

UNLEASHING THE ECONOMIC POTENTIAL OF OLDER WOMEN

How Inclusion and
Representation Benefit Us All



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By 2050, the number of people aged 60 or older will reach 2.1 billion globally, with 80 percent of older adults living in low- and middle-income countries. The majority of this aging population are women. There will be 1.14 billion women worldwide aged 60 and older by 2050. Currently, the global population of women over the age of 60 is estimated at 605 million, indicating that the number of older women will nearly double in just three decades. This increase in the older-female share of the population will have significant implications for social and economic outcomes, particularly in lower- and middle-income countries, which are aging rapidly. Older women play a pivotal role in society, including as providers of child care, elder care, and domestic labor. Though this work is often unpaid or underpaid, it enables their family members to work and save more, indirectly contributing to GDP growth and economic development. Despite this dependence on their labor and despite the resilience and strength they demonstrate regularly, older women are often economically excluded and socially marginalized, undermining their autonomy, and leaving them vulnerable to abuse, neglect, and exploitation.

The compounding effect of systemic inequalities over the course of a woman's life, starting with girlhood, can result in a lack of visibility, inclusion, representation, and support by the time she reaches older age. In fact, marginalization often worsens over time: in addition to harmful gender stereotypes, ageist assumptions related to frailty, dependency, and passivity undermine older women's agency and overlook both the contributions they already make to society and their untapped socioeconomic potential. When combined with intersectional factors such as race, ethnicity, religion, and sexual orientation, discriminatory behavior from members within their communities as well as the public and private sectors can compound the exclusion and disenfranchisement of older women. Exacerbating these risks is the absence of a comprehensive, universal, and binding framework that guarantees the fundamental rights of all older persons,

including older women. The lack of such a framework or agreement has been underscored by the ongoing COVID-19 pandemic, during which the freedoms and rights of older adults have been curtailed in many countries while they have simultaneously faced disproportionate risks.

One major consequence of these inequalities compounding over time is economic disadvantage, including high poverty rates, experienced by older women. Globally, women perform 76.2 percent of the total hours of unpaid care work, with the International Labor Organization estimating that it would take 210 years to close the existing gender gap in unpaid care work. This unpaid caregiving and other domestic work is valued at anywhere between 10 and 39 percent of global GDP. Even in an advanced economy such as the United States, the gender gap in caregiving is staggering: 61 percent of all paid and unpaid caregivers are women. In many parts of the world, women lack equitable access to property rights, social protection services, and pensions. These factors escalate their risk of economic insecurity, financial and other forms of abuse, and health deterioration in older age.

The negative outcomes also impact those around them. Older women are anchors for their households and communities and the global economy as a whole. Research in low- and middle-income countries shows that the economic inclusion of older women benefits all income levels of society. Yet, their labor and contributions, especially in the informal economy, are often unacknowledged, and unaccounted for, in public policy, including through service provision, tax benefits, and social protection.

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The current period of post-pandemic recovery represents an opportunity to reduce and correct the economic and social inequities experienced by older women, and to recognize the unique contributions they make to society. Governments, international financial institutions (IFIs), the private sector, and non-governmental organizations are all working to mitigate the adverse effects of the pandemic, including on vulnerable and marginalized populations. In recognition of the opportunity this recovery period presents, FP Analytics, with support from AARP, has produced this brief focusing on the economic challenges facing older women across the world, and the opportunities and dividends presented by their greater economic inclusion.

Disparities in labor force participation and social protection coverage lead to higher rates of poverty among older women and the households they head

Across all countries and income groups, the labor force participation rate for women aged 55 and older has consistently been lower than the participation rate for men since 1990. Caregiving responsibilities, childbirth and childrearing, and other household responsibilities have meant that women are more likely than men to interrupt work for long periods of time and leave the workforce early. Women represent 63 percent of informal workers, putting them outside the remit of employment laws and safety regulations designed to protect their well-being and prevent sex-based discrimination, and thereby often lowering their benefits in contributory pension systems. Older women specifically are vulnerable to multiple types of workplace discrimination: 41 percent of low-income, 46 percent of middle-income, and 31 percent of high-income countries lack protection against ageism in the workplace, while the World Bank estimates that worldwide, 2.4 billion working-age women lack equal employment protection, compounding gender inequality. This gender- and age-based income precarity has increased during the pandemic: UN Women found that 54 percent of women aged 60 and older reported a reduction in paid work hours as a result of COVID-19, compared to 34 percent of women aged 45–59, and 38 percent of men aged 60 and older. Not only does such discrimination endanger the financial security and wellbeing of older women themselves, it also negatively impacts the economy at large: research from AARP found that in 2018 the US economy lost \$850 billion in GDP as a result of age discrimination, one third of which is directly attributable to women’s involuntary retirement. **Policymakers can support older women’s access to safe, reliable, fulfilling work by formalizing**

