

# Working for life:

*making decent work and pensions  
a reality for older people*

**HelpAge  
International**

*age helps*



# HelpAge International helps older people claim their rights, challenge discrimination and overcome poverty, so that they can lead dignified, secure, active and healthy lives.

This paper draws on the experiences and insights of older people in Bangladesh, Peru and Uganda who took part in focus group discussions and interviews and our thanks go to them. We would also like to thank Uganda Reach the Aged Association (URAA), Resource Integration Centre (RIC) and Instituto para el Desarrollo de la Pesca y la Minería (IPEMIN) for organising and facilitating the focus group discussions and interviews. We are also grateful for the support of our partner organisations in Germany and the Czech Republic, HelpAge Deutschland and Zivot 90.

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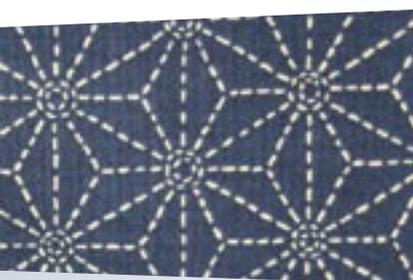
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# Call to action

## 1. Include older people in decent work programmes

Millions of older people around the world are working in unsafe, irregular, low-paid and strenuous jobs. Many of these older people are either poor or chronically poor. Yet they have the right to dignity, equity, freedom and security at work.

To achieve the Millennium Development Goals (MDGs), eradicate poverty and improve the lives of poor older men and women, HelpAge International calls on European Union (EU) decision makers responsible for development cooperation to include older people in decent work policy and programming.

### The EU should:

- Ensure that more country and regional strategy papers include decent work as a priority, specifically addressing the needs of older men and women.
- Consult fully with civil society organisations representing older people when planning decent work programmes.
- Address the discrimination older workers face, including gender discrimination and barriers to accessing micro-credit schemes.
- Collect and use data disaggregated by age and sex, as well as data on the informal sector, to maximise the impact of decent work programmes.
- Include old age pensions based on universal coverage as a development priority in decent work policy and programmes.

## 2. Provide older people with social pensions

Global population ageing cannot be ignored. This unprecedented demographic shift means that millions more older people will be doing work that is irregular and unsafe, with no guaranteed minimum income and little protection for their rights as workers. The traditional family and community-based support systems that older people in developing countries relied on have largely been eroded as a result of migration, HIV and AIDS and unemployment. Poor older people around the world now have no choice but to work just to survive.

An old age pension would give older people a regular income, enabling them to find decent work and preventing them from falling into chronic poverty if they are unable to work. Most developing countries have a large informal sector, where workers are not covered by contributory pension schemes.

Governments have an obligation to develop adequate social security systems, including old age pensions. HelpAge International calls on EU decision makers responsible for development cooperation to prioritise universal pensions systems as the key to promoting decent work and reducing old age poverty.

### The EU should:

- Develop a Communication on the role of social protection in development cooperation, with specific recommendations to achieve universal pension coverage.
- Ensure that developing country governments receive adequate technical and financial support to develop and implement social protection and pension systems.
- Support the extension of non-contributory pension schemes to all older people, to ensure that the vast majority – those working in the informal economy – have a guaranteed minimum income.
- Devise mandatory training programmes for Commission staff, especially in country delegations, on the role of social protection in achieving decent work for all and reducing poverty.
- Support regional dialogues and learning on social protection through the EU-Africa Strategy action plans, the African Civil Society Platform for Social Protection (launched in September 2008 in Nairobi), the Livingstone process in Africa, and providing training courses for policy makers.
- Develop health protection guidelines that help remove the barriers that prevent older people accessing healthcare (such as user fees, and insurance schemes that only cover workers in the formal sector).

# Key issues

**Older people play a vital role in developing countries, supporting families who depend on their contributions. Yet worldwide, more than half of older people have no guaranteed minimum income. Unless action is taken now to improve the situation, 1.2 billion older people will be living without secure incomes by 2050.<sup>1</sup>**



In many developing countries, older people are one of the poorest population groups, in particular where there are no public pension schemes.<sup>2</sup> Older people who are poor have no choice but to work; they mostly work in the informal sector, in irregular, seasonal, low-paid jobs that are often strenuous. They are vulnerable due to high unemployment and under-employment, and age and gender discrimination. They have limited or no access to social protection, no income security, no legal protection for their rights as workers, and no formal support mechanism or networks. They are also disadvantaged through low education and literacy levels, poor health and malnutrition.

Older men and women have the right to decent work, a right that was recognised by more than 150 countries at the United Nations (UN) World Summit in 2005.<sup>3</sup> If the EU is to fulfil its obligations to reduce poverty and hunger, and deliver fair and equitable development that reaches the very poorest, it cannot continue to ignore older people's needs and contributions. It must include older people in poverty reduction interventions, including the implementation of the International Labour Organization's (ILO) Decent Work Agenda (DWA).

The DWA is based on four key principles (see box on next page). The social protection principle is often overlooked, despite international recognition that social pensions based on universal coverage can have a major impact on reducing poverty.

The World Bank agrees that the advantages of a universal pension are clear:

“Administratively, this is the simplest structure, with the lowest transaction costs, for the public pillar – an important advantage in developing countries with limited institutional capacities and incomplete record-keeping systems. It avoids the disincentive to work and save inherent in means-tested plans. Its universal coverage helps ensure that the poverty reduction objectives are met, [and] provides a basic income for all old people.”<sup>4</sup>

If the EU is serious about tackling poverty among older people and ensuring decent work for all, it must provide greater support for social pensions with universal coverage.

## Decent work: a way out of poverty?

Millions of people in developing countries are trapped in chronic poverty, which is marked by an unequal distribution of resources, in turn increasing the gap between the rich and the poor. *The chronic poverty report 2008-09* found that “between 320 and 443 million people are trapped in poverty that lasts for many years, often their entire lifetime”.<sup>5</sup>

Decent work is essential for sustainable development, especially in the current context where the world economy is in crisis. Vulnerable people in developing countries have been hardest hit by the economic slowdown, as well as the rise in food and fuel prices and the impacts of climate change.

The economic crisis is expected to lead to a dramatic increase in the numbers of working poor, and is likely to thrust millions of older people further into poverty. Furthermore the ILO predicts that some 200 million workers could be pushed into extreme poverty as a result of the crisis,<sup>6</sup> underscoring the urgent need for decent work to be included in social, economic, trade and development policies at national, regional and international levels.

## Older people and work: what are the key issues?

While older men and women make vital contributions to their families and communities, their needs are often ignored by governments and international development decision makers. This is especially apparent by the lack of data on poverty and old age.

To address this gap and get an accurate picture of the issues relating to older people and work, HelpAge International has worked with partner organisations<sup>7</sup> to undertake studies in three countries: Bangladesh, Peru and Uganda. We hope these country studies will allow the voice of older workers to be heard by EU decision makers responsible for implementing the DWA.

