again, the result in Table 2 shows that it has an additional 27.7 percent of the elderly population covered by social insurance scheme. Therefore, South Africa had a total score of 'A' for having a combined coverage of 92.5 percent (see Table 2 and Table 3). Table 2 shows that the United Kingdom and the Netherlands have very high rate of coverage in the contributory pension schemes compared to the non-contributory ones. In total, they cover about 100 percent of the elderly population in their respective countries. The two Western European countries separately have old-age state pension for all elderly resident persons. Thus the finding shows that they have achieved the SPF objective under the horizontal requirement of providing basic income security to all its elderly. On that basis, the study scored them 'A' for attaining a 100 percent of existing pension coverage to all its resident citizens.

5 Conclusion and Policy Implication

With the first specific objective, the finding shows that all the countries have public pensions that are either as social assistance schemes or social insurance or both. In exception of Nigeria, all the selected countries have both social security and occupational pension schemes. With respect to the second specific objective, the finding shows that in comparison of the pension schemes in Ghana to the other SSA and the two European countries, against the SPF horizontal objective, with the exception of Nigeria, all the other countries have achieved at least the minimum coverage requirement of providing pension benefits to the vast majority of the elderly. This shows that Ghana and Nigeria are still miles behind in meeting the SPF, 2012 (No.202) objective of providing basic income security for all its elderly persons. Indeed, the finding revealed that Ghana has both Social insurance and Social assistance that are DB schemes but none of them covers the vast majority of elderly. The SSNIT scheme which is the broadest was designed as employment base scheme that makes it difficult to incorporate the informal sector workers. The finding in this paper is consistent with other studies in the case of Ghana. For example, UNICEF Ghana (2009) asserted that the social security pension in the country covers only a small part of the population (less than 10 percent) while leaving the vast majority of the 'aged-poor' unprotected. The finding shows that when the three Southern African countries pension schemes were measured against the SPF objective, they had approximately 100 percent similar to the two European countries. This indicates that the Southern Africa countries public pension schemes were similar to the European ones. Indeed, the finding confirms other studies such as Willmore (2003) that established that Mauritius and Botswana, achieved universal pension status since 1958 and 1996 respectively. Therefore, as this study confirms other existing ones, it also contradicts others such Cichon (2006) and ILO (2014) that claimed that pension schemes in SSA have the worst coverage in the world.

In support of other studies, for example, Bonoli (2003: 401) emphasised that the "European social security pension fulfilled the two essential functions of pension provision: poverty prevention in old age and income replacement during retirement since late 1970s." The similarity between the social security pension schemes in the Netherland and the United Kingdom were largely contributory (or social insurance) with small aspect of non-contributory. They had high proportion of private managed schemes. However, the three Southern African countries schemes were completely non-contributory or social assistance schemes.

Again, the finding shows that in countries where the citizens have relatively high GDP per capita, the elderly were in much better position to have social security pension. The result reveals that it influences a country's pension coverage. Therefore, it is not necessarily the size of the economy per se but by the wealth of the individuals that influence pension coverage as Nigeria is the biggest economic among the SSA countries but one of least in terms of pension coverage. Finally, the finding of this study reveals that Ghana and Nigeria are far behind in the fulfillment of the SPF objective of basic income security to the elderly. Irrespective of being behind, they have both social assistance and social insurance scheme as pertains in other countries in the study. For policy recommended, the governments of Ghana as well as Nigeria should take the necessary steps to extend pension coverage to the vast majority of their elderly persons. As a contribution to knowledge, the study found that contrarily to the claim that pension coverage in the entire SSA is the lowest in the world, at the individual country level; some SSA countries have pension schemes that cover all elderly similar to the developed countries. Again this study shares more understanding to the various pension schemes within the SSA and Western European countries and their proximity to the achievement of the SPF Recommendation, 2012 (No. 202) basic income security for the elderly population.

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