

SUMMARY OF THE PROJECT IN DESIGN * (*)

Pathways for Longevity: Silver Economy solutions towards a result-based financing strategy

PITCH ELIGIBILITY DATE		COUNTRY(IES)
01/02/2025		Costa Rica
ALIGNED WITH COUNTRY STRATEGY?		
Yes		
PARTNER(S)		
CRUSA Fundación Costa Rica Estados Unidos De América Para La Cooperación		
PRELIMINARY CLASSIFICATION ENVIRONMENTAL AND SOCIAL IMPACT		
C (**)		
TOTAL BUDGET	IDB Lab	LOCAL COUNTERPART AND COFINANCING
US 1,000,000	US 800,000	US 200,000
DESCRIPTION		

The problem The rise of the Silver Economy is a significant phenomenon in the socioeconomic landscape of Latin America and the Caribbean, with profound economic, social, and fiscal implications. It is driven by the population's rapid aging and the increased life expectancy level in the region, marking a pivotal shift in our societal dynamics.

According to perspectives carried out by the United Nations, Latin America is the fastest-growing region in the world. The older population is expected to represent 27.5% of the total population in 2050 and 36.4% by 2090. In addition, Costa Rica has the region's highest rate, which 2023 was around 13% for people over 65; this percentage will exceed 30% by 2050.

The data from the Aging Observatory and the Development Observatory Research Center of the University of Costa Rica indicate that in 2015, a significant 45.1% of all the cantons of Costa Rica were classified as young due to the low number of older residents. However, this percentage changed to 13.4% by 2020, indicating a rapid population aging.

Moreover, Costa Rica's high life expectancy is marred by a concerning trend. Despite the long life, studies reveal that the population reports a decrease in healthy years of life. This situation was worsened by the COVID-19 pandemic, which affected particularly the levels of dependency and disability among the aging population.

The Costa Rican Social Security (CCSS) statistics indicate that in 2021, around 22% of hospital discharges were older adults, mainly from medical services, evening surgery, outpatient surgery, and surgery and intensive care units. By 2022, the average hospital stay was 41 days, four times longer than the average for other age groups.

Expenditure on hospitalization and outpatient services accounted for 76.9% of the CCSS's final service spending in 2016. Projections suggest that, due to demographic changes, health spending could rise by 86% by 2030.

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**The IDB categorizes all projects into one of six E/S impact categories. Category A projects are those with the most significant and mostly permanent E/S impacts, category B those that cause mostly local and short-term impacts, and category C those with minimal or no negative impacts. A fourth category, FI-1 (high risk) Financial Intermediary (FI)'s portfolio includes exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, mostly irreversible or unprecedented, FI-2 (medium risk) FI's portfolio consists of business activities that have potential limited adverse environmental or social risks or impacts, FI-3 (low risk) FI's portfolio consists of financial exposure to business activities that predominantly have minimal or no adverse environmental and social impacts.

From an economic perspective, data from the National Institute of Statistics and Census indicates that the non-participation rate of people aged 65 and over is 88%, the unemployment rate is 2.8%, and the employment rate is 11.6%, of which 85% is informal. At this point, it is essential to highlight that the population of older adult women has been the most affected by educational and socioeconomic factors that restrict access, permanence, and participation in formal economic activities.

As the proportion of older individuals rises, pressure on social security systems and healthcare services intensifies, threatening the financial sustainability of the welfare state. This demographic transition may reduce the number of active contributors and increase demand for benefits and services, potentially impacting the government's capacity to efficiently and sustainably address health and poverty problems related to the growing longevity of the population. Therefore, it is crucial to implement policies that improve care services, strengthen human capital, encourage workforce participation, and promote entrepreneurship to ensure that the welfare system can adapt and remain effective in the face of demographic changes.

The solution The proposed initiative aims to address challenges of rapid demographic change applying breakthrough innovations and disruptive technologies and improving access to health services and the quality of aging. The specific objectives will be to pilot innovative solutions to improve the well-being of adults over 60 living in poor and vulnerable conditions and to design the payment-for-results scheme toward sustainability and scalability. It will seek to identify, design, test, and measure three to five innovative solutions in health and employability to improve the well-being of adults over 60 living in poverty and vulnerability in Costa Rica. The selected and tested solutions will address topics related to long-term care, frailty prevention, skills training, employment generation, and entrepreneurship – all of which can potentially contribute to the well-being of this population segment

The beneficiaries The pilot program is aimed at 1000 older adults aged 60 and over, with equitable gender distribution, living in poor and vulnerable conditions. It particularly emphasizes residents of areas lesser relative development according to the Social Development Index 2023 (IDS 2023).

The partner The Costa Rica – United States Foundation for Cooperation (CRUSA) is a private, independent, nonprofit Costa Rican foundation created in 1996 to promote the country's sustainable development and improve the quality of life of its inhabitants.

CRUSA focuses on strategic investments and impactful partnerships, empowering individuals, organizations, and communities to address shared challenges and seize opportunities for sustainable growth and innovation. Its work model generates and demonstrates results that allow the scalability and replicability of projects, as well as the generation of conditions that enable the participation of the government or private investors in its areas of impact, unlocking flows of financing for development in the country.

The IDB Lab's contribution The project is planned for a 36-month implementation period. IDB Lab will play a pivotal role by providing financial support to encourage innovative approaches that can significantly improve the financial security and well-being of older adults in Costa Rica. A proposed contribution of US\$800,000, will be facilitated through the NRTC (Non-reimbursable technical cooperation). CRUSA, equally committed to the project's success, pledges a counterpart funding of US\$200,000, culminating in a total project budget of US\$1,000,000.

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