Our methods involved focus group discussions with older people, interviews with government officials and development policy makers, and interviews with older workers in a range of settings. Each country study looks at the nature of the informal sector, and the key issues

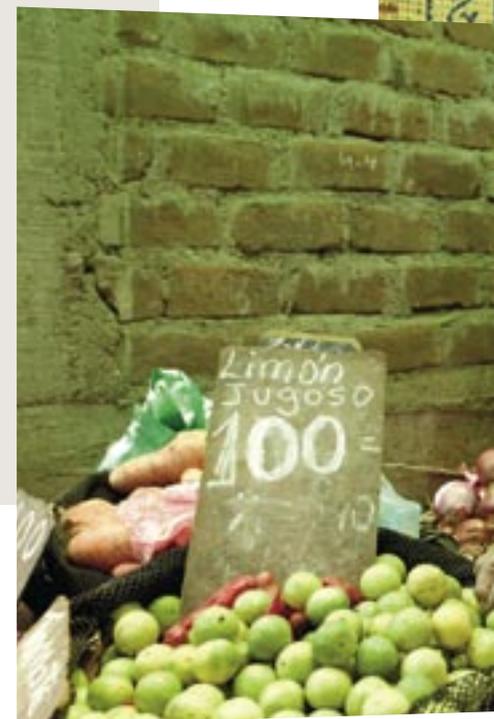
# What is decent work?

Decent work means full and productive work carried out in conditions of freedom, equality and security, that respects human dignity.<sup>8</sup>

This includes work that supports people’s aspirations for opportunity and income, enables them to realise their rights, and promotes equality (age, gender), recognition, stability, and personal development.

Decent work is fundamental to equitable and inclusive societies, as it ensures that workers’ rights are protected by law. The ILO’s Decent Work Agenda is based on four principles:

1. **Creating jobs** – creating more opportunities for women and men to secure decent employment and income, as well as equal access to work without discrimination.
2. **Delivering workers’ rights** – promoting and realising standards and fundamental principles and rights at work.
3. **Promoting social protection** – enhancing the coverage and effectiveness of social protection for all. Decent work provides protection to vulnerable people in case of illness, old age, disability, pregnancy or unemployment.
4. **Engaging in social dialogue** – allowing workers to organise collectively to represent their interests and engage in genuine dialogue with employers and government.



facing older workers, including existing social pension provision. We also present estimates of how much it would cost the government to provide a universal state pension, showing that it is affordable.

One of the most important findings is that most older workers do not have a guaranteed minimum income. Most older men and women work in the informal sector, in jobs that are unstable and provide only irregular income (for instance, agricultural work, often the biggest informal employment sector, is seasonal rather than all year round). In Bangladesh alone, 1.6 million older people living below the poverty line do not receive any form of social security as they are excluded from the old-age allowance. In Peru, 60 per cent of older people receive no pension whatsoever and in Uganda, an alarming 90 per cent of older workers receive no pension.

A universal pension for older people would enable them to have a greater choice of work, by providing them with money to travel to work, giving them access to micro-credit schemes or simply enabling them to pay for basic goods or services such as food or healthcare.



Other findings show that:

- The size of the informal sector varies between countries, often **comprising as much as 80–90 per cent of the economy** and is a permanent and long-term reality not a transient phenomenon.
- It can be **difficult to define informal and formal work**, as many countries use different definitions based on different types of work. Informal employment is comprised of both self-employment in informal enterprises and paid employment in informal jobs (characterised by the absence of secure contracts, worker benefits, or social protection).
- Countries are experiencing a **huge demographic shift**, mostly resulting from increases in life expectancy. The proportion of the world's older people living in developing countries will increase from 64 per cent now to 80 per cent by 2050. In Peru, for example, the proportion of the population aged 60 and over is set to increase from 9 per cent to 22 per cent by 2050; and in Bangladesh, it will increase from 6 per cent to 21 per cent.<sup>9</sup>
- The **numbers of older informal workers will rise** as a consequence of rapidly ageing populations in the developing world.
- **Older people in developing countries are often among the poorest** groups and have benefited least from economic growth and development. They and their children will comprise the majority of the 900 million people who will still be living in poverty in 2015 even if the Millennium Development Goals (MDGs) are met.<sup>10</sup> In Bangladesh, there are around 3.3 million older people living below the national poverty line,<sup>11</sup> and in Peru, 73 per cent of older people in rural areas live in poverty.<sup>12</sup>
- These **poor older people have no choice but to continue working in old age**. The absence of a guaranteed minimum income means older people are less able to withstand shocks (for example, the recent rise in food prices) and more likely to fall into chronic poverty.
- Older women and men generally do the same kind of work, including physically demanding jobs. However, **women are often paid less than men for the same work**, and tend to assume more of the household and caring duties as well as doing paid work.
- **Very little data exists about older informal sector workers**. Most country population studies are not disaggregated by age and frequently do not include informal sector workers.

## Decent work in EU development cooperation

The DWA has been a part of ILO policy since 2000. Over the last couple of years, decent work has been increasingly recognised by the international community as imperative for shaping fair globalisation.

The EU has identified the DWA as a key means of promoting the social dimension of globalisation<sup>13</sup> and poverty reduction in EU development policy. In 2006, the European Commission issued a Communication on 'Promoting decent work for all', which outlined the EU's approach to implementing the DWA. Since then the Commission has reaffirmed its commitment to the DWA in the Renewed Social Agenda adopted in July 2008 and under the Development Cooperation Instrument (DCI) 2007-2013, where the thematic programme 'Investing in people' includes decent work activities as a priority area for funding. These initiatives highlight the EU's recognition of the importance of the DWA in European social policy and development cooperation, and their obligation to take forward these commitments.

However, most DWA strategies and programmes do not address the specific challenges of disadvantaged and marginalised groups such as older people. Excluding older people from these policies and programmes means that millions of poor older people working in the informal sector will remain without access to social support and healthcare, and thus will remain trapped in strenuous, unstable and unsafe jobs. Moreover, working in the informal sector means that they have no access to contributory pensions or other forms of formal social security, leaving them and their dependants extremely vulnerable and often chronically poor. The social protection principle of the DWA does not play a prominent role in EU development cooperation, due to a disproportionate focus on the employment principle.

HelpAge International calls on the EU to support decent work for all. Evidence gathered from Bangladesh, Peru and Uganda demonstrates that decent work for older people can be achieved by:

- extending and implementing universal old age pensions in developing countries
- including older people in development programme design and implementation
- removing barriers so that older people can access free, good-quality healthcare
- upholding the legal rights of older men and women to work with out discrimination and exploitation.

The EU can make a significant difference to the lives of millions of poor older people around the world. A guaranteed minimum income in old age improves an older person's working conditions, health and social standing. With a pension, older people can afford to buy food for themselves and their dependants. They can access basic services such as healthcare, water and credit. Furthermore, a social pension for older people is an effective way of reducing not just old age poverty but household poverty, and can help to break the poverty cycle for younger generations.

Social pensions are fully in line with international development and human rights commitments. The EU should prioritise universal pensions in its development policy not only as a critical means of tackling chronic poverty but also an investment in human capital, which stimulates economic growth, social inclusion and empowerment.

## Pensions are affordable

It is often assumed that poor countries cannot afford to provide universal pensions. However, it is now recognised by the ILO and the World Bank that social pensions that have universal coverage are an affordable and effective way to reduce poverty. Depending on the level of the pension and the size of the population, costs could range from as little as 0.5 per cent to 2 per cent of gross domestic product (GDP).

The table below shows what it would cost to introduce a social pension for all people aged 60 and over in Bangladesh, Peru and Uganda, as a percentage of GDP.

	Cost (% of GDP)	Population over 60 (2010)
<b>Bangladesh</b>	<b>1.30%</b>	<b>6.2%</b>
<b>Peru</b>	<b>1.83%</b>	<b>8.7%</b>
<b>Uganda</b>	<b>0.77%</b>	<b>3.7%</b>

HelpAge International table created using data from UN Population Division, Department of Economic and Social Affairs, *World population prospects: the 2008 revision population database*. <http://esa.un.org/unpp>

The size of the pension for each country is equivalent to 20% of GDP per capita. Administrative costs are assumed to be 5% of the total cost of transfers.