all economic activity, and by adopting and enforcing legislation against sex- and age-based discrimination in the workplace.

Older women increasingly act as the heads of households. Skip-generation households—in which children are cared for by their grandparents—are increasingly prevalent, both in conflict- and disease-affected places, and in regions where younger adults frequently migrate for work, such as sub-Saharan Africa and the Asia-Pacific. In these conditions, older women’s resilience enables them to face the challenges of living in fragile states while supporting their grandchildren to do the same. Indeed, nearly 6 million children worldwide are in the full- or part-time care of a grandparent. In low- and middle-income countries, these households are typically the poorest, with any available resources spent on the child’s health and education. Older



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women disproportionately take on this caregiving work, often at great cost to their own mental and physical well-being. From an intergenerational perspective, older persons thus serve as leaders, decision-makers, and providers, not merely dependents, in their households. Nevertheless, grandparents are often ineligible for government support and benefits offered to parents, placing additional financial strain on both the caregivers and their families as a whole. Life-cycle social protection programs like child, disability, and old age benefits have knock-on effects for the whole of society, and **policymakers can combat child poverty and support older women's economic well-being by extending those payments and expanding eligibility to include non-parental guardians.**

Social protection for older people, including pension payments, can aid in reducing economic inequality, physical violence, and abuse or ostracization, as well as positively impacting families and communities. While pensions are primarily distributed to reinforce the economic security of older adults, they can be used to support various members of a household and have been linked to a reduction in child poverty and child hunger in Georgia and Uganda, respectively, and in Nepal to a decline in infant mortality. Older women are more likely than older men to spend their pensions on food entitlements for their children and grandchildren; however, a significant gender gap in pension coverage exists. Worldwide, only 26 percent of women are covered under a pension scheme, compared to 39 percent of men, and this gap increases in lower- and middle-income countries, where only 8 percent of women are covered, compared to 21 percent of men. Much of this

disparity is likely due to high rates of informal economy participation among women, and the high likelihood of employment interruption, both of which render them ineligible for contributory pensions. **Universal non-contributory pensions could contribute to lower poverty rates and prove conducive to achieving gender equality.** However, **ensuring that these pensions pay enough for older women to live on** without turning to survival work will be key to improving older women's economic well-being, especially in households where their pensions may also be used to support family members.

Lack of access to financial services such as bank accounts reduces older women's autonomy in saving and spending

What women do earn, or receive as social protection payments, they struggle to save and grow over time—women are less likely than men to possess a bank account of some kind, impeding not only their ability to save, but also their autonomy over spending and other financial decisions. In 2020, globally, men were nine percentage points more likely than women to have a bank account. This gender gap in banking worsens with age—in part due to illiteracy and lack of legal identification necessary to open a financial account—and is compounded by gender-based digital inequality. Despite the fact that digital-only payments represent a significant and growing share of financial transactions in developing economies,



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women aged 51 and older are seven percentage points less likely than women aged 15–24 to use a mobile account for financial services, and this gap is likely to increase. While the World Bank is actively working to reach all unbanked individuals globally, its strategy relies primarily on increased usage of digital services. In the face of a known and persistent age-based digital divide, this strategy may further isolate older women from financial services and accessible savings, contributing to increased economic marginalization, and exacerbating the misperception of older women as a burden on their families, rather than active, crucial members of households and communities.