# Bangladesh

Like many other developing countries, Bangladesh is experiencing significant demographic change which will result in a huge increase in the proportion of older people.



## Bangladesh at a glance

- Population of around 140 million – one of the most densely populated countries in the world.<sup>14</sup>
- One of the poorest countries in the world – nearly 40 per cent of older people (3.3 million) live below the poverty line, and up to 30 million people live in chronic poverty.<sup>15</sup>
- The proportion of older people (aged 60 and above) is expected to rise dramatically from around 6 per cent now to 21 per cent by 2050.<sup>16</sup>
- 75 per cent of the population live in rural areas; 48 per cent of people aged over 15 work in agriculture.<sup>17</sup>
- 90 per cent of jobs are in the informal economy.
- The number of unemployed people has increased from 1.7 million in 1999-2000 to 2.1 million in 2005-6.<sup>18</sup>
- There is a means-tested pension (the old age allowance) but coverage is low: at least 1.6 million eligible people do not receive it.<sup>19</sup>

# Mohammad Gulam Mostafa, 73, brick-breaker

“I used to work as a mason but I developed breathing problems, so had to give up my job. Now I work as a brick-breaker.

I work from 8am until 1pm, then, if I am well enough, from 3pm until 5pm. The pay depends on how much I get through, but it’s usually 80-150 taka (US\$1.15-\$2.15) a day. My worry is that I have no contract, no security. If I am sick and cannot work, the job is given to someone else.

The dust from the brick-breaking is making my breathing difficulties worse and I have knee problems too. Some days I can’t work at all.

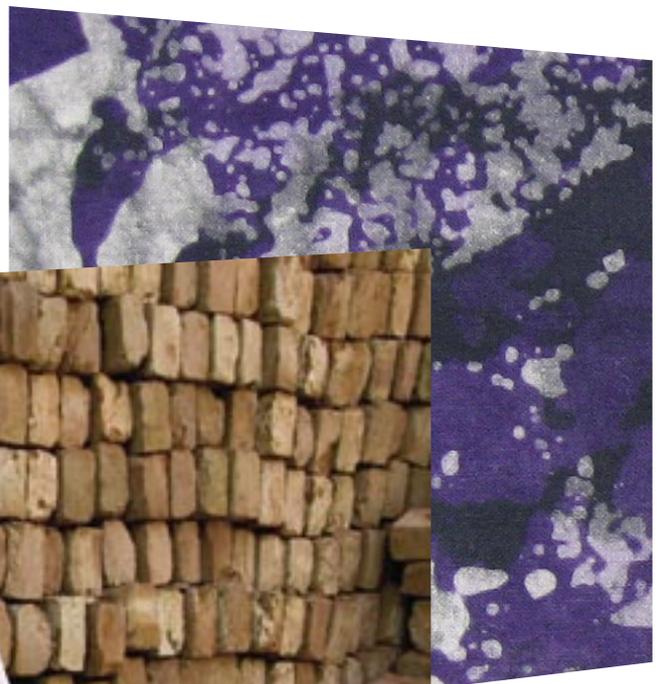
I receive the old age allowance of 250 taka (US\$ 3.60) a month. If I didn’t have this and had to stop working, I’d be forced to beg – there would be no other way to survive.

If I had a better pension, say around 1,500 taka (US\$21.70) a month, I could still work but I’d be able to save a bit every month and would be able to get treatment if I fell ill.”

## What kind of work do older people do?

The informal sector can be defined as a part of the economy that is comprised of entities that lacks solid legal status and are unprotected or unregulated by state institutions.<sup>20</sup> The rapid expansion of certain types of informal sector jobs in Bangladesh is primarily due to the inability of the formal sector to generate adequate employment opportunities and accommodate the increasingly large labour force.

For many years, Bangladeshi Government policy viewed the informal economy as a transient phenomenon, which would eventually merge into the mainstream economy.<sup>21</sup> However, the informal economy has remained prominent partly due to the unequal distribution of wealth and benefits generated by the country’s economic growth. It is clear that growth alone has not been enough to alleviate Bangladesh’s high poverty levels.<sup>22</sup> It is now more widely recognised that the formal sector will not easily absorb surplus labour and expand with overall economic growth but that the informal economy will continue to exist, in particular as a major provider of employment, goods and services for low-income groups.



In addition it is slowly being acknowledged that the informal economy is inextricably linked to the formal economy (providing services for, and trading with, those in the formal sector, such as street vendors) and contributes to a significant share of Bangladesh's GDP.

Older people in Bangladesh mostly work in the informal sector. Activities include: domestic work (cleaning and cooking), agricultural work (growing crops, keeping animals, drying and harvesting paddy fields), weaving, sewing, brick-breaking, digging, pulling carts or rickshaws, carpentry, selling goods as street vendors, hut-making, scavenging, fishing, and betel leaf farming and selling.

### **Working to survive**

Older people in Bangladesh have little choice but to work in order to survive. "Since we have to eat, we have to work. We have no other option," said a 65-year-old van (cart) driver from Nawabganj. However, many older people are frustrated that they are not able to find stable and regular work. Often older men and women are forced to work in two or three jobs, with no guarantee of a regular income. "Decent work has fixed hours, there is a schedule. Van pulling is not decent work. We have to start early in the morning, we have to look and wait for passengers. This is not good work," said a 62-year-old van puller from Nawabganj.

### **Illness and injury through work**

Older men and women suffer physically from years of strenuous work such as puffing rice or pulling rickshaws. Older people who are not able to find work, due to illness or serious injury, and cannot depend on their children or family for support, are clearly the most vulnerable. "I started pulling rickshaws during my youth; I did it for many years. I had to stop after my leg injury. Now I beg from door to door," said a 60-year-old man from Swapner Bosti, Dhaka.

Many older people who are injured while working receive little or no compensation from their employer. "I contracted jaundice from my work drying paddy. I couldn't work for two months. I paid for my treatment with the money from my husband's old age allowance. The people I worked for gave me some money and rice as sympathy, but it wasn't enough to pay for the treatment," said a 60-year-old housemaid from Chamuda, Pubail Union.

### **Many jobs are seasonal**

In rural and coastal areas, work is irregular because of seasonal factors. In Nawabganj, a rural area, many older people have lost their land to flooding. So they pull vans in the dry season and drive boats in the rainy season. In Cox's Bazaar, a coastal area, older people fish during the rainy season and cultivate and sell betel leaf during the winter.<sup>23</sup> For a couple of months each year, they have no work at all.

### **Fear of unemployment**

With almost a million new entrants into the labour force each year,<sup>24</sup> older people have to compete with younger, healthier and often more educated people for work. In a focus group conducted by HelpAge International and Resource Integration Centre (RIC)<sup>25</sup> in Dhaka, participants expressed their fear and frustration at being jobless, especially after undertaking great efforts to find work.

Older people believe that working is not only a necessity but also a positive way of keeping active and engaged in society. Some attribute their difficulty in finding work to their physical deterioration in old age. Women who spent much of their life working in paddy production found that their bodies would no longer allow them to undertake such strenuous work. Those who could still manage physically demanding jobs are not hired because of their old age. "They should give us a chance to work, then they would see what we are capable of doing," said an unemployed 72-year-old man from Lalbagh, Dhaka.

### **Existing social security provision**

Access to social security is a right laid down in the constitution.<sup>26</sup> But aside from a small number of government employees (formal sector workers) who receive a contributory pension upon retirement,<sup>27</sup> the vast majority of older people do not receive any form of pension. In the absence of comprehensive social protection measures, older informal sector workers find themselves vulnerable and insecure.

The main forms of social assistance in Bangladesh are the widow's allowance and the old age allowance (OAA) or "Boishka Bhata". The widow's allowance covers around 0.9 million widows,<sup>28</sup> who receive 250 taka (US\$3.60) a month.<sup>29</sup>

### **The old age allowance**

The OAA is a means-tested pension that was introduced in 1998.<sup>30</sup> It pays 250 taka<sup>31</sup> (US\$3.60) a month. But the scheme is limited in coverage – it is estimated that at least 1.6 million older people living below the poverty line do not receive the allowance. Research has revealed that there are significantly higher numbers of older people than recorded in the national census, and that many do not receive the OAA despite being eligible. In one area, Pubail, only 85 older people were receiving the OAA out of 978 who were eligible.<sup>32</sup>

Many older people we interviewed said that they could not access the OAA due to the limited number of entitlement cards given out per union (district). Some also reported that they are expected to give money or political support to the chairperson of the district in exchange for the entitlement card. Even some of those who do have a card receive less than they should due to corrupt practices by those in charge of distributing the allowance.

Many older people who do receive the OAA feel that it is not enough to live on. They often supplement the allowance by working or borrowing money. Some struggle to receive the allowance, as they need to travel long distances to get to the bank.<sup>33</sup>

### Micro-credit and older people

Microfinance programmes in Bangladesh (such as those run by Grameen Bank, RIC and the Bangladesh Rural Advancement Committee) are generally considered to be successful mechanisms to help reduce poverty. Yet only a small number of older people receive loans from micro-credit schemes. One study of 36,784 older people in six districts revealed that the average rate of participation is 18.8 per cent<sup>34</sup> compared with 45 per cent for all adults.<sup>35</sup>

### Barriers to accessing micro-credit

Microfinance institutions (MFIs) in Bangladesh do not disaggregate data by age, so it is difficult to establish trends. Our discussions with older people indicate that there are a number of barriers that prevent them from accessing loans, such as age limits set by loan providers, and discrimination based on misperceptions that older people do not work and therefore cannot make the repayments. Many older people reported that they are unable to gain access to micro-credit programmes because they are seen as ‘high risk’ – more likely to default on repayments – despite research proving the contrary.<sup>36</sup>

Those older people that have accessed loans – usually small amounts, between 1,000 and 2,000 taka (US\$14-\$29) – have used them to buy livestock or a rickshaw, allowing older people to own capital and run small businesses. Many older people are positive about receiving loans. Some express concerns about the pressure and difficulty of repaying the loan. “When I fall ill, I cannot work, it becomes difficult then to repay the loans. During the rainy season the work is less,” said a 62-year-old agricultural worker from Nawabganj.

Experience from HelpAge International indicates that older people have very high repayment rates, so there is no objective reason for excluding older people from credit schemes.

### Traditional safety nets: family support

Family support has traditionally been considered the basic security for older people in Bangladesh. However, many older people find that they are no longer able to depend on their families, who are themselves living in poverty. Older people who receive some form of social assistance, through the old age allowance, widow’s allowance or microfinance schemes, are clearly better off than those without any regular income.

### Health issues

“My hand was burnt from doing paddy work and my employer didn’t give me any money for treatment. Sometimes the employer says they will give you extra money next year, but they do not,” said a 70-year-old housemaid from Chamuda, Pubail Union.

Universal healthcare has been a policy of the government since 1998 and older people are able to use the government’s health services and hospitals. However, these facilities are often lacking in quality and accessibility, especially for older people, and only 8 per cent of the rural population are reported to use the government healthcare facilities.<sup>37</sup>

Poor health in old age is a common problem for older people, which often prevents or impedes them from working. A joint study by several institutes in Sweden and the Centre for Health and Population in Bangladesh showed that 50 per cent of older people in rural Bangladesh had chronic energy deficiency and 62 per cent were at risk of malnutrition.<sup>38</sup>

### Older workers’ rights

Trade unions have a limited role in Bangladesh, as public and private employees constitute less than 5 per cent of the workforce.<sup>39</sup> As most people work in the informal economy, and are therefore not formally organised, their ability to negotiate and advocate for their rights is extremely limited. There is a degree of unionisation in some informal jobs, such as the Bangladesh Hawkers’ Federation<sup>40</sup> (for street vendors) which is linked to a national trade union. Several older workers we interviewed suggested that informal groups or networks had helped them to negotiate for better working conditions and in particular created solidarity among co-workers.

### Age discrimination

Many older people face discrimination when looking for work and in the workplace. Negative attitudes and misperceptions often prevent them from gaining work. “I asked a person who has a transport business for work, I explained that my family is starving – still I was not given work because of my age,” said an unemployed 61-year-old man from Lalbagh, Dhaka.

Labour force participation rates for older women in Bangladesh are generally reported to be much lower than for older men (20 per cent and 87 per cent respectively in the 55-64 age group).<sup>41</sup> However, research conducted by

HelpAge International indicates that older women do work, but in less visible jobs that are often irregular, seasonal or unpaid in the informal sector. Often women face an additional layer of discrimination, usually receiving lower pay for doing the same type of work as men.

### **Widowed or separated older women**

Widows are especially vulnerable, as they are more dependent on their family and face worse socio-economic conditions than widowers. Older women's vulnerabilities start from childhood and often increase through the ageing process. The Asian Development Bank estimates that one in four women in Bangladesh will be widowed or divorced by the age of 50,<sup>42</sup> and the 2001 census data show that 91 per cent of older women were widowed or separated, compared with only 9 per cent of older men.

## **Nurjahan, 70, paper-bag maker**

**"I have lived in Dhaka since 1971. My husband and I came here with our daughter and sons because he was sick with dysentery. Then he died, and now I live with my eight-year-old grandson, Salek, in a slum on a river embankment. I make paper bags and Salek sells them at the market.**

**I work from home so my day starts early, often before sunrise. I continue all morning until 1pm, when Salek brings vegetables and rice from the market. After lunch, I continue working, often until 10pm. I earn 40-50 taka (US\$0.60-\$0.70) a day. If I don't make enough money we can't buy enough rice. Normally I eat one meal a day and Salek has two.**

**I learnt about the old age allowance from other older women. They have a card, but I don't know where they get it. If my husband were alive and doing a regular job, then I know my life would be better."**



***I work many hours***

***I eat one meal***

## The difference a pension could make

A guaranteed minimum income in the form of a universal, monthly pension would help older people meet their immediate needs and plan for the future by saving a little money, allowing them to better cope with unexpected shocks like loss of land due to flooding or cyclones, or rises in food prices. It would enable older men and women to find decent work, by giving them more choice as to the type of work they undertake.

## Making decent work for all a reality

Older men and women in Bangladesh have the right to work and income security (as enshrined in the Constitution) and they need to be made aware of this right. International donors who have committed to the ILO's Decent Work Agenda have a responsibility to ensure that older people are included in, and benefit from, all development policies and poverty reduction programmes. Social protection measures are seen by many development policy makers as "essential to reduce poverty over the long term and to protect gains already made".<sup>43</sup> With the proportion of older people set to increase, eradicating poverty by implementing a universal social pension should be a priority for the government and international donors.