Ensuring older women’s economic inclusion and empowerment will require tailored financial services, with direct support in-person or digitally, to help them set up and access accounts. Expanding pension and social protection payment access could also potentially advance equity in access to banking and mobile internet services. Research from the World Bank found that in 2021, amidst the pandemic, 865 million people in developing economies opened their first financial account to receive money from the government. While this is an important development, it is also a timely reminder for the need to redouble efforts to protect older adults, including older women, who are especially susceptible, from financial fraud and cyber-scams. Nearly 40 percent of American adults aged 70 and older do not have basic digital skills, and 22 million older Americans lack broadband access altogether. The UN Secretary-General has set an ambitious goal of connecting every person worldwide to the internet by 2030. In accordance with the UN’s Sustainable Development Goals, **inclusive and equitable lifelong education should extend to developing the digital skills of older persons**, especially when banking, health care, and social protection programs are increasingly delivered through digital platforms. **Expansion of social protection payments could potentially encourage women, and specifically older women, to open and use savings and checking accounts. In all cases, providing easily accessible support, skills, and training for digital inclusion, and reducing social isolation will be key.**

Around the world, gender inequality and discrimination compound over time, driving many older women into poverty

As a result of all these and other challenges, older women reach older age with fewer financial resources than older men, putting them at greater risk of poverty. In 2021, research found that 54 percent of single women over the

age of 65 living in the U.S. were economically insecure, compared to 45 percent of men in the same demographic. Since the start of the COVID-19 pandemic, female poverty rates have risen significantly, and the gender gap between men and women in poverty rates has widened, with an estimated 124 women living in extreme poverty for every 100 men, compared to 118 women for every 100 men in 2021. Older women, therefore, typically have lower savings than men, and this inequity has been compounded by the ongoing pandemic. UN Women has found that nearly one-third of women over the age of 50 are food insecure, and a quarter of women aged 60 or older have been denied basic needs or know another woman who has.

As demonstrated throughout this brief, older women are often central to the functioning of their households, as breadwinners, caregivers, and decision-makers, and they tend to re-invest their earnings into their families and communities. Uplifting older women from poverty can significantly impact the economic strength of their communities and countries. **Civil society organizations,**



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especially those which are community-based and specialized in support for older adults, can amplify the voices and experiences of older women in policymaking, legislation, and development interventions to ensure that they are not overlooked in planning, decision-making, and budgeting. Additionally, policymakers can reduce poverty levels, and reduce inequality based on gender and age, **by mainstreaming the needs, contributions, and aspirations of older women into all relevant policymaking and legislative debates.**

Looking ahead: Uplifting older women to uplift society

Despite the strength, resilience, and experience they bring to bear as well as the unique social contributions they make, older women remain overlooked and undervalued by society. The marginalization of older women around the world has a material impact on their social, economic, and physical well-being, and on the well-being of societies writ large, making concrete action to meaningfully support women an urgent imperative. Nuanced, intentional, and inclusive interventions are sorely needed to uplift older women who, for too long, have been a frequently neglected demographic group in advanced and developing economies alike. Partnerships and collaborations across research, policy, and practice could bring the needs and experiences of older women to greater public attention, and support the creation of policy and legislative environments that support economic and social empowerment in old age. In addition, the private sector has a vital role to play, not only as a supplier of goods and services to older women who are part of a

growing “longevity economy” consumer segment, but also as the employers responsible for ensuring their safety and fulfillment in the workplace.

As part of this process, gender- and age-differentiated data collection is critical, including on the effectiveness of policy interventions, in order to help better inform programming that serves older women, their families, and the communities where they live and work. Data gaps—specifically the lack of disaggregated data along gender, age, ethnicity, and other divides such as rural-urban—prevent a deeper understanding of how older women are impacted by specific circumstances and events, and undermine the tracking of progress. **Researchers and academics can play a vital role in closing these gaps through regular gender- and age-disaggregation of data, and increased tracking of whole-of-life metrics on health, economic security, political and legal standing, and gender-based violence.** Researchers can also **undertake more and continuing research with a focus on—or explicit inclusion of—older women, and leverage gender- and age-sensitive research methodologies to ensure that older women are included, visible, and accounted for in results.** This could include quantitative and qualitative, participatory research methods, in which older women are involved as partners as well as subjects of the research. Closing data gaps is an urgent step toward more informed policymaking as well as programmatic and investment decisions and will be vital to unlocking the full potential of older women in their communities and wider society, and as such to improving the economic well-being of all.

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