While there has been a small increase in the old age allowance since its introduction, significant numbers of eligible older men and women are still excluded from the programme. Small improvements can be made to the current means-tested scheme such as ensuring that all people who are eligible can access it, collecting accurate census data, and stringent monitoring of the system for distribution, in order to address issues around access, including corruption. However, evidence from developing countries indicates that means-tested pensions lead to targeting errors, cause discord in communities and create disincentives to save. The most effective way to reduce old age poverty in Bangladesh and avoid these problems is the introduction of a universal pension for all older people.

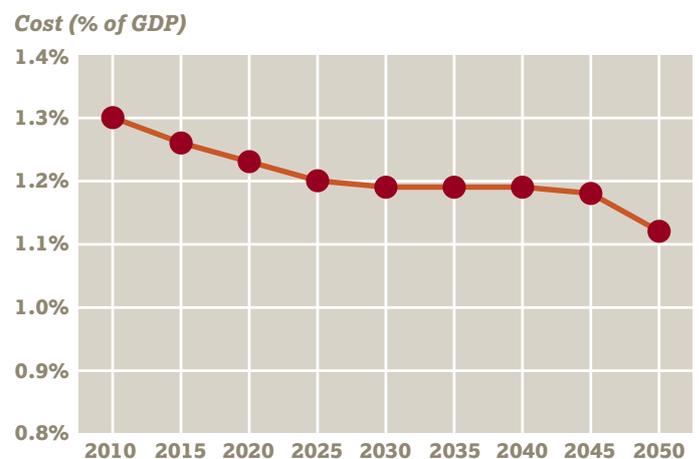
Moreover, older people should have the same opportunities to access micro-credit schemes as everyone else and measures are needed to remove barriers and tackle discriminatory attitudes. The introduction of a universal pension would allow more older people to access micro-credit schemes, thus increasing their chances of moving out of poverty.

A universal pension for all older people would also ensure that older women who are widowed or separated are able to access decent jobs and protect themselves from discrimination, chronic poverty and ill health.

## A pension in Bangladesh is affordable

Even in a country as populous as Bangladesh, expanding the old age allowance to a universal social pension is affordable. Providing a pension of just under 670 taka (US\$10) a month to all people over 60 would cost around 1.3 per cent of gross domestic product (GDP). A universal pension would be simpler and less costly to administer than a means-tested pension, as well as less prone to corruption and discrimination when distributed. The monthly amount would be similar in size to the universal pensions in place in Nepal and Bolivia, relative to per capita income. Moreover, assuming that Bangladesh achieves growth rates similar to the last 15 years, the cost of the pension would gradually fall as a percentage of GDP.

### Forecast cost of transfers as a percentage of GDP



HelpAge International graph. The cost is calculated using population figures from the United Nations Population Division *World Population Prospects: The 2008 Revision*. The population data is for 2010. The transfer amount is calculated at 2009 prices using economic data from the IMF World Economic Outlook, October 2008. Calculations assume a GDP per capita growth rate of 3.6 per cent.

# Peru

While Peru is considered a lower middle-income country, with growth and export figures pointing to prosperity, inequality and poverty still affect more than 14 million people. Wage distribution, in particular, remains among the worst of all Latin American countries, and Peru is not on track to meet all its targets under the Millennium Development Goals.



## Peru at a glance

- Population: 27 million.
- The proportion of people aged 60 and above (9 per cent) is expected to increase to 22 per cent by 2050.
- 73 per cent of older people in rural areas live in poverty.<sup>44</sup>
- 1.5 million older people receive no pension whatsoever.<sup>45</sup>

Most older people are either poor or extremely poor. Economic hardship forces them to continue working just to satisfy their basic needs. Most of them – around 70 per cent – work in the informal economy, characterised by unstable and irregular work, where decent jobs are difficult to find. Older men and women work long hours for low wages, with little or no access to health insurance, social pension or other benefits.

There are very few poverty reduction programmes that target older people and no official policies or programmes to address the lack of decent work for older men and women.

### What kind of work do older people do?

The terms ‘formal employment’, ‘informal work’ and ‘decent work’ do not officially exist in Peru. They are, however, widely used with varying definitions. The term ‘informal’ is used to describe a company that has not been registered by law and is not paying taxes. Informal employment is also understood as informal economic activity; some people equate this with low productivity, which leads to a low income and limited capacity to accumulate wealth. Informal employment is often mistakenly equated with unskilled labour. However, in Peru informal employment is found in all kinds of

companies, even big businesses that subcontract formally registered companies, but fail to pay their workers adequate wages, and do not respect their basic social rights.

Based on census data, HelpAge International estimates that 70 per cent of older people are engaged in informal work in Peru. Most of them work in agriculture or in fisheries. Many are unskilled workers, such as farm workers and street vendors. It is difficult to obtain accurate figures as to how many older people are working in the informal sector in Peru, as mining and construction workers are frequently subcontracted by formal sector companies, but they do not receive work contracts or social benefits.

In rural areas, 67 per cent of older people work in agriculture, and in urban areas, 21 per cent of older people provide services such as selling goods or food at markets.<sup>46</sup> The most common types of informal jobs for older men and women include: wool spinning, domestic work (such as cleaning, sewing, and washing clothes), raising livestock, selling goods as street vendors (mostly food), farming, labouring, carpentry and handicrafts.

## Genaro Reyes, 74, market trader

“I worked for a construction company for 20 years. I had an accident that badly damaged my right leg and I couldn’t do the lifting or digging any more. I am entitled to a 700 soles (US\$200) monthly pension from the company but we’ve never received a penny.

Now, I prepare and sell jelly cups in the local market for 25 cents each. But food prices are rising so fast it’s impossible to sell enough to pay for the things we need. Rice used to be 1.50 soles (US\$0.50), and in just three weeks it has gone up to 3.50 soles (US\$1.10). And we owe over 350 soles (US\$100) in unpaid utility bills.

If I got the pension I am owed or if the government helped us I would be free from all this worry about money. I’d be able to afford the drugs my wife needs and I could start paying off some of our debts.”



## Working to survive

Very few older people in Peru (3.5 per cent of the population) have enough to get by on.<sup>47</sup> Most older people have no choice but to work to support themselves and their families. While around 40 per cent receive some form of pension, more than 600,000 older people have to work, as the amount of the pension is not enough to survive on.

Throughout their lives and well into old age, poor older men and women do strenuous jobs that are usually low paid and irregular or seasonal. This is particularly the case in rural areas. In Chicalón Bajo, older people sell their products when the harvest is good, but when “the fields no longer yield”, they have to find other work – a situation that is “becoming more and more difficult.”<sup>48</sup>

## Coping with unemployment and under-employment

The national unemployment rate for people aged 60 and over is 67 per cent, and a staggering 83 per cent for women.<sup>49</sup> However, our research indicates that most older people are, in fact, working but in the less visible informal sector. High unemployment among young people also means that many older people have to continue working to support their children’s education. In many cases, they also have to care for their grandchildren while their children work.

Under-employment is also very common in Peru, linked to the irregular nature of informal sector work. As a result, many older people have to undertake more than one job to earn enough to pay for their basic needs. A job in the informal sector is no guarantee of a secure income.

## Age discrimination still a major issue

Most older people in Peru have faced age discrimination, and it has restricted their opportunities to access decent work. Older people are frequently excluded from even applying for some jobs on the basis of their age, regardless of their skills or qualifications. Several older people interviewed by our partner, Instituto para el Desarrollo de la Pesca y la Minería (IPEMIN), said that job advertisements in newspapers often specify that applicants must not be older than 35.

With high levels of unemployment, older people also have to compete with younger people for work. In rural areas, younger people are often preferred due to their ability to carry out more physically demanding work. The only safeguard against this type of discrimination is for older people to be self-employed or own land. But this is not an option for many, and even where it is, it does not necessarily provide a guaranteed income (vulnerabilities include seasonality and risk of crop failure).



***My company hasn't paid my pension***

***I can't pay my debts***



***I work for a company***

***with a pension I could set up a cooperative***

### **Gender discrimination: equal pay, equal pensions**

Throughout their lives women experience discrimination, and this continues into old age. Despite women gaining increased opportunities in all aspects of public, social, political, economic and cultural life, the legacy of *machismo* still pervades Peruvian society.

Women are especially vulnerable as they are more likely to work in the informal sector, doing low-paid, part-time and irregular jobs. Many women undertake the same physically demanding work as men but for less pay. When men are absent because they work elsewhere, are ill or have passed away, women have no choice but to undertake all types of work. Women are also less likely to benefit from any pension schemes in their own right. Even when they do, their pensions are often significantly lower than men, due to their lower earnings and shorter contribution periods (from less time spent working in formal sector jobs).

Equality between older men and women is a key aspect of decent work. MDG 3 aims to promote gender equality and empower women. Yet evidence from Peru demonstrates that despite older men increasingly doing jobs traditionally assigned to women, such as household work,<sup>50</sup> older women still suffer from gender and age discrimination.

### **Workers' rights**

While the Government of Peru has signed the ILO's standards for workers' rights, implementation is uneven. Workers have limited ability to organise to bring about improvements in their working conditions.

Moreover, the scope for making complaints about working conditions is limited, as workers are often laid off if they try to organise themselves.

### **Existing social protection provision**

In Latin America, Bolivia is the only country that has a universal non-contributory pension for older people. This seems surprising considering that Latin America is one of the most unequal regions in the world where more than half of older people live in poverty and two-thirds have no regular income at all.<sup>51</sup>

In Peru, the majority of poor older men and women do not have access to a stable income. Those working in the informal sector are often unable to make contributory payments to either the state or private pension schemes, as they barely earn enough to get by. As a result, the current state and private pension schemes have very limited coverage, with an alarming 1.5 million older people receiving no pension whatsoever.<sup>52</sup>



## Civilia Montoya Huaman de Lopes, 63, embroiderer

“I embroider scarves for a local company. I work eight hours a day and get 1.50 soles (US\$0.50) for each scarf. I have to buy the wool myself, which costs 3 soles (US\$1) and is enough for five or six scarves. We’ve had one wage rise in 12 years.

My eyesight is getting bad so I can only manage to finish five scarves a day. I also have osteoporosis, so sometimes find it difficult to walk. Medicine helps, but this costs 85 soles (US\$27) and there is no way I can afford this on a regular basis.

It’s a struggle to buy enough food on the 60 or 70 soles (US\$19-\$22) I make a week, and we owe over 1,000 soles (US\$322) for water and electricity.

If I had a pension I would set up a cooperative with other women. We could make things to sell ourselves instead of working for the company.”

For those who are entitled to receive a state pension, the procedures are very cumbersome. Older people can spend years trying to access their entitlements and many actually die before they manage to do so. Moreover, existing levels of provision – whether state, or private pensions – are far from sufficient to meet older people’s basic needs. As a result, many older men and women have no choice but to continue working.

Without a regular income, older people, in particular women, have no choice but to rely on their children for support in old age. However, their children are often struggling to earn a decent wage, as they too work in the informal economy or are unemployed, so they are unable to support their parents. Those older people that do receive some support from their children are constantly weighed down by feelings of dependency and powerlessness.

### Access to healthcare

Peru has one of the lowest levels of investment in healthcare in Latin America, only 4.7 per cent of GDP.<sup>53</sup> Peru has a mixed health system made up of public healthcare with user fees (EsSalud, MINSA, armed forces) and private (EPS) health insurance. For disadvantaged groups the government subsidises a health service called Seguro Integral de Salud – SIS. Due to complicated eligibility criteria and lack of information about the service, older people, among other groups, are still excluded from the scheme. Since the 1990s, progress

towards better health indicators and coverage has been slower than expected and there is still an estimated 25 per cent of the population without access to healthcare.<sup>54</sup>

Health is a key issue for many older people. In 2006, 80 per cent of older people stated that they had suffered from disease, accidents or medical problems that had affected their health.<sup>55</sup> Many older people have had to stop working due to health problems. There is considerable distrust of the state health service (SIS), due to the poor quality of care in hospitals and health centres. The SIS does not receive sufficient state funding and lacks adequate equipment and staffing. These problems explain why many older men and women choose to self-medicate or seek treatment from traditional healers instead.

While state provision is limited, only 7 per cent of people have private health insurance. Very few older people can access such insurance due to its high cost. Women are mostly excluded from health insurance (58 per cent are uninsured), and in rural areas, 79 per cent of older people have no health insurance at all.

Social protection, including access to health services, is one of the four key principles of the DWA agreed by the ILO in 2000. Without access to good quality healthcare and a regular, guaranteed income, poor older workers in Peru will find it even more difficult to find decent jobs.

## The difference a pension could make

Older men and women who work in the informal sector in Peru believe that receiving a pension would make a real difference to their lives. It would enable them to gain decent work, by providing them with a guaranteed income, and therefore give them more choice about the kind of work they do. A pension could help them pay for their basic needs, including food, medicine and housing. A pension could also provide older people with enough money to invest in capital, such as livestock, so that they could run their own business and supplement their pension income.

A pension would give older people greater social as well as financial independence. Older men and women we interviewed agreed that a pension would empower them and increase their participation in and contributions to society. There is also a wider potential benefit, in terms of reducing household poverty. Evidence from Brazil shows that 83 per cent of older people receiving a pension shared the money with their families. “The vast majority of non-contributory pensioners share all, or most of their pension benefits with their households, and consequently the pension benefit is effectively a contribution to household income.”<sup>56</sup>

## Making decent work for all a reality

The EU has committed to ensuring that its development policies deliver decent work for all. The implementation of these commitments needs to include the most disadvantaged groups, particularly older people.

Older workers contribute greatly to the social and economic fabric of Peruvian society by caring for their families and supporting their communities. International donors have an important role to play in ensuring that older men and women can continue to both participate in and contribute to society, by engaging in decent work and remaining active, with dignity and security.

Decent work is also key to achieving the MDGs and poverty reduction in Peru. Providing a guaranteed income for older people, such as a universal non-contributory pension, is proven to have a positive impact on reducing household poverty as well as improving the individual's wellbeing.

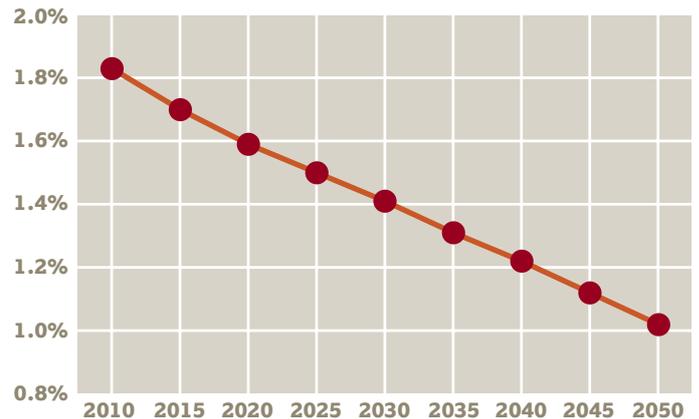
With the numbers of older people set to dramatically increase, the creation of decent work and inclusion of older people in poverty reduction strategies are essential for achieving inclusive and sustainable development in Peru.

## A pension in Peru is affordable

Providing a pension of just under 235 soles (US\$75) a month to all people over 60 would cost around 1.8 per cent of gross domestic product (GDP). The monthly amount given to older people would be similar in size to universal pensions already in place in Bolivia and Nepal, relative to per capita income. Moreover, assuming that Peru was to have growth rates similar to the last 15 years, the cost of the pension would significantly fall as a percentage of GDP.

### Forecast cost of transfers as a percentage of GDP

Cost (% of GDP)



HelpAge International graph. The cost is calculated using population figures from the United Nations Population Division *World Population Prospects: The 2008 Revision*. The population data is for 2010. The transfer amount is calculated at 2009 prices using economic data from the IMF *World Economic Outlook*, October 2008. Calculations assume a GDP per capita growth rate of 3.9 per cent.

# Uganda

While Uganda has experienced significant economic growth for more than a decade, it remains one of the poorest countries in the world. In northern Uganda, the 21-year insurgency by the Lord's Resistance Army has led to the displacement of around 1.3 million people. Uganda's AIDS epidemic has orphaned more than 1.5 million children and shortened life expectancy, which means that many older people are now looking after their orphaned grandchildren.<sup>57</sup>



## Uganda at a glance

- Uganda's population of 29.2 million is predicted to escalate to 106 million by 2050.<sup>58</sup>
- The number of people aged 60 to 80-plus is set to rise dramatically from 1.1 million in 2006 to 6.3 million by 2050.<sup>59</sup>
- More than 7 million people (one in five households) live in chronic poverty.<sup>60</sup>
- 64 per cent of older people live in poverty.<sup>61</sup>
- An estimated 50 per cent of the country's 1.2 million orphans are being cared for by grandparents.<sup>62</sup>

## What kind of work do older people do?

Most of those who live in poverty are the working poor, including a significant number of older people. It is estimated that 80-90 per cent of the population work in the informal economy<sup>63</sup>, doing low-paid, irregular jobs. The agricultural sector is estimated to involve 70 per cent of informal workers.<sup>64</sup>

It difficult to reach an accurate conclusion on the size and composition of the informal sector due to the limited data available and diverse definitions of the formal and informal sectors in Uganda. Informal employment can be comprised of self-employment in informal enterprises (small and/or unregistered) or wage employment in informal jobs (without secure contracts, worker benefits, or social protection). Informal self-employment also includes employers in informal enterprises; own account workers in informal enterprises; unpaid family workers and members of informal producer cooperatives.

Many older men and women work as labourers or small-scale farmers (growing crops for their own consumption or for sale, and keeping animals). Other informal work includes petty trade (selling items like soap and matches), running bars or food stalls and brewing alcohol, domestic work, weaving baskets, mats and ropes, burning and selling charcoal or firewood, rearing chickens, pigs or a few cattle, operating a taxi or motorbike taxi service, and working as a traditional healer or birth attendant.

Most older people continue to work in the informal sector well beyond the official retirement age of 55.<sup>65</sup> Despite the fact that many older men and women are now the main carer in their family as well as the breadwinner, they are largely invisible in government policies and programmes, reflected by the lack of data on older people and work. For instance, the *Report on the labour market conditions in Uganda*<sup>66</sup>, December 2007, only covers the age range 14-64 because this is the official age bracket for workers, ignoring both older people and child labourers.

Research commissioned by HelpAge International shows that workers aged 64 and over comprise 3.3 per cent of the total population.<sup>67</sup> However, this estimate excludes agricultural workers and those employed informally in the formal sector (such as contractors), so the real figure is likely to be much higher, particularly as older people mostly do agricultural work.

## Working to survive

Without any form of guaranteed income such as a pension, older Ugandans have no choice but to continue working into old age. Older men and women often find themselves in irregular, low-paid and physically demanding jobs. They often have to travel long distances to find work and are constrained by poor health. If an older person has the choice to engage in less strenuous work, such as selling charcoal or other goods, they generally experience a downturn in income as they are less able to move around to sell their goods.

Unemployment is also a major concern, made worse by the slowdown in economic growth and a population boom that is likely to be among the highest in the world in the next few decades.

## Traditional safety nets eroded

Many of the traditional family and community-based support mechanisms have been eroded, due to AIDS, conflict and migration. The AIDS epidemic in particular has created a new role for older people as carers of their grandchildren, putting even greater pressure on them to continue working into old age. Older people who do receive a non-contributory pension (fewer than 10 per cent) often have to continue working<sup>68</sup>, as the pension is not enough to support them and their grandchildren.

## Older people's role as carers

It is estimated that 810,000 Ugandans are living with HIV,<sup>69</sup> and AIDS is the leading cause of death for those in the "economically active age group" (15-49).<sup>70</sup> This has left many older people with the responsibility of caring for orphans (their own grandchildren and other orphaned children). Research carried out by HelpAge International's partner, Uganda Reach the Aged Association (URAA), estimates that each Ugandan grandparent cares for an average of five children (orphaned as a consequence of AIDS or conflict, or whose parents have migrated to find work). Approximately 50 per cent of the estimated 1.2 million children who have lost their parents to AIDS are being cared for by grandparents,<sup>71</sup> making grandparents the single largest category of carers of orphans.<sup>72</sup> In many families, older Ugandans have now assumed the triple role of breadwinner, main carer and head of household.

## Age discrimination and exploitation

Older men and women in Uganda commonly face discrimination and are vulnerable to exploitation when looking for work or while at work. Older workers have reported that their physical limitations, which prevent them from going to the markets to sell goods, leave them open to exploitation by middlemen who buy their crops and other goods to sell on for a better price, knowing that the older people are not in a position to negotiate a fair price for their goods.

"Some older people do not know how to count so they cheat them," said Waiswa Ayubu, 60. "They also give fake money as some cannot tell the difference due to poor eyesight. They tamper with the weighing scales then ask us to check the scales if we don't believe them. Of course, we cannot check because they are too high for us to reach or because of our poor eyesight. We agree to less money because we cannot lift the things ourselves."

Many older people have experienced age-related discrimination from their employers. A 72-year-old disabled man was refused a job several times at the local council before being employed to clean public toilets, having been told: "It is the only thing which would suit you because you have no education, you are disabled and you are old."

## Gender and equality: equal pay, equal rights

Many older women face another layer of prejudice in the form of gender discrimination. Even in the informal sector, women usually earn less than men for the same job. Wages for labouring, cooking or cleaning of any kind are paid on the basis of how hard the work is rather than the number of hours worked. As men are usually given what is considered the heavier work, women usually end up with less pay for doing longer hours.

With Ugandan inheritance laws biased towards men, many older women are made vulnerable through difficulty accessing their own land. While a woman may cultivate the land that is owned by her husband, when he dies, his children inherit the land, and other relatives can influence what they do with it. "When the husband dies, sometimes the children will even tell her [his wife] to go back to her clan. Even when a woman has bought her own piece of land, her male relatives will try to take it from her," said Nalubega Christina, 70.

Gender equality is a key aspect of decent work and international development initiatives such as the MDGs. Yet older women in Uganda still face neglect, exploitation and discrimination that prevent them from gaining decent work and earning secure incomes.

## Nzeredi Jeredi Lukerebuga, 66, farmer

**"I came to Kasese from Kigali (Rwanda) in 1950. I worked in the mines for eight years and then at Kilembe power station for 19 years. I was accused of something I didn't do and dismissed. Because I was fired, I have no pension.**

**For years we tried to survive by farming a piece of land. A few years ago URAA (HelpAge International's partner) lent me a little money to buy a pig. I've already paid the loan back.**

**Now, as well as having pigs, I grow coffee and bananas, which my wife takes to the market every day.**

**We both have health problems but we have no option but to work every day. We look after eight grandchildren. The money we make is barely enough to cover food, medicines and school fees.**

**If I had a pension, it would change our lives. I would still work but I would mostly do lighter work, to save my health."**



***I help my  
grandchildren***

***a pension would  
help us all***



## Mary Nyangoma, 71, second-hand clothes seller

**“I am a widow. I look after my eight grandchildren. Only one of my children is still alive – all the others died of AIDS. My children used to help me out, but now I don’t get any help from anyone, and nothing from the government.**

**My job selling second-hand clothes has taught me a lot of patience. There are times when I sell nothing for days. I start work at 7am, preparing lunch for when the children come home from school. I get to my business at 9am and come home at 6pm.**

**I use most of what I earn to buy food and school books. The rest I use on hospital bills and firewood.**

**If I’d gone to school I could have got a better job and saved money to support myself in my old age, but I have nothing.”**

### **Existing social protection provision**

Social protection, including access to basic services such as healthcare, is a fundamental component of decent work. Access to healthcare and education (particularly for their dependants) are important concerns for older men and women in Uganda. With little or no access to these basic services, poor older Ugandans have no choice but to continue working, in whatever jobs they can find.

Inadequate social protection mechanisms in Uganda exacerbate the impacts of HIV and AIDS and conflict, as vulnerable people lack access to support mechanisms and are less able to cope with shocks such as losing a family member or losing their job. As part of the Poverty Eradication Action Plan (PEAP), the Ugandan Government is strengthening key services and systems, including creating a Minimum Healthcare Package (MHP) which aims to increase access to health services through the abolition of user fees and the provision of basic drugs.

However, attempts to strengthen social protection systems will fail unless they meet the needs of the most vulnerable groups, including older people. For example, the MHP provides basic drugs and diagnosis to the entire population and to specific groups, including children and expectant mothers. However, it does not include specialised care and services for older people, which is a major omission.

Other social protection mechanisms provided by the government include the Northern Uganda Social Action Fund (NUSAF), a five-year, US\$100 million initiative set up in 2003, which targeted vulnerable and disadvantaged groups in the conflict-affected north.<sup>73</sup> There are some microfinance schemes implemented by international NGOs together with government ministries and the private sector. However, these programmes are often inaccessible to older people, many of whom are chronically poor and unable to afford high-interest repayments (often as high as 50 per cent). Similarly, older people have difficulty accessing demand-driven programmes such as those providing support to people living with HIV or people caring for those living with HIV, because they are often not consulted during programme design.

### Private pensions have limited coverage

Uganda does not have a non-contributory old age pension. Instead, there are several pension schemes available to formal sector workers (employed in the civil service or private sector). However, this accounts for a mere 10 per cent of the population. These schemes are also ridden with problems. Retired civil servants (approximately 4 per cent of the population) are entitled to a government pension; however, many local governments cannot pay their retired workers, and the scheme has 314 billion shillings (US\$146 thousand) of unpaid pension claims.<sup>74</sup>

An absence of reliable birth registration data contributes to this problem by making it difficult to verify the correct age of claimants. The scheme available to private sector workers (approximately 5 per cent of the population) is the National Social Security Fund, an obligatory contributory scheme that is paid out as a lump sum on retirement. Yet even those who receive this payment often have to continue working in informal jobs to support themselves in old age.

The Ugandan Government is discussing a pilot cash transfer scheme to target chronically poor households. The scheme is still at the design stage and the details have not yet been determined. There is no doubt that cash transfers can benefit chronically poor households through increasing their income, enabling them to pay for schooling and healthcare, and improving their resilience to shocks. However, a pilot cash transfer programme will not reach the vast majority of Ugandans living in poverty.

### The difference a pension could make

Most older men and women have worked all their lives and have no choice but to continue to do so, doing work that is low paid, irregular and often unsafe. A universal old age pension would provide a guaranteed income for older people, allowing them to have more choice about the kind of work they do, as well as enabling them to care for and provide for their dependants.

Lack of access to livelihood support schemes prevents older people from investing in their own businesses.

A pension could enable them to get loans by serving as a guarantee to a lender. Access to credit could provide greater stability, giving them the possibility to invest further and earn enough income to meet repayments as well as provide basic services for their dependants.

### Making decent work for all a reality

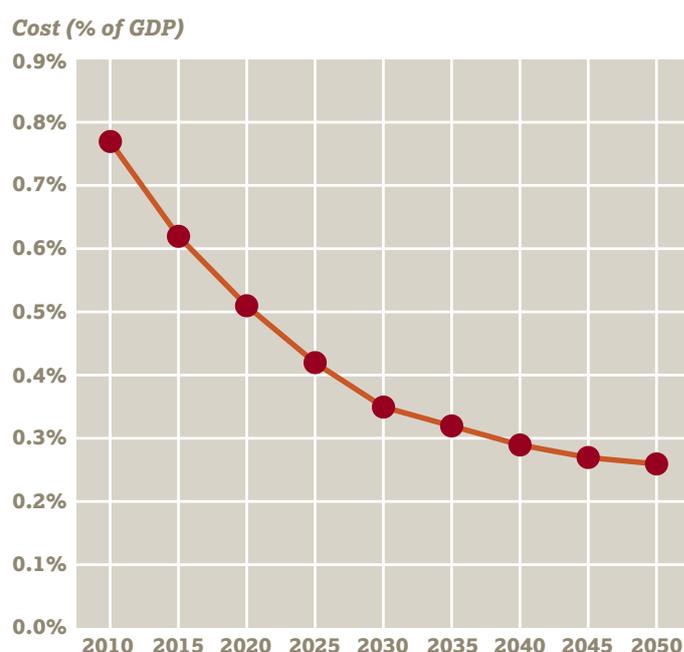
The situation for older people in Uganda is grave. There is very little recognition that most older men and women continue working well into old age, and there are few mechanisms to help them find work, let alone decent work. Yet the contribution older people make to their families and communities is immense. In many cases, they look after their grandchildren, who without their income would not be able to attend school, for instance.

HelpAge International calls on EU decision makers to tackle old age poverty in Uganda as a means of breaking the poverty cycle. Introducing a non-contributory state pension would give older people a guaranteed minimum income. This would give them more choice of the work they do, and help them provide for their and their dependants' basic needs.

### A pension in Uganda is affordable

Providing a pension of just over 14,100 Ugandan shillings (US\$6.5) a month to all people over 60 would cost around 0.77 per cent of gross domestic product (GDP). The monthly amount would be similar in size to the pension in place in South Africa, relative to per capita income. Moreover, assuming that Uganda achieves growth rates similar to the last 15 years, the cost of the pension would fall significantly as a percentage of GDP.

### Forecast cost of transfers as a percentage of GDP



HelpAge International graph. The cost is calculated using population figures from the United Nations Population Division *World Population Prospects: The 2008 Revision*. The population data is for 2010. The transfer amount is calculated at 2009 prices using economic data from the IMF World Economic Outlook, October 2008. Calculations assume a GDP per capita growth rate of 4 per cent.

## Endnotes

### Key issues

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